

J. WARD O'NEILL
 BERNARD D. ATWOOD
 JAMES M. ESTABROOK
 EDWARD H. MAHLA
 JOHN C. MOORE
 MAC DONALD DEMING
 JOHN OSNATO, JR.
 WILLIAM J. JUNKERMAN
 GORDON W. PAULSEN
 M. E. DeORCHIS
 WILLIAM P. KAIN, JR.
 DAVID P. H. WATSON
 RICHARD G. ASHWORTH
 EDWARD L. JOHNSON
 RICHARD B. BARNETT
 MAURICE L. NOYER
 SANFORD C. MILLER
 FRANCIS X. BYRN
 THOMAS R. H. HOWARTH
 STEPHEN K. CARR
 WALTER E. RUTHERFORD
 R. GLENN BAUER
 THEODORE M. SYBOL
 CARROLL E. DUBUC
 THOMAS F. MOLANPH
 LENNARD K. RAMBUSCH
 JAMES J. SENTNER, JR.
 RANDAL R. CRAFT, JR.
 WILLIAM J. HONAN III
 CHESTER D. HOOPER

HAIGHT, GARDNER, POOR & HAVENS
 ONE STATE STREET PLAZA
 NEW YORK, N. Y. 10004
 TELEPHONE (212) 344-6800

CABLE: MOTOR NEW YORK
 RCA TELEX: 222974
 WUI TELEX: 620362
 WU TELEX: 127693

WASHINGTON OFFICE
 FEDERAL BAR BUILDING
 1619 H STREET, N.W.
 WASHINGTON, D. C. 20006
 TELEPHONE (202) 737-7847
 CABLE: MOTOR WASHINGTON
 WASHINGTON WU TELEX: 892598
 RALPH E. CASEY
 CARROLL E. DUBUC
 RESIDENT PARTNERS, WASHINGTON

RECORDATION NO. *W-15*
 JUL 20 1976-9 PM AM
 INTERSTATE COMMERCE COMMISSION

RECORDATION NO. *W-14*
 JUL 20 1976-9 PM AM
 INTERSTATE COMMERCE COMMISSION

July 28, 1976

Secretary of the Interstate
 Commerce Commission
 Constitution Avenue and 12th Street, N.W.
 Washington, D.C. 20423

Attention: Mrs Davidson or
 Mr. Humphries - Room 1211

Charon C. Stanley
 RECEIVED
 JUL 29 9 50 AM '76
 CERTIFICATION UNIT

RECORDATION OF DOCUMENTS WITH
 THE INTERSTATE COMMERCE COM-
 MISSION PURSUANT TO PUBLIC
 LAW 90-586 (AMENDING 49 U.S.C.
 922, 923)

6-211A027
 JUL 29 1976
 Date
 Fee \$ 100-
 ICC Washington, D. C.

Sirs:

* We enclose herewith an original and two counterparts
 of a Security Agreement dated July 29, 1976 between
 American Commercial Lines, Inc. ("ACL") and the United States
 of America together with a bareboat charter dated
 July 29, 1976 between ACL and Commercial Barge Line Company.
 * In addition, we enclose a check in the amount of \$50
 to cover the cost of recordation (since the documents were
 executed concurrently, they are to be counted as one
 document; see 49 CFR §1116.3(D)).

ACL is a Delaware corporation subject to Part III
 of the Interstate Commerce Act, as amended. Commercial
 Barge Line Company, a Delaware corporation, is a wholly
 owned subsidiary of ACL and is also subject to Part III
 of the Interstate Commerce Act, as amended.

* Names and addresses of the parties of the documents
 enclosed herewith are attached hereto as Exhibit B.

* Attached hereto as Exhibit A is a general
 description of the barges and towboats which are the subject
 of the enclosed documents.

2- Secretary of the Interstate
Commerce Commission

Please contact the undersigned of our
New York office or Temple Ratcliffe of our Washington
office if you have any questions concerning the enclosed.

Very truly yours,

HAIGHT, GARDNER, POOR & HAVENS

By


Barton T. Jones

BTJ:rm
*Enclosures

EXHIBIT B

American Commercial Lines, Inc.
3800 Frederica Street
Owensboro, Kentucky 42301
Attention: Secretary

With a copy to:
3401 Allen Parkway
Houston, Texas 77019

Commercial Barge Line Company
3800 Frederica Street
Owensboro, Kentucky 42301
Attention: Secretary

With a copy to:
3401 Allen Parkway
Houston, Texas 77019

Secretary of Commerce
c/o Assistant Secretary of Commerce
for Maritime Affairs
Maritime Administration
Department of Commerce
Washington, D.C. 20230

ATTACHMENT A

<u>Type</u>	<u>Name</u>	<u>Official No.</u>	<u>Place Built</u>	<u>Year Built</u>	<u>Approximate Tonnage: Gross/Net</u>
Towboat	Charles Lehman	545338	Jeffersonville, Indiana	1973	946/643
Towboat	Louis H. Meece	546688	Jeffersonville, Indiana	1973	946/643
Towboat	V. W. Meythaler	548689	Jeffersonville, Indiana	1973	946/643
Towboat	Carl Shelton	550559	Jeffersonville, Indiana	1973	946/643
Towboat	W. O. Watson	552799	Houma, Louisiana	1973	392/266
Towboat	Dan J. Hogan	553908	Houma, Louisiana	1974	392/264
Towboat	D. Ray Miller	555425	Jeffersonville, Indiana	1974	946/643
Towboat	Richard C. Young	553902	Jeffersonville, Indiana	1974	946/643
Towboat	Wally Roller	560135	Houma, Louisiana	1974	622/423
Towboat	W. A. Kernan	559099	Jeffersonville, Indiana	1974	946/643
Towboat	A. C. Shelton	561874	Grafton, Illinois	1975	214/145
Towboat	J. E. Nivin	564006	Houma, Louisiana	1975	622/423
Towboat	Harry M. Mack	565154	Jeffersonville, Indiana	1975	1155/785
Towboat	Lewis A. Enlow	561873	Grafton, Illinois	1975	214/145

ATTACHMENT A

<u>Type</u>	<u>Name</u>	<u>Official No.</u>	<u>Place Built</u>	<u>Year Built</u>	<u>Approximate Tonnage: Gross/Net</u>
Barge, Covered Hopper	ACBL 1310	545680	Jeffersonville, Indiana	1973	865/865
Barge, Covered Hopper	ACBL 1311	545681	Jeffersonville, Indiana	1973	865/865
Barge, Covered Hopper	ACBL 1312	545682	Jeffersonville, Indiana	1973	865/865
Barge, Covered Hopper	ACBL 1313	545683	Jeffersonville, Indiana	1973	865/865
Barge, Covered Hopper	ACBL 1314	545684	Jeffersonville, Indiana	1973	865/865
Barge, Covered Hopper	ACBL 1315	545685	Jeffersonville, Indiana	1973	865/865
Barge, Covered Hopper	ACBL 1316	545686	Jeffersonville, Indiana	1973	865/865
Barge, Covered Hopper	ACBL 1317	545687	Jeffersonville, Indiana	1973	865/865
Barge, Covered Hopper	ACBL 1318	545688	Jeffersonville, Indiana	1973	865/865
Barge, Covered Hopper	ACBL 1319	545689	Jeffersonville, Indiana	1973	865/865
Barge, Covered Hopper	ACBL 1320	545690	Jeffersonville, Indiana	1973	865/865
Barge, Covered Hopper	ACBL 1321	545691	Jeffersonville, Indiana	1973	865/865
Barge, Covered Hopper	ACBL 1322	545692	Jeffersonville, Indiana	1973	865/865
Barge, Covered Hopper	ACBL 1323	545693	Jeffersonville, Indiana	1973	865/865
Barge, Covered Hopper	ACBL 1324	545694	Jeffersonville, Indiana	1973	865/865

ATTACHMENT A

<u>Type</u>	<u>Name</u>	<u>Official No.</u>	<u>Place Built</u>	<u>Year Built</u>	<u>Approximate Tonnage: Gross/Net</u>
Barge, Covered Hopper	ACBL 1325	545695	Jeffersonville, Indiana	1973	865/865
Barge, Covered Hopper	ACBL 1326	545696	Jeffersonville, Indiana	1973	865/865
Barge, Covered Hopper	ACBL 1327	545697	Jeffersonville, Indiana	1973	865/865
Barge, Covered Hopper	ACBL 1328	545698	Jeffersonville, Indiana	1973	865/865
Barge, Covered Hopper	ACBL 1329	545699	Jeffersonville, Indiana	1973	865/865
Barge, Covered Hopper	ACBL 1330	545700	Jeffersonville, Indiana	1973	865/865
Barge, Covered Hopper	ACBL 1331	545701	Jeffersonville, Indiana	1973	865/865
Barge, Covered Hopper	ACBL 1332	545702	Jeffersonville, Indiana	1973	865/865
Barge, Covered Hopper	ACBL 1333	545703	Jeffersonville, Indiana	1973	865/865
Barge, Covered Hopper	ACBL 1334	545704	Jeffersonville, Indiana	1973	865/865
Barge, Covered Hopper	ACBL 1335	547029	Jeffersonville, Indiana	1973	865/865
Barge, Covered Hopper	ACBL 1336	547030	Jeffersonville, Indiana	1973	865/865
Barge, Covered Hopper	ACBL 1337	547031	Jeffersonville, Indiana	1973	865/865
Barge, Covered Hopper	ACBL 1338	547032	Jeffersonville, Indiana	1973	865/865
Barge, Covered Hopper	ACBL 1339	547033	Jeffersonville, Indiana	1973	865/865
Barge, Covered Hopper	ACBL 1340	547034	Jeffersonville, Indiana	1973	865/865
Barge, Covered Hopper	ACBL 1341	547035	Jeffersonville, Indiana	1973	865/865

ATTACHMENT A

<u>Type</u>	<u>Name</u>	<u>Official No.</u>	<u>Place Built</u>	<u>Year Built</u>	<u>Approximate Tonnage: Gross/Net</u>
Barge, Covered Hopper	ACBL 1342	547036	Jeffersonville, Indiana	1973	865/865
Barge, Covered Hopper	ACBL 1343	547037	Jeffersonville, Indiana	1973	865/865
Barge, Covered Hopper	ACBL 1344	547038	Jeffersonville, Indiana	1973	865/865
Barge, Covered Hopper	ACBL 1345	547039	Jeffersonville, Indiana	1973	865/865
Barge, Covered Hopper	ACBL 1346	547040	Jeffersonville, Indiana	1973	865/865
Barge, Covered Hopper	ACBL 1347	547041	Jeffersonville, Indiana	1973	865/865
Barge, Covered Hopper	ACBL 1348	547042	Jeffersonville, Indiana	1973	865/865
Barge, Covered Hopper	ACBL 1349	547043	Jeffersonville, Indiana	1973	865/865
Barge, Covered Hopper	ACBL 1350	547044	Jeffersonville, Indiana	1973	865/865
Barge, Covered Hopper	ACBL 1351	547045	Jeffersonville, Indiana	1973	865/865
Barge, Covered Hopper	ACBL 1352	547046	Jeffersonville, Indiana	1973	865/865
Barge, Covered Hopper	ACBL 1353	547047	Jeffersonville, Indiana	1973	865/865
Barge, Covered Hopper	ACBL 1354	547048	Jeffersonville, Indiana	1973	865/865
Barge, Covered Hopper	ACBL 1355	547049	Jeffersonville, Indiana	1973	865/865
Barge, Covered Hopper	ACBL 1356	547050	Jeffersonville, Indiana	1973	865/865
Barge, Covered Hopper	ACBL 1357	547051	Jeffersonville, Indiana	1973	865/865
Barge, Covered Hopper	ACBL 2825	547052	Jeffersonville, Indiana	1973	1024/1024

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<u>Type</u>	<u>Name</u>	<u>Official No.</u>	<u>Place Built</u>	<u>Year Built</u>	<u>Approximate Tonnage: Gross/Net</u>
Barge, Covered Hopper	ACBL 2826	547053	Jeffersonville, Indiana	1973	1024/1024
Barge, Covered Hopper	ACBL 2827	547054	Jeffersonville, Indiana	1973	1024/1024
Barge, Covered Hopper	ACBL 2828	547055	Jeffersonville, Indiana	1973	1024/1024
Barge, Covered Hopper	ACBL 2829	547056	Jeffersonville, Indiana	1973	1024/1024
Barge, Covered Hopper	ACBL 2830	547057	Jeffersonville, Indiana	1973	1024/1024
Barge, Covered Hopper	ACBL 2831	547058	Jeffersonville, Indiana	1973	1024/1024
Barge, Covered Hopper	ACBL 2832	547059	Jeffersonville, Indiana	1973	1024/1024
Barge, Covered Hopper	ACBL 2833	547060	Jeffersonville, Indiana	1973	1024/1024
Barge, Covered Hopper	ACBL 2834	547061	Jeffersonville, Indiana	1973	1024/1024
Barge, Covered Hopper	ACBL 2835	547062	Jeffersonville, Indiana	1973	1024/1024
Barge, Covered Hopper	ACBL 2836	547063	Jeffersonville, Indiana	1973	1024/1024
Barge, Covered Hopper	ACBL 2837	547064	Jeffersonville, Indiana	1973	1024/1024
Barge, Covered Hopper	ACBL 2838	547065	Jeffersonville, Indiana	1973	1024/1024
Barge, Covered Hopper	ACBL 2839	547066	Jeffersonville, Indiana	1973	1024/1024
Barge, Covered Hopper	ACBL 2840	547067	Jeffersonville, Indiana	1973	1024/1024
Barge, Covered Hopper	ACBL 2841	547068	Jeffersonville, Indiana	1973	1024/1024

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<u>Type</u>	<u>Name</u>	<u>Official No.</u>	<u>Place Built</u>	<u>Year Built</u>	<u>Approximate Tonnage: Gross/Net</u>
Barge, Covered Hopper	ACBL 2842	547069	Jeffersonville, Indiana	1973	1024/1024
Barge, Covered Hopper	ACBL 2843	547070	Jeffersonville, Indiana	1973	1024/1024
Barge, Covered Hopper	ACBL 2844	547071	Jeffersonville, Indiana	1973	1024/1024
Barge, Covered Hopper	ACBL 2845	549463	Jeffersonville, Indiana	1973	1024/1024
Barge, Covered Hopper	ACBL 2846	549464	Jeffersonville, Indiana	1973	1024/1024
Barge, Covered Hopper	ACBL 2847	549465	Jeffersonville, Indiana	1973	1024/1024
Barge, Covered Hopper	ACBL 2848	549466	Jeffersonville, Indiana	1973	1024/1024
Barge, Covered Hopper	ACBL 2849	549467	Jeffersonville, Indiana	1973	1024/1024
Barge, Covered Hopper	ACBL 2850	549468	Jeffersonville, Indiana	1973	1024/1024
Barge, Covered Hopper	ACBL 2851	549469	Jeffersonville, Indiana	1973	1024/1024
Barge, Covered Hopper	ACBL 2852	549470	Jeffersonville, Indiana	1973	1024/1024
Barge, Covered Hopper	ACBL 2853	549471	Jeffersonville, Indiana	1973	1024/1024
Barge, Covered Hopper	ACBL 2854	549472	Jeffersonville, Indiana	1973	1024/1024
Barge, Covered Hopper	ACBL 2855	549473	Jeffersonville, Indiana	1973	1024/1024
Barge, Covered Hopper	ACBL 2856	549474	Jeffersonville, Indiana	1973	1024/1024
Barge, Covered Hopper	ACBL 2857	549475	Jeffersonville, Indiana	1973	1024/1024

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<u>Type</u>	<u>Name</u>	<u>Official No.</u>	<u>Place Built</u>	<u>Year Built</u>	<u>Approximate Tonnage: Gross/Net</u>
Barge, Covered Hopper	ACBL 2858	549476	Jeffersonville, Indiana	1973	1024/1024
Barge, Covered Hopper	ACBL 2859	549477	Jeffersonville, Indiana	1973	1024/1024
Barge, Covered Hopper	ACBL 2860	549478	Jeffersonville, Indiana	1973	1024/1024
Barge, Covered Hopper	ACBL 2861	549479	Jeffersonville, Indiana	1973	1024/1024
Barge, Covered Hopper	ACBL 2862	549480	Jeffersonville,, Indiana	1973	1024/1024
Barge, Covered Hopper	ACBL 2863	549481	Jeffersonville, Indiana	1973	1024/1024
Barge, Covered Hopper	ACBL 2864	549482	Jeffersonville, Indiana	1973	1024/1024
Barge, Covered Hopper	ACBL 2865	549483	Jeffersonville, Indiana	1973	1024/1024
Barge, Covered Hopper	ACBL 2866	549484	Jeffersonville, Indiana	1973	1024/1024
Barge, Covered Hopper	ACBL 2867	555274	Jeffersonville, Indiana	1973	1024/1024
Barge, Covered Hopper	ACBL 2868	555275	Jeffersonville, Indiana	1973	1024/1024
Barge, Covered Hopper	ACBL 2869	555276	Jeffersonville, Indiana	1973	1024/1024
Barge, Covered Hopper	ACBL 2870	555277	Jeffersonville, Indiana	1973	1024/1024
Barge, Covered Hopper	ACBL 2871	555278	Jeffersonville, Indiana	1973	1024/1024
Barge, Covered Hopper	ACBL 2872	555279	Jeffersonville, Indiana	1973	1024/1024
Barge, Covered Hopper	ACBL 2873	555280	Jeffersonville, Indiana	1973	1024/1024

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<u>Type</u>	<u>Name</u>	<u>Official No.</u>	<u>Place Built</u>	<u>Year Built</u>	<u>Approximate Tonnage: Gross/Net</u>
Barge, Covered Hopper	ACBL 2874	555281	Jeffersonville, Indiana	1973	1024/1024
Barge, Covered Hopper	ACBL 2875	555282	Jeffersonville, Indiana	1973	1024/1024
Barge, Covered Hopper	ACBL 2876	555283	Jeffersonville, Indiana	1973	1024/1024
Barge, Covered Hopper	ACBL 2877	555284	Jeffersonville, Indiana	1973	1024/1024
Barge, Covered Hopper	ACBL 2878	555285	Jeffersonville, Indiana	1973	1024/1024
Barge, Covered Hopper	ACBL 2879	555286	Jeffersonville, Indiana	1973	1024/1024
Barge, Covered Hopper	ACBL 2880	555287	Jeffersonville, Indiana	1973	1024/1024
Barge, Covered Hopper	ACBL 2881	555288	Jeffersonville, Indiana	1973	1024/1024
Barge, Covered Hopper	ACBL 2882	556474	Jeffersonville, Indiana	1973	1024/1024
Barge, Covered Hopper	ACBL 2883	556475	Jeffersonville, Indiana	1973	1024/1024
Barge, Covered Hopper	ACBL 2884	556476	Jeffersonville, Indiana	1973	1024/1024
Barge, Covered Hopper	ACBL 2885	556477	Jeffersonville, Indiana	1973	1024/1024
Barge, Covered Hopper	ACBL 2886	556478	Jeffersonville, Indiana	1973	1024/1024
Barge, Covered Hopper	ACBL 2887	556479	Jeffersonville, Indiana	1973	1024/1024
Barge, Covered Hopper	ACBL 2888	556480	Jeffersonville, Indiana	1973	1024/1024

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<u>Type</u>	<u>Name</u>	<u>Official No.</u>	<u>Place Built</u>	<u>Year Built</u>	<u>Approximate Tonnage: Gross/Net</u>
Barge, Covered Hopper	ACBL 2889	556481	Jeffersonville, Indiana	1973	1024/1024
Barge, Covered Hopper	ACBL 2890	556482	Jeffersonville, Indiana	1973	1024/1024
Barge, Covered Hopper	ACBL 2891	556483	Jeffersonville, Indiana	1973	1024/1024
Barge, Covered Hopper	ACBL 2892	565396	Jeffersonville, Indiana	1975	1024/1024
Barge, Covered Hopper	ACBL 2893	565397	Jeffersonville, Indiana	1975	1024/1024
Barge, Covered Hopper	ACBL 2894	565398	Jeffersonville, Indiana	1975	1024/1024
Barge, Covered Hopper	ACBL 2895	565399	Jeffersonville, Indiana	1975	1024/1024
Barge, Covered Hopper	ACBL 2896	565400	Jeffersonville, Indiana	1975	1024/1024
Barge, Covered Hopper	ACBL 2897	565401	Jeffersonville, Indiana	1975	1024/1024
Barge, Covered Hopper	ACBL 2898	565402	Jeffersonville, Indiana	1975	1024/1024
Barge, Covered Hopper	ACBL 2899	565403	Jeffersonville, Indiana	1975	1024/1024
Barge, Covered Hopper	ACBL 2900	565404	Jeffersonville, Indiana	1975	1024/1024
Barge, Covered Hopper	ACBL 2901	565405	Jeffersonville, Indiana	1975	1024/1024
Barge, Covered Hopper	ACBL 2902	565406	Jeffersonville, Indiana	1975	1024/1024
Barge, Covered Hopper	ACBL 2903	565407	Jeffersonville, Indiana	1975	1024/1024
Barge, Covered Hopper	ACBL 2904	565408	Jeffersonville, Indiana	1975	1024/1024

ATTACHMENT A

<u>Type</u>	<u>Name</u>	<u>Official No.</u>	<u>Place Built</u>	<u>Year Built</u>	<u>Approximate Tonnage: Gross/Net</u>
Barge, Covered Hopper	ACBL 2905	565409	Jeffersonville, Indiana	1975	1024/1024
Barge, Covered Hopper	ACBL 2906	565410	Jeffersonville, Indiana	1975	1024/1024
Barge, Open Hopper	ACBL 2907	565411	Jeffersonville, Indiana	1975	745/745
Barge, Open Hopper	ACBL 2908	565412	Jeffersonville, Indiana	1975	745/745

ATTACHMENT A

<u>Type</u>	<u>Name</u>	<u>Official No.</u>	<u>Place Built</u>	<u>Year Built</u>	<u>Approximate Tonnage: Gross/Net</u>
Towboat	James E. Philpott	568650	Grafton, Illinois	1975	214/145
Towboat	Rusty Barrilleaux	566622	Grafton, Illinois	1975	214/145
Towboat	Bill Froerich	570081	Grafton, Illinois	1976	214/145
Towboat	R. H. O'Neill	570554	Houma, Louisiana	1976	622/423
Towboat	Sonny Ivey	572994	Houma, Louisiana	1976	622/423

ATTACHMENT A

<u>Type</u>	<u>Name</u>	<u>Official No.</u>	<u>Place Built</u>	<u>Year Built</u>	<u>Approximate Tonnage: Gross/Net</u>
Barge, Open Hopper	ACBL 2909	565413	Jeffersonville, Indiana	1975	745/745
Barge, Open Hopper	ACBL 2910	565414	Jeffersonville, Indiana	1975	745/745
Barge, Open Hopper	ACBL 2911	565415	Jeffersonville, Indiana	1975	745/745
Barge, Closed Hopper	ACBL 2912	571928	Jeffersonville, Indiana	1976	1024/1024
Barge, Closed Hopper	ACBL 2913	571929	Jeffersonville, Indiana	1976	1024/1024
Barge, Closed Hopper	ACBL 2914	571930	Jeffersonville, Indiana	1976	1024/1024
Barge, Closed Hopper	ACBL 2915	571931	Jeffersonville, Indiana	1976	1024/1024
Barge, Closed Hopper	ACBL 2916	571932	Jeffersonville, Indiana	1976	1024/1024
Barge, Closed Hopper	ACBL 2917	571933	Jeffersonville, Indiana	1976	1024/1024
Barge, Closed Hopper	ACBL 2918	571934	Jeffersonville, Indiana	1976	1024/1024
Barge, Closed Hopper	ACBL 2919	571935	Jeffersonville, Indiana	1976	1024/1024
Barge, Closed Hopper	ACBL 2920	571936	Jeffersonville, Indiana	1976	1024/1024
Barge, Closed Hopper	ACBL 2921	571937	Jeffersonville, Indiana	1976	1024/1024
Barge, Closed Hopper	ACBL 2922	571938	Jeffersonville, Indiana	1976	1024/1024
Barge, Closed Hopper	ACBL 2923	571939	Jeffersonville; Indiana	1976	1024/1024

ATTACHMENT A

<u>Type</u>	<u>Name</u>	<u>Official No.</u>	<u>Place Built</u>	<u>Year Built</u>	<u>Approximate Tonnage: Gross/Net</u>
Barge, Closed Hopper	ACBL 2924	571940	Jeffersonville, Indiana	1976	1024/1024
Barge, Closed Hopper	ACBL 2925	571941	Jeffersonville, Indiana	1976	1024/1024
Barge, Closed Hopper	ACBL 2926	571942	Jeffersonville, Indiana	1976	1024/1024
Barge, Covered Hopper	ACBL 2927	571943	Jeffersonville, Indiana	1976	1024/1024
Barge, Covered Hopper	ACBL 2928	571944	Jeffersonville, Indiana	1976	1024/1024
Barge, Covered Hopper	ACBL 2929	571945	Jeffersonville, Indiana	1976	1024/1024
Barge, Covered Hopper	ACBL 2930	571946	Jeffersonville, Indiana	1976	1024/1024
Barge, Covered Hopper	ACBL 2931	571947	Jeffersonville, Indiana	1976	1024/1024
Barge, Covered Hopper	ACBL 2932	571948	Jeffersonville, Indiana	1976	1024/1024
Barge, Covered Hopper	ACBL 2933	571949	Jeffersonville, Indiana	1976	1024/1024
Barge, Covered Hopper	ACBL 2934	571950	Jeffersonville, Indiana	1976	1024/1024
Barge, Covered Hopper	ACBL 2935	571951	Jeffersonville, Indiana	1976	1024/1024
Barge, Covered Hopper	ACBL 2936	571952	Jeffersonville, Indiana	1976	1024/1024
Barge, Covered Hopper	ACBL 2937	571953	Jeffersonville, Indiana	1976	1024/1024
Barge, Covered Hopper	ACBL 2938	571954	Jeffersonville, Indiana	1976	1024/1024

ATTACHMENT A

<u>Type</u>	<u>Name</u>	<u>Official No.</u>	<u>Place Built</u>	<u>Year Built</u>	<u>Approximate Tonnage: Gross/Net</u>
Barge, Covered Hopper	ACBL 2939	571955	Jeffersonville, Indiana	1976	1024/1024
Barge, Covered Hopper	ACBL 2940	571956	Jeffersonville, Indiana	1976	1024/1024
Barge, Covered Hopper	ACBL 2941	571957	Jeffersonville, Indiana	1976	1024/1024
Barge, Open Hopper	ACBL 1944	570439	Jeffersonville, Indiana	1976	745/745
Barge, Open Hopper	ACBL 1945	570440	Jeffersonville, Indiana	1976	745/745
Barge, Open Hopper	ACBL 1946	570441	Jeffersonville, Indiana	1976	745/745
Barge, Open Hopper	ACBL 1947	570442	Jeffersonville, Indiana	1976	745/745
Barge, Open Hopper	ACBL 1948	570443	Jeffersonville, Indiana	1976	745/745
Barge, Open Hopper	ACBL 1949	570444	Jeffersonville, Indiana	1976	745/745
Barge, Open Hopper	ACBL 1950	570445	Jeffersonville, Indiana	1976	745/745
Barge, Open Hopper	ACBL 1951	570446	Jeffersonville, Indiana	1976	745/745
Barge, Open Hopper	ACBL 1952	570447	Jeffersonville, Indiana	1976	745/745
Barge, Open Hopper	ACBL 1953	570448	Jeffersonville, Indiana	1976	745/745
Barge, Open Hopper	ACBL 1954	570449	Jeffersonville, Indiana	1976	745/745
Barge, Open Hopper	ACBL 1955	570450	Jeffersonville, Indiana	1976	745/745

ATTACHMENT A

<u>Type</u>	<u>Name</u>	<u>Official No.</u>	<u>Place Built</u>	<u>Year Built</u>	<u>Approximate Tonnage: Gross/Net</u>
Barge, Open Hopper	ACBL 1956	570451	Jeffersonville, Indiana	1976	745/745
Barge, Open Hopper	ACBL 1957	570452	Jeffersonville, Indiana	1976	745/745
Barge, Open Hopper	ACBL 1958	570453	Jeffersonville, Indiana	1976	745/745
Barge, Open Hopper	ACBL 1959	570454	Jeffersonville, Indiana	1976	745/745
Barge, Open Hopper	ACBL 1960	570455	Jeffersonville, Indiana	1976	745/745
Barge, Open Hopper	ACBL 1961	570456	Jeffersonville, Indiana	1976	745/745
Barge, Open Hopper	ACBL 1962	570457	Jeffersonville, Indiana	1976	745/745
Barge, Open Hopper	ACBL 1963	570458	Jeffersonville, Indiana	1976	745/745
Barge, Open Hopper	ACBL 1964		Jeffersonville, Indiana	1976	745/745
Barge, Open Hopper	ACBL 1965		Jeffersonville, Indiana	1976	745/745
Barge, Open Hopper	ACBL 1966		Jeffersonville, Indiana	1976	745/745

ATTACHMENT A

<u>Type</u>	<u>Name</u>	<u>Official No.</u>	<u>Place Built</u>	<u>Year Built</u>	<u>Approximate Tonnage: Gross/Net</u>
Barge, Open Hopper	ACBL 1967		Jeffersonville, Indiana	1976	745/745
Barge, Open Hopper	ACBL 1968		Jeffersonville, Indiana	1976	745/745
Barge, Covered Hopper	ACBL 1969		Jeffersonville, Indiana	1976	1024/1024
Barge, Covered Hopper	ACBL 1970		Jeffersonville, Indiana	1976	1024/1024
Barge, Covered Hopper	ACBL 1971		Jeffersonville, Indiana	1976	1024/1024
Barge, Covered Hopper	ACBL 1972		Jeffersonville, Indiana	1976	1024/1024
Barge, Covered Hopper	ACBL 1973		Jeffersonville, Indiana	1976	1024/1024
Barge, Covered Hopper	ACBL 1974		Jeffersonville, Indiana	1976	1024/1024
Barge, Covered Hopper	ACBL 1975		Jeffersonville, Indiana	1976	1024/1024
Barge, Covered Hopper	ACBL 1976		Jeffersonville, Indiana	1976	1024/1024
Barge, Covered Hopper	ACBL 1977		Jeffersonville, Indiana	1976	1024/1024
Barge, Covered Hopper	ACBL 1978		Jeffersonville, Indiana	1976	1024/1024
Barge, Covered Hopper	ACBL 1979		Jeffersonville, Indiana	1976	1024/1024
Barge, Covered Hopper	ACBL 1980		Jeffersonville, Indiana	1976	1024/1024
Barge, Covered Hopper	ACBL 1981		Jeffersonville, Indiana	1976	1024/1024

ATTACHMENT A

<u>Type</u>	<u>Name</u>	<u>Official No.</u>	<u>Place Built</u>	<u>Year Built</u>	<u>Approximate Tonnage: Gross/Net</u>
Towboat	D. O. Donham		Grafton, Illinois	1976	214/145
Towboat	Undesignated (1800 H.P.)		Grafton, Illinois	1976	214/145
Towboat	Undesignated (1800 H.P.)		Grafton, Illinois	1977	214/145

ATTACHMENT A

<u>Type</u>	<u>Name</u>	<u>Official No.</u>	<u>Place Built</u>	<u>Year Built</u>	<u>Approximate Tonnage: Gross/Net</u>
Barge, Open Hopper	ACBL 1967		Jeffersonville, Indiana	1976	745/745
Barge, Open Hopper	ACBL 1968		Jeffersonville, Indiana	1976	745/745
Barge, Covered Hopper	ACBL 1969		Jeffersonville, Indiana	1976	1024/1024
Barge, Covered Hopper	ACBL 1970		Jeffersonville, Indiana	1976	1024/1024
Barge, Covered Hopper	ACBL 1971		Jeffersonville, Indiana	1976	1024/1024
Barge, Covered Hopper	ACBL 1972		Jeffersonville, Indiana	1976	1024/1024
Barge, Covered Hopper	ACBL 1973		Jeffersonville, Indiana	1976	1024/1024
Barge, Covered Hopper	ACBL 1974		Jeffersonville, Indiana	1976	1024/1024
Barge, Covered Hopper	ACBL 1975		Jeffersonville, Indiana	1976	1024/1024
Barge, Covered Hopper	ACBL 1976		Jeffersonville, Indiana	1976	1024/1024
Barge, Covered Hopper	ACBL 1977		Jeffersonville, Indiana	1976	1024/1024
Barge, Covered Hopper	ACBL 1978		Jeffersonville, Indiana	1976	1024/1024
Barge, Covered Hopper	ACBL 1979		Jeffersonville, Indiana	1976	1024/1024
Barge, Covered Hopper	ACBL 1980		Jeffersonville, Indiana	1976	1024/1024
Barge, Covered Hopper	ACBL 1981		Jeffersonville, Indiana	1976	1024/1024

ATTACHMENT A

<u>Type</u>	<u>Name</u>	<u>Official No.</u>	<u>Place Built</u>	<u>Year Built</u>	<u>Approximate Tonnage: Gross/Net</u>
Barge, Covered Hopper	ACBL 1982		Jeffersonville, Indiana	1976	1024/1024
Barge, Covered Hopper	ACBL 1983		Jeffersonville, Indiana	1976	1024/1024

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**Contract No.
MA-8425**

JUL 29 1976 10 10 AM
INTERSTATE COMMERCE COMMISSION

SECURITY AGREEMENT

**Relating to United States Government
Guaranteed Ship Financing Bonds**

between

**AMERICAN COMMERCIAL LINES, INC.,
*Shipowner***

and

THE UNITED STATES OF AMERICA

Dated July 29, 1976

SECURITY AGREEMENT

between

AMERICAN COMMERCIAL LINES, INC.
Shipowner,

and

THE UNITED STATES OF AMERICA

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- EXHIBIT 5 Form of Bareboat Charter
 - Exhibit A—Form of Charter Supplement
 - Exhibit B—Form of Consent to Assignment

SECURITY AGREEMENT

Special Provisions

This SECURITY AGREEMENT dated July 29, 1976, between (i) AMERICAN COMMERCIAL LINES, INC., a Delaware corporation (said corporation, and any successor or assign hereunder called the "Shipowner"), and (ii) the UNITED STATES OF AMERICA (the "United States"), represented by the SECRETARY OF COMMERCE, acting by and through the ASSISTANT SECRETARY OF COMMERCE FOR MARITIME AFFAIRS (the "Secretary"), pursuant to Title XI of the Merchant Marine Act, 1936, as amended.

Recitals:

A. The Shipowner now owns, or will own, the Vessels described in Schedules Y and Z hereto and also annexed to the Commitment to Guarantee dated as of July 20, 1976 (the "Guarantee Commitment") between the Secretary and the Shipowner (the "Vessels" and the term "Vessel," where appropriate, shall apply with equal force to each of the Vessels); the total number of Barges and Towboats owned, and to be owned, by the Shipowner and financed or refinanced hereunder is expected to be 205 Barges and 22 Towboats;

B. To effect the refinancing of the existing obligations incurred in financing the cost of Construction of the Schedule Y Vessels and to finance in part the Construction of the New Vessels, the Shipowner has borrowed an aggregate principal amount approximately equal to but in no event in excess of the sum of 75% of the aggregate Actual Cost and Depreciated Actual Cost, as appropriate, of the Towboats and 87½% of the aggregate Actual Cost and Depreciated Actual Cost, as appropriate, of the Barges and the Shipowner will agree under the provisions of the Security Agreement that pursuant to Section 1104(a)(4) of the Act, that in the instances where there is an excess of borrowed funds resulting from the fact that the respective existing note (or notes) relating to the financing of any Schedule Y Vessel is less than 75% of the Actual Cost and Depreciated Actual Cost, as appropriate, of the Towboats, or 87½% of the Actual Cost and Depreciated Actual Cost, as appropriate, of the Barges the excess shall be applied only toward the Actual Cost of the New Vessels;

C. To effect the financing under Section 1104(a)(1) of the Act of the cost of Construction of the Vessels described in Schedule Z, the Shipowner has borrowed an aggregate principal amount approximately equal to but in no event in excess of (i) 87½% of the aggregate Actual Cost of the Barges described in Schedule Z hereto and (ii) 75% of the aggregate Actual Cost of the Towboats described in Schedule Z hereto;

D. To accomplish such refinancing and financing the Shipowner has duly created and authorized the issuance of bonds designated "United States Government Guaranteed Ship Financing Bonds," (the "Obligations"), in the aggregate principal amount of \$37,780,000, which when duly executed and delivered pursuant to the Indenture between it and the Indenture Trustee, will constitute the legal, valid and binding Obligations of the Shipowner;

E. The Shipowner has accepted the Guarantee Commitment of the Secretary under the provisions of Title XI which provides, among other things, that the Secretary, subject to the terms and conditions therein set forth, will authorize a Guarantee to be endorsed upon each of the Obligations; pursuant to the Guarantee Commitment of the Secretary and under the terms of the Authorization Agreement, the Secretary has, as of the date hereof, authorized the Indenture Trustee to endorse and execute on each of the Obligations, by means of the facsimile signature of the Assistant Secretary of Commerce for Maritime Affairs and the facsimile seal of the Maritime Administration and to authenticate and deliver each of the Obligations and the Guarantees thereon; and

F. The Shipowner has agreed, as further security to the United States, as provided in this Security Agreement, to execute and deliver the Mortgage, to be created under and pursuant to the Ship Mortgage Act, 1920, as amended, to the Secretary, as Mortgagee, on the Vessels delivered on or before the Closing Date, to execute and deliver a Mortgage Supplement on each Delivery Date with respect to Vessels delivered after the Closing Date and to assign to the Secretary certain other rights and assets, existing and anticipated.

NOW, THEREFORE, in consideration of the premises, of the mutual covenants herein contained, and of other good and valuable consideration, the receipt and adequacy of which the parties hereby acknowledge, and in order to provide security to the Secretary for the Secretary's Note:

GRANTING CLAUSE

In order to create a present security interest in the Secretary, the Shipowner does hereby grant, sell, convey, assign, transfer, mortgage, pledge, set over and confirm unto the Secretary continuing security interests in all of its right, title and interest in and to all the following:

I. The Construction Contracts, insofar as they relate to the Vessels, and the Vessels being constructed thereunder, this assignment of the Construction Contracts being subject to the reservation by the Shipowner of the rights referred to below, together with all other contracts, whether now in existence or hereafter entered into, relating to the Construction of the Vessels (irrespective of the foregoing, the Shipowner reserves unto itself all rights against any of the Shipbuilders relating to patents, taxes and indemnities, if any, under each of the Construction Contracts). True copies of the Construction Contracts and the Consents of Shipbuilders have been delivered to the Secretary, and are incorporated herein by reference. True copies of the Construction Contracts with respect to the Undelivered Vessels are attached hereto as Exhibit 4A and are incorporated herein by reference. Said right, title and interest in and to the Construction Contracts and the Consents of Shipbuilders, and the other contracts conveyed to the Secretary by this paragraph I of the Granting Clause are hereinafter referred to collectively, as the "*Rights Under the Construction and Related Contracts*".

II. The Shipowner's right to receive all moneys which from time to time become due to the Shipowner in respect of the Construction of the Vessels (not including funds held by the Indenture Trustee for the payment of the Obligations which have been Retired or Paid or for the payment of interest which has become due or payable on the Obligations) other than moneys which the Secretary determines are not to be applied to reduce the Actual Cost or Depreciated Actual Cost, as appropriate, of the Vessels. Said right, title and interest in and to the moneys, cash, bonds, claims, and securities, conveyed by this paragraph II of the Granting Clause, are herein referred to, collectively as the "*Moneys Due in Respect of the Construction of the Vessel*". Moneys Due in Respect of the Construction of the Vessel will be paid directly to the Secretary or his designee for application in accordance with this Security Agreement and the Indenture.

III. The Charter and all moneys now or hereafter due and to become due to the Shipowner thereunder, except the fees and expenses (including without limitation counsel fees) of the Indenture Trustee acting under the Indenture; *provided, however*, for so long as no Payment Default or Security Default shall have occurred and be continuing, the Secretary hereby consents to the payment to the Shipowner of all moneys now or hereafter due, or to become due, under the Charter; *provided, further*, that if a Payment Default or Security Default shall have occurred and be continuing, the Charterer after notice from the Secretary shall pay all such moneys to the Secretary or his designee during the continuance of such Default for application in accordance with provisions of the Consent to Assignment of Charter. A true copy of the Charter together with the Consent to Assignment is attached hereto as Exhibit 5.

The Secretary has as further security, certain right, title and interest in and to the following:

IV. The Mortgage executed and delivered by the Shipowner to the Secretary, as Mortgagee, dated the date hereof and each Mortgage Supplement thereto, to be executed and delivered by the Shipowner to the Secretary, as Mortgagee, on a Delivery Date subsequent to the Closing Date. True copies of the forms of the Mortgage and the Mortgage Supplement are annexed hereto as Exhibit 3 and Exhibit B to said Exhibit 3.

V. The Title XI Reserve Fund, if any, created under the Title XI Reserve Fund and Financial Agreement.

The right, title and interest of the Secretary mentioned in paragraphs I through V are hereinafter collectively called the "Security".

Irrespective of the foregoing, (1) the Shipowner shall remain liable to perform its obligations under the Construction Contracts and the above-mentioned other contracts, (2) the Secretary shall not, by virtue of this Security Agreement, have any obligations under the Construction Contracts or other contracts or be required to make any payment owing by the Shipowner thereunder and (3) if there is no existing Default, the Shipowner shall (subject to the rights of the Secretary under the above-mentioned Consents of Shipbuilders in the event written notice shall have been given to the Shipbuilders during the continuance of a Default) be entitled to exercise all of its rights under the Construction Contracts and the said other contracts and to receive all of the benefits accruing to it thereunder as if the foregoing were not applicable, except the right to receive Moneys Due in Respect of the Construction of the Vessel.

The Shipowner hereby agrees with the Secretary that the Security is to be held by the Secretary subject to the further agreements and conditions hereinafter set forth.

ARTICLE FIRST

ACTUAL COST; ESCROW FUND

(1) Pursuant to Sections 1101(f), 1101(g) and 1104(b)(2) of Title XI, the Secretary has determined the Actual Cost and the Depreciated Actual Cost, as appropriate, of each Vessel as of the date hereof is set forth in Tables A and A-1, annexed hereto and by this reference made a part hereof, limited in all instances to the amounts paid, or to be paid, by or for the account of the Shipowner for the Construction of each such Vessel or a total of \$^{46,567,826.87} collectively.

(2) Concurrently with the execution and delivery of this Agreement, the Shipowner has caused a deposit to be made in cash with the Secretary in escrow of the following:

\$^{7,061,609.96} which is the excess of \$37,780,000, being the principal amount of the Obligations, issued and sold on the date hereof, over \$^{30,718,390.04}, being a sum equal to 87½% in the case of the Barges (and 75% in the case of the Towboats) of the aggregate amount (as specified in Clause (i) of Table A hereto) which the Secretary has determined has been, as of the date hereof, paid by or for the account of the Shipowner for the Construction of the Vessels.

At the time of any additional sale of Obligations, the Shipowner shall deposit in the Escrow Fund an amount determined by the Secretary in accordance with the formula set forth in Article V of Exhibit 1 to the Security Agreement. Said amount so deposited and any amount hereafter deposited with respect to Vessels, together with insurance moneys, if any, to be deposited in escrow pursuant to Section 2.07(e)(2) of Exhibit 1 hereto, are herein called the "Escrow Fund". Pursuant to Section 1108 of the Act, the Secretary has accepted the aforesaid deposit, and the same and all amounts hereafter deposited in the Escrow Fund with respect to the Obligations will be administered in accordance with the provisions of Article V of Exhibit 1 hereto.

ARTICLE SECOND

THE SECRETARY'S NOTE

On the date hereof, the Shipowner has duly executed and delivered, and the Secretary has accepted, a promissory note in an amount equal to the Outstanding Obligations of \$37,780,000 (said promissory note, together with any other promissory note issued pursuant to Section 3.06 of Exhibit 1 hereto, is hereinafter called, collectively or individually, the "Secretary's Note"). A true copy of the form of Secretary's Note is annexed hereto as Exhibit 2. On the Delayed Delivery Closing Date, the Shipowner shall endorse such promissory note to reflect the issuance of the additional Obligations pursuant to the Delayed Delivery Contracts.

ARTICLE THIRD

INCORPORATION OF EXHIBIT 1 BY REFERENCE

This Security Agreement shall consist of two parts: the Special Provisions and the General Provisions attached hereto as Exhibit 1, made a part of the Security Agreement and are incorporated herein by reference.

ARTICLE FOURTH

DEFINITIONS

For all purposes of this Security Agreement, unless otherwise expressly provided or unless the context otherwise requires:

- (1) All references herein to Articles, Sections or other subdivisions, unless otherwise specified, refer to the corresponding Articles, Sections and other subdivisions of this Security Agreement;
- (2) The terms "hereof", "herein", "hereby", "hereto", "hereunder", and "herewith" refer to this Security Agreement; and
- (3) The terms defined in Schedule X to this Security Agreement or by reference therein to other instruments and used herein shall have the respective meanings stated in said Schedule X or such other instruments.

ARTICLE FIFTH

MORTGAGE SUPPLEMENT

Each Mortgage Supplement shall be executed and delivered by the Shipowner and the Secretary on the Delivery Date of the respective Vessel or Vessels delivered on that date at a closing to be held in Washington, D.C. The Secretary will execute the applicable Mortgage Supplement upon the satisfaction of the following conditions:

- (a) On the applicable Delivery Date the Shipowner and the Shipbuilder will each provide to the Secretary a certificate that the Vessel delivered on such date is free of any claim, lien, charge, mortgage or other encumbrance of any character (except the Security Agreement and liens permitted under Section 2.04(a) of Exhibit 1 to the Security Agreement);
- (b) On the applicable Delivery Date, the Shipowner shall be a citizen of the United States within the meaning of Section 2 of the Shipping Act, 1916, as amended, and shall have furnished to the Secretary an affidavit setting forth data showing such continued citizenship to the satisfaction of the Secretary;
- (c) On the applicable Delivery Date the Shipowner shall deliver to the Secretary a certificate that there has not occurred any event which constitutes (or after any period of time or any notice, or both would constitute) a Default under the Security Agreement;
- (d) On the applicable Delivery Date there shall have been delivered to the Secretary an opinion of counsel acceptable to the Secretary substantially in the form of Exhibit A to the Mortgage;
- (e) On the applicable Delivery Date the Shipowner shall furnish to the Secretary a certificate that the marine insurance as required under Section 2.07 of Exhibit 1 to the Security Agreement is in full force and effect on the related Vessel;
- (f) On the applicable Delivery Date the Shipowner will furnish to the Secretary a certificate of its continued corporate existence, good standing and payment of franchise taxes; and
- (g) On the applicable Delivery Date the Shipbuilder and the Shipowner shall have executed and delivered a Certificate of Delivery and Acceptance to the Secretary.

ARTICLE SIXTH

ADDITIONS, DELETIONS AND AMENDMENTS TO EXHIBIT 1

The following additions, deletions and amendments are hereby made to Exhibit 1 hereto:

- (a) *Concerning Certain Definitions.* Unless otherwise specifically provided in these Special Provisions, (1) the term "Vessel", whenever the same shall appear in the General Provisions;

shall be deemed to mean "Vessel" or "Vessels" as the context shall require, and (2) the term "Construction Contract", whenever the same shall appear in the General Provisions, shall be deemed to mean "Construction Contract" or "Construction Contracts" as the context shall require.

(b) *Concerning Section 2.03.* The defined term "the Title XI Reserve Fund and Financial Agreement" is hereby deleted from Section 2.03 of Exhibit 1.

(c) *Concerning Section 2.04.*

The provisions of Section 2.04 of Exhibit 1 hereto are amended:

(1) by deleting that portion of the first sentence of paragraph (a) thereof through the words "... and not released ..." and substituting therefor the following:

"(a) *Title to and Possession of the Vessels.* On the date of this Security Agreement the Shipowner lawfully owns the Vessels delivered on or before the date hereof free from any claim, lien, charge, mortgage or other encumbrance of any character whatsoever (subject to (i) the Charter, (ii) any charter, pledge or assignment, subordinated to the interest of the Secretary hereunder, permitted under the Special Provisions hereof, and (iii) the rights of the Secretary hereunder and under the Mortgage) and lawfully owns each Undelivered Vessel, to the extent that title thereto has been transferred to the Shipowner from the Shipbuilders pursuant to the respective Construction Contracts, and on the Delivery Date thereof, the Shipowner shall own each Undelivered Vessel free from any lien, charge, mortgage or other encumbrance of any character whatsoever (subject to the aforementioned liens, charges, mortgages or encumbrances) and shall for the Secretary's benefit, warrant and defend the title to, and possession of, each Vessel and every part thereof against the claims and demands of all Persons whomsoever; *provided* that (except during such period that any Vessel shall have been levied upon and taken into custody or detained in any proceeding in any court or tribunal or by any government of other authority [except in connection with takings or requisitions of the title or use of such Vessel by any government or governmental body] and not released) ..."

(2) by fixing the amount of liens permitted under Section 2.04(a)(1)(E) for each Vessel as, in the case of Towboats, \$100,000 and, in the case of Barges, \$10,000.

(3) *Concerning Sale, Transfer or Charter of the Vessels.* Section 2.04(c) is amended by deleting in its entirety said Section and substituting therefor the following:

"(c) *Sale, Transfer or Charter of the Vessels or Sale of Fewer than All of the Vessels.* The Shipowner shall not, without the prior written consent of the Secretary, sell, mortgage, demise charter or transfer the Vessels, or charter the Vessels to an Affiliate, which Affiliate shall be a "citizen of the United States" within the meaning of the Shipping Act, 1916, as amended, qualified to engage in the coastwise trade, and shall have submitted to the Secretary affidavits as to such citizenship in the form prescribed by 46 CFR § 355, under any form of charter other than in the form attached as Exhibit 5 to the Security Agreement except the foregoing shall not apply to (i) takings or requisitions of the title or use of the Vessel by any government or governmental body, (ii) mergers or consolidations permitted by Article IX, (iii) demise charters of the Vessels approved in writing by the Secretary, or (iv) sales of any of the Vessels provided that at the time of any such sale (w) the Shipowner meets the financial test set forth in Article Third, Paragraph 5 of the Title XI Reserve Fund and Financial Agreement, (x) no Payment Default or Security Default shall have occurred and be continuing, (y) such sale shall be for an amount which is not less than the net book value of such Vessel on the date of such sale and will not result in a sale, transfer or disposition of greater than 10% of the Shipowner's total assets as reflected in the most recent audited consolidated balance sheet furnished to the Secretary immediately prior to such sale and (z) the Proportionate Outstanding Obligations relating to such Vessel are redeemed to the extent required as hereinafter provided.

"In the event of a sale of fewer than all of the Vessels, the Shipowner shall promptly pay over to the Indenture Trustee funds in an amount sufficient to redeem a principal amount of the Proportionate Outstanding Obligations rounded to the next higher integral multiple of \$1,000 and shall cause the redemption of such principal amount of Obligations, together with

any premium or accrued interest, on such Obligations so redeemed as provided for in subsection (c) of Article Third of the Indenture; *provided, however*, the Shipowner shall only be required to so redeem Obligations to the extent that such sale would result in a mandatory redemption of Obligations by reason of Section 1104(b)(2) of the Act."

(4) *Concerning Section 2.04(i)*. Section 2.04(i) of Exhibit 1 hereto is hereby amended to read in its entirety as follows:

"The Shipowner shall at all times (unless otherwise required by any military authority of the United States and except during such period as (1) the use of, or title to, a Vessel have been taken or requisitioned 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 Shipowner shall not have had a reasonable time to repair the same) (A) at its own cost and expense maintain and preserve each of the Vessels, so far as may be practicable, in at least as good order and condition, ordinary wear and tear excepted, as at the Delivery Date, and (B) shall perform or cause to be performed (x) at least once each five (5) years with respect to the Barges (y) once every year with respect to each Towboat and (z) at any other time required by the Secretary, such surveys and inspections or take such other actions as are necessary to prove or establish such maintenance of each of the Vessels to the satisfaction of the Secretary; *provided, however*, that the Shipowner shall be entitled to a 30 day grace period for reasonable cause on the scheduling of surveys for the Towboats upon notice to the Secretary, which notice shall contain the reason for the postponement of such survey and the date of the re-scheduled survey. Each such survey and inspection shall be performed by a competent and recognized independent marine surveyor. The Shipowner shall furnish two copies of the report of such independent marine surveyor to the Secretary within 15 days of such survey and inspection to which it relates. In addition, the Shipowner shall furnish to the Secretary, annually, an Officer's Certificate stating the condition of each of the Vessels."

(5) *Concerning Section 2.04(j)*. Section 2.04(j) of Exhibit 1 is hereby amended to read as follows:

"The Shipowner shall not, without the prior written consent of the Secretary, make, or permit to be made, any material change in a Vessel which would alter the purpose for which such Vessel was intended at the date hereof in the case of Vessels listed in Schedule Y and Part 1 of Schedule Z and on the respective Delivery Date in the case of all other Vessels; *provided, however*, the foregoing shall not prevent the Shipowner's removal and disposal, without replacement, of the hatch cover for any Barge which is no longer used or useful in the operation of such Barge; *provided, further*, that if the aggregate Depreciated Actual Cost of hatch covers so removed and disposed of shall exceed \$100,000 then the Secretary may require a redemption of Proportionate Outstanding Obligations to the extent that the then Outstanding Obligations exceed the aggregate of 87½% of the aggregate Depreciated Actual Cost of the Barges then subject to the Mortgage and 75% of the aggregate Depreciated Actual Cost of the Towboats then subject to the Mortgage and such redemption shall be treated as a redemption of Sinking Fund Bonds at a premium (if any shall then be due) pursuant to Article Third of the Indenture."

(d) *Concerning Execution and Delivery of the Mortgage.*

The provisions of Section 2.06 of Exhibit 1 hereto are amended by deleting Section 2.06 and substituting therefor the following:

"On the Closing Date and each Delivery Date the Shipowner shall (i) execute and deliver to the Secretary the Mortgage (or, if appropriate, a Mortgage Supplement) in the form required by the granting clause of the Special Provisions hereof, (ii) record or cause to be recorded the Mortgage (or, if appropriate, a Mortgage Supplement) in the office of the United States Coast Guard, or its successor, at the home port of any Vessel covered by such Mortgage or Mortgage Supplement and endorse the same upon such Vessel's document and, in the case of Mortgage Supplements, shall make due provision for endorsement thereof on the documents of all other Vessels then subject to the Mortgage at the next respective United States ports of call of such Vessels where such endorsements

can be made, and (iii) deliver to the Secretary an opinion of its counsel in substantially the form annexed hereto as Exhibit A to the form of the Mortgage (except that said form of opinion may be appropriately revised to reflect that a Mortgage Supplement is the document which is to be the subject of such opinion)."

(e) *Concerning Insurance.* (1) Section 2.07 (a) of Exhibit 1 hereto is deleted.

(2) Section 2.07(b) of Exhibit 1 hereto is amended by (A) deleting the words "Delivery Date of the Vessel" and "Delivery Date", respectively, and substituting in lieu thereof the words "the date on which the Vessel becomes subject to the Mortgage", and (B) by deleting the proviso immediately preceding the last paragraph thereof and in connection with the last paragraph of Section 2.07(b) of Exhibit 1 hereto, the amount of self-insurance permitted thereunder shall be \$2,000,000 per year on a cumulative basis (after application of the deductibles herein referred to) for losses under the hull policy during such year and a \$20,000 deductible per Barge for any loss resulting from any one accident or occurrence and a \$30,000 deductible per Towboat for any loss resulting from any one accident or occurrence;

(3) In connection with clause (ii) of Section 2.07(c) of Exhibit 1 hereto, payment of losses by marine underwriters up to the amount of \$100,000 per Vessel per accident, occurrence or event may be made directly to the Shipowner;

(4) Section 2.07(c)(2) of Exhibit 1 hereto is hereby deleted.

(5) Section 2.07(c)(3) of Exhibit 1 hereto is amended by deleting from the first sentence thereof the words "whether prior to or after the Delivery Date and the insurance moneys have not been applied as provided in subparagraph (2) of this paragraph (c)" and the words "or held by the Secretary pursuant to subparagraph (2) above", and by deleting the proviso of Section 2.07(c)(3)(C) and substituting therefor the following:

" ; *provided* that, irrespective of the foregoing, the Shipowner shall not be required to so deposit with the Secretary insurance moneys in an amount which, together with funds otherwise available for the redemption of Obligations, is in excess of that required (i) for the redemption, pursuant to Section 3.05 of Exhibit 1 to the Indenture of the Proportionate Outstanding Obligations rounded to the next highest integral multiple of \$1,000 and (ii) for the payment to the Secretary a proportionate amount (similarly determined) of all other sums that may be secured by the Security Agreement and the Mortgage. . . ."

(6) Section 2.07(e) of Exhibit 1 hereto is amended by (A) deleting the words "Delivery Date of the Vessel" in the two instances in which it appears and substituting in lieu thereof the words, "the date on which the Vessel becomes subject to the Mortgage" and (B) inserting the following phrase after the phrase "policies of insurance" in line 4 thereof, "in the form of a protection and indemnity policy or equivalent insurance in accordance with the usual practice in the trade", and in connection with the proviso clause of Section 2.07(e) of Exhibit 1 hereto, the amount of self-insurance permitted thereunder shall be \$500,000 per risk covered with respect to each accident, occurrence or event and \$500,000 with respect to each cargo or property carried; and the minimum amount of such insurance, when combined with excess, shall be \$15,000,000 in the aggregate for any liability resulting from any one accident, event or occurrence;

(7) Section 2.07(g)(2) of Exhibit 1 hereto is amended by deleting the proviso respecting authority to enter into an agreement or compromise of the total loss of the Vessel and substituting therefor the following:

" ; *provided* that, the Secretary shall not enter into such an agreement or compromise without the prior written consent of the Shipowner unless the aggregate amount payable to the Shipowner and/or the Secretary under such agreement or compromise, together with funds held by the Indenture Trustee and the Secretary available for the redemption of Obligations, is sufficient (i) to redeem or pay, pursuant to Section 2.09 of this Agreement, the Proportionate Outstanding Obligations as rounded to the next highest integral multiple of \$1,000, and (ii) to pay a proportionate amount of all other sums that may be secured hereby."

(8) Section 2.07(i) of Exhibit 1 hereto is hereby amended by deleting clause (4) of said paragraph and inserting the word "and" immediately preceding clause (3) of said paragraph.

(9) Pursuant to Section 2.07(1) of Exhibit 1 hereto the Secretary hereby agrees to accept duplicate copies of all policies of insurance required under said Section 2.07, *provided* that the Shipowner agrees to deliver the originals of such policies at such time as the Secretary may request with the agreement that such policies will be promptly returned to the Shipowner after the purpose of such request has been fulfilled.

(10) Section 2.07(m) of Exhibit 1 hereto is hereby amended by inserting the word "reasonably" after the word "may" in the second line thereof.

(f) *Concerning Section 2.09.* Section 2.09 of Exhibit 1 hereto is hereby amended by deleting said Section 2.09 and substituting the following:

"SECTION 2.09. *Requisition of Title, Seizure, Forfeiture, Termination of Construction Contract or Total Loss of the Vessel.* In the event of (a) requisition of title to a Vessel, (b) seizure or forfeiture of a Vessel or (c) termination of the Construction Contract relating to a Vessel (unless, in the case of termination pursuant to said provisions, the Shipowner and the Secretary shall elect to have the Vessel completed), or (d) the circumstances referred to in Section 2.07(c)(3) if there shall have been an accident, occurrence or event resulting in an actual or constructive total loss or an agreed or compromised total loss of a Vessel:

"(1) The Shipowner shall promptly give written notice thereof to the Secretary;

"(2) The Shipowner shall (subject to the consent or approval of the Secretary and/or the Maritime Administration if and to the extent they have jurisdiction) promptly pay all amounts it receives by reason of such requisition, seizure, forfeiture, termination or total loss to the Secretary; and

"(3) After all amounts which are reasonably expected to be received by the Secretary in connection with any such requisition, seizure, forfeiture, termination or total loss (whether from the Shipowner pursuant to the foregoing subparagraph (2), from a government or governmental body, or otherwise) shall have been received by the Secretary (A) if there is no existing Default, (i) the Secretary and the Shipowner shall give notice to the Indenture Trustee for the redemption of the Proportionate Outstanding Obligations pursuant to Section 3.05 of Exhibit 1 to the Indenture; *provided, however,* that such redemption shall be limited to that amount necessary to meet the requirements of Section 1104 (b) (2) of the Act, (in arriving at the Proportionate Outstanding Obligations to be redeemed pursuant to Section 3.05 of Exhibit 1 to the Indenture, the Actual Cost or Depreciated Actual Cost, as appropriate, of any Vessel or Vessels shall be determined as of the date of the loss, requisition of title, seizure or forfeiture or termination of a Construction Contract by reason of which such redemption is required to be made), (ii) such amount, if any, held by the Secretary shall be paid to the Indenture Trustee not earlier than 10 days prior to, nor later than the opening of business on, the Redemption Date required by Section 3.05 of Exhibit 1 to the Indenture, and (iii) the balance, if any, shall be applied by the Secretary first for the payment of all other sums that may be secured hereby, and second, the remainder shall be paid over to the Shipowner, or (B) if there is an existing Default and the Guarantees shall not have terminated pursuant to Section 3.05, such amounts shall be held until the same may be applied or paid under clause (A), (C), or (D) of this subparagraph (3), whichever is applicable, or (C) if the Guarantees shall have terminated pursuant to Section 3.05(3), be applied as provided in Section 6.05 (D) if the Guarantees shall have terminated pursuant to Section 3.05(2) or (4), such amounts shall be paid by the Secretary to the Shipowner;

provided that, the Shipowner shall not be required to pay to the Secretary pursuant to the foregoing subparagraph (2) an amount which, together with funds held by the Secretary and the Indenture Trustee and available for the redemption of Obligations, is in excess of that required for the redemption of (x) the Proportionate Outstanding Obligations pursuant to Section 3.05 of Exhibit 1 to the Indenture, and (y) for the payment to the Secretary of all other sums that may be secured hereunder as is equal to the product obtained by multiplying such sums by a fraction,

the numerator of which shall be the Actual Cost or Depreciated Actual Cost, as appropriate, of the Vessels affected by such event and the denominator of which shall be the aggregate of the Actual Cost and Depreciated Actual Cost of all Vessels subject to the security interest of the Secretary under this Security Agreement, including the Vessel or Vessels affected by such event.

(g) *Concerning Financial Statements.* The Secretary consents to the use of consolidated financial statements in the form regularly used by the Shipowner and its subsidiaries for purposes of the financial information required by Section 2.10(a) of Exhibit 1 hereto.

(h) *Concerning the Notice of Mortgage.* In connection with Section 2.12 of Exhibit 1 hereto, the notice of mortgage specified therein to be carried on the Vessels shall (subject to the provisions of said Section 2.12) read as follows:

NOTICE OF MORTGAGE

"This Vessel is owned by AMERICAN COMMERCIAL LINES, INC., and is covered by a First Preferred Fleet Mortgage in favor of the United States of America, under authority of the Ship Mortgage Act, 1920, as amended. Under the terms of said Mortgage, neither AMERICAN COMMERCIAL LINES, INC., any charterer, 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 AMERICAN COMMERCIAL LINES, INC., or the operator, Master, ship's husband, or agent of this Vessel, for crew's wages in respect of this Vessel (including wages of a Master to the extent provided by Public Law 90-293, approved April 25, 1968), for general average, or for salvage (including contract salvage), or, to the extent they are liens subordinate to the lien of said Mortgage, other liens incident to current operations or for repairs, and other mortgages permitted by said Mortgage."

The Notice of Mortgage specified in Section 2.12 of Exhibit 1 hereto shall in the case of Barges be a plate made of metal or other durable material affixed to such Barge and shall cover a space not less than six inches wide by nine inches high.

(i) *Concerning Section 3.02(b).* Section 3.02(b) of Exhibit 1 hereto is hereby amended by deleting said section in its entirety and substituting therefore the following:

"The Guarantee Fee shall be based on a ratio of the Shipowner's net worth (the "Net Worth") to the Shipowner's long term debt (the "Long Term Debt"), as hereinafter defined, both on a consolidated basis and based on information in the consolidated financial statements in the form regularly used by the Shipowner and its subsidiaries. The Guarantee Fee shall be subject to annual redetermination by the Secretary prior to the annual period covered by said Guarantee Fee on the basis of the ratio of Net Worth to Long Term Debt, as hereinafter stated, and the Secretary, in the event of any change in the rate of the Guarantee Fee, shall promptly give written notice to the Shipowner specifying the Guarantee Fee for such annual period. For the purpose of determining the Guarantee Fee, the term "Net Worth" shall mean as of any date, the total of (1) paid-in capital stock, paid-in surplus, earned surplus and appropriated surplus, and all other amounts that would be included in net worth in accordance with generally accepted accounting principles, (2) deferred investment tax credit, and (3) Subordinated Debt, and the term "Long Term Debt" shall mean, as of any date, the total of notes, bonds, debentures, equipment obligations and other evidences of indebtedness that would be included in Long Term Debt in accordance with generally accepted accounting principles, but exclusive of deferred income taxes and Subordinated Debt."

(j) *Concerning Article IV.* Sections 4.01, 4.02, 4.03, 4.04 and 4.05 are inapplicable and are deleted.

(k) *Concerning Section 5.06.* The first sentence of Section 5.06 of Exhibit 1 hereto is hereby restated as follows:

"The Escrow Fund will terminate 90 days after the last Delivery Date (herein called the "Termination Date of the Escrow Fund")."

(l) *Concerning Section 6.01.* Section 6.01(b)(5) of Exhibit 1 hereto is hereby amended to read as follows:

“(5) The Shipowner shall become insolvent or bankrupt or shall cease paying or providing for the payment of its debts or shall be dissolved or shall, by a court of competent jurisdiction, be adjudged bankrupt or shall make a general assignment for the benefit of its creditors or shall lose its charter by forfeiture or otherwise; or a petition for reorganization of the Shipowner under the Bankruptcy Act shall be filed by the Shipowner, or such petition shall be filed by creditors and the same shall be approved by a court of competent jurisdiction; or a reorganization of the Shipowner under said Act shall be approved by such a court, whether proposed by a creditor, a stockholder or any other Person whomsoever; or a receiver or receivers of any kind whatsoever, whether appointed in admiralty, bankruptcy, common law or equity proceedings, shall be appointed, by a decree of a court of competent jurisdiction, with respect to any Vessel or all or substantially all of the property of the Shipowner, and such decree shall have continued unstayed, on appeal or otherwise, and in effect for a period of 60 days;”

(m) *Concerning Section 9.01.* Section 9.01(a) of Exhibit 1 hereto is hereby amended by adding the following clause to the end of such section:

“or, with respect to any such consolidation or merger, the Shipowner shall be the surviving corporation in such merger or consolidation.”

(n) *Concerning Title V Contract, CDS Contract and Maritime Subsidy Board.* All references in the General Provisions, Exhibit 1 hereto, pertaining to the Title V Contract, the CDS Contract and the Maritime Subsidy Board are inapplicable and are deleted.

(o) *Concerning Notices.* Subject to change as provided in Section 10.01 of Exhibit 1 hereto, any notice, request, demand, direction, consent, waiver or approval to be given to a party hereto, or other communications, shall be deemed to have been sufficiently given or made when addressed to:

The Secretary at:

SECRETARY OF COMMERCE
c/o Assistant Secretary of Commerce for Maritime Affairs
Maritime Administration
Department of Commerce
Washington, D. C. 20230

The Indenture Trustee at:

THE CHASE MANHATTAN BANK
(National Association),
One Chase Manhattan Plaza
New York, New York 10015
Attention: Corporate Trust and Agency Division

The Shipowner at:

AMERICAN COMMERCIAL LINES, INC.
3800 Frederica Street
Owensboro, Kentucky 42301
Attention: Secretary
with a copy to
3401 Allen Parkway
Houston, Texas 77019

(p) *Concerning the Special Provisions.* In the event of any conflict in, or inconsistency between, the Special Provisions of this Security Agreement and Exhibit 1 hereto, said Special Provisions shall control.

IN WITNESS WHEREOF, the parties have caused this Security Agreement to be executed and delivered the day and year first above written.

AMERICAN COMMERCIAL LINES, INC.
As Shipowner

By *P.A. Pifer*
Treasurer

[SEAL]

Attest:

W.B. Wellwood
Secretary

UNITED STATES OF AMERICA
SECRETARY OF COMMERCE
By ASSISTANT SECRETARY OF COMMERCE
FOR MARITIME AFFAIRS

By *James S. Lawson*
Secretary
Maritime Administration

[SEAL]

Attest:

Robert J. Patton
Assistant Secretary
Maritime Administration

Table A - Delivered Vessels

Name of Vessel	Official Number	Delivery Date	Actual Cost (a)	Depreciation Rate Per Day (b)	Total (c) Depreciation	Depreciated Actual Cost (d)
TOWBOATS:						
M/V Charles Lehman	545338	1-29-73	\$ 1,421,902.00	\$ 151.82607	\$ 193,730.06	\$ 1,228,171.94
M/V Louis H. Meece	546688	4- 9-73	1,402,900.00	149.79460	180,652.28	1,222,247.72
M/V V. W. Meythaler	548689	6-19-73	1,415,487.00	151.13796	171,541.58	1,243,945.42
M/V Carl Shelton	550559	8-20-73	1,467,593.00	156.70314	168,142.46	1,299,450.54
M/V W. O. Watson	552799	11-20-73	849,487.00	90.74743	89,023.22	760,463.78
M/V Dan J. Hogan	553908	1-14-74	998,452.00	106.66259	98,769.55	899,682.45
M/V D. Ray Miller	555425	3-31-74	1,543,179.00	164.77210	140,056.28	1,403,122.72
M/V Richard C. Young	553902	1-21-74	1,480,750.00	158.10436	145,297.90	1,335,452.10
M/V Wally Roller	560135	10- 2-74	1,071,689.00	114.47777	76,127.71	995,561.29
M/V W. A. Kernan	559099	8- 1-74	1,575,372.00	168.20522	122,285.19	1,453,086.81
M/V A. C. Shelton	561874	2- 7-75	528,006.00	56.39708	30,285.23	497,720.77
M/V J. E. Niven	564006	4-23-75	1,085,743.00	115.97727	53,581.49	1,032,161.51
M/V Harry Mack	565154	6- 9-75	2,550,431.00	272.45967	113,070.76	2,437,360.24
M/V Lewis A. Enlow	561873	4-16-75	536,664.00	57.34218	26,893.48	509,770.52
M/V James E. Philpotts	568650	10- 8-75	538,291.00	57.48670	16,901.08	521,389.92
M/V Rusty Barrilleaux	566622	7-10-75	554,997.00	59.27173	22,760.34	532,236.66
M/V Bill Froerich	570081	1- 9-76	615,571.00	65.74402	12,820.08	602,750.92
M/V R. H. O'Neil	570554	2-11-76	1,159,912.00	123.88993	22,176.29	1,137,735.71
M/V Sonny Ivey	572994	5- 1-76	<u>1,159,912.00</u>	<u>123.88993</u>	<u>11,026.20</u>	<u>1,148,885.80</u>
TOTAL TOWBOATS			<u>\$21,956,338.00</u>		<u>\$1,695,141.18</u>	<u>\$20,261,196.82</u>

Table A - Delivered Vessels

Name of Vessel	Official Number	Delivery Date	Actual Cost (a)	Depreciation Rate Per Day (b)	Depreciated Actual Cost (d)	
					Total (c) Depreciation	Cost (d)
BARGES:						
ACBL 1310	545680	2-22-73	\$ 97,903.00	10.41320	\$ 13,037.32	\$ 84,865.68
ACBL 1311	545681	2-22-73	97,903.00	10.41320	13,037.32	84,865.68
ACBL 1312	545682	2-27-73	97,903.00	10.41320	12,985.26	84,917.74
ACBL 1313	545683	2-28-73	97,903.00	10.41320	12,974.84	84,928.16
ACBL 1314	545684	3- 7-73	97,903.00	10.41320	12,901.95	85,001.05
ACBL 1315	545685	3-16-73	97,903.00	10.41320	12,808.23	85,094.77
ACBL 1316	545686	3- 6-73	97,903.00	10.41320	12,912.36	84,990.64
ACBL 1317	545687	3-13-73	97,903.00	10.41320	12,839.47	85,063.53
ACBL 1318	545688	3-23-73	97,903.00	10.41320	12,735.34	85,167.66
ACBL 1319	545689	3-21-73	97,903.00	10.41320	12,756.16	85,146.84
ACBL 1320	545690	3-28-73	93,511.00	9.94408	12,111.88	81,399.12
ACBL 1321	545691	3-27-73	93,511.00	9.94408	12,121.83	81,389.17
ACBL 1322	545692	4- 9-73	93,511.00	9.94408	11,992.56	81,518.44
ACBL 1323	545693	4-24-73	93,511.00	9.94408	11,843.39	81,667.61
ACBL 1324	545694	3-14-73	93,511.00	9.94408	12,251.10	81,259.90
ACBL 1325	545695	4- 2-73	93,511.00	9.94408	12,062.16	81,448.84
ACBL 1326	545696	4-11-73	93,511.00	9.94408	11,972.67	81,538.33
ACBL 1327	545697	4-13-73	93,511.00	9.94408	11,952.78	81,558.22
ACBL 1328	545698	4-24-73	93,511.00	9.94408	11,843.39	81,667.61
ACBL 1329	545699	4- 6-73	93,511.00	9.94408	12,022.39	81,488.61
ACBL 1330	545700	4- 3-73	93,511.00	9.94408	12,052.22	81,458.78
ACBL 1331	545701	4-12-73	93,511.00	9.94408	11,962.72	81,548.28
ACBL 1332	545702	4-13-73	93,511.00	9.94408	11,952.78	81,558.22
ACBL 1333	545703	4-17-73	93,511.00	9.94408	11,913.00	81,598.00
ACBL 1334	545704	4- 6-73	93,511.00	9.94408	12,022.39	81,488.61
ACBL 1335	547029	5-15-73	95,797.00	10.18679	11,918.54	83,878.46
ACBL 1336	547030	6- 8-73	95,797.00	10.18679	11,674.06	84,122.94
ACBL 1337	547031	6- 8-73	95,797.00	10.18679	11,674.06	84,122.94
ACBL 1338	547032	6-18-73	95,797.00	10.18679	11,572.19	84,224.81
ACBL 1339	547033	5-11-73	95,797.00	10.18679	11,959.29	83,837.71
ACBL 1340	547034	5-25-73	95,797.00	10.18679	11,816.67	83,980.33

Table A - Delivered Vessels

Name of Vessel	Official Number	Delivery Date	Actual Cost (a)	Depreciation Rate Per Day (b)	Total (c) Depreciation	Depreciated Actual Cost (d)
ACBL 1341	547035	5-15-73	\$ 95,797.00	10.18679	\$ 11,918.54	\$ 83,878.46
ACBL 1342	547036	6- 8-73	95,797.00	10.18679	11,674.06	84,122.94
ACBL 1343	547037	6- 8-73	95,797.00	10.18679	11,674.06	84,122.94
ACBL 1344	547038	6-12-73	95,797.00	10.18679	11,633.31	84,163.69
ACBL 1345	547039	6-12-73	95,797.00	10.18679	11,633.31	84,163.69
ACBL 1346	547040	6-14-73	95,797.00	10.18679	11,612.94	84,184.06
ACBL 1347	547041	6-14-73	95,797.00	10.18679	11,612.94	84,184.06
ACBL 1348	547042	6-20-73	95,797.00	10.18679	11,551.81	84,245.19
ACBL 1349	547043	6-21-73	95,797.00	10.18679	11,541.63	84,255.37
ACBL 1350	547044	6-25-73	100,395.00	10.67780	12,055.23	88,339.77
ACBL 1351	547045	6-29-73	100,395.00	10.67780	12,012.52	88,382.48
ACBL 1352	547046	7- 3-73	100,395.00	10.67780	11,969.81	88,425.19
ACBL 1353	547047	7-11-73	100,395.00	10.67780	11,884.39	88,510.61
ACBL 1354	547048	7-12-73	100,395.00	10.67780	11,873.71	88,521.29
ACBL 1355	547049	7-17-73	100,395.00	10.67780	11,820.32	88,574.68
ACBL 1356	547050	7-18-73	100,395.00	10.67780	11,809.64	88,585.36
ACBL 1357	547051	7-23-73	100,395.00	10.67780	11,756.25	88,638.75
ACBL 2825	547052	5- 3-73	99,679.00	10.60564	12,535.86	87,143.14
ACBL 2826	547053	4-27-73	99,679.00	10.60564	12,599.50	87,079.50
ACBL 2827	547054	4-27-73	99,679.00	10.60564	12,599.50	87,079.50
ACBL 2828	547055	4-27-73	99,679.00	10.60564	12,599.50	87,079.50
ACBL 2829	547056	5- 2-73	99,679.00	10.60564	12,546.47	87,132.53
ACBL 2830	547057	5- 3-73	99,679.00	10.60564	12,535.86	87,143.14
ACBL 2831	547058	5- 9-73	99,679.00	10.60564	12,472.23	87,206.77
ACBL 2832	547059	5- 9-73	99,679.00	10.60564	12,472.23	87,206.77
ACBL 2833	547060	5- 9-73	99,679.00	10.60564	12,472.23	87,206.77
ACBL 2834	547061	5- 9-73	99,679.00	10.60564	12,472.23	87,206.77
ACBL 2835	547062	6- 7-73	98,239.00	10.45139	11,987.74	86,251.26
ACBL 2836	547063	5-11-73	98,239.00	10.45139	12,269.93	85,969.07
ACBL 2837	547064	5-18-73	98,239.00	10.45139	12,196.77	86,042.23
ACBL 2838	547065	5-18-73	98,239.00	10.45139	12,196.77	86,042.23

Table A - Delivered Vessels

Name of Vessel	Official Number	Delivery Date	Actual Cost (a)	Depreciation Rate Per Day (b)	Depreciated Actual Cost (d)	
					Total (c) Depreciation	Cost (d)
ACBL 2839	547066	6-7-73	\$ 98,239.00	\$ 10.45139	\$ 11,987.74	\$ 86,251.26
ACBL 2840	547067	6-8-73	98,239.00	10.45139	11,977.29	86,261.71
ACBL 2841	547068	6-8-73	98,239.00	10.45139	11,977.29	86,261.71
ACBL 2842	547069	5-15-73	98,239.00	10.45139	12,228.12	86,010.88
ACBL 2843	547070	5-18-73	98,239.00	10.45139	12,196.77	86,042.23
ACBL 2844	547071	6-8-73	98,239.00	10.45139	11,977.29	86,261.71
ACBL 2845	549463	7-30-73	100,742.00	10.71830	11,725.82	89,016.18
ACBL 2846	549464	8-2-73	100,742.00	10.71830	11,693.66	89,048.34
ACBL 2847	549465	8-7-73	100,742.00	10.71830	11,640.07	89,101.93
ACBL 2848	549466	8-9-73	100,742.00	10.71830	11,618.63	89,123.37
ACBL 2849	549467	8-14-73	100,742.00	10.71830	11,565.04	89,176.96
ACBL 2850	549468	8-20-73	100,742.00	10.71830	11,500.73	89,241.27
ACBL 2851	549469	8-21-73	100,742.00	10.71830	11,490.01	89,251.99
ACBL 2852	549470	8-27-73	100,742.00	10.71830	11,425.70	89,316.30
ACBL 2853	549471	8-29-73	100,742.00	10.71830	11,404.27	89,337.73
ACBL 2854	549472	8-31-73	100,742.00	10.71830	11,382.83	89,359.17
ACBL 2855	549473	9-6-73	100,742.00	10.71830	11,318.52	89,423.48
ACBL 2856	549474	9-10-73	100,742.00	10.71830	11,275.65	89,466.35
ACBL 2857	549475	9-13-73	100,742.00	10.71830	11,243.49	89,498.51
ACBL 2858	549476	9-19-73	100,742.00	10.71830	11,179.18	89,562.82
ACBL 2859	549477	9-24-73	100,742.00	10.71830	11,125.59	89,616.41
ACBL 2860	549478	9-28-73	100,852.00	10.72898	11,093.76	89,758.24
ACBL 2861	549479	10-3-73	100,852.00	10.72898	11,040.12	89,811.88
ACBL 2862	549480	10-9-73	100,852.00	10.72898	10,975.74	89,876.26
ACBL 2863	549481	10-13-73	100,852.00	10.72898	10,932.83	89,919.17
ACBL 2864	549482	10-11-73	100,852.00	10.72898	10,954.28	89,897.72
ACBL 2865	549483	10-17-73	100,852.00	10.72898	10,889.91	89,962.09
ACBL 2866	549484	10-19-73	100,852.00	10.72898	10,868.45	89,983.55
ACBL 2867	555274	3-19-74	107,286.00	11.41408	9,838.93	97,447.07
ACBL 2868	555275	3-19-74	107,286.00	11.41408	9,838.93	97,447.07
ACBL 2869	555276	3-22-74	107,286.00	11.41408	9,804.69	97,481.31

Table A - Delivered Vessels

Name of Vessel	Official Number	Delivery Date	Actual Cost (a)	Depreciation		Total (c)	Depreciated Actual Cost (d)
				Rate Per Day (b)	Depreciation		
ACBL 2870	555277	3-26-74	\$ 107,286.00	\$	11.41408	\$ 9,759.03	\$ 97,526.97
ACBL 2871	555278	3-29-74	107,286.00		11.41408	9,724.79	97,561.21
ACBL 2872	555279	4-1-74	107,286.00		11.41408	9,690.55	97,595.45
ACBL 2873	555280	4-3-74	107,286.00		11.41408	9,667.72	97,618.28
ACBL 2874	555281	4-9-74	107,286.00		11.41408	9,599.24	97,686.76
ACBL 2875	555282	4-11-74	107,286.00		11.41408	9,576.41	97,709.59
ACBL 2876	555283	4-16-74	107,286.00		11.41408	9,519.34	97,766.66
ACBL 2877	555284	4-17-74	107,286.00		11.41408	9,507.92	97,778.08
ACBL 2878	555285	4-19-74	107,286.00		11.41408	9,485.10	97,800.90
ACBL 2879	555286	4-24-74	107,286.00		11.41408	9,428.03	97,857.97
ACBL 2880	555287	4-26-74	107,286.00		11.41408	9,405.20	97,880.80
ACBL 2881	555288	4-30-74	107,286.00		11.41408	9,359.54	97,926.46
ACBL 2882	556474	5-3-74	105,737.00		11.24706	9,188.84	96,548.16
ACBL 2883	556475	5-6-74	105,737.00		11.24706	9,155.10	96,581.90
ACBL 2884	556476	5-8-74	105,737.00		11.24706	9,132.61	96,604.39
ACBL 2885	556477	5-10-74	105,737.00		11.24706	9,110.11	96,626.89
ACBL 2886	556478	5-15-74	105,737.00		11.24706	9,053.88	96,683.12
ACBL 2887	556479	5-16-74	105,737.00		11.24706	9,042.63	96,694.37
ACBL 2888	556480	5-20-74	105,737.00		11.24706	8,997.64	96,739.36
ACBL 2889	556481	5-21-74	105,737.00		11.24706	8,986.40	96,750.60
ACBL 2890	556482	5-28-74	105,737.00		11.24706	8,907.67	96,829.33
ACBL 2891	556483	5-31-74	105,737.00		11.24706	8,873.93	96,863.07
ACBL 2892	565396	6-16-75	168,000.00		17.95068	7,323.87	160,676.13
ACBL 2893	565397	6-16-75	168,000.00		17.95068	7,323.87	160,676.13
ACBL 2894	565398	6-23-75	168,000.00		17.95068	7,198.22	160,801.78
ACBL 2895	565399	6-25-75	168,000.00		17.95068	7,162.32	160,837.68
ACBL 2896	565400	7-1-75	168,000.00		17.95068	7,054.61	160,945.39
ACBL 2897	565401	7-1-75	168,000.00		17.95068	7,054.61	160,945.39
ACBL 2898	565402	7-3-75	168,000.00		17.95068	7,018.71	160,981.29
ACBL 2899	565403	7-2-75	168,000.00		17.95068	7,036.66	160,963.34
ACBL 2900	565404	7-9-75	168,000.00		17.95068	6,911.01	161,088.99

Table A - Delivered Vessels

Name of Vessel	Official Number	Delivery Date	Actual Cost (a)	Depreciation Rate Per Day (b)	Depreciated Actual Cost (d)	
					Total (c) Depreciation	Cost (d)
ACBL 2901	565405	7- 8-75	\$ 168,000.00	\$ 17.95068	\$ 6,928.96	\$ 161,071.04
ACBL 2902	565406	7-10-75	168,000.00	17.95068	6,893.06	161,106.94
ACBL 2903	565407	7-11-75	168,000.00	17.95068	6,875.11	161,124.89
ACBL 2904	565408	7-18-75	168,000.00	17.95068	6,749.45	161,250.55
ACBL 2905	565409	7-18-75	168,000.00	17.95068	6,749.45	161,250.55
ACBL 2906	565410	7-18-75	168,000.00	17.95068	6,749.45	161,250.55
ACBL 2907	565411	7-23-75	173,500.00	18.53835	6,877.72	166,622.28
ACBL 2908	565412	7-25-75	173,500.00	18.53835	6,840.65	166,659.35
ACBL 2909	565413	7-31-75	173,500.00	18.53835	6,729.42	166,770.58
ACBL 2910	565414	8-18-75	173,500.00	18.53835	6,395.73	167,104.27
ACBL 2911	565415	8-12-75	173,500.00	18.53835	6,506.96	166,993.04
ACBL 1944	570439	1-21-76	148,500.00	15.86712	2,998.88	145,501.12
ACBL 1945	570440	1-26-76	148,500.00	15.86712	2,919.55	145,580.45
ACBL 1946	570441	1-28-76	148,500.00	15.86712	2,887.81	145,612.19
ACBL 1947	570442	1-29-76	148,500.00	15.86712	2,871.94	145,628.06
ACBL 1948	570443	2- 4-76	148,500.00	15.86712	2,776.74	145,723.26
ACBL 1949	570444	2- 5-76	144,000.00	15.38630	2,677.21	141,322.79
ACBL 1950	570445	2-10-76	144,000.00	15.38630	2,600.28	141,399.72
ACBL 1951	570446	2-11-76	144,000.00	15.38630	2,584.89	141,415.11
ACBL 1952	570447	2-18-76	144,000.00	15.38630	2,477.19	141,522.81
ACBL 1953	570448	2-20-76	144,000.00	15.38630	2,446.42	141,553.58
ACBL 1954	570449	3- 2-76	144,000.00	15.38630	2,292.55	141,707.45
ACBL 1955	570450	3- 2-76	144,000.00	15.38630	2,292.55	141,707.45
ACBL 1956	570451	3- 4-76	144,000.00	15.38630	2,261.78	141,738.22
ACBL 1957	570452	3- 4-76	144,000.00	15.38630	2,261.78	141,738.22
ACBL 1958	570453	3- 5-76	144,000.00	15.38630	2,246.39	141,753.61
ACBL 1959	570454	3-11-76	144,000.00	15.38630	2,154.08	141,845.92
ACBL 1960	570455	3-11-76	144,000.00	15.38630	2,154.08	141,845.92
ACBL 1961	570456	3-12-76	144,000.00	15.38630	2,138.69	141,861.31
ACBL 1962	570457	3-17-76	144,000.00	15.38630	2,061.76	141,938.24
ACBL 1963	570458	3-19-76	144,000.00	15.38630	2,030.99	141,969.01
ACBL 2912	571928	4- 2-76	164,800.00	17.60876	2,077.83	162,722.17

Table A - Delivered Vessels

Name of Vessel	Official Number	Delivery Date	Actual Cost (a)	Depreciation Rate Per Day (b)	Total (c) Depreciation	Depreciated Actual Cost (d)
ACBL 2913	571929	4- 2-76	\$ 164,800.00	17.60876	\$ 2,077.83	\$ 162,722.17
ACBL 2914	571930	4- 2-76	164,800.00	17.60876	2,077.83	162,722.17
ACBL 2915	571931	4- 6-76	164,800.00	17.60876	2,007.39	162,792.61
ACBL 2916	571932	4- 9-76	164,800.00	17.60876	1,954.57	162,845.43
ACBL 2917	571933	4-14-76	164,800.00	17.60876	1,866.52	162,933.48
ACBL 2918	571934	4-15-76	164,800.00	17.60876	1,848.91	162,951.09
ACBL 2919	571935	4-26-76	164,800.00	17.60876	1,602.39	163,197.61
ACBL 2920	571936	4-29-76	164,800.00	17.60876	1,602.39	163,197.61
ACBL 2921	571937	4-30-76	164,800.00	17.60876	1,584.78	163,215.22
ACBL 2922	571938	4-30-76	164,800.00	17.60876	1,584.78	163,215.22
ACBL 2923	571939	5-13-76	164,800.00	17.60876	1,355.87	163,444.13
ACBL 2924	571940	5-18-76	164,800.00	17.60876	1,267.83	163,532.17
ACBL 2925	571941	5-14-76	164,800.00	17.60876	1,338.26	163,461.74
ACBL 2926	571942	5-21-76	164,800.00	17.60876	1,215.00	163,585.00
ACBL 2927	571943	5-27-76	165,000.00	17.63013	1,110.69	163,889.31
ACBL 2928	571944	5-27-76	165,000.00	17.63013	1,110.69	163,889.31
ACBL 2929	571945	5-27-76	165,000.00	17.63013	1,110.69	163,889.31
ACBL 2930	571946	5-27-76	165,000.00	17.63013	1,110.69	163,889.31
ACBL 2931	571947	6- 1-76	165,000.00	17.63013	1,022.54	163,977.46
ACBL 2932	571948	6- 4-76	165,000.00	17.63013	969.65	164,030.35
ACBL 2933	571949	6-10-76	165,000.00	17.63013	863.87	164,136.13
ACBL 2934	571950	6-10-76	165,000.00	17.63013	863.87	164,136.13
ACBL 2935	571951	6-11-76	165,000.00	17.63013	846.24	164,153.76
ACBL 2936	571952	6-15-76	165,000.00	17.63013	775.72	164,224.28
ACBL 2937	571953	6-24-76	165,000.00	17.63013	617.05	164,382.95
ACBL 2938	571954	6-30-76	165,000.00	17.63013	511.27	164,488.73
ACBL 2939	571955	7- 2-76	165,000.00	17.63013	476.01	164,523.99
ACBL 2940	571956	7-21-76	165,000.00	17.63013	141.04	164,858.96
ACBL 2941	571957	7-22-76	165,000.00	17.63013	123.41	164,876.59
ACBL 1964	574555	7-13-76	150,000.00	16.02739	256.43	149,743.57
ACBL 1965	574556	7-22-76	150,000.00	16.02739	112.19	149,887.81
TOTAL BARGES			<u>\$23,021,744.00</u>		<u>\$1,534,014.25</u>	<u>\$21,487,729.75</u>
TOTAL DELIVERED VESSELS			<u>\$44,978,082.00</u>		<u>\$3,229,155.43</u>	<u>\$41,748,926.57</u>

Table A - Delivered Vessels

NOTE:

- (a) The actual cost of the vessels listed as of the date hereof as determined by the Secretary.
- (b) Depreciation on a straight-line basis over the 25-year useful life of the vessel computed at a rate per day.
- (c) The depreciation rate per day times the total number of days.
- (d) The actual cost less the total depreciation.

Table A (1)

Escrow Fund Calculation-Undelivered Vessels

Name of Vessel	(a)	(b)	(c)	(d)	(e)	(d)
	Paid to Date	Obligated to Pay	Actual Cost	Principal Amount of Obligations	Less Obligations allocated to "Paid to Date" Amount (Col.a)	Amount to be deposited in Escrow Fund
<u>Towboats:</u>						
D. O. Donham	-0-	\$615,300	\$ 615,300	\$ 461,475.00	-0-	\$ 461,475.00
Undesignated	-0-	615,300	615,300	461,475.00	-0-	461,475.00
Undesignated	-0-	615,300	615,300	431,265.01	-0-	431,265.01
TOTAL TOWBOATS			<u>\$1,845,900</u>	<u>\$1,354,215.01</u>		<u>\$1,354,215.01</u>
<u>Barges:</u>						
ACBL 1966	-0-	150,000	150,000	131,250.00	-0-	131,250.00
ACBL 1967	-0-	150,000	150,000	131,250.00	-0-	131,250.00
ACBL 1968	-0-	150,000	150,000	131,250.00	-0-	131,250.00
ACBL 1969	-0-	155,000	155,000	135,625.00	-0-	135,625.00
ACBL 1970	-0-	155,000	155,000	135,625.00	-0-	135,625.00
ACBL 1971	-0-	155,000	155,000	135,625.00	-0-	135,625.00
ACBL 1972	-0-	155,000	155,000	135,625.00	-0-	135,625.00
ACBL 1973	-0-	155,000	155,000	135,625.00	-0-	135,625.00
ACBL 1974	-0-	155,000	155,000	135,625.00	-0-	135,625.00
ACBL 1975	-0-	155,000	155,000	135,625.00	-0-	135,625.00
ACBL 1976	-0-	155,000	155,000	135,625.00	-0-	135,625.00
ACBL 1977	-0-	155,000	155,000	135,625.00	-0-	135,625.00
ACBL 1978	-0-	155,000	155,000	135,625.00	-0-	135,625.00
ACBL 1979	-0-	155,000	155,000	135,625.00	-0-	135,625.00
ACBL 1980	-0-	155,000	155,000	135,625.00	-0-	135,625.00
ACBL 1981	-0-	155,000	155,000	135,625.00	-0-	135,625.00
ACBL 1982	-0-	155,000	155,000	135,625.00	-0-	135,625.00
ACBL 1983	-0-	155,000	155,000	135,625.00	-0-	135,625.00
TOTAL BARGES			<u>\$2,775,000</u>	<u>\$2,428,125.00</u>		<u>\$2,428,125.00</u>
TOTAL UNDELIVERED VESSELS			<u>\$4,620,900</u>	<u>\$3,782,340.01</u>		<u>\$3,782,340.01</u>

Table A (2)

Escrow Fund Calculation-Delivered Vessels

(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)
Name of Vessel	Obligated to Pay	Actual Cost	Less Depreciation to Date	Depreciated Actual Cost	Principal Amount of Obligations Allocated to Vessels	Less Obligations Allocated to "Paid to Date" Amount (Col.a)	Amount to be deposited in Escrow Fund
Towboats:							
Sonny Ivey	\$1,159,912	\$1,159,912.00	\$11,026.20	\$1,148,885.80	\$ 861,664.34	-0-	\$ 861,664.34
Barges:							
ACBL 1964	150,000	150,000.00	256.43	149,743.57	131,025.62	-0-	131,025.62
ACBL 1965	150,000	150,000.00	112.19	149,887.81	131,151.83	-0-	131,151.83
ACBL 2927	165,000	165,000.00	1,110.69	163,889.31	143,403.14	-0-	143,403.14
ACBL 2928	165,000	165,000.00	1,110.69	163,889.31	143,403.14	-0-	143,403.14
ACBL 2929	165,000	165,000.00	1,110.69	163,889.31	143,403.14	-0-	143,403.14
ACBL 2930	165,000	165,000.00	1,110.69	163,889.31	143,403.14	-0-	143,403.14
ACBL 2931	165,000	165,000.00	1,022.54	163,977.46	143,480.27	-0-	143,480.27
ACBL 2932	165,000	165,000.00	969.65	164,030.35	143,526.55	-0-	143,526.55
ACBL 2933	165,000	165,000.00	863.87	164,136.13	143,619.11	-0-	143,619.11
ACBL 2934	165,000	165,000.00	863.87	164,136.13	143,619.11	-0-	143,619.11
ACBL 2935	165,000	165,000.00	846.24	164,153.76	143,634.53	-0-	143,634.53
ACBL 2936	165,000	165,000.00	775.72	164,224.28	143,696.24	-0-	143,696.24
ACBL 2937	165,000	165,000.00	617.05	164,382.95	143,835.08	-0-	143,835.08
ACBL 2938	165,000	165,000.00	511.27	164,488.73	143,927.63	-0-	143,927.63
ACBL 2939	165,000	165,000.00	476.01	164,523.99	143,958.49	-0-	143,958.49
ACBL 2940	165,000	165,000.00	141.04	164,858.96	144,251.58	-0-	144,251.58
ACBL 2941	165,000	165,000.00	123.41	164,876.59	144,267.01	-0-	144,267.01
TOTAL BARGES:		\$2,775,000.00	\$12,022.05	\$2,762,977.95	\$2,417,605.61	-0-	\$2,417,605.61
TOTAL ALL VESSELS:		\$3,934,912.00	\$23,048.25	\$3,911,863.75	\$3,279,269.95	-0-	\$3,279,269.95

SCHEDULE X

"Act" means the Merchant Marine Act, 1936, as amended and with reference to Title XI in effect on the date of the execution of the Guarantee Commitment.

"Act of Obligees" means any request, demand, authorization, direction, notice, consent, waiver or other action to be given or taken by Obligees and embodied in one or more documents of the type, and executed in the manner, required by an Indenture.

"Actual Cost" means the actual cost of a Vessel as determined and redetermined by the Secretary pursuant to a related Security Agreement and Sections 1101(f) and 1104(b)(2) of the Act.

"Actual Knowledge" or "actual knowledge" means actual knowledge of a Responsible Officer.

"Affiliate" or "Affiliated" means any Person directly or indirectly controlling, controlled by or under common control with another Person.

"Authorisation Agreement" means the Authorization Agreement, Contract No. MA-8426, dated the Closing Date, between the Secretary and the Indenture Trustee, whereby the Secretary authorizes the Guarantee of the United States to be endorsed on each of the Obligations, as the same is originally executed, or as modified, amended or supplemented in accordance with the applicable provisions thereof.

"Authorized Newspaper" means "The Wall Street Journal" (all editions), the "Journal of Commerce" and a newspaper of general circulation printed in the English language, customarily published on each Business Day, whether or not published on Saturdays, Sundays or legal holidays and of general circulation in New York, New York. Whenever successive weekly publications in an Authorized Newspaper are required under any agreement or other document, they may be made (unless otherwise expressly provided therein) on the same or different days of the week and in the same or in different Authorized Newspapers. If, because of the temporary or permanent suspension of the publication or general circulation of any newspaper or for any other reason, it is impossible or impracticable to publish any notice required under any agreement or other document in the manner therein provided, then such publication in lieu thereof as shall be made with the approval of the Indenture Trustee shall constitute a sufficient publication of such notice.

"Average Principal Amount of Obligations Outstanding" shall mean the average principal amount of the Obligations Outstanding during the annual period covered by the Guarantee Fee in question.

"Barge" means a barge listed in Schedule Y or Z to the Guarantee Commitment.

"Bond Purchase Agreements" means that certain underwriting agreement dated July 20, 1976, between the Shipowner and the Purchasers named therein and the Delayed Delivery Contracts for the purchase of Bonds delivered pursuant thereto substantially in the form of Schedule No. 2 to said underwriting agreement all, as originally executed or as modified, amended or supplemented in accordance with the applicable provisions thereof.

"Bonds" means the Obligations described in the Article Second of the Indenture.

"Business Day" means a day which is not a Saturday, Sunday or a bank holiday under the laws of the United States or the State of New York.

"Charter" means the Bareboat Charter between the Shipowner and the Charterer substantially in the form of Exhibit 5 to the Security Agreement and, if from time to time, modified, amended or supplemented, as so modified, amended or supplemented.

"Charterer" means Commercial Barge Line Company, a Delaware corporation, and its successors and assigns under the Charter.

"Closing Date" means the initial date on which the Obligations are sold and delivered pursuant to the Bond Purchase Agreements.

"Company" means Commercial Barge Line Company, a corporation organized and existing under the laws of the State of Delaware.

"Consent" when used with respect to the Shipowner means a written consent of the Shipowner executed by a Responsible Officer of the Shipowner.

"Consents of Shipbuilders" means the consents of the Shipbuilders to be executed on or before the Closing Date, evidencing consent to the assignment of the Construction Contracts, insofar as they relate to the Vessels, under the Security Agreement.

"Construction" means construction of a Vessel, including the designing, inspecting, outfitting and equipping thereof.

"Construction Contracts" means the contracts relating to the Construction of the Vessels, including, a Construction Contract dated January 22, 1974 between Grafton Boat Co., Inc. and the Shipowner providing for the construction of 8 Towboats, a Construction Contract dated March 15, 1973 between Houma Welders, Inc. and the Shipowner providing for the construction of 2 Towboats, a Construction Contract dated May 21, 1973 between Houma Welders, Inc. and the Shipowner providing for the construction of 2 Towboats, a Construction Contract dated January 9, 1974 between Houma Welders, Inc. and the Shipowner providing for the construction of 2 Towboats, a Construction Contract dated January 2, 1973 between Jeffboat, Incorporated and the Shipowner providing for the construction of 7 Towboats and 115 Barges, a Construction Contract dated August 1, 1975 between Jeffboat, Incorporated and the Shipowner providing for the construction of 1 Towboat and 65 Barges and a Construction Contract dated December 1, 1975 between Jeffboat, Incorporated and the Shipowner providing for the construction of 25 Barges; and the term "Construction Contract" shall refer to each of the Construction Contracts, as the same has been or hereafter may be amended, modified or supplemented.

"Control" means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of a Person, whether through ownership of voting securities, by contract or otherwise, and the terms "controlling" and "controlled" have meanings correlative with the foregoing.

"Corporate Trust Office" means the principal office of the Indenture Trustee at which at any time its corporate trust business shall be administered, which office at the date of execution of the Indenture is located at One Chase Manhattan Plaza, New York, New York 10015.

"Crew's Wages" means crew's wages including the wages of a master to the extent provided by Public Law 90-293, approved April 25, 1968.

"Default" when used in the Security Agreement has the meaning attributed to it in Article VI of Exhibit 1 to the Security Agreement.

"Delayed Delivery Closing Date" means the date upon which Obligations are sold and issued pursuant to the Delayed Delivery Contracts.

"Delayed Delivery Contract" means each, and "Delayed Delivery Contracts" means every, contract entered into on the Closing Date by the Company substantially in the form of Schedule No. 2 to that certain underwriting agreement dated July 20, 1976, between the Shipowner and the Purchasers named therein providing for the future sale and issuance of Obligations.

"Delivery Date" means the date when a Vessel is delivered as provided in the Construction Contract relating thereto.

"Depreciated Actual Cost" means, with respect to any Vessel, the depreciated actual cost of such Vessel as determined and redetermined by the Secretary pursuant to Section 1101(g) of the Act.

"Eligible Investment" has the meaning specified in the Title XI Reserve Fund and Financial Agreement.

"*Guarantee*" means each, and "Guarantees" means every guarantee of an Obligation by the United States pursuant to Title XI of the Act, as provided in the Authorization Agreement.

"*Guarantee Commitment*" means the Commitment to Guarantee Obligations by the United States, Contract No. MA-8424, dated as of July 20, 1976, executed by the Secretary and accepted by the Shipowner with respect to the Guarantees, as originally executed or as modified, amended or supplemented in accordance with the applicable provisions thereof.

"*Guarantee Fee*" means the annual fee payable to the Secretary for the Guarantees.

"*Holder*" means each, and "Holders" means every, registered holder of an Obligation.

"*Increased Security*" means, with respect to each Vessel, the Secretary's Note, the Security Agreement, the Vessel, the Security, and the Policies of Insurance, collectively, described in Section 6.04 of Exhibit 1 to the Security Agreement.

"*Indenture*" means the Trust Indenture dated the Closing Date between the Shipowner and the Indenture Trustee, as the same is originally executed, or as modified, amended or supplemented in accordance with the applicable provisions thereof.

"*Indenture Default*" has the meaning specified in Article VI of Exhibit 1 to the Indenture.

"*Indenture Trustee*" means The Chase Manhattan Bank (National Association), New York, New York, a national banking association, and any successor trustee under the Indenture.

"*Independent Auditing Firm*" means a firm of independent certified public accountants or independent licensed public accountants, certified or licensed by a regulatory authority of a state or other political subdivision of the United States, who may be the regular auditors for the Shipowner.

"*Interest Payment Date*" means with respect to any Obligation the date when any installment of interest on such Obligation is due and payable.

"*Latest Schedule*" has the meaning specified in Section 3.02(b) of Exhibit 1 to the Security Agreement.

"*Long Term Debt*" has (a) in the case of the Title XI Reserve Fund and Financial Agreement, the meaning set forth in Section 1(d) of Exhibit 1 thereto and (b) for all other purposes, the meaning specified in Section 3.02(b) of Exhibit 1 to the Security Agreement with respect to the Shipowner.

"*Maritime Administration*" means the Maritime Administration established by Reorganization Plan No. 21 of 1950 and continued by Reorganization Plan No. 7 of 1961, or any body or official which is successor to said Maritime Administration with respect to a particular function.

"*Maturity*" when used with respect to any Obligation means the date on which the principal of such Obligation becomes due and payable as therein provided, whether at the Stated Maturity, by redemption, or by acceleration.

"*Moneys Due in Respect of the Construction of the Vessel*" has the meaning specified in paragraph II of the Granting Clause of the Special Provisions of the Security Agreement.

"*Mortgage*" means the first preferred fleet mortgage on the Vessels, Contract No. MA-8427, between the Shipowner and the Secretary, substantially in the form of Exhibit 3 to the Security Agreement, as originally executed or as modified, amended or supplemented in accordance with the applicable provisions thereof.

"*Mortgage Supplement*" means, and shall include, without limitation, each supplement to the Mortgage in substantially the form of Exhibit B annexed thereto.

"*Mortgagee*" means the Secretary, as mortgagee under the Mortgage.

"Mortgagor" means the Shipowner, as mortgagor under the Mortgage.

"Net Worth" (a) when used with respect to a Guarantee Fee has the meaning specified in Section 3.02(b) of Exhibit 1 to the Security Agreement and (b) when used with respect to the Title XI Reserve Fund and Financial Agreement has the meaning specified in Section 1(b) of the Title XI Reserve Fund and Financial Agreement.

"New Vessel" means each, and *"New Vessels"* means every, Barge and Towboat designated in Schedule Z to the Guarantee Commitment, together with related appurtenances, additions, improvements and replacements, and when used with respect to the Mortgage shall have the meaning specified in the Granting Clause thereof.

"Obligation" means each, and *"Obligations"* means every obligation of the Shipowner bearing a Guarantee and authenticated and delivered pursuant to the Indenture and the Authorization Agreement.

"Obligation Register" means the Obligation Register maintained as required by Section 2.10 of Exhibit 1 to the Indenture.

"Obligee" means each, and *"Obligees"* means every, Holder of an Obligation.

"Offering Circular" means that certain final offering circular dated July 20, 1976, relating to the issuance and sale of the Obligations.

"Officer's Certificate" means a certificate conforming to Section 1.02 of Exhibit 1 to the Security Agreement and signed by a Responsible Officer of a corporation.

"Opinion of Counsel" means an opinion of counsel conforming to Section 1.02 of Exhibit 1 to the Security Agreement.

"Outstanding", when used with reference to the Obligations, shall mean all Obligations theretofore issued under the Indenture, except

- (1) Obligations Retired or Paid; or
- (2) Obligations in lieu of which other Obligations have been issued under the Indenture.

For the purposes of Articles VI and X of Exhibit 1 to the Indenture and also, in determining whether the Holders of a stated percentage of the principal amount of Outstanding Obligations have taken any Act of Obligees required or permitted by the Indenture, Obligations owned by any Affiliate of the Shipowner or any Affiliate of the Shipowner (excluding (a) Obligations held by an Affiliate of the Shipowner when such Affiliate is acting in a fiduciary capacity if it is established to the satisfaction of the Indenture Trustee that neither the Shipowner nor any Affiliate thereof has a beneficial interest therein and (b) Obligations pledged in good faith by the Shipowner or any Affiliate of the Shipowner if the pledgee, (i) is not an Affiliate of the pledgor and (ii) establishes to the satisfaction of the Indenture Trustee that it has the right to vote such Obligations) shall be disregarded and deemed not to be Outstanding; provided that, for the purpose of determining whether the Indenture Trustee shall be protected in acting or omitting to act in respect of Section 6.06 or Section 10.04 of Exhibit 1 to the Indenture or in relying on any such Act of Obligees only Obligations of which the Indenture Trustee has actual knowledge are so owned shall be so disregarded and deemed not to be Outstanding. Obligations which are not Outstanding shall not be entitled to any rights or benefits provided in the Indenture.

"Paying Agent" means any Person approved by the Secretary in writing, or any bank or trust company having the qualifications set forth in clauses (1), (3), (4) and (5) of Section 7.02(a) of Exhibit 1 to the Indenture which shall be appointed by the Shipowner in accordance with Section 4.02 of Exhibit 1 to the Indenture to pay the principal of (and premium, if any) or interest on the Obligations on behalf of the Shipowner.

"Payment Default" has the meaning specified in Section 6.01 of Exhibit 1 to the Security Agreement.

"Person" means any individual, corporation, partnership, joint venture, association, joint-stock company, trust, unincorporated organization or government or any agency or political subdivision thereof.

"*Place of Payment*" means the place at which an Obligation is to be redeemed pursuant to Article III of Exhibit 1 to the Indenture.

"*Policies of Insurance*" and "*Policies*" mean all cover notes, binders, policies of insurance and certificates of entry in a protection and indemnity association, club or syndicate with respect to a Vessel, including all endorsements and riders to any thereof.

"*Proportionate Outstanding Obligations*" means, as of any date, the amount of Obligations Outstanding on such date which bears the same proportion to the amount of all Obligations Outstanding on such date as (i) the Actual Cost or Depreciated Actual Cost, as appropriate, of the Vessel or Vessels in respect of which such determination is being made bears to (ii) the Actual Cost or Depreciated Actual Cost, as appropriate, of all of the Vessels (including the Vessel or Vessels in respect of which such determination is being made) subject to any mortgage, loan agreement or security agreement entered into between the Secretary, the Shipowner and any other parties in order to protect the interests of the United States in connection with the Guarantees. In arriving at the Proportionate Outstanding Obligations for any purpose, the Actual Cost or the Depreciated Actual Cost, as appropriate, of any Vessel or Vessels shall be determined as of the date or dates specified for such purpose.

"*Principal Office*", when used with respect to the Shipowner, means the principal place of business of the Shipowner which office at the date of the Guarantee Commitment is located at 3401 Allen Parkway, Houston, Texas.

"*Purchaser*" means each, and "*Purchasers*" means every, Person who executes or is listed in the Bond Purchase Agreements with the Shipowner.

"*Redemption Date*" means the date fixed for the redemption of an Obligation by or pursuant to Article Third of the Indenture or Article III of Exhibit 1 to the Indenture.

"*Redemption Price*" means the price at which an Obligation is to be redeemed pursuant to Article Third of the Indenture or Article III of Exhibit 1 to the Indenture.

"*Request*" means a written request to a Person for the action therein specified, signed on behalf of any corporation by its chairman of the board, president, any vice president, secretary, assistant secretary, treasurer or assistant treasurer or any other duly authorized officer.

"*Responsible Officer*" means (i) in case of any business corporation, the chairman, the president, any vice president, the secretary or the treasurer and (ii) in the case of any commercial bank, the chairman or vice chairman of the executive committee of the board of directors or trustees, the president, any vice president, the secretary, the treasurer, any trust officer, any executive or senior or second or assistant vice president, or any other officer or assistant officer customarily performing functions similar to those performed by the persons who at the time shall be such officers, or to whom any corporate trust matter is referred because of his knowledge of and familiarity with the particular subject.

"*Retired*" or "*Paid*", as applied to Obligations and the indebtedness evidenced thereby, means that such Obligations shall be deemed to have been retired or paid and shall no longer be entitled to any rights or benefits provided in the Indenture if

- (1) such Obligations shall have been paid in full;
- (2) such Obligations shall have been cancelled by the Indenture Trustee or shall have been delivered to the Indenture Trustee for cancellation; or
- (3) such Obligations shall have become due and payable at Maturity and funds sufficient for the payment of such Obligations (including interest to the date of Maturity [or in the case of a payment after Maturity to the date of payment] together with any premium thereon) and available for such payment (whether as a result of payment pursuant to the Guarantees or otherwise) shall be held by the Indenture Trustee or any Paying Agent pursuant to Section 4.02 of Exhibit 1 to the Indenture (or shall have been so held and shall thereafter have been paid to the Shipowner pursuant to Section

4.03 of Exhibit 1 to the Indenture) in trust for the purpose or with irrevocable directions to it to so apply the same;

provided that the foregoing clauses (1), (2) and (3) are subject to the provisions of Section 6.08 of Exhibit 1 to the Indenture.

"Schedule Y Vessels" means the Towboats and Barges listed in Schedule Y to the Guarantee Commitment, together with related appurtenances, additions, improvements and replacements, and when used with respect to the Mortgage shall have the meaning specified in the Granting Clause thereof.

"Serial Bonds" has the meaning specified in Recital B of the Special Provisions of the Indenture.

"Secretary" means the Secretary of Commerce or any official or body from time to time duly authorized to perform the duties and functions of the Secretary of Commerce under Title XI (including the Assistant Secretary of Commerce for Maritime Affairs, the Acting Assistant Secretary of Commerce for Maritime Affairs, the Maritime Administrator, the Acting Maritime Administrator, and, to the extent so authorized, the Deputy Assistant Secretary of Commerce for Maritime Affairs, the Deputy Maritime Administrator and other officials of the Maritime Administration).

"Secretary of Commerce", when used in the Security Agreement, means the Secretary of Commerce or any official or body from time to time duly authorized to perform the duties and functions of Secretary of Commerce under the Act (other than Title XI thereof), or any other statutes relating to the American Merchant Marine (including the Maritime Subsidy Board, the Assistant Secretary of Commerce for Maritime Affairs, the Acting Assistant Secretary of Commerce for Maritime Affairs, the Maritime Administrator, the Acting Maritime Administrator, and other assistants so authorized, and, to the extent so authorized, the Deputy Assistant Secretary of Commerce for Maritime Affairs, the Deputy Maritime Administrator and other officials of the Maritime Administration).

"Secretary's Note" means a promissory note issued and delivered by the Shipowner to the Secretary described in Article Second of the Special Provisions of the Security Agreement.

"Secretary's Notice" means a notice from the Secretary to the Indenture Trustee to the effect that (a) a default, within the meaning of Section 1105(b) of the Act, has occurred under a mortgage, loan agreement, or other security agreement that has been entered into among the Secretary, the Shipowner and any other parties in order to protect the interests of the United States in connection with the Guarantees; (b) such Notice is given for the purposes of Section 6.01(b) of Exhibit 1 to the Indenture in order to protect the security interests of the United States under such mortgage, loan agreement or other security agreement; and (c) the Guarantees will terminate upon the expiration of 60 days from the date of such Notice if the Indenture Trustee and each Obligee shall have failed to demand payment of the Guarantees as provided in this Indenture, in the Guarantees or in the Act. Such Notice shall be given (i) in writing, by registered mail, return receipt requested, deposited in the United States mails on the date of such Notice and addressed to the Indenture Trustee, attention of a Responsible Officer in the Corporate Trust Department in accordance with Article Fifth of the Special Provisions of the Indenture, (ii) by collect telegram, teletype or similar means of transmission dispatched on such date and addressed to the Indenture Trustee as aforesaid and (iii) by collect telephone call made on such date to a Responsible Officer of the Indenture Trustee in its Corporate Trust Department. A Secretary's Notice shall not be deemed to have been given unless it shall have been given in accordance with all the provisions of this definition, and the date of any Secretary's Notice shall be deemed to be the date on which it is so given.

"Security" has the meaning specified in the Granting Clause of the Special Provisions of the Security Agreement.

"Security Agreement" means the security agreement, Contract No. MA-8425, with respect to the Vessels to be executed on the Closing Date by the Secretary and the Shipowner relating to the security in respect of the Guarantees, as originally executed or as modified, amended or supplemented in accordance with the applicable provisions thereof.

"Security Default" has the meaning specified in Section 6.01 of Exhibit 1 to the Security Agreement.

"Shipbuilders" shall mean Grafton Boat Co., Inc., an Illinois corporation, Houma Welders, Inc., a Louisiana corporation, and Jeffboat, Incorporated, a Delaware corporation; and the term *"Shipbuilder"* shall, unless the context otherwise requires, mean each of the Shipbuilders.

"Shipowner" means American Commercial Lines, Inc., a Delaware corporation, and subject to the provisions of Section 8.01 of Exhibit 1 to the Indenture shall also include its successors and assigns.

"Sinking Fund Bonds" has the meaning specified in Recital B of the Special Provisions of the Indenture.

"Stated Maturity", when used with respect to any Obligation, means the date specified in any Obligation as the final fixed date on which the principal of such Obligation is due and payable and *"Stated Maturities"* means every such date.

"Subordinated Debt" means debt subordinated to the Obligations on either (a) the terms and conditions set forth in the Statement of Subordination Terms in (i) Exhibit 3 to the Title XI Reserve Fund and Financial Agreement for debt of the Company or (ii) Exhibit 4 to the Title XI Reserve Fund and Financial Agreement for debt of the Shipowner or (b) such other terms as are approved by the Secretary.

"Successor" means a Person formed by or surviving a consolidation or merger with the Shipowner or to which the Vessels have been sold and which has qualified as such successor under all applicable provisions of the Security Agreement, Mortgage and Indenture.

"Supplemental Indenture" shall mean any indenture supplemental to an Indenture entered into pursuant to Article X of Exhibit 1 to the Indenture.

"Title XI" means Title XI of the Act as in effect on the date of the Guarantee Commitment.

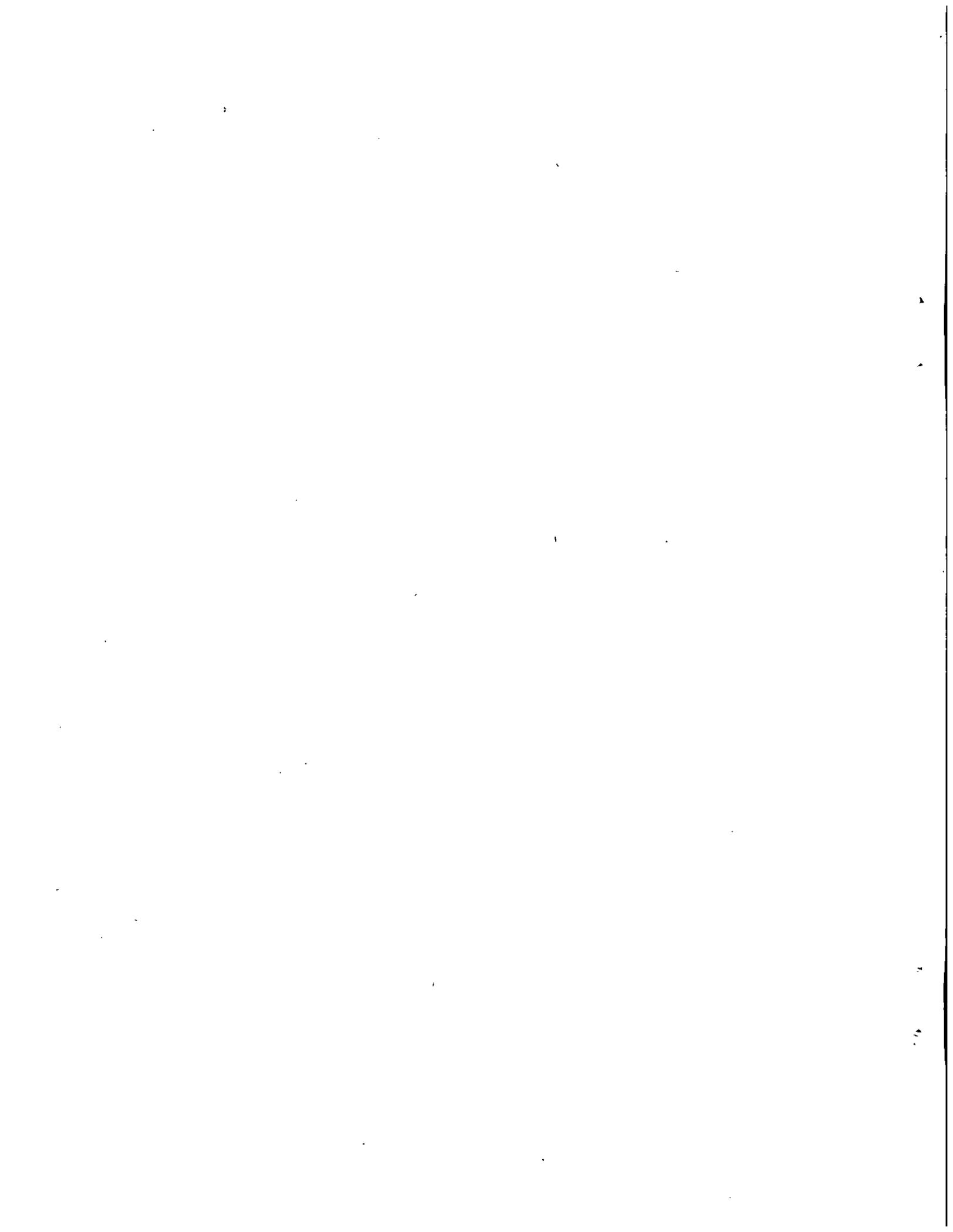
"Title XI Reserve Fund and Financial Agreement" means that Title XI Reserve Fund and Financial Agreement, Contract No. MA-8428, dated the Closing Date, between the Charterer and the Secretary, as originally executed and as the same may be amended or supplemented in accordance with the applicable provisions thereof.

"Towboat" means a towboat listed in Schedule Y or Z to the Guarantee Commitment.

"Undelivered Vessel" means each, and *"Undelivered Vessels"* means every, Vessel which has not been delivered by its respective Shipbuilder to the Shipowner on or before the Closing Date but is intended to be delivered after such date pursuant to the terms of its respective Construction Contract.

"United States" means the United States of America.

"Vessel" means each, and *"Vessels"* means every, Schedule Y Vessel and every New Vessel owned by the Shipowner together with all property which the Shipowner has, or will have, an interest in pursuant to the Construction Contracts relating to said Vessel or Vessels, and when used with respect to the Mortgage shall have the meaning specified in the Granting Clause thereof.



SCHEDULE Y

(Vessels Delivered One Year Prior to July 29, 1976)

<u>Type</u>	<u>Name</u>	<u>Official No.</u>	<u>Place Built</u>	<u>Year Built</u>	<u>Approximate Tonnage: Gross/Net</u>
Towboat	Charles Lehman	545338	Jeffersonville, Indiana	1973	946/643
Towboat	Louis H. Meece	546688	Jeffersonville, Indiana	1973	946/643
Towboat	V. W. Meythaler	548689	Jeffersonville, Indiana	1973	946/643
Towboat	Carl Shelton	550559	Jeffersonville, Indiana	1973	946/643
Towboat	W. O. Watson	552799	Houma, Louisiana	1973	392/266
Towboat	Dan J. Hogan	553908	Houma, Louisiana	1974	392/264
Towboat	D. Ray Miller	555425	Jeffersonville, Indiana	1974	946/643
Towboat	Richard C. Young	553902	Jeffersonville, Indiana	1974	946/643
Towboat	Wally Roller	560135	Houma, Louisiana	1974	622/423
Towboat	W. A. Kernan	559099	Jeffersonville, Indiana	1974	946/643
Towboat	A. C. Shelton	561874	Grafton, Illinois	1975	214/145
Towboat	J. E. Nivin	564006	Houma, Louisiana	1975	622/423
Towboat	Harry M. Mack	565154	Jeffersonville, Indiana	1975	1155/785
Towboat	Lewis A. Enlow	561873	Grafton, Illinois	1975	214/145

SCHEDULE Y

(Vessels Delivered One Year Prior to July 29, 1976)

<u>Type</u>	<u>Name</u>	<u>Official No.</u>	<u>Place Built</u>	<u>Year Built</u>	<u>Approximate Tonnage: Gross/Net</u>
Barge, Covered Hopper	ACBL 1310	545680	Jeffersonville, Indiana	1973	865/865
Barge, Covered Hopper	ACBL 1311	545681	Jeffersonville, Indiana	1973	865/865
Barge, Covered Hopper	ACBL 1312	545682	Jeffersonville, Indiana	1973	865/865
Barge, Covered Hopper	ACBL 1313	545683	Jeffersonville, Indiana	1973	865/865
Barge, Covered Hopper	ACBL 1314	545684	Jeffersonville, Indiana	1973	865/865
Barge, Covered Hopper	ACBL 1315	545685	Jeffersonville, Indiana	1973	865/865
Barge, Covered Hopper	ACBL 1316	545686	Jeffersonville, Indiana	1973	865/865
Barge, Covered Hopper	ACBL 1317	545687	Jeffersonville, Indiana	1973	865/865
Barge, Covered Hopper	ACBL 1318	545688	Jeffersonville, Indiana	1973	865/865
Barge, Covered Hopper	ACBL 1319	545689	Jeffersonville, Indiana	1973	865/865
Barge, Covered Hopper	ACBL 1320	545690	Jeffersonville, Indiana	1973	865/865
Barge, Covered Hopper	ACBL 1321	545691	Jeffersonville, Indiana	1973	865/865
Barge, Covered Hopper	ACBL 1322	545692	Jeffersonville, Indiana	1973	865/865
Barge, Covered Hopper	ACBL 1323	545693	Jeffersonville, Indiana	1973	865/865
Barge, Covered Hopper	ACBL 1324	545694	Jeffersonville, Indiana	1973	865/865

SCHEDULE Y

(Vessels Delivered One Year Prior to July 29, 1976)

<u>Type</u>	<u>Name</u>	<u>Official No.</u>	<u>Place Built</u>	<u>Year Built</u>	<u>Approximate Tonnage: Gross/Net</u>
Barge, Covered Hopper	ACBL 1325	545695	Jeffersonville, Indiana	1973	865/865
Barge, Covered Hopper	ACBL 1326	545696	Jeffersonville, Indiana	1973	865/865
Barge, Covered Hopper	ACBL 1327	545697	Jeffersonville, Indiana	1973	865/865
Barge, Covered Hopper	ACBL 1328	545698	Jeffersonville, Indiana	1973	865/865
Barge, Covered Hopper	ACBL 1329	545699	Jeffersonville, Indiana	1973	865/865
Barge, Covered Hopper	ACBL 1330	545700	Jeffersonville, Indiana	1973	865/865
Barge, Covered Hopper	ACBL 1331	545701	Jeffersonville, Indiana	1973	865/865
Barge, Covered Hopper	ACBL 1332	545702	Jeffersonville, Indiana	1973	865/865
Barge, Covered Hopper	ACBL 1333	545703	Jeffersonville, Indiana	1973	865/865
Barge, Covered Hopper	ACBL 1334	545704	Jeffersonville, Indiana	1973	865/865
Barge, Covered Hopper	ACBL 1335	547029	Jeffersonville, Indiana	1973	865/865
Barge, Covered Hopper	ACBL 1336	547030	Jeffersonville, Indiana	1973	865/865
Barge, Covered Hopper	ACBL 1337	547031	Jeffersonville, Indiana	1973	865/865
Barge, Covered Hopper	ACBL 1338	547032	Jeffersonville, Indiana	1973	865/865
Barge, Covered Hopper	ACBL 1339	547033	Jeffersonville, Indiana	1973	865/865
Barge, Covered Hopper	ACBL 1340	547034	Jeffersonville, Indiana	1973	865/865
Barge, Covered Hopper	ACBL 1341	547035	Jeffersonville, Indiana	1973	865/865

SCHEDULE Y

(Vessels Delivered One Year Prior to July 29, 1976)

<u>Type</u>	<u>Name</u>	<u>Official No.</u>	<u>Place Built</u>	<u>Year Built</u>	<u>Approximate Tonnage: Gross/Net</u>
Barge, Covered Hopper	ACBL 1342	547036	Jeffersonville, Indiana	1973	865/865
Barge, Covered Hopper	ACBL 1343	547037	Jeffersonville, Indiana	1973	865/865
Barge, Covered Hopper	ACBL 1344	547038	Jeffersonville, Indiana	1973	865/865
Barge, Covered Hopper	ACBL 1345	547039	Jeffersonville, Indiana	1973	865/865
Barge, Covered Hopper	ACBL 1346	547040	Jeffersonville, Indiana	1973	865/865
Barge, Covered Hopper	ACBL 1347	547041	Jeffersonville, Indiana	1973	865/865
Barge, Covered Hopper	ACBL 1348	547042	Jeffersonville, Indiana	1973	865/865
Barge, Covered Hopper	ACBL 1349	547043	Jeffersonville, Indiana	1973	865/865
Barge, Covered Hopper	ACBL 1350	547044	Jeffersonville, Indiana	1973	865/865
Barge, Covered Hopper	ACBL 1351	547045	Jeffersonville, Indiana	1973	865/865
Barge, Covered Hopper	ACBL 1352	547046	Jeffersonville, Indiana	1973	865/865
Barge, Covered Hopper	ACBL 1353	547047	Jeffersonville, Indiana	1973	865/865
Barge, Covered Hopper	ACBL 1354	547048	Jeffersonville, Indiana	1973	865/865
Barge, Covered Hopper	ACBL 1355	547049	Jeffersonville, Indiana	1973	865/865
Barge, Covered Hopper	ACBL 1356	547050	Jeffersonville, Indiana	1973	865/865
Barge, Covered Hopper	ACBL 1357	547051	Jeffersonville, Indiana	1973	865/865
Barge, Covered Hopper	ACBL 2825	547052	Jeffersonville, Indiana	1973	1024/1024

SCHEDULE Y
(Vessels Delivered One Year Prior to July 29, 1976)

<u>Type</u>	<u>Name</u>	<u>Official No.</u>	<u>Place Built</u>	<u>Year Built</u>	<u>Approximate Tonnage: Gross/Net</u>
Barge, Covered Hopper	ACBL 2826	547053	Jeffersonville, Indiana	1973	1024/1024
Barge, Covered Hopper	ACBL 2827	547054	Jeffersonville, Indiana	1973	1024/1024
Barge, Covered Hopper	ACBL 2828	547055	Jeffersonville, Indiana	1973	1024/1024
Barge, Covered Hopper	ACBL 2829	547056	Jeffersonville, Indiana	1973	1024/1024
Barge, Covered Hopper	ACBL 2830	547057	Jeffersonville, Indiana	1973	1024/1024
Barge, Covered Hopper	ACBL 2831	547058	Jeffersonville, Indiana	1973	1024/1024
Barge, Covered Hopper	ACBL 2832	547059	Jeffersonville, Indiana	1973	1024/1024
Barge, Covered Hopper	ACBL 2833	547060	Jeffersonville, Indiana	1973	1024/1024
Barge, Covered Hopper	ACBL 2834	547061	Jeffersonville, Indiana	1973	1024/1024
Barge, Covered Hopper	ACBL 2835	547062	Jeffersonville, Indiana	1973	1024/1024
Barge, Covered Hopper	ACBL 2836	547063	Jeffersonville, Indiana	1973	1024/1024
Barge, Covered Hopper	ACBL 2837	547064	Jeffersonville, Indiana	1973	1024/1024
Barge, Covered Hopper	ACBL 2838	547065	Jeffersonville, Indiana	1973	1024/1024
Barge, Covered Hopper	ACBL 2839	547066	Jeffersonville, Indiana	1973	1024/1024
Barge, Covered Hopper	ACBL 2840	547067	Jeffersonville, Indiana	1973	1024/1024
Barge, Covered Hopper	ACBL 2841	547068	Jeffersonville, Indiana	1973	1024/1024

SCHEDULE Y

(Vessels Delivered One Year Prior to July 29, 1976)

<u>Type</u>	<u>Name</u>	<u>Official No.</u>	<u>Place Built</u>	<u>Year Built</u>	<u>Approximate Tonnage: Gross/Net</u>
Barge, Covered Hopper	ACBL 2842	547069	Jeffersonville, Indiana	1973	1024/1024
Barge, Covered Hopper	ACBL 2843	547070	Jeffersonville, Indiana	1973	1024/1024
Barge, Covered Hopper	ACBL 2844	547071	Jeffersonville, Indiana	1973	1024/1024
Barge, Covered Hopper	ACBL 2845	549463	Jeffersonville, Indiana	1973	1024/1024
Barge, Covered Hopper	ACBL 2846	549464	Jeffersonville, Indiana	1973	1024/1024
Barge, Covered Hopper	ACBL 2847	549465	Jeffersonville, Indiana	1973	1024/1024
Barge, Covered Hopper	ACBL 2848	549466	Jeffersonville, Indiana	1973	1024/1024
Barge, Covered Hopper	ACBL 2849	549467	Jeffersonville, Indiana	1973	1024/1024
Barge, Covered Hopper	ACBL 2850	549468	Jeffersonville, Indiana	1973	1024/1024
Barge, Covered Hopper	ACBL 2851	549469	Jeffersonville, Indiana	1973	1024/1024
Barge, Covered Hopper	ACBL 2852	549470	Jeffersonville, Indiana	1973	1024/1024
Barge, Covered Hopper	ACBL 2853	549471	Jeffersonville, Indiana	1973	1024/1024
Barge, Covered Hopper	ACBL 2854	549472	Jeffersonville, Indiana	1973	1024/1024
Barge, Covered Hopper	ACBL 2855	549473	Jeffersonville, Indiana	1973	1024/1024
Barge, Covered Hopper	ACBL 2856	549474	Jeffersonville, Indiana	1973	1024/1024
Barge, Covered Hopper	ACBL 2857	549475	Jeffersonville, Indiana	1973	1024/1024

SCHEDULE Y

(Vessels Delivered One Year Prior to July 29, 1976)

<u>Type</u>	<u>Name</u>	<u>Official No.</u>	<u>Place Built</u>	<u>Year Built</u>	<u>Approximate Tonnage: Gross/Net</u>
Barge, Covered Hopper	ACBL 2858	549476	Jeffersonville, Indiana	1973	1024/1024
Barge, Covered Hopper	ACBL 2859	549477	Jeffersonville, Indiana	1973	1024/1024
Barge, Covered Hopper	ACBL 2860	549478	Jeffersonville, Indiana	1973	1024/1024
Barge, Covered Hopper	ACBL 2861	549479	Jeffersonville, Indiana	1973	1024/1024
Barge, Covered Hopper	ACBL 2862	549480	Jeffersonville,, Indiana	1973	1024/1024
Barge, Covered Hopper	ACBL 2863	549481	Jeffersonville, Indiana	1973	1024/1024
Barge, Covered Hopper	ACBL 2864	549482	Jeffersonville, Indiana	1973	1024/1024
Barge, Covered Hopper	ACBL 2865	549483	Jeffersonville, Indiana	1973	1024/1024
Barge, Covered Hopper	ACBL 2866	549484	Jeffersonville, Indiana	1973	1024/1024
Barge, Covered Hopper	ACBL 2867	555274	Jeffersonville, Indiana	1973	1024/1024
Barge, Covered Hopper	ACBL 2868	555275	Jeffersonville, Indiana	1973	1024/1024
Barge, Covered Hopper	ACBL 2869	555276	Jeffersonville, Indiana	1973	1024/1024
Barge, Covered Hopper	ACBL 2870	555277	Jeffersonville, Indiana	1973	1024/1024
Barge, Covered Hopper	ACBL 2871	555278	Jeffersonville, Indiana	1973	1024/1024
Barge, Covered Hopper	ACBL 2872	555279	Jeffersonville, Indiana	1973	1024/1024
Barge, Covered Hopper	ACBL 2873	555280	Jeffersonville, Indiana	1973	1024/1024

SCHEDULE Y

(Vessels Delivered One Year Prior to July 29, 1976)

<u>Type</u>	<u>Name</u>	<u>Official No.</u>	<u>Place Built</u>	<u>Year Built</u>	<u>Approximate Tonnage: Gross/Net</u>
Barge, Covered Hopper	ACBL 2874	555281	Jeffersonville, Indiana	1973	1024/1024
Barge, Covered Hopper	ACBL 2875	555282	Jeffersonville, Indiana	1973	1024/1024
Barge, Covered Hopper	ACBL 2876	555283	Jeffersonville, Indiana	1973	1024/1024
Barge, Covered Hopper	ACBL 2877	555284	Jeffersonville, Indiana	1973	1024/1024
Barge, Covered Hopper	ACBL 2878	555285	Jeffersonville, Indiana	1973	1024/1024
Barge, Covered Hopper	ACBL 2879	555286	Jeffersonville, Indiana	1973	1024/1024
Barge, Covered Hopper	ACBL 2880	555287	Jeffersonville, Indiana	1973	1024/1024
Barge, Covered Hopper	ACBL 2881	555288	Jeffersonville, Indiana	1973	1024/1024
Barge, Covered Hopper	ACBL 2882	556474	Jeffersonville, Indiana	1973	1024/1024
Barge, Covered Hopper	ACBL 2883	556475	Jeffersonville, Indiana	1973	1024/1024
Barge, Covered Hopper	ACBL 2884	556476	Jeffersonville, Indiana	1973	1024/1024
Barge, Covered Hopper	ACBL 2885	556477	Jeffersonville, Indiana	1973	1024/1024
Barge, Covered Hopper	ACBL 2886	556478	Jeffersonville, Indiana	1973	1024/1024
Barge, Covered Hopper	ACBL 2887	556479	Jeffersonville, Indiana	1973	1024/1024
Barge, Covered Hopper	ACBL 2888	556480	Jeffersonville, Indiana	1973	1024/1024

SCHEDULE Y
(Vessels Delivered One Year Prior to July 29, 1976)

<u>Type</u>	<u>Name</u>	<u>Official No.</u>	<u>Place Built</u>	<u>Year Built</u>	<u>Approximate Tonnage: Gross/Net</u>
Barge, Covered Hopper	ACBL 2889	556481	Jeffersonville, Indiana	1973	1024/1024
Barge, Covered Hopper	ACBL 2890	556482	Jeffersonville, Indiana	1973	1024/1024
Barge, Covered Hopper	ACBL 2891	556483	Jeffersonville, Indiana	1973	1024/1024
Barge, Covered Hopper	ACBL 2892	565396	Jeffersonville, Indiana	1975	1024/1024
Barge, Covered Hopper	ACBL 2893	565397	Jeffersonville, Indiana	1975	1024/1024
Barge, Covered Hopper	ACBL 2894	565398	Jeffersonville, Indiana	1975	1024/1024
Barge, Covered Hopper	ACBL 2895	565399	Jeffersonville, Indiana	1975	1024/1024
Barge, Covered Hopper	ACBL 2896	565400	Jeffersonville, Indiana	1975	1024/1024
Barge, Covered Hopper	ACBL 2897	565401	Jeffersonville, Indiana	1975	1024/1024
Barge, Covered Hopper	ACBL 2898	565402	Jeffersonville, Indiana	1975	1024/1024
Barge, Covered Hopper	ACBL 2899	565403	Jeffersonville, Indiana	1975	1024/1024
Barge, Covered Hopper	ACBL 2900	565404	Jeffersonville, Indiana	1975	1024/1024
Barge, Covered Hopper	ACBL 2901	565405	Jeffersonville, Indiana	1975	1024/1024
Barge, Covered Hopper	ACBL 2902	565406	Jeffersonville, Indiana	1975	1024/1024
Barge, Covered Hopper	ACBL 2903	565407	Jeffersonville, Indiana	1975	1024/1024
Barge, Covered Hopper	ACBL 2904	565408	Jeffersonville, Indiana	1975	1024/1024

SCHEDULE Y

(Vessels Delivered One Year Prior to July 29, 1976)

<u>Type</u>	<u>Name</u>	<u>Official No.</u>	<u>Place Built</u>	<u>Year Built</u>	<u>Approximate Tonnage: Gross/Net</u>
Barge, Covered Hopper	ACBL 2905	565409	Jeffersonville, Indiana	1975	1024/1024
Barge, Covered Hopper	ACBL 2906	565410	Jeffersonville, Indiana	1975	1024/1024
Barge, Open Hopper	ACBL 2907	565411	Jeffersonville, Indiana	1975	745/745
Barge, Open Hopper	ACBL 2908	565412	Jeffersonville, Indiana	1975	745/745

SCHEDULE Z (1)

(Vessels Delivered Within One Year of July 29, 1976)

<u>Type</u>	<u>Name</u>	<u>Official No.</u>	<u>Place Built</u>	<u>Year Built</u>	<u>Approximate Tonnage: Gross/Net</u>
Towboat	James E. Philpott	568650	Grafton, Illinois	1975	214/145
Towboat	Rusty Barrilleaux	566622	Grafton, Illinois	1975	214/145
Towboat	Bill Froerich	570081	Grafton, Illinois	1976	214/145
Towboat	R. H. O'Neill	570554	Houma, Louisiana	1976	622/423
Towboat	Sonny Ivey	572994	Houma, Louisiana	1976	622/423

SCHEDULE Z (1)

(Vessels Delivered Within One Year of July 29, 1976)

<u>Type</u>	<u>Name</u>	<u>Official No.</u>	<u>Place Built</u>	<u>Year Built</u>	<u>Approximate Tonnage: Gross/Net</u>
Barge, Open Hopper	ACBL 2909	565413	Jeffersonville, Indiana	1975	745/745
Barge, Open Hopper	ACBL 2910	565414	Jeffersonville, Indiana	1975	745/745
Barge, Open Hopper	ACBL 2911	565415	Jeffersonville, Indiana	1975	745/745
Barge, Closed Hopper	ACBL 2912	571928	Jeffersonville, Indiana	1976	1024/1024
Barge, Closed Hopper	ACBL 2913	571929	Jeffersonville, Indiana	1976	1024/1024
Barge, Closed Hopper	ACBL 2914	571930	Jeffersonville, Indiana	1976	1024/1024
Barge, Closed Hopper	ACBL 2915	571931	Jeffersonville, Indiana	1976	1024/1024
Barge, Closed Hopper	ACBL 2916	571932	Jeffersonville, Indiana	1976	1024/1024
Barge, Closed Hopper	ACBL 2917	571933	Jeffersonville, Indiana	1976	1024/1024
Barge, Closed Hopper	ACBL 2918	571934	Jeffersonville, Indiana	1976	1024/1024
Barge, Closed Hopper	ACBL 2919	571935	Jeffersonville, Indiana	1976	1024/1024
Barge, Closed Hopper	ACBL 2920	571936	Jeffersonville, Indiana	1976	1024/1024
Barge, Closed Hopper	ACBL 2921	571937	Jeffersonville, Indiana	1976	1024/1024
Barge, Closed Hopper	ACBL 2922	571938	Jeffersonville, Indiana	1976	1024/1024
Barge, Closed Hopper	ACBL 2923	571939	Jeffersonville; Indiana	1976	1024/1024

SCHEDULE Z (1)

(Vessels Delivered Within One Year of July 29, 1976)

<u>Type</u>	<u>Name</u>	<u>Official No.</u>	<u>Place Built</u>	<u>Year Built</u>	<u>Approximate Tonnage: Gross/Net</u>
Barge, Closed Hopper	ACBL 2924	571940	Jeffersonville, Indiana	1976	1024/1024
Barge, Closed Hopper	ACBL 2925	571941	Jeffersonville, Indiana	1976	1024/1024
Barge, Closed Hopper	ACBL 2926	571942	Jeffersonville, Indiana	1976	1024/1024
Barge, Covered Hopper	ACBL 2927	571943	Jeffersonville, Indiana	1976	1024/1024
Barge, Covered Hopper	ACBL 2928	571944	Jeffersonville, Indiana	1976	1024/1024
Barge, Covered Hopper	ACBL 2929	571945	Jeffersonville, Indiana	1976	1024/1024
Barge, Covered Hopper	ACBL 2930	571946	Jeffersonville, Indiana	1976	1024/1024
Barge, Covered Hopper	ACBL 2931	571947	Jeffersonville, Indiana	1976	1024/1024
Barge, Covered Hopper	ACBL 2932	571948	Jeffersonville, Indiana	1976	1024/1024
Barge, Covered Hopper	ACBL 2933	571949	Jeffersonville, Indiana	1976	1024/1024
Barge, Covered Hopper	ACBL 2934	571950	Jeffersonville, Indiana	1976	1024/1024
Barge, Covered Hopper	ACBL 2935	571951	Jeffersonville, Indiana	1976	1024/1024
Barge, Covered Hopper	ACBL 2936	571952	Jeffersonville, Indiana	1976	1024/1024
Barge, Covered Hopper	ACBL 2937	571953	Jeffersonville, Indiana	1976	1024/1024
Barge, Covered Hopper	ACBL 2938	571954	Jeffersonville, Indiana	1976	1024/1024

SCHEDULE Z (1)

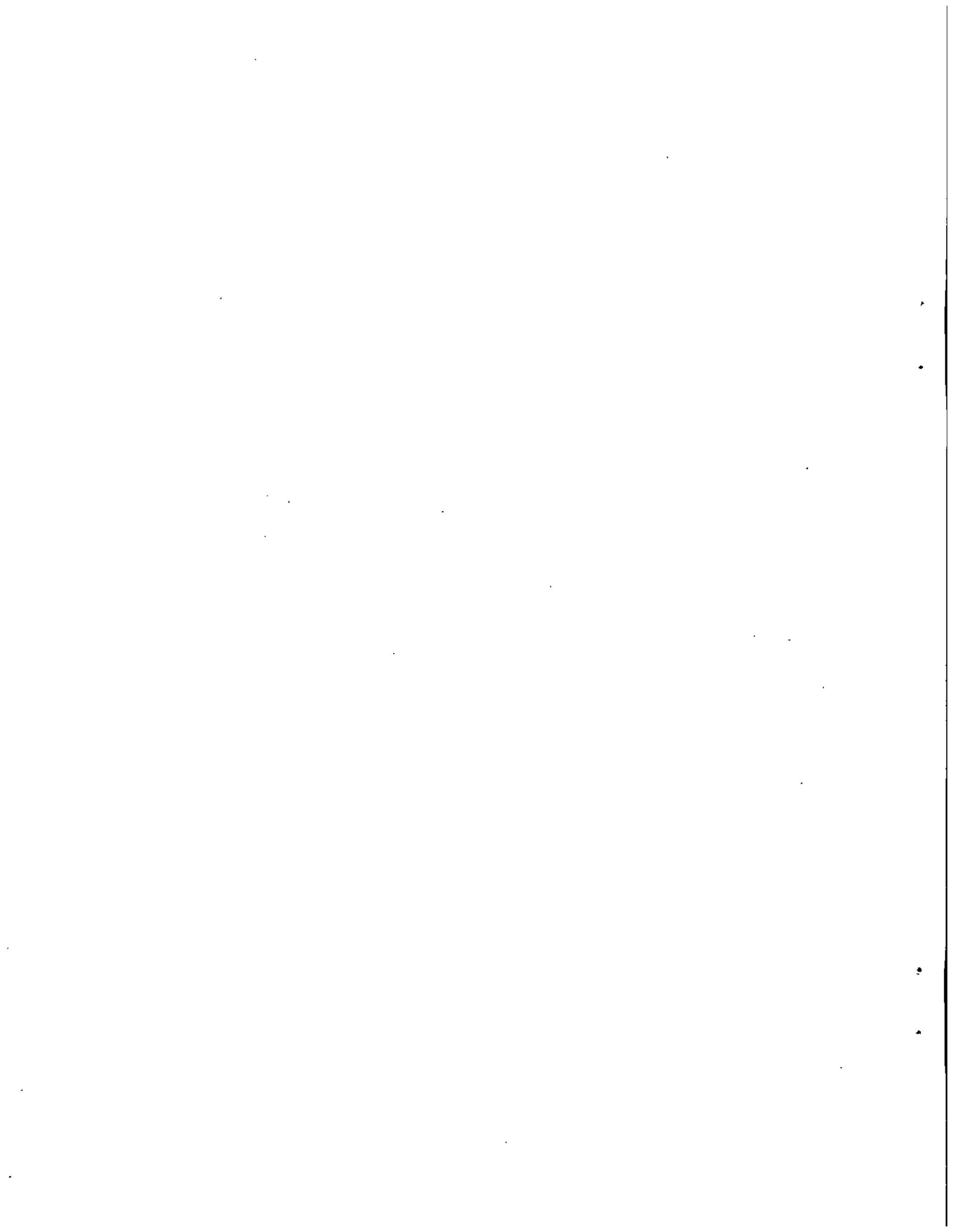
(Vessels Delivered Within One Year of July 29, 1976)

<u>Type</u>	<u>Name</u>	<u>Official No.</u>	<u>Place Built</u>	<u>Year Built</u>	<u>Approximate Tonnage: Gross/Net</u>
Barge, Covered Hopper	ACBL 2939	571955	Jeffersonville, Indiana	1976	1024/1024
Barge, Covered Hopper	ACBL 2940	571956	Jeffersonville, Indiana	1976	1024/1024
Barge, Covered Hopper	ACBL 2941	571957	Jeffersonville, Indiana	1976	1024/1024
Barge, Open Hopper	ACBL 1944	570439	Jeffersonville, Indiana	1976	745/745
Barge, Open Hopper	ACBL 1945	570440	Jeffersonville, Indiana	1976	745/745
Barge, Open Hopper	ACBL 1946	570441	Jeffersonville, Indiana	1976	745/745
Barge, Open Hopper	ACBL 1947	570442	Jeffersonville, Indiana	1976	745/745
Barge, Open Hopper	ACBL 1948	570443	Jeffersonville, Indiana	1976	745/745
Barge, Open Hopper	ACBL 1949	570444	Jeffersonville, Indiana	1976	745/745
Barge, Open Hopper	ACBL 1950	570445	Jeffersonville, Indiana	1976	745/745
Barge, Open Hopper	ACBL 1951	570446	Jeffersonville, Indiana	1976	745/745
Barge, Open Hopper	ACBL 1952	570447	Jeffersonville, Indiana	1976	745/745
Barge, Open Hopper	ACBL 1953	570448	Jeffersonville, Indiana	1976	745/745
Barge, Open Hopper	ACBL 1954	570449	Jeffersonville, Indiana	1976	745/745
Barge, Open Hopper	ACBL 1955	570450	Jeffersonville, Indiana	1976	745/745

SCHEDULE Z (1)

(Vessels Delivered Within One Year of July 29, 1976)

<u>Type</u>	<u>Name</u>	<u>Official No.</u>	<u>Place Built</u>	<u>Year Built</u>	<u>Approximate Tonnage: Gross/Net</u>
Barge, Open Hopper	ACBL 1956	570451	Jeffersonville, Indiana	1976	745/745
Barge, Open Hopper	ACBL 1957	570452	Jeffersonville, Indiana	1976	745/745
Barge, Open Hopper	ACBL 1958	570453	Jeffersonville, Indiana	1976	745/745
Barge, Open Hopper	ACBL 1959	570454	Jeffersonville, Indiana	1976	745/745
Barge, Open Hopper	ACBL 1960	570455	Jeffersonville, Indiana	1976	745/745
Barge, Open Hopper	ACBL 1961	570456	Jeffersonville, Indiana	1976	745/745
Barge, Open Hopper	ACBL 1962	570457	Jeffersonville, Indiana	1976	745/745
Barge, Open Hopper	ACBL 1963	570458	Jeffersonville, Indiana	1976	745/745
Barge, Open Hopper	ACBL 1964	574555	Jeffersonville, Indiana	1976	745/745
Barge, Open Hopper	ACBL 1965	574556	Jeffersonville, Indiana	1976	745/745



SCHEDULE Z (2)

(Vessels to be Delivered After July 29, 1976)

<u>Type</u>	<u>Name</u>	<u>Official No.</u>	<u>Place Built</u>	<u>Year Built</u>	<u>Approximate Tonnage: Gross/Net</u>
Towboat	D. O. Donham		Grafton, Illinois	1976	214/145
Towboat	Undesignated (1800 H.P.)		Grafton, Illinois	1976	214/145
Towboat	Undesignated (1800 H.P.)		Grafton, Illinois	1977	214/145

SCHEDULE Z (2)

(Vessels to be Delivered After July 29, 1976)

<u>Type</u>	<u>Name</u>	<u>Official No.</u>	<u>Place Built</u>	<u>Year Built</u>	<u>Approximate Tonnage: Gross/Net</u>
Barge, Open Hopper	ACBL 1967		Jeffersonville, Indiana	1976	745/745
Barge, Open Hopper	ACBL 1968		Jeffersonville, Indiana	1976	745/745
Barge, Covered Hopper	ACBL 1969		Jeffersonville, Indiana	1976	1024/1024
Barge, Covered Hopper	ACBL 1970		Jeffersonville, Indiana	1976	1024/1024
Barge, Covered Hopper	ACBL 1971		Jeffersonville, Indiana	1976	1024/1024
Barge, Covered Hopper	ACBL 1972		Jeffersonville, Indiana	1976	1024/1024
Barge, Covered Hopper	ACBL 1973		Jeffersonville, Indiana	1976	1024/1024
Barge, Covered Hopper	ACBL 1974		Jeffersonville, Indiana	1976	1024/1024
Barge, Covered Hopper	ACBL 1975		Jeffersonville, Indiana	1976	1024/1024
Barge, Covered Hopper	ACBL 1976		Jeffersonville, Indiana	1976	1024/1024
Barge, Covered Hopper	ACBL 1977		Jeffersonville, Indiana	1976	1024/1024
Barge, Covered Hopper	ACBL 1978		Jeffersonville, Indiana	1976	1024/1024
Barge, Covered Hopper	ACBL 1979		Jeffersonville, Indiana	1976	1024/1024
Barge, Covered Hopper	ACBL 1980		Jeffersonville, Indiana	1976	1024/1024
Barge, Covered Hopper	ACBL 1981		Jeffersonville, Indiana	1976	1024/1024

SCHEDULE Z (2)

(Vessels to be Delivered After July 29, 1976)

<u>Type</u>	<u>Name</u>	<u>Official No.</u>	<u>Place Built</u>	<u>Year Built</u>	<u>Approximate Tonnage: Gross/Net</u>
Barge, Covered Hopper	ACBL 1982		Jeffersonville, Indiana	1976	1024/1024
Barge, Covered Hopper	ACBL 1983		Jeffersonville, Indiana	1976	1024/1024
Barge, Open Hopper	ACBL 1966	574557	Jeffersonville, Indiana	1976	745/745

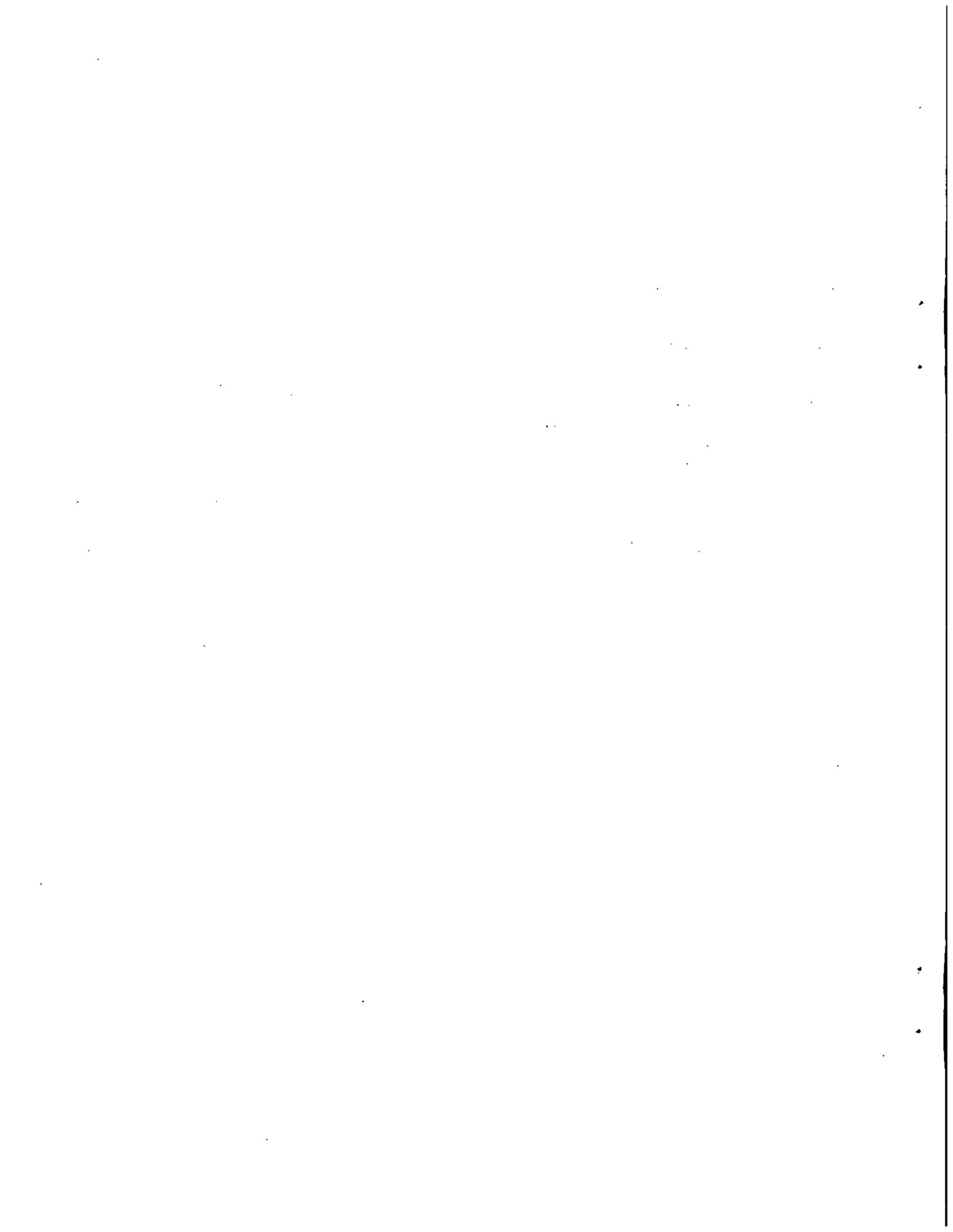


EXHIBIT 1

GENERAL PROVISIONS OF THE SECURITY AGREEMENT

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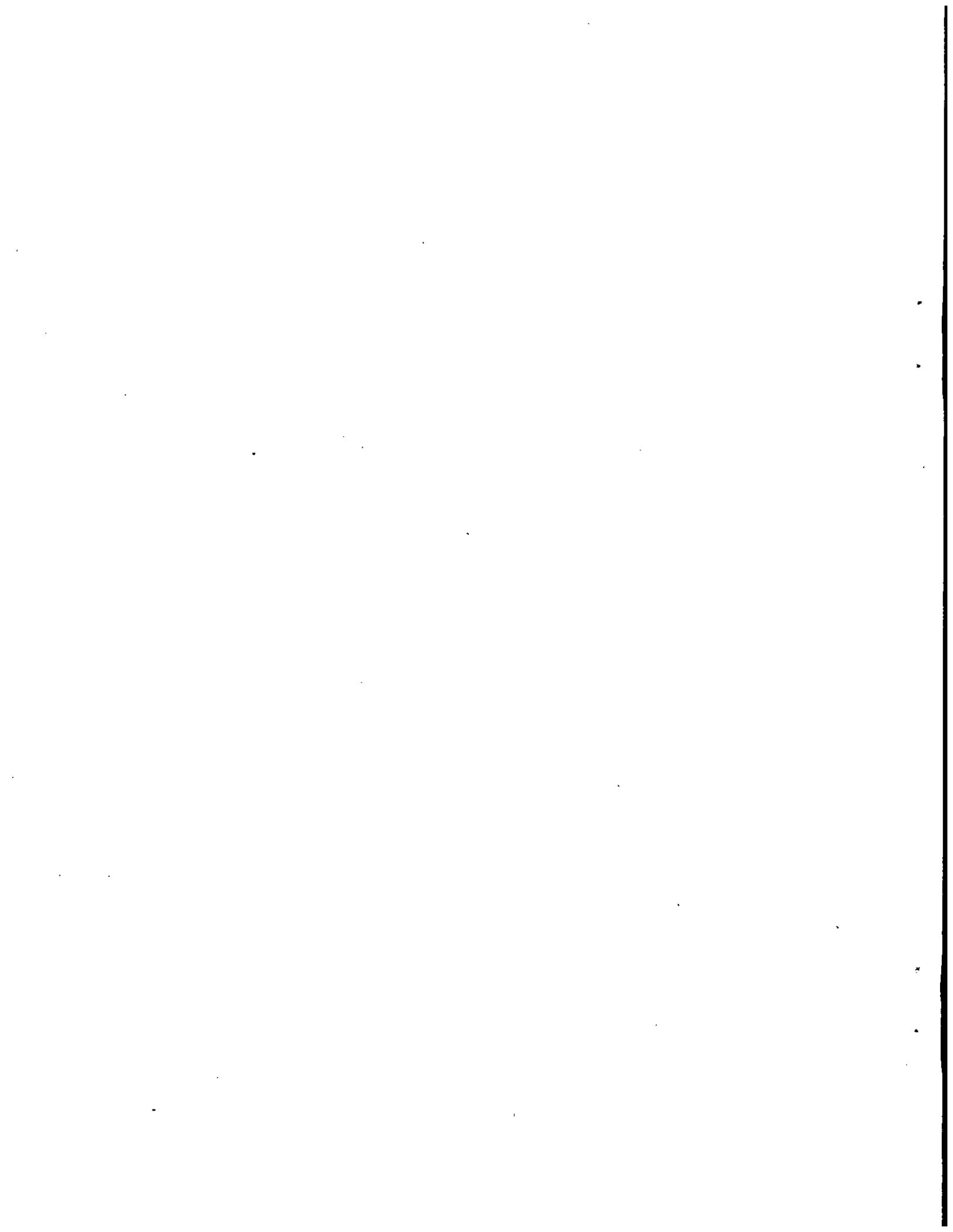


EXHIBIT I

General Provisions Incorporated Into the
Security Agreement by Reference

ARTICLE I

DEFINITIONS; OFFICER'S
CERTIFICATES AND OPINIONS OF COUNSEL

Section 1.01. Definitions. For all purposes of this Security Agreement, the terms used herein shall have the meanings specified in the Special Provisions hereof.

Section 1.02. Officer's Certificates and Opinions of Counsel.

(a) Each Officer's Certificate or Opinion of Counsel with respect to compliance with a covenant or condition provided for in this Security Agreement (or waiver thereof) shall include:

(1) A statement that the Person making such certificate or rendering such opinion has read such covenant or condition;

(2) A brief statement as to the nature and scope of the examination or investigation upon which the statements or opinions contained in such certificate or opinion are based;

(3) A statement that, in the opinion of such Person, he has made or caused to be made such examination or investigation as is necessary to enable him to express an informed opinion as to whether or not such covenant or condition has been complied with (or compliance therewith has been waived); and

(4) A statement as to whether or not, in the opinion of such Person, such condition or covenant has been complied with (or such compliance has been waived).

(b) An Opinion of Counsel may be based (insofar as it relates to factual matters, or to information which is in the possession of any Person) upon a certificate or opinion of or representations in writing signed by an officer or officers of such Person or by such Person and (insofar as it relates to

matters required or permitted under this Security Agreement to be covered by a certificate or opinion of or representations by an appraiser, accountant, engineer or other expert) upon the certificate or opinion of or representations by such Person so acting, and may be based upon an Opinion of Counsel signed by another counsel.

An Opinion of Counsel may state that said opinion is subject to the execution and delivery of designated instruments if copies of such instruments in form approved by such counsel are delivered to the Secretary prior to or concurrently with the delivery of said opinion.

(c) A certificate or opinion of a Person other than counsel may be based, insofar as it relates to legal matters, upon an Opinion of Counsel, unless the Person signing such certificate or opinion knows that such Opinion of Counsel is erroneous or, in the exercise of reasonable care, should have known that the same was erroneous.

(d) If the Security Agreement, the Depository Agreement (if any), the Title XI Reserve Fund and Financial Agreement, or the Mortgage requires or permits the execution of any document by officers, appraisers, accountants, engineers, experts, counsel or other Persons, such document may be executed in counterparts by different officers, appraisers, accountants, engineers, experts, counsel or other Persons, all of which shall form one instrument.

(e) If the signer of any document is required to be approved by the Secretary, the acceptance of such document by the Secretary shall be sufficient and conclusive evidence of such approval.

(f) If the delivery of any document is a condition precedent to any action required by this Security Agreement, the Mortgage, the Title XI Reserve Fund and Financial Agreement or the Depository Agreement (if any), such document may be withdrawn, revoked, rescinded, modified or amended at any time prior to such action, and, in the event of any such withdrawal, revocation or rescission, such document shall be disregarded for all purposes of this Security Agreement, the Mortgage, the Title XI Reserve Fund and Financial Agreement or the Depository Agreement (if any).

ARTICLE II

REPRESENTATIONS AND AGREEMENTS OF THE SHIPOWNER

The Shipowner hereby represents and agrees, so long as this Security Agreement shall not have been discharged, as follows:

Section 2.01. Organization, Existence and Taxes of Shipowner. The Shipowner is duly organized, validly existing and in good standing under the laws of the jurisdiction designated in the initial paragraph of the Special Provisions hereof and, except as provided in Article IX, shall maintain such corporate existence and the Shipowner has paid or caused to be paid all taxes assessed against it, unless the same are being contested in good faith or an authorized extension of time has been granted.

Section 2.02. United States Citizenship of Shipowner. (a) The Shipowner is a citizen of the United States within the meaning of Section 2 of the Shipping Act, 1916, as amended, and shall remain such a citizen for operation in the trades in which the Shipowner proposes to operate the Vessel, or in the event the Shipowner shall cease to be such a citizen, the Shipowner shall notify the Secretary thereof as soon as it obtained knowledge of such fact.

(b) Within 30 days after the date of each annual meeting of its stockholders, or of any written consent in lieu thereof, the Shipowner shall submit to the Secretary supplemental proof to establish that it remains a citizen of the United States within the meaning of the foregoing paragraph (a).

Section 2.03. Authorization of Security Agreement, Obligations and Related Agreements. The execution and delivery of this Security Agreement, the Depository Agreement (if any), the Indenture, the Secretary's Note, the Title XI Reserve Fund and Financial Agreement and the Obligations have been duly authorized by the Shipowner and are not in contravention of any indenture, agreement or undertaking to which the Shipowner is a party or by which it is bound.

Section 2.04. (a) Title to and Possession of the Vessel. On the date of this Security Agreement the Shipowner lawfully owns the Vessel free from any lien whatsoever (subject to (i) the equity of the Shipbuilder under the Construction Contract, (ii) liens which the Shipbuilder is obligated to discharge under the Construction Contract, (iii) any rights of the Board under the Construction Contract, the Title V Contract and the CDS Contract, (iv) any pledge or assignment, subordinated to the interest of the Secretary hereunder, permitted under the Special Provisions hereof, and (v) the rights of the Secretary hereunder) and shall (subject to any rights of the Board under the Construction Contract, the CDS Contract, the Title V Contract or any other agreement or agreements hereafter entered into by and between the Board and the Shipowner in connection with the reconstruction or reconditioning of the Vessel), for the Secretary's benefit, warrant and defend the title to, and possession of, the Vessel and every part thereof against the claims and demands of all Persons whomsoever; provided that (except during such period that the Vessel shall

have been levied upon and taken into custody or detained in any proceeding in any court or tribunal or by any government or other authority [except in connection with takings or requisitions of the title or use of the Vessel by any government or governmental body] and not released)--

(1) The foregoing shall not apply:

(A) to liens for Crew's Wages and salvage (including contract salvage) which shall not have been due and payable (i) if prior to the Delivery Date of the Vessel, for 55 days, or (ii) if after the Delivery Date of the Vessel, for 10 days after termination of a voyage, or which, in either event, shall then be contested by the Shipowner in good faith;

(B) to liens for Crew's Wages, salvage (including contract salvage) and general average which are either unclaimed or covered by insurance;

(C) to liens incident to current operations (except for Crew's Wages, salvage and general average), liens for the wages of a stevedore when employed directly by the Shipowner, or the operator, master or agent of the Vessel or to liens covered by insurance and any deductible applicable thereto;

(D) to liens for repairs or with respect to any changes made in the Vessel pursuant to paragraph (g) of this Section;

(E) to liens which shall (i) on the Delivery Date, (if the date of execution and delivery of this Security Agreement is on or prior to the Delivery Date) have arisen incident to pre-delivery testing or in the ordinary course of business in furnishing, supplying and preparing the Vessel for operation or (ii) on the date of the execution and delivery of this Security Agreement, (if the Delivery Date is prior to the date hereof) have arisen in the ordinary course of operation of the Vessel and which shall, to the extent known to the Shipowner, be in an aggregate amount of not more than the amount specified in the Special Provisions hereof for the Vessel (exclusive of liens covered by insurance and any deductible applicable thereto and liens which the Shipbuilder is obligated to discharge under the Construction Contract);

(F) in the event the use or title of the Vessel is taken or requisitioned by any government or governmental body;

(G) in the event of an actual or constructive total loss or an agreed or compromised total loss of the Vessel; or

(H) to mortgages to the extent permitted by paragraph (c) of this Section;

provided that the liens stated to be permitted by the foregoing subparagraphs (A) through (D) shall, unless they constitute a lien for damages arising out of tort, for wages of a stevedore when employed directly by the Shipowner or the operator, master, or agent of the Vessel, for Crew's Wages, for general average, or for salvage (including contract salvage), be permitted only to the extent they are liens subordinate to the lien of the Security; and

(2) The foregoing, insofar as it relates to the possession of the Vessel, shall not apply to sales, transfers and charters permitted by paragraph (c) of this Section.

(b) Compliance with the Provisions of the Title V Contract. The Shipowner shall comply with, and duly perform all of the obligations required of it under, the Title V Contract.

(c) Sale, Mortgage, Transfer or Charter of the Vessel. The Shipowner shall not, without the prior written consent of the Secretary, sell, mortgage, demise charter or transfer the Vessel, or charter the Vessel to an Affiliate under any form of charter, except the foregoing shall not apply to (i) takings or requisitions of the title or use of the Vessel by any government or governmental body, (ii) mergers or consolidations permitted by Article IX, or (iii) demise charters approved by the Secretary in writing.

(d) Taxes and Governmental Charges. The Shipowner shall pay and discharge, or cause to be paid and discharged, on or before the same shall become delinquent, all taxes, assessments, government charges, fines and penalties lawfully imposed upon the Vessel, unless the same are being contested in good faith.

(e) Liens. (1) As a condition precedent to each payment by the Shipowner under the Construction Contract, the Shipowner shall require evidence from the Shipbuilder showing that there are no liens or rights in rem against the Vessel prohibited by the Construction Contract. After the Delivery Date of the Vessel, the Shipowner shall forthwith satisfy, or cause to be satisfied, within 30 days of its knowledge thereof, any lien or encumbrance which shall be filed against the Vessel unless the same is being contested in good faith; and

(2) Neither the Shipowner, any charterer, the master of the Vessel, nor any other Person has or shall have

any right, power or authority, without the prior written consent of the Secretary, to create, incur or permit to be placed or imposed on the Vessel any lien whatsoever, other than (A) the Mortgage and (B) liens permitted upon and after the Delivery Date of the Vessel by paragraph (a) of this Section. The Secretary hereby consents to other liens incident to current operations, but only to the extent that they are subordinate to the Mortgage.

(f) Documentation of the Vessel. Upon the Delivery Date, the Vessel shall be, and thereafter shall remain, documented under the laws of the United States.

(g) Compliance with Applicable Laws, etc. The Vessel (1) is designed to meet, and on the Delivery Date and at all times thereafter shall meet (unless otherwise required by any military authority of the United States and except during such period as (A) the use or title of the Vessel has been taken or requisitioned by any government or governmental body as contemplated by paragraph (c) of this Section, (B) there has been an actual or constructive total loss or an agreed or compromised total loss of the Vessel, or (C) there has been any other loss with respect to the Vessel and the Shipowner shall not have had a reasonable time to repair the same), all requirements of applicable laws, treaties and conventions, and of applicable rules and regulations thereunder, and the Shipowner shall not consent to any change in the Construction Contract which releases the Shipbuilder from its obligation to comply with such requirements, except to the extent that, with the prior written consent of the Secretary, such requirements shall then be contested in good faith by the Shipowner, and (2) shall have on board, as and when required thereby, valid certificates showing compliance therewith.

(h) Operation of the Vessel. The Shipowner shall not (unless otherwise required by any military authority of the United States and except during such period as the use or title of the Vessel has been taken or requisitioned by any government or governmental body as contemplated by paragraph (c) of this Section) (1) cause or permit the Vessel to be operated in any manner contrary to law or contrary to any lawful rules or regulations of the Maritime Administration, (2) remove or attempt to remove the Vessel beyond the limits of the United States (except with the prior written consent of the Secretary) save on voyages with the intention of returning to the United States, or (3) unless there has been an actual or constructive total loss or an agreed or compromised total loss of the Vessel, abandon the Vessel in any foreign port.

(i) Condition and Maintenance of the Vessel. The Vessel meets all requirements to entitle her to the highest classification

and rating for vessels of the same age and type in the American Bureau of Shipping.

The Shipowner shall at all times (unless otherwise required by any military authority of the United States and except during such period as (1) the use or title of the Vessel has been taken or requisitioned by any government or governmental body as contemplated by paragraph (c) of this Section, (2) there has been an actual or constructive total loss or an agreed or compromised total loss of the Vessel, or (3) there has been any other loss with respect to the Vessel and the Shipowner shall not have had a reasonable time to repair the same) after the Delivery Date, (A) at its own cost and expense, maintain and preserve the Vessel, so far as may be practicable, in at least as good order and condition, ordinary wear and tear excepted, as at the Delivery Date, and (B) except with the express permission of the Secretary of Commerce during any idle or inactive period, keep the Vessel in such condition as will entitle her to retain the highest classification and rating for vessels of the same age and type in the American Bureau of Shipping (or other classification society of like standing if the requirements of the American Bureau of Shipping shall not be applicable).

The Shipowner shall, on the Delivery Date, furnish to the Secretary an Interim Classification Certificate issued by the American Bureau of Shipping (or other classification society of like standing if the requirements of the American Bureau of Shipping shall not be applicable) and promptly after the Delivery Date, furnish to the Secretary a Certificate of Classification issued by the American Bureau of Shipping (or such other classification society). During each calendar year after the year in which the Delivery Date occurs (unless any military authority of the United States requires that the above-mentioned classification and rating not be retained and except during periods as aforesaid) the Shipowner shall (1) furnish to the Secretary a Certificate of Confirmation of Class issued by the American Bureau of Shipping (or such other classification society) showing that the above-mentioned classification and rating have been retained and (2) furnish to the Secretary copies of all American Bureau of Shipping reports on annual, other periodical and damage surveys.

(j) Material Changes in the Vessel. The Shipowner shall not make, or permit to be made, any material change in the structure, type or speed of the Vessel or in her rig, unless it shall have received the Secretary's prior written consent thereto.

Section 2.05. Maintenance of Construction Contract. The Construction Contract (insofar as it relates to the Vessel) shall

be maintained in full force and effect insofar as it relates to the due performance by the Shipowner of all its obligations thereunder and the Shipowner shall not, without the prior consent of the Secretary, amend, modify or terminate the Construction Contract or consent to any change in the Construction Contract which releases the Shipbuilder from its obligations to comply with all applicable laws, treaties, conventions, rules and regulations, except to the extent that, with the prior written consent of the Secretary, such requirements are being contested in good faith by the Shipowner.

Section 2.06. Execution and Delivery of the Mortgage. Concurrently with the Delivery Date of the Vessel, the Shipowner shall (i) execute and deliver to the Secretary the Mortgage in the form required by the Granting Clause of the Special Provisions hereof, (ii) record or cause to be recorded the Mortgage in the office of the United States Coast Guard, or its successor, at the home port of the Vessel and endorse the same upon the Vessel's document (or shall make due provision for said endorsement) and (iii) deliver to the Secretary an opinion of its counsel in substantially the form annexed hereto as Exhibit B to the form of the Mortgage (except that said form of opinion may be appropriately revised in the event the Mortgage shall not at such time have been endorsed on the document of the Vessel but the Shipowner shall have made due provision therefor).

Section 2.07. Insurance. (a) Prior to the Delivery Date of the Vessel, the Shipowner shall, without cost to the Secretary or, with respect to war risk builder's risk insurance mentioned below, without cost to the Shipbuilder, cause the Vessel to be insured as provided in the Construction Contract and as contemplated by any consent of the Shipbuilder; provided that, the insurance required by this paragraph (a) shall be approved by the Secretary.

(b) Upon the Delivery Date of the Vessel and at all times thereafter, the Shipowner shall, without cost to the Secretary, keep the Vessel insured as indicated below and with such additional insurance as may be specified by the Secretary in an amount in dollars (in any coin or currency of the United States which at the time of the policy in question is legal tender for public and private debts) equal to 110% of the unpaid principal amount of the Outstanding Obligations, or such greater sum, up to and including the full commercial value of the Vessel as may be required by the Secretary by, except in the case of the insurance required on the Delivery Date, at least 30 days' written notice (15 days' written notice in the case of war risk insurance, if any) to the Shipowner prior to the end of any policy period:

(1) Marine and war risk hull insurance under the latest (at the time of issue of the policies in question) forms of American Institute of Marine Underwriters' policies approved by the Secretary and/or policies issued by or for the Maritime Administration (or under such other forms of policies as the Secretary may approve in writing) insuring the Vessel against the usual risks covered by such forms (including, at the option of the Shipowner, such amounts of increased value and other forms of "total loss only" insurance as are permitted by said hull insurance policies); and

(2) While the Vessel is laid up, at the option of the Shipowner and in lieu of the above-mentioned marine and war risk hull or marine and war risk hull and increased value insurance, port risk insurance under the latest (at the time of issue of the policies in question) forms of American Institute of Marine Underwriters' policies approved by the Secretary and/or policies issued by or for the Maritime Administration (or under such other forms of policies as the Secretary may approve in writing) insuring the Vessel against the usual risks covered by such forms;

provided that, war risk insurance under subparagraphs (1) and (2) shall not be required hereunder unless and to the extent and for the period required by the Secretary by written notice to the Shipowner.

Irrespective of the foregoing, the Shipowner, with the prior written consent of the Secretary, shall have the right to self-insure up to the amount specified in the Special Provisions hereof for any loss resulting from any one accident or occurrence (other than an actual or constructive total loss of the Vessel).

(c) All policies of insurance under this Section shall provide, so long as this Security Agreement has not been discharged, that payment of all losses shall be made payable to the Secretary for distribution by him to himself, the Shipowner and (in the case of the insurance required by paragraph (a) of this Section) the Shipbuilder, except that (i) as provided in paragraph (e) of this Section and (ii) under the policies required by paragraph (b) of this Section, payment of all losses up to the amount specified in the Special Provisions hereof by all insurance underwriters with respect to any one accident, occurrence or event may be made directly to the Shipowner.

Any such insurance recoveries to which the Secretary shall be so entitled shall be applied as follows:

(1) In the event that insurance becomes payable under said policies on account of an accident, occurrence or event not resulting in an actual or constructive total loss or an agreed or compromised total loss of the Vessel, the Secretary shall (A) if there is no existing Default and if none of the events described in Section 2.09 has occurred, in accordance with a Request of the Shipowner, pay, or consent that the underwriters pay, direct for repairs, liabilities, salvage claims or other charges and expenses (including sue and labor charges due or paid by the Shipowner) covered by the policies, or (to the extent that, as stated in an Officer's Certificate delivered to the Secretary, accompanied by written confirmation by the underwriter or a surveyor or adjuster, the damage shall have been repaired and the cost thereof paid or such liabilities, salvage claims or other charges and expenses discharged or paid) reimburse, or consent that the underwriters reimburse, the Shipowner therefor and (after all known damage with respect to the particular loss shall have been repaired, except to the extent the Shipowner, with the written consent of the Secretary, deems the said repair inadvisable, and all known costs, liabilities, salvage claims, charges and expenses, covered by the policies, with respect to such loss shall have been discharged or paid, as stated in an Officer's Certificate delivered to the Secretary, accompanied by written confirmation by the underwriter or a surveyor or adjuster) pay, or consent that the underwriters pay, any balance to the Shipowner, or (B) if there is an existing Security Default, in accordance with a Request of Shipowner, pay, or consent that the underwriters pay, direct for the Shipowner's proportion of such repairs, liabilities, salvage claims or other charges and expenses (including sue and labor charges due or paid by the Shipowner) covered by the policies and hold any balance until the same may be paid or applied under clause (A), (C) or (D) of this subparagraph (1), whichever is applicable, or (C) if the Guarantees shall have terminated pursuant to Section 3.05(3) and none of the events described in Section 2.09 has occurred, apply the insurance as provided in Section 6.05, or (D) if the Guarantees shall have terminated pursuant to Section 3.05(2) or (4), pay the insurance to the Shipowner;

(2) In the event of an accident, occurrence or event resulting in an actual or constructive total loss of the Vessel prior to the Delivery Date, the Shipowner shall forthwith deposit with the Secretary any insurance moneys which the Shipowner receives on account thereof under policies of insurance required by paragraph (a) of this Section, and any such insurance moneys shall be held by the Secretary for 10 days (or such lesser or further time as the Shipowner and the Secretary may agree upon). Upon the expiration of

said period of time, (A) if there is no existing Default and if the Shipowner, the Shipbuilder and the Secretary shall have elected not to construct the Vessel under the Construction Contract, then said insurance moneys shall be applied, to the extent necessary and required pursuant to Section 2.09, or (B) if there is no existing Default and if the Shipowner, the Shipbuilder and the Secretary shall not have made the election contemplated by the foregoing clause (A) of this subparagraph (2), then said insurance moneys (together with the funds of the Shipowner to the extent, if any, required by the Secretary for deposit on account of interest under clause (ii) below) shall be deposited in the Escrow Fund, in such amount and to the extent available, so that the moneys in the Escrow Fund after such deposit shall be equal to (i) the principal amount of the Obligations Outstanding relating to the Vessel at the time of such deposit and (ii) such interest on said deposit, if any, as may be required by the Secretary (said moneys to be subject to withdrawal in the same manner as moneys originally deposited in said Escrow Fund); and the balance, if any, of such insurance moneys held by the Secretary shall be paid to the Shipowner; and

(3) In the event of an accident, occurrence or event resulting in an actual or constructive total loss or an agreed or compromised total loss of the Vessel whether prior to or after the Delivery Date and the insurance moneys have not been applied as provided in subparagraph (2) of this paragraph (c), the Shipowner shall forthwith deposit with the Secretary any insurance moneys which the Shipowner receives on account thereof under policies of insurance required by this Section, and any such insurance moneys received by the Secretary, whether from the Shipowner or otherwise, or held by the Secretary pursuant to subparagraph (2) above, shall (A) if there is no existing Default, be applied, to the extent necessary, pursuant to Section 2.09, or (B) if there is an existing Security Default, be held until the same may be applied under clause (A), (C) or (D) of this subparagraph (3), whichever is applicable, or (C) if the Guarantees shall have terminated pursuant to Section 3.05(3), be applied as provided in Section 6.05; provided that, irrespective of the foregoing, the Shipowner shall not be required to so deposit with the Secretary insurance moneys in an amount which, together with funds otherwise available for the redemption of Obligations, is in excess of that required for the redemption of the Outstanding Obligations pursuant to Section 3.05 of Exhibit 1 to the Indenture and for the payment to the Secretary of all other sums that may be secured by this Security Agreement and the Mortgage,

or (D) if the Guarantees shall have terminated pursuant to Section 3.05(2) or (4), be paid to the Shipowner.

(d) In the event of an accident, occurrence or event resulting in a constructive total loss of the Vessel, the Secretary shall have the right (with the prior written consent of the Shipowner, unless there is an existing Default, and at any time prior to the Delivery Date of the Vessel also with the prior written consent of the Shipbuilder) to claim for a constructive total loss of the Vessel, and, if both (1) such claim is accepted by all underwriters under all policies then in force as to the Vessel under which payment is due for total loss and (2) payment in full is made in cash under such policies, then the Secretary shall have the right to abandon the Vessel to the underwriters under such policies, free from the lien of this Security Agreement and the Mortgage.

(e) Commencing on the Delivery Date of the Vessel, the Shipowner shall, without cost to the Secretary, keep the Vessel insured against marine and war protection and indemnity risks and liabilities by policies of insurance approved by the Secretary as to form and amount; provided that, (1) the Shipowner shall, as soon as possible after the Delivery Date, present any such policy to the Secretary (who shall promptly approve or disapprove the same), (2) any approval of a policy under this paragraph (e) shall be effective until the end of the policy period or until 60 days after the Secretary shall notify the Shipowner of a desired change in the form and/or amount thereof, whichever shall first occur, and (3) war protection and indemnity insurance shall be required unless written notice stating such insurance is not required is given by the Secretary to the Shipowner.

Such policies may provide that (1) if the Shipowner shall not have incurred the loss, damage, or expense in question, any loss under such insurance may be paid directly to the Person to whom any liability covered by such policies has been incurred (whether or not a Default then exists), and (2) if the Shipowner shall have incurred the loss, damage or expense in question, any such loss shall be paid to the Shipowner in reimbursement if there is no existing Default of which the underwriter has written notice from the Shipowner or the Secretary, or, if there is such an existing Default, to the Secretary to be held and applied as follows: (A) applied as provided in Section 6.05 in the event the Guarantees shall have terminated pursuant to Section 3.05(3), or (B) to the extent not theretofore applied pursuant to Section 6.05, paid forthwith to the Shipowner upon its Request in the event there is no existing Default or the Guarantees shall have terminated pursuant to Section 3.05(2) or (4) at the date of the delivery of such Request; provided that, irrespective of the foregoing, with the prior written consent of the Secretary, the

Shipowner shall have the right to self-insure in an amount up to the limit specified in the Special Provisions hereof with respect to each accident, occurrence or event, except that, with respect to cargo or property carried, the Shipowner, with the prior written consent of the Secretary, shall have the right to self-insure in an amount up to the limit specified in the Special Provisions hereof with respect to each cargo or property carried.

(f) All insurance required under this Section shall be placed and kept with the United States government or with American and/or British (and/or other foreign, if permitted by the Secretary in writing by notice furnished to the Shipowner) insurance companies, underwriters' associations or underwriting funds approved by the Secretary of Commerce. All insurance required under this Section shall be arranged through marine insurance brokers as may be selected by the Shipowner and/or the Charterer and approved by the Secretary.

(g) The Secretary shall not have the right to enter into an agreement or compromise providing for an agreed or compromised total loss of the Vessel without the prior written consent of (i) the Shipbuilder (prior to the Delivery Date of the Vessel) and (ii) (unless there is an existing Default) the Shipowner. If (1) the Shipowner shall have given prior consent thereto or (2) there is an existing Default, the Secretary shall have the right in his discretion, and with the prior written consent of the Shipbuilder prior to the Delivery Date of the Vessel, to enter into an agreement or compromise providing for an agreed or compromised total loss of the Vessel; provided that, if the aggregate amount payable to the Shipowner and/or the Secretary under such agreement or compromise, together with funds held by the Secretary and available for the redemption of Obligations, is not sufficient to redeem or pay the Outstanding Obligations pursuant to Section 2.09, the Secretary shall not enter into such agreement or compromise without the prior written consent of the Shipowner.

(h) During the continuance of (1) a taking or requisition of the use of the Vessel by any government or governmental body, or (2) a charter, with the prior written consent of the Secretary, of the use of the Vessel by the United States Government or by any governmental body of the United States, or by any other government or governmental body, the provisions of this Section shall be deemed to have been complied with in all respects if such government or governmental body shall have agreed to reimburse, in a manner approved by the Secretary in writing, the Shipowner for loss or damage covered by the insurance required hereunder or resulting from the risks indicated in paragraphs (a), (b) and (e) of this Section or if the Shipowner shall be entitled to just

compensation therefor. In addition, the provisions of this Section shall be deemed to have been complied with in all respects during any period after (A) title to the Vessel shall have been taken or requisitioned by any government or governmental body or (B) there shall have been an actual or constructive total loss or an agreed or compromised total loss of the Vessel. In the event of any taking, requisition, charter or loss contemplated by this paragraph, the Shipowner shall promptly furnish to the Secretary an Officer's Certificate stating that such taking, requisition, charter or loss has occurred and, if there shall have been a taking, requisition or charter of the use of the Vessel, that the government or governmental body in question has agreed to reimburse the Shipowner, in a manner approved by the Secretary, for loss or damage resulting from the risks indicated in the above-mentioned paragraphs (a), (b) and (e) of this Section or that the Shipowner is entitled to just compensation therefor.

(i) All insurance required (A) under paragraph (a) of this Section shall be taken out in the names of the Shipowner, the United States and the Shipbuilder as assureds, and (B) under paragraphs (b) and (e) of this Section shall be taken out in the names of the Shipowner and the United States as assureds. All policies for such insurance so taken out shall, unless otherwise consented to by the Secretary, provide that (1) there shall be no recourse against the United States for the payment of premiums or commissions, (2) if such policies provide for the payment of club calls, assessments or advances, there shall be no recourse against the United States for the payment thereof, (3) at least 10 days' prior written notice of any cancellation for the non-payment of premiums, commissions, club calls, assessments or advances shall be given to the Secretary by the insurance underwriters, and (4) the whole or any part of the right, title or interest of the Shipowner in the Vessel may be assigned to the Secretary without involving the so-called Change-of-Ownership clause in the policies.

(j) The Shipowner shall not, without the prior written consent of the Secretary, (1) do any act, nor voluntarily suffer nor permit any act to be done, whereby any insurance required by this Section shall or may be suspended, impaired or defeated or (2) suffer or permit the Vessel to engage in any voyage or to carry any cargo not permitted under the policies of insurance then in effect without first covering the Vessel with insurance satisfactory in all respects for such voyage or the carriage of such cargo; provided that, this paragraph shall be subject to the requirements of any military authority of the United States and shall not apply in the case of the Vessel if and so long as the title or use of the Vessel shall have been taken, requisitioned or chartered by any government or governmental body as contemplated by Section 2.09.

(k) In the event that any claim or lien is asserted against the Vessel for loss, damage or expense which is covered by insurance hereunder and it is necessary for the Shipowner to obtain a bond or supply other security to prevent arrest of the Vessel or to release the Vessel from arrest on account of said claim or lien, the Secretary, on Request of the Shipowner, may, at the sole option of the Secretary, assign, to any Person executing a surety or guaranty bond or other agreement to save or release the Vessel from such arrest, all right, title and interest of the Secretary in and to said insurance covering such loss, damage or expense as collateral security to indemnify against liability under said bond or other agreement.

(l) Except as the Secretary shall otherwise direct by notice in writing to the Shipowner, the Shipowner shall deliver to the Secretary the original policies evidencing insurance maintained under this Section; provided that, if any such original policy shall have been delivered previously to the Secretary or to a mortgagee by the Shipowner under another ship mortgage of the Shipowner, the Shipowner shall deliver a duplicate or pro forma copy of such policy to the Secretary. The Secretary or any agent thereof (who may also be an agent of the issuer) shall at all times hold the policies delivered as aforesaid; provided that, if one or more of said policies are held by an agent of the Secretary, the Shipowner shall, upon request of the Secretary, deliver a duplicate or pro forma copy thereof to the Secretary, and provided further that, if the Shipowner shall deliver to the Secretary a Request (1) stating that delivery of any such policy to the insurer is necessary in connection with the collection, enforcement or settlement of any claim thereunder (including claims for return premiums and any other amounts payable by the insurer) and (2) setting forth the name and address of the Person to whom such policy is to be delivered or mailed for such purpose, and if the Secretary approves such Request, the Secretary shall, at the expense of the Shipowner, deliver or mail (by registered or certified mail, postage prepaid) such policy in accordance with such Request, accompanied by a written direction to the recipient to redeliver such policy directly to the Secretary or an agent thereof when it has served the purpose for which so delivered. The Shipowner agrees that, in case it shall at any time so cause the delivery or mailing of any policy to any Person as aforesaid, the Shipowner will cause such policy to be promptly redelivered to the Secretary or an agent thereof as aforesaid. The Secretary shall have no duty to see to the redelivery of such policy, but shall have the duty to request the redelivery thereof at intervals of 60 days thereafter.

(m) Nothing in this Section shall limit the insurance coverage which the United States may require pursuant to any contract or agreement to which the United States and the Shipowner are parties.

The requirements of this Section 2.07 are expressly subject to the Special Provisions of this Security Agreement. To the extent that any insurance otherwise required, permitted or approved under this Section is inconsistent or in conflict with any insurance required, permitted or approved by the Board under the Title V Contract or under any agreements hereafter entered into by and between the Board and the Shipowner in connection with the reconstruction or reconditioning of the Vessel, such insurance shall be as so required, permitted or approved by the Board.

Section 2.08. Inspection of the Vessel; Examination of Shipowner's Records. The Shipowner will (i) afford the Secretary, upon reasonable notice, access to the Vessel, its cargoes and papers for the purpose of inspecting the same and (ii) at reasonable times permit the Secretary, upon request, to make reasonable, material and pertinent examination and audit of books, records and accounts maintained by the Shipowner, and to take information therefrom and make transcripts or copies thereof; but, in each instance, only to the extent the Secretary may reasonably deem necessary or appropriate in connection with the performance of his duties and functions under the Act and in connection with the agreements of the Shipowner hereunder.

Section 2.09. Requisition of Title, Termination of Construction Contract or Total Loss of the Vessel. In the event of (A) requisition of title to the Vessel, (B) termination of the Construction Contract or the CDS Contract pursuant to the provisions thereof (unless, in the case of termination pursuant to said provisions, the Shipowner and the Board shall elect to have the Vessel completed), (C) termination of the Construction Contract pursuant to a default by the Board, or (D) the circumstances referred to in Section 2.07(c)(3) if there shall have been an accident, occurrence or event resulting in an actual or constructive total loss or an agreed or compromised total loss of the Vessel --

(1) The Shipowner shall promptly give written notice thereof to the Secretary;

(2) The Shipowner shall (subject to the consent or approval of the Secretary and/or the Maritime Administration if and to the extent they have jurisdiction) promptly pay all amounts it receives by reason of such requisition, termination or total loss to the Secretary; and

(3) After all amounts which are reasonably expected to be received by the Secretary in connection with any such requisition, seizure, forfeiture, termination or total loss (whether from the Shipowner pursuant to the foregoing subparagraph (2), from a government

or governmental body, or otherwise) shall have been received by the Secretary (A) if there is no existing Default, (i) the Secretary and the Shipowner shall give notice to the Indenture Trustee of a redemption of Obligations pursuant to Section 3.05 of Exhibit 1 to the Indenture, (ii) such amount, if any, held by the Secretary, shall be paid by the Secretary to the Indenture Trustee not earlier than 10 days prior to, nor later than the opening of business on, the Redemption Date required by Section 3.05 of Exhibit 1 to the Indenture, and (iii) the balance, if any, shall be applied by the Secretary first for the payment of all other sums that may be secured hereby and second the remainder shall be paid over to the Shipowner, or (B) if there is an existing Default and the Guarantees shall not have terminated pursuant to Section 3.05, be held until the same may be applied or paid under clause (A), (C) or (D) of this subparagraph (3), whichever is applicable, or (C) if the Guarantees shall have terminated pursuant to Section 3.05(3), be applied as provided in Section 6.05, or (D) if the Guarantees shall have terminated pursuant to Section 3.05(2) or (4), be paid by the Secretary to the Shipowner;

provided that, irrespective of the foregoing, (i) the Shipowner shall not be required to pay to the Secretary pursuant to the foregoing subparagraph (2) an amount which, together with funds held by the Secretary and the Indenture Trustee and available for the redemption of Obligations, is in excess of that required for the redemption of the Outstanding Obligations pursuant to Section 3.05 of Exhibit 1 to the Indenture, and for the payment to the Secretary of all other sums that may be secured hereunder, and (ii) if the Shipowner considers the amount tendered to the Shipowner on account of any such requisition or termination to be unsatisfactory, the Shipowner shall have the right to contest the same by judicial or other proceedings (irrespective of the applicability of provisions of the same general character as those contained in Section 902 of the Act).

Section 2.10. Annual Financial Statements and No Default Certificate. (a) The accounts of the Shipowner shall be audited annually in accordance with generally accepted auditing standards by independent certified public accountants or independent licensed public accountants, certified or licensed by a regulatory authority of a state or other political subdivision of the United States, who may be the regular auditors for the Shipowner, and the Shipowner shall furnish to the Secretary, in duplicate, (i) within 120 days after the end of each fiscal year of the Shipowner commencing with the first fiscal year ending after the date of this Security

Agreement, a balance sheet of the Shipowner as of the close of such fiscal year and a statement of income and surplus of the Shipowner for such fiscal year, all in reasonable detail and certified by such public accountants and in the form of M.A. Form 172 or such other form approved by the Secretary, and (ii) within 90 days after the expiration of each first semi-annual period of each fiscal year commencing with the first such semi-annual period ending after the date of this Security Agreement, a balance sheet of the Shipowner as at the end of such period and a statement of income and surplus of the Shipowner from the beginning of such period to the end of such period, all in reasonable detail, in the form of M.A. Form 172 or such other form approved by the Secretary, unaudited but certified as correct by an appropriate officer of the Shipowner on the basis of the accounting records of the Shipowner and to the best of his knowledge and belief.

(b) Within 120 days after the end of each fiscal year of the Shipowner, the Shipowner shall furnish to the Secretary an Officer's Certificate dated as of the close of such fiscal year stating whether or not, to the knowledge of the signers, the Shipowner is in default in the performance of or compliance with any covenant, agreement or condition contained herein and in the Mortgage and, if so, specifying each such default of which the signers may have knowledge and stating the nature thereof.

Section 2.11. Compliance with Ship Mortgage Act. The Shipowner shall comply with and satisfy all of the provisions of the Ship Mortgage Act, 1920, as amended, in order to establish, after the execution and delivery of the Mortgage, and thereafter to maintain, the Mortgage as a preferred mortgage thereunder upon the Vessel.

Section 2.12. Notice of Mortgage. A properly certified copy of the Mortgage, any supplement to the Mortgage, and any assignment of the Mortgage, shall be carried on board the Vessel with the Vessel's documents and shall be exhibited, on demand, to any Person having business with the Vessel or to any representative of the Secretary.

A notice, reading as provided in the Special Provisions hereof (or containing such other information as may be approved by the Secretary), printed in plain type of such size that the paragraph of reading matter shall cover a space not less than six inches wide by nine inches high, and framed, shall (together with a notice of any assignment of the Mortgage) be placed and kept prominently exhibited in the chart room and in the master's cabin of the Vessel. The provisions of this Section shall not apply until a reasonable time after the recordation of the Mortgage.

Section 2.13. Payment of Principal of and Interest on the Obligations. The Shipowner shall duly and punctually pay the principal of and interest on the Outstanding Obligations (and the corresponding Secretary's Note), when the same shall become due and payable, whether by reason of maturity, redemption or otherwise, in accordance with the terms of the Obligations, the Secretary's Note and the Indenture.

Section 2.14. Performance of Shipowner's Agreements by the Secretary. If the Shipowner shall fail to perform any of its agreements hereunder or under the Mortgage, the Secretary may, in his discretion, at any time during the continuance of a Default, do all acts and make all necessary expenditures to remedy such failure. Notwithstanding the foregoing, the Secretary shall not be obligated to (and shall not be liable for his failure to) do such acts and make such expenditures.

All funds advanced and expenses and damages incurred by the Secretary in connection with any such compliance, together with interest at the highest rate borne by the Outstanding Obligations (excluding interest on overdue principal), shall constitute a debt due from the Shipowner to the Secretary and shall be secured hereunder and under the Mortgage prior to the Secretary's Note and shall be repaid by the Shipowner upon demand.

Section 2.15. Uniform Commercial Code Filings; Further Assurances. The Shipowner shall (i) furnish evidence satisfactory to the Secretary that financing statements under the Uniform Commercial Code shall have been filed against the Shipowner and the Shipbuilder in all offices in which it may be necessary or advisable in the opinion of the Secretary to perfect its security interest, and (ii) from time to time execute and deliver such further instruments and take such action as may reasonably be required more effectively to subject the Security to the lien of this Security Agreement and the Mortgage as contemplated thereby.

ARTICLE III

THE SECRETARY'S GUARANTEES; GUARANTEE FEES; AND THE SECRETARY'S NOTE

Section 3.01. Delivery of Obligations. Prior to the issuance of the Obligations, the Secretary and the Indenture Trustee shall enter into the Authorization Agreement, annexed as Exhibit 3 to the Indenture, pursuant to which the Secretary shall authorize the Indenture Trustee to authenticate and deliver the Guarantees

imprinted on the Obligations in accordance with such terms and conditions as are prescribed in the Authorization Agreement.

Section 3.02. Title XI Guarantee Fee. (a) The Guarantee Fee, (i) for annual periods beginning with the date hereof and prior to the Delivery Date of the Vessel, shall be at a rate of not less than 1/4 of 1% per annum and not more than 1/2 of 1% per annum of the excess of the average principal amount of the Obligations Outstanding during the annual period covered by said Guarantee Fee over the average amount (except interest) on deposit in the Escrow Fund during said annual period (such excess for any such annual period covered being herein called the "Average Principal Amount of Obligations Outstanding"), and (ii) for annual periods beginning with the Delivery Date of the Vessel, shall be at a rate of not less than 1/2 of 1% per annum and not more than 1% per annum of the Average Principal Amount of Obligations Outstanding during the annual periods covered by said Guarantee Fee.

(b) The Guarantee Fee shall be based on a ratio of the Shipowner's net worth (the "Net Worth") to the Shipowner's long term debt (the "Long Term Debt"), as hereinafter stated, with such adjustment in Net Worth and Long Term Debt as the Secretary, in his sole discretion, may determine to be necessary to reflect the original principal amount of the Obligations and any additional Net Worth which the Secretary, in his discretion, may require. The Guarantee Fee shall be subject to annual re-determination by the Secretary prior to the annual period covered by said Guarantee Fee on the basis of the ratio of Net Worth to Long Term Debt, as hereinafter stated, and the Secretary, in the event of any change in the rate of the Guarantee Fee, shall promptly give written notice to the Shipowner specifying the Guarantee Fee for such annual period. Net Worth and Long Term Debt shall be (i) based on information contained in Items XV and XI, respectively, in Schedule 2001 of M.A. Form 172 (or similar information contained in such other form or statement required by the Secretary to be filed by the Shipowner), required by the Secretary to be filed by the Shipowner with the Secretary next prior to the date on which the Guarantee Fee is to be paid by the Shipowner (the "Latest Schedule"), or (ii) computed in accordance with General Order 22 (Revised), as amended or hereafter amended (46 CFR, Part 282) (or other order or directive in lieu of said General Order 22, as determined by the Secretary), in the event that the Latest Schedule (whether or not required) has not been filed by the Shipowner with the Secretary; provided, however, that, with the consent of the Secretary, there shall be included in Net Worth but excluded from Long Term Debt any subordinated indebtedness representing loans to the Shipowner, evidence of which shall have been delivered to the Secretary.

(c) The applicable annual Guarantee Fee for annual periods beginning with the date hereof and prior to the Delivery Date will be determined as follows:

(1) If the Net Worth is less than 15% of the Long Term Debt, the Guarantee Fee shall be $1/2$ of 1% per annum of the Average Principal Amount of Obligations Outstanding during the annual period covered by said Guarantee Fee;

(2) If the Net Worth is less than the Long Term Debt but equal to or greater than 15% of the Long Term Debt, the Guarantee Fee shall be $3/8$ of 1% per annum of the Average Principal Amount of Obligations Outstanding during the annual period covered by said Guarantee Fee; or

(3) If the Net Worth shall equal or exceed the Long Term Debt, the Guarantee Fee shall be $1/4$ of 1% per annum of the Average Principal Amount of Obligations Outstanding during the annual period covered by said Guarantee Fee.

(d) The applicable annual Guarantee Fee for annual periods commencing on and after the Delivery Date will be determined as follows:

(1) If the Net Worth is less than 15% of the Long Term Debt, the Guarantee Fee shall be 1% per annum of the Average Principal Amount of Obligations Outstanding during the annual period covered by said Guarantee Fee;

(2) If the Net Worth is less than 60% of the Long Term Debt but equal to or greater than 15% of the Long Term Debt, the Guarantee Fee shall be $3/4$ of 1% per annum of the Average Principal Amount of Obligations Outstanding during the annual period covered by said Guarantee Fee;

(3) If the Net Worth is less than the Long Term Debt but equal to or greater than 60% of the Long Term Debt, the Guarantee Fee shall be $5/8$ of 1% per annum of the Average Principal Amount of Obligations Outstanding during the annual period covered by said Guarantee Fee; or

(4) If the Net Worth shall equal or exceed the Long Term Debt, the Guarantee Fee shall be $1/2$ of 1% per annum of the Average Principal Amount of Obligations Outstanding during the annual period covered by said Guarantee Fee.

(e) The Guarantee Fee shall be calculated for each annual period covered thereby and shall take into account (i) the principal amount of the Obligations to be originally issued during such annual period, (ii) payments to be made at Maturity and redemptions required to be made pursuant to the mandatory sinking fund provisions (if any) of the Special Provisions of the Indenture (without regard to any credit provided therein) and (iii) the average amount (except interest) calculated by the Shipowner to be on deposit in the Escrow Fund during such annual period.

(f) The annual Guarantee Fee shall be subject to increase or decrease to the extent that (i) the principal amount of the Obligations calculated to be paid at Maturity or to be redeemed in accordance with the mandatory sinking fund provisions (if any) of the Special Provisions of the Indenture is not so paid or redeemed, (ii) the principal amount of the Obligations originally issued differs from the principal amount calculated to be issued originally, and (iii) the average amount (except interest) on deposit in the Escrow Fund differs from the average amount (except interest) which was calculated to be on deposit in the Escrow Fund during the annual period covered by the Guarantee Fee. The annual Guarantee Fee shall be subject to decrease for redemptions made pursuant to the optional redemptions provisions, if any, of the Obligations and the optional sinking fund provisions, if any, of the Special Provisions of the Indenture and Sections 3.04 and 3.05 of Exhibit 1 to the Indenture, for Obligations delivered to the Indenture Trustee pursuant to Section 2.13 of Exhibit 1 to the Indenture, and in the event of termination of the applicable Guarantees pursuant to Section 3.05. Any such increases and decreases provided for by this paragraph (f) shall be adjusted as provided in paragraph (i) of this Section 3.02.

(g) The payment of the initial Guarantee Fee which covers a 12-month period commencing with the date hereof is being made to the Secretary by the Shipowner concurrently with the execution and delivery of this Security Agreement, the receipt whereof by the Secretary is hereby acknowledged. The Guarantee Fee hereunder in respect of each succeeding 12-month period shall be paid to the Secretary by the Shipowner at least 65 days prior to each anniversary of the date hereof, covering the 12-month period then commencing. The Guarantee Fee shall not be due for any period on or after any anniversary date if, prior to said date, said Guarantees shall have terminated or the Secretary shall have defaulted in making payment of said Guarantees.

(h) Unless otherwise specified by the Secretary in a written notice to the Shipowner, the Guarantee Fee hereunder

may be paid by check (which need not be certified) payable to the order of "Maritime Adm. -- Commerce", delivered in person or sent by mail, addressed to the Secretary as provided in Article X, accompanied by a letter stating that the payment is of the Guarantee Fee required hereunder and specifying the period covered by such payment.

(i) In the event that the Secretary at any time determines that the amount of any Guarantee Fee should be adjusted, has been erroneously calculated or is subject to increase or decrease pursuant to paragraph (f) of this Section 3.02, he shall promptly give written notice thereof to the Shipowner, specifying the correct amount, the basis of computation thereof and the amount of the deficiency or excess. The Shipowner shall pay to the Secretary, within 30 days after it has received said notice, the amount of any deficiency.

In the event that during any such annual period the Delivery Date of the Vessel shall have occurred, the rate of the Guarantee Fee shall be prorated so that the Guarantee Fee specified in paragraph (c) of this Section is applicable to the Vessel from the next prior anniversary date of this Security Agreement to the Delivery Date and that the Guarantee Fee specified in paragraph (d) of this Section is applicable to the Vessel from the Delivery Date to the end of such annual Guarantee Fee period.

The amount of any excess payment shall be refunded to the Shipowner by the Secretary; provided that, if there is an existing Default, any such amount shall, subject to Article VI, be retained by the Secretary until (A) there is no existing Default or (B) the Guarantees shall have terminated pursuant to Section 3.05(1), (2) or (4).

(j) Subject to the provisions of paragraphs (f) and (i) of this Section, the Guarantee Fee shall be determined to be fully earned as of the commencement of the period to which it is applicable and, subject to said provisions, no refund will be made by the Secretary of any Guarantee Fee in the event the Guarantees shall terminate after the due date of such Guarantee Fee, or the time of receipt and collection by the Secretary, in the case of a deficit Guarantee Fee.

Section 3.03. Payment of the Secretary's Note. The principal of and the interest on the Secretary's Note shall be payable as follows:

(1) by payment of interest on the Obligations in accordance with the provisions thereof and the Indenture;

(2) by redemption of the Obligations in accordance with the provisions thereof and the Indenture;

(3) when such Obligations have been Retired or Paid, other than by payment of the Guarantees;

and the aforesaid payments shall constitute payment of the interest on and the principal of the Secretary's Note as of the date on which and to the extent such payment, redemption or retirement is made and the Secretary's Note shall be discharged to the extent of such payment of principal.

Section 3.04. Cancellation of the Secretary's Note. In the event and when the Guarantees on all the Obligations as to which Guarantees are secured by the Secretary's Note have been terminated pursuant to the provisions of Section 3.05(1), (2) or (4), or if such Guarantees have been terminated pursuant to Section 3.05(3), and the Secretary has been fully reimbursed in an amount equivalent to such Guarantee payments with the interest thereon provided in the Secretary's Note together with any other moneys secured hereby, the Secretary's Note shall be cancelled and returned by the Secretary to the Shipowner.

Section 3.05. Termination of the Guarantees. Except as provided in Section 6.08 of the Indenture, the Guarantee with respect to a particular Obligation shall terminate in case, and only in case, one or more of the following events shall occur:

(1) Such Obligation shall have been Retired or Paid;

(2) The Holders of all the Obligations then Outstanding shall have elected, by Act of Obligees to terminate the Guarantees, and the Secretary has been so notified by the Indenture Trustee or all Obligees in writing; provided that such termination shall not prejudice any rights accruing hereunder prior to such termination;

(3) Such Guarantee shall have been paid in full in cash by the Secretary; or

(4) The Indenture Trustee and each Obligee shall have failed to demand payment of such as provided in the Indenture or in such or in the Act.

Section 3.06. Execution of Additional Secretary's Note Upon Subsequent Issue of Obligations. In the event and when each new issue of Obligations is executed, authenticated and delivered on a date or dates subsequent to the date hereof, as contemplated by, and pursuant to the provisions of, the Special Provisions of the Indenture and Section 2.04 of Exhibit 1 to the Indenture, (i) the Shipowner shall, at the time of the issuance of such Obligations, execute and deliver to the Secretary an additional Secretary's Note in an amount equal to the principal amount of, and at the interest rate borne by, such issue of Obligations, on the terms prescribed by Section 3.03 and otherwise of like tenor to the form of Secretary's Note annexed hereto, and (ii) the Shipowner and the Secretary shall execute an instrument amending or supplementing the Mortgage if then in effect (or the form of the Mortgage, if not then in effect) to the extent necessary to provide security in respect of such additional Secretary's Note. The Secretary's Note executed and delivered in accordance with the provisions of this Section shall, together with the Secretary's Note referred to in the Special Provisions hereof, be secured by this Security Agreement and the Mortgage.

ARTICLE IV

CONSTRUCTION FUND: MONEYS DUE IN RESPECT OF CONSTRUCTION OF THE VESSEL

Section 4.01. Construction Fund. (a) The Shipowner has, simultaneously with the execution of this Security Agreement, deposited with the Depository the amount, if any, as indicated in the Special Provisions hereof to be held in the Construction Fund in a special joint depository account subject to the joint control of the Shipowner and the Secretary.

(b) The Construction Fund, if any, will be maintained and withdrawn in accordance with the provisions of this Section and Sections 4.02, 4.03 and 4.04.

(c) In the event the Special Provisions hereof provide for a Construction Fund, the Secretary and the Shipowner shall have entered into the Depository Agreement with the Depository governing the establishment and maintenance of the Construction Fund in form satisfactory to the Shipowner and the Secretary.

(d) At the time of each original issue of additional Obligations the Shipowner shall deposit with the Depository

an amount equal to the excess, if any, of the principal amount of the Obligations issued at such time over (i) the principal amount then required to be deposited in the Escrow Fund and (ii) the moneys, if any, paid, to the date of such issue, toward the Actual Cost of the Vessel and which would then be eligible for withdrawal from the Construction Fund pursuant to the provisions of Section 4.02.

Section 4.02. Withdrawals From the Construction Fund.

(a) The whole or any part of the Construction Fund shall be applied from time to time to the direct payment to the Indenture Trustee, any Paying Agent for the Obligations, the Shipbuilder or any other Person entitled thereto of any amount which from time to time the Shipowner is obligated to pay to the Indenture Trustee or any Paying Agent in respect of the principal of or interest on the Obligations, or the Shipbuilder or such other Person on account of the items, amounts and increases set forth in the determination of Actual Cost referred to in the Special Provisions hereof; provided that--

(1) If the Shipowner shall have paid or caused to be paid (whether directly or pursuant to Section 5.02(b)) to the Indenture Trustee, any Paying Agent for the Obligations, the Shipbuilder or such other Person any amount referred to in this Section, the Shipowner shall be reimbursed from the Construction Fund therefor to the extent provided in this Section; and

(2) No payment or reimbursement under this Section shall be made (A) to any Person until the total amount paid by or for the account of the Shipowner in respect of said items, amounts and increases from sources other than the proceeds of the Obligations equals at least 12-1/2% (or, in the circumstances described in the proviso of this subparagraph (2), 25%) of the Actual Cost, (B) to the Shipbuilder until any estimated net trade-in allowance applicable to the Vessel which is, at the time, due and payable by the United States to the Shipbuilder pursuant to Section 510 of the Act has been paid to the Shipbuilder on account of Item (1) of the Table annexed hereto, (C) to the Shipbuilder until the Shipowner shall have paid to the Shipbuilder out of its general funds all amounts which at the time are due and payable by the Shipowner on account of charter hire of a vessel traded in pursuant to the foregoing Section 510, (D) to the Shipowner which would have the effect of reducing the total amounts paid, referred to in clause (A) of this subpara-

graph (2), below the respective minima set forth in said clause, (E) to the Shipowner for reimbursement of any balance of a requested disbursement paid by the Shipowner with respect to the Vessel pursuant to the last sentence of Section 5.02(d) or for reimbursement of any payment by the Shipbuilder referred to in clauses (B) and (C) of this subparagraph (2), or (F) to any Person on account of items or amounts or increases representing changes and extras or owner furnished equipment, if any, set forth in the table annexed hereto unless such items, amounts or increases shall have been previously approved as to item and amount by the Secretary or Secretary of Commerce; provided that, in the event that the amount eligible for guarantees pursuant to Section 1104(b)(2) of the Act, is limited to 75% of the Actual Cost or Depreciated Actual Cost of the Vessel, after 50% of the Actual Cost has been paid by or for the account of the Shipowner on account of the above-mentioned items, amounts and increases, the minimum of 12-1/2% set forth in clause (A) of this subparagraph (2) shall be changed to 25%.

(b) In the event that one of the events described in Section 2.09 has occurred, upon a Request of the Shipowner, approved in writing by the Secretary, all of the moneys remaining on deposit in the Construction Fund may be withdrawn for one of the following purposes: (1) application as provided in Section 3.05 of Exhibit 1 to the Indenture, (2) payment to the Shipowner or its order in the event that all Outstanding Obligations are Retired or Paid, other than by payment of the Guarantees, or (3) application as provided in Section 6.05, if the Secretary shall have paid the Guarantees.

Section 4.03. Procedures for Construction Fund Withdrawals.

(a) Prior to any payment or reimbursement pursuant to Section 4.02, there shall have been delivered to the Secretary:

(1) A request for payment (the "Request for Payment") (specifying the Person or Persons to be paid and the amount of such payment) executed by the Shipowner, approved and countersigned by the Secretary which Request for Payment shall request the Depository to notify the Secretary when the Construction Fund is exhausted; and

(2) An Officer's Certificate stating --

(A) That the payments and reimbursements are on account of the items, amounts or increases set forth in the determination of Actual Cost;

(B) That the amounts stated therein are then payable in respect thereof (specifying the amount in respect of each such item, amount and increase and the name and address of the Person to whom it should be paid) and/or that payments in a stated amount in respect thereof have been made by or for the account of the Shipowner from sources other than the Construction Fund or amounts (exclusive of interest) deposited in the Escrow Fund (specifying the amount in respect of each such item, amount and increase) and that reimbursement therefor from the Construction Fund has not theretofore been made;

(C) That there is no Default under this Security Agreement;

(D) That there has been compliance with all conditions provided for in this Section as to the payments and reimbursements thereby requested; and

(E) That the Shipowner's equity payment in the Vessel, after the requested payment or reimbursement is made, shall remain not less than 12 1/2% (or in the circumstances described in the proviso of subparagraph 4.02(a)(2), 25%); and

(F) The balance which will remain in the Construction Fund following the payment requested in the Request for Payment.

(b) Upon approval and countersignature by the Secretary of the Request for Payment, the Request for Payment shall be delivered to the Depository which shall make payment in accordance with the terms of such Request for Payment.

Section 4.04. Redeposit of Funds Into the Construction Fund. At any time the Secretary shall have determined that there has been, for any reason, an improper disbursement from the Construction Fund, he shall give written notice to the Shipowner of the amount improperly disbursed, the amount to be redeposited into the Construction Fund on account thereof and the reasons for such determination. The Shipowner shall thereafter promptly redeposit such amount into the Construction Fund.

Section 4.05. Cash Held by the Depository in the Construction Fund. (a) All cash held by the Depository in the Construction Fund shall be held in a special joint

depository account for the purposes for which held (subject to Section 4.03).

(b) Cash held by the Depository in the Construction Fund (i) need not be segregated, (ii) shall not be invested or reinvested except as provided in the following paragraph (c), and (iii) shall not bear interest except to the extent the Depository allows interest on similar deposits or except as the Shipowner and the Depository may agree.

(c) If the Depository is so directed by the Shipowner by the delivery of a Request any cash held in the Construction Fund pursuant to paragraph (a) of this Section shall, unless there is an existing Default, (1) be invested or reinvested by the Depository in negotiable certificates of deposit of the Depository or (2) be invested or reinvested by the Depository in securities which constitute direct obligations of the United States or any agency of the United States; provided that, such investments or reinvestments shall mature not later than one year from the date of the investment or the reinvestment. The Depository shall sell all or any designated part of such securities if (i) so directed by the Shipowner by the delivery of a Request approved by the Secretary in writing (or, at the Secretary's written direction, without any Request of the Shipowner, during the continuance of a Default) or (ii) at any time the proceeds thereof are required for the purposes specified in Section 4.03. If such sale (or any payment at maturity) produces a net sum less than the cost (including accrued interest paid as such) of the securities so sold or paid, the Depository shall give written notice to the Secretary and the Shipowner of such deficiency and the Shipowner shall promptly pay the deficiency to the Depository. If such sale or payment produces a net sum greater than the cost (including accrued interest paid as such) of the securities so sold or paid, the Depository shall promptly pay the excess to the Shipowner unless the Depository shall have received written notice from the Secretary that there is then an existing Default. All such securities and the net proceeds of the sale or payment thereof (plus any deficiency paid by the Shipowner, but excluding any excess over cost paid to the Shipowner) shall be held by the Depository for the same purposes as the cash used to purchase the securities.

(d) Any interest on cash or securities (less an amount equal to accrued interest paid upon purchase) held by the Depository shall, unless there is then an existing Default, be promptly paid to the Shipowner.

Section 4.06. Moneys Due in Respect of Construction of the Vessel. In the event that the Shipowner shall from time to time receive moneys described in the Granting Clause of the Special Provisions hereof from the Secretary, the Shipbuilder, its guarantor, surety, or otherwise, representing moneys which from time to time become due to the Shipowner in connection with the Construction of any Vessel, it shall give written notice thereof to the Secretary and shall promptly pay the same over to the Secretary or his designee. The Indenture Trustee shall hold such funds until it shall have received notice from the Secretary as to whether or not said moneys are to be applied to reduce the Actual Cost of the Vessel. In the event the Secretary shall determine that all or any portion of such moneys are to be so applied, the Secretary shall give written notice to the Shipowner and the Secretary or his designee shall pay over such moneys and the Shipowner shall contribute such additional sums, if any, as the Secretary shall determine to the Indenture Trustee. The Shipowner and the Secretary shall give the Indenture Trustee written notice stating that such funds (i) shall be applied pursuant to Section 3.04 of Exhibit 1 to the Indenture to redeem the principal amount of Obligations specified therein, and (ii) are to be so applied in order that the principal amount of Obligations that will be outstanding after such redemption will not exceed the principal amount thereof eligible for Guarantee by the United States under Section 1104(b)(2) of the Act. In the event moneys are received in connection with Construction of the Vessel, the Secretary will redetermine the Actual Cost, and, if referred to in ARTICLE FIRST of the Special Provisions hereof, the Depreciated Actual Cost, of the Vessel but the Secretary agrees he will not require the redemption of Obligations unless (A) the original principal amount of the Obligations relating to the Vessel less (B) the aggregate principal amount (as established by an Officer's Certificate of the Shipowner delivered to the Secretary within 10 days of the giving of the written notice of the receipt of such moneys referred to above) of Obligations which either (i) have been redeemed pursuant to any optional redemption provisions of the Indenture and not theretofore credited (whether as a result of any automatic crediting provisions of the Indenture or otherwise) against any redemptions required to be made by any mandatory redemption provisions of the Indenture, (ii) have been acquired by the Shipowner other than pursuant to the redemption provisions of the Indenture and surrendered to the Indenture Trustee for cancellation and not theretofore credited (whether as a result of any automatic crediting provisions of the Indenture or otherwise) against any redemptions required by any mandatory redemption provisions of the Indenture, or (iii) have been redeemed in connection with Section 1104(b)(2) of the Act in

accordance with the Indenture, is in excess of the percentage of the Actual Cost or Depreciated Actual Cost, as the case may be, of the Vessel set forth in ARTICLE FIRST of the Special Provisions hereof as so redetermined. The Shipowner shall give written notice to the Indenture Trustee of all Obligations credited pursuant to the immediately preceding sentence, specifying the number and principal amount of such Obligations so credited, within three days of the determination of the Secretary referred to above, provided that if Obligations are required to be redeemed in connection with Section 1104(b)(2) of the Act in accordance with the Indenture, the notice of Obligations credited, if any, shall be included in the written notice required to be given to the Indenture Trustee in connection with such redemption.

ARTICLE V

ACTUAL COST; THE ESCROW FUND

Section 5.01. Actual Cost Determinations. The Actual Cost of the Vessel, determined as of the date of this Security Agreement, is as set forth in the Special Provisions hereof. The Secretary agrees that he (1) will make a final determination of the Actual Cost of the Vessel, limited to amounts paid by or for the account of the Shipowner on account of the items (not in excess of the respective amounts of the items) set forth or referred to in the Special Provisions hereof and, to the extent approved by the Secretary, any other items or any increase in the amounts of such set forth or referred to items, such determination to be made as of the time of payment by or for the account of the Shipowner of the full amount of said Actual Cost, excluding any amounts which are not to become due and payable, and (2) will promptly give written notice to the Shipowner of the results of said final determination; provided that, the Shipowner shall have requested such determination not less than 60 days in advance (unless otherwise agreed by the Secretary) and shall have furnished to the Secretary not less than 30 days in advance of such determination (unless otherwise agreed by the Secretary) a certification by the Shipowner and (unless otherwise agreed by the Secretary) a statement by an independent certified (or, with the consent of the Secretary, an independent) public accountant or firm of accountants of the total amounts paid or obligated to be paid by or for the account of the Shipowner for the Construction of the Vessel, together with a breakdown of such totals according to the items for which paid or obligated to be paid.

Section 5.02. Escrow Fund; Disbursement Prior to Termination Date of the Escrow Fund. (a) The Shipowner has simultaneously herewith deposited with the Secretary the amount, if any, indicated in the Special Provisions hereof to be held in the Escrow Fund.

At the time of each sale of additional Obligations after the date hereof, the Shipowner shall deposit with the Secretary in escrow, and the Secretary shall accept, all or a portion of said proceeds from the sale of such Obligations, in an amount equal to the sum of the following:

(1) the excess, if any, of (a) the aggregate principal amount of the Obligations authenticated to the date of such deposit, including the principal amount of the Obligations being sold at such time, less 75% or 87 1/2%, whichever is applicable under Section 1104 of the Act, of the amount which the Secretary shall determine has been, as of such time, paid by or for the account of the Shipowner for the Construction of the Vessel over (b) the balance on deposit other than for interest or earned income at such time in the Escrow Fund; and

(2) interest, as may be required by the Secretary, on the amount of such deposit (computed at the effective rate borne by the Obligations).

(b) Unless the Guarantees, prior to the Termination Date of the Escrow Fund (as hereinafter defined), shall become payable as to the Obligations, the Secretary shall, subject to the provisions of this paragraph (b), within a reasonable time after written Request from the Shipowner disburse from the Escrow Fund directly to the Indenture Trustee, any Paying Agent for such Obligations, the Shipbuilder or any other Person entitled thereto, any amount which from time to time the Shipowner is obligated to pay to the Indenture Trustee, any Paying Agent for such Obligations, the Shipbuilder or such other Person on account of the items and amounts or any other items or increases set forth or referred to in the Special Provisions hereof, and reflected in the Table annexed hereto; provided that--

(1) If the Shipowner shall pay or cause to be paid to the Indenture Trustee, any Paying Agent for such Obligations, the Shipbuilder or such other Person any amount referred to in this paragraph (b), then upon a Request, in form satisfactory to the Secretary, the Secretary shall reimburse the Shipowner therefor to the extent of such payment;

(2) No payment or reimbursement under this Section shall be made (A) to any Person until the Construction Fund has been exhausted and a certificate as to such fact has been delivered to the Secretary by the Construction Fund Depository, (B) to any Person until the total amount paid by or for the account of the Shipowner on account of said items, amounts and increases from sources other than the proceeds of such Obligations equals at least 12 1/2% (or, in the circumstances described in the proviso of this subparagraph (2), 25%) of the Actual Cost of the Vessel, (C) to the Shipbuilder until any estimated net trade-in allowance applicable to the Vessel which is at the time due and payable by the United States to the Shipbuilder pursuant to Section 510 of the Act has been paid to the Shipbuilder on account of Item (1) of the Table annexed hereto, (D) to the Shipbuilder until the Shipowner shall have paid to the Shipbuilder out of its general funds all amounts which at the time are due and payable by the Shipowner on account of charter hire of a vessel traded in pursuant to the foregoing Section 510, (E) to the Shipowner which would have the effect of reducing the total amounts paid, referred to in clause (B) of this subparagraph (2), below the respective minima set forth in said clause, or (F) to the Shipowner for reimbursement of any balance of a requested disbursement paid by the Shipowner with respect to the Vessel pursuant to the last sentence of paragraph (d) of this Section or for reimbursement of any payment to the Shipbuilder referred to in clauses (C) and (D) of this subparagraph (2), or (G) to any Person on account of items or amounts or increases representing changes and extras or owner furnished equipment, if any, set forth in the table annexed hereto unless such items, amounts, or increases shall have been previously approved as to item and amount by the Secretary or Secretary of Commerce; provided that, in the event the amount eligible for guarantees, pursuant to Section 1104(b)(2) of the Act, is limited to 75% of the Actual Cost or Depreciated Actual Cost of the Vessel, after 50% of the Actual Cost of the Vessel has been paid by or for the account of the Shipowner on account of the above-mentioned items, amounts and increases, the minimum of 12 1/2% set forth in clause (B) of this subparagraph (2) shall be changed to 25%.

(c) The excess, as determined by the Secretary, of any amount on deposit in the Escrow Fund which represents interest on the principal amount deposited, over the amount of interest due on the next Interest Payment Date on the

principal amount as determined by the Secretary remaining on deposit on such Interest Payment Date, may be disbursed by the Secretary upon Request of the Shipowner made not more than 10 Business Days prior to such Interest Payment Date or made within at least 60 days after such Interest Payment Date.

(d) The Secretary shall not be required to make any disbursement pursuant to this Section except out of cash available in the Escrow Fund. If sufficient cash is not available to make the requested disbursement, additional cash shall be provided by the maturity or sale of securities in accordance with instructions to be delivered to the Treasury Department pursuant to Section 5.04. If any sale or payment on maturity shall result in a loss in the principal amount of the Escrow Fund invested in securities so sold or matured, the requested disbursement from the Escrow Fund shall be reduced by an amount equal to such loss and the Shipowner shall, no later than the time for such disbursement, pay to the Indenture Trustee, any Paying Agent, the Shipbuilder or any other Person entitled thereto the balance of the requested disbursement from funds of the Shipowner other than the proceeds of such Obligations.

(e) If, prior to the Termination Date of the Escrow Fund, the Guarantees shall become payable by the Secretary as to the Obligations, all amounts in the Escrow Fund at the time such Guarantees become payable (including realized income which has not yet been paid to the Shipowner) shall be paid into the Federal Ship Financing Fund created by Section 1102 of the Act and be credited against any amounts due or to become due to the Secretary from the Shipowner with respect to all Obligations guaranteed by the Secretary to which this Security Agreement relates. To the extent payment of the Escrow Fund into said Federal Ship Financing Fund is not required, said amounts or any balance thereof shall be paid to the Shipowner.

(f) At any time the Secretary shall have determined that there has been, for any reason, a disbursement from the Escrow Fund contrary to the provisions of this Section, he shall give written notice to the Shipowner of the amount improperly disbursed, the amount to be redeposited into the Escrow Fund on account thereof and the reasons for such determination. The Shipowner shall thereafter promptly redeposit such amount, with interest, if any, required by the Secretary, into the Escrow Fund.

(g) Notwithstanding any other provision of this Section, the Shipowner shall not seek or receive reimbursement for any amount paid to the Shipbuilder under this Section.

(h) In the event that one of the events described in Section 2.09 has occurred, upon a Request of the Shipowner, approved by the Secretary in writing, all of the moneys remaining on deposit in the Escrow Fund may be withdrawn for one of the following purposes: (1) application as provided in Section 3.05 of Exhibit 1 to the Indenture, (2) payment to the Shipowner, or its order, in the event all Outstanding Obligations are Retired and Paid, other than by payment of the Guarantees, or (3) application as provided in Section 6.05, if the Secretary shall have paid the Guarantees.

Section 5.03. Disbursement Upon Termination Date of the Escrow Fund. If payments under the Guarantees of the Obligations have not become payable prior to the Termination Date of the Escrow Fund, then on or immediately after said date any balance of the Escrow Fund shall be disbursed by the Secretary as set forth below:

(1) To the extent that (A) the principal amount of such Obligations originally issued, less (B) the aggregate principal amount (as established by an Officer's Certificate of the Shipowner delivered to the Secretary not less than 30 days in advance of the Termination Date of the Escrow Fund) of such Obligations which either (i) have been or are (as indicated by the giving of a notice of redemption which does not state that it is subject to the receipt of the redemption moneys by the Indenture Trustee or any Paying Agent of the Shipowner for such Obligations) to be Retired or Paid on or before said Termination Date pursuant to Sections 3.02(a), 3.02(b) and 3.05 of Exhibit 1 to the Indenture and not, in the case of redemptions pursuant to Sections 3.02(a) and 3.02(b) of Exhibit 1 to the Indenture, availed of as a credit against redemptions otherwise required to be made pursuant to the sinking fund provisions of Section 3.02(c) of Exhibit 1 to the Indenture, or (ii) have been delivered by the Shipowner to the Indenture Trustee for cancellation and to be availed of pursuant to and in full compliance with Section 3.04 of Exhibit 1 to the Indenture shall be in excess of a sum which is (C) the aggregate of 75% or 87 1/2%, whichever is applicable under Section 1104 of the Act, of the Actual Cost of the Vessel limited to amounts paid by or for the account of the Shipowner on account of items (not in excess of the respective amounts of the items) set forth or referred to in the Table annexed hereto and, to the extent approved by the Secretary, any other items or any increase in the amounts of the items set forth or referred to in said Table, as such cost is

finally determined by the Secretary as of the Termination Date of the Escrow Fund, the Escrow Fund shall be paid to the Indenture Trustee accompanied by a written notice from the Secretary to the Indenture Trustee, stating that such funds (y) shall be applied by the Indenture Trustee to redeem an equal principal amount of Obligations and (z) are to be so applied in order that the principal amount of Obligations that will be Outstanding after such redemption will not exceed the principal amount thereof eligible for guarantee by the United States under Section 1104(b)(2) of the Act. The Shipowner shall join in such notice and prior to the date fixed by the Indenture Trustee for such redemption shall pay to the Indenture Trustee any amount required for payment of interest on the principal amount of Obligations to be redeemed to the date fixed for redemption.

(2) Any remainder of such balance of the Escrow Fund after giving effect to subparagraph (1) above shall be paid to the Shipowner.

Section 5.04. Investment and Liquidation of the Escrow Fund. The Secretary may invest the Escrow Fund in obligations of the United States with such maturities that the Escrow Fund will be available as required for the purposes hereof. The Secretary shall deposit the Escrow Fund into an account with the Treasury Department and deliver to the Treasury Department instructions, after agreement thereto by the Secretary and the Shipowner except in the case of instructions in connection with payment into the Federal Ship Financing Fund pursuant to Section 5.02(e), for the investment, reinvestment and liquidation of the Escrow Fund. The Secretary shall have no liability to the Shipowner for acting in accordance with such instructions.

Section 5.05. Income on the Escrow Fund. Except as provided in Section 5.02(e), any income realized on the Escrow Fund shall, upon receipt by the Secretary, be paid to the Shipowner. For the purpose of this Section, (i) the term "income realized on the Escrow Fund" shall mean with respect to the Escrow Fund (A) the excess of the cash received from the sale of securities or the payment of securities at maturity (less any losses from sale not made up by payments by the Shipowner pursuant to the last sentence of Section 5.02(d)) over the cost thereof and (B) cash received from the payment of interest on securities, and (ii) the term "upon receipt by the Secretary" shall mean the time of receipt by the Secretary of advice of the payment of such income by the Treasury Department into the account in which the Escrow Fund has been deposited.

Section 5.06. Termination Date of the Escrow Fund: Extension of the Termination Date. The Escrow Fund will terminate 90 days after the Delivery Date (herein called the "Termination Date of the Escrow Fund"). In the event that on such date the payment by or for the account of the Shipowner of the full amount of the Actual Cost of the Vessel set forth or referred to in the Special Provisions hereof has not been made or the amounts in respect of the Actual Cost are not then due and payable, then the Shipowner and the Secretary by letter agreement shall extend the Termination Date of the Escrow Fund for such period as shall be determined by the Shipowner and the Secretary as sufficient to allow for the contingencies hereinabove set forth. If the Secretary shall make a final determination of the Actual Cost of the Vessel in accordance with Section 5.01, the Termination Date of the Escrow Fund shall be deemed to be the date of such final determination.

ARTICLE VI

DEFAULTS AND REMEDIES

Section 6.01. What Constitutes "Defaults"; Continuance of Defaults. Each of the following events shall constitute a "Default" within the meaning of this Section.

(a) Default in the payment of the whole or any part of the interest on any of the Outstanding Obligations when the same shall become due and payable; or default in the payment of the whole or any part of the principal of any of the Outstanding Obligations when the same shall become due and payable, whether by reason of maturity, redemption, acceleration, or otherwise, or any default referred to in Section 6.08 of Exhibit 1 to the Indenture, and continuation of such default for a period of 30 days shall constitute and is herein called a "Payment Default". For the purposes of this Security Agreement and the Mortgage only, any corresponding default with respect to the interest on, or the principal of, the Secretary's Note is also deemed to be a Payment Default.

(b) The following shall constitute and each is herein called a "Security Default":

(1) Default by the Shipowner, continued for 5 days, in the payment to the Secretary of the amount of any Guarantee Fee as required by Section 3.02;

(2) Default by the Shipowner in the due and punctual observance and performance of any provision in Sections 2.02(a), 2.04(c) and (f), 2.05, 2.06 and 2.15;

(3) Default by the Shipowner continued after written notice specifying such failure by certified or registered mail to the Shipowner from the Secretary in the due and punctual observance and performance of any provision in Sections 2.07 (except paragraphs (g) and (k) thereof), 2.09, 2.11 and 2.12;

(4) Default by the Shipowner continued for 30 days after written notice by certified or registered mail to the Shipowner from the Secretary in the due and punctual observance of any other agreement in this Security Agreement and in the Mortgage;

(5) The Shipowner shall be dissolved or shall, by a court of competent jurisdiction, be adjudged a bankrupt or shall make a general assignment for the benefit of its creditors or shall lose its charter by forfeiture or otherwise; or a petition for reorganization of the Shipowner under the Bankruptcy Act shall be filed by the Shipowner, or such petition shall be filed by creditors and the same shall be approved by a court of competent jurisdiction; or a reorganization of the Shipowner under said Act shall be approved by such a court, whether proposed by a creditor, a stockholder or any other Person whomsoever; or a receiver or receivers of any kind whatsoever, whether appointed in admiralty, bankruptcy, common law or equity proceedings, shall be appointed, by a decree of a court of competent jurisdiction, with respect to the Vessel or all or substantially all of the property of the Shipowner, and such decree shall have continued unstayed, on appeal or otherwise, and in effect for a period of 60 days;

(6) Any default in the due and punctual observance and performance of any provision in the Title XI Reserve Fund and Financial Agreement; and

(7) Any additional Default prescribed in the Special Provisions hereof.

At any time following the occurrence of a Security Default, the Secretary may give the Indenture Trustee a Secretary's Notice with respect to such Security Default, after which the Indenture Trustee and the Obligees shall have the right to make demand for payment of the Guarantees in accordance with the provisions of the Indenture and the Authorization Agreement.

Section 6.02. Acceleration of Maturity of the Secretary's Note. The Secretary may, by giving written notice to the Shipowner, declare the principal of the Secretary's Note and interest accrued thereon to be immediately due and payable, at any time after the Secretary shall have been obligated to pay the Guarantees pursuant to the terms of the Indenture and the Authorization Agreement. Thereupon the principal of and interest on the Secretary's Note shall become immediately due and payable, together with interest at the same rates for overdue principal.

Section 6.03. Waivers of Default. (a) If the Secretary determines that an event which, with the passage of time, would become a Payment Default has been remedied within 30 days after the occurrence of such event, he shall waive the consequences of such event.

(b) If the Secretary shall have determined prior to payment of the Guarantees that a Payment Default has been remedied after the expiration of the aforesaid 30-day period but prior to the date of demand by the Indenture Trustee or an Obligee for payment under the Guarantees, he shall waive such Default.

(c) If the Secretary shall have determined prior to the expiration of the period required for payment of the Guarantees that a Payment Default had not occurred (and prior to any payment of the Guarantees by the Secretary), he shall notify the Indenture Trustee and the Shipowner of such determination and he shall waive such Default.

(d) The Secretary, in his sole discretion, may waive any Security Default or any event which by itself, or with the passage of time or the giving of notice, or both, would give rise to a Security Default; provided that, such Default is waived prior to the Secretary giving to the Indenture Trustee the Secretary's Notice.

(e) The Secretary shall notify the Shipowner and the Indenture Trustee in writing of any determinations made under paragraphs (a), (b) and (c) of this Section 6.03, and the Secretary shall waive the consequences of any such Default and annul any declaration under Section 6.02 and the consequences thereof.

(f) No waiver under this Section shall extend to or affect any subsequent or other Default, nor impair any rights or remedies consequent thereon.

Section 6.04. Remedies After Default. (a) In the event of a Default and before and after the payment of the Guarantees, the Secretary shall have the right to take the Vessel without legal process wherever the same may be (and the Shipowner or other Person in possession shall forthwith surrender possession of the Vessel to the Secretary upon demand) and hold, lay up, lease, charter, operate, or otherwise use the Vessel for such time and upon such terms as he may reasonably deem to be for the best advantage to the Secretary, accounting only for the net profits, if any, arising from such use of the Vessel and charging against all receipts from the use of the Vessel all reasonable charges and expenses in connection with such use of the Vessel.

(b) Upon payment of the Guarantees, the Secretary shall have the right to--

(1) Exercise all the rights and remedies in foreclosure and otherwise given to mortgagees by the Ship Mortgage Act, 1920, as amended;

(2) Bring suit at law, in equity or in admiralty to recover judgment for any and all amounts due under the Secretary's Note, this Security Agreement and the Mortgage, collect the same out of any and all property of the Shipowner, whether or not the same is subject to the lien of the mortgage, and in connection therewith obtain a decree ordering the sale of the Vessel in accordance with the following subparagraph (4);

(3) Have a receiver of the Vessel appointed, as a matter of right in any suit under this Section (and any such receiver may have the rights of the Secretary under the following subparagraph (4));

(4) Sell the Vessel, free from any claim of the Shipowner, by public sale with sealed bids, held at such time and place and in such manner as the Secretary may reasonably deem advisable, after first publishing notice of the time and place of such sale for 10 consecutive Business Days in an Authorized Newspaper, and mailing a copy of such notice, by registered or certified mail, to the Shipowner at its last known address, the first such publication and mailing to be made at least 30 days prior to the date fixed for such sale; provided that, such sale may be adjourned from time to time without further publication or notice (other than announcement at the time and place appointed to such sale or adjourned sale). It shall not be necessary to

bring the Vessel to the place appointed for such sale or adjourned sale;

(5) Accept a conveyance of title to, and to take without legal process (and the Shipowner or other Person in possession shall forthwith surrender possession to the Secretary), the whole or any part of the Vessel and the Security wherever the same may be, and to take possession of and to hold the same;

(6) In his discretion, take any and all action authorized by Sections 1105(c), 1105(e) and 1108(b) of the Act and, to the extent not in express conflict with action authorized by said Sections 1105(c), 1105(e) and 1108(b), or with this Section 6.04, any and all action provided for or authorized or permitted by or in respect of the Secretary's Note, this Security Agreement, the Vessel, the Security, the Escrow Fund, the Construction Fund, the Title XI Reserve Fund and the Policies of Insurance (said documents, funds and assets being herein called the "Increased Security"), including all action provided for in or authorized or permitted by or in respect of the Increased Security;

(7) Receive, in the event of an actual or constructive total loss or any agreed or compromised total loss or a requisition of title to or use of the Vessel, all insurance or other payments therefor to which the Shipowner would otherwise be entitled, such insurance moneys to be applied by the Secretary in accordance with the interest of the Secretary as provided in Section 7.01 and, if any balance remains, in accordance with the interest of the Shipowner as provided in Section 7.02; and

(8) Pursue to final collection all claims arising under, and to collect such claims from, the Increased Security.

(c) The Shipowner hereby irrevocably appoints the Secretary the true and lawful attorney of the Shipowner, in its name and stead, to make all necessary transfers of the whole or any part of the Increased Security in connection with a sale pursuant to paragraphs (a) or (b) of this Section, and for that purpose to execute all necessary instruments of assignment and transfer. Nevertheless, the Shipowner shall, if so requested by the Secretary in writing, ratify and confirm such sale by executing and delivering to any purchaser of the whole or any part of the Increased

Security such proper bill of sale, conveyance, instrument of transfer or release as may be designated in such request.

(d) No remedy shall be exclusive of any other remedy, and each and every remedy shall be cumulative and in addition to any other remedy.

(e) No delay or omission to exercise any right or remedy shall impair any such right or remedy or shall be deemed to be a waiver of any Default.

(f) The exercise of any right or remedy shall not constitute an election of remedies by the Secretary.

(g) If the Secretary discontinues any proceeding, the rights and remedies of the Secretary and of the Shipowner shall be as though no such proceeding had been taken.

Section 6.05. Application of Proceeds. (1) The proceeds (from sale or otherwise) of the whole or any part of the Increased Security and use thereof by the Secretary under any of the foregoing powers, (2) the proceeds of any judgment collected by the Secretary for any Default hereunder, (3) the proceeds of any insurance and of any claim for damages to the whole or any part of the Increased Security received by the Secretary while exercising any such power, and (4) all other amounts received by the Secretary, including amounts which are required by Sections 2.07 and 2.09 or otherwise to be applied as provided in this Section, shall be applied by the Secretary as follows:

First - to the payment of the Guarantee Fee, if any, due and payable to the Secretary pursuant to the provisions of Section 3.02;

Second - to the payment of all sums of money due and unpaid and secured by the Mortgage or this Security Agreement;

Third - to the payment of all advances by the Secretary pursuant to this Security Agreement and all reasonable charges and expenses of the Secretary;

Fourth - to the payment of the whole amount of the interest then due and unpaid upon the Secretary's Note;

Fifth - to the payment of the whole amount of the principal then due and unpaid upon the Secretary's Note;

Sixth - to the Indenture Trustee for its reasonable fees and expenses; and

Seventh - any balance thereof remaining shall be paid to the Shipowner.

Section 6.06. General Powers of Secretary. (a) In the event the Vessel shall be arrested or detained by a marshal or other officer of any court of law, equity or admiralty jurisdiction in any country or nation of the world or by any government or other authority and shall not be released from arrest or detention within 15 days from the date of arrest or detention, the Shipowner hereby authorizes the Secretary, in the name of the Shipowner, to apply for and receive possession of and to take possession of the Vessel with all the rights and powers that the Shipowner might have, possess and exercise in any such event. This authorization is irrevocable.

(b) The Shipowner irrevocably authorizes the Secretary or its appointee (with full power of substitution) to appear in the name of the Shipowner in any court of any country or nation of the world where a suit is pending against the whole or any part of the Increased Security because of or on account of any alleged lien or claim against the whole or any part of the Increased Security from which the whole or said part of the Increased Security has not been released.

(c) All reasonable expenses incurred pursuant to paragraphs (a) or (b) of this Section shall constitute a debt due from the Shipowner to the Secretary and shall be repaid by the Shipowner upon demand. The Secretary shall not be obligated to (nor be liable for his failure to) take any action provided for in the foregoing paragraphs (a) and (b).

ARTICLE VII

RIGHTS OF SECRETARY AND SHIPOWNER

Section 7.01. The Interest of the Secretary. The interest of the Secretary in the Increased Security, and any cash, securities or other property (other than property purchased by the Secretary at foreclosure proceedings or other public sale and any payments or receipts from the requisition, sale, charter, operation or other use or disposition of any such property accrued after the time of acquisition of title at such proceedings or sale, all of which

property, payments and receipts shall belong to and vest exclusively in the Secretary), which may at any time be collected, received, realized or held by or for the Secretary (or others) in respect thereof (including payments referred to in Section 6.04(b)(4) and any excess Guarantee Fee held by the Secretary and not refundable to the Shipowner under the provisions of Section 3.02), shall be equal to, but not in excess of, an amount equal to the total of--

(1) the Guarantee Fee, if any, due and payable to the Secretary pursuant to the provisions of Section 3.02;

(2) the expenses (including administrative expenses) incurred and advances and disbursements made by the Secretary (or the United States) in the assertion, protection, pursuit and/or enforcement of the rights and remedies, or any of them, stated in Section 6.04 and 6.06, and all other expenses (including administrative expenses) incurred and advances and disbursements made by the Secretary (or the United States) in connection with the Increased Security or otherwise (other than those incurred or made in respect of the purchase of the Vessel by the Secretary at foreclosure proceedings or other public sale, after the time of acquisition of title at such foreclosure proceedings or other public sale);

(3) an amount equal to the amount of interest which is due and payable upon the Secretary's Note;

(4) an amount equal to the amount of principal which is due or will become due and payable upon the Secretary's Note;

after deducting therefrom all credits, if any, under Section 1108(b) of the Act and all cash payments theretofore made to the Secretary on account of said items; and such interest shall be discharged and satisfied in full before discharging and satisfying any interest of the Shipowner.

Section 7.02. The Interest of the Shipowner. The interest of the Shipowner, including its interest for the purpose of asserting, protecting, pursuing or enforcing any or all of the rights in or under the Increased Security, and any cash, securities or other property (other than property purchased by the Secretary at foreclosure proceedings or other public sale, and any payments or receipts from the requisition, sale, charter, operation or other use or disposition of any such property accrued after the time of acquisi-

tion of title at such proceedings or sale, all of which property, payment or receipts shall as stated above belong to and vest exclusively in the Secretary), which may at any time be collected, received, realized or held by or for the Secretary (or others) in respect thereof (including payments referred to in Section 6.04(b)(4), and any excess Guarantee Fee held by the Secretary and not refundable to the Shipowner under Section 3.02), shall except as otherwise provided in the Special Provisions hereof be a residual interest after full discharge and satisfaction of the interest of the Secretary, as provided in Section 7.01, and the Secretary shall promptly pay or otherwise account therefor to the Shipowner.

Section 7.03. Interest in Funds Held by the Indenture Trustee. The Secretary shall at no time have any right or interest in or in respect of (i) any payment at any time held by the Indenture Trustee under the Indenture for payment of the Obligations or (ii) any funds held by the Indenture Trustee in respect of Obligations which shall have been Retired or Paid within the meaning of the Indenture.

ARTICLE VIII

AMENDMENTS AND SUPPLEMENTS TO THE SECURITY AGREEMENT, MORTGAGE AND INDENTURE

Section 8.01. Amendments and Supplements to the Security Agreement and the Mortgage. This Security Agreement and the Mortgage may not be amended or supplemented orally but may be amended or supplemented from time to time by an instrument in writing executed by the Shipowner and the Secretary.

Section 8.02. Waiver of Security Agreement Provisions. The benefits to or rights of the Secretary under any provision of this Security Agreement may be waived in writing by the Secretary either upon Request by the Shipowner or in his discretion with 15 days' prior notice.

Section 8.03. Amendments and Supplements to the Indenture. Notwithstanding any provisions in the Indenture, the Shipowner agrees that no amendments or supplements will be made to the Indenture without the prior written consent of the Secretary and any purported action or attempt to take action forbidden to be taken by this Section shall be null and void and of no force or effect.

ARTICLE IX

CONSOLIDATION, MERGER AND SALE

Section 9.01. Consolidation, Merger and Sale, etc. (a) Nothing in this Security Agreement or the Mortgage shall prevent any lawful consolidation or merger of the Shipowner with or into any other Person or any sale of the Vessel to any other Person lawfully entitled to acquire or operate the Vessel; provided that, the Secretary shall have given his prior written consent to such succession, merger, consolidation or sale.

(b) The Person formed by or surviving such consolidation or merger, or to which such sale shall have been made (herein called the "Successor"), shall, by indenture supplemental to the Indenture, and by instrument amending or supplementing this Security Agreement, and the Mortgage, as may be necessary, expressly assume the payment of the principal of (and premium, if any) and interest on the Outstanding Obligations in accordance with the terms of the Obligations, shall execute and deliver to the Secretary a Secretary's Note in form satisfactory to the Secretary, shall expressly assume the payment of the principal of and interest on the Secretary's Note, and also shall expressly assume the performance of the agreements of the Shipowner in the Indenture, this Security Agreement and the Mortgage.

(c) With the prior written consent of the Secretary, any such sale may be on such terms as to release the Shipowner immediately prior to such sale from all its obligations under the Indenture, the Obligations, this Security Agreement, the Mortgage and the Secretary's Note. In such event, the Secretary, if so requested by the Shipowner, and as may be deemed by the Shipowner to be reasonably necessary or appropriate to give effect to and confirm such release.

(d) Upon any such consolidation, merger, sale, appointment or designation, (A) the Successor shall succeed to and be substituted for the Shipowner with the same effect as if it had been named herein and (B) the Secretary shall consent to the surrender of the document of the Vessel pursuant to Subsection O of the Ship Mortgage Act, 1920, as amended; provided that, concurrently with such surrender, the Vessel shall be redocumented under the laws of the United States and all endorsements necessary and proper to preserve the preferred status of the Mortgage shall be made upon the new document of the Vessel, when issued.

ARTICLE X

NOTICES

Section 10.01. Notices. Except as otherwise provided in this Security Agreement or by the Act, all notices, requests, demands, directions, consents, waivers, approvals or other communications may be made or delivered in person or by registered or certified mail, postage prepaid, addressed to the party at the address of such party specified in the Special Provisions hereof, or at such other address as such party shall advise each other party by written notice, and shall be effective upon receipt by the addressee thereof.

Section 10.02. Waivers of Notice. In any case where notice by publication, mail or otherwise is provided for by this Security Agreement, such notice may be waived in writing by the Person entitled to receive such notice, either before or after the event, and such waiver shall be deemed the equivalent of such notice.

Section 10.03. Change of Name. The Shipowner shall not change its name without first notifying the Secretary of the new name and the change in address, if any.

ARTICLE XI

DISCHARGE OF SECURITY AGREEMENT AND THE MORTGAGE

Section 11.01. Discharge of Security Agreement and the Mortgage. (a) If the Obligations and the related Secretary's Note shall have been satisfied and discharged and if the Shipowner shall pay or cause to be paid all other sums that may have become secured under this Security Agreement and the Mortgage, then this Security Agreement, the Mortgage and the liens, estate and rights and interests hereby and thereby granted shall cease, determine, and become null and void, and the Secretary, on Request of the Shipowner and at the Shipowner's cost and expense, shall forthwith cause satisfaction and discharge of this Security Agreement and the Mortgage to be entered upon its and other appropriate records and shall execute and deliver to the Shipowner such instruments as may be necessary, duly acknowledging the satisfaction and discharge of this Security Agreement and the Mortgage, and forthwith the estate, right, title and interest of the Secretary in and to the Security, the Increased Security and any other securities, cash, and any other property held by it under this Security Agreement

and the Mortgage shall thereupon cease, determine and become null and void, and the Secretary shall transfer, deliver and pay the same to the Shipowner.

(b) If all of the Guarantees on the Outstanding Obligations shall have been terminated pursuant to Section 3.05(2) or (4), the Secretary shall assign forthwith to the Shipowner, this Security Agreement, the Mortgage and the liens, estate, rights and interests hereby and thereby granted.

ARTICLE XII

MISCELLANEOUS

Section 12.01. Successors and Assigns. All the covenants, promises, stipulations and agreements of the Shipowner in this Security Agreement shall bind the Shipowner and its successors and assigns and shall inure to the benefit of the Secretary and his successors and assigns, and all the covenants, promises, stipulations and agreements of the Secretary in this Security Agreement shall bind the Secretary and his successors and assigns, and shall inure to the benefit of the Shipowner and its successors and assigns, whether so expressed or not. This Security Agreement is for the sole benefit of the Shipowner, the Secretary and their respective successors and assigns, and no other Person shall have any right hereunder.

Section 12.02. Execution in Counterparts. This Security Agreement may be executed in any number of counterparts. All such counterparts shall be deemed to be originals and shall together constitute but one and the same instrument.

Section 12.03. Rights of Shipowner in Absence of Default. Except during the existence of a Default (unless the Shipowner shall have failed to perform any of its agreements under Section 2.04 and such failure shall be continuing at the time in question), the Shipowner (1) shall be suffered and permitted to retain actual possession and use of the Vessel and (2) shall have the right, from time to time, in its discretion and without the consent of or release by the Secretary, to dispose of, free from the lien hereof and of the Mortgage, any and all engines, machinery, masts, boats, anchors, cables, chains, rigging, tackle, apparel, furniture, capstans, outfit, tools, pumps, pumping and other equipment, and all other appurtenances to the Vessel, and also any and all additions, improvements and replacements in or to the Vessel or said appurtenances, after, except with

the prior written consent of the Secretary, first or simultaneously replacing the same with items of at least substantially equal value.

Section 12.04. Surrender of Vessel's Documents. The Secretary shall consent to the surrender of the Vessel's documents in connection with any redocumentation of the Vessel required on account of alterations to the Vessel which, as stated in an Officer's Certificate delivered to the Secretary, are not prohibited by this Security Agreement and by the Mortgage.

Section 12.05. No Waiver of Preferred Status. No provision of this Security Agreement or of the Mortgage shall be deemed to constitute a waiver by the Secretary of the preferred status of the Mortgage given by Subsection M of the Ship Mortgage Act, 1920, as amended, and any provision of this Security Agreement or of the Mortgage which would otherwise constitute such a waiver shall to such extent be of no force or effect.

Section 12.06. Regulations Inapplicable. None of the regulations heretofore or hereafter issued, whether or not under Title XI of the Act, is a part of or affects this Security Agreement in any respect, and the provisions of this Security Agreement shall control notwithstanding the provisions of any such regulations.

Section 12.07. Table of Contents, Titles and Headings. The table of contents, the titles of the Articles and the headings of the Sections are not a part of this Security Agreement and shall not be deemed to affect the meaning or construction of any of its provisions.

FORM OF SECRETARY'S NOTE

PROMISSORY NOTE

from

AMERICAN COMMERCIAL LINES, INC.

to

THE UNITED STATES OF AMERICA

Dated July 29, 1976

PROMISSORY NOTE TO THE UNITED STATES OF AMERICA

AMERICAN COMMERCIAL LINES, INC., a Delaware corporation (the "Shipowner"), FOR VALUE RECEIVED, promises to pay to the UNITED STATES OF AMERICA (the "United States"), represented by the Secretary of Commerce, acting by and through the Assistant Secretary of Commerce for Maritime Affairs (the "Secretary") at the office of the Maritime Administration, Department of Commerce, Washington, D. C., in lawful money of the United States of America, the aggregate principal amount together with interest as set forth below of:

\$22,060,000	8.50%	Sinking Fund Bonds due July 15, 2001
\$ 710,000	5.95%	Serial Bonds due January 15, 1977
\$ 790,000	6.40%	Serial Bonds due July 15, 1977
\$ 790,000	6.85%	Serial Bonds due January 15, 1978
\$ 790,000	7.10%	Serial Bonds due July 15, 1978
\$ 790,000	7.20%	Serial Bonds due January 15, 1979
\$ 790,000	7.30%	Serial Bonds due July 15, 1979
\$ 790,000	7.40%	Serial Bonds due January 15, 1980
\$ 790,000	7.55%	Serial Bonds due July 15, 1980
\$ 790,000	7.65%	Serial Bonds due January 15, 1981
\$ 790,000	7.75%	Serial Bonds due July 15, 1981
\$ 790,000	7.85%	Serial Bonds due January 15, 1982
\$ 790,000	7.90%	Serial Bonds due July 15, 1982
\$ 790,000	7.95%	Serial Bonds due January 15, 1983
\$ 790,000	8.00%	Serial Bonds due July 15, 1983
\$ 790,000	8.05%	Serial Bonds due January 15, 1984
\$ 790,000	8.05%	Serial Bonds due July 15, 1984
\$ 790,000	8.10%	Serial Bonds due January 15, 1985
\$ 790,000	8.10%	Serial Bonds due July 15, 1985
\$ 790,000	8.15%	Serial Bonds due January 15, 1986
\$ 790,000	8.15%	Serial Bonds due July 15, 1986

until payment of such principal sums have been made.

This note (the "Secretary's Note") is given (1) in consideration of the issuance by the Secretary, pursuant to the provision of Title XI of the Merchant Marine Act, 1936, as amended, of Guarantees of payment of the unpaid interest on and the unpaid balance of the principal of the Shipowner's United States Government Guaranteed Ship Financing Bonds (the "Obligations") issued by the Shipowner on the date hereof relating to the vessels owned or to be owned by the Shipowner as set forth in the granting clause of the Mortgage (individually a "Vessel" and collectively the "Vessels"), and (2) to secure payment by the Shipowner to the Secretary of any amount that the Secretary may be required to pay to the Holders of the Obligations under said Guarantees.

This Secretary's Note is issued pursuant to the provisions of a certain security agreement dated the date hereof, between the Shipowner and the Secretary (said agreement, as the same may be supplemented or amended in accordance with its terms, being called herein the "Security Agreement").

The Security Agreement contemplates that on the Closing Date and the Delivery Date of each Vessel a first preferred fleet mortgage (or if appropriate, a supplement thereto) on the Vessels will be executed and delivered by the Shipowner, as mortgagor, to the Secretary, as mortgagee, covering the Shipowner's interest in each Vessel (said mortgage or mortgage supplement, as the same may be amended or supplemented in accordance with its terms, being herein called the "Mortgage" or the "Mortgage Supplement"). The definitions used in and the provisions of the Security Agreement and the Mortgage are incorporated herein by reference.

This Secretary's Note has been negotiated and received by the Secretary, subject to all the terms of the Security Agreement and the Mortgage, and is secured by the Security Agreement and by the Mortgage, to the same extent as if said documents were set out herein in full.

The condition of this Secretary's Note is such that so long as any of the Obligations are Outstanding and until the Guarantees on each Obligations shall have been terminated pursuant to the provisions of Section 3.05(1), (2) or (4) of Exhibit 1 to the Security Agreement, the principal of and the interest on this Secretary's Note in respect of the related Outstanding Obligations shall be payable as follows:

(1) by payment of interest on such Obligations in accordance with the provisions thereof and the Indenture;

(2) by any redemption of such Obligations in accordance with the provisions thereof and the Indenture;

(3) when such Obligations have been Retired or Paid other than by payment of the Guarantees;

and the aforesaid payments shall constitute payment of the principal of and the interest on this Secretary's Note as of the date on which and to the extent such payment, redemption or retirement is made, and this Secretary's Note shall be discharged to the extent of such payment of principal; *provided* that to the extent that any such payment has been made with moneys advanced or loaned to the Shipowner by the Secretary, such payment on the Obligations shall not, as to such amount, constitute payment of principal or interest on the Secretary's Note and the same shall not in any manner be discharged as to such amount, and to the extent of such non-discharge of the Secretary's Note an endorsement satisfactory to the Secretary shall be placed on such note.

The principal of this Secretary's Note and the interest thereon may be declared or may become due and payable by declaration of the Secretary at any time after the Secretary shall have been obligated to pay the Guarantees pursuant to the terms of the Indenture and the Authorization Agreement. Thereupon, the unpaid balance of the principal of and the interest on this Secretary's Note shall become due and payable, together with interest thereon at the same rates for overdue principal.

This Secretary's Note is non-negotiable and is not assignable or transferrable and shall be cancelled by the Secretary and surrendered to the Shipowner if all Outstanding Obligations are paid or otherwise as required by the provisions of Section 3.04 of Exhibit 1 to the Security Agreement.

IN WITNESS WHEREOF, the Shipowner has caused this Secretary's Note to be executed by its duly authorized officers under its Corporate Seal this 29th day of July, 1976.

AMERICAN COMMERCIAL LINES, INC.
as Shipowner

.....

[SEAL]

Attest:

.....

ENDORSEMENT

Pursuant to the Security Agreement and the terms of this Secretary's Note, the Shipowner has caused this Endorsement to be executed on the Delayed Delivery Closing Date to reflect the issuance of additional Obligations pursuant to the Delayed Delivery Contracts (\$ principal amount of 8.50% Sinking Fund Bonds due July 15, 2001). The additional principal amount of the Shipowner's indebtedness to the United States as a consequence thereof is \$

IN WITNESS WHEREOF, the Shipowner has caused this Endorsement to be executed this day of , 19 .

AMERICAN COMMERCIAL LINES, INC.
Shipowner

By

[SEAL]

Attest:

Contract No.
MA-8427

FORM OF FIRST PREFERRED FLEET MORTGAGE

Dated July 29, 1976

AMERICAN COMMERCIAL LINES, INC.,
Shipowner

to

THE UNITED STATES OF AMERICA

This FIRST PREFERRED FLEET MORTGAGE is made and dated July 29, 1976, by AMERICAN COMMERCIAL LINES, INC., a Delaware corporation (the "Shipowner"), to the UNITED STATES OF AMERICA, represented by the Secretary of Commerce, acting by and through the Assistant Secretary of Commerce for Maritime Affairs (the "Secretary").

WHEREAS, the Shipowner is the sole owner of the whole of the Vessels listed in Schedule A hereto as more fully described in the Granting Clause below;

WHEREAS, the Shipowner has, in consideration of the issuance of certain Guarantees by the Secretary pursuant to Title XI of the Merchant Marine Act, 1936, as amended ("Title XI"), of the payment of the unpaid interest on, and the unpaid balance of, the principal of the "United States Government Guaranteed Ship Financing Bonds" issued and to be issued by the Shipowner in the aggregate principal amount of \$37,780,000 (the "Obligations"), and pursuant to the terms and provisions of that certain Security Agreement dated the date hereof, between the Shipowner and the Secretary (herein, as the same may be amended or supplemented, called the "Security Agreement"), issued and delivered to the Secretary its promissory note dated the date hereof, in the principal amount of \$37,780,000 (said promissory note, in the form attached to the Security Agreement as Exhibit 2 thereto, herein called the "Secretary's Note") and has agreed to execute and deliver this First Preferred Fleet Mortgage to the Secretary (hereinafter referred to in this Mortgage as the "Mortgagee") for the purpose of securing the payment of the principal of and interest on the Secretary's Note in accordance with its terms, the Security Agreement and this Mortgage (this Mortgage, as the same may hereafter be amended or supplemented in accordance with the terms hereof, herein called the "Mortgage");

NOW, THEREFORE, THIS MORTGAGE WITNESSETH:

That, in consideration of the premises and of the additional covenants herein contained and for other good and valuable consideration, the receipt and adequacy of which are hereby acknowledged, and as security for the Guarantees and in order to secure the payment of the above-mentioned interest on and principal of the Secretary's Note and all other sums that may be secured by the Mortgage and the Security Agreement, and to secure the due performance and observance of all the agreements and covenants in the Secretary's Note and herein contained, the Shipowner has granted, conveyed, mortgaged, pledged, confirmed, assigned, transferred and set over, and by these presents does grant, convey, mortgage, pledge, confirm, assign, transfer and set over unto the Mortgagee, the whole of the vessels described in Schedule A attached hereto duly documented in the name of the Shipowner under the laws of the United States, each having its home port at the port of Wilmington, Delaware, together with, in the case of each vessel, all its engines, boilers, machinery, masts, boats, anchors, cables, chains, rigging, tackle, apparel, furniture, capstans, outfit, tools, pumps, pumping and other equipment and all other appurtenances thereto now or at any time hereafter appertaining or belonging and whether on board or not on board and also any and all additions, improvements and replacements hereafter made in or to each of said vessels or in and to, in the case of each vessel, its equipment and appurtenances as aforesaid (said vessels, together with all the foregoing, herein called the "Vessels" and the term "Vessel" whenever used herein shall apply with equal force to each of the Vessels); *provided, however*, that the foregoing shall not include any property which is not the property of the Shipowner under the terms of the Charter.

TO HAVE AND TO HOLD, all and singular, the above mortgaged and described property unto the Mortgagee, to its own use, benefit and behoof forever;

PROVIDED, HOWEVER, and these presents are upon the condition that, if the above-mentioned principal of and interest on the Secretary's Note are paid in accordance with the terms thereof, the Security Agreement and this Mortgage, and all other sums that may be secured by the Security Agreement and this Mortgage are paid in accordance with their terms, then this Mortgage and the estate and rights hereunder shall cease, determine and be void, otherwise to remain in full force and effect.

The Shipowner hereby agrees with the Mortgagee that each and every Vessel now or at any time subject to the lien of the Mortgage is to be held by the Mortgagee subject to the further agreements and conditions hereinafter set forth.

ARTICLE FIRST

Section 1. The execution and delivery of this Mortgage (together with the "Affidavit of Good Faith of Mortgagor" annexed hereto) and the execution and delivery of the Secretary's Note have each been duly authorized by the Shipowner and are not in contravention of any indenture or undertaking to which the Shipowner is a party or by which it is bound.

Section 2. All of the covenants and agreements on the part of the Shipowner including, without limitation, those relating to: maintenance of United States citizenship; organization and existence of the Shipowner; title to and possession of the Vessel; sale, transfer or charter of the Vessel; taxes; liens; documentation of the Vessel; material changes in the Vessel; compliance with applicable laws; maintenance of marine insurance; requisition of title; and compliance with the Ship Mortgage Act, 1920, as amended, which are set forth in, and all of the rights, immunities, powers and remedies of the Secretary which are provided for in, the Security Agreement (including the Special Provisions thereof and the General Provisions of Exhibit 1 thereto) except for the Granting Clause thereof, together with all other provisions of the Security Agreement, are incorporated herein by reference with the same force and effect as though set forth at length in this Mortgage and true copies of the forms of the Special Provisions of and Exhibit 1 to the Security Agreement are annexed hereto.

Section 3. A Default pursuant to the provisions of the Security Agreement shall constitute a Default hereunder and shall give the Mortgagee the rights and remedies established by the Ship Mortgage Act, 1920, as amended, and as provided in the Security Agreement.

Section 4. This instrument is executed as and shall constitute an instrument supplemental to the Security Agreement and shall be construed in connection with, and as a part of, the Security Agreement.

ARTICLE SECOND

Section 1. This Mortgage may be executed in any number of counterparts and all such counterparts executed and delivered, each as an original, shall constitute but one and the same instrument.

Section 2. All the covenants, promises, stipulations and agreements of the Shipowner in this Mortgage shall bind the Shipowner and its successors and assigns and shall inure to the benefit of the Mortgagee and its successors and assigns, and all the covenants, promises, stipulations and agreements of the Mortgagee contained herein shall bind the Mortgagee and its successors and assigns and shall inure to the benefit of the Shipowner and its successors and assigns, whether so expressed or not.

Section 3. Any term used herein which is defined in the Security Agreement and which is not specifically defined herein shall have the meaning specified in the Security Agreement unless the context otherwise requires.

Section 4. No provision of this Mortgage or of the Security Agreement shall be deemed to constitute a waiver by the Mortgagee of the preferred status of the Mortgage given by Subsection M of the Ship Mortgage Act, 1920, as amended, and any provision of this Mortgage or of the Security Agreement which would otherwise constitute such a waiver shall to such extent be of no force or effect.

Section 5. If the related Secretary's Note shall have been satisfied and discharged and if the Shipowner shall pay or cause to be paid all other sums that may have become secured under the Security Agreement and this Mortgage, then this Mortgage and the estate and rights hereunder shall cease,

determine, and become null and void; and the Secretary, on the Request of the Shipowner and at the Shipowner's cost and expense, shall forthwith cause satisfaction and discharge of this Mortgage to be entered upon its and other appropriate records and shall execute and deliver to the Shipowner such instruments as may be necessary to duly acknowledge the satisfaction and discharge of this Mortgage.

ARTICLE THIRD

For the purpose of endorsement of this First Preferred Fleet Mortgage on the document of the Vessels as required by law (Subsection D of the Ship Mortgage Act, 1920, as amended), the total amount is and interest and performance of mortgage covenants, the date of maturity is July 15, 2001, and the discharge amount is the same as the total amount and although it is not intended that the Mortgage include any property other than the Vessels, and if any determination is made at any time that for any reason this Mortgage does include any property other than a "vessel" within the meaning of Subdivision (e) of the Subsection D of the Ship Mortgage Act, 1920, as amended, then such property may be separately discharged from the lien of the Mortgage by the payment of .01% of the said total amount, but in no event shall such discharge be construed to discharge such property from the lien of the Security Agreement as opposed to the Mortgage.

IN WITNESS WHEREOF, this instrument has been executed and delivered as of the day and year first above written.

AMERICAN COMMERCIAL LINES, INC.
as Shipowner

.....

[SEAL]

Attest:

.....

UNITED STATES OF AMERICA
SECRETARY OF COMMERCE

BY ASSISTANT SECRETARY OF COMMERCE
FOR MARITIME AFFAIRS
as Mortgagee

By
Secretary
Maritime Administration

[SEAL]

Attest:

.....

Assistant Secretary
Maritime Administration

ACKNOWLEDGMENTS

STATE OF NEW YORK }
COUNTY OF NEW YORK } ss.:

On this _____ day of July, 1976, before me personally appeared _____, to me known, who being by me duly sworn, did depose and say that he resides at _____, that he is _____ of AMERICAN COMMERCIAL LINES, INC., the corporation described in and which executed the foregoing instrument; that he knows the seal of said corporation; that the seal affixed to said instrument is such corporation's seal; that it was so affixed by authority of the Board of Directors of said corporation, and that he signed his name thereto by like authority.

.....
Notary Public

[NOTARIAL STAMP AND SEAL]

DISTRICT OF COLUMBIA }
CITY OF WASHINGTON } ss.:

I, the undersigned, a Notary Public in and for the District of Columbia, do hereby certify that _____, Secretary, Maritime Administration, the United States of America, personally appeared before me in said District, the aforesaid officer, being personally well known to me as the person who executed the First Preferred Fleet Mortgage hereto annexed and acknowledged the same to be his act and deed as said officer.

Given under my hand and seal this _____ day of July, 1976.

.....
Notary Public

[NOTARIAL SEAL]

AFFIDAVIT OF GOOD FAITH OF MORTGAGOR

STATE OF NEW YORK }
COUNTY OF NEW YORK } ss.:

, being duly sworn, deposes and says that he is the of
AMERICAN COMMERCIAL LINES, INC., the corporation described in and which executed the foregoing
Mortgage as mortgagor, that the said Mortgage is made in good faith and without any design to hinder,
delay or defraud any existing or future creditor of said AMERICAN COMMERCIAL LINES, INC., or any lienor
of the mortgaged vessels and that this affidavit is made pursuant to authority of the Board of Directors
of said AMERICAN COMMERCIAL LINES, INC.

.....

Subscribed and sworn to before me this day of
July, 1976.

.....

Notary Public

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FORM OF OPINION OF COUNSEL FOR SHIPOWNER

Secretary of Commerce
c/o Assistant Secretary of Commerce
for Maritime Affairs
Maritime Administration
Department of Commerce
Washington, D. C. 20230

Gentlemen:

With reference to the United States Government Guaranteed Ship Financing Bonds (the "*Obligations*") issued by AMERICAN COMMERCIAL LINES, INC. (the "*Shipowner*") with respect to the barges and towboats referred to in the First Preferred Fleet Mortgage dated the date hereof between the Shipowner and the United States of America represented by the Secretary of Commerce acting by and through the Assistant Secretary of Commerce for Maritime Affairs (the "*Secretary*") we have acted as special counsel to the Shipowner. Unless otherwise indicated, the terms herein shall have the meaning assigned to them in Schedule X referred to in the Mortgage.

In this connection, we have examined originals or photostatic or certified copies of all such agreements and other instruments, certificates (the term "certificates" being intended to include affidavits of citizenship) of officers of the Shipowner and the Charterer and of all such other documents as we have deemed relevant and necessary as the basis of our opinion hereinafter set forth. In such examination we have assumed the genuineness of all signatures and the authenticity of all documents submitted to us as originals and the conformity with the originals of all documents submitted to us as copies. As to any question of fact material to such opinion, we have, when relevant facts were not independently established, relied upon certificates of officers of the Shipowner and the Charterer. Moreover, as to the opinions expressed in paragraph 6 we have relied on the opinion of Messrs. LaRoe, Winn & Moerman dated the date hereof and addressed to us, a copy of which is attached hereto, and upon which opinion we believe you and we are entitled to rely.

Based upon the foregoing and subject to the legal consideration which we deem relevant, we are of the opinion that:

1. The Shipowner has been duly incorporated and is validly existing as a corporation in good standing under the laws of the State of Delaware;
2. The Shipowner 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 trade in which they are being operated;
3. The Shipowner is the sole owner of the whole of the Vessels free and clear of any claim, lien, mortgage or other encumbrance of any character, subject to (A) the Mortgage; (B) any rights of the United States of America under the Security Agreement; and (C) to such liens of the character not prohibited by Section 2.04(a) of Exhibit 1 to the Security Agreement incorporated by reference into the Mortgage, as may now exist. To the extent that this opinion relates to freedom and clearance of claims, liens, mortgages or other encumbrances of any character on the Vessels, we have relied solely upon the certificates as to such matters, of the Shipbuilders, and the Shipowner dated the date hereof;

4. The Mortgage has been duly and validly authorized, executed and delivered by the Shipowner and constitutes in accordance with its terms a legal, valid and binding instrument enforceable against the Shipowner, except as limited by bankruptcy, insolvency or other laws affecting enforcement of creditors' rights generally;

5. The Vessels have been duly documented in the name of the Shipowner under the laws of the United States of America, and the Mortgage has been duly recorded in the appropriate office of the United States Coast Guard, at Wilmington, Delaware, (the only office in which such recording is necessary), and when duly endorsed on each Vessel's document will constitute a first "preferred mortgage" under the Ship Mortgage Act, 1920, as amended, having the effect and with the priority provided in said Act. No periodic re-recording or periodic refiling of the Mortgage is necessary under existing law to continue the lien of the Mortgage;

6. No authorization or approval (other than any already obtained from the Secretary of Commerce or the Maritime Administration or the Interstate Commerce Commission) is required from any governmental or public regulatory body or authority for the execution and delivery by the Shipowner of the Mortgage; and

7. No taxes are payable in respect of the execution, delivery, recording and endorsement of the Mortgage other than the filing fees payable in connection with the filing and recording of the Mortgage.

In addition, in rendering the foregoing opinion we have assumed insofar as the opinion concerns the legality, validity and binding effect of any agreement or instrument, that such agreement or instrument constitutes a legal, valid and binding obligation of the other parties purportedly obligated thereunder. With respect to the opinions expressed pertaining to the enforceability of the Mortgage, no opinion is expressed as to the availability of the remedy of specific performance as to such agreement, or as to the availability of equitable remedies as such for the enforcement of any provision of such agreement. The opinion expressed as to the enforceability of the Mortgage is subject to the qualification that certain remedies set forth therein, which do not affect the validity of the Mortgage, and without which the Mortgage contains adequate provisions for the realization of the benefits and security provided thereby, may be unenforceable. As to factual matters, we have relied completely on certificates of officers of the Shipowner, copies of which are being delivered to you concurrently with this opinion.

Very truly yours,

FORM OF SUPPLEMENTS

to

FIRST PREFERRED FLEET MORTGAGE

from

AMERICAN COMMERCIAL LINES, INC.
Shipowner

to

THE UNITED STATES OF AMERICA

Dated , 197

TO HAVE AND TO HOLD, all and singular, the above mortgaged and described property unto the Mortgagee, to its own use, benefit and behoof forever.

PROVIDED, HOWEVER, and these presents are upon the condition that, if the above-mentioned principal of and interest on the Secretary's Note are paid, or the Secretary's Note is otherwise satisfied and discharged, in accordance with the terms thereof, the Security Agreement and this Mortgage, and all other obligations and liabilities that may be secured by the Security Agreement and this Mortgage are paid in accordance with their terms, then this Mortgage and the estate and rights hereunder shall cease, determine and be void, otherwise to remain in full force and effect.

ARTICLE FIRST

Section 1. The Granting Clause of the Mortgage is hereby supplemented by adding thereto as an additional paragraph the Granting Clause contained in this Supplement.

Section 2. For the purpose of endorsement of the Mortgage, as the same may heretofore have been and is hereby supplemented on the documents of the Vessel as required by Subsection D of the Ship Mortgage Act, 1920, as amended, the total amount is Dollars (\$), and interest and performance of mortgage covenants, the date of maturity is , and the discharge amount is the same as the total amount, and although it is not intended that this Mortgage include any property other than the Vessels, if any determination is made at any time that for any reason the Mortgage does include any property other than a "vessel" within the meaning of Subdivision (e) of Subsection D of the Ship Mortgage Act, 1920, as amended, then such property may be separately discharged from the lien of this Mortgage by the payment of .01% of the said total amount, but in no event shall such discharge be construed to discharge such property from the lien of the Security Agreement as opposed to the Mortgage.

An endorsement with respect to this Supplement shall be made on the marine documents of each of the Vessels heretofore subject to the lien of the Mortgage.

ARTICLE SECOND

Section 1. All of the covenants and agreements on the part of the Shipowner which are set forth in, and all the rights, privileges, powers and immunities of the Mortgagee which are provided for in, the Mortgage are incorporated herein and shall apply to the Vessel hereby subjected to the lien of the Mortgage and otherwise with the same force and effect as though set forth at length in this supplement.

Section 2. This instrument is executed as and shall constitute an instrument supplemental to the Mortgage, and shall be construed in connection with and as a part of the Mortgage.

Section 3. Except as modified and expressly amended by this supplement and any other supplement, the Mortgage, as heretofore amended and supplemented is in all respects ratified and confirmed and all the terms, provisions and conditions thereof shall be and remain in full force and effect.

Section 4. This instrument may be executed in any number of counterparts, and each of such counterparts shall for all purposes be deemed to be an original and shall together constitute but one and the same instrument.

Section 5. The capitalized terms used herein which are defined in, or by reference in, Schedule X annexed to the Security Agreement, as said Schedule X may be amended from time to time, shall have the meanings specified in said Schedule X.

IN WITNESS WHEREOF, this instrument has been executed and delivered as of the day and year first above written.

AMERICAN COMMERCIAL LINES, INC.
as Mortgagor

By

[SEAL]

Attest:

.....

UNITED STATES OF AMERICA,
SECRETARY OF COMMERCE

BY ASSISTANT SECRETARY OF COMMERCE
FOR MARITIME AFFAIRS,
as Mortgagee

By

*Secretary
Maritime Administration*

[SEAL]

Attest:

.....

*Assistant Secretary
Maritime Administration*

ACKNOWLEDGMENTS

STATE OF
COUNTY OF

} ss.:

On this day of , 197 , before me personally appeared , known to me to be of AMERICAN COMMERCIAL LINES, INC., the corporation described in and that executed the within instrument and acknowledged to me that the seal affixed to said instrument is such corporation's seal; that it was so affixed by authority of the Board of Directors of said corporation, and that he signed his name thereto by like authority.

.....
Notary Public

[NOTARIAL SEAL]

DISTRICT OF COLUMBIA
CITY OF WASHINGTON

} ss.:

I, the undersigned, a Notary Public in and for the District of Columbia, do hereby certify that , Secretary, Maritime Administration, the United States of America, personally appeared before me in said District, the aforesaid officer, being personally well known to me as the person who executed the within instrument and acknowledged the same to be his act and deed as said officer.

Given under my hand and seal this day of , 197 .

.....
Notary Public

[NOTARIAL SEAL]

AFFIDAVIT OF GOOD FAITH OF MORTGAGOR

STATE OF
COUNTY OF

} ss.:

, being duly sworn, deposes says that he is a of AMERICAN
COMMERCIAL LINES, INC., a Delaware corporation, which executed the foregoing Supplement No.
to First Preferred Fleet Mortgage, as Mortgagor, that the said Supplement is made in good faith and
without any design to hinder, delay or defraud any existing or future creditor of said Mortgagor, or any
lienor of the mortgaged Vessel, and that this affidavit is made pursuant to the authority of the Board of
Directors of said Mortgagor.

.....
Subscribed and sworn to before me this day
of , 197 .

.....
Notary Public

FORM OF CONSENTS OF SHIPBUILDERS

THIS CONSENT OF SHIPBUILDER dated as of _____ made by _____, a _____ corporation (the "Shipbuilder") to (i) American Commercial Lines, Inc., a Delaware corporation (the "Shipowner") and (ii) the United States of America (the "United States"), represented by the Secretary of Commerce, acting by and through the Assistant Secretary of Commerce for Maritime Affairs (the "Secretary") pursuant to the provisions of Title XI of the Merchant Marine Act, 1936, as amended. The purpose of this Consent is to allow and acknowledge the assignment of all of the right, title and interest of the Shipowner in and to the Construction Contract described in Schedule A hereto by the Shipowner to the Secretary under a Security Agreement (the "Security Agreement") to be executed in substantially the form of Appendix III to the Commitment to Guarantee dated the date hereof by the Shipowner and the Secretary (the "Guarantee Commitment"). The Security Agreement is being entered into in consideration of the execution of the Guarantee Commitment and the Guarantees to be endorsed by the Secretary on certain United States Government Guaranteed Ship Financing Bonds to be executed by the Shipowner (the "Obligations"), as security to the Secretary for payment of the principal of and interest on the Secretary's Note. A true copy of Appendix III to the Guarantee Commitment has been delivered to the Shipbuilder.

Now, THEREFORE, in consideration of the premises and the mutual covenants herein contained, and other good and valuable consideration, the receipt and adequacy of which are hereby acknowledged, the Shipbuilder hereby consents and agrees as follows:

1. The Shipbuilder hereby acknowledges receipt of notice of, and hereby consents and agrees to, the aforesaid Assignment by the Shipowner to the Secretary as collateral security and the creation by the Shipowner in favor of the Secretary of a security interest in (a) the Construction Contract insofar as the same pertains and relates to the Vessels and (b) all right, title and interest of the Shipowner in and to the Vessels and the subjection of all of the foregoing to the lien of the Security Agreement.

2. The Shipbuilder acknowledges, understands and agrees that:

(a) The Shipowner shall remain liable to perform its obligations and duties under the Construction Contract insofar as the same pertains or relates to the Vessels;

(b) The Secretary shall, by virtue of the Security Agreement, have no obligation or duty under the Construction Contract insofar as the same pertains or relates to the Vessels, and shall not be required to make any payment due and owing by the Shipowner under the Construction Contract insofar as the same pertains or relates to the Vessels;

(c) The Shipbuilder hereby agrees to pay any monies becoming due to the Shipowner under the Construction Contract insofar as the same pertains or relates to the Vessels promptly to the Secretary (or a depository designated by the Secretary for such purpose) so long as it shall not have received written notice from the Secretary that the Guarantees shall have terminated pursuant to Sections 3.05(1), (2) or (4) of the Security Agreement and that the Guarantee Commitment, the Security Agreement and the Mortgage are no longer in effect; upon receipt of such notice, the Shipbuilder hereby agrees to promptly pay any such monies to the Shipowner, unless directed otherwise in writing by the Secretary; and

(d) Except during any period after the Shipbuilder shall have received written notice from the Secretary indicating the existence of a Default under the Security Agreement and until the Secretary shall have notified the Shipbuilder in writing that such Default has been

cured or waived, the Shipowner shall be entitled to exercise all of its rights under the Construction Contract insofar as the same pertains or relates to the Vessels and in respect of the Vessels and to receive all the benefits thereunder, subject to paragraph 2(c) hereof, to the same extent as if the Construction Contract insofar as the same pertains or relates to the Vessels, and the Vessels had not in any way been subjected to the liens and security interest created by the Security Agreement.

3. This Consent of Shipbuilder shall be construed and enforced in accordance with and governed by federal law and, insofar as applicable, the laws of the State of New York.

4. The Shipbuilder agrees to deliver to the Shipowner and the Secretary on the Closing Date (as defined in the Guarantee Commitment) with respect to all the Vessels delivered on or before such date, and on the Delivery Date of each of the Vessels after such date, a release, dated the Delivery Date of the Vessel or Vessels to which such certificate relates, of all its claims and liens against the Vessels and a certificate that (i) each Vessel is free and clear of any and all liens, claims, security, interests, incumbrances and rights *in rem* in its favor (said certificate to expressly waive any and all such liens, claims, security interest, incumbrances and rights *in rem*) and, also free and clear of any and all liens, claims, security interests, incumbrances and rights *in rem* of any kind in favor of any workmen, material men, subcontractors or others to whom it is responsible, and (ii) United States, state, county, city and other taxes, assessments and duties lawfully assessed or levied, prior to or on the Delivery Date against such Vessel or against the materials, supplies, or equipment furnished by the Shipbuilder in the performance of the Construction Contract have been paid, except any such taxes, assessments and duties that are being contested in good faith by it (and for which it shall make provision satisfactory to the Secretary of Commerce).

IN WITNESS WHEREOF, the undersigned has caused this instrument to be duly executed on the day and year first above written.

By

The undersigned hereby consents to the foregoing this day of July, 1976.

AMERICAN COMMERCIAL LINES, INC.

By

CONTRACT

THIS AGREEMENT. (hereinafter called the CONTRACT), made and entered into as of the 22nd day of January, 1974, by and between AMERICAN COMMERCIAL LINES, INC., a Delaware corporation, hereinafter called the PURCHASER, and GRAFTON BOAT CO., INC., an Illinois corporation, hereinafter called the BUILDER,

WITNESSETH:

That PURCHASER and BUILDER, each in consideration of the agreements on the part of the other herein contained, hereby contract as follows:

ARTICLE I - WORK TO BE DONE:

BUILDER shall in a good and workmanlike manner and at its own cost and expense furnish except as provided hereinafter, all labor, supervision, machinery, materials, equipment, supplies, plant and facilities required to construct, launch and complete, ready for service, four towboats hereinafter referred to as the Vessels, each having principal characteristics and dimensions of: 80'-0" long, 30' wide and 10'-6" deep complete with all owner-furnished equipment installed, all in accordance with

Specifications: TD-80-30-201

(hereinafter referred to as the SPECIFICATIONS), and the following Drawings:

D-172-3 General Arrangement
D-172-5 Outboard Profile
D-172-1 Lines

(hereinafter referred to as the DRAWINGS), which SPECIFICATIONS and DRAWINGS have been identified by the signatures of the parties hereto and are hereby made a part hereof with the same force and effect as though herein set out in full. If there shall be any difference in the provisions of this CONTRACT, the provisions of the SPECIFICATIONS, or the DRAWINGS, precedence in the order named shall apply.

It is agreed that PURCHASER shall furnish or arrange to furnish BUILDER with a portion of the steel required to construct each vessel. PURCHASER shall furnish such steel to BUILDER at a firm price of 16-1/2¢ per pound with payment to be made to PURCHASER upon delivery at BUILDER'S shipyard and presentation of PURCHASER'S invoice therefor.

ARTICLE II - PURCHASE OF THE VESSELS:

PURCHASER, in consideration of the true and faithful performance of this agreement on the part of BUILDER, agrees to purchase the Vessels from BUILDER on the terms and conditions set forth in this agreement.

ARTICLE III - CONTRACT PRICE AND PAYMENT SCHEDULE:

PURCHASER shall pay or cause to be paid to BUILDER for the Vessels, completed in accordance with the terms of this agreement, a basic unit contract price of \$309,000. (Three Hundred and Nine Thousand Dollars) for each vessel.

Progress payments shall be made as a percentage of the contract price per vessel as follows:

- 10% upon receipt of performance bond.
- 10% upon receipt of major steel and steel invoices.
- 15% upon hull erection.
- 15% upon launching.
- 15% upon acceptance of engine installation by engine manufacturer.
- 35% upon delivery and acceptance, pursuant to Articles IV and X, of each vessel free and clear of any lien, claim or other encumbrance.

ARTICLE IV - DELIVERY SCHEDULE AND COMPENSATORY DAMAGES:

The Vessels shall be constructed and completed by BUILDER at BUILDER'S shipyard. When each Vessel has been completed and ready for delivery, as defined in Article X, such completed Vessel shall be delivered by BUILDER into the possession of PURCHASER afloat in seaworthy condition adjacent to BUILDER'S yard. The date on which the Vessels shall be so delivered to PURCHASER, unless delivery is prevented by conditions of "force majeure" as defined in Article XII hereof, or unless the date for such delivery is extended under any other provisions of this CONTRACT, shall be two hundred forty (240) calendar days after execution of this CONTRACT for the first Vessel, and on ninety (90) calendar days intervals for each Vessel thereafter.

Time shall be of the essence of this CONTRACT: Therefore, BUILDER shall use its best efforts to complete and deliver the Vessels on or prior to the respective delivery dates therefor as set forth in Paragraph 1 of this Article IV or on the agreed-upon extended delivery date, in the event that the dates for delivery of the Vessels are extended under any provisions of this CONTRACT. In

the event that the Vessels are not completed and ready for delivery to PURCHASER within thirty (30) days after the delivery dates therefor, as set forth in Paragraph 1 of this Article IV, or thirty (30) days after any delivery dates that may exist under any extension of time made pursuant to any provision of this CONTRACT, BUILDER shall pay to PURCHASER as liquidated damages (not a penalty) the amount of Three Hundred Dollars (\$300.00) for each and every calendar day that has elapsed after the thirtieth (30th) day after the delivery date set forth in Paragraph 1 of Article IV or the thirtieth (30th) day after any delivery date that may exist under any extension of time made pursuant to any provision of the CONTRACT, and the actual dates upon which delivery of the Vessels is made to PURCHASER.

ARTICLE V - ALTERATIONS:

PURCHASER shall have the right to make any alterations in, deductions from or additions to the SPECIFICATIONS on giving due notice in writing to BUILDER. In any such event, an equitable adjustment of the basic contract price shall be negotiated after giving due allowance to both increases and decreases in the work originally contemplated. A statement of the amount of any such adjustment of the basic contract price shall be submitted to PURCHASER by BUILDER and shall be approved by PURCHASER in writing before the change is made. Any such adjustment of the basic contract price shall be computed on the basis of the estimated cost of the material, direct labor, standard overhead charges thereto, plus profit.

ARTICLE VI - TAXES:

BUILDER shall pay all local, state and federal taxes, workman's compensation, security or old age benefits, of any nature, and any other taxes, charges, assessments and contributions of any kind now or hereafter imposed upon, or with respect to, or measured by, materials and labor utilized in the construction of the Vessels hereunder, or the wages, salaries, or other remunerations paid to persons employed in connection with the performance of this CONTRACT, and BUILDER shall indemnify and hold PURCHASER harmless from any and all liability and expense by reason of BUILDER'S failure to so pay such taxes, charges, assessments, and contributions.

ARTICLE VII - PROPERTY LOSS OR DAMAGE:

BUILDER shall assume all risks of loss of and damage to the Vessels and materials entering into the construction of the Vessels until the Vessels are delivered to PURCHASER in accordance with the provisions of Article X hereof.

ARTICLE VIII - PATENTS:

BUILDER shall pay all royalties for patented processes, articles or devices embodied and used in any parts of the Vessels and shall indemnify PURCHASER against any claims, charges, costs or expenses incident thereto.

ARTICLE IX - INDEMNITY AGAINST CLAIMS:

BUILDER shall indemnify and save PURCHASER harmless from any and all liability, expenses, costs, damages and/or losses of any kind arising out of injuries to or death of persons or loss or damage to property of any kind arising out of BUILDER'S performance of this agreement, except where such injury, death, loss or damage has resulted from the negligence of PURCHASER, its employees or agents.

BUILDER shall observe all applicable laws and regulations and shall indemnify and save PURCHASER harmless from any and all liability, expenses, costs, damages and/or losses of any kind resulting from the failure of BUILDER to do in the performance of this agreement.

ARTICLE X - COMPLETION, ACCEPTANCE AND DELIVERY:

The Vessels shall be constructed by Builder at its Grafton yard and shall be completed in accordance with the schedule as shown in Article IV.

PURCHASER shall be given a reasonable opportunity to inspect the Vessels during construction and upon completion in order to determine the compliance of materials, workmanship, and details of construction with the requirements of the SPECIFICATIONS. PURCHASER, or his authorized representative, shall make such inspections promptly, and upon completion, the Vessels shall be promptly accepted by the PURCHASER if in accordance with the SPECIFICATIONS. Following acceptance by PURCHASER, the Vessels shall be delivered by BUILDER free of lien, claim or other encumbrance to PURCHASER, afloat and ready for the service intended.

ARTICLE XI - WARRANTY:

BUILDER warrants that the Vessels to be constructed under this CONTRACT shall, at the time of delivery,

1. Conform to the requirements of the SPECIFICATIONS and DRAWINGS.
2. Be of good workmanship and quality.
3. Be free of all defects.
4. Be fit for the purpose for which intended.

If any defects in materials or workmanship in the Vessels under normal conditions of use and service, other than those defects which are due to wear and tear, or misuse, be discovered within six (6) months after delivery of the Vessels to PURCHASER, such defects shall be corrected, or the defective parts shall be replaced by the BUILDER at BUILDER'S expense, at such place as the parties shall mutually agree; provided, however, that in the instance of equipment purchased by BUILDER from others and incorporated in the Vessels, the responsibility of the BUILDER for defects in such equipment shall be limited to the usual guarantee or warranty extended by the manufacturer, or supplier, of such equipment. The BUILDER, however, in no way assumes liability, nor shall be held accountable for consequential damages of any nature.

The PURCHASER shall notify the BUILDER in writing of any defects found in the Vessels during the warranty period, promptly after discovery thereof, and, upon such notification, BUILDER shall have the right, at its own expense, to make an investigation of the reported defect before corrective work is undertaken.

ARTICLE XII - FORCE MAJEURE:

All agreements of the BUILDER concerning time and dates of delivery under the provisions of this CONTRACT shall be subject to "force majeure", which term is hereby declared to include all actions whatsoever (except inclement weather of the ordinary reasonable nature) beyond the control of the BUILDER, among which, but not exclusive of others, are the following: Acts of God; war between the United States and other foreign country; civil war; riot or insurrection in the United States; preparation for war; requirement, urgency, or intervention of civil, naval, or military authorities or other agencies of

Government; arrests and restraints of rulers and people; blockades; embargoes; vandalism; sabotage; epidemics; strikes, lockouts, or other industrial disturbances; earthquakes, landslides, floods; hurricanes and cyclonic storms; damage by lightening, explosions, collisions, strandings, fires; delays in delivery of materials which BUILDER by reasonable precaution cannot avoid; government priorities; delays of carriers by land, water or air; delays of subcontractors or vendors due to any of the causes enumerated herein; nondelivery of all PURCHASER-furnished material and equipment and delays due to changes authorized by the PURCHASER pursuant to Article V hereof.

ARTICLE XIII - WORK WEEK:

The contract price designated in Article III hereof and the deliveries designated in Article X hereof contemplate the performance of all work under this agreement utilizing a work week of eight (8) hours a day, five (5) days a week.

ARTICLE XIV - DEFAULT:

If either party hereto shall be adjudicated a bankrupt or an order appointing a receiver of it or of the major part of its property shall be made, or an order shall be made approving a petition or answer seeking its reorganization under the Federal Bankruptcy Act, as amended, or should either party institute or have instituted against it, proceedings in bankruptcy or apply for or consent to the appointment of a receiver of itself or of its property, or shall make an assignment for the benefit of its creditors, or shall admit in writing its inability to pay its debts generally as they become due, for the purpose of seeking a reorganization under the Federal bankruptcy laws or otherwise, then in any one or more of such events, the other party to this agreement shall have the option forthwith to terminate this agreement to all intents and for all purposes, by giving written notice of its intention so to do. Any termination of this agreement made pursuant to the provisions of this paragraph shall not relieve the party receiving such notice from any accrued obligations hereunder due and owing at the date of such termination.

ARTICLE XV - EFFECT OF WAIVER:

No waiver by either party hereto of any default by the other in the strict and literal performance of or compliance with any provision, condition, or re-

quirement herein shall be deemed to be a waiver of strict and literal performance of and compliance with any other provision, condition, or requirement herein, nor to be a waiver of, or in any manner release such other from, strict compliance with any provision, condition or requirement in the future.

ARTICLE XVI - ASSIGNMENT:

This agreement and the benefits of any payments made hereunder may be assigned by PURCHASER without the consent of BUILDER, and title to the Vessels and materials entering into the construction thereof vested in PURCHASER may be transferred at any time to any individual, firm or corporation which it may designate, provided that PURCHASER guarantees the performance of all its obligations hereunder by such assignee, and provided further that such assignment or transfer shall not in any way violate any law of the United States of America or any rule or regulation issued or promulgated by any department, agency or instrumentality of the United States Government. BUILDER agrees to execute any documents required to effectuate any such assignment or transfer and the documentation of the completed Vessels. This agreement shall not be assignable by BUILDER without the consent of PURCHASER.

ARTICLE XVII - NOTICES:

Any notice required or permitted to be given to either party hereto by or under the provisions of this agreement shall be deemed properly given when mailed with first-class postage thereon fully prepaid, addressed in the case of PURCHASER to: AMERICAN COMMERCIAL LINES, INC., P. O. Box 616, 1701 East Market Street, Jeffersonville, Indiana 47130, and in the case of BUILDER to: CRAFTON BOAT CO., INC., Foot of Oak Street, Grafton, Illinois 62037. All such notices shall be deemed to have been given when so mailed. For convenience in reference, this agreement is hereby identified as Contract No. 585/80-74. All invoices, notices, reports, or other communications addressed to PURCHASER pertaining to this agreement shall be identified by this number.

ARTICLE XVIII - BOND

Within fifteen (15) days after execution of this CONTRACT, the BUILDER shall furnish and deliver to the PURCHASER a bond in the full amount of the

CONTRACT conditioned to secure faithful performance of the CONTRACT, the completion of the work, and the discharge of all obligations of the BUILDER under the CONTRACT.

ARTICLE XIX - SHIPPING ACT OF 1916:

PURCHASER warrants that it is a citizen of the United States within the meaning of the Shipping Act of 1916, as amended, (46 U. S. Code 835), and that it is qualified to enter into this agreement and to take title to the equipment to be constructed hereunder and that the provisions of said Shipping Act of 1916, as amended, imposing restrictions upon transfers to persons not citizens of the United States and any proclamations, orders or regulations thereunder, are inapplicable.

ARTICLE XX - OPTION:

PURCHASER shall have an option (the "Option") to purchase four additional vessels (The "Option Vessels"), constructed in accordance with the SPECIFICATIONS and upon the terms and conditions set forth in this CONTRACT. The Option shall be exercisable at any time from the date hereof until January 1, 1975.

The purchase price under the option for the Option Vessels shall be \$315,700. (Three Hundred and Fifteen Thousand and Seven Hundred Dollars) each; plus possible increases based on actual increases in material cost as may be mutually agreed prior to exercise of such option, and increases based on actual increases in labor cost not to exceed seven percent (7%) incurred after April 1976.

Option vessels shall be delivered on 90-day intervals following the last of the vessels as scheduled under Article IV.

ARTICLE XXI - INTERPRETATION:

This CONTRACT shall be interpreted according to the laws of the State of Indiana.

IN WITNESS WHEREOF, the parties hereto have executed this CONTRACT as of the day and year first above written.

ATTEST:

John E. Quinn

WITNESSES:

W. E. ...

PURCHASER:
AMERICAN COMMERCIAL LINES, INC.

By H. J. ...

BUILDER:

By W. ...



Grafton Boat Co., Inc.

FOOT OF OAK STREET · GRAFTON, ILLINOIS 62037
618/786-3371 TWX 910/996-2790

American Commercial Barge Line
Jeffboat Incorporated
P.O. Box 610
Jeffersonville, Indiana 47130

22 January 1974

Gentlemen:

It has been established that the material escalation on the option quantity of (4) four 50' x 30' boats under contract no. 585/80/74 will be based on material costs (excluding steel) of approximately \$60,000. per vessel.

Very truly yours,

GRAFTON BOAT CO., INC.

Nathaniel Robbins, Jr.
President

NR/ab

AMERICAN COMMERCIAL LINES, INC.

P. O. Box 13244 [Reply to P. O. Box 610, Jeffersonville, Indiana 47130]
2919 Allen Parkway
Houston, Texas 77019
Phone: 713/529-7611



Subsidiary of Texas Gas
Transmission Corporation

May 6, 1974

Mr. Nathaniel Robbins, Jr.
President
Grafton Boat Co., Inc.
Foot of Oak Street
Grafton, Illinois 62037

Re: Contract 585/80-74

Dear Mr. Robbins:

With reference to our correspondence and discussions concerning the purchase option contained in our Contract 585/80-74 for the construction, delivery and purchase of four 80' vessels, this will advise that American Commercial Lines, Inc. has elected to and does herewith exercise the option for the four additional vessels. The option vessels shall be delivered for a total contract price of \$340,225 each which includes the escalation for all materials, ~~with steel to be furnished by Grafton.~~ *As of 5/13/74*

The foregoing contract price shall be subject to adjustment to reflect the actual increased cost of labor on manhours incurred in the construction of the vessels by Grafton after April, 1976 not to exceed 30¢ per hour. This price shall not include current change orders applicable to the first four boats and all change orders for the option vessels shall be made pursuant to Article 5 of our Contract. All other terms and conditions shall be as provided in our Contract dated January 22, 1974. If the foregoing correctly sets forth our agreement on the construction of the option vessels, please so indicate in the space provided below.

Very truly yours,

F. H. Blaske
F. H. Blaske
Vice President

FHB:mar
Acknowledged and Accepted This
13 Day of May, 1974
GRAFTON BOAT CO., INC.

By: *Nathaniel Robbins, Jr.*
Nathaniel Robbins, Jr.
President

CONTRACT

THIS AGREEMENT, (hereinafter called the CONTRACT), made and entered into as of the 1st day of December, 1975, but actually executed this 15th day of December, 1975, by and between American Commercial Lines, Inc., a Delaware corporation, hereinafter called the PURCHASER, and JEFFBOAT, INCORPORATED, a Delaware corporation, hereinafter called the BUILDER.

WITNESSETH:

That PURCHASER and BUILDER, each in consideration of the agreements on the part of the other herein contained, hereby contract as follows:

ARTICLE I - WORK TO BE DONE:

BUILDER shall in a good and workmanlike manner and at its own cost and expense furnish all labor, supervision, machinery, materials, equipment, supplies, plant and facilities required to design, construct, launch and complete, ready for service, towboats and barges as detailed on Exhibit A attached, hereinafter referred to as the Vessel(s).

ARTICLE II - PURCHASE OF THE VESSEL(S):

PURCHASER, in consideration of the true and faithful performance of this agreement on the part of BUILDER, agrees to purchase the Vessel(s) from BUILDER on the terms and conditions set forth in this agreement.

ARTICLE III - CONTRACT PRICE:

PURCHASER shall pay or cause to be paid to BUILDER for the Vessels, completed in accordance with the terms of this agreement, an amount equal to *BUILDER'S cost for materials and labor entering into construction of each Vessel plus BUILDER'S manufacturing burden and general and administrative expense determined in accordance with generally accepted accounting principles consistently applied.

*BUILDER'S cost shall be determined based upon standard costing procedures utilized in accounting for construction of vessels in BUILDER'S shipyard. BUILDER utilizes its internal cost figures in establishing its cost for steel.

The purchase price for each Vessel shall be adjusted to reflect:

- (1) The increase or decrease therein resulting from changes or additions pursuant to Article V hereof;
- (2) The increase or decrease therein resulting from changes in taxes pursuant to Article VI hereof.

ARTICLE IV - TERMS OF PAYMENT:

PURCHASER shall make payment or cause payment to be made to BUILDER for the Vessels, constructed pursuant to Article I hereof, in installments as follows:

Upon delivery and acceptance, pursuant to Article X, of each Vessel free and clear of any lien, claim or other encumbrance.

ARTICLE V - ALTERATIONS:

PURCHASER shall have the right to make any alterations in, deductions from, or additions to the DRAWING on giving due notice in writing to BUILDER. In any such event, an equitable adjustment of the basic contract price shall be negotiated after giving due allowance to both increases and decreases in the work originally contemplated. A statement of the amount of any such adjustment of the basic contract price shall be submitted to PURCHASER by BUILDER and shall be approved by PURCHASER in writing before the change is made.

ARTICLE VI - TAXES:

BUILDER shall pay all local, state and federal taxes, workmen's compensation, security and old-age benefits, of any nature, and any other taxes, charges, assessments and contributions of any kind now or hereafter imposed upon, or with respect to, or measured by, materials and labor utilized in the construction of the Vessels hereunder, or the wages, salaries, or other remunerations paid to persons employed in connection with the performance of this CONTRACT, and BUILDER shall indemnify and hold PURCHASER harmless from any and all liability and expense by reason of BUILDER'S failure to so pay such taxes, charges, assessments, and contributions.

Notwithstanding the foregoing, if after the effective date of this agreement any federal, state or local government shall increase the rate of, or shall enact any tax, fee, duty, impost or imposition which BUILDER is required to collect or pay, (whether due and/or collectible subsequent to performance and delivery hereunder),

and which has the effect, either directly or indirectly, of increasing its cost of performance hereunder, BUILDER shall be entitled to charge PURCHASER the amount of any such increase or new tax, fee, duty, impost or imposition which is directly attributable to its performance hereunder, except that no charge shall be made hereunder on account of, and BUILDER shall be entirely responsible for the payment of, any tax on the income of BUILDER, any Ad Valorem Tax (whether assessed upon the Vessels under construction or upon other property) or any franchise or similar tax.

Notwithstanding any of the foregoing, any sales or use taxes which may be imposed upon the sale or use of the Vessels to be furnished hereunder, whether or not the law imposing such tax is now in effect, shall be in addition to the purchase price herein specified and shall be paid by PURCHASER. If any such tax is required to be paid by BUILDER, PURCHASER shall reimburse BUILDER therefor upon presentation of invoice.

ARTICLE VII - PROPERTY LOSS OR DAMAGE:

BUILDER shall assume all risks of loss of and damage to the Vessels and materials entering into the construction of the Vessels until the Vessels are delivered to PURCHASER in accordance with the provisions of Article X hereof.

ARTICLE VIII - PATENTS:

BUILDER shall pay all royalties for patented processes, articles or devices embodied and used in any parts of the Vessels and shall indemnify PURCHASER against any claims, charges, costs or expenses incident thereto.

BUILDER warrants that none of the articles, devices, processes or anything used in or about the construction of the Vessels infringes on patents or patent rights, and agrees to indemnify and save harmless the PURCHASER from any suits, judgments, damages, costs or claims whatsoever for infringement of any patents or patent rights. BUILDER agrees that in the event of such suit for patent infringement being brought against PURCHASER upon written notice being given by PURCHASER to BUILDER, BUILDER will defend such suit without cost to PURCHASER.

ARTICLE IX - INDEMNITY AGAINST CLAIMS:

BUILDER shall indemnify and save PURCHASER harmless from any and all liability, expenses, costs, damages and/or losses of any kind arising out

of injuries to or death of persons or loss or damage to property of any kind arising out of BUILDER'S performance of this agreement, except where such injury, death, loss or damage has resulted from the negligence of PURCHASER, its employees or agents.

BUILDER shall observe all applicable laws and regulations and shall indemnify and save PURCHASER harmless from any and all liability, expenses, costs, damages and/or losses of any kind resulting from the failure of BUILDER so to do in the performance of this agreement.

ARTICLE X - COMPLETION, ACCEPTANCE AND DELIVERY:

The Vessels shall be constructed by BUILDER at its Jeffersonville, Indiana, yard and shall be completed and delivered in accordance with the following schedule:

As shown on Exhibit A attached hereto and made a part hereof.

PURCHASER shall be given a reasonable opportunity to inspect the Vessels during construction and upon completion in order to determine the compliance of materials, workmanship, and details of construction with the requirements of the DRAWING. PURCHASER, or his authorized representative, shall make such inspections promptly, and upon completion, the Vessels shall be promptly approved by the PURCHASER, the Vessels shall be delivered by BUILDER to PURCHASER and accepted by PURCHASER afloat in the Ohio River adjacent to Louisville, Kentucky.

BUILDER, at its expense, shall furnish Owner a Master Carpenter's Certificate and a certified copy of the Admeasurement Certificate for each Vessel, together with whatever other documents may be required by law or by any regulatory agency of the United States having jurisdiction in the premises, including all documents, instruments, and applications necessary for the Enrollment and Licensing of the Vessels at their home port.

ARTICLE XI - WARRANTY:

BUILDER warrants that the Vessels to be constructed under this CONTRACT shall, at the time of delivery,

1. Conform to the requirements of the CONTRACT and DRAWING,
2. Be of good workmanship and quality in accordance with the best marine practice for work of like nature,

3. Be free of all defects,
4. Be free of any liens, claims or encumbrances upon payment to BUILDER in accordance with Articles III and IV hereof.

If any defects in materials or workmanship in the Vessels under normal conditions of use and service, other than those defects which are due to normal wear and tear, or misuse, be discovered within six (6) months after delivery of the Vessels to PURCHASER, such defects shall be corrected, or the defective parts shall be replaced by the BUILDER at BUILDER'S expense, at such place as the parties shall mutually agree; provided, however, that in the instance of equipment purchased by BUILDER from others and incorporated in the Vessels, the responsibility of the BUILDER for defects in such equipment shall be limited to the usual guarantee or warranty extended by the manufacturer, or supplier, of such equipment. The BUILDER, however, in no way assumes liability, nor shall he be held accountable for consequential damages of any nature.

The PURCHASER shall notify the BUILDER in writing of any defects found in the Vessels during the warranty period, promptly after discovery thereof, and upon such notification, BUILDER shall have the right, at its own expense, to make an investigation of the reported defect before corrective work is undertaken.

ARTICLE XII - FORCE MAJEURE:

All agreements of the BUILDER concerning time and dates of delivery under the provisions of this CONTRACT shall be subject to "force majeure," which term is hereby declared to include all actions whatsoever (except inclement weather of the ordinary reasonable nature) beyond the reasonable control of the BUILDER, among which, but not exclusive of others, are the following: Acts of God; war between the United States and other foreign country; civil war; riot or insurrection in the United States; preparation for war; requirement, urgency, or intervention of civil, naval, or military authorities or other agencies of Government; arrests and restraints of rulers and people; blockades; embargoes; vandalism; sabotage; epidemics; strikes, lockouts, or other industrial disturbances; earthquakes, landslides, floods; hurricanes and cyclonic storms; damage by lightning, explosions, collisions, strandings, fires; delays in delivery of materials which BUILDER by reasonable precaution cannot avoid; government priorities; delays of carriers by

land, water or air; and delays due to changes authorized by the PURCHASER pursuant to Article V hereof.

ARTICLE XIII - WORK WEEK:

The contract price designated in Article III hereof and the delivery designated in Article X hereof contemplate the performance of all work under this agreement utilizing a work week of five (5) days, sixteen (16) hours each, holidays excepted. Should PURCHASER call for any portion of the work to be accomplished utilizing a work week in excess of that designated herein, PURCHASER shall reimburse BUILDER for resulting additional costs with the amount thereof to be determined in accordance with BUILDER'S regular accounting procedure.

ARTICLE XIV - DEFAULT:

If either party hereto shall be adjudicated a bankrupt or an order appointing a receiver of it or of the major part of its property shall be made, or an order shall be made approving a petition or answer seeking its reorganization under the Federal Bankruptcy Act, as amended, or should either party institute or have instituted against it, proceedings in bankruptcy or apply for or consent to the appointment of a receiver of itself or of its property, or shall make an assignment for the benefit of its creditors, or shall admit in writing its inability to pay its debts generally as they become due, for the purpose of seeking a reorganization under the Federal bankruptcy laws or otherwise, then in any one or more of such events, the other party to this agreement shall have the option forthwith to terminate this agreement to all intents and for all purposes, by giving written notice of its intention so to do. Any termination of this agreement made pursuant to the provisions of this paragraph shall not relieve the party receiving such notice from any accrued obligations hereunder due and owing at the date of such termination.

ARTICLE XV - EFFECT OF WAIVER:

No waiver by either party hereto of any default by the other in the strict and literal performance of or compliance with any provision, condition, or requirement herein shall be deemed to be a waiver of strict and literal performance of and compliance with any other provision, condition, or requirement herein, nor to be a waiver of, or in any manner release such other from, strict compliance with any provision, condition, or requirement in the future.

ARTICLE XVI - ASSIGNMENT:

This agreement and the benefits of any payments made hereunder may be assigned by PURCHASER without the consent of BUILDER, and title to the Vessels and materials entering into the construction thereof vested in PURCHASER may be transferred at any time to any individual, firm or corporation which it may designate, provided that PURCHASER guarantees the performance of all its obligations hereunder by such assignee, and provided further that such assignment or transfer shall not in any way violate any law of the United States of America or any rule or regulation issued or promulgated by any department, agency or instrumentality of the United States Government. BUILDER agrees to execute any documents required to effectuate any such assignment or transfer and the documentation of the completed Vessels. This agreement shall not be assignable by BUILDER without the consent of PURCHASER.

ARTICLE XVII - NOTICES:

Any notice required or permitted to be given to either party hereto by or under the provisions of this agreement shall be deemed properly given when mailed by certified mail return receipt requested, postage thereon fully prepaid, addressed in the case of PURCHASER to: American Commercial Lines, Inc., P. O. Box 610, 1701 East Market Street, Jeffersonville, Indiana 47130, and in the case of BUILDER to Jeffboat, Incorporated, P. O. Box 610, Jeffersonville, Indiana 47130. All such notices shall be deemed to have been given when so mailed. For convenience in reference, this agreement is hereby identified as CONTRACT NO. . All invoices, notices, reports, or other communications addressed to PURCHASER pertaining to this agreement shall be identified by this number.

ARTICLE XVIII - SHIPPING ACT OF 1916:

PURCHASER warrants that it is a citizen of the United States within the meaning of the Shipping Act of 1916, as amended, (46 U. S. Code 835), and that it is qualified to enter into this agreement and to take title to the equipment to be constructed hereunder and that the provisions of said Shipping Act of 1916,

as amended, imposing restrictions upon transfers to persons not citizens of the United States and any proclamations, orders or regulations thereunder, are inapplicable.

ARTICLE XIX - INTERPRETATIONS:

This CONTRACT shall be interpreted according to the laws of the State of Indiana.

IN WITNESS WHEREOF, the parties have executed this CONTRACT as of the day and year first above written.

WITNESSES:

I. K. Brown

J. B. Brown

ATTEST:

Michael L. Harris

PURCHASER:

AMERICAN COMMERCIAL LINES, INC.

By F. H. Blake

BUILDER:

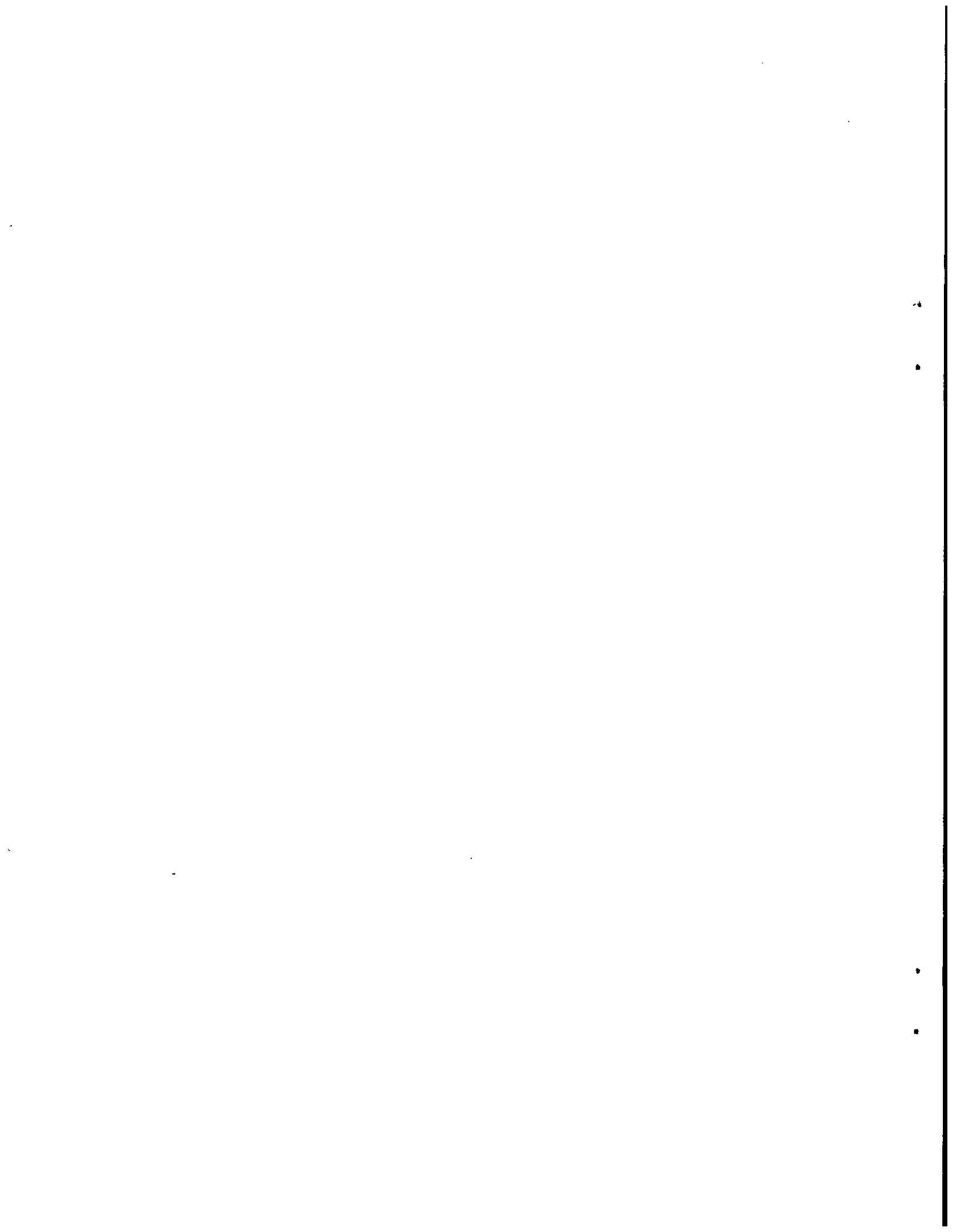
JEFF BOAT, INCORPORATED

By John F. MacKay
Executive Vice President

EXHIBIT A

<u>Designation of Vessel</u>	<u>Date of Delivery</u>	<u>Basic Unit Contract Price 1/</u>	<u>Basic Total Contract Price 1/</u>
ACBL 2922-2923 (2) 195'x35'x13' Covered Hopper Barges	4-76	\$188,000	\$ 376,000
ACBL 2924-2931 (8) 195'x35'x13' Covered Hopper Barges	5-76	188,000	1,504,000
ACBL 2932-2941 (10) 195'x35'x13' Covered Hopper Barges	6-76	188,000	1,880,000
ACBL 1979-1983 (5) 195'x35'x13' Open Hopper Barges	8-76	155,000	<u>775,000</u>
			\$4,535,000

Notes: 1/ Estimated as of November 1, 1975.



CONTRACT

THIS AGREEMENT, (hereinafter called the CONTRACT), made and entered into as of the 2nd day of January, 1975, but actually executed this 1st day of August, 1975, by and between American Commercial Lines, Inc., a Delaware corporation, hereinafter called the PURCHASER, and JEFFBOAT, INCORPORATED, a Delaware corporation, hereinafter called the BUILDER.

WITNESSETH:

That PURCHASER and BUILDER, each in consideration of the agreements on the part of the other herein contained, hereby contract as follows:

ARTICLE I - WORK TO BE DONE:

BUILDER shall in a good and workmanlike manner and at its own cost and expense furnish all labor, supervision, machinery, materials, equipment, supplies, plant and facilities required to design, construct, launch and complete, ready for service, towboats and barges as detailed on Exhibit A attached, hereinafter referred to as the Vessel(s).

ARTICLE II - PURCHASE OF THE VESSEL(S):

PURCHASER, in consideration of the true and faithful performance of this agreement on the part of BUILDER, agrees to purchase the Vessel's from BUILDER on the terms and conditions set forth in this agreement.

ARTICLE III - CONTRACT PRICE:

PURCHASER shall pay or cause to be paid to BUILDER for the Vessels, completed in accordance with the terms of this agreement, an amount equal to *BUILDER'S cost for materials and labor entering into construction of each Vessel plus BUILDER'S manufacturing burden and general and administrative expense determined in accordance with generally accepted accounting principles consistently applied.

*BUILDER'S cost shall be determined based upon standard costing procedures utilized in accounting for construction of vessels in BUILDER'S shipyard. BUILDER utilizes its internal cost figures in establishing its cost for steel.

The purchase price for each Vessel shall be adjusted to reflect:

- (1) The increase or decrease therein resulting from changes or additions pursuant to Article V hereof;
- (2) The increase or decrease therein resulting from changes in taxes pursuant to Article VI hereof.

ARTICLE IV - TERMS OF PAYMENT:

PURCHASER shall make payment or cause payment to be made to BUILDER for the Vessels, constructed pursuant to Article I hereof, in installments as follows:

Upon delivery and acceptance, pursuant to Article X, of each Vessel free and clear of any lien, claim or other encumbrance.

ARTICLE V - ALTERATIONS:

PURCHASER shall have the right to make any alterations in, deductions from, or additions to the DRAWING on giving due notice in writing to BUILDER. In any such event, an equitable adjustment of the basic contract price shall be negotiated after giving due allowance to both increases and decreases in the work originally contemplated. A statement of the amount of any such adjustment of the basic contract price shall be submitted to PURCHASER by BUILDER and shall be approved by PURCHASER in writing before the change is made.

ARTICLE VI - TAXES:

BUILDER shall pay all local, state and federal taxes, workmen's compensation, security and old-age benefits, of any nature, and any other taxes, charges, assessments and contributions of any kind now or hereafter imposed upon, or with respect to, or measured by, materials and labor utilized in the construction of the Vessels hereunder, or the wages, salaries, or other remunerations paid to persons employed in connection with the performance of this CONTRACT, and BUILDER shall indemnify and hold PURCHASER harmless from any and all liability and expense by reason of BUILDER'S failure to so pay such taxes, charges, assessments, and contributions.

Notwithstanding the foregoing, if after the effective date of this agreement any federal, state or local government shall increase the rate of, or shall enact any tax, fee, duty, impost or imposition which BUILDER is required to collect or pay, (whether due and/or collectible subsequent to performance and delivery hereunder),

and which has the effect, either directly or indirectly, of increasing its cost of performance hereunder, BUILDER shall be entitled to charge PURCHASER the amount of any such increase or new tax, fee, duty, impost or imposition which is directly attributable to its performance hereunder, except that no charge shall be made hereunder on account of, and BUILDER shall be entirely responsible for the payment of, any tax on the income of BUILDER, any Ad Valorem Tax (whether assessed upon the Vessels under construction or upon other property) or any franchise or similar tax.

Notwithstanding any of the foregoing, any sales or use taxes which may be imposed upon the sale or use of the Vessels to be furnished hereunder, whether or not the law imposing such tax is now in effect, shall be in addition to the purchase price herein specified and shall be paid by PURCHASER. If any such tax is required to be paid by BUILDER, PURCHASER shall reimburse BUILDER therefor upon presentation of invoice.

ARTICLE VII - PROPERTY LOSS OR DAMAGE:

BUILDER shall assume all risks of loss of and damage to the Vessels and materials entering into the construction of the Vessels until the Vessels are delivered to PURCHASER in accordance with the provisions of Article X hereof.

ARTICLE VIII - PATENTS:

BUILDER shall pay all royalties for patented processes, articles or devices embodied and used in any parts of the Vessels and shall indemnify PURCHASER against any claims, charges, costs or expenses incident thereto.

BUILDER warrants that none of the articles, devices, processes or anything used in or about the construction of the Vessels infringes on patents or patent rights, and agrees to indemnify and save harmless the PURCHASER from any suits, judgments, damages, costs or claims whatsoever for infringement of any patents or patent rights. BUILDER agrees that in the event of such suit for patent infringement being brought against PURCHASER upon written notice being given by PURCHASER to BUILDER, BUILDER will defend such suit without cost to PURCHASER.

ARTICLE IX - INDEMNITY AGAINST CLAIMS:

BUILDER shall indemnify and save PURCHASER harmless from any and all liability, expenses, costs, damages and/or losses of any kind arising out

of injuries to or death of persons or loss or damage to property of any kind arising out of BUILDER'S performance of this agreement, except where such injury, death, loss or damage has resulted from the negligence of PURCHASER, its employees or agents.

BUILDER shall observe all applicable laws and regulations and shall indemnify and save PURCHASER harmless from any and all liability, expenses, costs, damages and/or losses of any kind resulting from the failure of BUILDER so to do in the performance of this agreement.

ARTICLE X - COMPLETION, ACCEPTANCE AND DELIVERY:

The Vessels shall be constructed by BUILDER at its Jeffersonville, Indiana, yard and shall be completed and delivered in accordance with the following schedule:

As shown on Exhibit A attached hereto and made a part hereof.

PURCHASER shall be given a reasonable opportunity to inspect the Vessels during construction and upon completion in order to determine the compliance of materials, workmanship, and details of construction with the requirements of the DRAWING. PURCHASER, or his authorized representative, shall make such inspections promptly, and upon completion, the Vessels shall be promptly approved by the PURCHASER, the Vessels shall be delivered by BUILDER to PURCHASER and accepted by PURCHASER afloat in the Ohio River adjacent to Louisville, Kentucky.

BUILDER, at its expense, shall furnish Owner a Master Carpenter's Certificate and a certified copy of the Admeasurement Certificate for each Vessel, together with whatever other documents may be required by law or by any regulatory agency of the United States having jurisdiction in the premises, including all documents, instruments, and applications necessary for the Enrollment and Licensing of the Vessels at their home port.

ARTICLE XI - WARRANTY:

BUILDER warrants that the Vessels to be constructed under this CONTRACT shall, at the time of delivery,

1. Conform to the requirements of the CONTRACT and DRAWING,
2. Be of good workmanship and quality in accordance with the best marine practice for work of like nature,

3. Be free of all defects,
4. Be free of any liens, claims or encumbrances upon payment to BUILDER in accordance with Articles III and IV hereof.

If any defects in materials or workmanship in the Vessels under normal conditions of use and service, other than those defects which are due to normal wear and tear, or misuse, be discovered within six (6) months after delivery of the Vessels to PURCHASER, such defects shall be corrected, or the defective parts shall be replaced by the BUILDER at BUILDER'S expense, at such place as the parties shall mutually agree; provided, however, that in the instance of equipment purchased by BUILDER from others and incorporated in the Vessels, the responsibility of the BUILDER for defects in such equipment shall be limited to the usual guarantee or warranty extended by the manufacturer, or supplier, of such equipment. The BUILDER, however, in no way assumes liability, nor shall be held accountable for consequential damages of any nature.

The PURCHASER shall notify the BUILDER in writing of any defects found in the Vessels during the warranty period, promptly after discovery thereof, and upon such notification, BUILDER shall have the right, at its own expense, to make an investigation of the reported defect before corrective work is undertaken.

ARTICLE XII - FORCE MAJEURE:

All agreements of the BUILDER concerning time and dates of delivery under the provisions of this CONTRACT shall be subject to "force majeure," which term is hereby declared to include all actions whatsoever (except inclement weather of the ordinary seasonable nature) beyond the reasonable control of the BUILDER, among which, but not exclusive of others, are the following: Acts of God; war between the United States and other foreign country; civil war; riot or insurrection in the United States; preparation for war; requirement, urgency, or intervention of civil, naval, or military authorities or other agencies of Government; arrests and restraints of rulers and people; blockades; embargoes; vandalism; sabotage; epidemics; strikes, lockouts, or other industrial disturbances; earthquakes, landslides, floods; hurricanes and cyclonic storms; damage by lightning; explosions, collisions, strandings, fires; delays in delivery of materials which BUILDER by reasonable precaution cannot avoid; government priorities; delays of carriers by

land, water or air; and delays due to changes authorized by the PURCHASER pursuant to Article V hereof.

ARTICLE XIII - WORK WEEK:

The contract price designated in Article III hereof and the delivery designated in Article X hereof contemplate the performance of all work under this agreement utilizing a work week of five (5) days, sixteen (16) hours each, holidays excepted. Should PURCHASER call for any portion of the work to be accomplished utilizing a work week in excess of that designated herein, PURCHASER shall reimburse BUILDER for resulting additional costs with the amount thereof to be determined in accordance with BUILDER'S regular accounting procedure.

ARTICLE XIV - DEFAULT:

If either party hereto shall be adjudicated a bankrupt or an order appointing a receiver of it or of the major part of its property shall be made, or an order shall be made approving a petition or answer seeking its reorganization under the Federal Bankruptcy Act, as amended, or should either party institute or have instituted against it, proceedings in bankruptcy or apply for or consent to the appointment of a receiver of itself or of its property, or shall make an assignment for the benefit of its creditors, or shall admit in writing its inability to pay its debts generally as they become due, for the purpose of seeking a reorganization under the Federal bankruptcy laws or otherwise, then in any one or more of such events, the other party to this agreement shall have the option forthwith to terminate this agreement to all intents and for all purposes, by giving written notice of its intention so to do. Any termination of this agreement made pursuant to the provisions of this paragraph shall not relieve the party receiving such notice from any accrued obligations hereunder due and owing at the date of such termination.

ARTICLE XV - EFFECT OF WAIVER:

No waiver by either party hereto of any default by the other in the strict and literal performance of or compliance with any provision, condition, or requirement herein shall be deemed to be a waiver of strict and literal performance of and compliance with any other provision, condition, or requirement herein, nor to be a waiver of, or in any manner release such other from, strict compliance with any provision, condition, or requirement in the future.

ARTICLE XVI - ASSIGNMENT:

This agreement and the benefits of any payments made hereunder may be assigned by PURCHASER without the consent of BUILDER, and title to the Vessels and materials entering into the construction thereof vested in PURCHASER may be transferred at any time to any individual, firm or corporation which it may designate, provided that PURCHASER guarantees the performance of all its obligations hereunder by such assignee, and provided further that such assignment or transfer shall not in any way violate any law of the United States of America or any rule or regulation issued or promulgated by any department, agency or instrumentality of the United States Government. BUILDER agrees to execute any documents required to effectuate any such assignment or transfer and the documentation of the completed Vessels. This agreement shall not be assignable by BUILDER without the consent of PURCHASER.

ARTICLE XVII - NOTICES:

Any notice required or permitted to be given to either party hereto by or under the provisions of this agreement shall be deemed properly given when mailed by certified mail return receipt requested, postage thereon fully prepaid, addressed in the case of PURCHASER to: American Commercial Lines, Inc., P. O. Box 610, 1701 East Market Street, Jeffersonville, Indiana 47130, and in the case of BUILDER to Jeffboat, Incorporated, P. O. Box 610, Jeffersonville, Indiana 47130. All such notices shall be deemed to have been given when so mailed. For convenience in reference, this agreement is hereby identified as CONTRACT NO. . All invoices, notices, reports, or other communications addressed to PURCHASER pertaining to this agreement shall be identified by this number.

ARTICLE XVIII - SHIPPING ACT OF 1916:

PURCHASER warrants that it is a citizen of the United States within the meaning of the Shipping Act of 1916, as amended, (46 U. S. Code 835), and that it is qualified to enter into this agreement and to take title to the equipment to be constructed hereunder and that the provisions of said Shipping Act of 1916,

as amended, imposing restrictions upon transfers to persons not citizens of the United States and any proclamations, orders or regulations thereunder, are inapplicable.

ARTICLE XIX - INTERPRETATIONS:

This CONTRACT shall be interpreted according to the laws of the State of Indiana.

IN WITNESS WHEREOF, the parties have executed this CONTRACT as of the day and year first above written.

WITNESSES:

D. K. Brown

J. A. Barron

ATTEST:

G. R. [Signature]

PURCHASER:

AMERICAN COMMERCIAL LINES, INC

By *W. J. Bolger Jr*

BUILDER:

JEFFBOAT, INCORPORATED

By *John F. [Signature]*
Executive Vice President

EXHIBIT A

<u>DESIGNATION OF VESSEL</u>	<u>DATE OF DELIVERY</u>	<u>BASIC UNIT CONTRACT PRICE^{1/}</u>	<u>BASIC TOTAL CONTRACT PRICE^{1/}</u>
M/V Harry Mack	6-75	\$	\$ 2,450,000
(20) 195' x 35' x 13' Covered Hopper Barges ACBL 2892-2911	1975	168,000	3,360,000
(25) 195' x 35' x 13' Open Hopper Barges ACBL 1944-1968	1975	138,000	3,450,000
(10) 195' x 35' x 13' Covered Hopper Barges ACBL 2912-2921	1976	185,000	1,850,000
(10) 195' x 35' x 13' Open Hopper Barges ACBL 1969-1978	1976	155,000	<u>1,550,000</u>
			<u>\$12,660,000</u>

Note: ^{1/} Estimated as of July 1, 1975.

BAREBOAT CHARTER

THIS CHARTER, made the 29th day of July, 1976, between AMERICAN COMMERCIAL LINES, INC., a Delaware corporation (the "Shipowner"), and COMMERCIAL BARGE LINE COMPANY, a Delaware corporation (the "Charterer").

WITNESSETH :

WHEREAS, the Shipowner is the owner of the United States flag Vessels listed in Schedule A hereto (the "Vessels") subject to a First Preferred Fleet Mortgage dated the date hereof (the "Mortgage") in favor of the United States of America, represented by the Secretary of Commerce acting by and through the Assistant Secretary of Commerce for Maritime Affairs (the "Secretary"); and

WHEREAS, the Charterer desires to hire and the Shipowner agrees to let the Vessels to the Charterer in accordance with the terms of this Agreement;

Now THEREFORE, the parties hereto agree as follows:

Section 1. *The Charter Period*

The Shipowner hereby lets and demises, and the Charterer hereby hires, the Vessels commencing on the date hereof and continuing for such time as the Mortgage to the United States of America on the Vessels is outstanding upon the terms and conditions set forth in this Charter (the "Charter Period").

Section 2. *Delivery; Redelivery*

The Charterer accepts delivery of the Vessels at the port or ports where the Vessels are located on the date hereof. The Charterer agrees to redeliver the Vessels to the Shipowner at the termination of the Charter Period at such port or ports in the continental United States of America as the Shipowner shall designate to the Charterer in writing 30 days prior to the date of such redelivery.

Section 3. *Charter Hire*

(a) The Charterer agrees to pay the Shipowner semiannually commencing on January 15, 1977, and on each July 15 and January 15 thereafter, Charter Hire in an amount equal to the greater of (i) the Shipowner's total debt service or (ii) the Shipowner's total direct cost. (All such amounts are herein called "Basic Hire".) For this purpose "total debt service" and "total direct cost" are as follows:

(1) "Total debt service" is the total of all principal, interest, Indenture Trustee fees and Title XI Guarantee Fees which became due for payment during the semiannual period on the Shipowner's United States Government Guaranteed Ship Financing Bonds (the "Bonds").

(2) "Total direct cost" are all costs and expenses except state and federal income taxes which appear on the Shipowner's statement of earnings for the semiannual period, prepared in accordance with generally accepted accounting principles and which are directly identifiable to the "Bonds" and ownership of the Vessels.

(b) The Charterer's obligation to make payments of Basic Hire hereunder shall be absolute and unconditional and under any and all circumstances and no payment of such amount shall be subject to any right of set-off, counterclaim, recoupment, defense, abatement, suspension, deferment or reduc-

tion, for any reason whatsoever, and the Charterer shall have no right to terminate this Charter (except as expressly provided herein) or to be released, relieved or discharged from any obligation or liability to pay Basic Hire for any reason whatsoever. Each payment of Basic Hire hereunder, shall be final and the Charterer agrees not to seek to recover all or any part of Basic Hire from the Shipowner, the Secretary, the Indenture Trustee, the holders of the aforementioned Bonds or any other person for any reason whatsoever. The Charterer hereby waives to the extent permitted by applicable law any and all right which it may now have or which at any time hereafter it may have conferred upon it, by statute or otherwise, to terminate, cancel, quit, or surrender this Charter except in accordance with the expressed terms hereof. Even though the Charterer shall be deprived of or limited in the use of the Vessels, or any of them, in any respect or for any length of time whether or not by reason of some act, omission or breach on the part of the Shipowner or a third party, whether or not resulting from accident and whether or not without fault on the part of the Charterer, the Charterer will continue to make all payments of Basic Hire without interruption or abatements so long as this Charter shall not have been terminated in accordance with its terms. Compliance with this section by the Charterer shall not waive or release any claim, right or remedy of the Charterer against the Shipowner or any other person and the enforcement thereof by means available to the Charterer and not inconsistent with the provisions of this Charter.

Section 4. *Use and Operation*

(a) The Charterer shall have the full use of the Vessels and may employ the Vessels in any trade throughout the United States of America, except that the Vessels shall not be operated in any manner contrary to applicable law.

(b) The Charterer shall have exclusive possession and control of the Vessels and shall man, victual, navigate and operate each of the Vessels at its own expense or by its own procurement throughout the Charter Period. The master, officers and crew, if any, of the Vessels shall be engaged and employed by the Charterer and shall remain the Charterer's servants, navigating and working the Vessels on behalf of and at the risk of the Charterer.

(c) The Charterer shall, at its own expense, provide such additional equipment, outfit, tools, appliances, spare and replacement parts and consumable and nonconsumable stores as may be required for the operation of each of the Vessels. Such additional equipment and stores shall remain the property of the Charterer.

Section 5. *Maintenance; Changes*

(a) The Charterer shall keep each of the Vessels in the good order and condition required to be maintained pursuant to Section 2.04(i) of the Security Agreement dated the date hereof (the "Security Agreement") between the Shipowner and the Secretary.

(b) The Charterer agrees that without the prior written consent of the Shipowner and the Secretary it will not take any action in respect of any Vessel prohibited by Section 2.04(j) of the Security Agreement.

Section 6. *Documentation; Liens*

(a) Throughout the Charter Period, the Charterer shall maintain the documentation of the Vessel in the Shipowner's name under the laws and flag of the United States of America, shall maintain the lien of the Mortgage, and shall procure and maintain in full force and effect all permits and licenses as may be required by applicable federal, state or local laws or regulations by reason of the nature or location of the Charterer's use of the Vessels. The Shipowner agrees to cooperate with the Charterer in maintaining the foregoing.

(b) Neither the Charterer, its agents, masters, servants, shore personnel nor any party whatsoever shall have any right, power or authority to create, incur or permit to be imposed upon any of the

Vessels any liens whatsoever. The Charterer hereby agrees to notify any and all persons furnishing any items chargeable to the account of the Charterer which are deemed necessities to the Vessels. In addition, the Charterer hereby agrees to carry on each of the Vessels the Notice of Mortgage referred to in the Security Agreement.

Section 7. *Insurance*

The Charterer agrees to maintain such insurance as requested by the Shipowner on the Vessels at its own cost.

Section 8. *Requisition of Title, Seizure or Forfeiture; Total Loss*

In the event of a requisition of title to a Vessel, seizure of a Vessel or forfeiture of a Vessel or the happening of any of the circumstances referred to in Section 2.07(c)(3) of the Security Agreement resulting in an actual, constructive, agreed or compromised total loss of a Vessel, the Charterer agrees as follows:

(i) To give prompt written notice thereof to the Shipowner and the Secretary; and

(ii) To promptly pay all amounts it receives by reason of such requisition or total loss to the Secretary to the extent required by the Security Agreement (subject to the consent or approval of the Secretary and/or the Maritime Administration if and to the extent they have jurisdiction) to be applied by the Secretary in accordance with the provisions of Section 2.09(3) of the Security Agreement.

Section 9. *Default; Remedies*

If at any time during the Charter Period the Charter shall fail to perform any of its duties or obligations hereunder or shall violate any of the provisions of this Charter, the Shipowner may, without prejudice to any other legal rights or remedies which it may have under this Charter or as provided by law, withdraw and retake any or all of the Vessels wherever the same may be found, whether upon the high seas or in any port, harbor or other place and without prior demand and without legal process, and for that purpose may enter upon any dock, pier or other premises where such Vessel or Vessels may be found and may take possession thereof.

Section 10. *Taxes*

The Shipowner shall not be responsible for any transportation, use, sales, property or other federal, state or local taxes levied or assessed in connection with any of the Vessels or the operation or use thereof during the Charter Period and all such taxes shall be for the Charterer's account (excepting only income taxes of the Shipowner on Charter Hire paid hereunder).

Section 11. *Secretary's Rights; Subcharters*

(a) The Shipowner's right, title and interest in and to this Charter and all Charter Hire and any other amounts paid hereunder are subject to a Security Interest in favor of the Secretary as provided in the Security Agreement. The Charterer's right to peaceful use and possession are subject, also, to the rights of the Secretary under the Mortgage.

(b) The Charterer agrees not to subcharter any of the Vessels except the foregoing shall not apply to (i) demise subcharters approved by the Secretary in writing, and, (ii) demise subcharters permitted by Sections 12(b)(3) and 13(c)(3) of due Title XI Reserve Fund and Financial Agreement dated the date hereof between the Charterer and the Secretary.

Section 12. *Miscellaneous*

(a) For so long as the Mortgage or the Security Agreement are in full force and effect, this Charter may not be amended, modified or supplemented without the prior written consent of the Secretary.

(b) For purposes of this Charter all notices required hereunder shall be sent to the addresses of the parties as follows:

If to the Shipowner: American Commercial Lines, Inc.
3800 Frederica Street
Owensboro, Kentucky 42301
Attention: Secretary

With a copy to: 3401 Allen Parkway
Houston, Texas 77019

If to the Charterer: Commercial Barge Line Company
3800 Frederica Street
Owensboro, Kentucky 42301
Attention: Secretary

With a copy to: 3401 Allen Parkway
Houston, Texas 77019

If to the Secretary: Secretary of Commerce
c/o Assistant Secretary of Commerce
for Maritime Affairs
Maritime Administrator
Department of Commerce
Washington, D.C. 20230

(c) This Charter is not a personal contract. It is agreed that the Shipowner may avail itself of the rights created by Section 4283 through 4287 of the United States Revised Statutes 46 USC Sections 183-187 in any and all circumstances whatsoever, except where the losses incurred with privity of knowledge of the Shipowner.

(d) The Shipowner and Charterer agree that future deliveries of Undelivered Vessels (as defined in the Security Agreement dated the date hereof between the Shipowner and the United States of America) by the Shipowner to the Charterer shall be evidenced by amendments to this Charter substantially in the form of Exhibit A hereto.

IN WITNESS WHEREOF, the parties hereto have executed and delivered this Agreement on the day and year first above written.

AMERICAN COMMERCIAL LINES, INC.

By

COMMERCIAL BARGE LINE COMPANY

By

**SUPPLEMENT NO.
TO BAREBOAT CHARTER**

This Supplement No. _____ to Bareboat Charter dated July 29, 1976 between American Commercial Lines, Inc. a Delaware corporation (the "Shipowner") and Commercial Barge Line Company, a Delaware corporation (the "Charterer"),

WITNESSETH :

WHEREAS, the Shipowner and the Charterer have heretofore entered into that certain Bareboat Charter Party dated July 29, 1976 (herein called the "Charter", and the terms defined therein being hereinafter used with the same meaning), which Charter provides for the execution and delivery from time to time of Charter Supplements substantially in the form hereof for the purpose of confirming delivery of Vessels let and demised under the Charter ;

Now, THEREFORE, the parties hereto agree as follows:

1. The Shipowner hereby confirms that it has let and demised to the Charterer under the Charter and the Charterer hereby confirms that it has accepted and hired from the Shipowner under the Charter each Vessel (a "Delivered Vessel") described in Schedule A to this Charter Supplement by Vessel Name and Official Number.

2. The Delivery Date of the Delivered Vessels is the date of this Charter Supplement set forth in the opening paragraph hereof.

IN WITNESS WHEREOF, the Shipowner and the Charterer have executed and delivered this Supplement No. _____ on the day and year first above written.

AMERICAN COMMERCIAL LINES, INC.

By

COMMERCIAL BARGE LINE COMPANY

By

CONSENT TO ASSIGNMENT OF CHARTER

THIS CONSENT TO ASSIGNMENT OF CHARTER dated July 29, 1976 by COMMERCIAL BARGE LINE COMPANY, a Delaware corporation (the "Charterer"), to AMERICAN COMMERCIAL LINES, INC., a Delaware corporation (the "Shipowner") and the UNITED STATES OF AMERICA, represented by the Secretary of Commerce, acting by and through the Assistant Secretary of Commerce for Maritime Affairs (the "Secretary"), the purpose of which is to allow and acknowledge the assignment of the Charter dated

and all supplements thereto by virtue of the Security Agreement dated the date hereof between the Shipowner and the Secretary (the "Security Agreement"), but as security only as set forth in the Granting Clause of the Security Agreement. True copies of the Security Agreement have been delivered to the Charterer.

In consideration of the premises and the covenants herein contained, and of other good and valuable consideration, the receipt and adequacy of which are hereby acknowledged, the parties hereto agree as follows:

1. The Charterer hereby acknowledges receipt of notice of, and hereby consents to, the assignment of the Charter by virtue of the Security Agreement.

2. The Charterer hereby acknowledges and agrees that:

(a) The Charterer will remain liable to perform its duties and obligations under the Charter as provided therein;

(b) The Secretary shall, by reason of the Security Agreement, have no obligations or liabilities with respect to the Charter;

(c) Except during any period after which the Charterer shall have received written notice from the Secretary as to the existence of a Security Default or Payment Default under the Security Agreement, and until the Secretary shall have notified such parties in writing that such Default under the Security Agreement has been cured or waived, the Shipowner is entitled pursuant to the terms of the Security Agreement to exercise all of its rights with respect thereto and to receive all the benefits thereunder to the same extent as if the Charter had not been in any way so assigned. Prior to the receipt of a notice as to the existence of a Security Default or Payment Default under the Security Agreement and after receipt of a notice as to the cure or waiver of such Default, the Charterer is entitled to perform (and shall not be liable in any respect to the Secretary if it performs) all of its duties and obligations with respect to the Charter in the same manner as if the Charter had not been in any way so assigned; and

(d) The Charterer shall make all payments due or to become due under the Charter to the Shipowner; *provided, however*, that from and after notice from the Secretary the Charterer shall pay all such monies to the Secretary or his designee to be applied as follows:

(i) For so long as no Payment Default or Security Default has occurred and is continuing:

(a) Basic Hire shall be applied:

First, so much thereof as shall be required to pay in full the accrued interest and aggregate principal amount (and premium, if any) of all Obligations then due shall be

paid to the Indenture Trustee or as the Indenture Trustee shall otherwise instruct the Secretary or his designee;

Second, so much thereof as shall be required to pay and reimburse the Indenture Trustee for all fees, expenses and disbursements then due and payable pursuant to Section 7.04 of the Indenture to the extent not previously paid or reimbursed, shall be distributed to the Indenture Trustee;

Third, so much thereof as shall be required to pay and reimburse the Secretary or his designee for all fees and expenses incurred and administering payment of the aforementioned funds; and

Fourth, the balance remaining, if any, shall be paid to the Shipowner or otherwise as the Shipowner may direct.

(b) All moneys due under the Charter other than Basic Hire shall be applied:

First, so much thereof as shall be required to pay and reimburse the Indenture Trustee for all fees, expenses and disbursements then due and payable, pursuant to Section 7.04 of the Indenture to the extent not previously paid or reimbursed, shall be distributed to the Indenture Trustee;

Second, so much thereof as shall be required to pay and reimburse the Secretary or his designee for all fees, expenses and disbursements due with respect to the administration of the aforementioned monies;

Third, so much thereof as shall be required to pay in full the accrued interest and aggregate principal amount (and premium, if any) on all Obligations then due shall be paid to the Indenture Trustee or as the Indenture Trustee shall otherwise instruct the Secretary or his designee; and

Fourth, the balance remaining, if any, shall be paid to the Shipowner or as the Shipowner may direct;

provided, however; that all moneys other than Basic Hire required to be paid to the Secretary or his designee and which are intended to be used for a particular purpose, other than those provided above, shall be distributed by the Secretary or his designee for such purposes, so long as no Payment Default or Security Default has occurred and is continuing; and

(ii) If a Payment Default or a Security Default shall have occurred and be continuing, thereafter, until such Default shall be cured and the Secretary shall have given written notice to the Charterer that such Default has been cured, all funds received by the Secretary or his designee shall be withdrawn by the Secretary or his designee and disbursed by said persons in accordance with paragraph (i) (a) above (except that the provisions of the proviso at the end of paragraph (i) above shall not be applicable).

3. The Charterer agrees that any payment made by it to the Secretary in accordance with the Charter shall be final and that it will not seek to recover from the Secretary by reason of any claim against the Shipowner any moneys paid by it to the Secretary by virtue of the Security Agreement and this Consent to Assignment of Charter, except as in the Charter otherwise expressly provided.

4. This Consent to Assignment of Charter shall be governed by and construed in accordance with federal law and, to the extent federal law does not apply, with the laws of the State of New York.

5. The Charterer agrees to execute and deliver upon written request of the Secretary any and all such other additional instruments and documents as the Secretary may deem desirable for the purpose of obtaining the full benefits of the Security Agreement and of the rights and powers therein granted.

6. The capitalized terms used herein and not otherwise defined herein shall have the meaning specified in Schedule X attached to the Security Agreement as said Schedule X may be amended from time to time.

IN WITNESS WHEREOF, the parties hereto have executed this Consent to Assignment of Charter on the day and year first above written.

AMERICAN COMMERCIAL LINES, INC.

By

COMMERCIAL BARGE LINE COMPANY

By