RECORDATION NO W21-F FILED 1425

FEB 24 1989 -3 20 PM

INTERSTATE COMMERCE COMMISSION

THE CONNECTICUT BANK AND TRUST COMPANY
One Constitution Plaza
Hartford, Connecticut 06115
Corporate Trust Department

FEB 24 3 06 PM '89
MOTOR OPERATING UNIT

February 24, 1989

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

Re: Transmittal Letter for Recordation of Charter Amendment

Dear Sir:

Enclosed herewith for recordation with the Interstate Commerce Commission pursuant to 49 U.S.C. Section 11303 and 49 C.F.R. Part 1002 are two originally executed copies of the Amendment No. 2 to Amended and Restated Bareboat Charter (NM-1), dated March 18, 1982 between The Connecticut Bank and Trust Company, National Association and National Marine, Inc. The Charter was originally filed on March 18, 1982 under recordation number W21-E.

Also enclosed is a check for $52 in payment of the recordation fee for this and three other documents being filed with your offices today, as required by 49 C.F.R. Section 1002.

The foregoing agreement concerns box hopper barges with roll top covers, each of approximately 1223.97 gross tons and approximately 1223 net tons built by Dravo Corporation at Neville Island, Pennsylvania.

Please record the foregoing agreement pursuant to 49

Vicentyfield Ina M. Laura

U.S.C. Section 11303 and 49 C.F.R. Part 1002 and return one original of each document to Michael E. Thoyer, Esq., Morgan, Lewis & Bockius, 101 Park Avenue, New York, New York 10178.

Very truly yours,

THE CONNECTICUT BANK AND TRUST COMPANY, NATIONAL ASSOCIATION

By: _____

Title: AVP

Addresses of Parties to the above-described Charter Amendment:

Shipowner -

The Connecticut Bank and Trust Company,
National Association
One Constitution Plaza
Hartford, Connecticut 06115

Charterer -

National Marine, Inc.
Suite 1500
1515 Poydras Street
New Orleans, Louisiana 70152

Summary of Charter Amendment:

Amendment No. 2 to Amended and Restated Bareboat Charter (NM-1), dated March 18, 1982 between The Connecticut Bank and Trust Company, National Association and National Marine, Inc., recorded as recordation number W21-E. The charter agreement covers certain box hopper barges with roll top covers.

RECORDATION NO 21-F FILED 1425
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INTERSTATE COMMERCE COMMISSION

AMENDMENT NO. 2 TO
AMENDED AND RESTATED BAREBOAT CHARTER (NM-1)

This Amendment, dated February 24, 1989, to Amended and Restated Bareboat Charter dated as of March 18, 1982, as amended by Amendment No. 1 dated December 27, 1982 (the "Charter"), between THE CONNECTICUT BANK AND TRUST COMPANY, NATIONAL ASSOCIATION, not in its individual capacity but solely as owner trustee (the "Shipowner") under the Trust Agreement, dated as of April 1, 1981, as amended, between it and New England Merchants Leasing Corporation B-7, a Massachusetts Corporation (the "Owner Participant"), and NATIONAL MARINE, INC. (formerly called Dravo Mechling Corporation), a Delaware corporation, having its chief executive office at 1515 Poydras, Suite 1500, New Orleans, Louisiana 70152 (the "Charterer").

WITNESSETH:

WHEREAS, the Shipowner and the Charterer have heretofore entered into the Charter pursuant to which the Shipowner let and demised to the Charterer, and the Charterer hired, the Vessels on the terms and conditions set forth therein;

WHEREAS, as contemplated by the Refinancing Agreement, the Shipowner has on the date hereof refinanced its outstanding United States Government Guaranteed Ship Financing Obligations, DMC 1 Series (the "Title XI Obligations"), through the issuance of Secured Notes to NEMLC Leasing Corporation (the "Loan Participant") secured by, among other things, the Security Agreement and the First Preferred Fleet Mortgage each dated the date hereof from the Shipowner to the Loan Participant;

WHEREAS, as an inducement to refinance the Title XI Obligations and thereby relieve it of certain agreements with the Secretary of Transportation, the Charterer has agreed, among other things, to provide additional collateral to the Shipowner, as security for the performance of the Charterer's obligations under the Charter including a first preferred fleet mortgage on certain vessels (the "Collateral Mortgage")and a second preferred fleet mortgage on certain other Vessels (the "Second Preferred Fleet Mortgage") and to amend the Charter to conform it to the terms of the refinancing and in certain other respects.

Filed with the Interstate Commerce Commission pursuant to 49 U.S.C. § 11303 on February , 1989 at , recordation number .

NOW, THEREFORE, in consideration of the foregoing and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties agree as follows:

Section 1. (i) The terms "Security Agreement" and "Mortgage" wherever used in the Charter are intended to refer to the Security Agreement and the Mortgage, respectively, as each has been executed and delivered on the date hereof by the Owner Trustee and the Loan Participant, (ii) all references in the Charter to the "Secretary", the "Secretary of Commerce", the "Secretary of Transportation", the "United States" and the "Depository" shall be deemed to be references to the "Loan Participant" unless the context otherwise requires and (iii) all references in the Charter to the Obligations shall be deemed to be references to the Secured Notes.

Section 2. The Charter is hereby amended as follows:

(a) Section 1 is hereby amended by changing the date "December 31, 2003" in the first sentence thereof to "December 31, 2001."

(b) The provisions of Section 2(b) are hereby restated as of the date hereof (it being understood that the phrases "Mortgage" and "Security Agreement" as used in said Section refer to the instruments executed on the date hereof) and the Charterer hereby specifically consents to the mortgage, pledge and assignment effected by the Assignment of Collateral Mortgage and the Assignment of Second Preferred Fleet Mortgage.

(c) The first paragraph of Section 3(a) is hereby amended (i) by changing the phrase "forty four (44) installments" in the fourth line thereof to "forty (40) installments", (ii) by changing the number "22" in the seventh line thereof to the number "18", (iii) by changing the date "December 31, 2003" in the last line thereof to "December 31, 2001" and (iv) by deleting the second paragraph thereof.

(d) Schedule Two to the Charter is hereby amended by substituting therefor a new Schedule Two as set forth in Exhibit 1 hereto.

(e) The phrase "Pittsburgh Clearing House" in the second sentence of Section 3(d) is hereby replaced by the phrase "New Orleans Clearing House."

(f) Sections 3(e) and (f) are hereby deleted (but without relettering the subsequent sections).

(g) Section 3(h) is hereby amended by changing the phrase "Obligations" in the fourth line thereof to the phrase "Secured Notes."

(h) Section 3(i) is hereby amended by replacing the phrase "Depository Agreement" in the fifth, sixth and seventh lines thereof with the phrase "Security Agreement" and changing the phrase "Section 7" to "Section 10.01" in the seventh line thereof.

(i) Section 4 is hereby amended by substituting the phrase "Note Closing Date" for the phrase "Obligation Closing Date" in the first and second sentences of the first paragraph thereof and by substituting the following for the "NOTICE OF FLEET MORTGAGE AND CHARTER" in the second sentence thereof:

"NOTICE OF FLEET MORTGAGE AND CHARTER

This Vessel is owned by The Connecticut Bank and Trust Company, National Association, not in its individual capacity but solely as trustee (the "Shipowner"), and is covered by a First Preferred Fleet Mortgage in favor of NEMLC Leasing Corporation under authority of Chapter 313 of Title 46 of the United States Code and is under Bareboat Charter to National Marine, Inc. No person has any right to create or permit to be placed upon this Vessel any lien whatsoever other than liens for wages of a stevedore when employed directly by Shipowner, National Marine, Inc. or the master or agent of this Vessel and for the wages of the crew in respect of this Vessel under certain conditions, for general average, or for salvage, or certain liens subordinate to the Mortgage incident to current operations or for repairs."

(j) Section 5(d) is hereby amended by inserting a period after the word "Agreement" in the third line thereof and by deleting the remaining portion of the Section.

(k) Section 8(c) is hereby amended (i) by deleting the phrase "Section 8.01 of Exhibit 1 to the Indenture and (ii) by deleting the last sentence thereof in its entirety.

(l) Section 9 is hereby deleted in its entirety and the following is substituted therefor:

"Section 9. Insurance. (a) The Charterer shall at all times while this Charter shall remain in effect maintain at its own expense:

(i) protection and indemnity insurance with respect to each of the Vessels in such amounts, subject to such deductible or retention amounts, against such risks and under such forms as are then common or customary with respect to vessels similar to the Vessels and engaged in trades similar to the trades in which the Vessels are engaged by other owners and operators of such vessels, provided that such protection and indemnity insurance (including excess policies) shall in all events:

(w) provide limits of liability of not less than $25,000,000 per occurrence (and contain no annual limits on liability);

(x) provide for deductible or retained amounts not exceeding $1,000,000 per annum with respect to all vessels owned or chartered by the Charterer plus $10,000 per occurrence;

(y) provide protection on an "occurrence" basis (rather than on a "claims made" basis); and

(z) provide protection against liabilities arising out of pollution or the spillage or leakage of cargo; and

(ii) marine, hull and machinery insurance on each of the Vessels under the latest (at the time of issue of the policies in question) forms of American or London Institute of Marine Underwriters, provided that such marine, hull and machinery insurance shall in all events:

(x) be in an amount with respect to each Vessel that is not less than the greater of the full commercial value thereof and the applicable Stipulated Loss Value for such Vessel;

(y) with respect to an accident, occurrence or event that does not result in an actual or constructive total loss of a Vessel or an agreed or compromised total loss of a Vessel, provide for deductible or retained amounts that do not exceed $750,000 per annum with respect to all vessels owned or chartered by the Charterer plus $25,000 per occurrence; and

(z) with respect to an accident, occurrence or event that results in an actual or constructive total loss of a Vessel or an agreed or compromised total loss of a Vessel, provide for no deductible or retained amount.

Any insurance maintained by the Charterer with respect to the Vessels shall in no event be lesser in amount, or subject to greater deductible or retention amounts, or cover fewer risks, or be under less favorable forms than the Charterer maintains with respect to other vessels owned or chartered by it that are similar to the Vessels and engaged in trades similar to the trades in which the Vessels are engaged.

(b) All insurance policies required under paragraph (a) of this Section 9 shall:

(i) name the Shipowner, in its individual capacity and as trustee, and each Participant as additional insureds and as loss payees in accordance with the provisions of paragraph (g) below,

(ii) provide that in respect of the respective interests of the Shipowner and each Participant in such policies the insurance shall not be invalidated by any action or inaction of the Charterer or any other person (other than the Shipowner or such Participant, as the case may be) and shall insure the Shipowner and each Participant regardless of any breach or violation of any warranty, declaration or condition contained in such policies by the Charterer or any other person (other than the Shipowner or such Participant, as the case may be) and shall insure the Charterer and each Participant regardless of any breach or violation of any warranty, declaration or condition contained in such policies by the Charterer or any other person (other than the Shipowner or such Participant, as the case may be),

(iii) provide that if such insurance is cancelled by the insurers for any reason whatsoever, or such insurance is allowed to lapse for non-payment of premium, or such insurance coverage is reduced or any other material change is made with respect thereto, then such cancellation, lapse, reduction or change shall not be effective as to the Charterer, the Shipowner or any Participant for 30 days after receipt by the Charterer, the Shipowner and such Participant, respectively, of written notice by such insurers of such cancellation, lapse, reduction or material change, and

(iv) provide that there shall be no recourse against the Shipowner (except to the extent of its interest in the Vessels) or any Participant for the payment of premiums, commissions, club calls, assessments or advances.

Each insurance policy with respect to protection and indemnity insurance shall:

(i) be primary without right of contribution from any other insurance which is carried by the Shipowner or any Participant and

(ii) expressly provide that all of the provisions thereof, except the limits of liability, shall operate in the same manner as if there were a separate policy covering each insured.

(c) The Charterer shall not permit any of the Vessels to undertake any voyage or participate in any venture or transport any cargo which is not permitted by the insurance then in effect.

(d) The Charterer shall deliver to the Shipowner copies of all certificates and, if requested by the Shipowner, copies of all binders and policies with respect to insurance from time to time carried on the Vessel pursuant to this Section 9. In addition, on or before January 31 in each year commencing January 31, 1990, the Charterer shall furnish or cause to be furnished to the Shipowner a signed report by independent marine insurance brokers, selected by the Charterer and acceptable to the Shipowner, describing in reasonable detail the insurance pursuant to this Section 9 and stating that in the opinion of such brokers such insurance complies in all material respects with the terms of this Section 9.

(e) The Charterer shall, at its own expense, have the duty and responsibility to make all proofs of loss and take all other steps necessary to collect from underwriters, insurance companies or funds any loss under any insurance with respect to any of the Vessels obtained by the Charterer as required by this Section 9.

(f) Nothing in this Section 9 shall prohibit the Shipowner or any Participant from placing additional insurance on or with respect to any of the Vessels or the operation thereof, unless such insurance would conflict with insurance that is carried by the Charterer. In the event that the Charterer shall fail to maintain any insurance which it is required to maintain pursuant to this Section 9, the Shipowner may at its sole option provide such insurance and, in such event, the Charterer shall, upon demand, reimburse the Shipowner for the costs thereof without waiver of any other additional rights the Shipowner may have.

(g) Any sums payable as a result of a loss under insurance on any of the Vessels with respect to protection and indemnity risks, including liability arising out of pollution or the spillage or leakage of cargo or collision or tower's liability, may be paid directly to the person to whom any

liability covered by such insurance has been incurred or, if the liability insured against has been discharged, to the Shipowner, any Participant or the Mortgagor to reimburse it or them for any loss, damage or expense insured by it or them and covered by such insurance. Each policy of insurance maintained under clause (ii) of paragraph (a) of this Section 9 shall provide that any payment that is to be made under such policy (other than with respect to protection and indemnity risks) shall be made solely to the Shipowner if such payment (i) is in respect of losses equal to or greater than $50,000, or (ii) is in respect of an actual or constructive total loss of a Vessel or an agreed or compromised total loss of a Vessel, or (iii) without regard to the amount or character of the loss, is made after the insurer has received notice from the Shipowner or any Participant that an Event of Default has occurred and is continuing, and before such notice is rescinded. Any such insurance recoveries to which the Shipowner shall be so entitled pursuant to the preceding sentence shall be applied as follows:

(1) In the event that the insurance becomes payable on account of an accident, occurrence or event involving a Vessel that does not result in an actual or constructive total loss or an agreed or compromised total loss of such Vessel,

(A) if no Event of Default shall have occurred and be continuing, the Shipowner shall, upon the written request of the Charter, (i) apply the proceeds of insurance to pay, or consent that the underwriters pay, directly for repairs, liabilities, salvage claims or other charges and expenses (including labor charges due or paid by the Charterer) with respect to such Vessel that are covered by the policies, or (ii) to the extent that the Charterer shall have repaired the damage to such Vessel and paid the cost thereof or discharged or paid such liabilities, salvage claims or other charges and expenses with respect to such Vessel (such fact having been certified to in a certificate of an authorized officer of the Charterer ("Officer's Certificate") delivered to the Shipowner, accompanied by written confirmation by the underwriter, a surveyor, an adjuster or a marine insurance broker), apply the proceeds of insurance to reimburse, or consent that the underwriters reimburse, the Charterer therefor, and (iii) (after all known damages with respect to the particular loss shall have been repaired, except to the extent the Charterer with the written consent of the Shipowner deems the said repair inadvisable, and all known costs, liabilities, salvage claims, charges and expenses with respect to such Vessel that are

covered by the policies shall have been discharged or paid, such fact having been certified to by an Officer's Certificate delivered to the Shipowner, accompanied by written confirmation by the underwriter, a surveyor, an adjuster or a marine insurance broker) pay, or consent that the underwriters pay, any balance of the proceeds of insurance to the Charterer; or

(B) if an Event of Default shall have occurred and be continuing, no payment shall be made to the Charterer but all proceeds of insurance received by the Shipowner shall, so long as any Event of Default shall have occurred and be continuing, (y) be applied by the Shipowner, if it so elects, for the purposes stated in clause (A) of this subparagraph (1) or (z) be applied in the manner provided in subparagraph (2) of this paragraph (g) as if a total loss of the Vessel had occurred;

(2) In the event that the insurance becomes payable on account of an accident, occurrence or event involving a Vessel that results in an actual or constructive total loss or an agreed or compromised total loss of such Vessel, the Charterer shall forthwith deposit with the Shipowner any insurance money which the Charterer receives on account of such loss together with an amount from the Charterer's own funds equal to any deductible or retention amount applicable to such loss under such policies of insurance (which payment by the Charterer shall be deemed to be insurance proceeds for all purposes of this Charter), and any such insurance moneys recovers by the Shipowner (whether from the Charter, any insurer or otherwise) shall be applied by the Shipowner in accordance with the provisions of Section 2.09 of the Security Agreement.

(h) During the continuance of a taking, requisition or charter of the use of any of the Vessels by the United States of America, the provisions of this Section 9 shall be deemed to have been complied with in all respects as to such Vessel or Vessels if the United States Government shall have agreed (i) to reimburse the Shipowner and the Charterer for loss or damage resulting from the risks indicated in paragraph (a) of this Section 9, or (ii) that the Shipowner and the Charterer shall be entitled to just compensation therefor. In the event of any taking, requisition or charter of any of the Vessels contemplated by this paragraph (h), the Charterer shall promptly furnish to the Shipowner an Officer's Certificate stating that such taking, requisition or charter has occurred and that the United States Government has agreed (i) to reimburse the Shipowner and the

Charterer for loss or damage resulting from the risks indicated in paragraph (a) of this Section 9 or (ii) that the Shipowner and the Charterer are entitled to just compensation therefor.

(i) In the event that any claim or lien is asserted against any of the Vessels for loss, damage or expense which is covered by insurance hereunder and it is necessary for the Charterer to obtain a bond or supply other security to prevent arrest of such Vessel or Vessels, or to obtain the release of such Vessel or Vessels from arrest on account of said claim or lien, the Shipowner, upon the written request of the Charterer, may, but shall not be required to, assign all or any part of its right, title and interest in and to said insurance covering such loss, damage or expense, to any person executing a surety or guaranty bond or other agreement to save or release such Vessel or Vessels from such arrest as collateral security to indemnify against liability under said bond or other agreement.

(m) Section 13(g) of the Charter is hereby deleted in its entirety.

(n) The second sentence of Section 14(a) of the Charter is hereby deleted in its entirety.

(o) Section 15 is hereby amended by deleting the phrase "Ship Mortgage Act, 1920, as amended" in the eighth line thereof and substituting therefor the phrase "Chapter 313 of Title 46 of the United States Code."

(p) Section 17 is hereby amended by deleting the second sentence thereof in its entirety.

(q) Section 18 is hereby amended by deleting the last sentence thereof in its entirety.

(r) Section 19 is hereby amended as follows:

(i) paragraph (a) is hereby amended by deleting the phrase "or (iii) the giving of a Secretary's Notice to the Indenture Trustee by the Secretary with respect to such failure;";

(ii) paragraph (b) is hereby deleted in its entirety and the following is substituted therefor:

"(b) an Event of Default shall have occurred under the Related Amended and Restated Bareboat Charter; or";

(iii) paragraph (c) is hereby amended by (x) deleting the phrase "the earlier of (i)" in the fourth line thereof and (y) deleting the phrase "or (ii) the

giving of a Secretary's Notice to the Indenture Trustee by the Secretary with respect to such failure";

(iv) paragraph (d) is hereby amended by inserting after the phrase "Agreement" in the fourth line thereof the phrase "the Refinancing Agreement, the Collateral Mortgage or the Second Preferred Fleet Mortgage";

(v) paragraph (e) is hereby amended by (x) inserting after the phrase "Agreement" in the second line thereof the phrase "the Refinancing Agreement, the Collateral Mortgage or the Second Preferred Fleet Mortgage", (y) inserting after the phrase "Agreement" in the ninth line thereof the phrase "or the Refinancing Agreement" and (z) deleting the phrase "the lesser of (i)" in the tenth line thereof and the phrase "or (ii) the giving of a Secretary's Notice to the Indenture Trustee by the Secretary with respect to such condition"; and

(vi) paragraph (g) shall be deleted in its entirety.

(s) Section 20(a) of the Charter is hereby amended by (x) deleting the phrase "prior to the giving of a Secretary's Notice with respect thereto" in the third and fourth lines thereof and (y) deleting the phrase "and the Indenture Trustee" from the fifth line thereof.

(t) Section 22 is hereby amended by (x) deleting in the first sentence thereof the address of the "Secretary" and substituting the Loan Participant's address at "28 State Street, P.O. Box 2332, Boston, MA 02109", and (y) by substituting in the last line of the second sentence thereof the phase "Refinancing Agreement" for the phrase "Participation Agreement."

(u) Section 25 is hereby deleted in its entirety and the following shall be substituted therefor:

"Section 25. Change of Name. The Charterer shall not change its name without the prior written notice to the Shipowner and the Loan Participant."

(v) Section 26 is hereby amended by deleting in the tenth and eleventh and twelfth lines thereof the phrase "the Guarantees shall have terminated pursuant to Section 3.05(1), (2) and (4) of Exhibit 1 to the Security Agreement and the Guarantee Agreement,".

(w) Paragraph (3) of Section 27 is hereby amended by deleting Schedule X in its entirety and substituting therefor Schedule X attached hereto and by amending Schedule X attached

hereto to add the following definitions in their proper alphabetical order:

"Assignment of Collateral Mortgage" means the Assignment of the First Preferred Fleet Mortgage (NMI-1) dated the Note Closing Date from the Owner Trustee to the Loan Participant, as the same may be modified, amended or supplemented from time to time in accordance with the applicable provisions thereof.

"Assignment of Second Preferred Fleet Mortgage" means the Assignment of the Second Preferred Fleet Mortgage (NMI-1) dated the Note Closing Date from the Owner Trustee to the Loan Participant, as the same may be modified, amended or supplemented from time to time in accordance with the applicable provisions thereof.

"Collateral Mortgage" means the First Preferred Fleet Mortgage (NMI-1) dated the Note Closing Date from the Charterer to the Owner Trustee, as the same may be amended, modified or supplemented in accordance with applicable provisions thereof.

"Related and Amended Restated Bareboat Charter" means the Amended and Restated Bareboat Charter dated March 18, 1982, as amended, between the Charterer and The Connecticut Bank and Trust Company, as Owner Trustee, relating to forty barges named DM 3001 through DM 3040.

"Second Preferred Fleet Mortgage" means the Second Preferred Fleet Mortgage dated the Note Closing Date from the Charterer to the Owner Trustee, relating to forty barges named DM 3001 through DM 3040, as the same may be modified, amended or supplemented from time to time in accordance with the applicable provisions.

(x) Section 28 is hereby amended by deleting the third sentence in the second paragraph thereof in its entirety.

(y) a new Section 29 is hereby inserted after Section 28 to provide as follows:

Section 29. Financial Covenants.

(a) Stockholders' Equity. The Charterer shall at all times maintain a Stockholders' Equity equal to not less than Ten Million Dollars ($10,000,000).

(b) Working Capital. The Charterer shall at all times maintain Working Capital equal to not less than One Dollar ($1).

(c) Total Consolidated Indebtedness to Stockholders' Equity. The Charterer shall not permit or suffer the ratio of Total Consolidated Indebtedness to Stockholders' Equity to be

(i) greater than five to one at any time from the date hereof to and including December 31, 1993, and (ii) greater than four and one half (4.5) to one at all times thereafter. In addition, at all times after December 31, 1993, the Charterer shall use its best efforts to reduce or maitain such ratio to a level no greater than four to one.

(d) Distributions. The Charterer and its subsidiaries shall not (i) make any Distributions in any Fiscal Year in an amount that exceeds, in the aggregate, fifty percent (50%) of After-Tax Profits for the preceding Fiscal Year or (ii) make any Distribution at any time when a Default Condition shall have occurred and be continuing, excluding any Distributions made by a subsidiary to the Charterer.

(e) Consolidation, Merger, Dissolution, Sale of Assets, Etc. Except with the prior written consent of each of the Participants, the Charterer shall not directly or indirectly:

(i) consolidate with or merge into any other person or permit any other person to consolidate with or merge into the Charterer; or

(ii) dissolve, liquidate or wind up its business and affairs; or

(iii) sell, convey, lease or otherwise dispose of its property as an entirety or substantially as an entirety to any other person; or

(iv) sell, convey, lease, charter, assign, transfer or otherwise dispose of assets during any period of 12 consecutive calendar months (excluding for such purpose any sale, lease or charter in the ordinary and regular course of the Charterer's business, as such business was conducted during the most recent fiscal year ended before the date of this instrument, of property that is held by the Charterer for such sale, lease or charter) that represent more than ten percent (10%) of all of the assets owned by the Charterer at the beginning of such 12-month period, as determined in accordance with GAAP; or

(v) abandon or dispose of any property of the Charterer without receiving reasonable consideration therefor, unless the Charterer reasonably determines that such property is worn out, obsolete or surplus to the needs of the Charterer and that a sale or transfer of such property for consideration is not economically practicable.

(f) Certain Defined Terms. The following terms shall have the respective meanings set forth below for all purposes of this Section 29:

"After-Tax Profits" shall mean, for any Fiscal Year, the consolidated net income of the Charterer and its subsidiaries for such Fiscal Year after deducting all charges which should be deducted before arriving at consolidated net income for such Fiscal Year, all determined in accordance with GAAP as approved by independent public accountants, and (without duplication) deducting the Allowance for Taxes for such Fiscal Year. For purposes of the preceding sentence, the "Allowance for Taxes" for any Fiscal Year shall mean an amount equal to all taxes imposed on or measured by net income, whether federal, state or local, and whether foreign or domestic, that are paid or payable by the Charterer and its subsidiaries in respect of such Fiscal Year, provided that if the Charterer and its subsidiaries are members of a larger consolidated group of corporations in respect of any Fiscal Year, the Allowance for Taxes shall be equal to the highest of (i) the Allowance for Taxes determined without reference to this proviso, or (ii) the amount of all taxes that would be imposed on or measured by net income that would be paid or payable by the Charterer and its subsidiaries if they were not members of such consolidated group, or (iii) the total of all taxes imposed on or measured by net income that are paid or payable by the Charterer and its subsidiaries plus the amount of any payments made or required to be made to any other members of such consolidated group under any tax sharing arrangement or that are otherwise in lieu of the payment of such taxes.

"Default Condition" shall mean any default, breach or similar event or condition that would entitle any holder or holders of any Indebtedness of the Charterer or any subsidiary of the Charterer, or of any Indebtedness of any other person that is Guaranteed by the Charterer or any subsidiary of the Charterer, or any fiduciary acting on behalf of any such holder or holders, (i) to accelerate the maturity of any such Indebtedness, either in whole or in part, or (ii) to exercise any remedies against any property owned by the Charterer or any subsidiary of the Charterer that is subject to any mortgage, pledge, lien, charge, security interest or similar encumbrance on any property owned by such person, or (iii) to exercise any remedies under any lease or charter covering any property leased or chartered to the Charterer or any subsidiary of the Charterer, or (iv) to demand any payment or payments from the Charterer or any subsidiary under any Guarantee (other than any such payments that the Charterer or such subsidiary is obligated to make in the ordinary and regular course of its own business); provided that a Default Condition shall no longer be deemed to exist in the event that the default, breach or similar event or condition referred to above with respect to the applicable Indebtedness shall have been cured by the Charterer in accordance with the terms of such Indebtedness.

"Distribution" shall mean and include, with respect to the Charterer or any subsidiary of the Charterer, (i) the

declaration or payment of any dividend or other distribution on its capital stock, (ii) the purchase, redemption or other acquisition or retirement for value of any shares of the capital stock of the Charterer or of any Affiliate, (iii) the making of any investment in any Affiliate (except an investment in a wholly-owned subsidiary of the Charterer or such subsidiary, as the case may be, or an investment by such subsidiary in the Charterer), or (iv) any payment to any Affiliate on account of the principal of any Indebtedness to any affiliate (except a payment to a wholly-owned subsidiary of the Charterer or such subsidiary, as the case may be, or a payment by such subsidiary to the Charterer), or (iv) any other payment made or property transferred to any Affiliate to the extent that such payment or the fair market value of such property exceeds the amount that would have been paid in a similar transaction conducted on an arms-length basis with a person who is not an Affiliate.

"Fiscal Year" shall mean the fiscal year of the Charterer, which begins on January 1 and ends on December 31 of each calendar year.

[paragraph intentionally omitted]

"GAAP" shall mean generally accepted accounting principles as defined by the Financial Accounting Standards Board or any organization succeeding to the functions of such Board, as from time to time supplemented and amended, consistently applied or applied in accordance with alternative, supplemental or amended generally accepted accounting principles with the approval of the independent public accountants for the Charterer. All accounting terms not specifically defined herein shall be construed in accordance with GAAP, and all financial information submitted pursuant to this Charter shall be prepared in accordance with GAAP except as otherwise required by the express provisions of this Charter.

"Guarantee" by any person shall mean (i) all guarantees, sales with recourse, endorsements (other than for collection or deposit in the ordinary course of business) and other obligations, contingent or otherwise, to pay, purchase, repurchase or otherwise acquire or become liable in respect of any Indebtedness of others, (ii) without limiting the generality of the foregoing, all obligations, contingent or otherwise, to purchase products, supplies or other property or services from others under agreements requiring payment therefor regardless of the non-delivery or non-furnishing thereof, or to make investments in others, or to maintain the capital, working

capital, solvency or general financial conditions of others, or to indemnify others against or hold them harmless from damages, losses and liabilities, all under circumstances intended to enable such others or any others to discharge any of their Indebtedness or to comply with agreements relating to their Indebtedness or otherwise to assure or protect their creditors against loss in respect of such Indebtedness. "Guaranteed" shall have a meaning correlative to the definition of "Guarantee."

"Indebtedness" as applied to any person shall mean all obligations and reserves which in accordance with GAAP should be reflected on the liability side of such person's balance sheet, including without limitation all leases and charters that are so required to be reflected on the liability side of such person's balance sheet, but excluding Stockholders' Equity.

"Stockholders' Equity" shall mean, at any time, the amount of stockholders' equity or comparable line item which in accordance with GAAP would appear on a consolidated balance sheet of the Charterer and its subsidiaries.

"Total Consolidated Indebtedness" shall mean, at any time, the aggregate amount of all Indebtedness of the Charterer and its subsidiaries at such time, including Indebtedness constituting current liabilities of the Charterer or its subsidiaries, but excluding any Indebtedness of a subsidiary which is owed to the Charterer.

"Working Capital" shall mean, at any time, the Current Assets of the Charterer at such time less the Current Liabilities of the Charterer at such time. For purposes of the foregoing definition, the term "Current Liabilities" shall mean current liabilities determined in accordance with GAAP, excluding any obligations on account of loans made under any revolving loan facility with a bank or financial institution and any accrued obligations on account of rent or hire under any operating lease (except, in either case, obligations that are due and payable at the time of determination) and Current Assets shall include the current portion determined in accordance with GAAP, of all intercompany and affiliate company notes and accounts receivable.

(g) Review of Financial Covenants. Upon the request of either the Charterer or the Shipowner, the parties shall in good faith review the covenants set forth in this Section 29 for the purpose of determining whether changes in such covenants may be appropriate. Neither the parties hereto nor any Participant shall have any obligation whatsoever to make or cause to be made any changes in such covenants.

(h) Information and Reports to be Furnished by the Charterer.

(i) Promptly upon becoming aware of the existence of any condition or event which constitutes an Event of Default or a Default by the Charterer or any condition or event which, with the passage of time or notice or both would constitute such and Event of Default pursuant to the provisions of this Charter or the other Principal Documents to which the Charterer is a party, the Charterer shall give the Shipowner and each Participant written notice thereof specifying the nature of such condition or event.

(ii) In addition to the financial information to be provided by the Charterer as set forth in other Principal Documents, the Charterer will provide the Shipowner and each Participant with: (a) quarterly consolidated and consolidating financial statements of the Charterer and its subsidiaries (including their balance sheets, statements of income and surplus account, statements of changes in financial position and statement of profit and loss; which statements of profit and loss shall include a statement of profit and loss based on the cost of inventory calculated on a first-in-first-out basis), within thirty (30) days after the end of their first three (3) fiscal quarters, accompanied by a certificate of the President of Chief Financial Officer of the Charterer stating that such financial statements were prepared in accordance with general accepted accounting principles consistently applied and fairly, accurately and completely present the results of operations and financial condition of the Charterer and its subsidiaries for the fiscal quarter then ended and as of the end of such fiscal quarter subject to normal year end adjustment; (b) annual consolidated and consolidating financial statements of the Charterer and its subsidiaries (including their balance sheets, statements of income and surplus account, statements of changes in financial position and statements of profit and loss; which profit and loss statements shall include a statement of profit and loss based on the cost of inventory calculated on a first-in-first-out basis) within ninety (90) days after the end of each fiscal year, together with the opinion of independent certified public accountants, which accountants shall be a nationally recognized independent accounting firm selected by the Charterer and reasonably acceptable to the Shipowner and the Participants, that such consolidated and consolidating financial statements have been prepared in accordance with generally accepted

accounting principles consistently applied, and present fairly, accurately and completely the results of operations and financial condition of the Charterer and its subsidiaries for the year then ended and as of the end of such year; (c) promptly after delivery thereof, any management letters and reports by such independent certified public accountants to the Charterer; and (d) such schedules of Accounts, together with any further financial and other information regarding the Vessels or other collateral, as the Shipowner or any Participant may reasonably request from time to time.

(iii) Simultaneously with the delivery of each of the annual consolidated and consolidating financial statements as set forth herein, the Shipowner and each Participant shall receive a certificate executed by the Chief Financial Officer of the Charterer certifying the absence (or existence) of any Event of Default pursuant to the provisions hereof and the absence (or existence) of any event or condition which, with the passage of time or the giving of notice or both would constitute an Event of Default. Should any such Event of Default or event of condition exist, said certificate shall set forth such event or condition or Event of Default in reasonable detail together with a description of any action contemplated being taken with respect thereto.

(iv) The Charterer will promptly notify the Shipowner and each Participant in writing of any investigation, action, suit, proceeding or claim which would result in any material adverse change in their business, properties, assets, goodwill or condition, financial or otherwise.

(v) The Charterer will promptly provide the Shipowner and each Participant with any information, notices, requests or reports filed with, or furnished to, or received from any governmental or regulatory authority which is material to the Charterer.

Section 3. Except as herein amended, the Charter shall remain in full force and effect as originally executed on the date thereof.

Section 4. This Amendment No. 2 to Amended and Restated Bareboat Charter may be executed in any number of counterparts, each of which shall be an original, but all of which together shall constitute one and the same instrument.

IN WITNESS WHEREOF, the parties hereto have caused this Amendment to be duly executed by their respective Officers thereunto duly authorized as of the day and year first above written.

NATIONAL MARINE, INC.

BY: _____
Vice President

1515 Poydras
Suite 1500
New Orleans, Louisiana 70152

Attention: President

THE CONNECTICUT BANK AND TRUST COMPANY, NATIONAL ASSOCIATION, not in its individual capacity but solely as owner trustee as aforesaid

BY: _____
Assistant Vice President

One Constitution Plaza
Hartford, Connecticut 06115

Attention: Corporate Trust
Department CTHMA06K

COMMONWEALTH OF MASSACHUSETTS)
) SS.:
COUNTY OF SUFFOLK

On this 24th day of February, 1989, before me appeared Joseph J. Kappel, to me personally known, who, being by me duly sworn, did say that he is a Vice President of National Marine, Inc., a Delaware corporation, and that the seal affixed to the foregoing instrument is the corporate seal of said corporation, and that said instrument was signed and sealed on behalf of said corporation by authority of its board of directors, and said Joseph J. Kappel acknowledged said instrument to be the free act and deed of said corporation.

Caroline Barbara Popova
Notary Public

(Notarial Seal)

My commission expires: 12/16/94

2783P

COMMONWEALTH OF MASSACHUSETTS)
) SS.:
COUNTY OF SUFFOLK)

On this 24th day of February, 1989, before me appeared V. Kreuscher, to me personally known, who, being by me duly sworn, did say that she is an Assistant Vice President of The Connecticut Bank and Trust Company, National Association, a national banking association, and that the seal affixed to the foregoing instrument is the corporate seal of said association, and that said instrument was signed and sealed on behalf of said association, as trustee under the trust agreement referred to in said instrument, by authority of its board of directors, and said V. Kreuscher acknowledged said instrument to be the free act and deed of said association.

Notary Public

(Notarial Seal)

My commission expires: 12/16/94

2783P

ALL OF THE SHIPOWNER'S RIGHT, TITLE AND INTEREST IN AND TO THE ABOVE-MENTIONED CHARTER AS AMENDED HEREBY ("THE CHARTER AMENDMENT") AND ALL HIRE DERIVED THEREFROM ARE SUBJECT TO A SECURITY INTEREST IN FAVOR OF NEMLC LEASING CORPORATION. IN ACCORDANCE WITH THE PROVISIONS OF A SECURITY AGREEMENT BETWEEN THE SHIPOWNER AND NEMLC LEASING CORPORATION AS SECURED PARTY TO THE EXTENT THAT SUCH CHARTER MAY BE DEEMED TO CONSTITUTE "CHATTEL PAPER" UNDER THE UNIFORM COMMERCIAL CODE OF ANY JURISDICTION, NO SECURITY INTEREST MAY BE OBTAINED IN SUCH CHARTER EXCEPT BY POSSESSION OF THE COUNTERPART OF THE CHARTER AND THE CHARTER AMENDMENT DENOTED "COUNTERPART NO. 1".

Exhibit 1

Schedule Two
to
Bareboat Charter

Stipulated Loss Values and Termination Values

Charter Hire Payment Date	Stipulated Loss Value Percentage*	Termination Value Percentage*
2/24/89**	109.605165	108.178120
6/30/89	108.177173	106.700548
12/30/89	107.614228	106.063772
6/30/90	106.193178	104.565199
12/30/90	104.643705	102.934327
6/30/91	103.035962	101.241114
12/30/91	101.378571	99.493982
6/30/92	99.659261	97.680442
12/30/92	97.886533	95.808773
6/30/93	94.873565	92.691917
12/30/93	91.761394	89.470663
6/30/94	88.535534	86.130267
12/30/94	85.205047	82.679517
6/30/95	81.753405	79.101598
12/30/95	78.189415	75.405018
6/30/96	74.496288	71.572671
12/30/96	70.682562	67.612764
6/30/97	66.731168	63.507880
12/30/97	62.650357	59.265904
6/30/98	58.429285	54.875610
12/30/98	54.170294	50.438935
6/30/99	49.754825	45.836898
12/30/99	45.177160	41.063337
6/30/00	40.431371	36.111857
12/30/00	35.511318	30.975828
6/30/01	30.410635	25.648371
12/30/01	25.000378	20.000000

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

** Closing Date

SCHEDULE X - DEFINITIONS (NM-1)

"Act" means the Merchant Marine Act, 1936, as amended, and in effect on the Obligation Closing Date.

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

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

"Actual Knowledge" or "actual knowledge" means, when used with respect to a corporation, actual knowledge of a Responsible Officer thereof, when used with respect to a bank or trust company, actual knowledge of a Responsible Officer in the corporate trust department thereof and when used with respect to any other Person, actual knowledge of such Person.

"Adjustment" has the meaning set forth in Section 23(a) of the Participation Agreement.

"Affiliate" of any specified Person means any other person directly or indirectly controlling or controlled by or under direct or indirect common control with such specified Person. For the purposes of this definition, the term "control" when used with respect to any specified Person means the possession, directly or indirectly, of the power to direct the management and policies of such Person, whether through the ownership of voting securities, by contract or otherwise; and the terms "controlling" and "controlled" have meanings correlative to the foregoing.

"Amendment No. 1 to Title XI Reserve Fund and Financial Agreement" means Amendment No. 1 to Title XI Reserve Fund and Financial Agreement dated the Obligation Closing Date among the Secretary, the Charterer and the Subsidiaries of the Charterer named therein.

"Amendment No. 3 to Title XI Reserve Fund and Financial Agreement" means the Restricted Title XI Reserve Fund and Financial Agreement.

"Appraisal Procedure" has the meaning set forth in Section 21(b) of the Charter.

"Authorization Agreement" means the Authorization Agreement dated the Obligation Closing Date between the Secretary and the Indenture Trustee whereby the Secretary authorizes the Guarantees of the United States to be imprinted on each of the Obligations pursuant to Title XI, as originally executed or as modified, amended or supplemented in accordance with the applicable provisions thereof.

"Authorized Newspapers" means "The Wall Street Journal" (all editions), "The Journal of Commerce" and a newspaper of general circulation in Hartford, Connecticut printed in the English language, and customarily published on each Business Day, whether or not published on Saturdays, Sundays or legal holidays. Whenever successive weekly publications in Authorized Newspapers are required under any agreement or other documents, 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 impractical to publish any notice required to be published in the Authorized Newspapers in the manner required, then such publication in lieu thereof as shall be made with the approval, in the case of a notice under the Authorization Agreement, of the Secretary or, in the case of notice under the Indenture, of the Indenture Trustee, shall constitute a sufficient publication of such notice.

"Bank" means The Connecticut Bank and Trust Company, National Association (as successor by merger to the Connecticut Bank and Trust Company, a Connecticut banking corporation), and its successors and assigns.

"Basic Charter Hire" means any or all of the amounts payable by the Charterer pursuant to Section 3(a)(2) of the Charter.

"Bond" means each and "Bonds" means every Obligation described in Recital B of the Special Provisions of the Indenture.

"Bond Purchase Agreement" means the agreement referred to Recital D of the Authorization Agreement among the Shipowner, the Charterer and the purchaser named therein relating to the purchase and sale of the Obligations as originally executed or as modified, amended or supplemented in accordance with the applicable provisions thereof.

"Bondholders" means the holders of the Obligations.

"Business Day" means a day which is not a Saturday, Sunday or other day on which banking institutions doing business in New Orleans, Louisiana, Boston, Massachusetts or Hartford, Connecticut are authorized or obligated by law or required by executive order to be closed.

"Change" means a Change in Debt, a Change in Tax Law, or a Change in Transaction Costs.

"Change in Debt" means the occurrence of any of the following as a result of a refinancing of the Secured Notes issued to the Lender as contemplated by Section 19(a) or (b) of the Participation Agreement: (i) other than 61.3418% of Shipowner's Cost of all Vessels is refinanced with the proceeds of the Refinancing Obligations; (ii) the interest rate borne by the Refinancing Obligations is other than 14% per annum, or (iii) the final maturity of the Refinancing Obligations, the method or schedule of amortization of the principal amount of the Refinancing Obligations or the number or frequency of the installment payments of such principal, differs from the final maturity of the Secured Notes or the method or schedule of amortization of the principal amount of the Secured Notes or the number or frequency of the installment payments of such principal.

"Change in Tax Law" means the enactment or adoption of any amendment to the Code or to any Treasury Regulation which is enacted or adopted and has an effective date prior to April 1, 1982 and which (i) increases or decreases (or which would, if elected by the Owner Participant, increase) any of the Owner Participant's intended tax benefits in respect of any Vessel as set forth in Section 11(a) of the Participation Agreement, or (ii) increases or decreases the maximum marginal tax rate at which the Owner Participant is subject to federal income tax from the present tax rate of 46%, or (iii) increases or decreases the tax benefits from deductions of interest on the Secured Notes or Refinancing Obligations or from the method for depreciating or amortizing Transaction Costs (assuming that no portion thereof constitutes part of Vessel Costs).

"Change in Transaction Costs" means (i) a change in the amount of Transaction Costs which results in the actual amount of Transaction Costs (including Refinancing Costs) being greater or lesser than 0.99% of Shipowner's Cost, or (ii) a change in the ratio of the total investment of the Owner Participant in Shipowner's Cost to the aggregate original principal amount of Secured Notes as a result of the payment by the Owner Participant of 100% of Differential Shipowner's Cost under the circumstances contemplated by Section 2(d) of the Participation Agreement.

"Chapter 313" shall mean Public Law 100-710 to be codified as 46 U.S.C. Chapter 313, as the same from time to time may be amended.

"Charter" means the Amended and Restated Bareboat Charter dated as of the Obligation Closing Date, as the same has been and may be further modified, amended or supplemented (whether by a Charter Supplement or otherwise) from time to time in accordance with the applicable provisions thereof.

"Charterer" means National Marine, Inc. (the name of which has been changed from Dravo Mechling Corporation), a Delaware corporation, and its successors and assigns.

"Charter Hire Payment Date" means June 30 and December 31 of each year through and including December 31, 2001 and, during any Renewal Term, each June 30 and December 31 thereof.

"Charter Period" means, prior to the giving of the first Renewal Notice, the Original Term, and after any Renewal Notice has been given, the Original Term and all succeeding Renewal Terms.

"Charter Supplement" means any supplement to the Charter substantially in the form attached thereto between the Shipowner and the Charterer, as the same may be modified, amended or supplemented in accordance with the applicable provisions thereof.

"Charterer-Furnished Equipment" means all items and equipment furnished by or on behalf of the Charterer for any Vessel, the cost of which shall have been included in the Vessel Costs for such Vessel.

"Citizen" means a "citizen of the United States" within the meaning of Section 2 of the Shipping Act, 1916, as amended, qualified to engage in the coastwide trade.

"Code" means the Internal Revenue Code of 1954, as amended, or any comparable successor law.

"Consent of Shipbuilder" means the Consent of Shipbuilder dated the date of the Security Agreement the Shipbuilder to the Shipowner and the Secretary evidencing, among other things, the consent to the assignment of the Construction Contract, as the same may be modified, amended or supplemented from time in accordance with the applicable provisions thereof.

"Consent to Assignment of Charter" means that certain

consent of the Charterer dated the Obligation Closing Date, evidencing consent to the assignment of the Charter by the Shipowner to the Secretary under the Security Agreement, as originally executed or as modified, amended or supplemented in accordance with the applicable provisions thereof.

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

"Construction Contract" means the construction contract dated August 27, 1980 between the Charterer and the Shipbuilder, as the same may be modified, amended or supplemented from time to time in accordance with the applicable provisions thereof.

"Construction Contract Assignment" means the Construction Contract Assignment dated as of April 1, 1981 between the Charterer and the Shipowner, and consented to by the Shipbuilder, as the same may be modified, amended or supplemented from time to time in accordance with the applicable provisions thereof.

"Corporate Trust Department" or "Corporate Trust Office" means the principal office of the Indenture Trustee in the City of Baltimore, Maryland, at which at any time its corporate trust business shall be administered, which office at the date of execution and delivery of the indenture is located at Two Hopkins Plaza, Baltimore, Maryland 21201.

"Cover" means the set of roll top covers delivered with a box hopper barge which together constitute a Vessel.

"Cover Casualty" with respect to a Cover means any of the following events with respect to such Cover: (i) the actual, constructive, agreed or total loss thereof for any reason whatsoever; (ii) the condemnation, forfeiture, confiscation or seizure (for a period in excess of five days, unless occurring as a result of or in connection with a Lien required to be discharged pursuant to Section 17 of the Participation Agreement, in which event for a period continuing beyond 120 days) of, or requisition of title to, such Cover provided that, if such condemnation, forfeiture, confiscation or seizure under this clause (ii) occurs as a result of or in connection with Shipowner's Liens or Owner Participants' Liens and if, on or prior to the date for payment of Stipulated Loss Value with respect to such Cover Casualty, the Cover condemned, forfeited, confiscated or seized is recovered by the Shipowner or the Charterer, no Cover Casualty shall be deemed to have occurred and the Charter shall continue in full force and effect with respect to such Cover; (iii) a requisition of use of such Cover by any

governmental authority (other than the United States or any agency or instrumentality thereof) for a period in excess of 180 days; or (iv) a requisition of use of such Cover by any governmental authority for a period which extends beyond the end of the Charter Period with respect to such Cover.

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

"Default" or "Default under the Security Agreement", when used with respect to the Security Agreement or the Mortgage, has the meaning specified in Section 6.01 of Exhibit 1 to the Security Agreement.

"Default Rate" means, with respect to any time period, such interest rate as would be applicable respecting such time period to any overdue payments of principal of, and pursuant to the terms of, the Secured Notes; provided, however, that the term "Default Rate", with respect to any time period during which there shall not be outstanding any Secured Notes shall mean, to the extent permitted by applicable law, an interest rate equal to 1% per annum over the interest rate most recently applicable to the Secured Notes.

"Delivery Date" means each date, which shall be a Business Day, on which any Vessel is delivered by the Shipbuilder and accepted by the Shipowner pursuant to the Construction Contract and simultaneously delivered by the Shipowner and accepted by the Charterer pursuant to the Charter.

"Delivery Date Certificate of Shipowner's Cost" means, with respect to any Vessels, a certificate of the Charterer, substantially in the form of Exhibit G to the Participation Agreement, approved by the Shipowner, dated the Delivery Date for such Vessels, which shall set forth in reasonable detail for such Vessels (a) the amount of all items of Vessel Costs and Transaction Costs which have been paid prior to the date of said certificate, (b) the amount of all items of Vessel Costs and Transaction Costs which are due and payable on such Delivery Date specifying to whom each such item is payable and attaching to such certificate an invoice, bill or similar document, if available, of each person who is to be paid and (c) the amount of the Owner Participant's investment and the Lender's loan to be made pursuant to Section 2(c) of the Participation Agreement.

"Depository" means Mercantile-Safe Deposit and Trust Company, a Maryland banking corporation, as Depository, or any successor or assign under the Depository Agreement.

"Depository Agreement" means the depository agreement, dated the Obligation Closing Date, among the Shipowner, the Secretary, the Charterer and the Depository, as originally executed or as modified, amended or supplemented in accordance with the applicable provisions thereof.

"Depreciated Actual Cost" means the depreciated actual cost of the Vessels as determined and redetermined by the Secretary pursuant to the Security Agreement and Sections 1101(g) and 1104(b)(2) of the Act.

"Differential Shipowner's Cost" means, with respect to any Vessel, the aggregate of all Transaction Costs (other than Refinancing Costs) which would have been properly includable in Shipowner's Cost for such Vessel on the Delivery Date of such Vessel but which were not included in the Delivery Date Certificate of Shipowner's Cost for such Vessel because such Transaction Costs were unknown or uncertain as of such Delivery Date, as the same shall be set forth in the Settlement Date Certificate of Shipowner's Cost.

"Dollars" means any coin or currency which at the time of payment is legal tender for the payment of public and private debts in the United States.

"Event of Default" means any of the events specified in Section 19 of the Charter.

"Event of Loss" with respect to any Vessel means any of the following events with respect to such Vessel: (i) the actual, constructive, agreed or total loss thereof for any reason whatsoever; (ii) the condemnation, forfeiture, confiscation or seizure (for a period in excess of five days, unless occurring as a result of or in connection with a Lien required to be discharged pursuant to Section 17 of the Participation Agreement, in which event for a period continuing beyond 120 days) of, or requisition of title to, such Vessel or Cover provided that, if such condemnation, forfeiture, confiscation or seizure under this clause (ii) occurs as a result of or in connection with Shipowner's Liens or Owner Participant's Liens and if, on or prior to the date for payment of Stipulated Loss Value with respect to such Event of Loss, the Vessel condemned, forfeited, confiscated or seized is recovered by the Shipowner or the Charterer, no Event of Loss shall be deemed to have occurred and the Charter shall continue in full force and effect with respect to such Vessel; (iii) a requisition of use of such Vessel by any governmental authority (other than the United States or any agency or instrumentality thereof) for a period in excess of 180 days; or (iv) a requisition of use of such Vessel by any governmental authority for a period which extends beyond the end of the Charter Period with respect to such Vessel.

"Final Certificate of Shipowner's Cost" means a certificate of the Charterer substantially in the form of Exhibit G to the Participation Agreement, approved by the Shipowner, which shall set forth in reasonable detail (a) the amount of all items of of Refinancing Cost and (b) the amount of the Owner Participant's investment, if any, required to be made pursuant to Section 2(e) of the Participation Agreement.

"First Preferred Fleet Mortgage" means the Mortgage.

"Guarantee" means each, and "Guarantees" means every, guarantee of a Title XI Obligation by the United States pursuant to Title XI.

"Guarantee Commitment" means the Commitment to Guarantee Obligations, Contract No. MA-10784 dated that Obligation Closing Date, made by the Secretary and accepted by the Shipowner and the Charterer 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.

"Guarantor" means New England Merchants Leasing Corporation, a Massachusetts corporation, and its successors and assigns.

"Guaranty" means the Guaranty dated as of April 1, 1981 by the Guarantor, as the same may be modified, amended or supplemented in accordance with the applicable provisions thereof.

"Hire" means Basic Charter Hire and Supplemental Charter Hire.

"Hire Factors" means Basic Charter Hire, Stipulated Loss Values and Termination Values.

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

"Indenture" means the Trust Indenture entered into on the Obligation Closing Date between the Shipowner and the Indenture Trustee, as originally executed or as modified, amended or supplemented in accordance with the applicable provisions thereof.

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

"Indenture Trustee" means Mercantile-Safe Deposit and Trust Company, a Maryland banking corporation, and any successor trustee under the Indenture.

"Interest Payment Date" means, with respect to any Secured Note, the date when a semi-annual installment of interest on such Secured Note is due and payable.

"Interim Security Agreement" means the Security Agreement dated April 1, 1981, between the Shipowner and the Lender.

"Lender" means Pittsburgh National Bank, a national banking association, and its successors and assigns.

"Lien" means any lien, encumbrance, mortgage, pledge, charge, lease, security interest or claim of any nature whatsoever.

"Loan Participant" means NEMLC Leasing Corporation, a Massachusetts corporation, and its successors and assigns.

"Loss Payment Date" shall have the meaning set forth in Section 14 of the Charter.

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

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

"Mortgage" means prior to the Note Closing Date the First Preferred Fleet Mortgage relating to the Vessels dated the Obligation Closing Date from the Shipowner to the Secretary of Transportation and on or after the Note Closing Date the First Preferred Fleet Mortgage relating to the Vessels between the Shipowner and the Loan Participant dated the Note Closing Date,

as the same may be amended, modified or supplemented in accordance with the applicable provisions thereof.

"Mortgagee" means the Secretary of Transportation prior to the Note Closing Date and the Loan Participant on and after the Note Closing Date as mortgagee under the Mortgage.

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

"Non-Severable Improvement" shall have the meaning assigned in Section 8(b) of the Charter.

"Note Closing Date" means February 24, 1989.

"Obligation" means each, and "Obligations" means every, obligation issued by the Shipowner and guaranteed by the United States under Title XI of the Act pursuant to the Indenture and the Authorization Agreement.

"Obligation Closing Date" means March 18, 1982, the date on which the Obligations described in Recital B to the Indenture are delivered and paid for pursuant to the Bond Purchase Agreements.

"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.

"Officer's Certificate" means, when used with respect to any corporation, a certificate signed by a Responsible Officer of such corporation and, when used in relation to the Security Agreement, conforming to the provisions of Section 1.02 of Exhibit 1 to the Security Agreement.

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

"Original Issue Date" has the meaning specified in Section 2.06 of Exhibit 1 to the Indenture.

"Original Term" means the period beginning on April 16, 1981 and ending on December 31, 2001, as such period may be extended pursuant to Section 1(a), 1(b) or 16 of the Charter.

"Outstanding" when used with reference to the

Obligations, shall mean all Obligations theretofore issued and authenticated under the Indenture, except -

(1) Obligations Retired or Paid; and

(2) Obligations in exchange for or in lieu of which other Obligations have been issued under the Indenture.

"Overall Transaction" means the construction, purchase, ownership, financing, chartering, operation and management of the Vessels as described in and contemplated by the Principal Documents.

"Owner Participant" means New England Merchants Leasing Corporation B-7, a Massachusetts corporation, and its successors and assigns.

"Owner Participant's Liens" means those Liens of the character required to be discharged by the Owner Participant pursuant to Section 17 of the Participation Agreement.

"Participants" means the Owner Participant and the Loan Participant, collectively.

"Participation Agreement" means the Participation Agreement dated as of April 1, 1981 among the Shipowner, the Owner Participant, the Charterer and the Lender, as amended by the Participation Agreement Amendment dated as of the Obligation Closing Date and as the same may be further modified, amended or supplemented from time to time in accordance with the applicable provisions thereof.

"Paying Agent" means 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" means any of the events specified in Section 6.01(a) 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.

"Plans and Specifications" means the plans and specifications for the construction of the Vessels as identified

in the Construction Contract, as the same may be modified, amended or supplemented from time to time pursuant to the Construction Contract.

"Principal Documents" means the following agreements and documents related to the Vessels:

Amendment No. 1 to the Title XI Reserve Fund Agreement
Assignment of First Preferred Fleet Mortgage
Assignment of Second Preferred Fleet Mortgage
Authorization Agreement
Bond Purchase Agreements
Charter
Charter Supplements
Collateral Mortgage
Consent of Shipbuilder
Consent to Charter Assignment
Construction Contract
Construction Contract Assignment
Depository Agreement
Guarantee Commitment
Guaranty
Depository Agreement
Guarantee Commitment
Guaranty
Indenture
Mortgage
Obligations
Participation Agreement
Refinancing Agreement
Restricted Title XI Reserve Fund and Financial Agreement
Restricted Title XI Reserve Fund Depository Agreement
Second Mortgage
Secretary's Note
Secured Note
Security Agreement
Trust Agreement

"Principal Office", when used with respect to the Bank or Indenture Trustee, means the office of the Bank or Indenture Trustee at which, at any particular time, its corporate trust business shall be principally administered.

"Proportionate Outstanding Obligations" means, with respect to any prepayment pursuant to the Security Agreement, the Proportionate Part Of the Secured Notes outstanding immediately prior to such redemption and in the case of any other calculation, means the Proportionate Part Of the Secured Notes outstanding as of the calculation date that is appropriate in the context.

"Proportionate Part Of" means as of the date of any calculation the portion of the item in question which bears the same proportion to the entire amount of the item in question as (x) the Depreciated Actual Cost of the Vessel or Vessels or Cover or Covers (in respect to which this calculation is being made) as of such date bears to (y) the Depreciated Actual Cost of all of the Vessels as of such date.

"Redemption Date", when used with respect to any Obligation, means the date on which such Obligation is to be

redeemed by or pursuant to Article Third of the Special Provisions of the Indenture or Article III of Exhibit 1 to the Indenture.

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

"Refinancing Agreement" means the Refinancing Agreement relating to the Vessels dated as of the Note Closing Date among the Shipowner, the Owner Participant, the Loan Participant and the Charterer, as the same may be modified, amended or supplemented from time to time in accordance with the applicable provisions thereof.

"Refinancing Cost" means those Transaction Costs that relate to the proposed issuance of Refinancing Obligations, including without limitation the preparation of the Title XI application and the Title XI Documents and other documents relating to the refinancing of the Secured Notes.

"Refinancing Date" means the date on which Refinancing Obligations shall be issued and sold.

"Refinancing Obligations" means the Obligations.

"Renewal Notice" means the notice given by the Charterer to the Shipowner pursuant to Section 21(a) of the Charter stating that the Charterer irrevocably elects to exercise its option to extend the Charter Period for a Renewal Period as stated therein.

"Renewal Term" means a period commencing at midnight on the last day of the Original Term or of the Renewal Term immediately preceding, and ending, except as expressly specified in Section 20 or 21(a) of the Charter, at midnight one year after the commencement of such period.

"Request" means a written request to a Person for the action therein specified, signed, if the Person making such request is a corporation, bank or trust company, by a Responsible Officer thereof or, if the Person making such request is not a corporation, bank or trust company, by such Person.

"Request for Payment," when used in any of the Principal Documents, means a request made by the Shipowner countersigned by the Secretary and addressed to the Depository directing withdrawal of moneys under the Depository Agreement or the Restricted Title XI Reserve Fund Depository Agreement.

"Responsible Officer" means (i) in the case of any business corporation, the chairman of the board of directors, the president, any vice president, the secretary or assistant secretary, the chief financial officer or the treasurer or assistant treasurer, (ii) in the case of any partnership, a general partner (if an individual) or a Responsible Officer of a corporate general partner thereof, and (iii) in the case of any commercial bank or trust company, the chairman or vice-chairman of the board of directors or trustees, or the chairman or vice-chairman of any executive committee of the board of directors or trustees, the president, any vice president, the secretary, the chief financial officer, the treasurer, any corporate trust officer, any executive or senior or second or assistant vice president, or any other officer, or assistant officer or other employee 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 that officer's knowledge of and familiarity with the particular subject, and, with respect to the authentication of Obligations and Guarantees by the Indenture Trustee, any person specifically authorized by the Indenture Trustee to authenticate such Obligations and Guarantees.

"Restricted Title XI Reserve Fund" means the fund defined in Amendment No. 2 to Title XI Reserve Fund and Financial Agreement.

"Restricted Title XI Reserve Fund Account" is the account, maintained with the Restricted Title XI Reserve Fund Depository, defined in the Restricted Title XI Reserve Fund Depository Agreement.

"Restricted Title XI Reserve Fund and Financial Agreement" means Amendment No. 3 to Title XI Reserve Fund and Financial Agreement, dated the Obligation Closing Date, entered into between the United States and the Charterer, as originally executed or as modified, amended or supplemented in accordance with the applicable provisions thereof.

"Restricted Title XI Reserve Fund Depository" means Mercantile-Safe Deposit and Trust Company, a Maryland banking corporation.

"Restricted Title XI Reserve Fund Depository Agreement" means that certain agreement, Contract No. MA-10758, dated the Obligation Closing Date, among the charterer, the Depository and the Secretary, as originally executed or as modified or supplemented in accordance with the applicable provisions thereof.

"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 so to apply the same (whether or not the Obligations are to be paid at Stated Maturity or are to be redeemed prior to Stated Maturity), but, if said Obligations are to be redeemed, the required notice of redemption shall have been given (or provisions reasonably satisfactory to the Indenture Trustee therefor shall have been made);

provided, that this definition is subject to the provisions of Section 6.08 of Exhibit 1 to the Indenture.

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

"Secretary's Note" means the promissory note issued and delivered on the Obligation Closing Date by the Shipowner to the Secretary as described in the Security Agreement, and shall also mean any promissory note issued in substitution for and replacement thereof.

"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 between 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 filed to demand payment of the Guarantees as provided in the 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, to the attention of a Responsible Officer in the Corporate Trust Office, in accordance with the Special Provisions of the Indenture, (ii) by collect telegram, telex, telecopy or other similar means of transmission, dispatched on such date and addressed to the Indenture Trustee, to the attention of a Responsible Officer in the Corporate Trust Office, as aforesaid, and (iii) by collect telephone call made on such date to a Responsible Officer of the Indenture Trustee in the Corporate Trust Office. 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 on the date on which it is so given.

"Secured Notes" means the Secured Notes due December 31, 2000 issued on the Note Closing Date pursuant to the Security Agreement, unless the context shall otherwise require.

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

"Security Agreement" means prior to the Note Closing Date the Security Agreement relating to the Vessels dated the Obligation Closing Date, from the Shipowner to the Secretary of Transportation, and on and after the Note Closing Date the Security Agreement relating to the Vessels between the Shipowner and the Loan Participant dated the Note Closing Date, as the same may be amended, modified or supplemented in accordance with the applicable provisions thereof.

"Security Default" means any of the events specified in Section 6.01 of Exhibit 1 to the Security Agreement.

"Settlement Date" means the Business Day designated by the Charterer by written notice occurring at least five days after the Charterer shall deliver the Settlement Date Certificate of Shipowner's Cost to the Shipowner, the Owner Participant and the Lender, provided that such date shall not occur later than December 31, 1981.

"Settlement Date Certificate of Shipowner's Cost" means a certificate of the Charterer substantially in the form of Exhibit G to the Participation Agreement, approved by the Shipowner, which shall set forth in reasonable detail (a) the amount of all items of Differential Shipowner's Cost and specifying to whom each such item is payable and attaching to such certificate an invoice, bill or similar document, if available, of each Person who is to be paid for such items and (b) the amount of the Owner Participant's investment and the Lender's loan to be made pursuant to Section 2(d) of the Participation Agreement.

"Shipbuilder" means Dravo Corporation, a Pennsylvania corporation, and its successors and assigns.

"Ship Mortgage Act" means the Ship Mortgage Act, 1920, as amended.

"Shipowner" means The Connecticut Bank and Trust Company, National Association, not in its individual capacity but solely as owner trustee under the Trust Agreement and, shall also include its successors and assigns.

"Shipowner's Cost" means, with respect to any Vessel, the aggregate of the Vessel Costs and Transaction Costs for such Vessel as set forth in the Delivery Date Certificate of Shipowner's Cost for such Vessel until delivery of the Settlement Date Certificate of Shipowner's Cost, and thereafter such aggregate plus Differential Shipowner's Cost for such Vessel as set forth in the Settlement Date Certificate of Shipowner's Cost until delivery of the Final Certificate of Shipowner's Cost, if any, and thereafter such aggregate plus Refinancing Cost for such Vessel as set forth in the Final Certificate of Shipowner's Cost.

"Shipowner's Documents" means all Principal Documents other than the Trust Agreement, the Construction Contract, Amendment No. 1, 2 or 3, as the case may be, to Title XI Reserve Fund Depository Agreement, the Restricted Title XI Reserve Fund Depository Agreement, the Authorization Agreement, the Guaranty and the Consent of Shipbuilder.

"Shipowner's Liens" means those Liens of the character required to be discharged by the Bank pursuant to Section 17 of

the Participation Agreement.

"Shipping Act" means the Shipping Act, 1916, as amended.

"Special Provisions" when used with respect to the Indenture, the Security Agreement or the Restricted Title XI Reserve Fund and Financial Agreement means the agreement exclusive of any Exhibits thereto.

"Special Depository Fund has the meaning specified in Section 2 of the Depository Agreement.

"Stated Maturity" means, when used with respect to any Secured Note or Refinancing Obligation, the date specified in such Secured Note or Refinancing Obligation as the fixed date on which the principal of such Secured Note or Refinancing Obligation is due and payable without regard to provisions for earlier maturity by acceleration.

"Stipulated Loss Value" means, with respect to a Vessel or a Cover, an amount determined by multiplying Shipowner's Cost for such Vessel or Cover by the appropriate percentage indicated in Schedule Two to the Charter opposite the applicable Charter Hire Payment Date (as such percentage may be adjusted pursuant to the terms of Section 23 of the Participation Agreement); provided however that anything herein to the contrary notwithstanding Stipulated Loss Value shall not be less than the Proportionate Part of the Secured Notes; provided further that the foregoing shall not be deemed a guarantee by the Charterer of the Secured Notes.

"Supplemental Hire" means all amounts which the Charterer agrees to pay to any of the Shipowner, the Owner Participant, the Lender, the Loan Participant or the Secretary pursuant to the Charter, the Participation Agreement or the Refinancing Agreement, including without limitation Stipulated Loss Value and Termination Value, but other than Basic Charter Hire.

"Termination Value" means, as of any Charter Hire Payment Date with respect to a Vessel or a Cover, an amount determined by multiplying the Shipowner's Cost of such Vessel or Cover by the appropriate percentage indicated in Schedule Two to the Charter (as such percentage may be adjusted pursuant to the terms of Section 23 of the Participation Agreement); provided, however, that anything herein to the contrary notwithstanding Termination Value shall not be less than the Proportionate Part of the Secured Notes; provided further that the foregoing shall not constitute a guarantee by the Charterer of the Secured Notes.

"Title XI" means Title XI of the Acts as in effect on the Obligation Closing Date.

"Title XI Obligations" means the Obligations.

"Title XI Reserve Fund and Financial Agreement" means the Title XI Reserve Fund and Financial Agreement dated January 31, 1978, Contract No. MA-8870, among the Secretary, the Charterer and the subsidiaries of the Charterer named therein, as amended by Amendment No. 1 to Title XI Reserve Fund and Financial Agreement, and as it may be further modified, amended or supplemented from time to time in accordance with the applicable provisions thereof.

"Transaction Costs" means and includes reasonable legal fees and disbursements of special counsel to the Charterer, the Shipowner, the Owner Participant, the Lender, the purchasers of the Refinancing Obligations and the Indenture Trustee, printing or duplicating expenses, reasonable debt placement fees and expenses incurred in connection with the issuance of the Refinancing Obligations, the investigation fee of the Maritime Administration described in §298.15 of 46 CFR 298, any commitment fee paid to the Lender or the purchasers of the Refinancing Obligations and all other similar transaction expenses contemplated by the Participation Agreement, but excluding any accounting fees, any costs of in-house counsel and any other Persons employed by the parties hereto, and any costs which with the consent of the Owner Participant are paid directly by the Charterer. Transaction Costs shall not include any items included in Vessels Costs. Transaction Costs shall be allocated equally among the Vessels.

"Treasury Regulations" means the federal income tax regulations issued under the Code.

"Trust Agreement" means the Trust Agreement, dated as of April 1, 1981, as amended by Trust Agreement Amendment No. 1, dated as of the Obligation Closing Date, between the Bank and the Owner Participant, Trust Agreement Amendment No. 2, dated the Note Closing Date, as the same may be modified, amended or supplemented from time to time in accordance with the applicable provisions thereof.

"Trust Estate" shall have the meaning assigned in Section 1.2 of the Trust Agreement.

"United States" means the United States of America.

"Vessel" means each of the box hopper barges named DM 2801 through DM 2820, Official Nos. 633859 through 633878,

delivered by the Shipbuilder and accepted by the Shipowner pursuant to the Construction Contract and simultaneously delivered by the Shipowner and accepted by the Charterer pursuant to the Charter, being of approximately 1223.97 gross tons and 1223 net tons and constructed in 1981 at Neville Island, Pennsylvania, together with all of its engines, boilers, machinery, masts, spars, boats, anchors, cables, chains, rigging, tackle, apparel, furniture, capstans, outfit, tools, pumps, pumping and other equipment or gear, furnishings, appliances, fittings and spare and replacement parts and all other appurtenances to said barge pertaining or belonging, including the Charterer-Furnished Equipment, if any, and the related Cover, whether now owned or hereafter acquired, whether on board or not on board, and also any and all additions, improvements and replacements hereafter made in or to said barge and Cover or any part thereof, or in or to her equipment and appurtenances aforesaid, and when used with respect to the Mortgage shall have the meaning specified in the Mortgage.

"Vessel Costs" means, with respect to any Vessel, an amount equal to the sum of (i) the amount paid or payable by the Shipowner to the Charterer to reimburse the Charterer for amounts paid by or on behalf of the Charterer under the Construction Contract or for Charterer-Furnished Equipment, plus (ii) the aggregate of all payments due from the Charterer to the Shipbuilder pursuant to the terms of the Construction Contract and to other Persons with regard to Charterer-Furnished Equipment, plus (iii) to the extent not included as a part of (i) or (ii) above, any appraisal fees, fees relating to documentation of the Vessels, costs of construction supervision, naval architects' and engineers' fees, interest on construction costs during the period of construction, and any delivery or other transportation charges and sales taxes, if and to the extent that any of the same are allowable as costs of new Section 38 property within the meaning of the Code.