Department of State: Division of Corporations

Allowable Characters

HOME
About Agency
Secretary's Letter
Newsroom
Frequent Questions
Related Links
Contact Us
Office Location

SERVICES
Pay Taxes
Bulk Tax Payment (alternative entity payment only)
File UCC's
Delaware Laws Online
Name Reservation
Entity Search
Status
Validate Certificate
Customer Service Survey

INFORMATION
Corporate Forms
Corporate Fees
UCC Forms and Fees
Taxes
Expedited Services
Service of Process
Registered Agents
GetCorporate Status
Submitting a Request
How to Form a New Business Entity
Certifications, Apostilles & Authentication of Documents

Frequently Asked Questions View Search Results

Entity Details

File Number:	2879540	Incorporation Date / Formation Date:	4/2/1998 (mm/dd/yyyy)
Entity Name:	AMERICAN COMMERCIAL LINES LLC		
Entity Kind:	Limited Liability Company	Entity Type:	General
Residency:	Domestic	State:	DELAWARE
Status:	Good Standing	Status Date:	6/1/2003

TAX INFORMATION

Last Annual Report Filed:	0	Tax Due:	$ 0
Annual Tax Assessment:	$ 300	Total Authorized Shares:	

REGISTERED AGENT INFORMATION

Name:	THE CORPORATION TRUST COMPANY		
Address:	CORPORATION TRUST CENTER 1209 ORANGE ST		
City:	WILMINGTON	County:	New Castle
State:	DE	Postal Code:	19801
Phone:	302-658-7581		

FILING HISTORY (Last 5 Filings)

Seq	Description	No. of pages	Filing Date (mm/dd/yyyy)	Filing Time	Effective Date (mm/dd/yyyy)
1	Change of Agent; LLC 9000014	1	12/21/2010	5:24 PM	12/21/2010
2	Change of Agent; LLC 9000010	1	11/30/2009	9:37 AM	11/30/2009
3	Merger	1	12/23/1998	11:30 AM	12/23/1998
4	LP/LLC Correction	4	7/2/1998	9:00 AM	7/2/1998
5	Merger	2	6/26/1998	10:00 AM	6/30/1998

Back to Entity Search | Email Status

9533442

Tom Schedler
Secretary of State

State of Louisiana Secretary of State

COMMERCIAL DIVISION
225.925.4704

Fax Numbers
225.932.5317 (Admin. Services)
225.932.5314 (Corporations)
225.932.5318 (UCC)

Name	Type	City	Status
AMERICAN COMMERCIAL LINES LLC	Limited Liability Company (Non-Louisiana)	WILMINGTON	Active

Business: AMERICAN COMMERCIAL LINES LLC
Charter Number: 36319957Q
Registration Date: 11/28/2006

Domicile Address
THE CORPORATION TRUST CENTER
1209 ORANGE ST.
WILMINGTON, DE 19801

Mailing Address
C/O PLATINUM EQUITY ADVISORS LLC
360 N CRESCENT DR., SOUTH BLDG.
BEVERLY HILLS, CA 90210

Principal Business Office
360 N CRESCENT DR
SOUTH BLDG
BEVERLY HILLS, CA 90210

Registered Office in Louisiana
3867 PLAZA TOWER DR.
BATON ROUGE, LA 70816

Principal Business Establishment in Louisiana
143 E. MAIN STREET
SUITE 3
NEW ROADS, LA 70760

Status

Status: **Active**
Annual Report Status: **In Good Standing**
Qualified: 11/28/2006
Last Report Filed: 12/1/2014
Type: Limited Liability Company (Non-Louisiana)

Registered Agent(s)

Agent:	STEPHEN P. JEWELL
Address 1:	C/O JEWELL & JEWELL
Address 2:	143 E. MAIN STREET, SUITE 3
City, State, Zip:	NEW ROADS, LA 70760
Appointment Date:	11/19/2009

Amendments on File (5)

Description	Date
Foreign LLC Statement of Change	12/8/2006
Foreign LLC Statement of Change	6/21/2010
Foreign LLC Statement of Change	12/20/2011
Amendment	3/19/2012
Foreign LLC Statement of Change	3/28/2012

Print

Table of Contents

As filed with the Securities and Exchange Commission on September 19, 2005
Registration No. 333-126696

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

Amendment No. 3
to

Form S-1

REGISTRATION STATEMENT
UNDER THE SECURITIES ACT OF 1933

American Commercial Lines Inc.

(Exact Name of Registrant as Specified in Its Charter)

Delaware	**4492**	**73-3177794**
(State or Other Jurisdiction of Incorporation or Organization)	*(Primary Standard Industrial Classification Code Number)*	*(I.R.S. Employer Identification Number)*

1701 East Market Street
Jeffersonville, Indiana 47130
(812) 288-0100
(Address, Including Zip Code, and Telephone Number, Including Area Code, of Registrant's Principal Executive Offices)

Christopher A. Black
Senior Vice President, Chief Financial Officer
1701 East Market Street
Jeffersonville, Indiana 47130
(812) 288-0100
(Name, Address, Including Zip Code, and Telephone Number, Including Area Code, of Agent For Service)

With a copy to:

Imad I. Qasim, Esq. Sidley Austin Brown & Wood LLP Bank One Plaza 10 South Dearborn Street Chicago, Illinois 60603	Christopher D. Lueking, Esq. Latham & Watkins LLP 233 S. Wacker Drive Suite 5800 Chicago, Illinois 60606

Approximate date of commencement of proposed sale to the public: As soon as practicable after this Registration Statement becomes effective.

If any of the securities being registered on this form are to be offered on a delayed or continuous basis pursuant to Rule 415 under the Securities Act of 1933, check the following box. ☐

If this form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. ☐ _____

If this form is a post-effective amendment filed pursuant to Rule 462(c) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. ☐

_____

If this form is a post-effective amendment filed pursuant to Rule 462(d) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. ☐

_____

If delivery of the prospectus is expected to be made pursuant to Rule 434, check the following box. ☐

The registrant hereby amends this registration statement on such date or dates as may be necessary to delay its effective date until the registrant shall file a further amendment which specifically states that this registration statement shall

thereafter become effective in accordance with Section 8(a) of the Securities Act of 1933 or until this registration statement shall become effective on such date as the Commission, acting pursuant to said Section 8(a), may determine.

Table of Contents

The information in this preliminary prospectus is not complete and may be changed. We may not sell these securities until the registration statement filed with the Securities and Exchange Commission is effective. This preliminary prospectus is not an offer to sell these securities and it is not soliciting an offer to buy these securities in any state where the offer or sale is not permitted.

Subject to Completion
Preliminary Prospectus dated September 19, 2005

PROSPECTUS

8,250,000 Shares

American Commercial Lines Inc.

Common Stock

We are offering 7,500,000 shares of common stock and the selling stockholder is offering 750,000 shares of common stock. We will not receive any proceeds from the sale of shares by the selling stockholder.

We expect the public offering price to be between $19.00 and $21.00 per share. Currently, no established public trading market exists for the shares. We have applied to list the shares on the Nasdaq National Market under the symbol "ACLI."

Investing in the common stock involves risks that are described in the "Risk Factors" section beginning on page 14 of this prospectus.

	Per Share	Total
Public offering price	$	$
Underwriting discount	$	$
Proceeds, before expenses, to American Commercial Lines Inc.	$	$
Proceeds, before expenses, to the selling stockholder	$	$

The underwriters may also purchase up to an additional 1,237,500 shares of common stock from the selling stockholder, at the public offering price, less the underwriting discount, within 30 days from the date of this prospectus to cover overallotments, if any.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or determined if this prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

The underwriters expect to deliver the shares on or about , 2005.

Merrill Lynch & Co. **UBS Investment Bank**

Credit Suisse First Boston **Deutsche Bank Securities**

The date of this prospectus is , 2005.

Table of Contents

TABLE OF CONTENTS

	Page
Prospectus Summary	1
Risk Factors	14
Cautionary Statement Regarding Forward-Looking Statements	26
Use of Proceeds	27
Dividend Policy	27
Capitalization	28
Current Trading of ACL Common Stock	29
Dilution	29
Selected Consolidated Financial Data	30
Management's Discussion and Analysis of Financial Condition and Results of Operations	34
Industry	61
Business	71
Management	95
Certain Relationships and Related Party Transactions	111
Principal and Selling Stockholders	113
Description of Capital Stock	116
Description of Certain Indebtedness and Security Arrangements	122
Shares Eligible for Future Sale	125

Certain Material U.S. Federal Income Tax Considerations for Non-U.S. Holders 128
Underwriting 131
Legal Matters 134
Experts 134
Where You Can Find Additional Information 134
Index to Consolidated Financial Statements F-1
Purchase Agreement
Opinion of Sidley Austin Brown & Wood LLP
Consent of Ernst & Young LLP

You should rely only on the information contained in this prospectus. We have not, and the selling stockholder and the underwriters have not, authorized any other person to provide you with different information. If anyone provides you with different or inconsistent information, you should not rely on it. We are not, and the selling stockholder and the underwriters are not, making an offer to sell these securities in any jurisdiction where the offer or sale is not permitted. You should assume that the information appearing in this prospectus is accurate only as of the date on the front cover of this prospectus regardless of the time and delivery of this prospectus or any sale of common stock. Our business, financial condition, results of operations and prospects may have changed since that date.

In this prospectus, unless the context indicates otherwise, the terms "ACL" or "the issuer" refer to American Commercial Lines Inc., a Delaware corporation, and the terms "the company," "we," "us" or "our" refer to ACL, its subsidiaries and their predecessors on a consolidated basis after giving effect to our restructuring and our emergence from bankruptcy in January 2005. Additionally, unless the context indicates otherwise, the term "predecessor company" refers to our operations for periods prior to December 31, 2004, and the term "reorganized company" is used to describe our operations as of December 31, 2004 and for periods thereafter. The fiscal years ended December 27, 2002, December 26, 2003 and December 31, 2004 are referred to herein as 2002, 2003 and 2004, respectively.

Market data and other statistical information used throughout this prospectus are based on independent industry publications, government publications, reports by market research firms or other publicly available information. These sources include the Waterborne Commerce Statistics Center; the U.S. Army Corps of Engineers; the U.S. Energy Information Administration; the U.S. Bureau of Transportation Statistics; Informa Economics, Inc., a private grain forecast service ("Informa"); "Prospects for the Dry Cargo Inland Barge Market through 2009" (September 2004) of Criton Corporation, an analyst for the inland barge industry ("Criton"); "U.S. Freight Transportation Forecast to 2016" of the American Trucking Association; the Iowa Department of Transportation; *Transportation in America* (19th edition, 2002) of the Eno Transportation Foundation; the U.S. Environmental Protection Agency ("EPA"); "Inland Waterways as Vital National Infrastructure: Refuting 'Corporate Welfare' Attacks" (1998) of the Allegheny Institute for Public Policy; the U.S. Department of Agriculture ("USDA"); and Mannsville Chemical Products Corporation. Some data is also based on our good faith estimates. These estimates are derived from our review of internal information, as well as the independent sources listed above.

Table of Contents

PROSPECTUS SUMMARY

This summary does not contain all of the information that you should consider before investing in our common stock. You should read this entire prospectus carefully, including "Risk Factors," our consolidated financial statements and the related notes and the other financial information appearing elsewhere in this prospectus before you decide to invest in our common stock.

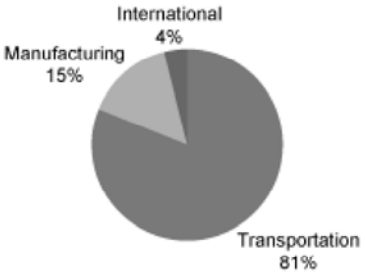
OUR COMPANY

We are one of the largest and most diversified marine transportation and service companies in the United States, providing barge transportation and related services under the provisions of the Jones Act, as well as the manufacturing of barges, towboats and other vessels. We are the second largest provider of dry cargo barge transportation and liquid cargo barge transportation on the Inland Waterways, accounting for 15.7% of the total inland dry cargo barge fleet and 13.6% of the total inland liquid cargo barge fleet as of December 31, 2004. Our manufacturing subsidiary, Jeffboat LLC, is the second largest manufacturer of dry cargo and tank barges in the United States.

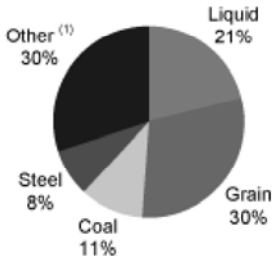
As of June 30, 2005, within our domestic fleet, we operated 3,197 barges and 124 towboats owned by us, with an additional 23 towboats operated exclusively for us by third parties. Our barges included 2,493 covered dry cargo barges, 339 open dry cargo barges and 365 tank barges, which are used to transport liquid cargoes. All of our tank barges meet or exceed current U.S. Coast Guard requirements for double-hull modifications. Our operations incorporate advanced fleet management practices and information technology systems, including our proprietary *RiverTrac* real-time GPS barge tracking system, which allow us to effectively manage our fleet.

Our dry cargo barges transport a wide variety of bulk and non-bulk commodities. In 2004, grain was our largest cargo segment accounting for 30% of our barging revenue, followed by coal, steel and other bulk commodities. We also transport chemicals, petroleum, edible oils and other liquid commodities through our fleet of tank barges, accounting for approximately 21% of our 2004 barging revenue.

FY 2004 REVENUE BY OPERATION



FY 2004 TRANSPORTATION REVENUE BY CARGO



(1) "Other" includes fertilizer, salt, alumina, cement and general construction materials.

THE JONES ACT

Foreign competition in our industry is restricted due to the Jones Act. Under the Jones Act, the non-proprietary marine trade between U.S. ports is reserved for U.S.-owned and organized companies operating U.S.-built, operated and flagged vessels manned predominantly by U.S.-citizen crews.

Table of Contents

OUR COMPETITIVE STRENGTHS

We believe that we have the following strengths that give us a competitive advantage in our markets:

- *Market Position.* We are a leading provider of barge transportation and the largest provider of covered dry cargo barge transportation on the Inland Waterways, with significant positions in grain and bulk cargo shipments. In addition, we are the second largest provider of total dry cargo barge transportation and liquid cargo barge transportation on the Inland Waterways.
- *Fleet.* We believe our large covered dry cargo fleet gives us a unique position. We are able to service the transportation needs of customers requiring covers to ship and protect their products, while retaining the flexibility to shift this substantial covered cargo capacity to compete in the open dry cargo barge market simply by storing the barge covers. Carriers that have barges designed only for open dry cargo barge service cannot easily retrofit their fleet with covers without significant expense, time and effort.
- *Customer Relationships.* We have a strong and diverse customer base that includes several of the leading industrial and agricultural companies in the United States. Many of our largest customers have been doing business with us for more than 20 years. In many cases, these relationships have resulted in multi-year contracts that feature predictable tonnage requirements or exclusivity, allowing us to plan our logistics more effectively.
- *Barge Manufacturing.* Through Jeffboat, we are the second largest manufacturer of barges in the United States. Our vertical integration gives us visibility into the supply of new barges being constructed and placed into domestic transportation service. As of June 30, 2005, the Jeffboat vessel manufacturing backlog for external customers was approximately $188 million of contracted revenue, approximately 76% of which consisted of contracts for delivery in 2005 or 2006. The backlog extends into 2008. We believe that replacement demand for dry cargo barges will accelerate across the industry and we expect to participate in meeting this increased demand.
- *Management.* We have recently added several key members of senior management, including our president and chief executive officer Mark R. Holden, who joined us in January 2005, bringing extensive experience and relationships in the transportation industry. We believe the new members of management when combined with the industry veterans retained by the company establish a superior management team that will improve our competitive position.

OUR BUSINESS STRATEGY

We intend to capitalize on favorable industry trends and focus on improving profitability by pursuing strategies that include the following:

- *Increase Penetration Rates and Improve Yields.* We believe that we have an opportunity to increase our penetration rates with our existing customers. In addition, we believe that we have an opportunity to increase the profitability of our relationships by improving our contract rates, terms and conditions as a result of the strong demand for cargo transportation and reduced supply that currently exists within the Inland Waterways industry.
- *Invest in our Fleet.* We will continue to invest in our fleet, including in new barges built by Jeffboat to replace retiring barges. Six consecutive years of net declines in the industry's dry cargo barge fleet have reduced excess capacity and created a more positive pricing environment for participants in the barging industry, including us. Further, a substantial portion of the barge manufacturing industry's current capacity is devoted to building tank barges. We believe that, as a result, the barge manufacturing industry does not have the current capacity to meet projected replacement demand for new dry cargo barge construction over the next five years, as the large number of dry cargo barges built between 1979 and 1982 reach the end of their economic lives.

Table of Contents

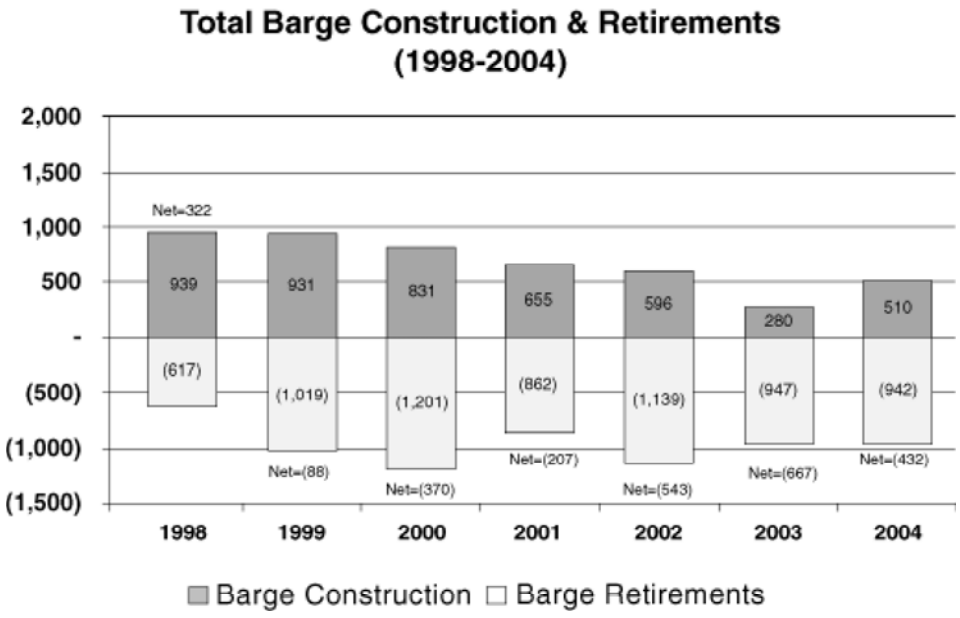
- *Reduce Costs and Improve Productivity.* We will identify opportunities to reduce costs, improve productivity and streamlin operations. We announced a 23% reduction in administrative headcount on June 6, 2005, comprised of 115 positions, whicl we expect to result in approximately $8 million in gross annual cost savings. We intend to continue to increase equipment efficiency and utilization to achieve a better balance between inbound and outbound traffic. We expect that this focus on increased density will improve our capacity utilization and profitability.
- *Position Jeffboat for Growth.* Given accelerating replacement demand, Jeffboat provides us with a unique opportunity to further profit from the barging industry's need for dry cargo barges to replace the estimated 27% of the current fleet that is expected to be retired over the next five years. As one of only two major manufacturers of barges at present, we believe Jeffboat is well-positioned to take advantage of the replacement cycle demand.
- *Expand into New Markets.* We plan to capitalize on our management's relationships in both the rail and trucking industries to capture new and attractive growth opportunities for transporting more freight. We believe the marine transportation industry is well-positioned to grow its share of the transportation market given its low cost, safety and environmental record. We believe that the inland marine industry will continue to consolidate and we may evaluate opportunities to participate in such consolidation.
- *Build a Strong Balance Sheet.* We intend to reduce our leverage in order to establish greater financial flexibility to pursue attractive market opportunities in support of our growth strategy. We plan to use our net proceeds from this offering to strengthen our balance sheet by paying down a portion of our outstanding indebtedness. We expect that our total debt will be reduced by approximately $130 million, which would reduce our total indebtedness after the offering to approximately $247 million.

OUR INDUSTRY

We operate our barges throughout the U.S. Inland Waterways, which consist of the Mississippi River System, its connecting waterways and the Gulf Intracoastal Waterway.

We believe the supply and demand relationship for dry cargo barge freight transportation has moved into an equilibrium that has historically typified the liquid cargo barge market. For the past six consecutive years, there has been a net reduction in dry cargo barge capacity due to accelerated scrapping of older barges in response to high steel prices, combined with a freight rate environment that did not justify new capital investments. From 1998 to 2004, the total U.S. dry cargo barge fleet declined by 8.8%, or by 2,036 barges. We believe market conditions will continue to improve for transportation providers. Criton forecasts demand will grow at 1.8% annually from 2004 through 2009 while approximately 27% of the industry's current dry cargo barge fleet is expected to be retired over the same period. According to Informa, as of December 31, 2004, dry cargo barges represented 87% of the 21,056 barges operating on the Inland Waterways, with the balance being tank barges.

Table of Contents



Source: Graph created by the company based on Informa data.

RECENT REFINANCING TRANSACTIONS

On February 11, 2005 we refinanced our capital structure with the issuance of $200 million aggregate principal amount of 9 1/ % senior notes due 2015 (the "2015 Senior Notes") and a new $250 million asset based revolver (the "asset based revolver"). The ne proceeds from the offering of the 2015 Senior Notes, together with borrowings under the asset based revolver, which amended and restated our former $35 million asset based revolving credit facility, were used to repay our senior secured term loan and junior secured term loan. The asset based revolver is guaranteed by ACL and certain of its domestic subsidiaries. For further information or the 2015 Senior Notes and the asset based revolver, see "Description of Certain Indebtedness and Security Arrangements."

RECENT DEVELOPMENTS

As a result of Hurricane Katrina, we have incurred charges and costs related to lost revenue, employee advances and unreimbursed expenses. While we are not able to predict with certainty whether these charges and costs will have a material impact on our September operating results, we believe that the impact for the full year of 2005, if any, will not be material.

Of our total of 3,197 domestic barges, 27 barges, or less than one percent, were washed ashore and temporarily removed from service. We expect that most of the 27 barges, if not all, will be returned to service in the near term. From a property standpoint, we sustained minimal damage to our barge fleeting facilities along the affected region, which did not impact our operations. All of our facilities and vessels in the Gulf region are adequately staffed.

From an industry operational perspective, the river system officially opened in both directions one week after the hurricane on September 5, 2005, although regional traffic was occurring immediately following the storm. In addition, deep draft oceangoing ship were allowed back into New Orleans two weeks following the hurricane on September 11, 2005, which is expected to begin easing the barge congestion created by the storm. Grain elevators within the region sustained limited physical damage and 8

Table of Contents

of the 10 major grain export elevators were operational within two weeks of the hurricane. The Port of New Orleans sustained the greatest physical damage and the timing of its full operational recovery is unknown. Within two weeks of the hurricane, the Port of New Orleans was servicing barge unloadings on a limited basis. During the past twelve months, approximately 4% of our loadings and unloadings were transacted at the Port of New Orleans. We believe that we will be able to utilize alternative sites for our loadings and unloadings, including mid-stream barge to ship loadings and unloadings, until the Port of New Orleans is fully functional. We believe that a total of 300 to 400 barges were taken out of service within the industry. Finally, we do not know what impact the hurricane may have on the economy as a whole.

Hurricane Katrina resulted in a significant increase in the cost of fuel; however, we are protected from price increases under contract adjustments for approximately 70% of our 2005 revenue. Most contract adjustments are deferred one quarter.

CORPORATE INFORMATION

Our corporate history dates back to 1915, when our ultimate predecessor, Beattyville Company, was formed by Patrick Calhoun, Jr. to transport coal on the Kentucky River. ACL was incorporated in Delaware in December 2004 in connection with our emergence from bankruptcy pursuant to the First Amended Joint Plan of Reorganization (the "Plan of Reorganization"). Our principal executive offices are located at 1701 East Market Street, Jeffersonville, Indiana 47130, and our telephone number is (812) 288-0100. Our website can be found at *www.aclines.com* . The information on our website is not part of this prospectus.

Table of Contents

The Offering

Common stock offered	
by ACL	7,500,000 shares
by the selling stockholder	750,000 shares
Common shares issued and outstanding after the offering	30,741,716 shares
Use of proceeds	We plan to use our net proceeds to repay approximately $70 million of indebtedness under our 2015 Senior Notes and approximately $60 million of indebtedness outstanding under our asset based revolver. The remainder of the proceeds will be used to pay a prepayment premium under the 2015 Senior Notes, as well as fees and expenses related to this offering. We will not receive any proceeds from the sale of common shares by the selling stockholder. In the future, we expect to reborrow under our asset based revolver in order to reinvest in our barge fleet and to take advantage of market opportunities.
Overallotment option	The selling stockholder has granted the underwriters an option to purchase up to 1,237,500 additional shares of our common stock at the public offering price to cover overallotments, if any.
Risk factors	See "Risk Factors" and other information included in this prospectus for a discussion of factors you should carefully consider before deciding to invest in our common shares.
Nasdaq National Market symbol	ACLI

The number of common shares issued and outstanding after the offering excludes:

- 1,021,084 shares of common stock issuable upon the exercise of outstanding options under the American Commercial Lines Inc. Equity Award Plan for Employees, Officers and Directors, or the Equity Award Plan, and individual option agreements with certain directors and executive officers, with a weighted average exercise price o $4.1625 per share;
- 84,108 shares of common stock issuable upon the exercise of outstanding options under the American Commercial Lines Inc. 2005 Stock Incentive Plan, or the Stock Incentive Plan, and individual option agreements with certain employees, with a weighted average exercise price of $4.50 per share;
- 42,644 additional shares of common stock reserved for future issuance pursuant to the Equity Award Plan; and
- 1,299,820 additional shares of common stock reserved for future issuance pursuant to the Stock Incentive Plan.

Except as otherwise indicated, all information in this prospectus:

- assumes a public offering price of $20.00 per common share, the mid-point of the price range set forth on the cover page of this prospectus;
- assumes that the underwriters do not exercise the overallotment option to purchase 1,237,500 additional shares of common stock in this offering; and
- reflects the stock dividend declared by our board of directors on July 19, 2005 and effected in August 2005 pursuan to which holders of common stock received three additional shares of common stock for each outstanding share of common stock.

Table of Contents

Summary Unaudited Pro Forma Condensed Consolidated Financial Information

The summary unaudited pro forma condensed consolidated financial data of ACL for the year ended December 31, 2004 gives effect to the sale of our 50% interest in UABL Limited, the operating company serving the Paraná/ Paraguay River Systems ("UABL"), including the sale of other Argentina-based assets, and the sale of our 50% interest in Global Materials Services LLC ("GMS"), both non-core interests that were sold in 2004, and the reorganization and the refinancing transactions, each of which occurred on or after December 31, 2004, as if such transactions occurred on December 26, 2003 (the end of our previous fiscal year). The pro forma information is presented for illustrative purposes only and does not purport to represent what our actual financial position would have been had the transactions actually been completed on that date and is not necessarily indicative of our future financial position. You should read the summary consolidated financial and operating data set forth below together with "Management's Discussion and Analysis of Financial Condition and Results of Operations" and ACL's consolidated financial statements and related notes included elsewhere in this prospectus.

	American Commercial Lines Inc. Predecessor Company For the Year Ended December 31, 2004 (Dollars in thousands) (Unaudited)						
	Actual	GMS & UABL Transactions	Subtotal	Reorganization	Subtotal	Issuance of Asset Based Revolver and Old Notes	Pro Forma
REVENUE	$ 632,298	$ (3,135)(a)	$ 629,163	$ —	$629,163	$ —	$629,163
OPERATING EXPENSE							
Materials, Supplies and Other	265,950	(2,310)(a)	263,640	—	263,640	—	263,640
Rent	23,768	—	23,768	—	23,768	—	23,768
Labor and Fringe Benefits	117,419	—	117,419	(1,169)(b)	116,250	—	116,250
Fuel	89,843	—	89,843	—	89,843	—	89,843
Depreciation and Amortization	53,175	(430)(a)	52,745	(5,151)(c)	47,594	—	47,594
Taxes, Other Than Income Taxes	19,352	—	19,352	—	19,352	—	19,352
Selling, General & Administrative	37,432	(53)(a)	37,379	(194)(d)	37,185	(81)(h)	37,104
Total Operating Expenses	606,939	(2,793)	604,146	(6,514)	597,632	(81)	597,551
OPERATING (LOSS) INCOME	25,359	(342)	25,017	6,514	31,531	81	31,612
OTHER EXPENSE (INCOME)							
Interest Expense	39,023	—	39,023	—	39,023	(8,540)(i)	30,483
Other, Net	(4,438)	1,876(a)	(2,562)	(157)(e)	(2,719)	—	(2,719
Total Other Expense (Income)	34,585	1,876	36,461	(157)	36,304	(8,540)	27,764
(LOSS) INCOME BEFORE REORGANIZATION ITEMS, FRESH START ADJUSTMENTS, INCOME TAXES AND EXTRAORDINARY ITEM	(9,226)	(2,218)	(11,444)	6,671	(4,773)	8,621	3,848
REORGANIZATION ITEMS	56,921	(34,849)(a)	22,072	(22,072)(e,f)	—	—	—
FRESH START ADJUSTMENTS	83,030	—	83,030	(83,030)(f)	—	—	—
(LOSS) INCOME BEFORE INCOME TAXES AND EXTRAORDINARY ITEM	(149,177)	32,631	(116,546)	111,773	(4,773)	8,621	3,848
INCOME TAXES (BENEFIT)	1,787	—	1,787	1,117(g)	2,904	—	2,904
(LOSS) INCOME BEFORE EXTRAORDINARY ITEM	(150,964)	32,631	(118,333)	110,656	(7,677)	8,621	944
EXTRAORDINARY ITEM — GAIN ON DISCHARGE OF DEBT	155,358	—	155,358	(155,358)(f)	—	—	—
NET INCOME	$ 4,394	$ 32,631	$ 37,025	$ (44,702)	$ (7,677)	$ 8,621	$ 944

Table of Contents

(a) Removes the impact of UABL and GMS from the statements of operations as if the sale of both entities occurred at the beginning of the period presented. On April 23, 2004, we sold our 50% equity interest in UABL, along with certain boats and barges. Before the sale of UABL and the Argentina-based assets, we previously had an agreement with UABL to charter barges and towboats to UABL, including crews and supplies. During 2004, we recognized $3,135 in charter revenue from UABL. We also had an agreement with a subsidiary of UABL that provided the crews and supplies for these vessels. During 2004, we recognized $2,274 in expense for these crews and supplies, along with $36 in management fees to our partners in ACBL Hidrovías Ltd., and $53 in selling, general and administrative expense for bank fees, legal fees and hull claims. These barges and towboats were sold along with our investment in UABL.

UABL as an equity investment provided $125 in equity income in 2004 and GMS as an equity investment provided $1,751 in equity income in 2004. Equity income is included in other, net on the consolidated statements of operations. Reorganization items include the loss on the sale of UABL and other Argentine assets of $35,197 in 2004 and the gain on the sale of GMS of $348.

(b) Adjusts for the recognition of pension and post-retirement medical expense as if the liabilities were restated to fair value at the beginning of the period presented. As a part of adjusting the pension assets and liabilities to fair value, actuarial losses and unrecognized prior service costs are eliminated. The elimination of the amortization of the actuarial loss and of the prior service costs reduces pension expense by $764 in 2004. As a part of adjusting the post-retirement medical liability to fair value, actuarial losses are eliminated. The elimination of the amortization of the actuarial loss reduces post retirement medical expense by $405 in 2004.

(c) Adjusts depreciation and amortization of long-lived assets as if the assets were adjusted to reorganization value as of the beginning of the period presented. Adjusting to reorganization value reduces property and other assets to a value that is approximately 86% of former book value. Depreciation and amortization are reduced to approximately 90% of the amounts recognized in 2004 due to the reduction in asset value and the re-evaluation of the remaining useful life of assets.

(d) Removes the impact of amortization of Danielson Holding Corporation ("DHC") restricted stock compensation on wages. DHC restricted stock issued to management on May 29, 2002 was being amortized to expense over three years. DHC stock that was not vested as of our emergence from bankruptcy was cancelled, resulting in the elimination of $194 in 2004 stock compensation expense on a pro forma basis.

(e) Reclasses $157 in interest income from reorganization items, where it was required to be reported while we were under Chapter 11 reorganization, according to the American Institute of Certified Public Accountants, or AICPA, Statement of Position 90-7, "Financial Reporting by Entities in Reorganization under the Bankruptcy Code," or SOP 90-7, to other, net.

(f) Removes reorganization-related items as if these occurred prior to, or were accrued as of, the beginning of the period presented.

(g) Assumes an effective tax rate of 40% on consolidated pre-tax income because the dividends from foreign subsidiaries are approximately equal to the pre-tax earnings from those subsidiaries.

(h) Eliminates bank fees associated with our pre-petition senior credit facility and our debtor-in-possession financing of $250, and includes the fees associated with the refinanced debt of $169.

(i) Adjusts interest expense to amounts that would have been recognized had the 2015 Senior Notes, the asset based revolver, our five-year secured maritime lien notes (the "maritime lien notes") and our five-year secured tort lien notes (the "tort lien notes") been in place at the beginning of the period presented. Also replaces amortization of debt issuance costs under our former debt facilities with amortization of debt issuance costs under the refinanced debt and removes amortization of debt discount on our 12% pay-in-kind senior subordinated notes due 2008 (the "PIK Notes"), our 11 1/4% senior notes due 2008 (the "2008 Senior Notes") and our 10 1/4% senior unsecured notes due 2008 (the "Old Senior Notes").

Table of Contents

Interest expense before and after the refinancing transactions is explained in the following chart:

	Interest Expense		
	2004 Actual	2004 Pro forma after refinancing	Adjustment
Interest Expense:			
Term Loans — A, B & C	$ 19,476	$ —	$ (19,476)
Revolver	2,825	—	(2,825)
PIK Interest Expense on Bank Debt (@ 1.00%)	3,716	—	(3,716)
Debtor-in-Possession ("DIP") Facility	1,385	—	(1,385)
PIK Notes	7	—	(7)
2008 Senior Notes	8	—	(8)
Bonds guaranteed by MARAD	1,668	1,668	—
Letter of Credit	207	207	—
Capital Lease	117	117	—
Asset Based Revolver	—	7,386	7,386(a)
2015 Senior Notes	—	19,211	19,211(b)
Maritime and Tort Lien Notes	—	428	428(c)
Subtotal	29,409	29,017	(392)
Amortization of Debt Issuance Cost:			
Bank Debt	1,702	—	(1,702)
DIP	325	—	(325)
Bonds guaranteed by MARAD	143	143	—
Asset Based Revolver	—	633	633(d)
2015 Senior Notes	—	690	690(e)
Subtotal	2,170	1,466	(704)
Amortization of Debt Discounts:			
PIK Notes	5,741	—	(5,741)
2008 Senior Notes	1,482	—	(1,482)
Old Senior Notes	221	—	(221)
Subtotal	7,444	—	(7,444)
Total Interest Expense	$ 39,023	$ 30,483	$ (8,540)

(a) The asset based revolver has a five year term and bears interest at LIBOR plus a margin of 2.25%. As of December 27, 2003, the revolver balance was $175,482, which dropped to $160,695 as of December 31, 2004. LIBOR varied from 1.11% to 2.56% during 2004, which averaged to be 1.67% during 2004. An unused line fee at the rate of 37.5 basis points per annum was applied to the unused portion of the credit facility resulting in an additional expense of $319.

(b) The 2015 Senior Notes bear interest at the rate of 9.50% per year on a $200,000 aggregate principal amount with a ten year term. It also includes an additional $211 of interest for the period from December 27, 2003 through December 31, 2003 as these dates fall under the accounting year 2004.

(c) The interest rate on the maritime lien and tort lien notes is at the prime rate and these notes mature in five years. The principal amount of the maritime lien notes are $9,046 and the tort lien notes are $418. Interest rates varied from 4.00% to 5.14%, resulting to an average rate of 4.52% for the year ended December 31, 2004.

(d) Financing fees associated with the asset based revolver of $3,163 are amortized over five years.

(e) Financing fees associated with the indenture governing the 2015 Senior Notes of $6,905 are amortized over ten years.

Table of Contents

Summary Historical Consolidated Financial Information

The following tables summarize our consolidated financial and operating data for the years ended December 27, 2002, December 26, 2003 and December 31, 2004, the six months ended July 2, 2004 and June 30, 2005 and as of June 30, 2005. The consolidated statements of operations and statements of cash flow data for the years ended December 27, 2002, December 26, 2003 and December 31, 2004 are derived from our audited consolidated financial statements for the periods then ended included elsewhere in this prospectus. The consolidated statements of operations and statements of cash flow data for the six months ended July 2, 2004 and June 30, 2005 and the balance sheet data as of June 30, 2005 are derived from our unaudited consolidated financial statements included elsewhere in this prospectus. The unaudited consolidated financial statements include all adjustments, consisting of normal recurring adjustments, which we consider necessary for a fair presentation of the financial position and results of operations for these periods. Results of operations for the interim periods are not necessarily indicative of the results that may be expected for a full year period.

On March 15, 2002, we entered into a definitive recapitalization agreement regarding our acquisition and recapitalization (the "Danielson Recapitalization") by DHC and certain DHC subsidiaries. As a result of the Danielson Recapitalization, our assets and liabilities were adjusted to estimated fair value under push down purchase accounting effective May 29, 2002. Our consolidated financial statements for the periods ended before May 29, 2002 were prepared using the historical basis of accounting. Although we introduced a new basis of accounting on May 29, 2002, we have summarized the results for the year ended December 27, 2002 below by combining the periods before and after May 29, 2002 together. We believe that presenting these periods on a combined basis is meaningful for comparison purposes. The impact on results of operations related to push down accounting has not materially affected the comparability of the periods.

In connection with our emergence from bankruptcy, we reflected the terms of the Plan of Reorganization in our consolidated financial statements by adopting the fresh start accounting provisions of SOP 90-7. Under fresh start accounting, a new reporting entity is deemed to be created and the recorded amounts of assets and liabilities are adjusted to reflect their estimated fair values. For accounting purposes, we have recorded the fresh start adjustments in the consolidated financial statements as of December 31, 2004. Accordingly, our consolidated financial and operating data as of and for periods ending prior to December 31, 2004 is denoted as "Predecessor Company." Our consolidated financial and operating data as of December 31, 2004 and for periods ending thereafter is denoted as "Reorganized Company."

You should read the summary consolidated financial and operating data set forth below together with "Management's Discussion and Analysis of Financial Condition and Results of Operations" and our consolidated financial statements and related notes included elsewhere in this prospectus.

Table of Contents

	Year Ended			Six Months Ended	
	Dec. 27, 2002	Dec. 26, 2003	Dec. 31, 2004	July 2, 2004	June 30, 2005
	Predecessor Company			Predecessor Company	Reorganized Company
	(Dollars in thousands, except per share data)				
Statement of Operating Data:					
Revenue	$ 712,852	$ 620,071	$ 632,298	$ 293,320	$ 329,308
Operating expenses:					
Materials, supplies and other	303,520	260,078	265,950	132,584	126,882
Restructuring cost	14,058	—	—	—	—
Rent	52,322	36,608	23,768	12,212	10,615
Labor and fringe benefits	133,762	121,628	117,419	57,952	64,104
Fuel	79,782	83,427	89,843	40,534	56,177
Depreciation and amortization	59,231	54,918	53,175	27,375	24,502
Taxes, other than income taxes	26,022	21,862	19,352	10,090	8,925
Selling, general and administrative expenses	49,007	41,470	37,432	19,474	25,959
Total operating expenses	717,704	619,991	606,939	300,221	317,164
Operating income (loss)	(4,852)	80	25,359	(6,901)	12,144
Other expense (income):					
Interest expense	61,656	41,514	39,023	19,448	17,754
Other, net(a)	3,679	(6,303)	(4,438)	(1,727)	(5,716)
Income (Loss) before reorganization items, fresh start adjustments, extraordinary item and income taxes	(70,187)	(35,131)	(9,226)	(24,622)	106
Reorganization items and fresh start adjustments(b)	—	24,344	139,951	47,394	—
Extraordinary item — gain on discharge of debt	—	—	155,358	—	—
Income taxes (benefit)	(176)	2,101	1,787	314	401
Net income (loss)	$ (70,011)	$ (61,576)	$ 4,394	$ (72,330)	$ (295)
Net loss per common share — basic					$ (0.01)
Net loss per common share — diluted(c)					$ (0.01)
Shares used in computing basic and diluted net loss per common share (in thousands)(c)					21,854

	Reorganized Company As of June 30, 2005 (Dollars in thousands)
Statement of Financial Position Data:	
Cash, cash equivalents and restricted cash(d)	$ 16,166
Working capital(e)	66,962
Total assets	659,593
Total debt(f)	377,239
Stockholders' equity	101,868

Table of Contents

	Year Ended			Six Months Ended	
	Dec. 27, 2002	Dec. 26, 2003	Dec. 31, 2004	July 2, 2004	June 30, 2005
	Predecessor Company			Predecessor Company	Reorganized Company
	(Dollars in thousands, except per share data)				
Other Data:					
Net cash provided by (used in) operating activities	$ 6,900	$ (16,066)	$ 36,197	$ (1,452)	$ 12,905
Net cash (used in) provided by investing activities	$ (14,802)	$ (11,817)	$ 27,228	$ 19,798	$ (2,925)
Net cash (used in) provided by financing activities	$ (24,855)	$ 48,662	$ (52,055)	$ (35,253)	$ (49,911)
Adjusted EBITDA(g)(h)	$ 64,323	$ 61,189	$ 82,028	$ 21,557	$ 41,904
Capital expenditures	$ 13,362	$ 9,209	$ 12,520	$ 4,261	$ 11,485
Towboats (at period end)(i)	186	166	165	168	155
Barges (at period end)(i)	4,710	3,670	3,369	3,396	3,323
Tonnage (in thousands, for period ended)(i)	74,606	55,732	49,024	23,231	22,617

(a) Gain (loss) on property dispositions of $(247), $287, $455 and $(143) for 2004, 2003, 2002 and the first six months of 2004, respectively, have been reclassified from operating expenses to other expense (income).

(b) We filed a petition of reorganization under Chapter 11 of the U.S. Bankruptcy Code (the "Bankruptcy Code") on January 31, 2003. Items related to the reorganization are presented separately in accordance with SOP 90-7. In the second quarter of 2004, we recorded a loss of $35,206 from the sale of Argentina-based assets. In the fourth quarter of 2004, we recorded $83,030 in fresh start accounting adjustments due to our emergence from bankruptcy.

(c) Diluted earnings per share for the six months ended June 30, 2005 do not include shares issuable pursuant to stock options because their effect is anti-dilutive.

(d) Includes $9,452 in restricted cash held in escrow to repay bonds guaranteed by the U.S. Maritime Administration ("MARAD") that are obligations of Vessel Leasing LLC, our indirect, wholly owned subsidiary.

(e) We define working capital as total current assets minus total current liabilities.

(f) Includes $799 in capital lease obligations and excludes the discount to fair market value of the bonds guaranteed by MARAD o $1,597.

(g) Adjusted EBITDA represents net income before interest, income taxes, depreciation and amortization, adjusted as described below. Adjusted EBITDA is included because management believes that including Adjusted EBITDA provides useful information to investors about us and our financial condition and results of operations for the following reasons: (i) it is one of the measures used by our board of directors and management team to evaluate our operating performance, (ii) it is one of the measures used by our management team to make day-to-day operating decisions, (iii) certain management compensation is based upon performance metrics which use Adjusted EBITDA as a component and (iv) it is used by securities analysts, investors and other interested parties as a common performance measure to compare results across companies in our industry. For these reasons, we believe Adjusted EBITDA is a useful measure to present to our investors.

footnotes continued on following pag

Table of Contents

The following table reconciles net income to Adjusted EBITDA on an historical basis:

	Year Ended			Six Months Ended	
	Dec. 27, 2002	Dec. 26, 2003	Dec. 31, 2004	July 2, 2004	June 30, 2005
			(Dollars in thousands)		
Net (loss) income	$ (70,011)	$ (61,576)	$ 4,394	$ (72,330)	$ (295)
Interest income	(435)	(112)	(944)	(644)	(458)
Interest expense	61,656	41,514	39,023	19,448	17,754
Depreciation and amortization	59,231	54,918	53,175	27,375	24,502
Income taxes (benefit)	(176)	2,101	1,787	314	401
Adjustments:					
Danielson Recapitalization fees	14,058	—	—	—	—
Reorganization items	—	24,344	56,921	47,394	—
Fresh start adjustments	—	—	83,030	—	—
Gain on discharge of debt	—	—	(155,358)	—	—
Adjusted EBITDA	$ 64,323	$ 61,189	$ 82,028	$ 21,557	$ 41,904

Adjusted EBITDA has limitations as an analytical tool, and you should not consider it in isolation, or as a substitute for analysis of our results as reported under GAAP. Some of these limitations are:

- Adjusted EBITDA does not reflect our current or future cash requirements for capital expenditures;
- Adjusted EBITDA does not reflect changes in, or cash requirements for, our working capital needs;
- Adjusted EBITDA does not reflect the significant interest expense, or the cash requirements necessary to service interest or principal payments, on our debts;
- Although depreciation and amortization are non-cash charges, the assets being depreciated and amortized will often have to be replaced in the future, and Adjusted EBITDA does not reflect any cash requirements for such replacements; and
- Other companies in our industry may calculate Adjusted EBITDA differently than we do, limiting its usefulness as a comparative measure.

Adjusted EBITDA is not a measurement of our financial performance under GAAP and should not be considered as an alternative to net income, operating income or any other performance measures derived in accordance with GAAP or as a measure of our liquidity. Because of these limitations, Adjusted EBITDA should not be considered as a measure of discretionary cash available to us to invest in the growth of our business. We compensate for these limitations by relying primarily on our GAAP results and using Adjusted EBITDA only supplementally. See the Statements of Cash Flow included in our consolidated financial statements.

(h) For the year ended December 31, 2004, Adjusted EBITDA excludes an extraordinary gain of $155,358 from the discharge of debt according to the Plan of Reorganization and a nonrecurring expense of $139,951 for reorganization items and fresh start adjustments. For the years ended December 27, 2002 and December 26, 2003, Adjusted EBITDA excludes nonrecurring Danielson Recapitalization fees and reorganization items as indicated in the table above.

(i) Includes equipment operated by foreign subsidiaries.

Table of Contents

RISK FACTORS

You should carefully consider the following risk factors in addition to other information contained in this prospectus before you decide to invest in our common stock. If the events discussed in these risk factors occur, our business, financial condition, results of operations or cash flows could be materially adversely affected and the market value of our common stock could decline.

RISKS RELATED TO OUR INDUSTRY

Freight transportation rates for the Inland Waterways fluctuate from time to time and may decrease.

Freight transportation rates fluctuate from season to season and year to year. Levels of dry and liquid cargo being transported on the Inland Waterways vary based on several factors, including global economic conditions and business cycles, domestic agricultural production and demand, international agricultural production and demand and foreign exchange rates. Additionally, fluctuation of ocean freight rate spreads between the Gulf of Mexico and the Pacific Northwest affects demand for barging on the Inland Waterways. The number of barges and towboats available to transport dry and liquid cargo on the Inland Waterways also varies from year to year as older vessels are retired and new vessels are placed into service. The resulting relationship between levels of cargoes and vessels available for transport affects the freight transportation rates that we are able to charge. Significant periods of high vessel availability relative to cargo demand could adversely affect demand for our services and the rates we are able to charge.

An oversupply of barging capacity may lead to reductions in freight rates.

Our industry has previously suffered from oversupply of barges relative to demand for barging services. Such oversupply may recur due to a variety of factors, including a drop in demand, overbuilding and delay in scrapping of barges approaching the end of their useful economic lives. Once an oversupply of barges occurs, it can take several years before supply matches demand due to the variable nature of the barging industry and the freight transportation industry in general and the relatively long life of marine equipment. Such oversupply could lead to reductions in the freight rates that we are able to charge.

Yields from North American and worldwide grain harvests could materially affect demand for our barging services.

Demand for dry cargo barging in North America is affected significantly by the volume of grain exports flowing through ports in the Gulf of Mexico. The volume of grain exports can vary due to, among other things, crop harvest yield levels in the United States and abroad. Overseas grain shortages increase demand for U.S. grain, while worldwide over-production decreases demand for U.S. grain. Other factors, such as how receptive the overseas markets are to genetically altered products, may also affect demand for U.S. grain. Fluctuations in demand for U.S. grain exports can lead to temporary barge oversupply, which in turn leads to reduced freight rates. We cannot assure you that historical levels of U.S. grain exports will be maintained in the future.

Higher fuel prices could dramatically increase operating expenses and adversely affect profitability.

In 2004, fuel expenses represented approximately 15% of our operating expenses. For the six months ended June 30, 2005, fuel expenses represented approximately 18% of our operating expenses. Fuel prices are subject to fluctuation as a result of domestic and international events. Nearly all of our long-term contracts contain provisions that allow us to pass along a significant portion of any fuel expense increase to our customers, thereby reducing, but not eliminating, our fuel price risk. Increased fuel prices in the future could dramatically increase our operating expenses and adversely affect our profitability.

We are subject to adverse weather and river conditions.

Our barging operations are affected by weather and river conditions. Varying weather patterns can affect river levels and cause ice to form in certain river areas of the United States. For example, the Upper

Table of Contents

Mississippi River closes annually from approximately mid-December to mid-March, and ice conditions can hamper navigation on the upper reaches of the Illinois River during the winter months. During hurricane season in the summer and early fall, we may be subject to revenue loss, business interruptions and equipment and facilities damage, particularly in the Gulf region. With respect to our Venezuelan operations, barge transportation is limited to the period between late May and December, when the Orinoco River has a sufficient water level for navigation. In addition, adverse river conditions affect towboat speed, tow size and loading drafts and can delay barge movements. Lock outages due to lock maintenance and other interruptions in normal lock operation can also delay barge movements. Jeffboat's waterfront facility is subject to occasional flooding. Jeffboat's manufacturing operation, much of which is conducted outdoors, is also subject to weather conditions. As a result, these operations are subject to production schedule delays caused by severe weather. Terminals may also experience operational interruptions as a result of weather or river conditions.

Seasonal fluctuations in industry demand could adversely affect our operating results, cash flow and working capital requirements.

The inland barging business is seasonal. Historically, our revenue and profits have been lower during the first six months of the year and higher during the last six months of the year. This seasonality is due primarily to the timing of the North American grain harvest. Our working capital requirements track the rise and fall of our revenue and profits throughout the year. As a result, adverse market or operating conditions during the last six months of a calendar year could disproportionately adversely affect our operating results, cash flow and working capital requirements for the whole year.

The aging infrastructure on the Inland Waterways may lead to increased costs and disruptions in our operations.

Many of the dams and locks on the Inland Waterways were built early in the last century, and their age makes them costly to maintain and susceptible to unscheduled maintenance outages. Much of this infrastructure needs to be replaced, but federal government funding of its 50% share for new projects has historically been limited. The delays caused by malfunctioning dams and locks may increase our operating costs and delay the delivery of our cargoes. Moreover, increased diesel fuel user taxes could be imposed on us in the future to fund necessary infrastructure improvements, increasing our expenses.

The inland barge transportation industry is highly competitive; increased competition could adversely affect us.

The inland barge transportation industry is highly competitive, and there are few significant barriers to entry. Some of our principal competitors have greater financial resources or are less leveraged than we are and thus may be better able to withstand and respond to adverse market conditions within the barging industry. Increased competition in the future could result in a significant increase in available shipping capacity on the Inland Waterways, which could create downward rate pressure for us or result in our loss of business. See "Business — Competition."

Global trade agreements, tariffs and subsidies could decrease the demand for imported and exported goods, adversely affecting the flow of import and export tonnage through the Port of New Orleans and the demand for barging services.

The volume of goods imported through the Port of New Orleans is affected by subsidies or tariffs imposed by the U.S. or foreign governments. Demand for U.S. grain exports may be affected by the actions of foreign governments and global or regional economic developments. Foreign subsidies and tariffs on agricultural products affect the pricing of and the demand for U.S. agricultural exports. U.S. and foreign trade agreements can also affect demand for U.S. agricultural exports as well as goods imported into the United States. Similarly, national and international embargoes of the agricultural products of the United States or other countries may affect demand for U.S. agricultural exports. These events, all of which are beyond our control, could reduce the demand for our services.

Table of Contents

Our failure to comply with domestic or international government regulations affecting the domestic or foreign barging industries, or changes in these regulations, may cause us to incur significant expenses or affect our ability to operate.

The domestic and foreign barging industries are subject to various laws and regulations, including international treaties, conventions, national, state and local laws and regulations and the laws and regulations of the flag nations of vessels, all of which are subject to amendment or changes in interpretation. In addition, various governmental and quasi-governmental agencies require barge operators to obtain and maintain permits, licenses and certificates respecting their operations. Any significant changes in laws or regulations affecting the inland barge industry, or in the interpretation thereof, could cause us to incur significant expenses. Furthermore, failure to comply with current or future laws and regulations may result in the imposition of fines and/or restrictions or prohibitions on our ability to operate.

The Jones Act restricts foreign ownership of our stock, and the repeal, suspension or substantial amendment of the Jones Act could increase competition on the Inland Waterways and have a material adverse effect on our business.

The Jones Act requires that, to be eligible to operate a vessel transporting non-proprietary cargo on the Inland Waterways, the company that owns the vessel must be at least 75% owned by U.S. citizens at each tier of its ownership. The Jones Act therefore restricts, directly or indirectly, foreign ownership interests in the entities that directly or indirectly own the vessels which we operate on the Inland Waterways. If we at any point cease to be 75% owned by U.S. citizens, we may become subject to penalties and risk forfeiture of our Inland Waterways operations. At present, we are approximately 93% owned by U.S. citizens.

The Jones Act continues to be in effect and supported by the U.S. Congress and the current administration. However, on September 1, 2005, President Bush temporarily authorized waivers of the Jones Act for domestic movements of petroleum products if U.S. flag coastwise qualified vessels are not available. We cannot assure you that the Jones Act will not be repealed, further suspended or amended in the future. If the Jones Act were to be repealed, suspended or substantially amended and, as a consequence, competitors with lower operating costs were to enter the Inland Waterways market, our business likely would be materially adversely affected. In addition, our advantages as a U.S.-citizen operator of Jones Act vessels could be eroded over time as there continue to be periodic efforts and attempts by foreign investors to circumvent certain aspects of the Jones Act.

RISKS RELATED TO OUR BUSINESS

Our aging fleet of barges could adversely affect our revenue, earnings and cash flows.

The average life expectancy of a dry cargo barge is 25 to 30 years. We anticipate that, by the end of 2009, approximately 28% of our current dry cargo barges will have reached the end of their economic useful lives. Once barges begin to reach 25 years of age, the cost to maintain and operate them may be so high that it is more economical for the barges to be scrapped. If such barges are not scrapped, additional operating costs to repair and maintain the barges would likely reduce cash flows and earnings. If such barges are scrapped and not replaced, revenue, earnings and cash flows will decline. We may not be able to replace scrapped barges with new barges based on uncertainties related to financing, timing and shipyard availability. If such barges are replaced, significant capital outlays would be required.

Our cash flows and borrowing facilities will not be adequate for our additional capital needs and, if we incur additional borrowings, our future cash flow and capital resources may not be sufficient for payments of interest and principal of our substantial indebtedness.

Our operations are capital intensive and require significant capital investment. We intend to fund substantially all of our needs to operate the business and make capital expenditures, including to invest in our aging barge fleet, through operating cash flows and borrowings. We will need more capital than may be available under the asset based revolver and therefore we will be required either to (a) seek to increase

Table of Contents

the availability under the asset based revolver or (b) obtain other sources of financing. If we incur additional indebtedness, the risk that our future cash flow and capital resources may not be sufficient for payments of interest on and principal of our substantial indebtedness would increase. We may not be able to increase the availability under the asset based revolver or to obtain other sources of financing on commercially reasonable terms, or at all. If we are unable to obtain additional capital, we may be required to curtail our capital expenditures and we may not be able to invest in our aging barge fleet and to meet our obligations, including our obligations to pay the principal and interest under our indebtedness.

Increases in prevailing interest rates will increase our interest payment obligations.

Our asset based revolver accrues interest at rates that fluctuate with LIBOR and prime-based indexes, so that any increases in these indexes will increase our interest payment obligations. To date, we have not entered into hedging transactions in order to manage our floating interest rate exposure. An increase in our interest payment obligations would increase our cost of borrowing and adversely affect our financial results.

There will be adverse consequences if the pending appeal of the confirmation of our Plan of Reorganization is successful.

On January 19, 2005, MilFam II LP and Trust A-4 (together the "Miller Entities"), which hold approximately $22 million in principal amount of our PIK Notes, filed a notice of appeal in the United States District Court for the Southern District of Indiana challenging the confirmation of our Plan of Reorganization by the U.S. Bankruptcy Court, Southern District of Indiana, New Albany Division (the "Bankruptcy Court") and the denial by the Bankruptcy Court of their motion for reconsideration. The Miller Entities have filed a statement of issues to be raised in the appeal, alleging that (a) the Bankruptcy Court undervalued our enterprise value and based its determination on inaccurate and incomplete information, (b) the Plan of Reorganization is not "fair and equitable" as to the Miller Entities or other holders of PIK Notes, (c) the PIK Notes should not have been subordinated to our 2008 Senior Notes, (d) certain releases should not have been granted and (e) HY I Investments, L.L.C. ("HY I") should not have been permitted to vote on the Plan of Reorganization and DHC should not have received a recovery under the Plan of Reorganization. The Miller Entities unsuccessfully sought a stay of a part of the confirmation order. Among the remedies that the Miller Entities argue should be implemented is the issuance to holders of PIK Notes of sufficient additional new shares so that the holders of PIK Notes will realize the additional value that the Miller Entities assert the holders of PIK Notes are entitled, with the issuance of such additional new shares correspondingly diluting the value of new shares that were issued to holders of 2008 Senior Notes. The issuance of new shares could materially dilute the percentage of ownership of some or all of ACL's stockholders. We are currently opposing the appeal. However, the appeal could be successful, and the ultimate outcome of this matter could materially adversely affect either our ability to fully consummate our Plan of Reorganization as confirmed or the market value of the common stock and could involve a material cost to us. See "Business — Litigation — Current Legal Proceeding."

Our barging services outside the United States subject us to changes in foreign economic and political conditions.

Barging services provided to customers outside the United States represented approximately 5.6% of our revenue in 2003 and approximately 4.3% of our revenue in 2004. Demand for our services may be affected by economic and political conditions in each of the foreign countries in which we provide services. Our foreign operations are also subject to other risks of doing business abroad, including fluctuations in the value of currencies (which may affect demand for products priced in U.S. dollars as well as local labor and supply costs), import duties, changes to import and export regulations (including quotas), possible restrictions on the repatriation of capital and earnings, labor or civil unrest, long payment cycles, greater difficulty in collecting accounts receivable, the burdens and cost of compliance with a variety of foreign laws, changes in citizenship requirements for purposes of doing business and government expropriation of

Table of Contents

operations or assets. From time to time, there have been proposals to adopt regulations or take other actions that would have a direct or indirect adverse impact on our business or market opportunities, and we cannot assure you that the political, cultural, economic or business climate outside the United States will be favorable to our operations.

Our Venezuelan operations rely primarily on the business of a single customer.

Substantially all of our Venezuelan affiliate's revenue results from a 10-year contract with Venezuela's state-owned aluminum company. That contract, which expires in April 2013, calls for our Venezuelan affiliate to move a minimum of 2.6 million tons of bauxite per year. Our Venezuelan barging operations generated approximately 4% of our total revenue in 2004. We cannot guarantee that the Venezuelan government will continue to cause or allow our customer to fulfill its obligations under the referenced contract. The government could also take other actions to impair our operations.

We are subject to fluctuations in foreign exchange rates and to foreign governmental restrictions on the repatriation of profits in U.S. dollars.

Our transportation contracts in South America are currently denominated in U.S. dollars. However, many expenses incurred in the performance of such contracts, such as crew wages and fuel, are, by necessity, denominated in a foreign currency. Therefore, we are affected by fluctuations in the value of the U.S. dollar in relation to certain foreign currencies. Furthermore, the Venezuelan government promulgated new currency control laws in February 2003, which prohibit the direct payment of U.S. dollars to Venezuelan entities by Venezuelan governmental entities and strictly regulate the convertibility of U.S. dollars and Venezuelan bolivar currencies in Venezuela. As a result, our customer, a state-owned entity, is restricted in its ability to pay us in U.S. dollars under our U.S. dollar-denominated transportation contract in Venezuela. We have an arrangement in place that allows us to be paid in U.S. dollars through a third-party intermediary, which helps minimize our foreign exchange rate risk under this contract. However, our ability to continue this arrangement or enter into similar arrangements in the future could be limited.

A disposition of our Venezuelan operations would affect earnings.

From time to time, we have had discussions with entities expressing some level of interest in acquiring our Venezuelan operations. While, as of the date of this prospectus, we have not entered into any sort of agreement, we would consider the sale of our Venezuelan operations in exchange for appropriate consideration. While such a sale would result in a one-time boost to cash from investing activities, it would decrease cash flow from operating activities on a going-forward basis due to the elimination of the cash flow stream from our Venezuelan operations.

We have a history of losses and filed for bankruptcy in 2003.

We have incurred net losses in four of our last five fiscal years. In January 2003, we filed a voluntary petition seeking relief from our creditors pursuant to Chapter 11 of the Bankruptcy Code and emerged in January 2005. Our ability to generate sufficient cash flow is influenced by a number of factors that are difficult to predict and may be beyond our control.

The failure to accurately forecast future equipment needs may result in either excess or insufficient resources depending on changes in demand for barging services.

The periodic replacement of barges and towboats represents a significant cost associated with our business. Due to the variable nature of the barging industry and the freight transportation industry in general as well as the relatively long life of marine equipment, it is difficult for us to accurately predict our future equipment needs. Holding insufficient or excess equipment relative to demand for barging services could adversely affect our business.

Table of Contents

The loss of one or more key customers, or material nonpayment or nonperformance by one or more of our key customers, would have a material adverse effect on our revenue and profitability.

In 2004, our largest customer, Cargill, accounted for approximately 13% of our revenue, and our largest ten customers accounted for approximately 37% of our revenue. Our current long-term contract with Cargill expires at the end of December 2005. While we expect to continue our relationship with Cargill following the expiration of this contract, we cannot assure you that the relationship will continue or that, if the relationship continues, the economics of the relationship will be as favorable to us as the terms of the current contract. If we were to lose one or more of our large customers or if one or more of our large customers were to significantly reduce the amount of barging services they purchased from us and we were unable to redeploy that equipment on similar terms, or if one or more of our key customers failed to pay or perform, we would experience a significant loss of revenue.

A major accident or casualty loss at any of our facilities could significantly reduce production.

One or more of our facilities may experience a major accident and may be subject to unplanned events such as explosions, fires, inclement weather, acts of God and transportation interruptions. Any shutdown or interruption of a facility could reduce the production from that facility and could prevent us from conducting our business for an indefinite period of time at that facility, which could substantially impair our business. For example, such an occurrence at our Jeffboat facility could disrupt or shut down our manufacturing activities. Our insurance may not be adequate to cover our resulting losses.

Our employees are covered by federal laws that may subject us to job-related claims in addition to those provided by state laws.

Many of our employees are covered by maritime laws, including provisions of the Jones Act, the Longshore and Harbor Workers Act and the Seaman's Wage Act. These laws typically operate to make liability limits established by state workers' compensation laws inapplicable to these employees and to permit these employees and their representatives to pursue actions against employers for job-related injuries in federal court. Because we are not generally protected by the limits imposed by state workers' compensation statutes for these employees, we may have greater exposure for any claims made by these employees than is customary in the United States.

We have experienced significant work stoppages by union employees in the past, and future work stoppages may disrupt our services and adversely affect our operations.

As of June 30, 2005, we employed approximately 2,630 individuals. Of this total, approximately 670 domestic employees are represented by unions. Most of these domestic unionized employees (approximately 650) are represented by General Drivers, Warehousemen and Helpers, Local Union No. 89, affiliated with the International Brotherhood of Teamsters, Chauffeurs, Warehousemen and Helpers of America ("Teamsters"), at our Jeffboat shipyard facility under a collective bargaining agreement that expires in April 2007. Our remaining domestic unionized employees (approximately 20 individuals) are represented by the International Union of United Mine Workers of America, District 12-Local 2452 at American Commercial Terminals in St. Louis, Missouri under a collective bargaining agreement that expires in November 2007. In 2002, we experienced a ten-week work stoppage when the Teamsters' prior collective bargaining agreement expired, which significantly reduced revenue during that period. In addition, approximately 122 of our 143 Venezuelan employees are covered by a collective bargaining agreement with the Labor Union of the Company ACBL de Venezuela, C.A. (Sintra-ACBL), which expires in February 2007. Although we believe that our relations with our employees and with the recognized labor unions are generally good, we cannot assure you that we will not be subject to work stoppages or other labor disruption in the future.

Table of Contents

The loss of key personnel, including highly skilled and licensed vessel personnel, could adversely affect our business.

We believe that our ability to successfully implement our business strategy and to operate profitably depends on the continued employment of our senior management team and other key personnel, including highly skilled and licensed vessel personnel. Specifically, experienced vessel operators, including captains, are not quickly replaceable and the loss of high-level vessel employees over a short period of time could impair our ability to fully man all of our vessels. If key employees depart, we may have to incur significant costs to replace them and our ability to execute our business model could be impaired if we cannot replace them in a timely manner. Therefore, any loss or reduction in the number of such key personnel could adversely affect our future operating results. See "Management."

Interruption or failure of our information technology and communications systems, or compliance with requirements related to controls over our information technology protocols, could impair our ability to effectively provide our services or increase our information technology costs and could damage our reputation.

Our services rely heavily upon the continuing operation of our information technology and communications systems, particularly our Integrated Barge Information System ("IBIS"). IBIS is a new application, and unforeseen problems could arise that would require unplanned expenditures. We have experienced brief system failures in the past and may experience brief or substantial failures in the future. Some of our systems are not fully redundant, and our disaster recovery planning does not account for all eventualities. The occurrence of a natural disaster, or other unanticipated problems at our facility at which we maintain and operate our systems could result in lengthy interruptions or delays in our services and damage our reputation.

Failure to comply with environmental, health and safety regulations could result in substantial penalties and changes to our operations.

Our operations, facilities, properties and vessels are subject to extensive and evolving laws and regulations pertaining to air emissions, wastewater discharges, the handling and disposal of solid and hazardous materials and oil and oil-related products, hazardous substances and wastes and the investigation and remediation of contamination, and health, safety and the protection of the environment and natural resources. As a result, we are involved from time to time in administrative and legal proceedings related to environmental, health and safety matters and have in the past and will continue to incur capital costs and other expenditures relating to such matters.

In addition to environmental laws that regulate our ongoing operations, we are also subject to environmental remediation liability. Under the federal Comprehensive Environmental Response, Compensation, and Liability Act, or CERCLA, analogous state laws and the Oil Pollution Act of 1990, or OPA 90, we may be liable as a result of the release or threatened release of hazardous substances or wastes or other pollutants into the environment at or by our facilities, properties or vessels, or as a result of our current or past operations. These laws typically impose liability and cleanup responsibility without regard to whether the owner or operator knew of or caused the release or threatened release. Even if more than one person may be liable for the investigation and release or threatened release, each person covered by the environmental laws may be held responsible for all of the investigation and cleanup costs incurred. In addition, third parties may sue the owner or operator of a site for damage based on personal injury, property damage or other costs, including investigation and cleanup costs, resulting from environmental contamination.

A release or threatened release of hazardous substances or wastes, or other pollutants into the environment at or by our facilities, properties or vessels, as the result of our current or past operations, or at a facility to which we have shipped wastes, or the existence of historical contamination at any of our properties, could result in material liability to us. We conduct loading and unloading of dry commodities,

Table of Contents

liquids and scrap materials in and near waterways. Such operations present a potential that some such material might be spilled or otherwise released into the environment, thus exposing us to potential liability.

We are currently involved in six matters relating to the investigation or remediation of locations where hazardous materials have been released or where we or our vendors have arranged for the disposal of wastes. Such matters include situations in which we have been named or are believed to be "potentially responsible parties" under CERCLA or state laws or OPA 90 in connection with contamination of these sites. See "Business — Litigation — Environmental Litigation."

As of June 30, 2005, we had reserves totaling approximately $43,440 for environmental matters. Any cash expenditures required to comply with applicable environmental laws or to pay for any remediation efforts will not be reduced or otherwise affected by the existence of the environmental reserves. Our environmental reserves may not be adequate to cover our future costs related to the sites associated with the environmental reserves, and any significant additional costs could adversely affect our financial condition. The discovery of additional sites, the modification of existing laws or regulations or the promulgation of new laws or regulations, more vigorous enforcement by regulators, the imposition of joint and several liability under CERCLA or analogous state laws or OPA 90 and other unanticipated events could also result in such a material adverse effect.

Our financial condition and results of operations will not be comparable to the financial condition or results of operations reflected in our historical financial statements.

As a result of the reorganization, we are operating our business under a new capital structure. In addition, we are subject to fresh start accounting principles. As required by fresh start accounting principles, assets and liabilities are recorded at fair value, with the enterprise value being determined in connection with the reorganization. Accordingly, our financial condition and results of operations from and after December 31, 2004, the effective date of the Plan of Reorganization for accounting purposes, will not be comparable to the financial condition or results of operations reflected in our historical financial statements included elsewhere in this prospectus, making it difficult to compare our operations to prior periods and to assess our future prospects based on historical performance.

We are subject to, and may in the future be subject to, disputes, or legal or other proceedings that could involve significant expenditures by us.

The nature of our business exposes us to the potential for disputes or legal or other proceedings from time to time relating to labor and employment matters, personal injury and property damage, product liability matters, environmental matters, tax matters and other matters, as discussed in the other risk factors. Specifically, we are subject to claims on cargo damage from our customers and injury claims from our vessel personnel. These disputes, individually or collectively, could harm our business by distracting our management from the operation of our business. If these disputes develop into proceedings, these proceedings, individually or collectively, could involve significant expenditures by us. We are currently involved in one bankruptcy proceeding and six environmental matters. See "Business — Litigation."

Our recent bankruptcy proceeding may adversely affect our third-party and employee relationships.

Because of our recent bankruptcy, customers, vendors and other third parties may perceive that we may not be able to meet our obligations now that we have emerged from bankruptcy, which could adversely affect our relationships with those parties, as well as our ability to retain or attract high-quality employees. For example, we may have difficulty entering into long-term agreements related to our operations.

Table of Contents

RISKS RELATED TO OUR OFFERING AND OUR COMMON STOCK

There is no established public trading market for our common stock, and we do not know if one will develop to provide you with adequate liquidity. If the stock price fluctuates after this offering, you could lose a significant part of your investment.

Prior to this offering, there has not been an established public trading market for our common stock. Trading in our common stock has occurred from time to time as reported on the "pink sheets"; however, we believe it may be difficult for you to dispose of or to obtain accurate information as to the market value of shares of our common stock utilizing such trading. We have applied to list our common stock on the Nasdaq National Market. We cannot predict the extent to which investor interest in our company will lead to the development of an active trading market on the Nasdaq National Market or otherwise or how liquid that market might become. If an active trading market does not develop, you may have difficulty selling any of our common stock that you buy. The public offering price for the shares was determined by negotiations between us, the selling stockholder and the underwriters and may not be indicative of prices that will prevail in the open market following this offering. The market price of our common stock may be influenced by many factors, some of which are beyond our control, including those set forth below:

- the failure of securities analysts to cover our common stock after this offering, or changes in financial estimates of our performance by securities analysts;
- future sales of our common stock;
- investor perceptions of us and our industry;
- our quarterly or annual earnings or those of other companies in our industry;
- the public's reaction to our press releases, our other public announcements and our filings with the SEC;
- announcements of developments related to our competitors' or customers' businesses; and
- the other factors disclosed elsewhere in this prospectus.

As a result of these factors, you may not be able to resell your shares at or above the public offering price. In addition, the stock market has recently experienced extreme price and volume fluctuations that have often been unrelated or disproportionate to the operating performance of a particular company. These broad market fluctuations and industry factors may materially reduce the market price of our common stock, regardless of our operating performance. In the past, following periods of volatility in the market price of publicly traded shares of a company, securities class-action litigation has often been instituted against that company. Such litigation, if instituted against us, could result in substantial costs and a diversion of our management's attention and resources, which could materially and adversely harm our financial condition and results of operations.

The price at which our shares of common stock are sold in the offering is significantly higher than our net tangible book value per share.

The public offering price of our shares of common stock is significantly higher than our net tangible book value per share. Purchasers of our shares of common stock in this offering will experience immediate and substantial dilution in net tangible book value, as adjusted for this offering, of $12.45 per share. The shares of common stock owned by our existing stockholders will receive a material increase in the net tangible book value per share. To the extent we raise additional capital by issuing equity securities, our stockholders may experience future substantial book value dilution. As a result of this dilution, you may receive significantly less cash in any subsequent sale of your shares of common stock than the full purchase price you originally paid for the shares.

Table of Contents

Certain provisions of our charter documents and agreements and Delaware law may make it more difficult for or prevent a third party from acquiring control of us or changing our board of directors and management.

Our certificate of incorporation and bylaws contain provisions that:

- permit us to issue, without any further vote or action by our stockholders, up to 5 million shares of preferred stock in one or more series and, with respect to each series, to fix the designation, powers, preferences and rights of the shares of each such series and any qualifications, limitations or restrictions of the shares of the series;
- remove or limit the ability of stockholders to call special meetings, to remove directors, to expand the size of our board of directors and to fill any vacancies on our board of directors between stockholder meetings;
- impose advance notice requirements for nominations for election to our board of directors and for stockholder proposals; and
- limit the ability of stockholders who are non-U.S. citizens under applicable U.S. maritime laws to acquire significant ownership of, or significant voting power with respect to, shares of any class or series of our capital stock.

In addition, we are subject to Section 203 of the General Corporation Law of the State of Delaware, or the DGCL, which imposes certain restrictions on mergers and other business combinations between us and any holder of 15% or more of our common stock. Further, our incentive plans and employment agreements provide for the vesting of shares of common stock (and/or payments to be made to our employees) in connection with a change of control. All of the foregoing could make it more difficult for or prevent a third party from acquiring control of us or changing our board of directors and management.

Our stock price may decline due to sales of shares by our other stockholders.

Sales of substantial amounts of our common stock, or the perception that these sales may occur, may adversely affect the price of our common stock and impede our ability to raise capital through the issuance of equity securities in the future. All shares sold in this offering and all of our other outstanding shares of common stock will be freely transferable without restriction or further registration under the Securities Act of 1933, as amended (the "Securities Act"), subject to restrictions that may be applicable to our "affiliates," as that term is defined in Rule 144 of the Securities Act and subject to the 180-day "lock-up" restrictions described in the "Underwriting" section of this prospectus. Shares issuable upon exercise of our options also may be sold in the market in the future and sales of substantial amounts of those shares, or the perception that these sales may occur, also may adversely affect the price of our common stock.

Our certificate of incorporation currently limits the ownership of our common stock by individuals and entities that are not U.S. citizens. This may affect the liquidity of our common stock and may result in non-U.S. citizens being required to disgorge profits, sell their shares at a loss or relinquish their voting, dividend and distribution rights.

Under applicable U.S. maritime laws, at least 75% of the outstanding shares of our capital stock and each class thereof must be owned and controlled by U.S. citizens within the meaning of such laws. Certain related provisions of our certificate of incorporation (the "Foreign Ownership Provisions") are intended to facilitate compliance with this requirement by removing all attributes of beneficial ownership customarily associated with equity securities from any shares of our stock that are owned by non-U.S. citizens in excess of the permitted level of foreign ownership and, as a result, may have an adverse effect on holders of shares of the common stock issued and sold pursuant to this offering.

Table of Contents

Under the Foreign Ownership Provisions, if at any time shares of our capital stock held of record or owned beneficially by non-U.S. citizens exceeds 24.99% of the outstanding shares of our capital stock or any class thereof, the shares in excess of such percentage, effective as of and simultaneously with the date and time such excess first exists, will not be entitled to vote and will be deemed not outstanding for the purpose of determining the vote required with respect to any matter on which our stockholders are entitled to vote. Such suspension of voting rights occurs automatically upon the existence of such excess without the requirement of any action by us or the stockholder. Consequently, if you are not a U.S. citizen, you will not be able to vote shares of our common stock owned by you at any time that such shares are deemed to exceed this threshold.

In addition, the Foreign Ownership Provisions provide us with the option to redeem foreign-owned shares in excess of the 24.99% threshold at any time. The redemption price will be based on the average trading price for the twenty consecutive trading days immediately preceding the date the redemption notice is sent, if such trading price is available, or the good faith determination of our board, provided that such redemption price need not exceed the price at which such shares were purchased if such purchase occurred within 120 days of the redemption date. The redemption price may be payable in cash or an interest-bearing promissory note with a term of not more than ten years, as determined by our board of directors in its sole discretion. Our board has broad discretion to determine the other terms and conditions of the promissory note, including whether accrued interest will be paid prior to maturity and, if so, the frequency of such interest payments. We may exercise our redemption option with respect to any foreign-owned excess shares prior to each record date set in connection with a dividend or distribution, if any, so that the holders of such excess shares will not be entitled to receive or accrue dividends or distributions with respect thereto, and we may exercise such redemption option at such other times as we deem desirable. Consequently, if you are not a U.S. citizen and our common stock owned by you is deemed to exceed this threshold, your shares may be redeemed before you would become entitled to receive any dividends or distributions with respect thereto and the price at which your shares are redeemed may be less than the then current market price for such shares. Moreover, you may not receive the redemption price for up to ten years after the date your shares are redeemed.

Due to the possibility that the Foreign Ownership Provisions may be triggered from time to time and apply to stockholders that are not U.S. citizens, the existence of these provisions may render our stock less attractive to certain investors that are not U.S. citizens. As a consequence, the size of the potential market for our stock may be reduced, thereby adversely affecting the liquidity of our stock. An adverse effect on liquidity may negatively affect the trading price of shares of our stock. Moreover, the Foreign Ownership Provisions could delay, defer or prevent a transaction or change in control that might involve a premium price for our common stock or otherwise be in the best interest of our stockholders.

ACL does not intend to pay dividends for the foreseeable future.

ACL has never declared or paid any cash dividends on its common stock. The timing and amount of future cash dividends, if any, would be determined by ACL's board of directors and would depend upon a number of factors, including future earnings, capital requirements, financial condition, obligations to lenders and other factors that the board of directors may deem relevant. The asset based revolver, of which ACL is a guarantor, and the 2015 Senior Notes currently restrict our ability to pay dividends. Consequently, investors cannot rely on dividend income and your opportunity to achieve a return on your investment in ACL's common stock will likely depend entirely upon any future appreciation in the price of the stock. There is no guarantee that the price of ACL's common stock will appreciate after this offering or that the price at which you purchased your shares will be maintained.

Table of Contents

We may require additional equity capital in the future, which may not be available to us. Sales of ACL's equity securities to provide this capital may dilute your ownership in us.

We may need to raise additional funds through public or private debt or equity financings in order to:

- take advantage of expansion opportunities;
- finance our capital expenditure requirements;
- acquire complementary businesses or technologies;
- develop new services and products; or
- respond to competitive pressures.

Any additional capital raised through the sale of ACL's equity securities may dilute your percentage ownership interest in ACL. Furthermore, any additional financing we may need may not be available on terms favorable to us or at all. The unavailability of needed financing could adversely affect our ability to execute our growth strategy.

One shareholder may exercise influence over us in a manner adverse to your interests.

We estimate that as of September 19, 2005, HY I and two of its affiliates owned approximately 36% of the outstanding shares of ACL's common stock, which percentage ownership is subject to change upon the resolution of disputed or unliquidated claims of unsecured creditors. HY I has informed us that, immediately prior to the execution of the underwriting agreement related to this offering, it intends to distribute its current holdings of ACL's common stock to all of its members, including its affiliate, GVI Holdings, Inc. ("GVI Holdings"), the selling stockholder. See "Principal and Selling Stockholders." By virtue of its ownership of these shares, GVI Holdings and its affiliates may exercise influence over our management and the outcome of matters required to be submitted to ACL's stockholders for approval, including the election of directors, the approval of amendments to ACL's organizational documents and the approval of mergers, consolidations and the sale of all or substantially all of its assets. GVI Holdings and its affiliates may have an interest in ACL pursuing acquisitions, divestitures, financings or other transactions or matters that may not coincide with the best interests of ACL's other stockholders.

Investor confidence and the market price of our common stock may be adversely impacted if we are unable to comply with Section 404 of the Sarbanes-Oxley Act of 2002.

After this offering, ACL will become a registrant under the SEC. As an SEC registrant, ACL will be subject to the rules adopted by the SEC pursuant to Section 404 of the Sarbanes-Oxley Act of 2002, which will require us to include in our annual report on Form 10-K our management's report on, and assessment of the effectiveness of, our internal controls over financial reporting. In addition, our independent registered public accounting firm must attest to and report on management's assessment of the effectiveness of our internal controls over financial reporting. These requirements will first apply to our annual report for the fiscal year ending December 31, 2006. Section 404's requirements include evaluating and testing our controls over the information technology environment, such as systems development and implementation, maintenance, data conversion, system interface controls, security technologies, administration and third-party providers. If we fail to achieve and maintain the adequacy of our internal controls over financial reporting, we will not be in compliance with all of the requirements imposed by Section 404. Moreover, effective internal controls over financial reporting, particularly those related to revenue recognition, are necessary for us to produce reliable financial reports and are important in helping to prevent financial fraud. Any failure to comply with Section 404 could result in an adverse reaction in the financial marketplace due to a loss of investor confidence in the reliability of our financial statements, which ultimately could harm our business and could negatively impact the market price of our common stock. We believe the total cost of complying with the Sarbanes-Oxley Act, including investment in information systems, may exceed $2 million. The additional future costs of complying with these requirements may be substantial.

Table of Contents

CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS

This prospectus includes certain "forward-looking statements" that involve many risks and uncertainties. When used, words such as "anticipate," "expect," "believe," "intend," "may be" and "will be" and similar words or phrases, or the negative thereof, unless the context requires otherwise, are intended to identify forward-looking statements. These forward-looking statements are based on management's present expectations and beliefs about future events. As with any projection or forecast, these statements are inherently susceptible to uncertainty and changes in circumstances. We are under no obligation to, and expressly disclaim any obligation to, update or alter our forward-looking statements whether as a result of such changes, new information, subsequent events or otherwise.

Important factors that could cause actual results to differ materially from those reflected in such forward-looking statements and that should be considered in evaluating our outlook include, but are not limited to, the following:

- Freight transportation rates for the Inland Waterways fluctuate from time to time and may decrease.
- An oversupply of barging capacity may lead to reductions in freight rates.
- Yields from North American and worldwide grain harvests could materially affect demand for our barging services.
- Higher fuel prices could dramatically increase operating expenses and adversely affect profitability.
- We are subject to adverse weather and river conditions.
- The inland barge transportation industry is highly competitive; increased competition could adversely affect us.
- Our aging fleet of barges could adversely affect our revenue, earnings and cash flows.
- Our cash flows and borrowing facilities will not be adequate for our additional capital needs and, if we incur additional borrowings, our future cash flow and capital resources may not be sufficient for payments of interest and principal of our substantial indebtedness.
- Increases in prevailing interest rates will increase our interest payment obligations.
- There will be adverse consequences if the pending appeal of the confirmation of our Plan of Reorganization is successful.
- Our barging services outside the United States subject us to changes in foreign economic and political conditions.
- Our Venezuelan operations rely primarily on the business of a single customer.
- We are subject to fluctuations in foreign exchange rates and to foreign governmental restrictions on the repatriation of profits in U.S. dollars.
- A disposition of our Venezuelan operations would affect earnings.
- The failure to accurately forecast future equipment needs may result in either excess or insufficient resources depending on changes in demand for barging services.
- The loss of one or more key customers, or material nonpayment or nonperformance by one or more of our key customers, would have a material adverse effect on our revenue and profitability.
- The loss of key personnel, including highly skilled and licensed vessel personnel, could adversely affect our business.

See the risk factors included in "Risk Factors" beginning on page 14 of this prospectus for a more detailed discussion of the foregoing and certain other factors that could cause actual results to differ materially from those reflected in such forward-looking statements and that should be considered in evaluating our outlook.

Table of Contents

USE OF PROCEEDS

We estimate that the net proceeds of the sale of the common shares that we are selling in this offering will be approximately $130 million, based on an assumed public offering price of $20.00 per share, which is the mid-point of the price range on the cover of this prospectus.

We currently anticipate that we will use our net proceeds to repay approximately $70 million of indebtedness under our 2015 Senior Notes and approximately $60 million of indebtedness outstanding under our asset based revolver. The 2015 Senior Notes proceeds and the borrowings under our asset based revolver were initially used to pay off the remaining balances on our then-existing senior secured term loan and junior secured term loan. The 2015 Senior Notes bear interest at a rate of 9 1/2% per annum and are the general, unsecured senior obligations of American Commercial Lines LLC ("ACL LLC") and ACL Finance Corp. The asset based revolver has a five-year term, maturing February 11, 2010, and bears interest at LIBOR plus a margin (2.25% as of June 30, 2005) based upon the amount of unused availability under the facility.

The remainder of the proceeds from this offering will be used to pay a prepayment premium under the 2015 Senior Notes, as well as fees and expenses related to this offering. The prepayment premium of $6.7 million will be expensed in 2005. The other fees and expenses related to this offering will be treated as a reduction of other capital, thereby reducing the amount of equity recognized from the proceeds of this offering. We are electing to redeem a portion of the 2015 Senior Notes and incur the prepayment premium because we believe the premium is economically justified by the interest savings. In the future, we expect to reborrow under our asset based revolver in order to reinvest in our barge fleet and to take advantage of market opportunities. Please see the section of the prospectus entitled "Description of Certain Indebtedness and Security Arrangements" for additional information relating to our indebtedness.

We will not receive any of the proceeds from the sale of common shares by the selling stockholder.

DIVIDEND POLICY

ACL has not declared or paid any cash dividends in the past and does not anticipate declaring or paying any cash dividends on its common shares in the foreseeable future. The timing and amount of future cash dividends, if any, would be determined by ACL's board of directors and would depend upon a number of factors, including our future earnings, capital requirements, financial condition, obligations to lenders and other factors that the board of directors may deem relevant. The asset based revolver, of which ACL is a guarantor, and the 2015 Senior Notes currently restrict our ability to pay dividends.

Table of Contents

CAPITALIZATION

The following table sets forth our cash and cash equivalents and capitalization:

- on a consolidated basis at June 30, 2005; and
- on an as adjusted basis as if this offering had occurred at June 30, 2005.

You should read this table together with "Use of Proceeds," "Selected Consolidated Financial Data," "Management's Discussion and Analysis of Financial Condition and Results of Operations" and the historical consolidated financial statements and notes included elsewhere in this prospectus.

	As of June 30, 2005	
	Actual	As Adjusted
	(In thousands)	
Cash and cash equivalents	$ 6,714	$ 6,714
Restricted cash(a)	9,452	9,452
Total cash	16,166	16,166
Asset based revolver	$ 134,500	$ 74,200
Capital lease obligations	799	799
Bonds guaranteed by MARAD(b)	32,476	32,476
Maritime lien notes and tort lien notes	9,464	9,464
2015 Senior Notes	200,000	130,000
Total debt	$ 377,239	$ 246,939
Stockholders' equity:		
Common stock (125,000,000 authorized shares, par value $0.01, 23,241,716 issued and outstanding, actual; 125,000,000 authorized shares, par value $0.01, 30,741,716 issued and outstanding, as adjusted)(c)	$ 232	$ 307
Other capital	106,351	236,576
Unearned compensation	(4,420)	(4,420)
Retained deficit	(295)	(295)
Total stockholders' equity	101,868	232,168
Total capitalization	$ 479,107	$ 479,107

(a) Cash held in escrow to repay the bonds guaranteed by MARAD.

(b) Excludes unamortized discount of $1,597.

(c) Gives retroactive effect to the increase in authorized shares effective July 18, 2005 and the stock dividend discussed under "Description of Capital Stock."

Table of Contents

CURRENT TRADING OF ACL COMMON STOCK

There is no established public trading market for shares of ACL common stock. The following table shows, for the quarterly periods indicated, the high and low quotes at the end of the day for the shares of common stock of ACL as reported on the Pink Sheets Electronic Quotation Service. These quotes are provided solely for informational purposes and are not necessarily representative of trading prices in an established public trading market nor of any price at which the shares of common stock purchased in this offering may be traded in the future. See "Risk Factors — There is no established public trading market for our common stock, and we do not know if one will develop to provide you with adequate liquidity. If the stock price fluctuates after this offering, you could lose a significant part of your investment."

	Stock Price(1)		
	High	Low	Average Daily Volume(2)
March 14, 2005 through March 31, 2005(3)	$ 17.88	$ 15.50	64,050
April 1, 2005 through June 30, 2005	$ 18.25	$ 15.00	22,874

(1) As adjusted for the stock dividend declared by our board of directors on July 19, 2005 and effected in August 2005 pursuant to which holders of common stock received three additional shares of common stock for each outstanding share of common stock. See "Description of Capital Stock."

(2) Not adjusted for the stock dividend referenced in footnote 1 to this table.

(3) Quotes for shares of ACL common stock were not reported prior to March 14, 2005.

DILUTION

If you invest in our common stock, you will experience dilution to the extent of the difference between the public offering price per share you pay in this offering and the net tangible book value per share of our common stock immediately after this offering.

Our net tangible book value as of June 30, 2005 equaled approximately $101.9 million, or $4.38 per share of common stock. Net tangible book value per share of common stock is equal to the amount of our total tangible assets (total assets less intangible assets) less total liabilities, divided by the total number of shares of common stock outstanding.

On an as adjusted basis, after giving effect to the sale of 7,500,000 shares of common stock offered by us in this offering at an assumed public offering price of $20.00 per share (the mid-point of the price range set forth on the cover page of this prospectus) and after deducting the estimated underwriting discounts and commissions and offering expenses payable by us and the application of the estimated net proceeds of this offering as described under "Use of Proceeds," our net tangible book value as of June 30, 2005 would have equaled approximately $232.3 million, or $7.55 per share of common stock. This represents an immediate increase in net tangible book value of $3.17 per share to our existing stockholders and an immediate dilution in net tangible book value of $12.45 per share to new investors of common stock in this offering. If the public offering price in this offering is higher or lower, the dilution to new investors will be greater or less, respectively. The following table illustrates this per share dilution to new investors purchasing our common stock in this offering.

Assumed public offering price per share		$ 20.00
Net tangible book value per share as of June 30, 2005	$ 4.38	
Increase in net tangible book value per share attributable to this offering	3.17	
Net tangible book value per share after this offering		7.55
Dilution in net tangible book value per share to new investors		$ 12.45

Table of Contents

SELECTED CONSOLIDATED FINANCIAL DATA

Set forth below is our selected consolidated financial data for each of the five fiscal years ended December 31, 2004 and for the six months ended July 2, 2004 and June 30, 2005. The selected consolidated financial data for the five fiscal years ended December 31, 2004 is derived from our audited consolidated financial statements. The audited consolidated financial statements as of December 26, 2003 and December 31, 2004, and for the five months ended May 28, 2002, the seven months ended December 27, 2002 and the fiscal years ended December 26, 2003 and December 31, 2004, are included in this prospectus. The selected consolidated financial data for the six months ended July 2, 2004 and June 30, 2005 are derived from our unaudited consolidated financial statements included in this prospectus. You should read the selected consolidated financial data in conjunction with our consolidated financial statements and related notes included in this prospectus and with "Management's Discussion and Analysis of Financial Condition and Results of Operations."

	Fiscal Years Ended		Five Months Ended	Seven Months Ended	Fiscal Years Ended		Six Months Ended	
	Dec. 29, 2000	Dec. 28, 2001	May 28, 2002	Dec. 27, 2002	Dec. 26, 2003	Dec. 31, 2004	July 2, 2004	June 30, 2005
	Predecessor Company						Predecessor Company	Reorganized Company
	(Dollars in thousands, except per share data)							
Statement of Operating Data:								
Revenue	$773,838	$788,501	$284,805	$428,047	$620,071	$ 632,298	$ 293,320	$ 329,308
Operating expenses:								
Materials, supplies, and other	314,124	322,284	143,374	174,204	260,078	265,950	132,584	126,882
Rent	48,451	56,003	22,797	29,525	36,608	23,768	12,212	10,615
Labor and fringe benefits	135,949	138,465	54,998	78,764	121,628	117,419	57,952	64,104
Fuel	88,094	93,560	30,434	49,348	83,427	89,843	40,534	56,177
Depreciation and amortization(a)	56,014	55,497	21,824	37,407	54,918	53,175	27,375	24,502
Taxes, other than income taxes	26,394	25,905	10,764	15,258	21,862	19,352	10,090	8,925
Selling, general and administrative expenses	50,190	47,924	19,459	29,548	41,470	37,432	19,474	25,959
Total operating expenses	719,216	739,638	303,650	414,054	619,991	606,939	300,221	317,164
Operating income (loss)	54,622	48,863	(18,845)	13,993	80	25,359	(6,901)	12,144
Other expense (income)(b)(c)	(8,361)	(16,857)	372	3,307	(6,303)	(4,438)	(1,727)	(5,716)
Interest expense	70,813	70,932	25,712	35,944	41,514	39,023	19,448	17,754
Income (Loss) before reorganization items, income taxes, and cumulative effect of accounting change	(7,830)	(5,212)	(44,929)	(25,258)	(35,131)	(9,226)	(24,622)	106
Reorganization items and fresh start adjustments(d)	—	—	—	—	24,344	139,951	47,394	—
Cumulative effect of accounting change and extraordinary item(e)	—	490	—	—	—	(155,358)	—	—
Income taxes (benefit)	4,263	118	(919)	743	2,101	1,787	314	401
Net income (loss)	$ (12,093)	$ (5,820)	$ (44,010)	$ (26,001)	$ (61,576)	$ 4,394	$ (72,330)	$ (295)
Net loss per common share — basic								$ (0.01)
Net loss per common share — diluted(f)								$ (0.01)
Shares used in computing basic and diluted net loss per common share (in thousands)(f)								21,854

Table of Contents

	Dec. 29, 2000	Dec. 28, 2001	Dec. 27, 2002	Dec. 26, 2003	Dec. 31, 2004	June 30, 2005
	Predecessor Company				Reorganized Company	
	(Dollars in thousands)					
Statement of Financial Position Data:						
Cash, cash equivalents and restricted cash(g)	$ 59,568	$ 47,253	$ 20,824	$ 43,029	$ 55,827	$ 16,166
Working capital(h)	(107,354)	(681,674)	(599,170)	(619,974)	91,890	66,962
Total assets	787,538	757,936	811,641	812,196	685,468	659,593
Long-term debt, including current portion	658,055	608,519	553,620	613,445	406,433	374,843
Stockholders' equity	(142,618)	(148,019)	44,022	(19,674)	100,098	101,868

	Fiscal Years Ended		Five Months Ended	Seven Months Ended	Fiscal Years Ended		Six Months Ended	
	Dec. 29, 2000	Dec. 28, 2001	May 28, 2002	Dec. 27, 2002	Dec. 26, 2003	Dec. 31, 2004	July 2, 2004	June 30, 2005
	Predecessor Company						Predecessor Company	Reorganized Company
	(Dollars in thousands, except per share data)							
Other Data:								
Net cash provided by (used in) operating activities	$ 30,782	$ 24,588	$(19,678)	$ 26,578	$ (16,066)	$ 36,197	$ (1,452)	$ 12,905
Net cash (used in) provided by investing activities	$ (24,192)	$ 3,292	$ (7,476)	$ (7,326)	$ (11,817)	$ 27,228	$ 19,798	$ (2,925)
Net cash provided by (used in) financing activities	$ 22,137	$ (40,195)	$ 786	$(25,641)	$ 48,662	$ (52,055)	$ (35,253)	$ (49,911)
Adjusted EBITDA(i)(j)	$ 117,675	$ 119,416	$ 14,888	$ 49,435	$ 61,189	$ 82,028	$ 21,557	$ 41,904
Capital expenditures	$ 30,554	$ 19,772	$ 5,605	$ 7,757	$ 9,209	$ 12,520	$ 4,261	$ 11,485
Towboats (at period end)(k)	206	193	193	186	166	165	168	155
Barges (at period end)(k)	5,103	5,083	5,005	4,710	3,670	3,369	3,396	3,323
Tonnage (in thousands, for period ended)(k)	71,224	75,546	30,251	44,355	55,732	49,024	23,231	22,617

(a) On May 29, 2002, DHC purchased ACL and elected push-down accounting which is reflected in the basis of our properties and related depreciation.

(b) Gain (loss) on property dispositions of $(247), $287, $455, $16,498, $1,686 and $(143) for 2004, 2003, 2002, 2001, 2000 and the first six months of 2004, respectively, have been reclassified from operating expense to other expense (income).

(c) Includes (i) $11,418 gain from the sale of Waterways Communication System LLC in 2000 and (ii) $734 expense from the early redemption premium on certain terminal revenue bonds in 2000. We recorded a gain of $1,885 in 2001 from the early retirement of $5,000 in our Old Senior Notes.

(d) We filed a petition for reorganization under Chapter 11 of the Bankruptcy Code on January 31, 2003. Items related to the reorganization are presented separately in accordance with SOP 90-7. In the second quarter of 2004, we recorded a loss of $35,206 from the sale of Argentina-based assets. In the fourth quarter of 2004, we recorded $83,030 in fresh start accounting adjustments due to our emergence from bankruptcy.

(e) We adopted SFAS No. 133, "Accounting for Derivative Instruments and Hedging Activities," in 2001 with a cumulative effect of accounting change adjustment of $490 in non-cash expense for an interest rate cap. In the fourth quarter of 2004, we recorded a gain on the discharge of debt of $155,358 due to our emergence from bankruptcy.

(f) Diluted earnings per share for the six months ended June 30, 2005 do not include shares issuable pursuant to stock options because their effect is anti-dilutive.

footnotes continued on following page

Table of Contents

(g) Includes $6,328, $7,754, $9,182 and $9,452 at December 27, 2002, December 26, 2003, December 31, 2004 and June 30, 2005, respectively, in restricted cash held in escrow to repay the bonds guaranteed by MARAD.

(h) We define working capital as total current assets minus total current liabilities.

(i) Adjusted EBITDA represents net income before interest, income taxes, depreciation and amortization, adjusted as described below. Adjusted EBITDA is included because management believes that including Adjusted EBITDA provides useful information to investors about us and our financial condition and results of operations for the following reasons: (i) it is one of the measures used by our board of directors and management team to evaluate our operating performance, (ii) it is one of the measures used by our management team to make day-to-day operating decisions, (iii) certain management compensation is based upon performance metrics which use Adjusted EBITDA as a component and (iv) it is used by securities analysts, investors and other interested parties as a common performance measure to compare results across companies in our industry. For these reasons, we believe Adjusted EBITDA is a useful measure to present to our investors.

The following table reconciles net income to Adjusted EBITDA on an historical basis:

	Fiscal Years Ended		Five Months Ended	Seven Months Ended	Fiscal Years Ended		Six Months Ended	
	Dec. 29, 2000	Dec. 28, 2001	May 28, 2002	Dec. 27, 2002	Dec. 26, 2003	Dec. 31, 2004	July 2, 2004	June 30, 2005
	(Dollars in thousands)							
Net (loss) income	$ (12,093)	$ (5,820)	$(44,010)	$(26,001)	$(61,576)	$ 4,394	$(72,330)	$ (295)
Interest income	(1,322)	(1,311)	(156)	(279)	(112)	(944)	(644)	(458)
Interest expense	70,813	70,932	25,712	35,944	41,514	39,023	19,448	17,754
Depreciation and amortization	56,014	55,497	21,824	37,407	54,918	53,175	27,375	24,502
Income taxes (benefit)	4,263	118	(919)	743	2,101	1,787	314	401
Adjustments:								
Danielson Recapitalization fees	—	—	12,437	1,621	—	—	—	—
Reorganization items	—	—	—	—	24,344	56,921	47,394	—
Fresh start adjustments	—	—	—	—	—	83,030	—	—
Gain on discharge of debt	—	—	—	—	—	(155,358)	—	—
Adjusted EBITDA	$117,675	$119,416	$ 14,888	$ 49,435	$ 61,189	$ 82,028	$ 21,557	$ 41,904

Adjusted EBITDA has limitations as an analytical tool, and you should not consider it in isolation, or as a substitute for analysis of our results as reported under GAAP. Some of these limitations are:

- Adjusted EBITDA does not reflect our current or future cash requirements for capital expenditures;
- Adjusted EBITDA does not reflect changes in, or cash requirements for, our working capital needs;
- Adjusted EBITDA does not reflect the significant interest expense, or the cash requirements necessary to service interest or principal payments, on our debts;
- Although depreciation and amortization are non-cash charges, the assets being depreciated and amortized will often have to be replaced in the future, and Adjusted EBITDA does not reflect any cash requirements for such replacements; and
- Other companies in our industry may calculate Adjusted EBITDA differently than we do, limiting its usefulness as a comparative measure.

Adjusted EBITDA is not a measurement of our financial performance under GAAP and should not be considered as an alternative to net income, operating income or any other performance measures derived in accordance with GAAP or as a measure of our liquidity. Because of these limitations, Adjusted EBITDA should not be considered as a measure of discretionary cash available to us to invest in the growth of our business. We compensate for these limitations by relying primarily on our GAAP results and using Adjusted EBITDA only supplementally. See the Statements of Cash Flow included in our consolidated financial statements.

Table of Contents

(j) For the year ended December 31, 2004, Adjusted EBITDA excludes an extraordinary gain of $155,358 from the discharge of debt according to the Plan of Reorganization and a nonrecurring expense of $139,951 for reorganization items and fresh start adjustments. For the years ended December 27, 2002 and December 26, 2003, Adjusted EBITDA excludes nonrecurring Danielson Recapitalization fees and reorganization items as indicated in the table above.

(k) Includes equipment operated by foreign subsidiaries.

Table of Contents

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

INTRODUCTION

Management's discussion and analysis of financial condition and results of operations ("MD&A") is provided as a supplement to the accompanying consolidated financial statements and footnotes to help provide an understanding of the financial condition, changes in financial condition and results of operations of American Commercial Lines Inc. (the "Company"). MD&A should be read in conjunction with, and is qualified in its entirety by reference to, the accompanying consolidated financial statements and footnotes. MD&A is organized as follows:

- *Overview.* This section provides a general description of the Company and its business, as well as developments the Company believes are important in understanding the results of operations and financial condition or in understanding anticipated future trends.
- *Results of Operations.* This section provides an analysis of the Company's results of operations for the three years ended December 31, 2004 and the six months ended June 30, 2005.
- *Liquidity and Capital Resources.* This section provides an overview of the Company's sources of liquidity, a discussion of the Company's debt that existed as of June 30, 2005 and an analysis of the Company's cash flows for the three years ended December 31, 2004 and the six months ended June 30, 2005. This section also provides information regarding certain contractual obligations and hedging activities.
- *Seasonality.* This section discusses the seasonality of our business.
- *Changes in Accounting Standards.* This section discusses certain changes in accounting and reporting standards applicable to the Company.
- *Critical Accounting Policies.* This section discusses accounting policies that are considered important to the Company's financial condition and results of operations, require significant judgment and require estimates on the part of management in application. The Company's significant accounting policies, including those considered to be critical accounting policies, are also summarized in notes 1 and 2 to the accompanying consolidated financial statements.
- *Quantitative and Qualitative Disclosures about Market Risk.* This section discusses exposure to potential loss arising from adverse changes in fuel prices, interest rates and foreign currency exchange rates.
- *Risk Factors and Caution Concerning Forward-Looking Statements.* This section references important factors that could adversely affect the operations, business or financial results of the Company or its business segments and the use of forward-looking information appearing in this prospectus, including in MD&A and the consolidated financial statements. Such information is based on management's current expectations about future events, which are inherently susceptible to uncertainty and changes in circumstances.

OVERVIEW

Our Business

We are one of the largest and most diversified marine transportation and service companies in the United States, providing barge transportation and related services under the provisions of the Jones Act, as well as the manufacturing of barges, towboats and other vessels. We are the second largest provider of dry cargo barge transportation and liquid cargo barge transportation on the Inland Waterways (consisting of the Mississippi River System, its connecting waterways and the Gulf Intracoastal Waterway), accounting for 15.7% of the total inland dry cargo barge fleet and 13.6% of the total inland liquid cargo barge fleet as

Table of Contents

of December 31, 2004. Our manufacturing subsidiary, Jeffboat LLC, is the second largest manufacturer of dry cargo and tank barges in the United States. For the year ended December 31, 2004, we generated revenue of $632.3 million, net income of $4.4 million and Adjusted EBITDA of $82.0 million. For the six months ended June 30, 2005, we generated revenue of $329.3 million, a net loss of $0.3 million and Adjusted EBITDA of $41.9 million. See "Selected Consolidated Financial Data" for the definition of Adjusted EBITDA and a reconciliation of net income to Adjusted EBITDA.

As of June 30, 2005, within our domestic fleet, we operated 3,197 barges and 124 towboats owned by us, with an additional 23 towboats operated exclusively for us by third parties. Our barges included 2,493 covered dry cargo barges, 339 open dry cargo barges and 365 tank barges, which are used to transport liquid cargoes. All of our tank barges meet or exceed current U.S. Coast Guard requirements for double-hull modifications. We provide additional value-added services to our customers, including third-party logistics through our BargeLink LLC joint venture, and we are beginning to provide container handling services between Chicago and New Orleans. Our operations incorporate advanced fleet management practices and information technology systems, including our proprietary *RiverTrac* real-time GPS barge tracking system, which allow us to effectively manage our fleet. We also operate on the Orinoco River in Venezuela and the Higuamo River in the Dominican Republic through our international subsidiaries.

Our dry cargo barges transport a wide variety of bulk and non-bulk commodities. In 2004, grain was our largest cargo segment, accounting for 30% of our barging revenue, followed by coal, steel and other bulk commodities. We also transport chemicals, petroleum, edible oils and other liquid commodities through our fleet of tank barges, accounting for approximately 21% of our 2004 barging revenue.

We have implemented a number of financial and operational restructurings over the past three years.

On March 15, 2002, we entered into a definitive recapitalization agreement which effectuated the acquisition and recapitalization of our predecessor company (the "Danielson Recapitalization") by Danielson Holding Corporation ("DHC") and certain DHC subsidiaries. On May 29, 2002, the Danielson Recapitalization was consummated and American Commercial Lines LLC ("ACL LLC") then became an indirect, wholly owned subsidiary of DHC.

During 2002 and through the beginning of 2003, we experienced a decline in barging rates, reduced shipping volumes and excess barging capacity during a period of slow economic growth and a global economic recession. Due to these factors, our revenue and earnings did not meet expectations and our liquidity was significantly impaired. We determined that our debt burden was too high, and that a restructuring under Chapter 11 of the U.S. Bankruptcy Code (the "Bankruptcy Code") offered us the most viable opportunity to reduce our debts while continuing operations. We therefore filed voluntary petitions seeking relief from our creditors pursuant to Chapter 11 of the Bankruptcy Code on January 31, 2003.

Through the pendency of our bankruptcy, we developed and implemented strategic changes to capitalize on our position as a leader in marine transportation and related services.

The relief afforded us by Chapter 11 protection provided us with time to reorganize our business, which included: (a) an examination of our barge fleet focusing on (i) projected industry demand, (ii) above-market vessel charters and (iii) the life-cycles of owned vessels; (b) an examination of the value and cost of our real estate holdings, affreightment contracts and other contracts; (c) a realignment of business operations and related processes; and (d) in response to judgments made as the result of (a) and (b) above, an examination of corporate structure and personnel to identify appropriate divestiture, merger, dissolution and workforce reduction opportunities. In particular, we took the following actions:

- rejected certain above-market vessel charters for barges and towboats, downsizing our barge fleet by approximately 840 barges and 18 towboats;
- negotiated reductions of our charter hire rates for approximately 440 barges;

Table of Contents

- rejected certain real property leases and certain executory contracts deemed uneconomical or not part of our ongoing core operations;
- completed reductions in force, which, combined with normal attrition, constituted approximately 30% of our barging workforce and which, combined with a 22% increase in Jeffboat hourly labor, resulted in an overall workforce reduction of 22%; and
- implemented changes in our work processes and structure.

In addition, during our reorganization process, we:

- scrapped economically obsolete barges and continued to market and sell certain owned towboats deemed non-essential to our business;
- sold non-core business interests, including our 50% interest in UABL Limited, the operating company serving the Paraná/ Paraguay River Systems ("UABL"), and other Argentina-based assets for $24.1 million in cash and our 50% interest in Global Materials Services LLC ("GMS") for $14.0 million in cash; and
- refocused our business operations to concentrate on more densely structured traffic patterns, better asset utilization and reduced fleet congestion.

Our plan of reorganization was confirmed on December 30, 2004 with no material contingencies to become effective and we emerged from Chapter 11 protection on January 11, 2005.

The following table illustrates the effect of our reorganization initiatives through the end of 2004:

	Fiscal Year 2002	Fiscal Year 2004	% Change
Domestic barge fleet(1)	4,581 barges	3,240 barges	(29.3)%
Headcount(1)	3,528 employees	2,733 employees	(22.5)%
Revenue	$712.9 million	$632.3 million	(11.3)%
Domestic barging revenue per barge(2)	$122,030	$146,949	20.4%
Domestic barging revenue per employee	$202,069	$231,357	14.5%
Operating income (loss)	$(4.9) million	$25.4 million	
Operating income margin %	(0.7)%	4.0%	470 bps

(1) Data as of the end of the period.

(2) Based on the average number of barges operated during the period. Average barges are calculated using beginning and end of year balances. Of the $24,919 revenue per barge increase from 2002 to 2004, we estimate approximately $7,000 is due to customer contract fuel adjustments.

Market conditions for our business have improved significantly since the first half of 2004. Through the second quarter of 2005, we continue to experience an increase in market freight rates for dry and liquid cargo commodities. The increase is driven by a reduction in the industry supply of dry cargo barges and a robust volume of coal freight and northbound freight from the Gulf Coast. Our average rates per ton-mile for dry cargo freight and liquid cargo freight increased approximately 33% and 20%, respectively, in the second quarter of 2005 compared to the second quarter of 2004, and approximately 34% and 17%, respectively, in the first six months of 2005 compared to the first six months of 2004. This was partially offset by an approximate $0.52 per gallon increase in fuel price in the second quarter of 2005 compared to the second quarter of 2004, which increased our total domestic barging cost by approximately 10%.

Table of Contents

The following table illustrates the effect of our reorganization initiatives through the first six months of 2005:

	Fiscal Year 2002	Twelve Months Ended June 30, 2005	% Change
Domestic barge fleet(1)	4,581 barges	3,197 barges	(30.2)%
Headcount(1)	3,528 employees	2,628 employees	(25.5)%
Revenue	$712.9 million	$668.3 million	(6.3)%
Domestic barging revenue per barge(2)	$122,030	$166,976	36.8%
Domestic barging revenue per employee	$202,069	$254,300	25.8%
Operating income (loss)	$(4.9) million	$44.4 million	
Operating income margin %	(0.7)%	6.6%	730 bps

(1) Data as of the end of the period.

(2) Based on the average number of barges operated during the period. Average barges are calculated using beginning and end of period balances. Of the $44,946 revenue per barge increase from 2002 to the twelve months ended June 30, 2005, we estimate approximately $8,300 is due to customer contract fuel adjustments.

Our cash operating costs consist primarily of purchased services, materials, supplies and repairs (presented as "materials, supplies and other" on the consolidated statements of operations), labor and fringe benefits, fuel, rent and fuel user tax, along with selling, general and administrative costs. Fuel expense has continued to rise as a direct result of increased fuel prices. The average price per gallon of diesel fuel consumed by our vessels in the second quarter of 2005 was approximately $1.53 compared to approximately $1.01 in the second quarter of 2004. Term contracts are in place for approximately 80% of 2005 projected barge freight moves. Because spot grain moves are typically longer hauls with higher rates, we estimate customer contract adjustments protect approximately 70% of our 2005 freight and towing revenue from changes in fuel price. Historically, contract adjustments have typically been deferred one calendar quarter.

Outlook

Barge Transportation Services. Barge market behavior is driven by the fundamental forces of supply and demand, influenced by a variety of factors including the size of the domestic Inland Waterways barge fleet, local weather patterns and navigation circumstances, domestic and international consumption of agricultural and industrial products, crop production, trade policies and the price of steel.

The demand for dry cargo freight on the Inland Waterways is driven by the production volumes of dry bulk and non-bulk commodities transported by barge as well as the attractiveness of barging as a means of freight transportation. Coal for domestic utility companies, industrial and coke producers and export markets; construction commodities such as cement, limestone, sand and gravel; and coarse grain, such as corn and soybeans, for export markets are the major drivers of demand for dry cargo freight. Other commodity drivers include products used in the manufacturing of steel, finished and partially-finished steel products, aluminum ore, salt, gypsum, fertilizer and forest products.

The demand for our liquid freight is driven by the demand for bulk chemicals used in domestic production, including styrene, methanol, ethylene glycol, propylene oxide, caustic soda and other products. It is also affected by the demand for clean petroleum products and agricultural-related products such as vegetable oil, ethanol and molasses.

As we are primarily a covered hopper barge operator, the demand for coarse grain freight, particularly transport demand for corn, is a significant driver of our revenue. The United States Department of Agriculture (the "USDA") currently forecasts 2004/2005 and 2005/2006 crop year corn exports of 1.825 billion bushels and 1.950 billion bushels, respectively, as compared to corn exports of

Table of Contents

1.900 billion bushels for the 2003/ 2004 crop year. Crop years are measured from September 1 through August 31 of the next calendar year. The 2005/ 2006 crop year corn harvest is currently forecast to be approximately 10.6 billion bushels, which is below the record 11.8 billion bushels expected for 2004/ 2005 but still would be the second largest crop on record, according to Informa. Continued dry conditions in the corn belt states, particularly Illinois, could further reduce the corn crop production estimate. We believe that the current year corn crop production combined with significant stock still in storage from last year's crop will provide substantial demand for barge freight in the last half of 2005.

The long term outlook for U.S. corn exports remains positive. The USDA estimates U.S. corn exports to increase by approximately 40% by 2009/ 2010 to 2.6 billion bushels. This is due to an expected increase in overseas demand for feed grains, an estimated reduction in corn export volume from China and an estimated flat corn export volume from Brazil. The geography of the expected increase in overseas demand for feed grains also favors export freight by barge through New Orleans as the largest increases are expected from Mexico and from Atlantic basin markets, Europe, North Africa and the Middle East. Increases in ocean freight rates favor New Orleans as the port of departure over the Pacific Northwest for these markets. Achieving this increase in U.S. corn exports is dependent upon various factors, including a continuing increase in the size of the U.S. corn crop, as domestic ethanol production is also expected to increase and compete for corn with the export market.

Over the past few years, increasing utilization of existing coal-fired power generating capacity and increasing demand for coke (used in the production of steel) have resulted in increased demand for both steam coal and metallurgical coal. According to the U.S. Energy Information Administration, the high spot and forward prices of natural gas and oil, falling utility stockpiles, increased utilization and expansion of existing coal-fired power plants, new construction of coal-fired power plants, strong steel demand and the weak dollar are expected to contribute to continued growth in demand for coal in both domestic and export markets.

The combination of this growth in coal demand and constrained rail capacity is expected to continue to result in increasing commitment of existing barging capacity to dedicated transport of coal, as coal-fired power plants move to ensure uninterrupted delivery of their fuel supplies. This is expected to have a secondary benefit of diverting existing barging capacity from other dry trades, particularly grain and other spot market transactions, which in turn may have a further positive effect on freight rates.

While demand for barge transportation is expected to continue to increase, we believe that existing capacity will continue to be retired from the barging sector. According to Informa, from 1998 to 2004, the industry fleet size was reduced by 2,036 barges, or an 8.8% reduction, to its 2004 year-end level of 21,056. This level represents the lowest number of barges in operation within our industry since 1992. We believe capacity will continue to be taken out of the industry as older barges reach the end of their useful lives. The average economic useful life of a dry cargo barge is generally estimated to be between 25 and 30 years.

Freight rates in both the dry and liquid freight markets are a function of the relationship between the amount of freight demand for these commodities and the number of barges available to load freight. We believe that the current supply/ demand relationship for dry cargo freight indicates that the recent improvements in market freight rates will be sustained into the near term with the possibility of further increases in freight rates. We believe that the supply/ demand relationship for liquid freight will remain steady with freight rates to be moderately higher and sufficient to compensate carriers for fuel price increases. Approximately 66% of our aggregated dry and liquid projected capacity for 2006 will be re-priced in the last six months of 2005 for contract periods beginning in 2006. As these contracts are re-priced, we expect to benefit from the improved rate environment. Our fixed price grain contract with Cargill expires at the end of 2005, converting 7% of our revenue from a fixed contract base price to spot market pricing in 2006. Additionally, we anticipate increasing the amount of spot market transactions in other commodities. We expect that the combined effect will result in an increase in spot market transactions from approximately 20% of freight transport volume in 2005 to a range of 30% to 35% in 2006.

Table of Contents

Our current long-term contract with our largest customer, Cargill, expires at the end of 2005. This contract is a fixed base freight rate, adjusted for fuel and general inflation, for the transport of grain commodities. Approximately 50% of the annual tons moved for Cargill is transported under this fixed base rate structure. The remaining Cargill tonnage is priced at spot market rates as is typical for most barge movements of grain. When our long-term contract with Cargill expires, all of the tonnage that we move for Cargill will be priced at spot market rates. We do not expect a loss of grain tonnage as a result of the expiration of this contract. Since our projection of spot market rates does not differ materially from the current adjusted base contract freight rate with Cargill, we do not expect a significant financial impact from the expiration of this contract.

Fuel price increases continue to be a source of concern despite our protection from price increases under contract adjustments for approximately 70% of our 2005 revenue. Most contract adjustments are deferred one quarter. We may choose to implement a fuel hedging strategy for the remaining portion of our fuel in the second half of 2005 that is not protected by contract adjustments and we may attempt to increase the frequency of contract adjustments.

Capital expenditures are a significant use of cash in our operations. Capital is expended to increase the useful life of towboats and barges, to fund the build of new barges to replace retiring barges, and to replace or improve equipment used in manufacturing or other lines of business. We expect total expenditures for property and equipment to be approximately $33.0 million in 2005, including approximately $15.9 million for the replacement of older tank barges with 16 new tank barges. Additionally, we expect to make other investments, primarily for software improvements to our core logistics system, of approximately $2.2 million in 2005. If justified by return on investment, we may decide to increase our capital expenditure program in future years to begin replacing retiring dry cargo barges with new units built by Jeffboat. In 2006 and 2007, as long as conditions continue to justify this investment, we currently expect total capital expenditures to be approximately $75 million and $91 million, respectively. Replacing retiring barges with new builds could materially increase our capital expenditures. Sources of funding for these capital expenditures and other investments include cash flow from operations, borrowings under the asset based revolver and proceeds from scrapping activities. We expect to utilize our net proceeds from this offering to pay down approximately $130 million of debt, including approximately $60 million in borrowings under the asset based revolver, which will increase our future borrowing capacity under the asset based revolver. The substantially improved rate environment is providing incentive to repair older barges in order to extend their life for a short term. The decisions of barge operators, including us, to repair certain barges instead of scrapping them is currently resulting in reduced proceeds from our scrapping activities.

From time to time, we have had discussions with entities expressing some level of interest in acquiring our Venezuelan operations. While we have neither a definitive nor a preliminary agreement in place, we would consider the sale of our Venezuelan operations in exchange for fair consideration. While such a sale would result in a one-time boost to cash from investing activities, it would decrease cash flow from operating activities on a going-forward basis due to the elimination of the cash flow stream from our Venezuelan operations.

Manufacturing. At the end of the second quarter of 2005, the Jeffboat vessel manufacturing backlog for external customers was approximately $188 million of contracted revenue, compared to approximately $175 million at the end of the first quarter of 2005. Approximately 76% of the total backlog at the end of the second quarter consisted of contracts for deliveries in 2005 or 2006. The backlog extends into 2008. The contracts in the backlog typically contain steel price adjustments. The actual price of steel at the time of construction may result in contract prices that are greater than or less than those used to calculate the backlog at the end of the second quarter of 2005. This backlog excludes our internal planned construction of replacement barges.

Table of Contents

Recent Developments

As a result of Hurricane Katrina, we have incurred charges and costs related to lost revenue, employee advances and unreimbursed expenses. While we are not able to predict with certainty whether these charges and costs will have a material impact on our September operating results, we believe that the impact for the full year of 2005, if any, will not be material.

Of our total of 3,197 domestic barges, 27 barges, or less than one percent, were washed ashore and temporarily removed from service. We expect that most of the 27 barges, if not all, will be returned to service in the near term. From a property standpoint, we sustained minimal damage to our barge fleeting facilities along the affected region, which did not impact our operations. All of our facilities and vessels in the Gulf region are adequately staffed.

From an industry operational perspective, the river system officially opened in both directions one week after the hurricane on September 5, 2005, although regional traffic was occurring immediately following the storm. In addition, deep draft oceangoing ships were allowed back into New Orleans two weeks following the hurricane on September 11, 2005, which is expected to begin easing the barge congestion created by the storm. Grain elevators within the region sustained limited physical damage and 8 of the 10 major grain export elevators were operational within two weeks of the hurricane. The Port of New Orleans sustained the greatest physical damage and the timing of its full operational recovery is unknown. Within two weeks of the hurricane, the Port of New Orleans was servicing barge unloadings on a limited basis. During the past twelve months, approximately 4% of our loadings and unloadings were transacted at the Port of New Orleans. We believe that we will be able to utilize alternative sites for our loadings and unloadings, including mid-stream barge to ship loadings and unloadings, until the Port of New Orleans is fully functional. We believe that a total of 300 to 400 barges were taken out of service within the industry. Finally, we do not know what impact the hurricane may have on the economy as a whole.

Hurricane Katrina resulted in a significant increase in the cost of fuel; however, we are protected from price increases under contract adjustments for approximately 70% of our 2005 revenue. Most contract adjustments are deferred one quarter.

Taxes

Prior to our emergence from bankruptcy, our operations were conducted mainly through a series of limited liability company subsidiaries. As a result, we were not generally subject to U.S. federal or state income tax. Taxable income was allocated to the equityholder of American Commercial Lines Holdings LLC, the former parent of the predecessor company ("ACL Holdings"), and such holder was responsible for income taxes on such taxable income.

Upon our emergence from bankruptcy, the reorganized operating entities are wholly owned subsidiaries of the Company, which is subject to U.S. federal and state income taxes on a consolidated basis.

RESULTS OF OPERATIONS

Six Months Ended June 30, 2005 Compared to Six Months Ended July 2, 2004

As of January 1, 2005, we adopted a calendar fiscal year. Previously, we followed a 52/53 week fiscal year ending on the last Friday in December of each year and interim quarterly periods ending on Friday every 13 weeks, except for the first quarter of a 53 week fiscal year, which contained 14 weeks. The first six months of 2004 contained 27 weeks, or 189 days, compared to 181 days in the first six months of 2005. All revenue and expense amounts are approximately 4% lower in the first six months of 2005 as compared to the first six months of 2004 as a result of the difference in days in the periods.

Table of Contents

ACL and Predecessor Company
OPERATING RESULTS by BUSINESS SEGMENT
Six Months Ended June 30, 2005 as compared with Six Months Ended July 2, 2004
(Dollars in thousands, except revenue per barge operated)

	Six Months Ended June 30, 2005	Six Months Ended July 2, 2004	2005 Better (Worse) than 2004	% of Consolidated Revenue	
				Six Months 2005	Six Months 2004
REVENUE (1)					
Domestic Barging	$ 272,592	$ 231,232	$ 41,360	82.8%	78.8%
International Barging	5,670	9,419	(3,749)	1.7%	3.2%
Manufacturing (Jeffboat)	46,074	48,408	(2,334)	14.0%	16.5%
Other	4,972	4,261	711	1.5%	1.5%
Consolidated Revenue	$ 329,308	$ 293,320	$ 35,988	100.0%	100.0%
OPERATING EXPENSE					
Domestic Barging	$ 260,221	$ 235,278	$ (24,943)		
International Barging	8,760	12,224	3,464		
Manufacturing (Jeffboat)	44,379	48,213	3,834		
Other	3,804	4,506	702		
Consolidated Operating Expense	$ 317,164	$ 300,221	$ (16,943)	96.3%	102.4%
OPERATING INCOME					
Domestic Barging	$ 12,371	$ (4,046)	$ 16,417		
International Barging	(3,090)	(2,805)	(285)		
Manufacturing (Jeffboat)	1,695	195	1,500		
Other	1,168	(245)	1,413		
Consolidated Operating Income	$ 12,144	$ (6,901)	$ 19,045	3.7%	(2.4)%
Interest Expense	17,754	19,448	1,694		
Other Expense (Income)	(5,716)	(1,727)	3,989		
Reorganization Items	—	47,394	47,394		
Loss before Income Taxes	$ 106	$ (72,016)	$ 72,122		
Income Taxes	401	314	(87)		
Net (Loss)	$ (295)	$ (72,330)	$ 72,035		
Domestic barges operated (average of period beginning and end)	3,219	3,404	(185)		
Domestic barging revenue per barge operated (actual)	$ 84,682	$ 67,929	$ 16,753		

(1) Excludes inter-segment revenue.

Revenue. Consolidated revenue for the first six months of 2005 increased 12.3% to $329.3 million from $293.3 million for the first six months of 2004. This increase was primarily due to higher domestic barging freight rates, which resulted in increased revenue of $50.6 million. Domestic barging revenue per barge operated for the six months ended June 30, 2005 increased 24.7% to $84,682 from $67,929 for the six months ended July 2, 2004. The increase was partially offset by $5.3 million lower revenue from barge scrapping, $4.0 million lower revenue from lower barging volume, $3.7 million lower revenue from international operations and $2.3 million lower revenue from manufacturing.

Table of Contents

Domestic barging revenue increased $41.4 million to $272.6 million in the first six months of 2005 compared to the same period in 2004, primarily due to higher domestic barge freight transport rates on all commodities, resulting in increased revenue of $50.6 million, and increased volumes transported of bulk, steel and coal commodities, resulting in increased revenue of $6.7 million. Our average rates per ton mile for dry cargo freight and liquid cargo freight increased approximately 34% and 16%, respectively, for the first six months of 2005 as compared to the first six months of 2004. We estimate that customer contract adjustments for fuel price increased our revenue by approximately $15.9 million in the first six months of 2005 as compared to the first six months of 2004. The increase in revenue was partially offset by reduced volumes transported of grain and liquid commodities due to a reduction in our active barges as a result of barge scrapping, resulting in reduced revenue of $11.7 million. Our barge scrapping operation recognized revenue from processing 78 of our retired barges and 5 third-party barges in the first six months of 2005 compared to revenue from processing 177 of our retired barges and 26 third-party barges the first six months of 2004, resulting in reduced revenue of $5.3 million.

International barging revenue decreased $3.7 million to $5.7 million in the first six months of 2005 compared to the same period in 2004, primarily due to $3.1 million reduced charter revenue after the disposition in the second quarter of 2004 of barges and towboats that were previously chartered to UABL. Revenue also declined as a result of reduced freight transported and less repair services performed in Venezuela. Freight transportation revenue in Venezuela is seasonally suspended during the first four months of each year due to low water conditions. The reductions in revenue were partially offset by increased revenue from slightly higher freight volume in the Dominican Republic.

Manufacturing and other revenue from Jeffboat decreased $2.3 million to $46.1 million in the first six months of 2005 compared to the same period in 2004, primarily due to $19.5 million in lower sales of dry cargo hopper and deck barges, partially offset by $18.8 million increased sales of tank barges.

Operating Expense. Consolidated operating expense for the first six months of 2005 increased 5.7% to $317.2 million from $300.2 million for the first six months of 2004.

Domestic barging expenses increased $24.9 million to $260.2 million in the first six months of 2005 compared to the same period in 2004, primarily due to $16.7 million higher fuel prices, $6.5 million higher selling, general and administrative expenses, $3.4 million higher materials supplies and other expense and $2.8 million higher labor and fringe benefits. Average fuel prices increased by approximately $0.46 per gallon to $1.45 per gallon on a volume of 36.4 million gallons for the first six months of 2005, compared to $.99 per gallon on a volume of 38.3 million gallons for the first six months of 2004. We estimate that customer contract adjustments for fuel price increased our revenue by approximately $15.9 million in the first six months of 2005 as compared to the first six months of 2004, largely offsetting the increase in fuel cost of $16.7 million due to fuel price increase. Selling, general and administrative expense increased $6.5 million in the first six months of 2005 compared to the first six months of 2004 due to $4.2 million in increased incentive bonus accruals for employees, $2.1 million in restricted stock and stock option expense for management and directors, $0.8 million in severance expense, and $0.4 million in expense for reinstated compensation plans that were suspended during the first six months of 2004. These increases were offset by $0.6 million lower commissions, bad debt, insurance and telecommunications expense. Severance expense was a result of the termination of administrative employees in the first week of June 2005. Materials, supplies and other expense increased due to $3.8 million in increased costs for purchased services with significant, direct fuel components such as towing and harbor tug hires. Higher boat charter expense of $3.2 million and higher vessel repairs of $1.6 million also contributed to the increase in materials, supplies and other expense. These increases were partially offset by $1.8 million lower expenses as a result of reduced activity in the barge scrapping operation. Labor and fringe benefits expense increased $2.8 million primarily due to increased incentive bonus expense for vessel personnel.

International barging expenses decreased $3.5 million to $8.8 million in the first six months of 2005, due to the elimination of crewing fees for towboats previously chartered to UABL and to reduced expenses from lower freight transport volume in Venezuela.

Table of Contents

Manufacturing expenses decreased $3.8 million to $44.4 million in the first six months of 2005 from the same period in 2004 due to the reduced production volume referenced above. The manufacturing division's operating margin ratio improved to 3.7% in the first six months of 2005 from 0.4% in the first six months of 2004, due to more units manufactured with approximately the same levels of overhead and burden expense.

Interest Expense. Interest expense for the first six months of 2005 decreased to $17.8 million from $19.4 million for the first six months of 2004. The decrease was due to $2.3 million lower debt issuance cost and discount amortization in the first six months of 2005 as a result of the debt restructurings in January 2005. Interest expense on outstanding debt balances increased $0.7 million in the first six months of 2005, as compared to the same period last year, due to the higher interest on our 2015 Senior Notes compared to the rates on our former variable rate term loans which resulted in increased expense of $2.1 million. Interest expense also increased $0.7 million due to the higher fixed rate on our interim financing which was in effect for approximately 30 days and due to a higher LIBOR interest rate base. LIBOR was the base rate for certain interest rate adjustments under our former senior credit facilities and debtor in possession credit facility. It is also the primary base rate for borrowings under our asset based revolver. Increased interest expense was partially offset by $1.4 million less interest due to lower interest rate margins under our asset based revolver compared to the margins under our former loans. These margins are added to LIBOR to arrive at the total interest rate on our bank debt. Lower debt balances also contributed to offsetting higher interest expense.

Other Income. Other income increased to $5.7 million in the first six months of 2005 from $1.7 million in the first six months of 2004 primarily due to gains on the dispositions of domestic marine equipment of $4.6 million, offset by $0.6 million less income from cash interest, minority interest and other income.

Reorganization Items. Reorganization items are expenses incurred as a result of the Chapter 11 reorganization. There were no reorganization items in the first six months of 2005, compared to $47.4 million in the first six months of 2004, including a $35.2 million loss on the sale of UABL and other Argentine based assets. The remaining reorganization items in the first six months of 2004 were primarily legal and consulting expense.

Income Tax Expense. In 2004, our operating companies, except ACL Finance Corp., were limited liability companies. Prior to 2005, we passed our U.S. federal and substantially all of our state taxable income to ACL Holdings, whose equityholder was responsible for those income taxes. In 2005, effective with the reorganization, our operating companies became wholly owned subsidiaries of corporate parents. In the first six months of 2005, an income tax expense of $0.4 million was recognized. Pre-tax income was $0.1 million. The effective tax rate is the combined rate for domestic pre-tax income and foreign taxable income. Income tax expense is based on foreign pre-tax income before expense or income for minority interest. The effective rate for domestic income tax is equal to the federal and state statutory rates after considering the deductibility of state income taxes for federal income taxes. The foreign effective rate is lower than the statutory rate due to anticipated investment tax credits and inflation adjustments. Income tax expense for the first six months of 2005 is increased due to a valuation allowance against our deferred tax assets as of June 30, 2005. This valuation allowance for deferred tax assets together with the effect of the mix of our domestic and foreign income causes our effective tax rate to vary from the federal statutory rate.

Net (Loss). Net loss decreased $72.0 million to net loss of $0.3 million in the first six months of 2005 as compared to net loss of $72.3 million in the first six months of 2004, due to the reasons noted above.

Table of Contents

Year Ended December 31, 2004 Compared with Year Ended December 26, 2003

ACL (PREDECESSOR COMPANY)
OPERATING RESULTS by BUSINESS SEGMENT
2004 as compared with 2003
(Dollars in thousands, except revenue per barge operated)

	Fiscal Year Ended December 31, 2004	Fiscal Year Ended December 26, 2003	2004 Better (Worse) than 2003	% of Consolidated Revenue	
				2004	2003
REVENUE(1)					
Domestic Barging	$ 498,305	$ 508,297	$ (9,992)	78.8%	82.0%
International Barging	27,216	34,467	(7,251)	4.3%	5.6%
Manufacturing (Jeffboat)	97,988	70,208	27,780	15.5%	11.3%
Other	8,789	7,099	1,690	1.4%	1.1%
Consolidated Revenue	$ 632,298	$ 620,071	$ 12,227	100.0%	100.0%
OPERATING EXPENSE					
Domestic Barging	$ 480,352	$ 510,521	$ 30,169		
International Barging	22,885	30,876	7,991		
Manufacturing (Jeffboat)	95,099	71,018	(24,081)		
Other	8,603	7,576	(1,027)		
Consolidated Operating Expense	$ 606,939	$ 619,991	$ 13,052	96.0%	100.0%
OPERATING INCOME					
Domestic Barging	$ 17,953	$ (2,224)	$ 20,177		
International Barging	4,331	3,591	740		
Manufacturing (Jeffboat)	2,889	(810)	3,699		
Other	186	(477)	663		
Consolidated Operating Income	$ 25,359	$ 80	$ 25,279	4.0%	0.0%
Interest Expense	39,023	41,514	2,491		
Other Expense (Income)	(4,438)	(6,303)	(1,865)		
Reorganization Items	56,921	24,344	(32,577)		
Fresh Start Adjustments	83,030	—	(83,030)		
Loss before Income Taxes and Extraordinary Item	$ (149,177)	$ (59,475)	$ (89,702)		
Income Taxes	1,787	2,101	314		
Loss before Extraordinary Item	$ (150,964)	$ (61,576)	$ (89,388)		
Extraordinary Item — Gain on Discharge of Debt	155,358	—	$ 155,358		
Net Income (Loss)	$ 4,394	$ (61,576)	$ 65,970		
Domestic barges operated (average of period beginning and end)	3,391	4,061	(670)		
Domestic barging revenue per barge operated (actual)	$ 146,949	$ 125,165	$ 21,784		

(1) Excludes inter-segment revenue.

Table of Contents

Revenue. Consolidated revenue for the year ended December 31, 2004 increased 2.0% to $632.3 million from $620.1 million for the year ended December 26, 2003. This increase was primarily due to $27.8 million in increased sales at Jeffboat, $13.4 million in increased revenue from a newly formed barge scrapping operation and $26.1 million in higher domestic barging freight rates. We estimate that customer contract adjustments for fuel price increased our revenues by approximately $11.1 million in 2004 as compared to 2003. The increase in revenue was partially offset by $48.1 million in reduced revenue from operating fewer domestic barges and reduced demand for grain freight. Reduced charter revenue of $7.0 million as a result of the disposal of certain assets previously chartered to UABL also partially offset the increases in revenue.

Domestic barging revenue decreased $10.0 million to $498.3 million in 2004, primarily due to $48.1 million lower revenue from operating fewer domestic barges and reduced demand for grain freight, partially offset by $26.1 million in higher domestic barging freight rates and $13.4 million in increased barge scrapping revenue. We rejected vessel charters for approximately 830 barges, most of which were returned in the last nine months of 2003. Demand for grain freight declined in the second and third quarter of 2004 as grain shipments were diverted to alternate transportation modes and routes as a result of anomalies in ocean freight rates. Our barge scrapping operation processed 344 barges in 2004 compared to 182 barges processed in 2003, and at significantly increased scrapping prices in 2004. Barging freight rates improved for grain, bulk, coal and liquid freight due to a reduced supply of barges in the industry and increased demand for non-grain freight.

International barging revenue decreased $7.3 million to $27.2 million in 2004 primarily due to $7.0 million in reduced charter revenue after the disposition in the second quarter of 2004 of barges and towboats that were previously chartered to UABL. Revenue also declined in the Dominican Republic as a result of reduced demand for cement. The reductions in revenue were partially offset by increased revenue from slightly higher freight volume in Venezuela and from additional repair services performed in Venezuela. International terminal revenue increased to $3.3 million in 2004 from $1.6 million in 2003 due to increased volume through the terminal in Venezuela.

Jeffboat's revenue increased $27.8 million to $98.0 million in 2004 primarily due to $26.0 million higher volume of inland tanker, ocean tanker and deck barge sales and due to $2.5 million in higher sales prices driven by increases in the cost of steel.

Operating Expense. Consolidated operating expense for the year ended December 31, 2004 decreased 2.1% to $606.9 million from $620.0 million for the year ended December 26, 2003.

Domestic barging expenses decreased $30.2 million to $480.4 million in 2004 primarily due to $13.9 million in lower labor and fringe benefit cost, $13.8 million in lower rent and $2.3 million in lower federal fuel user taxes resulting from a reduced fleet size. The expense reduction was partially offset by $6.5 million higher fuel expense and $6.5 million higher expenses from increased activity in the barge scrapping operation. The increase in fuel price in 2004 was only partially offset by lower fuel consumption compared to 2003 as a result of operating fewer vessels. Average fuel prices before user tax increased by $0.18 per gallon to $1.09 per gallon on a volume of 76 million gallons for 2004, compared to $0.91 per gallon on a volume of 85 million gallons for 2003. We estimate that customer contract adjustments for fuel price increased our revenues by approximately $11.1 million in 2004 as compared to 2003, partially offsetting the increase in fuel cost of $15.2 million due to fuel price increase.

International barging expenses decreased $8.0 million to $22.9 million in 2004, due to the elimination of $5.1 million in crewing fees for towboats previously chartered to UABL, $1.0 million less depreciation due to sales of Argentine assets and $0.9 million lower barging expenses in Venezuela, primarily due to reduced pilot services.

Jeffboat's expenses increased $24.1 million to $95.1 million in 2004 due to higher material costs driven by steel prices and due to higher volume of inland tanker, ocean tanker and deck barge sales.

Interest Expense. Interest expense for 2004 decreased to $39.0 million from $41.5 million for 2003. The decrease was due to $2.9 million in interest expense in 2003 on the 2008 Senior Notes and the

Table of Contents

PIK Notes compared to no interest on these notes in 2004, $0.8 million less interest due to lower outstanding balances on the debtor-in-possession, or DIP, term loan in 2004 partially offset by higher LIBOR. The LIBOR was the base rate for certain interest rate adjustments under our senior credit facilities and DIP credit facility. Higher debt discount amortization was partially offset by lower debt issuance cost amortization, resulting in $0.7 million increased expense.

Other Income. Other income decreased to $4.4 million in 2004 from $6.3 million in 2003 primarily due to $2.8 million less equity investee earnings after the disposal of UABL in April 2004, partially offset by $0.9 million increased equity earnings from our investment in GMS and increased interest income.

Reorganization Items. Reorganization items are expenses incurred as a result of the Chapter 11 reorganization. The increase to $56.9 million in 2004 compared to $24.3 million in 2003 was primarily due to the $35.2 million loss on the disposal of the investment in UABL and other assets used in the Argentina-based operation.

Income Tax Expense. Income taxes for 2004 decreased to $1.8 million from $2.1 million for 2003 due to lower foreign income tax expense recognized in 2004. In 2004, our operating companies, except ACL Finance Corp., were limited liability companies. We passed our U.S. federal and substantially all of our state taxable income to ACL Holdings, whose equityholder was responsible for those income taxes.

Extraordinary Item. We recorded in 2004 an extraordinary gain in the amount of $155.4 million resulting from the discharge of debt for borrowed money in connection with our emergence from bankruptcy.

Net Income (Loss). Net income increased $66.0 million to net income of $4.4 million in 2004 as compared to net loss of $61.6 million in 2003, due to the reasons noted above.

Year Ended December 26, 2003 Compared with Year Ended December 27, 2002

As a result of the Danielson Recapitalization on May 29, 2002, our assets and liabilities were adjusted to estimated fair value under push down purchase accounting. Our consolidated financial statements for the periods ended before May 29, 2002 were prepared using the historical basis of accounting. Although a new basis of accounting began on May 29, 2002, we have summarized the results for the year ended December 27, 2002 below by combining the periods before and after May 29, 2002 together, as we believe presentation of these periods on a combined basis to be meaningful for comparison purposes. Except as noted below, the impact on results of operations related to push down purchase accounting has not materially affected the comparability of the periods.

Table of Contents

ACL (PREDECESSOR COMPANY)
OPERATING RESULTS by BUSINESS SEGMENT
2003 as compared with 2002
(Dollars in thousands, except revenue per barge operated)

	Fiscal Year Ended December 26, 2003	Fiscal Year Ended December 27, 2002	2003 Better (Worse) than 2002	% of Consolidated Revenue 2003	% of Consolidated Revenue 2002
REVENUE(1)					
Domestic Barging	$ 508,297	$ 581,837	$ (73,540)	82.0%	81.6%
International Barging	34,467	38,863	(4,396)	5.6%	5.5%
Manufacturing (Jeffboat)	70,208	81,653	(11,445)	11.3%	11.5%
Other	7,099	10,499	(3,400)	1.1%	1.4%
Consolidated Revenue	$ 620,071	$ 712,852	$ (92,781)	100.0%	100.0%
OPERATING EXPENSE					
Domestic Barging	$ 510,521	$ 593,075	$ 82,554		
International Barging	30,876	34,027	3,151		
Manufacturing (Jeffboat)	71,018	82,038	11,020		
Other	7,576	8,564	988		
Consolidated Operating Expense	$ 619,991	$ 717,704	$ 97,713	100.0%	100.7%
OPERATING INCOME					
Domestic Barging	$ (2,224)	$ (11,238)	$ 9,014		
International Barging	3,591	4,836	(1,245)		
Manufacturing (Jeffboat)	(810)	(385)	(425)		
Other	(477)	1,935	(2,412)		
Consolidated Operating Income	$ 80	$ (4,852)	$ 4,932	0.0%	(0.7)%
Interest Expense	41,514	61,656	20,142		
Other Expense (Income)	(6,303)	3,679	9,982		
Reorganization Items	24,344	—	(24,344)		
Loss before Income Taxes and Extraordinary Item	$ (59,475)	$ (70,187)	$ 10,712		
Income Taxes (Benefit)	2,101	(176)	(2,277)		
Net (Loss)	$ (61,576)	$ (70,011)	$ 8,435		
Domestic barges operated (average of period beginning and end)	4,061	4,768	(707)		
Domestic barging revenue per barge operated (actual)	$ 125,165	$ 122,030	$ 3,135		

(1) Excludes inter-segment revenue.

Revenue. Consolidated revenue for the year ended December 26, 2003 decreased 13% to $620.1 million from $712.9 million for the year ended December 27, 2002. The revenue decrease was primarily due to $106.4 million lower revenue due to lower domestic barging freight volume as a result of our reduced barge fleet size. We estimate that customer contract adjustments for fuel price increased our revenues by approximately $11.7 million in 2003 as compared to 2002. Jeffboat sales were also $11.4 million lower in 2003 as a reduction in dry cargo barge sales was only partially offset by an increase in tank barge sales. International and other units also experienced reduced sales in 2003 compared to 2002.

Table of Contents

Domestic barging revenue decreased $73.5 million to $508.3 million in 2003 primarily due to $106.4 million in lower volume of grain, bulk, coal and liquid freight, and lower demurrage revenue, partially offset by $28.4 million in increases in freight rates and increases in towing revenue along with $4.4 million more revenue from the initiation in 2003 of a barge scrapping operation. The average number of barges operated declined approximately 23% from 2002 to 2003 as a result of barge charter rejections in the reorganization and owned barges taken out of service at the end of their economic useful lives.

International barging revenue decreased $4.4 million to $34.5 million in 2003 primarily due to $4.4 million less revenue due to a reduction in the base contract rate in Venezuela in 2003 in conjunction with a ten-year contract extension and to an operation in Venezuela to move bauxite tonnage during the low water navigation season in 2002 that was discontinued in 2003. Revenue also declined $1.2 million due to the non-recurring sale of logistics services to a third-party barge operator to transport equipment from the United States to Venezuela in 2002 and $1.0 million due to less freight volume in the Dominican Republic. The reductions in revenue were partially offset by $2.4 million more revenue from the addition of a three-year surcharge to the rates in Venezuela to offset a temporary cost increase that began in 2003 and higher tons delivered in Venezuela in 2003. International terminal revenue, included in the other revenue segment, decreased to $1.6 million in 2003 from $3.8 million in 2002 due to reduced volume through the general commodities terminal in Venezuela.

Revenue at Jeffboat decreased $11.5 million to $70.2 million in 2003 primarily due to $20.4 million lower volume of dry cargo barge sales partially offset by $8.8 million in increased tank barge sales.

Operating Expense. Consolidated operating expense for the year ended December 26, 2003 decreased 13.6% to $620.0 million from $717.7 million for the year ended December 27, 2002. Domestic barging expenses decreased $82.6 million to $510.5 million in 2003 primarily due to $47.5 million in lower barging services costs, $16.0 million lower rent and $14.2 million in lower labor and fringe costs as a result of the fleet size reduction. The expense reduction was partially offset by $3.6 million in higher fuel expense and $3.0 million in higher expenses from the initiation of the barge scrapping operation. An increase in average fuel price in 2003 as compared to 2002 was only partially offset by lower fuel consumption. Average fuel prices before user tax increased by $0.20 per gallon to $0.91 per gallon on a volume of 85 million gallons for 2003 compared to $0.71 per gallon on a volume of 105 million gallons for 2002. We estimate that customer contract adjustments for fuel price increased our revenues by approximately $11.7 million in 2003 as compared to 2002, partially offsetting the increase in fuel cost of $16.9 million due to fuel price increase. Operating expenses for 2002 also included $14.1 million in fees associated with the Danielson Recapitalization and other debt restructuring.

International barging expenses decreased $3.1 million to $30.9 million in 2003 due to $1.0 million in expenses associated with the non-recurring sale of logistics services to a third-party barge operator in 2002, $0.6 million lower 2003 depreciation on barges and towboats owned by the Argentine subsidiary due to purchase accounting adjustments and $0.6 million in nonrecurring bad debt costs recognized in 2002. In Venezuela, higher repairs, pilot services and commissions expense were only partially offset by reduced expense in 2003 from the discontinuance of the operation to move bauxite tonnage during the low water navigation season, resulting in increased expense of $1.3 million.

Jeffboat's expenses decreased $11.0 million to $71.0 million in 2003 due to lower volume of dry cargo barge manufacturing offset by increased volume of tank barge manufacturing.

Interest Expense. Interest expense for 2003 decreased to $41.5 million from $61.7 million for 2002. The decrease was due to $27.0 million less interest due to the cessation of the accrual of interest on our 2008 Senior Notes and PIK Notes due to the Chapter 11 filing on January 31, 2003, $1.6 million less interest due to reduced outstanding balances under the senior credit facilities due to $50.0 million of prepayments in 2002 and slightly lower interest rates in 2003. These reductions were partially offset by increased interest of $2.4 million due to borrowings under the DIP term loan, which began in 2003, $3.6 million in higher discount and debt issuance cost amortization in 2003, $3.1 million in additional deferred interest on our senior credit facility and the inclusion of Vessel Leasing LLC's interest expense

Table of Contents

for a full year in 2003 due to the entity being consolidated in May 2002 as part of the Danielson Recapitalization.

Other Expense (Income). Other, net increased from an expense of $3.7 million in 2002 to income of $6.3 million in 2003, primarily due to $2.9 million in transaction gains from currency exchanges in Venezuela, $4.0 million in increased equity earnings from UABL in Argentina and a reduced loss of $1.9 million on the sale of accounts receivable.

Reorganization Items. Reorganization items are expenses incurred as a result of the Chapter 11 reorganization. The $24.3 million incurred in 2003 was primarily consulting and legal fees associated with the reorganization.

Income Tax Expense (Benefit). Income taxes for the year increased to $2.1 million from a benefit of $0.2 million due to higher foreign tax expense in Venezuela. Our operating companies, except ACL Finance Corp., are limited liability companies. We passed our U.S. federal and substantially all of our state taxable income to ACL Holdings, whose equityholders were responsible for those income taxes.

Net (Loss). Net loss decreased $8.4 million to net loss of $61.6 million in 2003 as compared to net loss of $70.0 million in 2002, due to the reasons noted above.

LIQUIDITY AND CAPITAL RESOURCES

Our funding requirements include fleet maintenance, capital expenditures (including barge manufacturing), debt service payments and other working capital requirements. Historically, our primary sources of liquidity and capital resources were cash generated from operations, borrowings under our prior credit facilities and, in recent years, cash proceeds from the sale of non-core assets and surplus equipment and from barge scrapping. Following the completion of the refinancing transactions described below on February 11, 2005, our primary sources of liquidity are cash generated from operations, borrowings under the asset based revolver, cash proceeds from the sale of non-core assets and, to a lesser extent, barge scrapping activity. We expect that cash flows from operations and access to our credit facility will be sufficient to meet planned working capital, capital expenditures and other cash requirements during 2005.

Our cash operating costs consist primarily of labor and fringe benefits, fuel, purchased services, repairs and selling, general and administrative costs. We have significantly reduced labor and fringe benefits, purchased services, repairs and selling, general and administrative over the last three years as result of our reduced fleet size and our cost reduction programs. Fuel expense, however, has continued to rise as a direct result of increased fuel prices. The average price per gallon of diesel fuel consumed by our vessels over the last three years was $0.71 in 2002, $0.91 in 2003, $1.09 in 2004 and $1.45 in the first six months of 2005. Term contracts are in place for approximately 80% of 2005 projected barge freight moves. Because spot grain moves are typically longer hauls with higher rates, we estimate customer contract adjustments protect approximately 70% of our 2005 freight and towing revenue from changes in fuel price. Historically, contract adjustments have typically been deferred one calendar quarter.

Capital expenditures are a significant use of cash in our operations. Capital is expended to increase the useful life of towboats and barges, to fund the build of new barges to replace retiring barges, and to replace or improve equipment used in manufacturing or other lines of business. We expect total expenditures for property and equipment to be approximately $33.0 million in 2005, including approximately $15.9 million for the replacement of older tank barges with 16 new tank barges. Additionally, we expect to make other investments, primarily for software improvements to our core logistics system, of approximately $2.2 million in 2005. If justified by return on investment, we may decide to increase our capital expenditure program in future years to begin replacing retiring dry cargo barges with new units built by Jeffboat. In 2006 and 2007, as long as conditions continue to justify this investment, we currently expect total capital expenditures to be approximately $75 million and $91 million, respectively. Replacing retiring barges with new builds could materially increase our capital expenditures. Sources of funding for these capital expenditures and other investments include cash flow from operations, borrowings under the asset based revolver and proceeds from scrapping activities. We expect to utilize our

Table of Contents

net proceeds from this offering to pay down approximately $130 million of debt, including approximately $60 million in borrowings under the asset based revolver, which will increase our future borrowing capacity under the asset based revolver. The substantially improved rate environment is providing incentive to repair older barges in order to extend their life for a short term. The decisions of barge operators, including us, to repair certain barges instead of scrapping them is currently resulting in reduced proceeds from our scrapping activities.

Our Indebtedness and Financial Restructuring

Our original secured debt was issued pursuant to a Credit Agreement, dated June 30, 1998, with certain lenders and JPMorgan Chase Bank (formerly, The Chase Manhattan Bank), as administrative agent (the "original credit facility"), consisting of a $200.0 million Tranche B Term Loan due June 2006, a $235.0 million Tranche C Term Loan due June 2007 and a revolving credit facility providing for revolving loans and the issuance of letters of credit for our account in an aggregate principal amount of up to $100.0 million due June 2005 (the "original revolver"). We also had outstanding $295.0 million of unsecured 10.25% Senior Notes due June 2008 (the "Old Senior Notes").

On April 15, 2002, we launched an exchange offer pursuant to which we offered to exchange the Old Senior Notes for a new series of 11.25% senior notes due January 1, 2008 (the "2008 Senior Notes") and a new class of 12% pay-in-kind senior subordinated notes due July 1, 2008 (the "PIK Notes").

On March 15, 2002, we entered into a definitive recapitalization agreement regarding our acquisition and recapitalization by DHC and certain DHC subsidiaries (collectively with DHC, "Danielson"). We refer to this acquisition and recapitalization as the "Danielson Recapitalization." On April 11, 2002, we and certain lenders executed an amendment agreement under which the original credit facility would be amended and restated upon the satisfaction of certain conditions set forth in the amendment agreement, including the consummation of the Danielson Recapitalization. Effective May 29, 2002, the Danielson Recapitalization was consummated with $58.5 million of the Old Senior Notes and interest thereon, if any, contributed by Danielson to ACL Holdings, and $230 million, plus accrued interest, of the remaining $236.5 million in Old Senior Notes exchanged for the 2008 Senior Notes and the PIK Notes. As part of the Danielson Recapitalization, DHC contributed $25.0 million in cash to ACL Holdings, which was immediately used to reduce the outstanding term loan portion of the original credit facility. In addition, $50.0 million of the amount outstanding under the original revolver was converted into a new term loan (the "Tranche A Term Loan").

Upon completion of the Danielson Recapitalization, ACL LLC became an indirect, wholly owned subsidiary of DHC. At the same time, SZ Investments, LLC increased its equity ownership in DHC to approximately 18%. HY I Investments, L.L.C. was a holder of approximately 42% of the 2008 Senior Notes and PIK Notes.

As of May 29, 2002, after the $25.0 million reduction in the outstanding term loan portion of the original credit facility, and after the conversion of a $50.0 million portion of the original revolver into the Tranche A Term Loan, our secured debt issued under the original credit facility, as amended and restated, consisted of a $46.6 million Tranche A Term Loan due June 30, 2005, a $134.0 million Tranche B Term Loan due June 30, 2006, a $157.7 million Tranche C Term Loan due June 30, 2007 (collectively the "Term Loans") and the original revolver, providing for revolving loans and the issuance of letters of credit for our account in an aggregate principal amount of up to $50.0 million due June 2005.

As of December 31, 2004, the outstanding principal balance under the Term Loans was $309.1 million and the outstanding principal balance under the original revolver was $47.8 million. The Term Loans bore interest at a rate equal to LIBOR plus a margin based on our performance. The original credit facility, as amended and restated, also contained a 1% deferred interest rate under which $7.8 million was accrued and outstanding as of December 31, 2004. The annual interest rates as of December 31, 2004 were: Tranche A — 6.3%; Tranche B — 6.9%; and Tranche C — 7.2%.

Table of Contents

During the pendency of the bankruptcy proceedings, we entered into a debtor-in-possession, or DIP, credit facility that provided up to $75.0 million of financing. We borrowed $50.0 million under the term loan portion of the DIP credit facility, part of which was used to retire our pre-petition receivables facility. On October 8, 2004, we repaid the term loan portion of the DIP credit facility in full. As of December 31, 2004, participating bank commitments under the DIP credit facility totaled $25.0 million. As of that date, there were no amounts outstanding under either the term loan portion or the $25.0 million revolving portion of the DIP credit facility. We did not draw on the revolving portion of the DIP credit facility.

As of December 31, 2004, we had outstanding indebtedness of $409.1 million. This included $309.1 million drawn under the Term Loans, $47.8 million drawn under the original revolver, $7.8 million in deferred interest on the Term Loans and the original revolver, $33.9 million in outstanding principal of bonds guaranteed by the U.S. Maritime Administration ("MARAD"), an estimated $9.5 million in maritime and tort lien notes pending the resolution of disputed claims and $1.0 million in capital lease obligations. The MARAD bonds were discounted to fair value by $1.7 million as of December 31, 2004. The $1.0 million in outstanding capital lease obligations were included in other current and long-term liabilities. We also had an outstanding loan guarantee that was not recorded as liability in our consolidated financial statements for $1.4 million in borrowings by an entity in Venezuela in which we have an equity investment. We had $25.0 million in available borrowings under the revolving portion of the DIP credit facility and the term loan portion of the DIP credit facility was repaid in full. We had $46.6 million cash on deposit in bank accounts as of December 31, 2004. We also had $9.2 million in restricted cash on deposit to service the MARAD debt.

On January 13, 2005, we amended and restated the Term Loans into a senior secured term loan and a junior secured term loan, for which JPMorgan Chase Bank, National Association, and The Bank of New York acted as agents, to provide for continuing secured term loan financing. As of January 13, 2005, there was an aggregate of $364.8 million outstanding under the senior secured term loan and the junior secured term loan. On January 13, 2005, we also replaced the original revolver with a new $35.0 million asset based revolving credit facility with Bank of America and UBS Loan Finance LLC.

On February 11, 2005, we paid off the remaining balances of the senior secured term loan and the junior secured term loan by restructuring the asset based revolving credit facility into a $250 million asset based revolving credit facility (the "asset based revolver") and by issuing $200 million in 9.5% senior notes due 2015 (the "2015 Senior Notes"). The asset based revolver has a five-year term and bears interest at LIBOR plus a margin (2.25% as of June 30, 2005) or at prime plus a margin (0.75% as of June 30, 2005) based upon the amount of unused availability under the facility. As of June 30, 2005, the aggregate outstanding principal balance under the asset based revolver was approximately $134.5 million, resulting in up to approximately $115.5 million of availability (subject to satisfying certain borrowing conditions). The asset based revolver contains covenants based on EBITDA as defined in the asset based revolver ("Bank EBITDA") and our management uses Bank EBITDA to monitor compliance with these covenants. Bank EBITDA differs from Adjusted EBITDA as presented in this prospectus in that Bank EBITDA excludes certain recurring items such as gain or loss on sales of assets, stock compensation expense, equity earnings from less than 50% owned affiliates and translation gains or losses on foreign currency.

As a result of the filing to reorganize under Chapter 11 of the Bankruptcy Code, we classified all of our long-term debt as current debt as of year end 2003. Following our emergence from bankruptcy, which is presented as effective on December 31, 2004 for financial reporting purposes, our long-term debt is no longer classified as current as of December 31, 2004.

As of June 30, 2005, we had total indebtedness of $377.2 million. This included $200.0 million in 2015 Senior Notes, $134.5 million drawn under the asset based revolver, $32.5 million in outstanding principal of bonds guaranteed by MARAD, an estimated $9.4 million in maritime and tort lien notes pending the resolution of disputed claims and $0.8 million in capital lease obligations. On the consolidated statement of financial position as of June 30, 2005, the MARAD bonds were discounted to fair value by $1.6 million. This discount was not deducted from the total indebtedness amount referenced above. The

Table of Contents

$0.8 million in outstanding capital lease obligations were included in other current and long-term liabilities on the consolidated statement of financial position as of June 30, 2005. We also had an outstanding loan guarantee for $1.1 million in borrowings by an entity in Venezuela in which we have an equity investment.

During the second quarter of 2005, we paid down $20.8 million of total debt, including $19.5 million on our asset based revolver. As of June 30, 2005, the aggregate outstanding principal balance under the asset based revolver was approximately $134.5 million, resulting in up to approximately $115.5 million of availability (subject to satisfying certain borrowing conditions). We also had cash and cash equivalents of $6.7 million and restricted cash of $9.5 million available to service the bonds guaranteed by MARAD. Total cash availability including borrowing capacity under the asset based revolver, cash and restricted cash was $131.7 million as of June 30, 2005.

On August 25, 2005, we provided written notice to MARAD and to the trustee of the bonds guaranteed by MARAD, pursuant to the terms of the bonds, that we will redeem these bonds on October 20, 2005. We intend to redeem $32.5 million in these bonds, and we estimate that we will pay a make whole premium of between $1.0 and $1.4 million, resulting in a loss on extinguishment of this debt of approximately $3.0 million during the fourth quarter of 2005.

Net Cash, Capital Expenditures and Cash Flow

Six Months Ended June 30, 2005. Net cash provided by operating activities was $12.9 million in the first six months of 2005 as compared to $1.5 million cash used by operating activities in the first six months of 2004. The increase in net cash provided by operating activities was due primarily to improved cash earnings, reduced interest payments and increases in accounts payable excluding outstanding checks. (The impact of reduced outstanding checks is reported in financing activities.) These increases in cash were partially offset by increased accounts receivable, increased work-in-process inventory and increased fuel inventory due to higher prices. Reorganization items paid were also slightly higher in the first six months of 2005 compared to the same period in 2004. Reorganization items paid in the first six months of 2005 were primarily settlements of claims. Reorganization items paid in the first six months of 2004 were primarily legal and consulting fees. Net cash provided by operating activities during the first six months of 2005 was used primarily to repay borrowings under our asset based revolver.

Capital expenditures were $11.5 million and $4.3 million in the first six months of 2005 and 2004, respectively. Capital expenditures in the first six months of 2005 included $4.3 million for construction of three tank barges. There were no expenditures for construction of domestic marine equipment in the first six months of 2004. There were expenditures of $0.03 million in the first six months of 2005 for foreign investments. Capital expenditures included $0.9 million for foreign investments in the first six months of 2004. The remaining $7.2 million and $3.4 million in domestic cash capital expenditures in the first six months of 2005 and 2004, respectively, were primarily for marine equipment maintenance and maintenance of the Jeffboat manufacturing facility. In addition, there were expenditures for other investing activities of $2.0 million and $0.6 million, primarily for software and software development, in the first six months of 2005 and 2004, respectively.

Proceeds from property dispositions were $13.4 million in the first six months of 2005. These proceeds consisted of $7.0 million from the sale of ten tank barges designed to carry black oil products, $5.9 million from sales of surplus towboats and $0.5 million from sales of inoperable barges. A $4.4 million gain on these sales was recorded in the first six months of 2005 and is included in other, net in our consolidated statement of operations. Proceeds from property dispositions were $1.0 million in the first six months of 2004, consisting of $0.4 million from sales of barges to UABL and $0.6 million from sales of inoperable barges. A $0.1 million loss on these sales was recorded in the first six months of 2004 and is included in other, net in our consolidated statement of operations.

In the first six months of 2005, we purchased DHC's 50% membership interest in Vessel Leasing LLC for $2.5 million. After the purchase, ACL LLC owns 100% of the member's interest in Vessel Leasing LLC.

Table of Contents

Years Ended December 31, 2004, December 26, 2003 and December 27, 2002. Net cash (used in) provided by operating activities was $36.2 million, $(16.1) million and $6.9 million for 2004, 2003 and 2002, respectively. The increase in net cash provided in 2004 compared to net cash used in 2003 was due primarily to the repurchase of accounts receivable in 2003 and improved operating income in 2004, partially offset by an increase in materials and supplies due to higher steel and fuel prices. The decrease in net cash from operating activities in 2003 compared with 2002 was primarily due to the repurchase of accounts receivable in 2003 and reorganization fees paid in 2003, partially offset by improved operating income in 2003.

Net cash provided by operating activities and proceeds from the sale of Argentina-based assets and GMS in 2004 were used primarily for repayment of third-party debt, capital expenditures and software, and contributed to net cash. Net cash used in operating activities in 2003 and capital expenditures in 2003 were provided by borrowings under the DIP credit facility and by borrowings under the revolving credit facility to fund draws on letters of credit previously issued under the senior credit facilities. Net cash provided by operating activities in 2002, as well as DHC's cash investment in 2002, were used primarily for repayment of third-party debt and capital expenditures.

Capital expenditures were $12.5 million, $9.2 million and $13.4 million in 2004, 2003 and 2002, respectively. Cash expenditures included no expenditures in 2004 and 2003 and $1.9 million in 2002 for domestic marine equipment. Cash expenditures also included $1.2 million, $0.9 million and $1.8 million for foreign investments in 2004, 2003 and 2002, respectively. The remaining $11.3 million, $8.3 million and $9.7 million in domestic cash capital expenditures in 2004, 2003 and 2002, respectively, were primarily for marine equipment maintenance and maintenance of the Jeffboat shipyard.

Other investing activities, consisting primarily of expenditures for the purchase and development of computer software, were $1.8 million, $3.6 million and $3.8 million in 2004, 2003 and 2002, respectively.

At December 27, 2002, we had $39.3 million outstanding under a pre-petition accounts receivable securitization facility. In 2002, we received gross proceeds of $24.1 million from the sale of receivables and made gross payments of $35.8 million under the pre-petition receivables facility. The pre-petition receivables facility was repurchased on January 31, 2003 with proceeds from the DIP credit facility.

Table of Contents

Contractual Obligations and Commercial Commitment Summary

A summary of the Company's known contractual commitments under debt and lease agreements as of December 31, 2004, giving effect to the reorganization and the restructured maturity dates from the refinancing transactions, appears below.

	Payments Due by Year				
Contractual Obligations	Total	Less Than One Year	One to Three Years	Four to Five Years	After Five Years
			(in millions)		
Long-term debt obligations(1)					
2015 Senior Notes	$200.0	$ —	$ —	$ —	$ 200.0
Asset based revolver	164.7	—	—	164.7	—
Maritime lien notes and tort lien notes	9.5	—	—	9.5	—
Bonds guaranteed by MARAD	33.9	2.9	5.8	5.8	19.4
Capital lease obligations(2)	1.0	0.4	0.6	—	—
Operating lease obligations(3)	126.6	18.3	33.3	29.2	45.8
Other reorganization-related liabilities(4)	15.6	13.1	2.5	—	—
Total contractual cash obligations	$551.3	$ 34.7	$ 42.2	$ 209.2	$ 265.2
Estimated interest on contractual debt obligations(5)	$278.6	$ 39.9	$ 63.0	$ 62.4	$ 121.3
Pro forma interest expense after debt reduction with the proceeds from this offering(6)	193.6	30.2	42.0	41.4	80.0

(1) Represents the principal amounts due on outstanding debt obligations, current and long-term, as of December 31, 2004. Amounts do not include interest payments.

(2) Represents the minimum capital lease payments under noncancelable leases, primarily for four harbor tugs.

(3) Represents the minimum lease rental payments under noncancelable leases, primarily for vessels and land.

(4) Consists of estimated and accrued obligations of approximately $7.2 million in professional fees for services performed in connection with the First Amended Joint Plan of Reorganization, $5.5 million in contract cure payments (of which $3.0 million will be paid in less than one year), $1.7 million in cash option maritime liens, $0.8 million in convenience class payments and $0.4 million in priority and administrative claims.

(5) All interest expense calculations begin January 1, 2005 and end on the respective maturity dates. The LIBOR and prime interest rates are the rates in effect as of August 15, 2005.

Table of Contents

The interest rate and term assumptions used in these calculations are contained in the following table:

Obligation	Principal at December 31, 2004	Period From	Period To	Interest Rate
2015 Senior Notes	$ 200.0	1/1/05	2/15/15	9.50000%
Asset Based Revolver:				
6 Month LIBOR Loan	100.0	1/1/05	2/11/10	6.28000%
3 Month LIBOR Loan	38.0	1/1/05	2/11/10	6.04000%
1 Month LIBOR Loan	20.0	1/1/05	2/11/10	5.82125%
Prime Loan	6.7	1/1/05	2/11/10	7.25000%
	164.7			
Maritime Lien Notes	9.1	1/1/05	1/11/10	6.50000%
Tort Lien Notes	0.4	1/1/05	3/17/10	6.50000%
Bonds guaranteed by MARAD:				
Series A	15.4	1/1/05	6/14/16	6.14000%
Series B	5.9	1/1/05	9/27/16	5.65000%
Series C	12.6	1/1/05	12/20/16	4.43000%
	33.9			

(6) Assumes that $130.3 million of the proceeds from the equity issuance will be used to repay debt on September 30, 2005. $70 million will be applied to the 2015 Senior Notes and $60.3 million will be applied to the portion of the asset based revolver with 6-month LIBOR as the base interest rate.

The interest rate and term assumptions used in these calculations are contained in the following table:

Obligation	Principal at December 31, 2004	Period From	Period To	Interest Rate
2015 Senior Notes	$ 130.0	1/1/05	2/15/15	9.50000%
2015 Senior Notes	70.0	1/1/05	9/30/05	9.50000%
	200.0			
Asset Based Revolver:				
6 Month LIBOR Loan	39.7	1/1/05	2/11/10	6.28000%
6 Month LIBOR Loan	60.3	1/1/05	9/30/05	6.28000%
3 Month LIBOR Loan	38.0	1/1/05	2/11/10	6.04000%
1 Month LIBOR Loan	20.0	1/1/05	2/11/10	5.82125%
Prime Loan	6.7	1/1/05	2/11/10	7.25000%
	164.7			
Maritime Lien Notes	9.1	1/1/05	1/11/10	6.50000%
Tort Lien Notes	0.4	1/1/05	3/17/10	6.50000%
Bonds guaranteed by MARAD:				
Series A	15.4	1/1/05	6/14/16	6.14000%
Series B	5.9	1/1/05	9/27/16	5.65000%
Series C	12.6	1/1/05	12/20/16	4.43000%
	33.9			

We have other commercial commitments in the amount of $1.1 million in the form of a guarantee of a loan to GMS Venezuela C.A., in which we have an equity investment. Should a default by GMS Venezuela C.A. occur, we would be obligated to pay $0.4 million in less than one year and $0.7 million in one to three years.

Table of Contents

For additional disclosures regarding these obligations and commitments, see notes 6 and 9 to the accompanying consolidated financial statements.

Fuel Hedging

We purchased fuel price rate caps throughout 2003 and 2004. Fuel price rate caps were based upon a published index that correlates to the price of fuel purchased by us and were essentially premiums paid to limit the price of fuel for gallons consumed that are unprotected by fuel adjustments in our customer contracts.

The fair value of the fuel price rate cap contracts outstanding at December 31, 2004 was $0.4 million. These cap contracts expired on March 31, 2005. In the future, we may hedge our fuel price rates; however, no fuel price rate caps are currently in effect.

	(in millions)
Fair value of contracts outstanding at the beginning of 2004	$ 1.44
Contracts realized or otherwise settled during 2004	(3.99)
Fair value of new contracts when entered into during 2004	2.57
Other changes in fair value	0.39
Fair value of contracts outstanding at December 31, 2004	$ 0.41

	Maturity Less Than One Year	Total
Source of Fair Value:		
Prices provided by other external sources	$ 0.41	$ 0.41

For additional disclosures regarding non-exchange traded contracts, see note 11 to the accompanying consolidated financial statements.

SEASONALITY

Our business is seasonal, and our quarterly revenues and profits historically have been lower during the first six months of the year and higher during the last six months of the year due to the timing of the North American grain harvest. With respect to our Venezuelan operations, barge transportation is limited to the period between late May and early December, when the Orinoco River has a sufficient water level for navigation. In addition, working capital requirements fluctuate throughout the year. Adverse market or operating conditions during the last six months of the year could have a greater effect on our business, financial condition and results of operations than during other periods.

CHANGES IN ACCOUNTING STANDARDS

Statement of Financial Accounting Standards No. 123 (Revised 2004), “Share-Based Payment” (SFAS No. 123R) was issued in December 2004 and requires all share-based payments to employees, including grants of employee stock options, to be recognized in the income statement based on their fair values. Pro forma disclosure is no longer an alternative. In April 2005, the Securities and Exchange Commission announced that registrants with a fiscal year ending December 31 will not be required to adopt SFAS No. 123R until January 1, 2006. The Company began expensing stock compensation for new award grants under the Company’s stock compensation plans in accordance with this new standard on January 1, 2005.

Also in December 2004, the FASB issued FASB Staff Position (“FSP”) SFAS No. 109-1, “Application of FASB Statement No. 109, Accounting for Income Taxes, for the Tax Deduction Provided to U.S. Based Manufacturers by the American Jobs Creation Act of 2004” (“FSP 109-1”) and FSP SFAS No. 109-2, “Accounting and Disclosure Guidance for the Foreign Earnings Repatriation Provisions within the American Jobs Creation Act of 2004” (“FSP 109-2”). FSP 109-1 provides guidance on the

Table of Contents

application of SFAS No. 109, "Accounting for Income Taxes," to the provision within the American Jobs Creation Act of 2004 that provides a tax deduction on qualified production activities. Accounting and disclosure guidance is provided in FSP 109-2 for the dividends received deduction on the repatriation of certain foreign earnings to a U.S. taxpayer. The Company is still assessing the impact of this standard on its consolidated financial statements.

Statement of Financial Accounting Standards No. 151, "Inventory Costs, an amendment of ARB No. 43, Chapter 4-Issued November 2004" (SFAS No. 151) is a product of the efforts of the Financial Accounting Standards Board (FASB), to achieve short-term convergence with the International Accounting Standards Board (IASB). SFAS No. 151 clarifies that abnormal amounts of idle facility expense, freight, handling costs and wasted materials (spoilage) should be recognized as current-period charges and requires the allocation of fixed production overheads to inventory based on the normal capacity of the production facilities. This guidance is effective for inventory incurred during fiscal years beginning after June 15, 2005. Earlier application is permitted for inventory costs incurred during fiscal years beginning after November 23, 2004. Management expects that the adoption of this new standard will not materially affect the consolidated financial statements.

CRITICAL ACCOUNTING POLICIES

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect our reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses for the same period. Actual results could differ from those estimates.

The accompanying consolidated financial statements have been prepared on a going concern basis, which assumes continuity of operations and realization of assets and settlement of liabilities in the ordinary course of business. Critical accounting policies that affect the reported amounts of assets and liabilities on a going concern basis include revenue recognition; expense estimates for harbor and towing service charges, insurance claim loss deductibles and employee benefit plans; impairment of long-lived assets and asset capitalization policies.

For a summary of all of our significant accounting policies, see notes 1 and 2 to the accompanying consolidated financial statements.

Revenue Recognition

The primary source of our revenue, freight transportation by barge, is recognized based on percentage of completion. The proportion of freight transportation revenue to be recognized is determined by applying a percentage to the contractual charges for such services. The percentage is determined by dividing the number of miles from the loading point to the position of the barge as of the end of the accounting period by the total miles from the loading point to the barge destination as specified in the customer's freight contract. The position of the barge at accounting period end is determined by locating the position of the boat with the barge in tow through use of a global positioning system. The recognition of revenue based upon the percentage of voyage completion results in a better matching of revenue and expenses.

The recognition of revenue generated from contract rate adjustments flows through the standard process for recognizing earned revenue. The rate adjustment occurrences are defined by contract terms. They typically occur on a monthly or quarterly time period, are based on recent historical inflation measures, including fuel, labor and/or general inflation, and are invoiced at the adjusted rate levels in the normal process of billing.

The recognition of revenue due to shortfalls on take or pay contracts occurs at the end of each declaration period. A declaration period is defined as the time period in which the contract volume obligation was to be met. If the volume was not met during that time period, then the amount of billable revenue resulting from the failure to perform will be calculated and recognized.

Table of Contents

Day rate plus towing contracts have a twofold revenue stream. The day rate, a daily charter rate for the equipment, is recognized for the time period under charter during the period. The towing portion of the rate is recognized once the equipment has been placed on our boat to be moved for the customer.

Revenue from unit tow equipment day rate contracts is recognized based on the number of days services are performed during the period.

Marine manufacturing and harbor service revenue is recognized based on the completed contract method due to the short-term nature of contracts. Losses are accrued if manufacturing costs are expected to exceed manufacturing contract revenue. Terminal, repair and other revenue is recognized as services are provided.

Expense Estimates for Harbor and Towing Service Charges

Harbor and towing service charges are estimated and recognized as services are received. Estimates are based upon recent historical charges by specific vendor for the type of service charge incurred and upon published vendor rates. Service events are recorded by vendor and location in our barge tracking system. Vendor charges can vary based upon the number of boat hours required to complete the service, the grouping of barges in vendor tows and the quantity of man hours and materials required. Our management believes it has recorded sufficient liabilities for these services. Changes to these estimates could have a significant impact on our financial results.

Insurance Claim Loss Deductibles

Liabilities for insurance claim loss deductibles include accruals for the uninsured portion of personal injury, property damage, cargo damage and accident claims. These accruals are estimated based upon historical experience with similar claim incidents. The estimates are recorded upon the first report of a claim and are updated as new information is obtained. The amount of the liability is based on the type and severity of the claim and an estimate of future claim development based on current trends and historical data. Our management believes it has recorded sufficient liabilities for these claim incidents. These claims are subject to significant uncertainty related to the results of negotiated settlements and other developments. As claims develop, we may have to change our estimates, and these changes could have a significant impact on our consolidated financial statements.

Employee Benefit Plans

Assets and liabilities of our defined benefit plans are determined on an actuarial basis and are affected by the estimated market value of plan assets, estimates of the expected return on plan assets and discount rates. Actual changes in the fair market value of plan assets and differences between the actual return on plan assets and the expected return on plan assets will affect the amount of pension expense ultimately recognized, impacting our results of operations. The liability for post-retirement medical benefits is also determined on an actuarial basis and is affected by assumptions including the discount rate and expected trends in health care costs.

Changes in the discount rate and differences between actual and expected health care costs will affect the recorded amount of post-retirement benefits expense, impacting our results of operations. A 0.25% change in the discount rate would affect pension expense by $0.2 million and post-retirement medical expense by $0.03 million, respectively. A 0.25% change in the expected return on plan assets would affect pension expense by $0.3 million. A 5% change in health care cost trends would affect post-retirement medical expense by $0.05 million.

We are self-insured and self-administered for the medical benefit plans covering most of our employees. We estimate our liability for claims incurred by applying a lag factor to our historical claims and administrative cost experience. A 10% change in the estimated lag factor would have a $0.2 million effect on operating income. The validity of the lag factor is evaluated periodically and revised if necessary. Although management believes the current estimated liabilities for medical claims are reasonable, changes in the lag in reporting claims, changes in claims experience, unusually large claims and other factors could

Table of Contents

materially affect the recorded liabilities and expense, impacting financial condition and results of operations.

Impairment of Long-Lived Assets

Properties and other long-lived assets are reviewed for impairment whenever events or business conditions indicate the carrying amount of such assets may not be fully recoverable. Initial assessments of recoverability are based on estimates of undiscounted future net cash flows associated with an asset or a group of assets. These estimates are subject to uncertainty. Our significant assets were appraised by independent appraisers in connection with our application of fresh start reporting on December 31, 2004. As all assets have been stated at their estimated fair value, no impairment indicators were present at June 30, 2005.

Assets and Asset Capitalization Policies

Asset capitalization policies have been established by management to conform to generally accepted accounting principles. All expenditures for property, buildings or equipment with economic lives greater than one year are recorded as assets and amortized over the estimated economic useful life of the individual asset. Generally, individual expenditures less than $1,000 are not capitalized. An exception is made for program expenditures, such as personal computers, that involve multiple individual expenditures with economic lives greater than one year. The costs of purchasing or developing software are capitalized and amortized over the estimated economic life of the software.

Repairs that extend the original economic life of an asset or that enhance the original functionality of an asset are capitalized and amortized over the asset's estimated economic life. Capitalized expenditures include major steel replating of barges that extends the total economic life of the barges, repainting the entire sides or bottoms of barges which also extends their economic life or rebuilding boat engines, which enhances the fuel efficiency or power production of the boats.

Routine engine overhauls that occur on a one- to three-year cycle are expensed when they are incurred. Routine maintenance of boat hulls and superstructures as well as propellers, shafts and rudders are also expensed as incurred. Routine repairs to barges, such as steel patching for minor hull damage, pump and hose replacements on tank barges or hull reinforcements, are also expensed as incurred.

QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Market risk is the potential loss arising from adverse changes in market rates and prices, such as fuel prices, interest rates, foreign currency exchange rates and changes in the market value of financial instruments. We are exposed to various market risks, including those which are inherent in our financial instruments or which arise from transactions entered into in the course of business. A discussion of our primary market risk exposures is presented below.

Fuel Price Risk

For the six months ended June 30, 2005, fuel expenses represented approximately 18% of our operating expenses. A $.01 rise in fuel price would increase our annual operating expense by approximately $0.87 million. Fuel price increases continue to be a source of concern despite our protection from price increases under contract adjustments for approximately 70% of our 2005 revenue. Most contract adjustments are deferred one quarter. We may choose to implement a fuel hedging strategy for the remaining portion of our fuel in the second half of 2005 that is not protected by contract adjustments and we may attempt to increase the frequency of contract adjustments.

Interest Rate and Other Risks

At June 30, 2005, we had $156.1 million of floating rate debt outstanding, which represented the outstanding balance of the asset based revolver, one tranche of the bonds guaranteed by MARAD, the maritime lien notes and tort lien notes. If interest rates on our floating rate debt increase significantly, our cash flows could be significantly reduced, which could have a material adverse effect on our business, financial condition and results of operations. A 1.0% increase in interest rates would increase our cash

Table of Contents

interest expense by approximately $1.6 million annually. We currently have a mix of fixed and floating rate debt and have not entered into hedge agreements to protect against increases in interest rates.

Foreign Currency Exchange Rate Risks

All of our transportation contracts in South America are currently denominated in U.S. dollars. However, many expenses incurred in the performance of such contracts, such as crew wages and fuel, are, by necessity, denominated in a foreign currency. Therefore, we are affected by fluctuations in the value of the U.S. dollar as compared to certain foreign currencies. Additionally, our investments in foreign affiliates subject us to foreign currency exchange rate and equity price risks. The Venezuelan government promulgated new currency control laws in February 2003, which prohibit the direct payment of U.S. dollars to Venezuelan entities by Venezuelan governmental entities and restrict the convertibility of U.S. dollars and Venezuelan bolivar currencies in Venezuela. Because our subsidiary is a Venezuelan corporation, our customer, a state-owned entity, is currently restricted in its ability to pay us in U.S. dollars as provided for under our contract with the customer. We have an arrangement in place intended to minimize our foreign exchange rate risk under this contract whereby the customer pays a third-party, non-Venezuelan entity, who then provides us payment in U.S. dollars after charging a commission ranging from 5% to 8%.

RISK FACTORS AND FORWARD-LOOKING STATEMENTS

This MD&A includes certain “forward-looking statements” that involve many risks and uncertainties. When used, words such as “anticipate,” “expect,” “believe,” “intend,” “may be” and “will be” and similar words or phrases, or the negative thereof, unless the context requires otherwise, are intended to identify forward-looking statements. These forward-looking statements are based on management’s present expectations and beliefs about future events. As with any projection or forecast, these statements are inherently susceptible to uncertainty and changes in circumstances. The Company is under no obligation to, and expressly disclaims any obligation to, update or alter its forward-looking statements whether as a result of such changes, new information, subsequent events or otherwise.

See the risk factors included in “Risk Factors” beginning on page 14 of this prospectus for a detailed discussion of important factors that could cause actual results to differ materially from those reflected in such forward-looking statements and that should be considered in evaluating our outlook.

Table of Contents

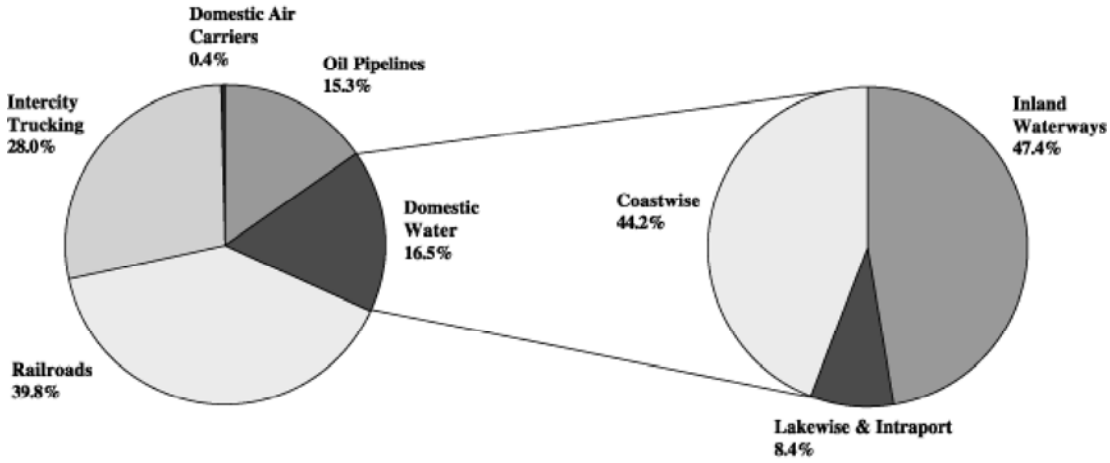
INDUSTRY

OVERVIEW

Domestic waterways are vital to the U.S. freight distribution system. Approximately 3.76 trillion ton-miles of cargo were hauled by the U.S. freight industry in 2001 (the most recent year for which complete data is available), of which 17%, or 621.7 billion ton-miles, was on U.S. waterways. Approximately half of the cargo transported on U.S. waterways, or 294.9 billion ton-miles, was transported on the Inland Waterways in 2001, and we believe freight traffic on the Inland Waterways will continue to increase for the foreseeable future.

Domestic Freight Volume, 2001
(3.76 trillion ton-miles)

Domestic Water Freight Shipping Volume, 2001
(621.7 billion ton-miles)

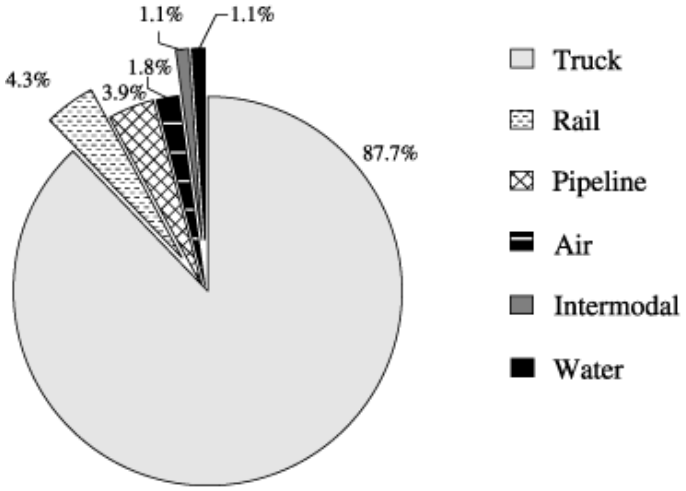


Source: Graphs created by the company based on data from U.S. Bureau of Transportation Statistics.

According to the American Trucking Association, U.S. freight transportation was a $765 billion market by revenue in 2004. We believe that marine freight transportation is well-positioned to absorb surplus freight demand from the truck and rail industries. As manufacturing continues to move offshore, the level of imports flowing into the United States is expected to grow. We believe that increasing port congestion along the western coast of the United States, along with capacity and service issues within the rail industry and driver shortages and new work rules within the trucking industry, all put considerable strain on the capacity of the domestic transportation infrastructure to carry existing and future demand. Given the size of the truck and rail industries, a relatively small shift in market share away from truck or rail could translate into substantial revenue growth for the marine transportation industry.

Table of Contents

2004 U.S. FREIGHT TRANSPORTATION REVENUE BY MODE



Source: Graph created by the company based on data from the American Trucking Association.

Mode Comparison

We believe barge transportation offers several advantages over other modes of transportation. It is one of the most cost-efficient, safest and cleanest methods of moving bulk commodities in the United States. One barge has the carrying capacity of approximately 15 railcars or approximately 58 tractor-trailer trucks and is able to move 514 ton-miles per gallon of fuel compared to 202 ton-miles per gallon of fuel for rail transportation or 59 ton-miles per gallon of fuel for tractor-trailer transportation. On a cost per ton-mile basis, rail transportation is 3.1 times more expensive and truck transportation is 37.0 times more expensive than barge transportation. In addition, when compared to inland barges, trains and trucks produce 3.5 times and 19 times, respectively, the amount of certain smog-causing chemicals when moving equivalent amounts of freight over equivalent distances. According to the U.S. Bureau of Transportation Statistics, barge transportation is also the safest mode of U.S. freight transportation, based on the percentage of fatalities and the number of hazardous materials incidents, fatalities and injuries from 1999 through 2002. Inland barge transportation predominantly operates away from population centers, which generally reduces both the number and impact of waterway incidents.

	Tow	Railcar	Truck
Equivalent units(1)	1 Barge	15 Railcars	58 Trailer trucks
Lowest Cost			
Cost per ton-mile (in cents)(2)	0.72¢	2.24¢	26.61¢
Cost factor compared to barge(2)(3)	1.0x	3.1x	37.0x
Ton-mile per gallon of fuel(4)	514	202	59
Fuel factor compared to barge(3)(4)	1.0x	2.5x	8.7x
Cleanest			
Carbon monoxide(5)	0.2	0.6	1.9
Safest			
Injuries(6)	0.09	21.77	NA

(1) *Source:* Iowa Department of Transportation.

(2) *Source:* Eno Transportation Foundation, *Transportation in America* (19th edition, 2002). Based on revenue per ton-mile by mode in 2001, the most recent year for which data is available.

(3) Calculated by the company.

Table of Contents

(4) *Source:* U.S. Army Corps of Engineers.

(5) *Source:* EPA, Emission Control Lab. Carbon monoxide pollutants (in pounds) produced in moving one ton of cargo 1,000 miles.

(6) *Source:* Allegheny Institute for Public Policy. Injury rate per billion ton-miles.

Inland Barging

The inland barging industry provides marine transportation of bulk commodities. According to estimates for 2004 compiled by the Waterborne Commerce Statistics Center and the U.S. Army Corps of Engineers regarding dry cargo and tank barge tonnage transported, coal was the largest commodity transported (34%), followed by construction-related materials (22%), farm products (grain, soybeans, wheat, ethanol and fertilizers) (15%), petroleum & coal products (15%) and others (14%).

The U.S. inland dry cargo and tank barge industry comprises a diverse mixture of integrated transportation companies and small operators, as well as captive fleets owned by various power-generating, grain, refining and petrochemical companies. The barging industry uses the following types of equipment to move freight: towboats, which provide the power source, and dry cargo and tank barges, which provide the freight capacity. On average, each dry cargo barge is capable of transporting approximately 1,500 tons of cargo. Any combination of a towboat and barges is considered a tow, and usually consists of one towboat and up to 40 barges. The number of barges in a tow will depend upon the horsepower of the towboat, the river capacity and conditions, the load and empty mix of the tow, the direction of travel and the commodity carried.

JONES ACT

Foreign competition in our industry is restricted due to the Jones Act. Under the Jones Act, the non-proprietary marine trade between U.S. ports is reserved for U.S.-owned and organized companies operating U.S.-built, operated and flagged vessels manned predominantly by U.S.-citizen crews. U.S.-flagged vessels are generally required to be maintained at higher standards than foreign-flagged vessels and are supervised, as well as subject to inspections, by or on behalf of the U.S. Coast Guard. Vessels transporting non-proprietary cargoes between ports on the Inland Waterways, where we operate, are required to meet the requirements of the Jones Act.

SUPPLY AND DEMAND DYNAMICS IN THE BARGING INDUSTRY

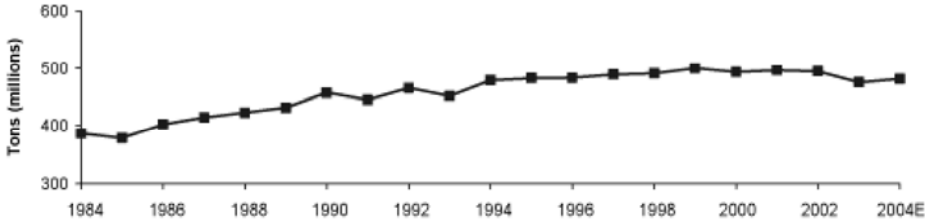
Barge market behavior is driven by the fundamental forces of supply and demand, influenced by a variety of factors including the size of the domestic Inland Waterways barge fleet, local weather patterns and navigation circumstances, domestic and international consumption of agricultural and industrial products, crop production, trade policies and the price of steel.

Dry Cargo Demand on the Inland Waterways

Demand for dry cargo barge transportation services is driven by the production volumes of the dry bulk commodities transported by barge as well as the attractiveness of barging as a means of freight transportation. As is illustrated in the chart below, dry cargo barge volume, as measured by tonnage, has increased by an average of 1.1% per year over the last 20 years. Going forward, overall dry cargo barge volume is projected by Criton to grow at an average of 1.8% per year from 2003 levels through 2009. Overall dry cargo barge demand is driven by the demand for each major commodity group. The following chart shows total tonnage moved on the Mississippi River System over the past 20 years, followed by a discussion of the primary dry cargo commodities.

Table of Contents

HISTORICAL MISSISSIPPI RIVER SYSTEM FREIGHT VOLUME



Source: Waterborne Commerce Statistics Center, U.S. Army Corps of Engineers.

Coal. According to the U.S. Army Corps of Engineers, coal is the barging industry's largest transport commodity, with an estimated 163 million tons of domestic coal moved by barge in 2004. There are three primary sources of demand for coal: utilities (generally more than 80% of total demand, according to Criton), industrial and coke producers, and exports. According to the U.S. Energy Information Administration, over the past few years, demand for coal has increased as a result of increasing global energy requirements and increasing utilization of existing coal fired power generating capacity, which in turn has been driven primarily by the price volatility of alternative fuel sources. Domestic and international demand for metallurgical coal, used to produce coke in the production of steel, has also increased. Coal prices have increased by as much as 135% over the past two years. The high spot and forward prices of natural gas and oil, falling utility stockpiles, constrained rail capacity, increased utilization of existing coal-fired plants, new construction of coal-fired power plant capacity, strong steel demand and the weak dollar are expected to contribute to continued growth in demand for coal in both domestic and export markets.

Construction-Related Materials. According to the Waterborne Commerce Statistics Center, cement, limestone, sand and gravel (collectively, construction-related materials) represent the second largest commodity group transported by barge, with an estimated 105 million tons moved in 2004. Demand for construction commodities is primarily driven by new commercial, industrial and public works construction, which is closely tied to the overall domestic economy. During the 1990s, construction commodities grew by more than 45% to 80.9 million tons in 2000, according to Criton. A rebound in the economy over the last few years, coupled with low interest rates, has led to a resurgence in new construction and, as a result, demand for construction-related materials.

Grain. The United States dominates the world production and export of coarse grain such as corn, soybeans, wheat and sorghum. The majority of U.S. coarse grain exports is moved on the Inland Waterways. According to the Waterborne Commerce Statistics Center, an estimated 74 million tons were moved in 2004 by barge with the vast majority ultimately exported through the Port of New Orleans via the Mississippi River. In addition, U.S. dollar exchange rates and overseas ocean freight rates have an impact on U.S. riverborne grain shipments. Other factors influencing demand for grain freight include harvest yields, which are determined by weather and growing conditions, storage capacity, and changes in population, income and tastes. As a result, grain is a significant driver for the barge industry's overall freight rate structure for dry cargo movements.

The USDA currently forecasts 2004/2005 and 2005/2006 crop year corn exports of 1.825 billion bushels and 1.950 billion bushels, respectively, as compared to corn exports of 1.900 billion bushels for the 2003/ 2004 crop year. Crop years are measured from September 1 through August 31 of the next calendar year. The 2005/ 2006 crop year corn harvest is currently forecast to be approximately 10.6 billion bushels, which is below the record 11.8 billion bushels for 2004/2005 but still would be the second largest crop on record, according to Informa. Continued dry conditions in the corn belt states, particularly Illinois, could further reduce the corn crop production estimate. We believe that the current year corn crop production combined with significant stock still in storage from last year's crop will provide substantial demand for barge freight in the last half of 2005.

Table of Contents

Steel and Other Bulk Commodities. According to the Waterborne Commerce Statistics Center, riverborne shipments of steel materials and other bulk commodities totaled approximately 66 million tons in 2004. Because barging provides a low-cost transportation alternative for high mass/high volume cargoes, many bulk commodity shippers choose barging as their preferred mode of transportation. Other commodities shipped by domestic barges include petroleum coke, fertilizer, aluminum ore, salt, gypsum, fertilizer and forest products.

Liquid Cargo Demand on the Inland Waterways

The production volumes of the bulk liquid commodities transported by barge, as well as the attractiveness of barging as a means of freight transportation, drive demand for inland tank barge transportation services. The demand for domestic tank barges is primarily driven by U.S. demand for refined petroleum products. Bulk liquid petroleum and petroleum products transported include various blends of gasoline, liquid natural gas, asphalt, and fuel oils. Petroleum and petroleum products consist of clean oil products and black oil products. To a lesser extent, various chemicals as well as edible oils, molasses and beverages are transported via tank barges on the Inland Waterways.

Petroleum and Petroleum Products. Clean oil products include motor gasoline, diesel fuel, heating oil, jet fuel and kerosene. Black oil products, which are remnant after clean oil products have been separated from crude oil, include residual fuel oil in the refining process, asphalt, petrochemical feedstocks and bunker fuel. The demand for clean oil products is impacted by vehicle usage, air travel and prevailing weather conditions. Volumes also relate to gasoline inventory balances within the United States. The demand for black oil products varies depending on the type of product transported and other factors, such as oil refinery requirements and turnarounds, asphalt use (which is generally seasonal, with higher volumes shipped during April through November, months where weather allows for efficient road construction), the use of residual fuel oil by electric utilities and bunker fuel consumption.

Liquid Chemicals. Liquid chemicals include such products as styrene, methanol, caustic soda, benzene, hydrocarbons, sodium hydroxide, sulphur, alcohols and liquid agriculture fertilizers. Chemical products are generally used in housing, automobiles, clothing and consumer goods. Bulk chemical volumes typically track the general domestic economy and correlate to the U.S. Gross Domestic Product. Demand for marine transportation of agriculture fertilizer is directly related to domestic nitrogen-based liquid fertilizer consumption, driven by the production of corn, cotton and wheat.

Other Liquid Commodities. Liquid bulk shippers utilize various types of tank barges to transport cargoes such as edible oils due to the economic advantages of barge transportation. The primary products within the edible oil market are soybean oil and molasses. Molasses demand is driven by the cattle market which uses molasses as a feed supplement and the yeast market which uses it in its manufacturing process. Soybean oil is utilized in many human dietary applications as well as the biodiesel market.

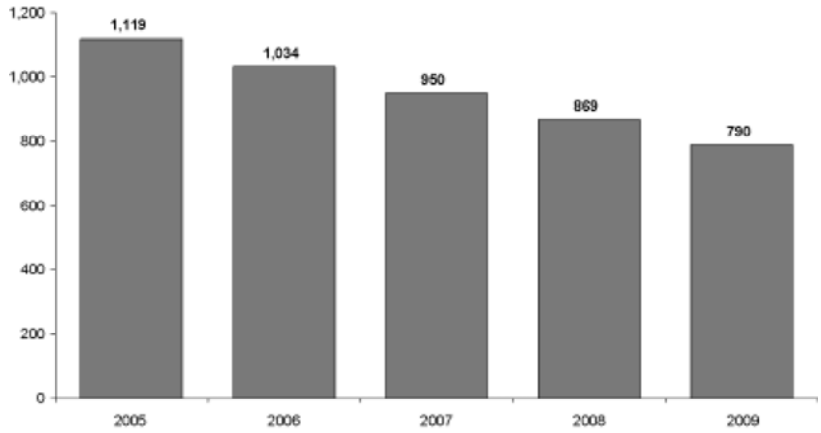
Dry Cargo Barge Supply

According to Criton, approximately 4,700 dry cargo barges are forecasted to be retired from 2005 through 2009. Over this same period of time, approximately 1,400 additional dry cargo barges are forecasted to be required to meet projected tonnage growth. The forecasted retirements and new demand of 6,100 dry cargo barges result in an annual barge construction demand for dry cargo barges ranging from 1,000 to 1,400 per year from 2005 through 2009. We believe that the current construction capacity for production of new dry cargo barges at Jeffboat and other barge manufacturers is approximately 1,100 dry cargo barges per year, assuming no significant increase in barge manufacturing capacity. We also believe that a substantial portion of this capacity is currently devoted to building tank barges, which require substantially more resources to build than dry cargo barges. On average, we believe that a tank barge takes three times more man-hours to build than a dry cargo barge. Thus, we believe, based on our experience, that a build of 100 new tank barges would remove the equivalent of 300 dry cargo barges from the industry's construction capacity.

Table of Contents

According to Informa, there were 21,056 barges operating on the Inland Waterways as of December 31, 2004, of which dry cargo barges represented 87%, or 18,279 barges. Although demand for freight movements has grown at an average annual rate of 1.4%, the industry's capacity as defined by the number of barges has decreased by 8.8% from 1998 through 2004, or by 2,036 barges. The industry fleet size declined as older barges reached the end of their economic useful lives and were not replaced with new barges because freight rates and the high cost of steel did not justify new capital investments. Specifically, during 2004, there was a significant increase in the price of steel, which simultaneously curtailed new dry cargo barge manufacturing and caused barge owners, including us, to scrap older barges. This decline in the industry fleet size has resulted in a better balance of available barges relative to the demand for Inland Waterways freight transportation. We expect that, at least in the near term, new dry cargo barge construction will not keep pace with the combination of the reduction in barge transportation capacity resulting from age-related attrition, demand growth and limited shipyard capacity because a substantial portion of shipyard capacity is currently devoted to building tank barges. However, a significant increase in barge manufacturing capacity, a significant drop in demand for barge transportation or a substantial shift from building tank barges to building dry cargo barges may alter this expectation. For example, if industry demand warrants, we expect to be able to expand our barge production capacity without incurring material capital expenditures.

FORECASTED CURRENT INDUSTRY DRY CARGO BARGE ATTRITION
(OPEN & COVERED DRY CARGO BARGES)

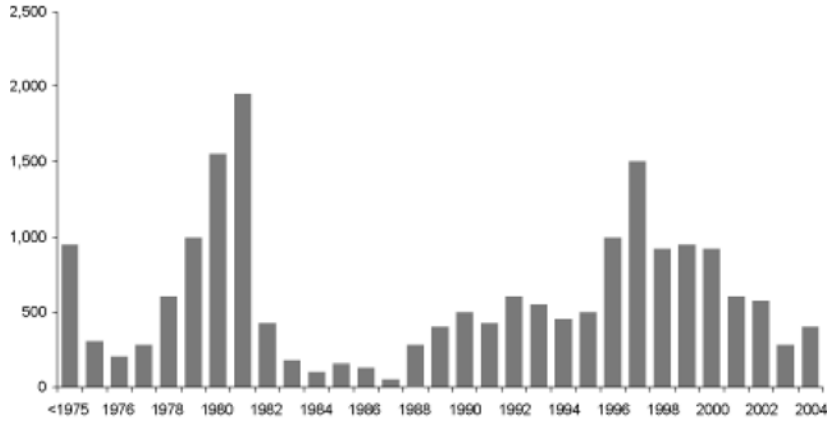


Source: Graph created by the company based on Criton data.

Between 1979 and 1981, investment tax credits and accelerated depreciation encouraged significant manufacturing of new dry cargo barges for investment purposes as opposed to operating purposes. In fact, according to Informa, 4,457 of the approximate 18,200 dry cargo barges in use today, or 24%, were built during that period. As a result, this expansion was followed by a lack of new dry cargo builds until the mid-1990s. When the industry saw improvements in barge freight rates, building resumed between 1996 and 1999. As a result, the current supply of available dry cargo barges resembles a V-shaped curve, with 37% of the industry's dry cargo fleet built in 1981 or earlier (24 years or older), and 38% of the dry cargo fleet built in 1996 or later (nine years or younger). According to Informa, as of year end 2004, the average age of the industry's dry cargo barges in operation was 15.8 years. We estimate the average economic useful life of a dry cargo barge to be between 25 and 30 years.

Table of Contents

DRY CARGO BARGES CURRENTLY IN OPERATION BY YEAR OF CONSTRUCTION
1975-2004



Source: Graph created by the company based on Informa data.

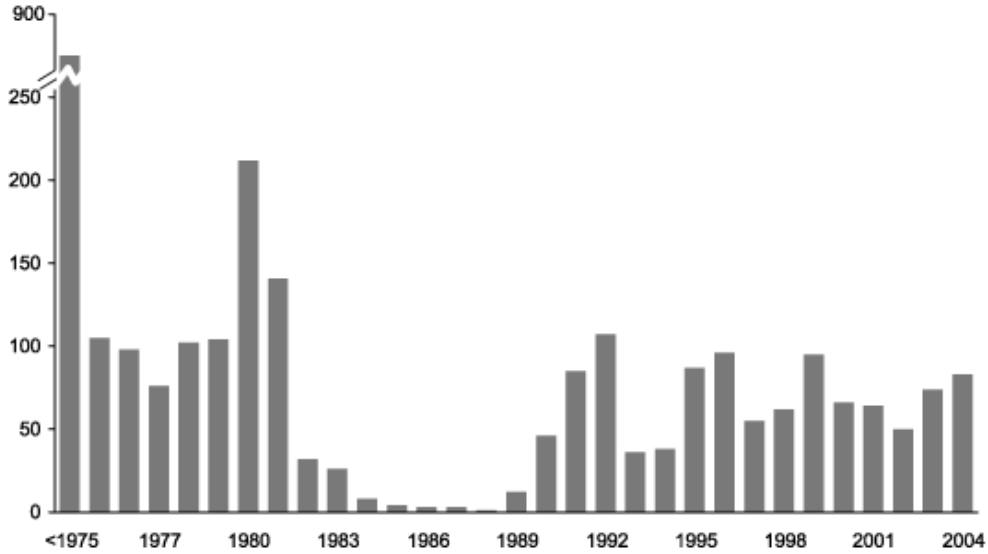
Liquid Tank Barge Supply

According to Informa, liquid cargo barges comprised 13%, or 2,777 barges, of the 21,056 barges operating on the Inland Waterways as of December 31, 2004. We estimate the average economic useful life of a tank barge to be between 30 and 35 years. According to Mannsville Chemical Products Corporation, approximately 91% of the production capacity of commodities transported by tank barge is located on the Inland Waterways. Liquid cargo transportation has historically provided higher margins with less volatile rate levels.

To date, higher steel prices have not affected the demand for tank barges at Jeffboat. Demand for double-hull tank barges is driven by a combination of market bias against single-hull tank barges, stringent environmental regulations and rising maintenance costs on the industry's existing single-hull fleet. Single-hull barges are required by current federal law to be retrofitted with or replaced by double hulls or phased out by 2015. Our entire existing tank barge fleet is double-hulled, and substantially all of our tank barge fleet complies with the October 2007 U.S. Coast Guard deadline for installing tank level monitoring devices.

Table of Contents

TANK BARGES CURRENTLY IN OPERATION BY YEAR OF CONSTRUCTION
1975-2004



Source: Graph created by the company based on Informa data.

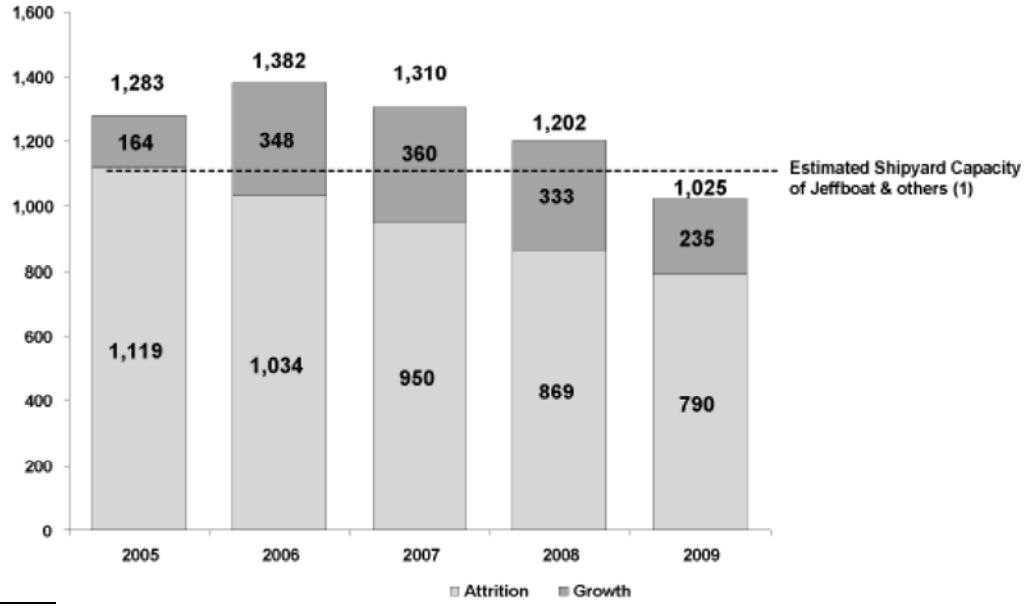
CAPACITY

During the industry's historical peak building years of 1979 through 1981, there were 4,457 dry cargo barges built, or 24% of the industry's current dry cargo barge fleet. Since the peak in 1981, several shipyards, with an estimated combined capacity of 750 to 900 barges per year, have ceased operations. Other shipyards that previously built barges now specialize in building offshore supply vessels, U.S. Navy and U.S. Coast Guard vessels, and equipment to support the offshore oil industry. With the new Homeland Security requirements, and the activity in the oil patch with crude oil prices in the $50 to $60 per barrel range, we believe that these shipyards are significantly utilized with their core vessel production, which does not include barge construction. Today we believe that, under their current configurations, Jeffboat has the capacity to produce approximately 400 dry cargo barges per year, that Trinity Industries Inc. has the capacity to produce approximately 500 dry cargo barges per year, and that other small shipyards could produce approximately 200 dry cargo barges per year, for an industry total of 1,100 dry cargo barges per year, assuming no significant increase in barge manufacturing capacity.

The following chart illustrates the projected dry cargo barge attrition levels provided by Criton and an estimate of barges required to meet the projected annual growth rate of 1.8%. At the end of 2004, the industry's dry cargo barge fleet size totaled 18,279. Based on a 1.8% growth rate and the 2004 year-end dry cargo barge total of 18,279, an additional 329 dry cargo barges per year would need to be added to the existing industry fleet size to accommodate the projected growth through 2009. Over the same period, approximately 27% of the industry's current dry cargo barge fleet is expected to be retired. Based on our industry assessment, we believe that less than 100 new dry cargo barges will be built in 2005 and we estimate that less than 500 new dry cargo barges will be built in 2006 and that the balance of the current industry manufacturing capacity will be utilized to build tank barges. We also believe that barge transportation companies, including us, will attempt to extend the life of their older barges as long as possible given the positive rate environment. By increasing maintenance and repair expenditures on barges older than 25 years, the useful economic life of a barge may be prolonged by one to two years.

Table of Contents

DRY CARGO BARGE ATTRITION AND NEW BUILD REQUIREMENTS
2005-2009



(1) We estimate current industry shipyard capacity to be approximately 1,100 dry cargo barges per year. These projections assume no increase in current barge manufacturing capacity.

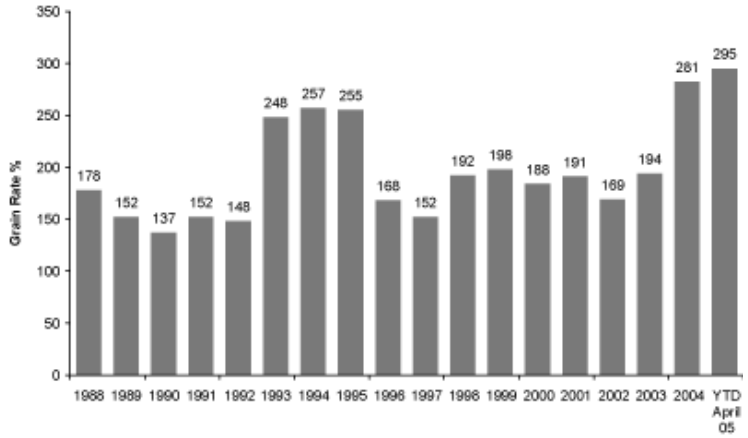
Source: Graph created by the company based on Criton data.

RATES

Rates are a direct correlation between the demand for transportation on the Inland Waterways system and the supply of barges available to transport the demand. Additionally, rates for the barging industry are highly dependent on grain, which is a proxy for the rest of the market. As illustrated in the Annual Average Mid-Mississippi Grain Rate chart below, grain freight rates have risen steadily over the past two years and into 2005, as measured by a percent of tariff. The term "tariff" refers to the benchmark rates for grain transportation from various points along the Mississippi River System last published by the former Waterways Freight Bureau in 1976. Freight rates for grain transportation are quoted as a percentage of those benchmarks. Therefore, a freight rate for grain quoted at 200% would represent a price of twice the benchmark rate per ton for that loading point. The benchmarks most frequently used are the rates per ton from various loading points to Gulf Coast storage or transfer facilities between New Orleans and Baton Rouge. The 231% weekly average rates for 2004 represented the strongest year since 1995 and the second strongest year in the 17-year analysis.

Table of Contents

ANNUAL AVERAGE MID-MISSISSIPPI GRAIN RATES AS PERCENT OF TARIFF
1988-2005



(1) Includes the effect of increased fuel prices. Our fuel costs per gallon have increased 60% from the beginning of 2004 through April 2005.

Source: Informa.

The seasonal high for grain freight rates usually occurs prior to and during a grain harvest, as more grain enters the river system for transportation before the closing of the upper Mississippi River to navigation for the winter. The seasonal low usually occurs during late winter and early spring after the re-opening of the upper Mississippi River to navigation. Between 1996 and 2003, the fall rate has averaged 205% compared to the average spring rate of 161%. Rates for tank barges are privately negotiated and are not readily available.

Table of Contents

BUSINESS

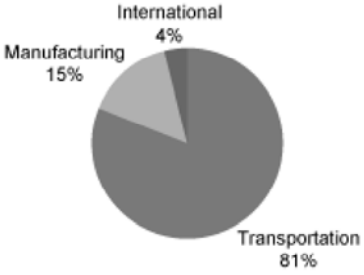
OVERVIEW

We are one of the largest and most diversified marine transportation and service companies in the United States, providing barge transportation and related services under the provisions of the Jones Act, as well as the manufacturing of barges, towboats and other vessels. We are the second largest provider of dry cargo barge transportation and liquid cargo barge transportation on the Inland Waterways, accounting for 15.7% of the total inland dry cargo barge fleet and 13.6% of the total inland liquid cargo barge fleet as of December 31, 2004. Our manufacturing subsidiary, Jeffboat, is the second largest manufacturer of dry cargo and tank barges in the United States.

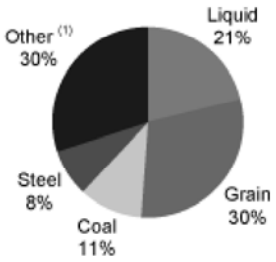
As of June 30, 2005, within our domestic fleet, we operated 3,197 barges and 124 towboats owned by us, with an additional 23 towboats operated exclusively for us by third parties. Our barges included approximately 2,493 covered dry cargo barges, 339 open dry cargo barges and 365 tank barges, which are used to transport liquid cargoes. All of our tank barges meet or exceed current U.S. Coast Guard requirements for double-hull modifications. We provide additional value-added services to our customers, including third-party logistics through our BargeLink LLC joint venture, and we are beginning to provide container handling services between Chicago and New Orleans. Our operations incorporate advanced fleet management practices and information technology systems, including our proprietary *RiverTrac* real-time GPS barge tracking system, which allow us to effectively manage our fleet. We also operate on the Orinoco River in Venezuela and the Higuamo River in the Dominican Republic through our international subsidiaries.

Our dry cargo barges transport a wide variety of bulk and non-bulk commodities. In 2004, grain was our largest cargo segment, accounting for 30% of our barging revenue, followed by coal, steel and other bulk commodities. We also transport chemicals, petroleum, edible oils and other liquid commodities through our fleet of tank barges, accounting for approximately 21% of our 2004 barging revenue.

FY 2004 REVENUE BY OPERATION



FY 2004 TRANSPORTATION REVENUE BY CARGO



(1) "Other" includes fertilizer, salt, alumina, cement and general construction materials.

OUR COMPETITIVE STRENGTHS

We believe that we have the following strengths that give us a competitive advantage in our markets:

- *Market Position.* We are a leading provider of barge transportation and the largest provider of covered dry cargo barge transportation on the Inland Waterways, with significant positions in grain and bulk cargo shipments. In addition, we are the second largest provider of total dry cargo barge transportation and liquid cargo barge transportation on the Inland Waterways. We believe that this diversity provides us with significant competitive advantages in servicing our customers' needs because it allows us to benefit from economies of scale and to enhance the optimal utilization of our fleet. More than 77% of our barges are

Table of Contents

covered dry cargo barges, which gives us the flexibility to transport multiple commodity types and allows us to take advantage of market opportunities.

- *Fleet.* We believe our large covered dry cargo fleet gives us a unique position. We are able to service the transportation needs of customers requiring covers to ship and protect their products, while retaining the flexibility to shift this substantial covered cargo capacity to compete in the open dry cargo barge market simply by storing the barge covers. Carriers that have barges designed only for open dry cargo barge service cannot easily retrofit their fleet with covers without significant expense, time and effort. In addition, we are able to fully utilize our available towboat power by integrating our dry cargo and tank barges with our significant fleet of towboats, which helps us achieve better delivery times to upriver locations for our liquid cargo customers. We seek to optimize the profitability of each barge trip by selectively transporting freight to locations where the barge can be reloaded with a minimum amount of re-positioning.

- *Customer Relationships.* We have a strong and diverse customer base that includes several of the leading industrial and agricultural companies in the United States. We strive to establish long-term relationships as a key business partner with our customers by providing reliable service and meeting or exceeding customer expectations. Many of our largest customers have been doing business with us for more than 20 years. In many cases, these relationships have resulted in multi-year contracts that feature predictable tonnage requirements or exclusivity, allowing us to plan our logistics more effectively.

- *Barge Manufacturing.* Through Jeffboat, we are the second largest manufacturer of barges in the United States. Jeffboat manufactures barges and other vessels and has long employed advanced inland marine technology. Historically, our barging operation has been one of Jeffboat's significant customers, and we believe that the synergy created by our barging operation and Jeffboat's manufacturing and repair capabilities is a competitive advantage. For example, we are able to optimize manufacturing schedules and asset utilization with internal requirements and sales to third-party customers. Furthermore, Jeffboat's engineers collaborate with our barging operations personnel on innovations that enhance barge life and towboat performance. Our vertical integration also gives us visibility into the supply of new barges being constructed and placed into domestic transportation service. As of June 30, 2005, the Jeffboat vessel manufacturing backlog for external customers was approximately $188 million of contracted revenue, approximately 76% of which consisted of contracts for delivery in 2005 or 2006. The backlog extends into 2008. We believe several operators are currently replacing their single-hull tank barges with double-hull tank barges in order to comply with legal requirements and to respond to market demand. We believe that replacement demand for dry cargo barges will accelerate across the industry and we expect to participate in meeting this increased demand. If industry demand warrants, we expect to be able to expand our barge production capacity without incurring material capital expenditures.

- *Management.* We have recently added several key members of senior management, including our president and chief executive officer Mark R. Holden, who joined us in January 2005, bringing extensive experience and relationships in the transportation industry. The new members of management bring to the company professional skill sets and experiences from a variety of industries, including banking, manufacturing, aerospace, electronics and trucking. We believe the new members of management when combined with the industry veterans retained by the company establish a superior management team that will improve our competitive position. Our management team has an average of 21 years of transportation industry experience.

Table of Contents

OUR BUSINESS STRATEGY

We intend to capitalize on favorable industry trends and focus on improving profitability by pursuing strategies that include the following:

- *Increase Penetration Rates and Improve Yields.* We believe that we have an opportunity to increase our penetration rates with our existing customers. In addition, we believe that we have an opportunity to increase the profitability of our relationships by improving our contract rates, terms and conditions as a result of the strong demand for cargo transportation and reduced supply that currently exists within the Inland Waterways industry. Our goal during contract renewals will be to increase such terms as frequency of fuel adjustments, fuel surcharges for northbound traffic and charges for reconsignment. In addition, we will seek to establish minimum volumes and pass-through factors for port service cost increases, excess weather, channel and lock delays as well as to reduce free time days. Approximately 80% of our freight capacity is currently under contract, with the remaining 20% reserved for spot market transactions. We expect to shift more of our business toward the spot market in the near term to capitalize on the shifting supply/demand fundamentals in our industry. We anticipate increasing the amount of spot market transactions from approximately 20% in 2005 to approximately 30% in 2006.

- *Invest in our Fleet.* We will continue to invest in our fleet, including in new barges built by Jeffboat to replace retiring barges. We believe that investing in our fleet will give us a competitive advantage in generating additional revenue while reducing operating costs, maintaining high quality standards and improving fleet efficiencies, particularly through lower barge repair expenditures. Six consecutive years of net declines in the industry's dry cargo barge fleet have reduced excess capacity and created a more positive pricing environment for participants in the barging industry, including us. Further, a substantial portion of the barge manufacturing industry's current capacity is devoted to building tank barges. We believe that, as a result, the barge manufacturing industry does not have the current capacity to meet projected replacement demand for new dry cargo barge construction over the next five years, as the large number of dry cargo barges built between 1979 and 1982 reach the end of their economic lives. We believe that, in the absence of a significant increase in barge manufacturing capacity, a substantial shift from building tank barges to building dry cargo barges or a significant drop in demand for barge transportation, inland dry cargo barge transportation rates will continue to benefit from the differential between replacement demand for new dry cargo barge construction and the production capacity available to fulfill that demand.

- *Reduce Costs and Improve Productivity.* We will identify opportunities to reduce costs, improve productivity and streamline operations. We announced a 23% reduction in administrative headcount on June 6, 2005, comprised of 115 positions, which we expect to result in approximately $8 million in gross annual cost savings. We will continue to simplify and streamline our business processes in order to further lower operating costs. We intend to continue to increase equipment efficiency and utilization to achieve a better balance between inbound and outbound traffic by concentrating on our core river segments to decrease traffic on high-cost, low-density river segments. We expect that this focus on increased density will improve our capacity utilization and profitability.

- *Position Jeffboat for Growth.* Given accelerating replacement demand, Jeffboat provides us with a unique opportunity to further profit from the barging industry's need for dry cargo barges to replace the estimated 27% of the current fleet that is expected to be retired over the next five years. As one of only two major manufacturers of barges at present, we believe Jeffboat is well-positioned to take advantage of the replacement cycle demand. Our goal is to enter into new manufacturing contracts with better margins than we were able to achieve during the softer build period of the past five years. Furthermore, we have recently begun to

Table of Contents

implement various lean manufacturing process changes at Jeffboat, which should increase our manufacturing efficiency and lower operating costs. Labor, fringe benefits and overhead currently comprise more than 40% of our manufacturing cost per barge. We believe the combination of increased volume from the replacement cycle, improved pricing on future new builds and the implementation of lean manufacturing initiatives at Jeffboat will provide us with an increased earnings contribution from Jeffboat.

- *Expand into New Markets.* We plan to capitalize on our management's relationships in both the rail and trucking industries to capture new and attractive growth opportunities for transporting more freight. We believe the marine transportation industry is well-positioned to grow its share of the transportation market given its low cost, safety and environmental record. We believe that the inland marine industry will continue to consolidate and we may evaluate opportunities to participate in such consolidation. We also intend to begin evaluating opportunities to invest greater research and design capabilities into our core products, particularly related to the design and manufacturing of barges produced at Jeffboat.

- *Build a Strong Balance Sheet.* We intend to reduce our leverage in order to establish greater financial flexibility to pursue attractive market opportunities in support of our growth strategy. We plan to use our net proceeds from this offering to strengthen our balance sheet by paying down a portion of our outstanding indebtedness. We expect that our total debt will be reduced by approximately $130 million, which would reduce our total indebtedness after the offering to approximately $247 million. In the future, we expect to use cash from operations and to reborrow under our asset based revolver or to make other borrowings to reinvest in our barge fleet and to take advantage of market opportunities.

SALES & MARKETING

Barge Transportation Services. We manage a sales and marketing team of 15 employees located at our headquarters in Jeffersonville, Indiana. Our senior sales and marketing professionals in Jeffersonville are responsible for developing sales and marketing strategies and are closely involved in servicing the freight transportation needs of our largest customers. All pricing activities are also centrally coordinated from our headquarters, enabling us to effectively manage our customer relationships. The marketing team located in Jeffersonville is responsible for providing appropriate market intelligence and direction to the domestic and international sales organizations.

Our organizational structure of combined logistics and sales ensures close and direct interaction with customers on a daily basis. Our sales and logistics professionals have extensive industry experience and continuity of core customer relationships, in many cases spanning over 10 years. We believe that this combination of overlapping liquid and dry sales patterns contributes to our operating efficiencies and frequency of service. The breadth and depth of our customer relationships is the principal driver of repeat business from our customers. We further believe that our long-standing customer relationships and our combined selling efforts enable us to forge customer relationships which provide us with a distinct competitive advantage.

Our annual freight sales program is built around our fleet composition and our desired patterns of loadings into and out of the various river segments. In general, we seek to sell cargoes into and out of districts to create a balanced pattern of overlapping liquid and dry cargo barge trips in traffic lanes that create density and reduce unit costs. The sales department seeks to create and maintain a portfolio of customers to support that strategy. As new business is developed and existing contracts are renewed, a forward contract book is maintained and reviewed. The forward contract book is a projection of the expected patterns and quantities of shipments under contract. We use the forward contract book to project revenue, to balance patterns and to make freight selling decisions.

Manufacturing. Our Jeffboat sales and marketing effort is directed by a staff of two sales representatives and a senior estimator. This team has extensive industry experience and manages ongoing

Table of Contents

relationships with our entire customer base, ensuring that a constructive flow of market information is maintained. After technical discussions with customers take place, we prepare detailed estimates for each quotation. Our quotations are specific to each customer request, with clearly defined terms and conditions. The sales team manages follow-up bid and contract negotiations, as well as ongoing customer relations during the construction period.

CUSTOMERS

Barge Transportation Services. Our primary barging customers include many of the major industrial and agricultural companies in the United States. Our relationships with our top ten customers have been in existence for between five and 30 years. We enter into a wide variety of contracts with these customers, ranging from spot single movements to renewable one-year contracts and multi-year extended contracts. In many cases, these relationships have resulted in multi-year contracts that feature predictable tonnage requirements or exclusivity, allowing us to plan our logistics more effectively.

In 2004, our largest customer, Cargill, Incorporated, accounted for approximately 13% of our revenue, and our largest ten customers accounted for approximately 37% of our revenue. We have many long-standing customer relationships, including Alcoa, Inc.; BASF Corporation; Bunge North America, Inc.; the Agricultural Division of ConAgra Trade Group, Inc.; the David J. Joseph Company; Holcim (U.S.) Inc.; Lyondell Chemical Company; The Mosaic Company (formerly IMC); North American Salt Company; Nova Chemicals, Inc.; NRG Energy, Inc.; PPG Industries, Inc.; Shell Chemical Company; and United States Steel Corporation, with some of these relationships extending more than twenty-five years.

As of June 30, 2005, approximately 80% of our barging revenue was derived from customer contracts that vary in duration but generally are one to three years in length. Generally, our one-year or shorter contracts are priced at the time of execution, which we refer to as the spot market. With one exception, our multi-year contracts are set at a fixed price, with adjustment provisions for fuel, and in most cases inflation, which increases the stability and profitability of revenue. With one exception, grain is not covered by multi-year contracts. Approximately 66% of our projected capacity for 2006 (of which we expect 20-30% will be reserved for spot market transactions) will be repriced in the last six months of 2005 for contract periods beginning in 2006. As a result of the supply and demand imbalance for barge capacity, particularly dry cargo barge capacity, freight rates have increased significantly during the past twelve months and are expected to continue to increase, although we can make no assurance that they will do so. Current spot market freight rates are 10-15% higher than the contract rates we negotiated in late 2004. During the upcoming contract renewal season, we will focus on improving our contract rates and terms and conditions to increase the stability and profitability of revenue.

Manufacturing. The primary third-party customers of our barge and other vessel manufacturing subsidiary, Jeffboat, are other operators within the inland barging industry. Because barge and other vessel manufacturing requirements for any one customer are dependent upon the customer's specific replacement and growth strategy, and due to the long-lived nature of the equipment manufactured, Jeffboat's customer base varies from year to year. Our barging business is a significant customer of Jeffboat. In 2004, our domestic barging segment accounted for 1.3% of Jeffboat's revenue. In the first six months of 2005, our domestic barging segment accounted for 9.5% of Jeffboat's revenue.

CONTRACTS

Barge Transportation Services. Our freight contracts are typically matched to the individual requirements of the shipper depending on the shipper's need for capacity, specialized equipment, timing and geographic coverage. The most typical contract in both the dry and liquid commodity segments is the affreightment contract, where the carrier provides a single barge movement from one origin to one destination for a fixed price per ton or barrel loaded. Generally, when the contract covers a few barge trips over a short period of time, it is referred to as "spot." Grain cargoes move almost exclusively as spot contracts and are typically priced at the time of the booking.

Table of Contents

Affreightment contracts that extend beyond six months are generally referred to as "term" contracts and typically include rate adjustments for fuel costs and sometimes for labor and general inflation. Other bulk and steel commodities and most liquid commodities move under term contracts. Such contracts may cover 100% of the shipper's needs or, in some cases, shippers use multiple carriers to cover their transportation requirements.

Contracts that provide for a minimum level of service are generally referred to as fixed volume, "take or pay" or "dedicated service contracts." A "take or pay" contract requires the shipper to tender a minimum tonnage over a defined period, suffering a "deadfreight" penalty for failure to meet the minimum volume level. Under "take or pay" contracts, we typically provide a fixed amount of equipment and dedicate it to providing the required level of service. Electric utility contracts generally use "take or pay" agreements to ensure an adequate supply of inventory. These contracts usually run for many years and have adjustment clauses for fuel, labor and inflation.

Our dedicated service contracts typically provide for dedicated equipment specially configured to meet the customer's requirements for scheduling, parcel size and product integrity. The contract may take the form of a "consecutive voyages" affreightment agreement, under which the customer commits to loading the barges on consecutive arrivals. Alternatively, the contract may be a "day rate plus towing" agreement under which the customer essentially charters a barge or set of barges for a fixed daily rate and pays a towing charge for the movement of the tow to its destination. A "unit tow" contract provides the customer with a set of barges and a boat for a fixed daily rate, with the customer paying the cost of fuel. Chemical shippers typically use dedicated service contracts to ensure reliable supplies of specialized feedstocks to their plants. Petroleum distillates and fuel oils generally move under "unit tow" contracts. Many dedicated service customers also seek capacity in the spot market for peaking requirements.

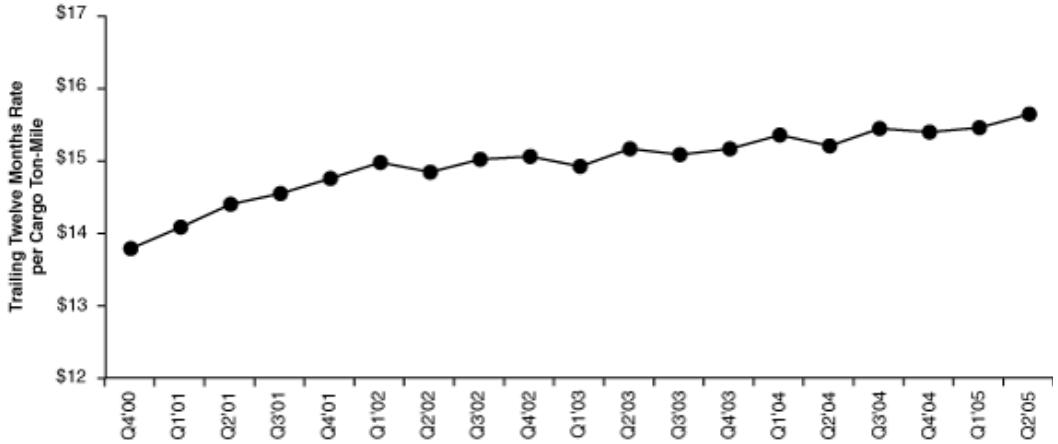
All major contract renewals and new requests for proposals are reviewed by the Business Evaluation Team, or BET, prior to offering or serious negotiation. The BET is a cross-functional team, made up of Sales, Logistics, Operations, Finance and Legal personnel to evaluate each major business opportunity of 500,000 tons or more. This team reviews cost and execution assumptions to ensure the business fits traffic patterns and increases lane density. The team also establishes parameters for contract terms and accesses equipment requirements versus availability. The main objective of the BET process is to maximize the return on assets for any contract business.

The status of our contract renewals is reviewed not less than semi-monthly by our Senior Vice President, Sales and Marketing along with our Chief Executive Officer, Chief Financial Officer and Chief Operating Officer.

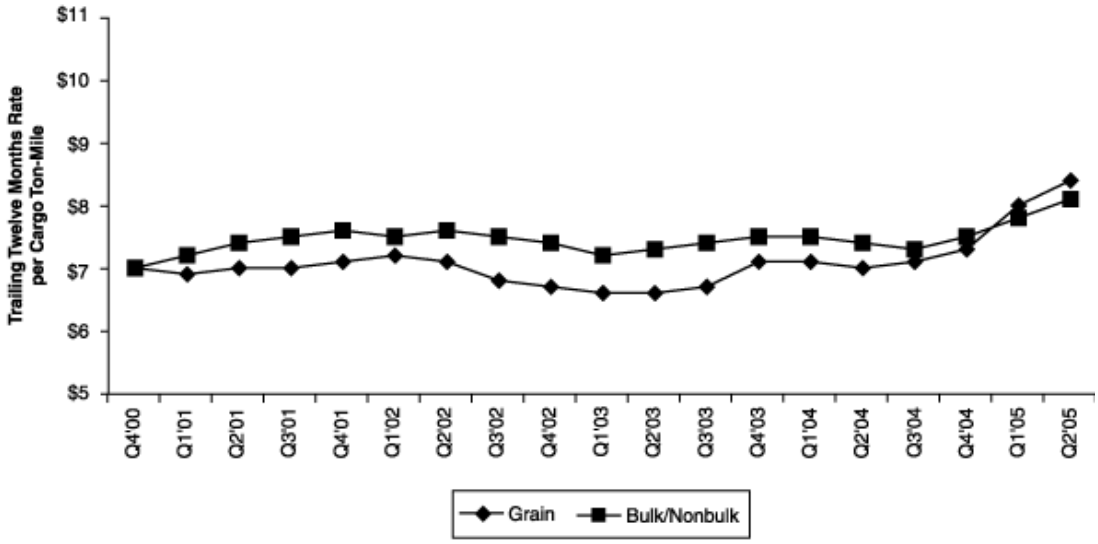
Table of Contents

The following charts illustrate our pricing trends for liquid and dry cargo by quarter since the fourth quarter of 2000:

**ACL LIQUID CARGO RATES BY QUARTER — FUEL-NEUTRAL*
FOURTH QUARTER 2000 THROUGH SECOND QUARTER 2005**



**ACL GRAIN AND BULK CARGO RATES BY QUARTER — FUEL-NEUTRAL*
FOURTH QUARTER 2000 THROUGH SECOND QUARTER 2005**

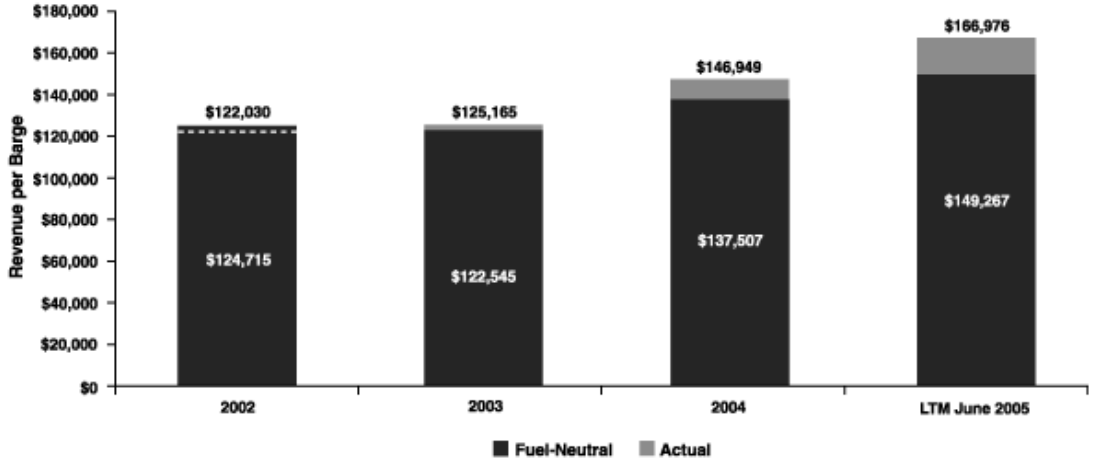


* Fuel-neutral adjustments are applied to both contract and spot barging revenue. The adjustment is based on the percentage increase in our average fuel prices since 2000 multiplied by our estimated fuel cost as a percentage of revenue. While customer contract rates are adjusted for fuel, there is no direct correlation between spot market rates and fuel price.

Table of Contents

The following chart illustrates our actual and fuel-neutral revenue per barge for the fiscal years from 2002 through 2004, as well as the twelve months ended June 30, 2005:

ACL REVENUE PER BARGE, ACTUAL AND FUEL-NEUTRAL*



* Fuel-neutral adjustments are applied to both contract and spot barging revenue. The adjustment is based on the percentage increase in our average fuel prices since 2001 multiplied by our estimated fuel cost as a percentage of revenue. While customer contract rates are adjusted for fuel, there is no direct correlation between spot market rates and fuel price.

Manufacturing. At June 30, 2005, the Jeffboat vessel manufacturing backlog for external customers was approximately $188 million of contracted revenue, approximately 76% of which consisted of contracts for delivery in 2005 or 2006. The backlog extends into 2008. The contracts in the backlog typically contain steel price adjustments. Because of the volatile nature of steel prices, we pass on the cost of steel used in the production of our customers' barges back to our customers. Therefore, at the time of construction, the actual price of steel may result in contract prices that are greater than or less than those used to calculate the backlog at the end of the first quarter of 2005. This backlog excludes our internal planned construction of replacement barges. While the high price of steel has curtailed construction of new dry cargo barges over the past 18 months, demand for tank barges remains strong. A significant driver in this market is the demand to replace all single-hull tank barges with double-hull tank barges. By federal law, single-hull tank barges will not be allowed to operate after 2015. All of our tank barges have double hulls.

The price we have been able to charge for Jeffboat production has fluctuated historically based on a variety of factors including the cost of raw materials, the cost of labor and the demand for new barge builds compared to the barge manufacturing capacity within the industry at the time. Steel is the largest component of our raw materials, representing 50% to 60% of the raw material cost, depending on barge type. We have recently begun to increase the pricing on our barges, net of steel costs, in response to increased demand for new barge construction. We plan to continue increasing the pricing on our barges, net of steel, in conjunction with the expected additional demand for new barge construction going forward. If demand for new barge construction diminishes going forward, we may not be able to increase pricing over our current levels.

SEASONALITY

Historically, grain has experienced the greatest degree of seasonality among all the commodity segments, with demand generally following the timing of the annual harvest. Demand for grain movements varies by region, following the timing and rate of harvest. The demand for grain movement generally

Table of Contents

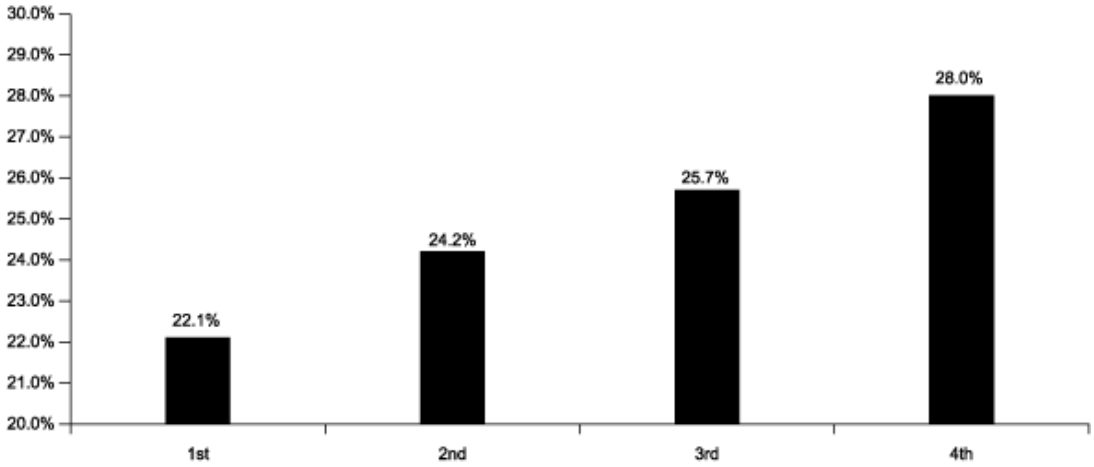
begins around the Gulf Coast and Texas regions and the southern portions of the Lower Mississippi River, or the Delta area, in late summer of each year. The demand for freight spreads north and east as the grain matures and harvest progresses through the Ohio Valley, the Mid-Mississippi River area, and the Illinois River and Upper Mississippi River areas. System-wide demand generally peaks in the mid-fourth quarter and tapers off through the mid-first quarter, when traffic is sometimes limited to the Ohio River after the Illinois and/or Upper Mississippi Rivers close for the winter.

Fertilizer movements are timed for delivery prior to annual planting, generally moving from late August through April. Salt movements are heaviest in the winter, when the need for road salt in cold weather regions drives demand, and are more ratable throughout the balance of the year as stockpiles are replaced. Overall demand for other bulk and liquid products delivered by barge is more ratable throughout the year.

With respect to our Venezuelan operations, transportation is limited to the period between mid-May and December, when the Orinoco River has a water level sufficient for navigation. As a result, our revenue stream coincides with this period of operation.

Our revenue stream throughout the year reflects the variance in seasonal demand, with revenue earned in the first half of the year historically lower than those earned in the second half of the year. Additionally, we generally experience higher expenses in the winter months, because winter conditions historically result in higher costs of operation and reduce equipment demand, which permits scheduling major boat maintenance.

% ANNUAL BARGING REVENUE PER BARGE BY CALENDAR QUARTER
AVERAGE FOR YEARS 2000-2004



FLEET

Domestic Barge Transportation Services. As of June 30, 2005, our total domestic barge fleet was comprised of 3,197 barges, consisting of 2,493 covered dry cargo barges, 339 open dry cargo barges and 365 tank barges. We operate 738 of these dry cargo barges and 36 of these tank barges pursuant to charter agreements. The charter agreements have terms ranging from one to fifteen years. Generally, we expect to be able to renew or replace our charter agreements as they expire. Our entire existing tank barge fleet is double-hulled, and substantially all of our tank barge fleet complies with the October 2007 U.S. Coast Guard deadline for installing tank level monitoring devices. As of December 31, 2004, the average age of our dry cargo barges was 19.8 years, and the average age of our tank barges was 22.4 years.

Table of Contents

FORECASTED DRY CARGO ATTRITION — ACL AND INDUSTRY
(OPEN & COVERED BARGES)

	Forecasted Industry Attrition	Forecasted ACL Attrition
2005	1,119	59
2006	1,034	112
2007	950	153
2008	869	170
2009	790	209
Total	4,762	703
Fleet Size at December 31, 2004(1)	17,689	2,500
Attrition as % of Total Fleet Size at December 31, 2004	26.9%(2)	28.1%

(1) Projected. Excludes specialized equipment such as deck barges used to move highly specialized cargoes.

(2) Assuming that, by the end of 2009, all dry cargo barges over 30 years of age have reached the end of their economic life, 4,762 dry cargo barges, or 27% of the industry dry cargo barge fleet, will be retired over the next five years.

Source of industry data: Criton.

Towboats. As of June 30, 2005, power for our domestic barge fleet was provided by 124 towboats owned by us and 23 additional towboats operated exclusively for us by third parties. The size and diversity of our towboat fleet allows us to deploy our towboats to the portions of the Inland Waterways where they can operate most effectively. For example, our towboats with 9,000 horsepower or greater typically operate with tow sizes of as many as 40 barges along the Lower Mississippi River, where the river channels are wider and there are no restricting locks and dams. Our 5,600 horsepower towboats predominantly operate along the Ohio, Upper Mississippi and Illinois Rivers, where the river channels are narrower and restricting locks and dams are more prevalent. We also deploy smaller horsepower towboats for shuttle and harbor services.

International Barge Transportation Services. In addition, as of June 30, 2005, our international subsidiary operated 120 dry cargo barges and 7 towboats in Venezuela, and 6 barges and one towboat in the Dominican Republic. At that date, we operated 20 of the barges in Venezuela pursuant to charter agreements. The charter agreements have expiration dates ranging from one to five years. We expect to be able to renew these charter agreements as they expire.

OPERATIONS

We operate our business through our domestic barge transportation services, manufacturing (Jeffboat) and international subsidiaries. Our transportation operations make up one of the largest and most diversified barge transportation companies in North America. We transported approximately 45 million tons of cargo in 2004 to domestic markets. Our barging operations are complemented by our marine repair, maintenance and port services (e.g., fleeting, shifting, repairing and cleaning of barges and towboats), our coal transfer terminal located on the Mississippi River in St. Louis, Missouri and our liquid terminal located in Memphis, Tennessee. In addition, we provide logistics services in partnership with our customers to supplement our sizeable and diverse barging operations. Our operations are tailored to service a wide variety of shippers and freight types. For financial information relating to our segments, including geographic information, see note 13 to the accompanying consolidated financial statements.

Domestic Barge Transportation Operations. As of June 30, 2005, we operated 3,197 barges, 774 of which were being operated under independent third-party vessel charter agreements and 2,423 of which were owned by us. Our barges transport, among other things, grain, coal, steel and other bulk commodities,

Table of Contents

and liquids, including chemicals, petroleum and edible oils, in both unit and integrated tow configurations. In terms of tonnage and revenue, grain and coal are our largest two individual transport commodities, followed by other commodities in the steel/other bulk and liquid categories. Our domestic barging and related services operations generated approximately 81% of our total revenue in 2004.

Our operations department is composed of logistics, vessel operation and maintenance departments that work together to produce a seamless transaction for our customers maximizing utilization of capital assets in order to minimize costs.

- *Logistics Services.* Our Logistics Services department serves as the interface between the customers and the operational group that executes delivery of freight. The customers' contractual shipping requirements are entered into our information system and are used by the Logistics Services department to plan the delivery of freight for the customer.

  The Logistics Services team coordinates the barge loading of customer products, transit, and delivery to docks throughout the Inland Waterways. In addition to coordination of loading and unloading, another important task of the Logistics Services team is to communicate with customers in a proactive manner. Examples of daily communications are estimated times of arrivals, enroute positions, navigational conditions, barge allocations for loading, load and unload statuses. We offer our customers real time computer access to our barging management information system in order to track the status and estimated times of arrival of their barge movements.

  Logistics Services staffs a 24-hour planning center that coordinates tow building activities and vessel movement at our internal fleet operations in Houston, New Orleans, Cairo, St. Louis, Louisville and Chicago to support movements of products in high-density shipping lanes. The planning center tracks key boat and barge activity in the system and can provide customers with continuous status updates for both liquid and dry cargoes as needed. In addition to asset management and customer service, the planning center is the communication link for barge incident notifications, and any after hours calls from customers. Around-the-clock operations of the planning center provide central coordination for information flow between operating vessels, the customer and applicable governmental agencies. Logistics Services uses a forward barge projection system to determine customer demand and equipment availability for the sales team to book.

- *Fleet Management.* In order to most effectively manage our fleet of equipment, we focus on the following operational metrics: the number of barges waiting to be picked up, percentage of loaded miles, enroute miles per day, number of barges enroute and length of the barge trip. Operations conducts frequent meetings with Sales, Logistics Services and other pertinent areas within our company to discuss system issues such as customer loading projections, boat and barge repair requirements, customer services issues and river conditions that will drive the boat power and barge productivity needs creating capacity to service the customer. Operations utilizes a vessel management system to optimize fuel burn with respect to market conditions.

- *Vessel Maintenance Strategy.* Our management team has developed and executed a maintenance program for our towboats, tank barges and dry cargo barges. We are certified as a Responsible Carrier Program by the American Waterways Operators ("AWO"), a national trade organization recognized by the U.S. Coast Guard for taking proactive steps to improve safety and training of vessel personnel on the Inland Waterways. The towboat maintenance program uses a 100-point inspection program so that the vessels are in ready status to execute the projected power needs for our fleet. We have a well-defined vessel engine overhaul program and schedule shipyard periods to keep the vessels operating efficiently. The tank barge fleet is regulated by strict standards established by the U.S. Coast Guard requiring shipyard inspection periods every five years. We have established tank barge painting, pump and engine maintenance programs, further enhancing the quality

Table of Contents

of the tank barge fleet over the last several years. The dry cargo barge fleet is maintained on a regular basis utilizing both internal and external dry dock repair operations as needed to satisfy customer requirements.

- *Vessel Maintenance and Operating Expertise.* The quality and performance of our vessels are driven by the expertise of our shore side vessel management team and vessel crews. The boat maintenance team consists of highly-skilled port engineers and mechanics who are responsible for regular vessel maintenance, such as overhauls, which are monitored through condition-based analysis using duty load factors, component operating hours, lube oil analysis and lube and fuel consumption. Dry-dock intervals are established by monitoring condition-based analysis using life cycle component operating hours or as needed repairs based on available output and vessel vibration due to damaged running gear. The barge repair team has a very experienced team of field supervisors located throughout the Inland Waterways to ensure timely and cost-effective repairs to the barge fleet.

  The captains and engineers operating our vessels are seasoned professionals who participate in regular training programs conducted by us, Seaman Church Institute and third-party trainers. The training programs focus on risk assessment, root cause analysis, behavior modification, technical updates, simulator programs and risk-based decision making. Through well-defined measurements to track injury, equipment damage and man over-boards, we have achieved a standard of excellence in safety among our peers in the Inland Waterway system as reported by the AWO safety group. Based on data from the AWO safety group, we believe we maintain the highest safety level in the Inland Waterway industry.

- *Vessel Employee Development Programs.* A Steersman candidate, which is an individual who is in training to become a Captain, must log an adequate amount of onboard deck service per U.S. Coast Guard regulations, attend at least one leadman training class, meet all federal requirements and obtain an Apprentice Mate License and Radar Observer and Radio Operator certificates. Once accepted into the Steersman program, the individual is assigned to a training Captain and must complete a well-defined training program. Prior to assignment as Captain on a vessel, the Steersman must have demonstrated that he or she has mastered the skill sets necessary to stand watch and must have received an Operator License from the U.S. Coast Guard.

  A Trainee Engineer candidate undergoes a 90-day training period in which he or she works in our Louisville, Kentucky repair shop learning basic equipment component rebuilding and troubleshooting of electrical, hydraulic, piping, gearing, pumping and engine systems. After the completion of this initial training period, the candidate moves to a vessel atmosphere with a qualified Engineer learning daily vessel maintenance tasks such as taking measurements of equipment, filling out maintenance logs and following a planned maintenance schedule. Upon the successful completion of six trips, a candidate could qualify as an entry-level Engineer. After the entry-level position is obtained, the balance of the progression in the system is based on service time in the position and horsepower of the vessel to which the Engineer is assigned.

Manufacturing. Our Jeffboat facility, located in Jeffersonville, Indiana, is a large inland single-site shipyard and repair facility, occupying approximately 86 acres of land and approximately 5,600 feet of frontage on the Ohio River. We design and manufacture barges and other vessels for third-party customers and for our barging business, primarily for inland river service. We also manufacture equipment for coastal and offshore markets and have long employed advanced inland marine technology. In addition, we provide complete dry-docking capabilities and full machine shop facilities for repair and storage of towboat propellers, rudders and shafts. Our waterfront facility offers technically advanced marine design and manufacturing capabilities for both inland and ocean service vessels. The Jeffboat yard utilizes sophisticated computer-aided design and manufacturing systems to develop, calculate and analyze all

Table of Contents

manufacturing and repair plans. The average sales price of a new dry cargo barge is approximately $425,000. Jeffboat generated approximately 15% of our revenue in 2004.

Historically, our barging business has been one of Jeffboat's significant customers. We believe that the synergy created by our barging operations and Jeffboat's manufacturing and repair capabilities is a competitive advantage. Our vertical integration permits optimization of manufacturing schedules and asset utilization between internal requirements and sales to third-party customers and gives Jeffboat's engineers an opportunity to collaborate with our barge operations on innovations that enhance towboat performance and barge life.

The key raw materials that Jeffboat uses are steel and steel products. We obtain these materials from various suppliers. Jeffboat also includes steel price adjustment provisions in all of its sales contracts.

International Barge Transportation Operations. We initiated our international barging operations in South America in 1993 and currently operate in Venezuela and the Dominican Republic. Substantially all of our international revenue results from a 10-year contract, which expires in April 2013, to move a minimum of 2.6 million tons of bauxite per year for Venezuela's state-owned aluminum company. Our international barging operations generated approximately 4% of our total revenue in 2004.

PORT SERVICES

In support of our domestic barging fleet, we operate terminals and port service facilities. American Commercial Terminals LLC ("ACT") operates a coal transfer terminal at St. Louis, Missouri, primarily to provide trans-loading services under a coal transportation contract with Louisiana Generating LLC, a subsidiary of NRG Energy, Inc ("LaGen"), and The Burlington Northern and Santa Fe Railway Company ("Burlington Northern"). Coal is moved from a mine located in the Powder River Basin in Wyoming by rail to the St. Louis terminal. At the terminal, it is stored and/or transferred into barges for delivery to LaGen's Big Cajun II Power Plant in Louisiana. ACT's liquid terminal in Memphis, Tennessee provides liquid tank storage for third parties and processes oily bilge water from towboats. The oil recovered from this process is blended for fuel used by two of American Commercial Barge Line LLC's towboats or sold to third parties.

In addition, Louisiana Dock Company LLC ("LDC") operates facilities throughout the Inland Waterways that provide fleeting, shifting, cleaning and repair services for both barges and towboats, primarily for American Commercial Barge Line, but also for third-party customers. LDC has facilities in the following locations: Lemont, Illinois; St. Louis, Missouri; Cairo, Illinois; Louisville, Kentucky; Baton Rouge, Louisiana; Armant, Louisiana; Harahan, Louisiana; Marrero, Louisiana; and Houston, Texas. Its operations consist of fleets, towboat repair shops, dry docks, scrapping facilities and cleaning operations.

THIRD-PARTY LOGISTICS AND INTERMODAL SERVICES

Our fleet size, diversity of cargo transported and experience enable us to provide transportation logistics services in partnership with our customers. For example, we own 50% of BargeLink LLC, a joint venture with MBLX, Inc., based in New Orleans. BargeLink provides third-party logistics services to international and domestic shippers who distribute goods primarily throughout the inland rivers. BargeLink provides and arranges for ocean freight, customs clearance, stevedoring (loading and unloading cargo), trucking, storage and barge freight for its customers. BargeLink tracks customers' shipments across multiple carriers using proprietary tracking software developed by BargeLink.

Additionally, we reintroduced container transport in our barging operations in 2004, through which we currently operate a bi-weekly service between Chicago and New Orleans. We are currently considering other river gateways going forward. We also provide "stack to stack" service, which includes local truckers for cargo transport and terminals for container handling. This service makes use of our existing fleet of open dry cargo barges and is within the principal operating corridors of our dry and liquid barging service. This pattern density creates the frequency of service that is valued by intermodal shippers.

Table of Contents

We also have a longstanding contractual relationship, recently extended until 2015, with LaGen and Burlington Northern. LaGen owns and operates a steam-electric generating plant and coal unloading dock located in New Roads, Louisiana. Burlington Northern is a common carrier by rail legally authorized to provide coal transportation services to LaGen. We operate a coal receiving, storage and transfer facility in St. Louis, Missouri and also own, operate and charter river vessels suitable for transportation of coal on the Mississippi River. Together with Burlington Northern, we also transport certain tonnages of coal from mines in the Powder River Basin of Wyoming and the Montana area to the LaGen power plant in Louisiana under an agreement with LaGen. Currently these activities account for less than 10% of our revenue. Our St. Louis terminal also receives and stores coal from third-party shippers who source coal on the Burlington Northern and ship to inland utilities on our barges.

INFORMATION TECHNOLOGY CAPABILITIES

Our Information Technology department seeks to capture and deploy information that supports both our internal company's and our external customers' operations. All of our barge transportation services are booked, tracked, monitored and billed through our proprietary and recently launched Integrated Barge Information System, referred to as IBIS. IBIS also tracks information pertaining to our fleet of towboats and barges, the customers and facilities we serve, the commodities we carry and the suppliers that provide services to the fleet. IBIS is a server-based application deployed via Citrix allowing intranet and internet access. We developed IBIS internally, and it represents a substantial improvement over our prior barging system. IBIS replaced a mainframe barging system, eliminating application redundancy and consolidating diverse technology platforms. IBIS addresses the inherent complexities of operating a tank barge fleet and streamlines overall workflow while providing better access to information for internal and external customers on a real-time basis.

IBIS is the gateway to information to allow our personnel to make decisions that optimize fleet performance. IBIS is also a gateway for our customers to view past and present information regarding their shipments through our internet-based customer access system called *RiverTrac.* We plan to continue expanding and evolving IBIS to meet the demands of both our internal and external customers. We believe this continued system expansion will take place at a significantly reduced cost and a shortened time frame versus legacy applications because IBIS was developed in a Microsoft/ Oracle-based environment.

In conjunction with the development of IBIS, we designed a new software application known as Boat Business Application System ("BBAS") that has been deployed on the majority of towboats providing barge towing services. Not only does BBAS provide a means of tracking and monitoring towboat movements, performance and orders, it also encompasses deck log capacities as well as a crew tracking system and a purchase order system that interfaces with our primary vessel supplies vendor.

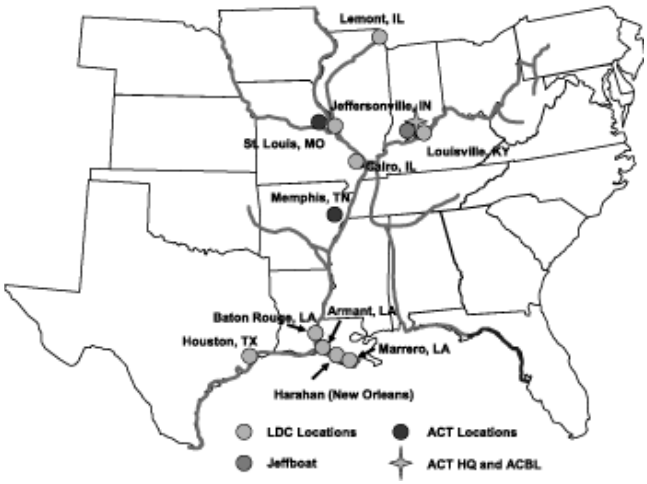
In addition to IBIS, we run a PeopleSoft ERP that includes Financials (General Ledger, Accounts Payable, Accounts Receivable, Asset Management, and Projects) and Distribution (Purchasing and Inventory). We also run a Mincom Maintenance Information Management System ("MIMS") for vessel maintenance and Cyborg for payroll.

FACILITIES

We operate numerous land-based facilities in support of our marine operations. These facilities include a major manufacturing shipyard in Jeffersonville, Indiana; terminal facilities for cargo transfer and handling at St. Louis, Missouri and Memphis, Tennessee; port service facilities at Lemont, Illinois, St. Louis, Missouri, Cairo, Illinois, Louisville, Kentucky, Baton Rouge, Louisiana, Armant, Louisiana, Harahan, Louisiana, Marrero, Louisiana and Houston, Texas; boat repair facilities at Louisville, Kentucky, St. Louis, Missouri, Harahan, Louisiana and Cairo, Illinois; and a corporate office complex in Jeffersonville, Indiana. For the properties that we lease, the majority of leases are long-term agreements.

Table of Contents

The map below shows the locations of our primary facilities, along with our Inland Waterway routes.



The most significant of our facilities among these properties, all of which we own, except as otherwise noted, are as follows:

- Jeffboat's shipbuilding facility in Jeffersonville, Indiana is a large single-site shipyard facility on the Inland Waterways, occupying approximately 86 acres of land and approximately 5,600 feet of frontage on the Ohio River. There are 38 buildings on the property comprising approximately 305,000 square feet under roof. In addition, we lease storage facilities under leases expiring in 2015.
- ACT's coal transfer terminal in St. Louis, Missouri occupies approximately 69 acres. There are six buildings on the property comprising approximately 21,000 square feet. In addition, we lease 2,400 feet of river frontage from the City of St. Louis under a lease expiring in 2010, and additional parcels of property from Burlington Northern under leases that either party can terminate with 30 days' prior written notice.
- LDC's fleet facility in Cairo, Illinois occupies approximately 37 acres, including approximately 5,000 feet of river frontage. In addition, we lease approximately 22,000 feet of additional river frontage under various leases expiring between 2006 and 2013. This facility provides the base of operations for our barge fleeting and shifting, barge cleaning and repair and topside-towboat repair.
- Our corporate offices in Jeffersonville, Indiana occupy approximately 22 acres, comprising approximately 165,000 square feet.

We believe that our facilities are suitable and adequate for our current needs.

Table of Contents

EMPLOYEE MATTERS

EMPLOYEE COUNT

Function	June 30, 2005
Domestic administration (including Jeffboat)	245
Domestic barge transportation services	1,489
Manufacturing	721
International administration	24
International barging	149
TOTAL	2,628

Collective bargaining agreements. As of June 30, 2005, approximately 670, or 27%, of our domestic employees were represented by unions. Approximately 650 of these domestic unionized employees are represented by General Drivers, Warehousemen and Helpers, Local Union No. 89, which is affiliated with the International Brotherhood of Teamsters, Chauffeurs, Warehousemen and Helpers of America, at our Jeffboat shipyard facility under a collective bargaining agreement that expires in April 2007. The remainder of our domestic unionized employees, approximately 20 individuals, are represented by the International Union of United Mine Workers of America, District 12-Local 2452 at American Commercial Terminals in St. Louis, Missouri under a collective bargaining agreement that expires in November 2007. In addition, approximately 122 of our 143 Venezuelan employees are covered by a collective bargaining agreement with the Labor Union of the Company ACBL de Venezuela, C.A. (Sintra-ACBL), which expires in February 2007.

INSURANCE AND RISK MANAGEMENT

We provide claims management for all of our subsidiaries through our risk management department. Upon notice of a claim, our Risk Management personnel notify the applicable carrier and, through consultation with the carrier, determine an estimate of the claim inclusive of costs associated with liquidating the claim. Our risk management department strives to reach settlements and keep litigation costs low. When litigation cannot be avoided, we employ outside legal counsel specializing in applicable maritime or other law. Our risk management department is also charged with managing all claims for damage to owned and chartered vessels.

In addition to director and officer liability insurance, workers' compensation, Jones Act and Longshore and Harbor Workers insurance, we maintain property coverage, general marine liability insurance, automobile insurance, trade disruption insurance and CEND coverage. Our current workers' compensation insurance and Longshore and Harbor Workers insurance policies are zero deductible policies. Typically, general marine insurance involves policies of indemnity, not liability. Accordingly, our general marine policies reimburse us for damages paid to third parties for personal injury, cargo damage and collision. The policies also reimburse us for damage to our vessels. All costs of defense, negotiation and costs incurred in liquidating a claim, such as surveys and damage estimates, are considered insured costs. Our personnel costs involved in managing insured claims are not reimbursed.

Under our marine insurance policies, in addition to a basic per claim deductible, we must incur and pay annual aggregate costs up to the amount specified in the policy before any insurance proceeds become available to reimburse us for our insured costs. These annual aggregate deductibles are substantial.

A major component of our risk management efforts involves managing our ongoing obligations to pay what are known as "maintenance and cure" costs effectively. Maintenance and cure costs are obligations of marine employers to pay stipends and all medical costs to marine employees injured while on a marine voyage. These obligations continue until "maximum medical improvement" is reached, meaning no further treatment will result in betterment of the employee's condition.

Table of Contents

We evaluate our insurance coverage annually. We believe that our insurance coverage is adequate.

COMPETITION

Barge Transportation. Competition within the barging industry for major commodity contracts is intense, with a number of companies offering transportation services on the Inland Waterways. We compete with other carriers compete primarily on the basis of commodity shipping rates, but also with respect to:

- customer service;
- available routes;
- value-added services, including scheduling convenience and flexibility;
- information timeliness; and
- equipment.

We believe our vertical integration provides us with a competitive advantage. By using our LDC and Jeffboat barge and towboat repair facilities and LDC vessel fleeting facilities, Jeffboat's shipbuilding capabilities and ACT's terminals, we are able to support our core barging business and to offer a combination of competitive pricing and high quality service to our customers. We believe that the size and diversity of our fleet allow us to optimize the use of our equipment and offer our customers a broad service area, at competitive rates, with a high frequency of arrivals and departures from key ports.

We have approximately 2,500 covered dry cargo barges in our barge fleet giving us, according to Informa, the largest covered dry cargo barge fleet in the industry with more than 21% of the capacity. We believe our large covered dry cargo fleet gives us a unique position in the marketplace that allows us to service the transportation needs of customers requiring covers to ship their products. It also provides us with the flexibility to shift covered dry cargo fleet capacity to compete in the open dry cargo barge market simply by storing the barge covers. This adaptability allows us to operate the barges in open barge trades for a short or long term period of time to take advantage of market opportunities. Carriers that have barges designed for open dry cargo barge service only cannot easily retrofit their open dry cargo barges with covers without significant expense, time and effort.

Since 1980, the industry has experienced consolidation as acquiring companies have moved toward attaining the widespread geographic reach necessary to support major national customers. As of March 2005, there were four major domestic barging companies that operated more than 1,000 barges. In addition, there were 13 mid-sized domestic barging companies that operated between 200 and 1,000 barges. Small barging companies that operated fewer than 200 barges held approximately 15% of domestic barging capacity.

TOP 5 CARRIERS BY FLEET SIZE
(as of December 31, 2004)

Dry Cargo Barges	Units	%
Ingram Barge Company	3,468	19.0%
American Commercial Barge Line LLC	**2,861**	**15.7%**
AEP/MEMCO Barge Line, Inc.	2,229	12.2%
American River Transportation Company	1,892	10.4%
Cargo Carriers	930	5.1%
Top 5 Dry Cargo Carriers	11,380	62.4%
Kirby Corporation	882	31.8%
American Commercial Barge Line LLC	**379**	**13.6%**
Marathon Ashland Petroleum LLC	167	6.0%
Ingram Barge Company	165	5.9%
Canal Barge Company, Inc.	150	5.4%
Top 5 Liquid Cargo Carriers	1,743	62.7%

Source: Informa.

Manufacturing. The inland barge and towboat manufacturing industry competes primarily on price, as well as quality of manufacture, delivery schedule and design capabilities. We consider Trinity

Table of Contents

Industries, Inc. to be Jeffboat's most significant competitor for the large-scale manufacture of inland barges, although other firms have barge building capability on a smaller scale. We believe there are a number of shipyards located on the Gulf Coast that compete with Jeffboat for the manufacture of towboats. In addition, certain other shipyards could reconfigure to manufacture inland barges and related equipment should market conditions change, including if demand in their core markets declines.

Over the last 10 years, Jeffboat has produced approximately 39% of the barges constructed within the dry cargo and tank barge construction industry. From 2000 through 2004, we estimate that Jeffboat produced approximately 41% of the industry's new construction of dry cargo and tank barges.

GOVERNMENT REGULATION

General. Our business is subject to extensive government regulation in the form of international treaties, conventions, national, state and local laws and regulations, including laws and regulations of the flag nations of our vessels, as well as laws relating to the discharge of materials into the environment. Because such treaties, conventions, laws and regulations are regularly reviewed and revised by the issuing governmental bodies, we are unable to predict the ultimate cost or impact of compliance. In addition, we are required by various governmental and quasi-governmental agencies to obtain certain permits, licenses and certificates with respect to our business operations. The types of permits, licenses and certificates required depend upon such factors as the country of registry, the commodity transported, the waters in which the vessel operates, the nationality of the vessel's crew, the age of the vessel and our status as owner, operator or charterer. As of June 30, 2005, we had obtained all material permits, licenses and certificates necessary to permit our vessels to carry out their current operations.

Our domestic transportation operations are subject to regulation by the U.S. Coast Guard, federal laws, state laws and certain international conventions.

Our inland tank barges are inspected by the U.S. Coast Guard and carry certificates of inspection. Towboats have recently become subject to U.S. Coast Guard inspection and will be required to carry certificates of inspection. Our dry cargo barges are not subject to U.S. Coast Guard inspection requirements.

Additional regulations relating to homeland security, the environment or additional vessel inspection requirements may be imposed on the barging industry.

Jones Act. The Jones Act is a federal cabotage law that restricts domestic non-proprietary cargo marine transportation in the United States to vessels built and registered in the United States. Furthermore, the Jones Act requires that the vessels be manned by U.S. citizens and owned by U.S. citizens. For a limited liability company to qualify as a U.S. citizen for the purposes of domestic trade, 75% of the company's beneficial equityholders must be U.S. citizens. We currently meet all of the requirements of the Jones Act for our owned vessels.

Compliance with U.S. ownership requirements of the Jones Act is very important to our operations, and the loss of Jones Act status could have a significant negative effect on our business, financial condition and results of operations. We monitor the citizenship requirements under the Jones Act of our employees, boards of directors and managers and beneficial equityholders and will take action as necessary to ensure compliance with Jones Act requirements.

User Fees and Fuel Tax. Federal legislation requires that inland marine transportation companies pay a user fee in the form of a tax assessed upon propulsion fuel used by vessels engaged in trade along the Inland Waterways. These user fees are designed to help defray the costs associated with replacing major components of the waterway system, including dams and locks, and to build new projects. A significant portion of the Inland Waterways on which our vessels operate are maintained by the U.S. Army Corps of Engineers.

We presently pay a federal fuel tax of 22.4 cents per gallon of propulsion fuel consumed by our towboats in some geographic regions. Legislation has been enacted to repeal a portion (2.3 cents per

Table of Contents

gallon) of the federal fuel tax by January 1, 2007. In the future, user fees may be increased or additional user fees may be imposed to defray the costs of Inland Waterways infrastructure and navigation support.

Homeland Security Requirements. The Maritime Transportation Security Act of 2002 requires, among other things, submission to and approval by the U.S. Coast Guard of vessel and waterfront facility security plans ("VSP" and "FSP," respectively). The regulations required maritime transporters to submit VSP and FSP for approval no later than December 31, 2003 and to comply with their VSP and FSP by June 30, 2004. Our VSP and our FSP have been approved. As a result, we are subject to continuing requirements to engage in training and participate in exercises and drills.

ENVIRONMENTAL REGULATION

Our operations, facilities, properties and vessels are subject to extensive and evolving laws and regulations pertaining to air emissions, wastewater discharges, the handling and disposal of solid and hazardous materials, hazardous substances and wastes and the investigation and remediation of contamination, and other laws and regulations related to health, safety and the protection of the environment and natural resources. As a result, we are involved from time to time in administrative and legal proceedings related to environmental, health and safety matters and have incurred and will continue to incur capital costs and other expenditures relating to such matters.

In addition to environmental laws that regulate our ongoing operations, we are also subject to environmental remediation liability. Under CERCLA and analogous state laws and OPA 90, we may be liable as a result of the release or threatened release of hazardous substances or wastes or other pollutants into the environment at or by our facilities, properties or vessels, or as a result of our current or past operations. These laws typically impose liability and cleanup responsibility without regard to whether the owner or operator knew of or caused the release or threatened release. Even if more than one person may be liable for the release or threatened release, each person covered by the environmental laws may be held responsible for all of the investigation and cleanup costs incurred. In addition, third parties may sue the owner or operator of a site for damage based on personal injury, property damage or other costs, including investigation and cleanup costs, resulting from environmental contamination.

A release or threatened release of hazardous substances or wastes, or other pollutants into the environment at or by our facilities, properties or vessels, as the result of our current or past operations, or at a facility to which we have shipped wastes, or the existence of historical contamination at any of our properties, could result in material liability to us. We conduct loading and unloading of dry commodities, liquids and scrap materials in and near waterways. These operations present a potential that some such material might be spilled or otherwise released into the environment, thereby exposing us to potential liability.

As of June 30, 2005, we were involved in six matters relating to the investigation or remediation of locations where hazardous materials have been released or where we or our vendors have arranged for the disposal of wastes. These matters include situations in which we have been named or are believed to be "potentially responsible parties" under CERCLA or state laws or OPA 90 in connection with contamination of these sites. See "— Litigation — Environmental Litigation."

As of June 30, 2005, we had reserves totaling approximately $43,440 for environmental matters. Any cash expenditures required to comply with applicable environmental laws or to pay for any remediation efforts will not be reduced or otherwise affected by the existence of the environmental reserves. Our environmental reserves may not be adequate to cover our future costs related to the sites associated with the environmental reserves. The discovery of additional sites, the modification of existing or the promulgation of new laws or regulations, more vigorous enforcement by regulators, the imposition of joint and several liability under CERCLA or analogous state laws or OPA 90 and other unanticipated events could also result in additional environmental costs.

Table of Contents

OCCUPATIONAL HEALTH AND SAFETY MATTERS

Our domestic vessel operations are primarily regulated by the U.S. Coast Guard for occupational health and safety standards. Our domestic shore operations are subject to the U.S. Occupational Safety and Health Administration regulations. As of June 30, 2005, we were in material compliance with these regulations. However, we may experience claims against us for work-related illness or injury as well as further adoption of occupational health and safety regulations in the United States or in foreign jurisdictions in which we operate.

We endeavor to reduce employee exposure to hazards incident to our business through safety programs, training and preventive maintenance efforts. We emphasize safety performance in all of our operating subsidiaries. We believe that our safety performance consistently places us among the industry leaders as evidenced by what we believe are lower injury frequency levels than those of many of our competitors. We have been certified in the American Waterway Operators Responsible Carrier Program, which is oriented to enhancing safety in vessel operations.

INTELLECTUAL PROPERTY

We register some of our material trademarks and tradenames. We believe we have current intellectual property rights sufficient to conduct our business.

LITIGATION

The nature of our business exposes us to the potential for legal or other proceedings from time to time relating to labor and employment matters, personal injury and property damage, environmental matters and other matters. Although the ultimate outcome of any legal matter cannot be predicted with certainty, based on present information, including our assessment of the merits of each particular claim, as well as our current reserves and insurance coverage, we do not expect that any legal proceedings pending on the date hereof will have a material adverse impact on our financial condition or the results of our operations in the foreseeable future.

Current Legal Proceeding. We are involved in the following bankruptcy matter:

- **Miller Appeal.** On January 19, 2005, MilFam II LP and Trust A-4, together referred to as the Miller Entities, holders of approximately $22 million in principal amount of PIK Notes, filed a notice of appeal, commencing an appeal to the United States District Court for the Southern District of Indiana (the "District Court") of (1) the order of the U.S. Bankruptcy Court, Southern District of Indiana, New Albany Division (the "Bankruptcy Court") entered on December 30, 2004 confirming the Plan of Reorganization (the "Confirmation Order") and (2) the order of the Bankruptcy Court entered on January 12, 2005 denying the Miller Entities' Motion For Reconsideration And To Open Record To Include Recent Senior Debt Trading Information. On February 17, 2005, the Miller Entities sought a limited stay of the Bankruptcy Court's Confirmation Order. On March 3, 2005, the Bankruptcy Court entered an order denying the Miller Entities' request for a limited stay. The Confirmation Order remains in full force and effect.

  On January 31, 2005, the Miller Entities filed a statement of issues to be raised in the appeal to the District Court. These issues include, among others, that the enterprise value as of the effective date of the Plan of Reorganization (January 11, 2005) of the reorganized debtors of $500 million as determined by the Bankruptcy Court as part of the Confirmation Order is too low and was based on inaccurate and incomplete information; the Plan of Reorganization is not "fair and equitable" as to the Miller Entities and other holders of PIK Notes; the Miller Entities' claims should not have been subordinated to the claims of holders of the 2008 Senior Notes as provided under the Plan of Reorganization; "third-party" releases provided by the Plan of Reorganization should not have been granted; the ballot cast by HY I to accept the Plan of Reorganization should be disregarded; and DHC should not have received any recovery under the Plan of
  Reorganization.

Table of Contents

The Miller Entities filed their Appellants' Brief on March 10, 2005. On March 25, 2005, we filed the Appellees' Brief and the Appellees' Motion to Dismiss. In the Appellees' Motion To Dismiss, we asserted that the appeal should be dismissed because, under principles sometimes referred to as "equitable mootness," no relief may be equitably fashioned even if the Miller Entities raise a legitimate ground for reversal or modification of all or some part of the Confirmation Order. The Miller Entities filed their Response In Opposition To Appellees' Motion to Dismiss on April 1, 2005 and their Appellants' Reply Brief on April 4, 2005. On April 12, 2005, we filed the following: (i) Motion To Strike Declaration Of Tom Thompson; (ii) Brief In Support Of The Motion To Strike Declaration Of Tom Thompson; and (iii) Reply To Response Of Miller Entities' Opposition To Motion To Dismiss. On April 21, 2004, the Miller Entities filed the Response By MilFam II LP And Trust A-4 In Opposition To Appellees' Motion To Strike Declaration Of Tom Thompson and on May 2, 2005, we filed Appellees' Reply Regarding Motion To Strike Declaration Of Tom Thompson. On May 11, 2005, the Miller Entities filed the Response By MilFam II LP And Trust A-4 In Opposition To Appellees' Second Motion To Strike Declaration Of Tom Thompson, and on June 21, 2005, they filed the Request By Miller Entities For Oral Argument. We filed Appellees' Response To Request For Oral Argument on June 28, 2005, and the Miller Entities filed the Reply By MilFam II LP And Trust A-4 To Appellees' Response To Request For Oral Argument on July 8, 2005. On August 9, 2005, the Miller Entities filed an Emergency Motion for Expedited Consideration of Appeal, which was denied by the District Court on August 18, 2005.

In several of the briefs and other pleadings filed with the District Court, the Miller Entities have stated that they seek a "limited remedy" and are not seeking to "undo" the Plan of Reorganization. The Miller Entities have asserted that they are seeking to recover a portion of the equity value of the reorganized debtors as of the effective date of the Plan of Reorganization that the Miller Entities contend has been or will be distributed in the form of new shares to holders of our 2008 Senior Notes and that should have instead been distributed to the holders of PIK Notes. Among the remedies that the Miller Entities argue should be implemented is the issuance to holders of PIK Notes of sufficient additional new shares so that the holders of the PIK Notes will realize the additional value that the Miller Entities assert the holders of PIK Notes are entitled, with the issuance of such additional new shares correspondingly diluting the value of new shares that were issued to holders of 2008 Senior Notes. The issuance of new shares could materially dilute the percentage of ownership of some or all of ACL's stockholders.

We intend to continue to oppose the appeal and to advocate that the appeal should be dismissed. However, we can make no assurance that the District Court (or the Seventh Circuit Court of Appeals or the United States Supreme Court, in the case of any further appeal) will dismiss the appeal, or that the ultimate outcome of this matter will not materially adversely affect either our ability to fully consummate our Plan of Reorganization as confirmed or the market value of our common stock and will not involve a material cost to us. Any such outcome could have a material adverse effect on our business, financial condition and results of operations.

Environmental Litigation. We are involved in or are the subject of the following environmental matters:

- **SBA Shipyard, Jennings, Louisiana.** SBA Shipyard is a remediation site that was operated by a third-party barge cleaning service provider utilized by National Marine, Inc., an entity whose assets were combined with ours in 1998. A potentially responsible party group of barge operators, which includes us, has been formed to coordinate final cleanup of this site. Our funded share of the land contamination cleanup is approximately 40%. The removal action was completed pursuant to a work plan accepted by the U.S. Environmental Protection Agency ("U.S. EPA"). As of June 30, 2005, we had expended approximately

Table of Contents

$710,000 in connection with the final cleanup of this site. As of June 30, 2005, we had a reserve of approximately $930 with respect to this site that we expect will cover the on-going land contamination cleanup. No additional contributions are required or anticipated at this time and therefore no additional environmental reserves have been made for this matter.

- **EPS, Marietta, Ohio.** EPS, Inc., a wholly owned subsidiary of Vectura Group Inc., is the owner of Connex Pipe Systems' closed solid waste landfill located in Marietta, Ohio ("Connex"). We assumed liability for the monitoring and potential cleanup of Connex (up to $30,000 per year) pursuant to our combination with Vectura Group. In 1986, Connex was subject to an Ohio consent judgment ("Consent Judgment") under which it agreed to remediate and monitor the closed landfill for a period of three years. Connex complied with the Consent Judgment, and in 1994 the Ohio Environmental Protection Agency ("Ohio EPA") issued a letter confirming Connex's compliance. In 1998, the Ohio EPA changed its regulations with respect to monitoring requirements to require longer monitoring periods for closed sites and sought to apply those new regulations to Connex retroactively. Connex and other similarly situated companies objected to the retroactive application of the new Ohio EPA requirements. In November 1998, the Ohio EPA issued finalized guidance ("Final Guidance") regarding retroactive application of the Ohio EPA requirements. We believe that the Final Guidance supports the position that Connex has fulfilled its monitoring obligations with respect to the property. We have requested written confirmation from the Ohio EPA that our monitoring responsibilities with respect to the property have been fulfilled. Currently, we coordinate inspections of the property four times a year for integrity and maintenance of the cap with minimal associated cost. As of June 30, 2005, we had a reserve of approximately $31,400 in the event that future monitoring or testing of the site is required.
- **Third Site, Zionsville, Indiana.** Jeffboat has been named a potentially responsible party at Third Site by the U.S. EPA. Third Site was utilized for the storage of hazardous substances and wastes during the remediation of the Environmental Conservation and Chemical Corporation and Northside Sanitary Landfill ("ECC/ NSL") in Zionsville, Indiana. As a potentially responsible party at ECC/ NSL, Jeffboat is responsible for 3.6% of the total volume of materials to be remediated at Third Site as well. Remediation activities are ongoing at Third Site, and, as of June 30, 2005, Jeffboat had contributed approximately $225,000 toward that remediation. No additional contributions are required or anticipated at this time, and therefore no additional environmental reserves have been made for this matter.
- **Barge Cleaning Facilities, Port Arthur, Texas.** American Commercial Barge Line LLC received notices from the U.S. EPA in 1999 and 2004 that it is a potentially responsible party at the State Marine of Port Arthur and the Palmer Barge Line Superfund Sites in Port Arthur, Texas with respect to approximately 50 barges that were cleaned by State Marine and approximately five barges that were cleaned by Palmer Barge Line for us in the early 1980s. The U.S. EPA has made no assessments with respect to these sites.
- **Tiger Shipyard, Baton Rouge, Louisiana.** At the direction of the State of Louisiana, we have participated in a cleanup of a former barge cleaning operation at this site. The cleanup involved the cleaning of approximately seven barges and the disposal of barge wash water. As of June 30, 2005, we had incurred costs of approximately $6.7 million in connection with this site. The barge cleaning activities are complete. As of June 30, 2005, we had a reserve of approximately $9,120 in the event that the State of Louisiana requires future testing at the site or additional disposal efforts.
- **PHI/ Harahan Site, Harahan, Louisiana.** We have been contacted by the State of Louisiana in connection with the investigation and cleanup of diesel fuel in soil at this site.

Table of Contents

On March 22, 2005, we submitted an investigation work plan for approval by the State of Louisiana. We do not know what level of diesel will be discovered in this investigation or whether cleanup will be required. We have paid approximately $20,000 in consultant fees related to investigation at this site. As of June 30, 2005, we had a reserve of approximately $2,000 in the event that future testing, clean-up or monitoring of the site is required.

BANKRUPTCY FILING & EMERGENCE

We were formed in 1953 as the holding company for a family of barge transportation and marine service companies, the oldest of which has an operating history dating back to 1915. In 1984, we were acquired by CSX Corporation. For several years thereafter, we achieved significant growth through acquisitions, including: SCNO Barge Lines, Inc. in 1988; Hines Incorporated in 1991; The Valley Line Company in 1992; and Continental Grain Company's barging operations in 1996. In June 1998, we completed a leveraged recapitalization in a series of transactions in which the barge businesses of Vectura Group, Inc. and its subsidiaries were combined with ours. In 2000, we acquired the assets of Peavey Barge Line, which included the assets of the inland marine transport divisions of ConAgra, Inc. Late in 2000, we began to experience difficulties in meeting certain financial covenants set forth in our recapitalized credit facilities. Historic cold weather in the winter of 2000 followed by flooding in the spring of 2001 compounded our difficulties meeting these covenants. In May 2002, we refinanced our existing debt obligations with DHC. This second recapitalization resulted in our acquisition by DHC.

During 2002 and through the beginning of 2003, we experienced a decline in barging rates, reduced shipping volumes and excess barging capacity during a period of slow economic growth and a global economic recession. Due to these factors, our revenue and earnings did not meet expectations and our liquidity was significantly impaired. We determined that our debt burden was too high, and that a restructuring under Chapter 11 of the Bankruptcy Code offered us the most viable opportunity to reduce our debts while continuing operations. We therefore filed voluntary petitions seeking relief from our creditors pursuant to Chapter 11 of the Bankruptcy Code on January 31, 2003.

On December 30, 2004, the Bankruptcy Court entered an order confirming the Plan of Reorganization. On January 19, 2005, two related holders of PIK Notes filed a notice of appeal in the U.S. District Court for the Southern District of Indiana challenging the Bankruptcy Court's confirmation of the Plan of Reorganization. See "— Litigation — Current Legal Proceeding."

Our reorganization included the elimination of approximately $277.4 million of unsecured debt, consisting of $6.9 million of aggregate principal and accrued interest on our Old Senior Notes, $146.2 million of aggregate principal and accrued interest on our 2008 Senior Notes and $124.3 million of aggregate principal and accrued interest on our PIK Notes. A significant portion of the 2008 Senior Notes and unsecured trade credit was converted into equity of ACL. Pursuant to the elimination of this debt and the refinancing transactions discussed below, our annual cash interest expense was approximately $27.0 million less in 2004 than in 2002. In 2004, we incurred approximately $22.0 million in non-recurring, reorganization-related expenses and recognized a $35.0 million loss on the sale of our investment in Argentina.

Material terms of the Plan of Reorganization. We emerged from Chapter 11 protection with a balance sheet that we believe better aligns our debt burden with our anticipated cash flow generating capabilities. In addition, because we made certain payments to "critical vendors" for pre-petition goods and services and continued to pay our trade debt on a timely basis for post-petition goods and services during the pendency of our Chapter 11 cases, we believe that we have sufficient trade credit to operate our business in the ordinary course.

Table of Contents

In consummating the reorganization, the following transactions occurred (share amounts do not reflect ACL's stock dividend discussed under "Description of Capital Stock"):

- American Commercial Lines Holdings LLC, the former parent of the predecessor company ("ACL Holdings"), subscribed for 10 shares of common stock of ACL, which shares were extinguished as of the date we emerged from bankruptcy;
- ACL subscribed for 10 shares of common stock of American Barge Line Company and subsequently contributed 5,607,667 shares of ACL common stock to American Barge Line Company as an additional capital contribution;
- American Barge Line Company subscribed for 10 shares of common stock of Commercial Barge Line Company, and subsequently contributed 5,607,667 shares of ACL common stock to Commercial Barge Line Company as an additional capital contribution;
- On the day after the effective date of the Plan of Reorganization, ACL Holdings delivered all of the outstanding membership units in ACL LLC (the "ACL Units") to the former holders of our 2008 Senior Notes and certain holders of allowed general unsecured claims against American Commercial Barge Line LLC, American Commercial Lines International LLC, Jeffboat and LDC (the "ACL Unit Holders");
- Immediately thereafter, the ACL Unit Holders contributed the ACL Units to Commercial Barge Line Company in exchange for a total of 5,607,667 shares of ACL common stock. The issuance of such shares and the distribution thereof to the ACL Unit Holders was exempt from registration under applicable securities laws pursuant to Section 1145(a) of the Bankruptcy Code;
- Of those 5,607,667 shares of ACL common stock, (i) 168,230 shares were subject to warrants granted by certain of the holders of the 2008 Senior Notes to holders of the PIK Notes in satisfaction and retirement of their claims and (ii) 168,230 shares were subject to a warrant by certain former holders of the 2008 Senior Notes granted to DHC, our former parent corporation. The holders may exercise their warrants at any time and from time to time until their expiration upon the earlier of (i) January 12, 2009, or (ii) the merger of ACL in which ACL is not the surviving corporation or the sale of all or substantially all of the assets of ACL. The shares of common stock covered by the warrants are considered issued and outstanding and owned by certain of the former holders of the 2008 Senior Notes, but are held by Commercial Barge Line Company as disbursing agent under the warrants until the warrants (i) are exercised, in which case the cash proceeds therefrom will be distributed to such noteholders, or (ii) expire, in which case the underlying shares of common stock will be released to such noteholders;
- We adopted the Equity Award Plan, under which 454,676 shares of ACL common stock were reserved for grant, in order to promote the growth and general prosperity of our business by offering incentives to directors, officers and key employees who are primarily responsible for our financial health and to attract and retain qualified employees;
- We executed and delivered a registration rights agreement pursuant to which we agreed to seek to register the resale of certain shares of ACL common stock as soon as practicable after our emergence from bankruptcy;
- We paid allowed administrative claims, debtor-in-possession lender claims, priority claims, tax claims and professional fee claims due and owing; and
- We entered into the $35.0 million asset based revolving credit facility and the restructured term loans, and we issued the maritime lien notes and tort lien notes. Simultaneously with the issuance of our 2015 Senior Notes, we amended and restated the asset based revolver and used the proceeds to repay amounts outstanding and accrued interest on our senior and junior secured term loans. See "Description of Certain Indebtedness and Security Arrangements."

Table of Contents

MANAGEMENT

DIRECTORS AND EXECUTIVE OFFICERS

The following is a list of our directors and executive officers, their ages as of September 19, 2005 and their positions and offices. No family relationships exist between or among any such individuals.

Name	Age	Position
Clayton K. Yeutter	74	Chairman of the Board
Eugene I. Davis	50	Director
Richard L. Huber	68	Director
Nils E. Larsen	34	Director
Emanuel L. Rouvelas	61	Director
R. Christopher Weber	49	Director
Mark R. Holden	46	Director, President and Chief Executive Officer
W. Norbert Whitlock	64	Senior Vice President, Chief Operating Officer
Christopher A. Black	42	Senior Vice President, Chief Financial Officer
Lisa L. Fleming	43	Senior Vice President, Law and Administration and Secretary
Nick C. Fletcher	45	Senior Vice President, Human Resources
Jerry R. Linzey	41	Senior Vice President, Manufacturing
Michael J. Monahan	47	Senior Vice President, Transportation Services
Martin K. Pepper	51	Senior Vice President, Global Sales & Marketing
Paul F. Brotzge	48	Vice President, Treasurer and Controller
Karl D. Kintzele	55	Vice President, Internal Audit
William L. Schmidt	43	Vice President, Information Technology

Information relating to each of these individuals is described below:

Clayton K. Yeutter was appointed a director of ACL on January 11, 2005, upon our emergence from bankruptcy under the Plan of Reorganization. Mr. Yeutter has been Of Counsel to Hogan & Hartson, LLP, a law firm in Washington, D.C., since 1993 and has established an international trade and agricultural law practice. Prior to joining Hogan & Hartson, Mr. Yeutter served as Secretary of Agriculture in 1989-1990 and as Republican National Chairman in 1991. Prior to this, Mr. Yeutter served as President and Chief Executive Officer of the Chicago Mercantile Exchange from 1978 through 1985, held two Assistant Secretary of Agriculture posts under President Nixon and served as deputy Special Trade Representative under President Ford. In addition, Mr. Yeutter serves as a director of DHC, Chairman of the Board of Oppenheimer Funds, an institutional investment manager, Chairman of the Board of CropSolutions, Inc., a privately-owned agricultural chemical company and a director of America First, a privately-owned investment management company.

Eugene I. Davis was appointed a director of ACL on January 11, 2005, upon our emergence from bankruptcy under the Plan of Reorganization. Since 1999, Mr. Davis has served as the Chairman and Chief Executive Officer of PIRINATE Consulting Group, LLC, a turn-around and corporate consulting firm. Mr. Davis was the Chairman and Chief Executive Officer of RBX Industries, Inc., a manufacturer and distributor of foam products, from September 2001 to November 2003 and served as the Restructuring Officer for RBX Industries, a manufacturer and distributor of rubber and plastic-based foam products, from January 2001 to September 2001. Mr. Davis has served on the CFN Liquidating Trust Committee for the former Contifinancial Corporation and its affiliates since April 2001. Mr. Davis currently serves as a director for Atlas Air Worldwide Holdings, Inc., Exide Technologies, Inc., Metals USA, Inc., Tipperary Corporation, IPCS, Inc. and Knology Broadband, Inc.

Richard L. Huber was appointed a director of ACL on January 11, 2005, upon our emergence from bankruptcy under the Plan of Reorganization. Mr. Huber served as a director of ACL LLC from

Table of Contents

2000 to January 2005 and as Interim Chief Executive Officer of ACL LLC from April 2004 to January 2005. Mr. Huber has been Managing Director, Chief Executive Officer and Principal of Norte-Sur Partners, a direct private equity investment firm focused on Latin America, since January 2001. Prior to that, from 1995 to February 2000, Mr. Huber held various positions with Aetna, Inc., a leading health and disability benefits provider, most recently as the Chief Executive Officer. Mr. Huber has approximately 40 years of prior investment and merchant banking, international business and management experience, including executive positions with Chase Manhattan Bank, Citibank, Bank of Boston and Continental Bank. In addition, Mr. Huber has served as a director of DHC since July 2002 and serves as a director of Opticare Health Systems, Inc., Malta Clayton, SA, and several non-public companies in Latin America.

Nils E. Larsen was appointed a director of ACL on January 11, 2005, upon our emergence from bankruptcy under the Plan of Reorganization. Mr. Larsen has served as a managing director of Equity Group Investments, L.L.C., a private investment group, since 2001. Prior to that, from 1995 to 2001, Mr. Larsen held various other positions with Equity Group Investments, working in the transportation, energy, communications and retail industries. In addition, Mr. Larsen serves as a director of Rewards Network Inc.

Emanuel L. Rouvelas was appointed a director of ACL on January 11, 2005, upon our emergence from bankruptcy under the Plan of Reorganization. Mr. Rouvelas is a founding partner and currently serves as Chairman of Preston Gates Ellis & Rouvelas Meeds LLP, the Washington D.C. partner of the law firm Preston, Gates & Ellis LLP. Mr. Rouvelas has established a federal counseling and lobbying practice and has advised many of the world's leading shipping companies. Prior to joining Preston Gates, Mr. Rouvelas was counsel to the U.S. Senate Committee on Commerce and chief counsel to its Merchant Marine and Foreign Commerce Subcommittees.

R. Christopher Weber was appointed a director of ACL on January 11, 2005, upon our emergence from bankruptcy under the Plan of Reorganization. From January 1991 until his retirement in May 1999, Mr. Weber served as the Senior Vice President and Chief Financial Officer of Jacor Communications, Inc., a radio broadcast company. Mr. Weber is also a retired Certified Public Accountant.

Mark R. Holden was named President and Chief Executive Officer of ACL on January 18, 2005 and has also served as a director of ACL since that date. Prior to joining us, Mr. Holden served as Senior Vice President and Chief Financial Officer of Wabash National Corporation, a large manufacturer of truck trailers, from October 2001 to June 2004. In addition to his duties as the Chief Financial Officer, Mr. Holden served on the board of directors of Wabash from 1995 to 2003 and as a member of the Office of the Chief Executive Officer during 2001 and 2002. From May 1995 to October 2001, Mr. Holden served as Vice President — Chief Financial Officer of Wabash. Prior to that, Mr. Holden held a variety of positions of increasing responsibility with Wabash beginning in 1992. Before joining Wabash, Mr. Holden spent 12 years at an international accounting firm.

W. Norbert Whitlock was named Senior Vice President, Chief Operating Officer of ACL on January 18, 2005. Mr. Whitlock has served as our Chief Operating Officer since April 2004 and served as our President from April 2004 through January 17, 2005. Previously, Mr. Whitlock served as Senior Vice President, Transportation Services of ACL LLC from July 2003 to April 2004, as Senior Vice President, Logistics Services for American Commercial Barge Line LLC and LDC from March 2000 to June 2003 and as Senior Vice President, Transportation Services of American Commercial Barge Line and LDC from 1982 through March 2000.

Christopher A. Black was named Senior Vice President, Chief Financial Officer of ACL on February 22, 2005, effective as of March 22, 2005. Prior to joining us, Mr. Black served as Vice President & Treasurer of Wabash National Corporation, a large manufacturer of truck trailers, from October 2001 to July 2004. Prior to that, from September 2000 to October 2001, Mr. Black served as Senior Vice President — Corporate Banking of US Bancorp. From August 1995 to September 2000, he held various positions at SunTrust Bank, most recently as Director — Corporate & Investment Banking. Prior to that, he was employed by PNC Bank and Bank One (now JP Morgan Chase).

Table of Contents

Lisa L. Fleming was named Senior Vice President, Law & Administration and Secretary of ACL on December 22, 2004. Ms. Fleming has served as our Senior Vice President, Law & Administration, General Counsel and Secretary since January 2003. From 1996 to 2002, Ms. Fleming served Midland Enterprises, Inc. and its operating subsidiary The Ohio River Company, a barge transportation and related service company, in each case as Associate General Counsel and Assistant Secretary, where she managed legal, insurance and risk management functions. Prior to that, Ms. Fleming worked for ACL LLC in various capacities including Associate General Counsel, Assistant Secretary and Director of Strategic Planning.

Nick C. Fletcher was named Senior Vice President, Human Resources of ACL on March 1, 2005. Prior to joining us, Mr. Fletcher was the Vice President of Human Resources for Continental Tire North America, Inc., a global manufacturer of automotive tires and products, since February 2004. Prior to that, he provided human resources consulting services from May 2003 to February 2004. From June 1999 until May 2003, he was employed by Wabash National Corporation, a large manufacturer of truck trailers, as a Director of Human Resources and as Vice President, Human Resources. Throughout his career, he has held various human resources positions with increasing responsibility at TRW Inc., Pilkington Libbey-Owens-Ford Co., Landis & Gyr Inc. and Siemens Corporation.

Jerry R. Linzey has served as our Senior Vice President, Manufacturing since May 2005. Prior to joining us, Mr. Linzey served as Senior Vice President, Manufacturing of Wabash National Corporation, a large manufacturer of truck trailers, from 2002 to May 2005. Prior to that, from 2000 to 2002, Mr. Linzey served as Director, North American Operations of The Stanley Works, a large manufacturer of tools and fasteners. From 1985 to 2000, he held various positions at Delphi Automotive Systems, most recently as Plant Manager — Radiator and Oil Cooler Product Lines.

Michael J. Monahan was appointed as our Senior Vice President, Transportation Services in September 2004. Prior to joining us, Mr. Monahan served as Vice President of TECO Barge Line, a barge transportation company, from August 2002 until August 2004, where he was responsible for the management and operation of its river transportation assets. Before joining TECO, Mr. Monahan was Vice President of Operations Support for Midland Enterprises, Inc., a barge transportation and related service company, from April 2000 until August 2002.

Martin K. Pepper was named our Senior Vice President, Global Sales & Marketing in November 2003. From August 1998 to that time, Mr. Pepper served as the Senior Vice President, International Business Development for American Commercial Lines International LLC. Prior to joining us in 1997 as Vice President for Fleet Maintenance, he served for 16 years as a vice president with Canal Barge Company, a barge transportation company, and served in liquid sales and marketing for Tidewater Barge Line, a barge transportation company, from 1990 until 1997.

Paul F. Brotzge was named Vice President, Treasurer and Controller of ACL on December 22, 2004. Mr. Brotzge has served as our Vice President, Treasurer and Controller since May 2004. Mr. Brotzge served as our Vice President and Controller from 2000 to May 2004. Mr. Brotzge joined us in 1980 as an Operations Analyst and served in a number of financial managerial positions before being named Assistant Vice President, Finance in 1995.

Karl D. Kintzele was named Vice President, Internal Audit of ACL on March 22, 2005. Prior to joining us, Mr. Kintzele served as Vice President, Internal Audit of Wabash National Corporation, a large manufacturer of truck trailers, since October 2001, having been promoted from the position of Director, Internal Audit, which he assumed in September 1999 upon joining the company. Before joining Wabash, Mr. Kintzele spent 18 years with Teledyne, Inc., a manufacturer of electronic and communications products, holding positions of increasing senior management responsibilities within the financial and internal audit functions.

William L. Schmidt was named Vice President, Information Technology of ACL on April 4, 2005. Mr. Schmidt has also served as our Vice President, Corporate Support from October 2003 to April 2005; Vice President, Purchasing from June 2002 to October 2003; and Assistant Vice President, Logistics

Table of Contents

from April 2000 to June 2002. Mr. Schmidt joined us in 1995 as a Manager of Liquid Sales before being named Assistant Vice President, Gulf Fleet Services in 1997. Prior to joining us, Mr. Schmidt served as Director — Projects & Business Development of The Great Lakes Towing Company from 1990 to 1995.

COMMITTEES

Our board of directors has standing audit, compensation and nominating and governance committees.

Audit Committee. The audit committee of our board of directors selects our independent registered public accountants, reviews with the independent registered public accountants the plans and results of the audit engagement, approves professional services provided by the independent registered public accountants, reviews the independence of the independent registered public accountants, considers the range of audit and non-audit fees and reviews the adequacy of our internal accounting controls. Our board has adopted a written charter of the audit committee. Messrs. Weber, Davis and Yeutter serve as members of the audit committee, with Mr. Weber serving as Chairman. Mr. Weber is an "audit committee financial expert" as defined by the SEC. Our board has determined that each of the members of the audit committee is "independent," as that term is defined for audit committee members under the listing standards of the Nasdaq Stock Market and the Securities Exchange Act of 1934, as amended (the "Exchange Act").

Compensation Committee. The compensation committee of our board of directors determines salaries and incentive compensation for our executive officers and administers our employee benefit plans. Our board has adopted a written charter of the compensation committee. Messrs. Larsen, Rouvelas and Weber serve as members of the compensation committee, with Mr. Larsen serving as Chairman. Our board has determined that each of the members of the compensation committee is "independent," as such term for compensation committee members is defined in the listing standards of the Nasdaq Stock Market; each is a "Non-Employee Director" as defined in Rule 16b-3 under the Exchange Act; and each is an "Outside Director" as defined by the regulations under Section 162(m) of the Internal Revenue Code of 1986, as amended.

Nominating and Governance Committee. The nominating and governance committee of our board of directors identifies individuals qualified to become members of the board, recommends to the board the director nominees for the next annual meeting of stockholders, identifies individuals to fill vacancies on the board, recommends changes to our Corporate Governance Guidelines, leads the annual review of both the nominating and governance committee's performance and the board's performance, and recommends nominees for each committee of the board. Messrs. Davis and Rouvelas serve as members of the nominating and governance committee, with Mr. Rouvelas serving as Chairman. Our board has determined that each of the members of the nominating and governance committee is "independent," as that term is defined for nominating and governance committee members under the listing standards of the Nasdaq Stock Market and the Exchange Act.

Table of Contents

EXECUTIVE COMPENSATION

Summary Compensation Table

The following table contains information concerning the compensation earned for services in all capacities to us for 2002 through 2004 by (i) our chief executive officer during 2004 and (ii) our other four most highly compensated executive officers for 2004 (together with our former interim chief executive officer, the "Named Executive Officers"). This information reflects compensation earned prior to our emergence from bankruptcy and does not include certain members of our current management team, including our chief executive officer and chief financial officer. As such, it is not indicative of our compensation structure going forward.

		Annual Compensation			Long-Term Compensation Awards		
Name and Principal Position	Year	Salary	Bonus	Other Annual Compensation(1)	Restricted Stock Awards	Securities Underlying Options(2)	All Other Compensation(3)
Richard L. Huber	2004	$120,692	$ —	$ 350	$ —	$ —	$ 1,730
Former Interim Chief	2003	—	—	—	—	—	—
Executive Officer(4)	2002	—	—	—	—(5)	—	—
W. Norbert Whitlock	2004	224,650	39,163	—	—	—	20,230
President and Chief	2003	181,675	39,163	9,240	—	—	19,902
Operating Officer	2002	169,000	—	9,240	222,481(6)	95,000	34,322
Lisa L. Fleming	2004	189,215	31,337	—	—	—	2,386
Senior Vice President,	2003	141,097	25,393	7,903	—	—	828
Law & Administration	2002	—	—	—	—	—	—
and Secretary							
Martin K. Pepper	2004	185,392	30,704	—	—	—	2,230
Senior Vice President,	2003	153,221	24,998	9,240	—	—	4,918
Global Sales & Marketing	2002	150,000	—	9,240	129,779(6)	95,000	7,671
Paul F. Brotzge	2004	144,940	14,403	—	—	—	2,617
Vice President, Treasurer	2003	122,335	13,086	8,040	—	—	4,695
and Controller	2002	113,800	—	8,040	37,083(6)	30,000	9,789

(1) The amount shown for Mr. Huber consists of a health insurance incentive. The amounts shown for Messrs. Whitlock, Pepper and Brotzge consist of vehicle allowances. The amount shown for Ms. Fleming consists of a $225 health insurance incentive and a $7,678 vehicle allowance.

(2) Represents options to purchase DHC common stock granted pursuant to the DHC 1995 Stock Option and Incentive Plan as a result of the Named Executive Officer's employment with us.

(3) Amounts shown for 2004 include the following: for Mr. Huber, $830 in life insurance premium payments made by us on his behalf and $900 in matching contributions made by us pursuant to the American Commercial Lines LLC 401(k) Plan, or the ACL LLC 401(k) plan, available to all employees; for Mr. Whitlock, $3,119 in life insurance premium payments made by us on his behalf, $13,586 in payments received from us under the salary continuation plan of ACL LLC, and $3,525 in matching contributions made by us pursuant to the ACL LLC 401(k) plan; for Ms. Fleming, $2,386 in matching contributions made by us pursuant to the ACL LLC 401(k) plan; for Mr. Pepper, $831 in life insurance premium payments made by us on his behalf and $1,399 in matching contributions made by us pursuant to the ACL LLC 401(k) plan; and for Mr. Brotzge, $429 in life insurance premium payments made by us on his behalf and $2,188 in matching contributions made by us pursuant to the ACL LLC 401 (k) plan.

(4) Mr. Huber served as our Interim Chief Executive Officer from April 30, 2004 until January 18, 2005, when Mark R. Holden became our President and Chief Executive Officer. Effective January 18, 2005, Mr. Huber resigned as an officer of ACL.

footnotes continued on following page

Table of Contents

(5) Does not include 20,000 shares of restricted DHC common stock received by Mr. Huber on May 29, 2002, in his capacity as an investor in ACL Holdings, as part of the Danielson Recapitalization. Mr. Huber was not an employee of ACL LLC at the time. The dollar value of the restricted stock award was $123,200, calculated by multiplying the number of shares awarded by $6.16, the closing price of DHC's common stock on the date of grant.

(6) Consists of the dollar value of the restricted stock awards (calculated by multiplying the number of shares awarded by the closing price per share of DHC common stock on the date of grant, which was $6.16) made in restricted DHC common stock as part of the Danielson Recapitalization, whereby each of the Named Executive Officers holding a preferred membership interest in ACL Holdings at the time of the Danielson Recapitalization abandoned their units to ACL Holdings for no consideration and received certain amounts of DHC common stock from DHC for their continued employment with ACL LLC.

Our management received a total of 339,040 shares of DHC restricted stock, of which Messrs. Whitlock, Pepper and Brotzge received 36,117, 21,068 and 6,020 shares, respectively. At December 31, 2004, the aggregate value of the restricted DHC common stock held by Messrs. Whitlock, Pepper and Brotzge was $534,082 (63,205 shares multiplied by $8.45, the closing price of DHC common stock on December 31, 2004). Upon the exchange of ownership of ACL pursuant to our Plan of Reorganization, 29,091 total shares granted to our management were cancelled. The shares cancelled of Messrs. Whitlock, Pepper and Brotzge were 12,039, 7,022 and 2,006, respectively. The cancelled shares represented the unvested shares as of the exchange date. By contract, each member of our management received $1.00 for each share of DHC restricted common stock that did not vest.

Recent Awards

On January 18, 2005, our compensation committee granted equity awards under the Equity Award Plan to each of Mr. Huber (in addition to grants to him in his capacity as a director — See "— Director Compensation") and Mr. Whitlock in consideration of significant contributions they made to us during our reorganization. Mr. Huber received 56,076 unrestricted shares of our common stock and an option to purchase 56,076 shares of our common stock that has an exercise price of $16.65 per share and vests with respect to 18,692 shares on each of the first three anniversaries of the date of grant. Mr. Whitlock received 28,038 restricted shares of our common stock that vest with respect to 9,346 shares on each of the first three anniversaries of the date of grant, and an option to purchase 28,038 shares of our common stock that has an exercise price of $16.65 per share and vests with respect to 9,346 shares on each of the first three anniversaries of the date of grant. The number of shares and the option exercise price were subsequently adjusted pursuant to the stock dividend distributed on August 15, 2005. See "Description of Capital Stock."

In addition, certain executive officers and members of management were granted equity awards under the Equity Award Plan and the Stock Incentive Plan in connection with the execution of their employment agreements. See "— Employment Agreements."

Options/ SAR Grants in Last Fiscal Year

No stock options or stock appreciation rights were granted to any of the Named Executive Officers during 2004.

Aggregated Option Exercises in Last Fiscal Year and Fiscal Year-End Option Values

The following table contains information with respect to options to acquire DHC common stock exercised by each of the Named Executive Officers during 2004, the number of securities underlying

Table of Contents

unexercised options to acquire DHC common stock held by each of the Named Executive Officers and the value of such unexercised options at the end of 2004:

Name	Shares Acquired on Exercise	Value Realized	Number of Securities Underlying Unexercised Options at Fiscal Year-End Exercisable/Unexercisable(1)	Value of Unexercised In-the-Money Options at Fiscal Year-End Exercisable/Unexercisable(2)
Richard L. Huber	—	$ —	—	—
W. Norbert Whitlock	—	$ —	23,750/23,750	$ 80,988/$80,988
Lisa L. Fleming	—	$ —	—	—
Martin K. Pepper	—	$ —	23,750/23,750	$ 80,988/$80,988
Paul F. Brotzge	3,750	$13,350	3,750/7,500	$ 12,788/$25,575

(1) Represents options to purchase DHC common stock granted pursuant to the DHC 1995 Stock and Incentive Plan as a result of the Named Executive Officer's employment with us.

(2) Value of unexercised options at fiscal year-end represents the difference between the exercise price of any outstanding in-the-money options and $8.41, the mean value of DHC common stock on December 31, 2004.

American Commercial Lines Inc. Equity Award Plan for Employees, Officers and Directors

The Equity Award Plan was implemented on January 10, 2005 and will continue in effect for ten years unless terminated earlier. The plan is administered by the compensation committee of our board of directors. The compensation committee has exclusive authority, in its discretion, to determine all matters relating to awards under the plan, including the selection of individuals to be granted an award, the type of award, the number of shares subject to an award, all terms, conditions, restrictions and limitations of an award and the terms of any instrument that evidences an award.

The persons eligible to receive awards under the plan include the employees and officers of ACL or any subsidiary or affiliate of ACL and non-employee directors of ACL. Incentive stock options, however, may only be granted to employees and officers of ACL, its subsidiaries and its affiliates.

The aggregate number of shares of common stock of ACL that are authorized and available for issuance under the plan is 1,818,704. If an award expires or becomes unexercisable without having been exercised in full, the unpurchased shares will become available for future awards. Subject to any required action by the stockholders of ACL, the number of shares of common stock covered by each outstanding award and the number of shares authorized and available for issuance under the plan, as well as the price per share of common stock covered by each outstanding award, will be adjusted for any increase or decrease in the number of issued shares of common stock resulting from a stock split, reverse stock split, stock dividend, combination or reclassification of ACL common stock.

Upon the occurrence of a reorganization, merger, consolidation, sale of all or substantially all of the assets of ACL or other "event" (as defined in the plan) in which awards under the plan are not to be assumed or otherwise continued, the compensation committee may terminate any outstanding award without the participant's consent and (i) provide for either the purchase of any such award for an amount of cash equal to the amount that could have been obtained upon exercise of the award or the replacement of the award with other rights or property selected by the compensation committee or (ii) provide that the award shall be exercisable (whether or not vested) as to all shares covered thereby for at least ten days prior to the event.

Our board of directors may amend, alter, suspend or terminate the plan at any time. However, stockholder approval must be obtained to materially amend the plan and to amend the plan to the extent necessary to comply with Section 422 of the Internal Revenue Code and the rules of any applicable stock exchange or quotation system.

Table of Contents

The plan provides for the grant of incentive stock options (within the meaning of Section 422 of the Internal Revenue Code), non-qualified stock options, restricted stock awards, stock appreciation rights, performance awards and other stock-based awards that may be granted at the discretion of the compensation committee. The following specific restrictions in the plan apply to the types and terms of awards:

Options

The term of each option shall be no longer than ten years from the date of grant; however, in the case of an incentive stock option granted to a participant who, at the time the incentive stock option is granted, owns shares representing more than 10% of the voting power of ACL or any subsidiary of ACL, the term of the option shall be five years from the date of grant.

The exercise price per share of a non-qualified stock option may not be less than 100% of the fair market value per share of ACL common stock on the date of grant. In the case of an incentive stock option, if an employee or officer, at the time the incentive stock option is granted, owns shares representing more than 10% of the voting power of ACL or any subsidiary, the exercise price per share may not be less than 110% of the fair market value per share of ACL common stock on the date of grant. Otherwise, the exercise price per share may not be less than 100% of the fair market value per share of ACL common stock on the date of grant.

Restricted stock

The compensation committee has the authority to determine any forfeiture or vesting restrictions on a restricted stock award. During any restriction period set by the compensation committee, a holder of shares of restricted stock may not sell, assign, transfer, pledge or otherwise encumber the shares of restricted stock. The compensation committee may also impose a limit on the number of shares that a participant may receive in any 12-month period in the form of restricted stock awards. If a holder of shares of restricted stock ceases to be our employee, officer or director for any reason during the restriction period, all shares still subject to restriction must be forfeited by the participant.

Stock appreciation rights

The compensation committee may grant stock appreciation rights to receive the excess of the fair market value of the shares on the date the rights are exercised over the fair market value of the shares on the date the rights were granted. Stock appreciation rights may not be exercised earlier than six months from the date of the grant.

Performance awards

Performance awards may be granted in the form of actual shares of ACL common stock or common stock units having a value equal to an identical number of shares of ACL common stock. The performance objectives and performance period applicable to an award are determined by the compensation committee. Performance objectives are to be established by the compensation committee prior to, or reasonably promptly following the inception of, a performance period and should consist of one or more business criteria meeting the requirements of Section 162(m) of the Internal Revenue Code, including but not limited to revenue, EBITDA, funds from operations, funds from operations per share, operating income, pre or after tax income, cash available for distribution, cash available for distribution per share, net earnings, earnings per share, return on equity, return on assets, share price performance, improvements in our attainment of expense levels, and implementation or completion of critical projects, or improvement in cash-flow (before or after tax). These criteria may be measured over a performance period on a periodic, annual, cumulative or average basis and may be established on a company-wide basis or established with respect to one or more operating units, divisions, subsidiaries, acquired businesses, minority investments, partnerships or joint ventures. The compensation committee may, in its discretion,

Table of Contents

reduce or eliminate the amount of payment with respect to a performance award but may not increase the amount.

American Commercial Lines Inc. 2005 Stock Incentive Plan

The Stock Incentive Plan was adopted by the board of directors of ACL on May 24, 2005 and will continue in effect for ten years unless terminated earlier. The plan is administered by the compensation committee, which has exclusive authority, in its discretion, to determine all matters relating to awards under the plan, including the selection of individuals to be granted an award, the type of award, the number of shares subject to an award, all terms, conditions, restrictions and limitations of an award and the terms of any instrument that evidences an award.

The persons eligible to receive awards under the plan include employees and officers of ACL or any subsidiary or affiliate of ACL and non-employee directors of ACL.

The aggregate number of shares of ACL common stock that are authorized and available for issuance under the plan is 1,440,000. If an award expires or becomes unexercisable without having been exercised in full, the unpurchased shares will become available for future awards. The number of shares of common stock covered by each outstanding award and the number of shares authorized and available for issuance under the plan, as well as the price per share of common stock covered by each outstanding award, will be adjusted for any increase or decrease in the number of issued shares of common stock resulting from a stock split, reverse stock split, stock dividend, combination or reclassification of ACL common stock.

Upon the occurrence of a reorganization, merger, consolidation, sale of all or substantially all of the assets of ACL or other "event" (as defined in the plan) in which awards under the plan are not to be assumed or otherwise continued, the compensation committee may terminate all or any portion of an outstanding award without the participant's consent and (i) provide for either the purchase of any such award for an amount of cash equal to the amount that could have been obtained upon exercise of the award or the replacement of the award with other rights or property selected by the compensation committee or (ii) provide that the award shall be exercisable (whether or not vested) as to all shares covered thereby for at least ten days prior to the event.

Our board of directors may amend, alter, suspend or terminate the plan at any time.

The plan provides for the grant of non-qualified stock options, restricted stock awards, stock appreciation rights, performance awards and other stock-based awards that may be granted at the discretion of the compensation committee. The following specific restrictions in the plan apply to the types and terms of awards:

Options

The term of each option shall be no longer than ten years from the date of grant. The compensation committee shall determine the exercise price per share and the vesting, exercise and other conditions of each stock option.

Restricted stock

The compensation committee has the authority to determine any forfeiture or vesting restrictions on a restricted stock award. During any restriction period set by the compensation committee, a holder of shares of restricted stock may not sell, assign, transfer, pledge or otherwise encumber the shares of restricted stock. The compensation committee may also impose a limit on the number of shares that a participant may receive in any 12-month period in the form of restricted stock awards. If a holder of shares of restricted stock ceases to be our employee, officer or director for any reason during the restriction period, all shares still subject to restriction must be forfeited by the participant.

Table of Contents

Stock appreciation rights

The compensation committee may grant stock appreciation rights to receive the excess of the fair market value of the shares on the date the rights are exercised over the fair market value of the shares on the date the rights were granted. Stock appreciation rights may not be exercised earlier than six months from the date of the grant.

Performance awards

Performance awards may be granted in the form of actual shares of ACL common stock or common stock units having a value equal to an identical number of shares of ACL common stock. The performance objectives and performance period applicable to an award are determined by the compensation committee. Performance objectives are to be established by the compensation committee prior to, or reasonably promptly following the inception of, a performance period and will consist of one or more business criteria prescribed by the compensation committee, including but not limited to revenue, EBITDA, funds from operations, funds from operations per share, operating income, pre or after tax income, cash available for distribution, cash available for distribution per share, net earnings, earnings per share, return on equity, return on assets, share price performance, improvements in our attainment of expense levels, and implementation or completion of critical projects, or improvement in cash-flow (before or after tax). These criteria may be measured over a performance period on a periodic, annual, cumulative or average basis and may be established on a company-wide basis or established with respect to one or more operating units, divisions, subsidiaries, acquired businesses, minority investments, partnerships or joint ventures. The compensation committee may, in its discretion, reduce, eliminate or increase the amount of payment with respect to a performance award.

American Commercial Lines LLC 2005 Annual Incentive Plan

The American Commercial Lines LLC 2005 Annual Incentive Plan was approved by the compensation committee of ACL LLC's board of directors on May 11, 2005. Our full time, non-represented employees hired no later than September 30, 2005 are eligible to participate. Participants in the plan will be eligible to receive a cash incentive bonus payment if certain performance goals are achieved, including EBITDA, free cash flow, earnings per share and business objective targets. Three performance levels have been established for each target, with a corresponding percentage of the target award available for payout upon the achievement of each level. The performance goals are based on the 2005 business plan established during the bankruptcy process, and the goals for our chief executive officer and senior vice presidents are 10% higher than those for our other employees. Awards will be calculated based upon a percentage of base salary and the achievement of the defined performance goals, including a weighted factor for overall performance.

Pension Plans

Salary continuation plan

ACL LLC has a salary continuation plan under which supplemental retirement benefits are paid as a function of final pay, some of which are paid in lieu of a former life insurance benefit. The supplemental benefits are payable upon the participant's termination, retirement, death or total and permanent disability, or upon a change of control of ACL LLC, and include (i) credits of contributions and earnings to a bookkeeping account kept for the participant's benefit and (ii) an amount equal to the participant's annualized final salary at retirement. Following our emergence from bankruptcy, the only participant under the salary continuation plan was W. Norbert Whitlock. As of June 30, 2005, the value of Mr. Whitlock's account was $978,676.75, and his annualized base salary was $300,000.

Table of Contents

Salaried employee pension plans

The pension plan table provided below indicates the estimated annual benefits payable, before offset for the Social Security annuity, by ACL LLC to any officer or salaried employee upon retirement at the normal retirement age of 65 after selected periods of service and in specified compensation groups.

Pension Plan Table

Five Consecutive Year Average Compensation	Years of Service				
	15	20	25	30	35
$ 125,000	$ 25,052	$ 34,427	$ 43,802	$ 53,177	$ 62,552
150,000	30,063	41,313	52,563	63,813	75,063
175,000	35,073	48,198	61,323	74,448	87,573
200,000	40,083	55,083	70,083	85,083	100,083
225,000	45,094	61,969	78,844	95,719	112,594
250,000	50,104	68,854	87,604	106,354	125,104
275,000	55,115	75,740	96,365	116,990	137,615
300,000	60,125	82,625	105,125	127,625	150,125
325,000	65,135	89,510	113,885	138,260	162,635
350,000	70,146	96,396	122,646	148,896	175,146
375,000	75,156	103,281	131,406	159,531	187,656
400,000	80,167	110,167	140,167	170,167	200,167
425,000	85,177	117,052	148,927	180,802	212,677
450,000	90,188	123,938	157,688	191,438	225,188
475,000	95,198	130,823	166,448	202,073	237,698
500,000	100,208	137,708	175,208	212,708	250,208

Retirement benefits from our funded and unfunded non-contributory pension plans are based on both length of service and compensation levels. The compensation covered by the pension plans is compensation paid by ACL LLC to a participant on a regular monthly or annual salary basis, including bonuses or similar awards for personal services rendered in a position that is not under the scope of a labor agreement prior to 2000. Compensation items listed in the Summary Compensation Table covered by the pension plans are salary and bonus. Benefits earned before February 1, 2000 are computed at the time of retirement under a defined benefit formula based on years of service and average salary and bonus for the highest 60 consecutive months of service, computed without regard to additional payments in stock. Benefits earned after February 1, 2000 are computed based on career-average base salary only. The pension plans provide for normal retirement at age 65, and, subject to certain eligibility requirements, early retirement beginning at age 55 is permitted with reduced pension payments.

The above table sets forth the estimated annual benefit payable, before offset for the Social Security annuity, by ACL LLC to any officer or salaried employee upon retirement at the normal retirement age after selected periods of service and in specified compensation groups. The normal form of the benefit is a straight-life annuity. As of December 31, 2004, the Named Executive Officers had the following years of credited service: Mr. Huber, 0 years; Mr. Whitlock, 25.6 years; Ms. Fleming, 12.2 years; Mr. Pepper, 7.8 years; and Mr. Brotzge, 24.9 years.

The Internal Revenue Code imposes certain limitations on compensation and benefits payable from tax-qualified pension plans. Pension amounts in excess of such limitations are payable from the non-qualified pension plan, which is not funded.

Table of Contents

Benefit Plans

We maintain various qualified and non-qualified benefit plans for our employees. All salaried, full-time employees are covered or will be covered by an ERISA-qualified defined benefit retirement plan and are eligible to participate in a 401(k) savings plan that includes a partial company match feature. Hourly employees with some of our subsidiaries have separate ERISA-qualified defined benefit plans and are eligible to participate in separate 401(k) savings plans.

We maintain a self-insured general welfare health plan for employees. The plan has appropriate levels of employee deductible and maximum benefit levels. Employees may elect to participate in approved HMO plans in lieu of ACL-sponsored plans.

We have provided to certain members of management various non-qualified benefit and deferred compensation plans. These plans include deferred salary plans, deferred bonus plans and salary continuation with whole life plans.

We have reserved the right to add, amend, change, tie off or terminate any or all qualified or non-qualified benefit plans at any time and to alter, amend, add to or restrict employee participation to the extent permitted by applicable federal or state law or regulation.

DIRECTOR COMPENSATION

The chairman of our board of directors is paid $45,000 annually, payable in quarterly installments at the beginning of each calendar quarter. The other non-employee directors are paid $30,000 annually, payable in quarterly installments at the beginning of each calendar quarter. The chairmen of the audit committee, the compensation committee and the nominating and governance committee are each paid an additional $5,000 annually, payable in quarterly installments at the beginning of each calendar quarter. Each member of a committee, including the chairman of each committee, receives an additional $1,250 per committee meeting attended in person or by telephone.

On January 18, 2005, the chairman of our board received 1,500 restricted shares of ACL common stock and a nonqualified option to purchase 12,000 shares of ACL common stock at an exercise price of $16.65 per share under the Equity Award Plan. The other non-employee directors each received 1,000 restricted shares of ACL common stock and a nonqualified option to purchase 8,000 shares of ACL common stock at an exercise price of $16.65 per share under the Equity Award Plan. Such restricted shares will vest in three equal annual installments, commencing on the first anniversary of the grant date, and such stock options will vest six months from the grant date. The number of restricted shares and shares subject to the options, as well as the option exercise price, were subsequently adjusted pursuant to the stock dividend distributed on August 15, 2005. See “Description of Capital Stock.”

Members of our board who are our employees receive no additional compensation for service on the board. All directors are reimbursed for travel expenses incurred in attending meetings of the board or committees of the board.

EMPLOYMENT AGREEMENTS

Mark R. Holden

On January 18, 2005, we entered into an employment agreement with Mark R. Holden, the President and Chief Executive Officer of ACL and each of its operating subsidiaries. The initial term of the contract expires on January 18, 2008, but is subject to one-year renewals at our written election. The contract requires Mr. Holden to maintain the confidentiality of our proprietary information during his employment and for a period of five years after termination, and to refrain from competing with and soliciting employees and customers from us during his employment and for a period of 18 months after termination. The contract provides for a minimum annual base salary of $450,000, which is subject to our annual review. Mr. Holden also will be eligible for a cash bonus with a target of 75% of his base salary, as determined by our compensation committee and dependent upon the achievement of performance targets mutually agreed to by Mr. Holden and the compensation committee. Mr. Holden will be permitted to participate in any benefit plans that are generally available to our senior management. In addition, we

Table of Contents

agreed to reimburse Mr. Holden for specified expenses incurred in connection with his duties and relocation expenses including the cost of moving his family to the Jeffersonville, Indiana area. Under the contract, if Mr. Holden's employment is terminated without "cause" (as defined in the contract), or if Mr. Holden terminates his employment with us for "good reason" (as defined in the contract), Mr. Holden shall receive a cash payment payable over a period of 18 months in equal pro rata amounts calculated as follows: 1.5 times the sum of (i) his base salary in effect on the day of termination and (ii) his average annual bonus, which equals either the average bonus paid to him in the prior two calendar years or, if no bonus was paid in either of the prior two calendar years, 75% of his base salary. If the termination of Mr. Holden's employment occurs after a "change in control" (as defined in the contract), Mr. Holden shall receive three times the sum of (i) his base salary in effect on the day of termination and (ii) his average annual bonus, as described above.

Under the contract, Mr. Holden is entitled to participate in the Equity Award Plan. Pursuant to the contract, on January 18, 2005, Mr. Holden received 56,076 restricted shares of ACL common stock. The restrictions on the restricted shares lapse on a pro rata basis over a period of three years from the date of grant. Future awards of restricted stock, if any, may be subject to performance-based vesting requirements. In addition, on January 18, 2005, Mr. Holden received an option to purchase 56,076 shares of ACL common stock with an exercise price per share of $16.65. The option vests on a pro rata basis over a period of three years from the date of grant, and the term of the option is ten years following the date of grant. The number of restricted shares and shares subject to the option, as well as the option exercise price, were subsequently adjusted pursuant to the stock dividend distributed on August 15, 2005. See "Description of Capital Stock." Upon a "change in control" (as defined in Mr. Holden's nonqualified stock option agreement, incentive stock option agreement and restricted stock award agreement), all of his options will immediately become fully vested and the restrictions on his restricted shares will fully lapse.

If Mr. Holden's employment is terminated due to death, disability or without cause, or if Mr. Holden terminates his employment with us for good reason, all of his options will immediately become fully vested and exercisable and the restrictions on his restricted shares will fully lapse. If Mr. Holden is terminated for cause or if Mr. Holden terminates his employment with us without good reason, he will forfeit all rights and interests to any unvested restricted stock or options. Mr. Holden will have 12 months to exercise his vested options after his employment is terminated other than (i) for cause or (ii) if he terminates his employment with us without good reason. If his employment is terminated for cause, Mr. Holden will have one day following termination to exercise his vested stock options. If he terminates his employment with us without good reason, Mr. Holden will have sixty days following such termination to exercise his vested stock options.

W. Norbert Whitlock

We entered into a Termination Benefits Agreement with W. Norbert Whitlock, the Senior Vice President and Chief Operating Officer of ACL, which was amended and supplemented on April 30, 2004. The contract currently has a term ending December 31, 2006. The contract provides that Mr. Whitlock will receive his benefits under the salary continuation plan described above (i) upon termination without cause directly resulting from a "change in control" (as defined in the contract), provided such termination occurs no later than nine months following the change in control; (ii) upon voluntary resignation by Mr. Whitlock after a change in control in specified circumstances; or (iii) upon his retirement if he is employed through December 31, 2006. In addition, the contract requires Mr. Whitlock to maintain the confidentiality of our proprietary information, to refrain from soliciting employees from us during his employment and for a period of one year after termination and to refrain from inducing our independent contractors, subcontractors, consultants, vendors or suppliers from canceling, withdrawing or limiting their business with us during his employment and for a period of two years after termination.

The First Amendment and Supplement to the Termination Benefits Agreement provides for an annual base salary of $235,000, which is subject to our periodic review, and a bonus of up to 100% of Mr. Whitlock's base salary in 2004 if specified consolidated adjusted EBITDA financial targets were met. On January 18, 2005, the ACL board of directors approved the Second Amendment and Supplement to

Table of Contents

the Termination Benefits Agreement to provide for an annual base salary of $300,000 in 2005, which is subject to our periodic review, and a bonus of up to 100% of Mr. Whitlock's base salary.

On January 18, 2005, Mr. Whitlock received 28,038 restricted shares of ACL common stock. The restrictions on the restricted shares lapse on a pro rata basis over a period of three years from the date of grant. Future awards of restricted stock, if any, may be subject to performance-based vesting requirements. In addition, on January 18, 2005, Mr. Whitlock received options to purchase 28,038 shares of ACL common stock, with an exercise price per share of $16.65. The options vest on a pro rata basis over a period of three years from the date of grant, and the term of the options is ten years following the date of grant. The number of restricted shares and shares subject to the option, as well as the option exercise price, were subsequently adjusted pursuant to the stock dividend distributed on August 15, 2005. See "Description of Capital Stock." Upon a "change in control" (as defined in Mr. Whitlock's nonqualified stock option agreement, incentive stock option agreement and restricted stock award agreement), all of his options will immediately become fully vested and the restrictions on his restricted shares will fully lapse.

On May 25, 2005, Mr. Whitlock's nonqualified stock option agreement, incentive stock option agreement and restricted stock award agreement were amended to provide that if Mr. Whitlock's employment is terminated due to death or disability, or without cause, or if Mr. Whitlock terminates his employment with us for good reason, all of his options will immediately become fully vested and exercisable and the restrictions on his restricted shares will fully lapse. If Mr. Whitlock's employment is terminated for cause or if Mr. Whitlock terminates his employment with us without good reason, he will forfeit all rights and interests to any unvested restricted stock or options. Mr. Whitlock will have 90 days to exercise his vested options after his employment is terminated other than (i) for cause, (ii) upon his death, disability or retirement or (iii) if he terminates his employment with us without good reason. If his employment is terminated for cause, Mr. Whitlock will have one day following termination to exercise his vested stock options. If his employment is terminated due to death, disability or retirement, his vested options will be exercisable for a period of twelve months. Lastly, if he terminates his employment with us without good reason, Mr. Whitlock will have sixty days following such termination to exercise his vested stock options.

Christopher A. Black

On February 22, 2005, we entered into an employment agreement with Christopher A. Black, Senior Vice President and Chief Financial Officer of ACL. The initial term of the contract expires on February 22, 2008, but is subject to one-year renewals at our written election. The contract requires Mr. Black to maintain the confidentiality of our proprietary information during his employment and for a period of five years after termination, and to refrain from competing with and soliciting employees and customers from us during his employment and for a period of 18 months after termination. The contract provides for a minimum annual base salary of $275,000, which is subject to our annual review. Mr. Black also will be eligible for a cash bonus with a target of 65% of his base salary, as determined by our compensation committee and dependent upon the achievement of performance targets mutually agreed to by Mr. Black and the compensation committee. Mr. Black will be permitted to participate in any benefit plans that are generally available to our senior management. In addition, in accordance with our relocation policy, we agreed to reimburse Mr. Black for customary and reasonable relocation expenses that he and his family incurred in moving their residence to the Jeffersonville, Indiana area. As an exception to our relocation policy, we allowed an extension of time for temporary housing through June 4, 2005.

Under the contract, if Mr. Black's employment is terminated without "cause" (as defined in the contract), or if Mr. Black terminates his employment with us for "good reason" (as defined in the contract), Mr. Black shall receive a cash payment payable over a period of 12 months in equal pro rata amounts calculated as follows: the sum of (i) his base salary in effect on the day of termination and (ii) his average annual bonus, which equals either the average bonus paid to him in the prior two calendar years or, if no bonus was paid in either of the prior two calendar years, 65% of his base salary. If the termination of Mr. Black's employment occurs after a "change in control" (as defined in the contract), Mr. Black shall receive three times the sum of (i) his base salary in effect on the day of termination and

Table of Contents

(ii) his average annual bonus, as described above. Upon a "change in control" (as defined in Mr. Black's incentive stock option agreement and restricted stock award agreement), all of his options will immediately become fully vested and the restrictions on his restricted shares will fully lapse.

Under the contract, Mr. Black is entitled to participate in the Equity Award Plan. Pursuant to the contract, on February 22, 2005, Mr. Black received 14,018 restricted shares of ACL common stock. The restrictions upon the restricted shares lapse on a pro rata basis over a period of three years from the date of grant. Future awards of restricted stock, if any, may be subject to performance-based vesting requirements. In addition, on February 22, 2005, Mr. Black received an option to purchase 14,018 shares of ACL common stock with an exercise price per share of $16.65. The option vests on a pro rata basis over a period of three years from the date of grant, and the term of the option is ten years following the date of grant. The number of restricted shares and shares subject to the option, as well as the option exercise price, were subsequently adjusted pursuant to the stock dividend distributed on August 15, 2005. See "Description of Capital Stock."

If Mr. Black's employment is terminated due to death, disability or without cause, or if Mr. Black terminates his employment with us for good reason, all of his options will immediately become fully vested and exercisable and the restrictions on his restricted shares will fully lapse. If Mr. Black's employment is terminated for cause or if Mr. Black terminates his employment with us without good reason, he will forfeit all rights and interests to any unvested restricted stock or options. Mr. Black will have 90 days to exercise his vested options after his employment is terminated other than (i) for cause, (ii) upon his death, disability or retirement or (iii) if he terminates his employment with us without good reason. If his employment is terminated for cause, Mr. Black will have one day following termination to exercise his vested stock options. If his employment is terminated due to death, disability or retirement, his vested stock options will be exercisable for a period of twelve months. Lastly, if he terminates his employment with us without good reason, Mr. Black will have sixty days following such termination to exercise his vested stock options.

Lisa L. Fleming

On February 18, 2005, we entered into an employment agreement with Lisa L. Fleming, Senior Vice President, Law and Administration of ACL. The initial term of the contract expires on February 18, 2008, but is subject to one-year renewals at our written election. The contract requires Ms. Fleming to maintain the confidentiality of our proprietary information during her employment and for a period of five years after termination, to refrain from competing with us during her employment, and to refrain from soliciting employees and customers from us during her employment. The contract provides for a minimum annual base salary of $250,000, which is subject to our annual review. Ms. Fleming also will be eligible for a cash bonus with a target of 65% of her base salary, as determined by our compensation committee and dependent upon the achievement of performance targets mutually agreed to by Ms. Fleming and the compensation committee. Ms. Fleming will be permitted to participate in any benefit plans that are generally available to our senior management.

Under the contract, if Ms. Fleming's employment is terminated without "cause" (as defined in the contract), or if Ms. Fleming terminates her employment with us for "good reason" (as defined in the contract), Ms. Fleming shall receive a cash payment payable over a period of 12 months in equal pro rata amounts calculated as follows: the sum of (i) her base salary in effect on the day of termination and (ii) her average annual bonus, which equals either the average bonus paid to her in the prior two calendar years or, if no bonus was paid in either of the prior two calendar years, 65% of her base salary. If the termination of Ms. Fleming's employment occurs after a "change in control" (as defined in the contract), Ms. Fleming shall receive three times the sum of (i) her base salary in effect on the day of termination and (ii) her average annual bonus, as described above. Upon a "change in control" (as defined in Ms. Fleming's incentive stock option agreement and restricted stock award agreement), all of her options will immediately become fully vested and the restrictions on her restricted shares will fully lapse.

Table of Contents

Under the contract, Ms. Fleming is entitled to participate in the Equity Award Plan. Pursuant to the contract, on February 18, 2005, Ms. Fleming received 14,018 restricted shares of ACL common stock. The restrictions upon the restricted shares lapse on a pro rata basis over a period of three years from the date of grant. Future awards of restricted stock, if any, may be subject to performance-based vesting requirements. In addition, on February 18, 2005, Ms. Fleming received an option to purchase 14,018 shares of ACL common stock with an exercise price per share of $16.65. The option vests on a pro rata basis over a period of three years from the date of grant, and the term of the option is ten years following the date of grant. The number of restricted shares and shares subject to the option, as well as the option exercise price, were subsequently adjusted pursuant to the stock dividend distributed on August 15, 2005. See "Description of Capital Stock."

If Ms. Fleming's employment is terminated due to death, disability or without cause, or if Ms. Fleming terminates her employment with us for good reason, all of her options will immediately become fully vested and exercisable and the restrictions on her restricted shares will fully lapse. If Ms. Fleming's employment is terminated for cause or if Ms. Fleming terminates her employment with us without good reason, she will forfeit all rights and interests to any unvested restricted stock or options. Ms. Fleming will have 90 days to exercise her vested options after her employment is terminated other than (i) for cause, (ii) upon her death, disability or retirement or (iii) if she terminates her employment with us without good reason. If her employment is terminated for cause, Ms. Fleming will have one day following termination to exercise her vested stock options. If her employment is terminated due to death, disability or retirement, her vested stock options will be exercisable for a period of twelve months. Lastly, if she terminates her employment with us without good reason, Ms. Fleming will have sixty days following to exercise her vested stock options.

CONSULTING AGREEMENT

On July 21, 2003, we entered into a Management Agreement with Marotta Gund Budd & Dzera, LLC, or MGBD, pursuant to which MGBD was engaged as our independent contractor through the effective date of the Plan of Reorganization, or January 11, 2005. Under the contract, we acquired the services of Philip J. Gund from MGBD for a monthly fee of $80,000, payable in advance, plus reasonable expenses paid in arrears. During the term of the contract, Mr. Gund served as our Chief Financial Officer and Restructuring Officer and assisted in the financial management of our business and the oversight of the bankruptcy process. We also retained the services of Brent L. Fletcher, an associate of MGBD, to assist Mr. Gund in his efforts. We paid Mr. Gund a success fee of $250,000, which was approved by our board of directors in March 2005. The contract has been extended on a month-to-month basis since our emergence from bankruptcy and continues only with respect to the services of Mr. Fletcher. Fees payable to MGBD are adjusted monthly; approximately $1.2 million has been paid to date in 2005. The contract requires Mr. Gund, MGBD and any other of its associates to maintain the confidentiality of any information developed by or received from us.

COMPENSATION COMMITTEE INTERLOCKS AND INSIDER PARTICIPATION

No member of the compensation committee of our board was, during 2004, an officer or employee of ACL or any of its subsidiaries, was formerly an officer of ACL or any of its subsidiaries or had any relationship requiring disclosure pursuant to applicable SEC rules or regulations. During 2004, none of our executive officers served as (i) a member of the compensation committee (or other board committee performing equivalent functions) of another entity, one of whose executive officers served on our compensation committee, (ii) a director of another entity, one of whose executive officers served on our compensation committee, or (iii) a member of the compensation committee (or other board committee performing equivalent functions) of another entity, one of whose executive officers served as our director.

Table of Contents

CERTAIN RELATIONSHIPS AND RELATED PARTY TRANSACTIONS

We have transactions with various related parties, primarily affiliated entities. We believe that the terms and conditions of those transactions are in the aggregate not materially more favorable or unfavorable to us than would be obtained on an arm's-length basis among unaffiliated parties.

We are party to a registration rights agreement with HY I pursuant to which we agreed to register under the Securities Act the resale of the shares of our common stock owned by HY I. HY I has informed us that it intends to assign its rights and obligations under this agreement to GVI Holdings and certain of its affiliates in connection with the distribution of its current holdings of our common stock to all of its members, including its affiliate, GVI Holdings. See "Principal and Selling Stockholders" and "Shares Eligible for Future Sale — Registration Rights."

Prior to October 6, 2004, we owned 50% of the ownership interests of GMS. We recorded terminal service expense with GMS of $0.7 million for 2004; $1.3 million for 2003; $0.6 million for the seven months ended December 27, 2002; and $0.3 million for the five months ended May 28, 2002. On October 6, 2004, we sold our 50% ownership interest in GMS to Mid-South Terminal Company, L.P. for $14.0 million in cash.

Prior to April 22, 2004, we owned 50% of the ownership interest of UABL, the operating company serving the Paraná/ Paraguay River Systems. We recorded vessel charter revenue from UABL of $3.1 million for 2004; $10.1 million for 2003; $5.9 million for the seven months ended December 27, 2002; and $4.5 million for the five months ended May 28, 2002. We also recorded administrative fee expenses to UABL of $2.3 million for 2004; $7.3 million for 2003; $4.3 million for the seven months ended December 27, 2002; and $3.2 million for the five months ended May 28, 2002. We also sold used barges to UABL for $0.5 million in 2003. Vessel charter rates were established at fair market value based upon similar transactions. As of June 30, 2005 we had no outstanding accounts receivable or liabilities with UABL. On April 22, 2004, we sold our interest in UABL to Ultrapetrol (Bahamas) Limited and other assets for a purchase price of $24.1 million, plus the return to our subsidiary ACBL Hidrovías Ltd. of 2,000 previously issued shares of ACBL Hidrovías and the assumption of certain liabilities.

We have approximately a 46.1% ownership interest in GMS Venezuela C.A. We recorded $1.5 million in revenue from the sale of terminal services to GMS Venezuela in 2002. We had no revenue from sales of terminal services to GMS Venezuela in 2003 or 2004. As of June 30, 2005, we had $3.3 million in accounts receivable from loans and advances to GMS Venezuela. We also guarantee a loan to GMS Venezuela from the International Finance Corporation that had an outstanding balance of $1.1 million as of June 30, 2005.

In 2001, we and Vectura Group (an entity affiliated with Citigroup Venture Capital Equity Partners and the predecessor-in-interest to DHC) each purchased a 50% interest in Vessel Leasing LLC. After May 28, 2002, as a result of the Danielson Recapitalization, Vessel Leasing was fully consolidated for financial reporting purposes. Before the consolidation, we, through Jeffboat, sold new barges for $47.8 million to Vessel Leasing in 2001. We recorded $3.9 million in capital leases with Vessel Leasing in 2001. The remaining barges were leased by Vessel Leasing to an ACL LLC subsidiary through operating leases which resulted in vessel charter expense of $1.8 million for the five months ended May 28, 2002. Vessel charter rates and sale prices for barges are established at fair market value based upon similar transactions. On January 12, 2005, we purchased the other 50% ownership interest in Vessel Leasing from DHC for $2.5 million.

Benjamin Huber, the son of Richard Huber (a director of ACL and our former Interim Chief Executive Officer), has been employed by us since 2002. We paid Benjamin Huber the following in compensation in the years indicated: in 2004, $123,809 (salary) and $12,303 (bonus); in 2003, $115,008 (salary), $11,499 (bonus) and $8,040 (vehicle allowance); and in 2002, $47,917 (salary), $61,192 (relocation expenses) and $3,350 (vehicle allowance). Prior to 2002, he was contracted as a consultant in Brazil.

Table of Contents

On July 24, 2002, the board of directors of DHC amended DHC's 1995 Stock and Incentive Plan and granted stock options to our management for 1,560,000 shares of DHC common stock. The options have an exercise price of $5.00 per share and expire ten years from the date of grant. One half of the options vested over a four-year period in equal annual installments and one half of the options vested over a four-year period in equal annual installments contingent upon our financial performance. The outstanding options accelerated and became fully vested on January 11, 2005 as a result of our change in ownership. We accounted for the stock options under the intrinsic value method based on Accounting Principles Board Opinion No. 25, "Accounting for Stock-Based Compensation." Because the market price of DHC common stock was lower than the exercise price of the options at the date of grant and the financial performance targets have not been met, no expense has been recognized in the accompanying consolidated financial statements.

On May 29, 2002, DHC issued 339,040 shares of restricted DHC common stock to our management. These restricted shares were valued at fair value at the date of issuance and vested with respect to one third of the shares in equal annual installments over a three-year period. The full value of these shares was recorded as other capital with an offset to unearned compensation in stockholders' equity. As employees rendered service over the vesting period, compensation expense was recorded and unearned compensation was reduced. As of December 31, 2004, two-thirds of the shares had vested for individuals still employed by us. The remaining unvested shares were cancelled on January 11, 2005.

Table of Contents

PRINCIPAL AND SELLING STOCKHOLDERS

The following table sets forth, as of September 19, 2005, information with respect to the beneficial ownership of our common shares by:

- each person known to us to beneficially own more than 5% of our issued and outstanding common shares;
- GVI Holdings, the selling stockholder;
- each director of ACL and each Named Executive Officer; and
- all directors and executive officers as a group.

Beneficial ownership is determined in accordance with the rules of the SEC and includes voting or investment interest with respect to the securities.

Percentage of beneficial ownership is based on common shares issued and outstanding as of September 19, 2005 and common shares to be issued and outstanding after the offering assuming no exercise of the underwriters' overallotment option. The following table gives effect to the stock dividend declared by our board of directors on July 19, 2005. See "Description of Capital Stock."

Unless otherwise indicated, each stockholder has sole voting and investment power with respect to the common shares beneficially owned by the stockholder and has the same address: c/o American Commercial Lines Inc., 1701 East Market Street, Jeffersonville, Indiana 47130.

Name and Address of Beneficial Owner	Number of Shares Beneficially Owned Before the Offering	Number of Shares to be Sold in the Offering	Number of Shares Beneficially Owned After the Offering	Percentage of Shares Outstanding	
				Before Offering	After Offering
Five Percent Stockholders:					
HY I Investments, L.L.C. 2 North Riverside Plaza, Suite 600 Chicago, Illinois 60606	7,449,780(1)	—	279,836(2)	31.8%	*
Trafelet & Company, LLC Remy W. Trafelet 900 Third Avenue 5th Floor New York, New York 10022	1,191,600(3)	—	1,191,600(3)	5.1%	3.9%
Selling Stockholder:					
GVI Holdings, Inc. 2 North Riverside Plaza, Suite 600 Chicago, Illinois 60606	—(4)	750,000	4,641,254(4)	—	15.0%
Directors and Named Executive Officers:					
Clayton K. Yeutter	54,000(5)	—	54,000(5)	*	*
Eugene I. Davis	36,000(6)	—	36,000(6)	*	*
Richard L. Huber	260,304(7)	—	260,304(7)	1.1%	*
Nils E. Larsen	36,000(8)	—	36,000(8)	*	*
Emanuel L. Rouvelas	36,000(6)	—	36,000(6)	*	*
R. Christopher Weber	36,000(6)	—	36,000(6)	*	*
Mark R. Holden	224,304(9)	—	224,304(9)	1.0%	*
W. Norbert Whitlock	112,152(10)	—	112,152(10)	*	*
Lisa L. Fleming	56,072(11)	—	56,072(11)	*	*
Martin K. Pepper	—	—	—	—	—
Paul F. Brotzge	—(12)	—	—(12)	—	—
All Current Directors and Executive Officers as a Group (17 persons)	1,019,048(13)	—	1,019,048(13)	4.3%	3.3%

footnotes on following page

Table of Contents

* Indicates less than 1% beneficial ownership.

(1) Represents shares of common stock held by HY I as of September 19, 2005, without regard to the additional shares of common stock which may be distributed to HY I pursuant to the Plan of Reorganization. Includes 279,836 shares subject to a warrant granted to HY I as a former holder of our PIK Notes. See "Description of Capital Stock." Does not include shares held by affiliates of HY I.

HY I has informed us that it is principally beneficially owned indirectly by trusts established for the benefit of Samuel Zell and members of his family.

(2) HY I has informed us that, immediately prior to the execution of the underwriting agreement related to this offering, it intends to distribute its current holdings of 7,169,944 shares of our common stock to its members, including GVI Holdings, which is the selling stockholder. We have been informed that the warrant representing 279,836 shares of our common stock granted to HY I as a former holder of our PIK Notes will not be distributed to its members in such distribution.

(3) Based on a Schedule 13G, dated March 31, 2005, filed by Trafelet & Company, LLC and Remy W. Trafelet, the managing member of Trafelet & Company, LLC. According to this Schedule 13G, Trafelet & Company, LLC and Remy W. Trafelet share voting and dispositive power with respect to these shares. Each of Trafelet & Company, LLC and Remy W. Trafelet disclaims beneficial ownership in these shares except to the extent of its pecuniary interest therein.

(4) We have been informed by HY I that, immediately prior to the execution of the underwriting agreement related to this offering, it intends to distribute its current holdings of 7,169,944 shares of our common stock to its members, including 5,391,254 shares to GVI Holdings, which is the selling stockholder. The 5,391,254 shares to be distributed to GVI Holdings do not include 279,836 shares subject to a warrant granted to HY I as a former holder of our PIK Notes, which we have been informed will not be distributed by HY I. The 5,391,254 shares to be distributed to GVI Holdings also do not include (i) 69,765 shares of common stock, which we have been informed will be held by Great American Management and Investment, Inc., an affiliate of HY I, GVI Holdings and Samuel Zell; (ii) 1,385,509 shares of common stock, which we have been informed will be held by SZ Investments, L.L.C., an affiliate of HY I, GVI Holdings and Samuel Zell; and (iii) 116,872 shares of common stock, which we have been informed will be held by Samuel Zell, in each case after the distribution of shares by HY I to its members immediately prior to the execution of the underwriting agreement related to this offering.

GVI Holdings has informed us that it is a member of HY I and a member and principal owner of EGI-Managing Member (01), L.L.C., which also is a member of HY I. GVI Holdings has also informed us that it is principally beneficially owned indirectly by trusts established for the benefit of Samuel Zell and members of his family. GVI Holdings disclaims beneficial ownership of the shares held by its affiliates.

(5) Represents 6,000 shares of common stock as to which the owner has voting but not dispositive power and 48,000 shares subject to stock options which are currently exercisable.

(6) Represents 4,000 shares of common stock as to which the owner has voting but not dispositive power and 32,000 shares subject to stock options which are currently exercisable.

(7) Includes 4,000 shares of common stock as to which the owner has voting but not dispositive power and 32,000 shares of common stock subject to stock options which are currently exercisable. Does not include 224,304 shares (or approximately 1% of the fully diluted shares) subject to stock options which are not exercisable within 60 days of September 19, 2005.

(8) Represents (i) 4,000 shares of common stock as to which the owner has voting but not dispositive power and (ii) 32,000 shares subject to stock options which are currently exercisable. We have been informed by HY I that Mr. Larsen will receive 10,206 shares of common stock in connection with the distribution by HY I of its current holdings of our common stock immediately prior to the execution of the underwriting agreement related to this offering. Does not include the shares

Table of Contents

beneficially owned by HY I, GVI Holdings or any of their affiliates. Mr. Larsen is a managing director of Equity Group Investments, L.L.C., which we have been informed manages the investments of HY I and GVI Holdings. Mr. Larsen disclaims beneficial ownership of such shares.

(9) Represents shares of common stock as to which the owner has voting but not dispositive power. Does not include 224,304 shares (or approximately 1% of the fully diluted shares) subject to stock options which are not exercisable within 60 days of September 19, 2005.

(10) Represents shares of common stock as to which the owner has voting but not dispositive power. Does not include 112,152 shares subject to stock options which are not exercisable within 60 days of September 19, 2005.

(11) Represents shares of common stock as to which the owner has voting but not dispositive power. Does not include 56,072 shares subject to stock options which are not exercisable within 60 days of September 19, 2005.

(12) Does not include 28,036 shares subject to stock options which are not exercisable within 60 days of September 19, 2005.

(13) Includes 586,744 shares of common stock as to which the owner has voting but not dispositive power and 208,000 shares subject to stock options which are currently exercisable. Does not include 897,192 shares (or approximately 4% of the fully diluted shares) subject to stock options which are not exercisable within 60 days of September 19, 2005.

Table of Contents

DESCRIPTION OF CAPITAL STOCK

Our authorized capital stock consists of 125,000,000 shares of our common stock, $0.01 par value, and 5,000,000 shares of our preferred stock, no par value. As of September 19, 2005, there were 23,241,716 shares of common stock outstanding and no preferred shares were outstanding. Of the outstanding shares of common stock, 1,909,883 shares are held by Commercial Barge Line Company in a reserve for unsecured claims pursuant to the Plan of Reorganization. Distributions are made from this reserve as our pre-bankruptcy unsecured creditors settle their claims.

On July 19, 2005, our board of directors declared a stock dividend with respect to our common stock. Record holders of our common stock as of the close of business on August 1, 2005 were entitled to three additional shares of common stock for each share of common stock held at that time. The new shares were distributed on August 15, 2005.

Prior to this offering, there has not been an established public trading market for our common stock. Trading in our common stock has occurred from time to time on the "pink sheets"; however, we believe it may be difficult for you to dispose of or to obtain accurate information as to the market value of shares of our common stock utilizing such trading. See "Current Trading of ACL Common Stock."

The following description summarizes the terms of our capital stock. Because it is only a summary, it does not contain all of the information that may be important to you. For a complete description you should refer to our certificate of incorporation and bylaws, copies of which have been filed as exhibits to the registration statement of which this prospectus is a part.

Common Stock

The holders of our common stock are entitled to one vote for each share held of record on all matters as to which stockholders have the right to vote. Our stockholders do not have cumulative voting rights in the election of directors. Subject to preferences that may be granted to any then-outstanding preferred stock, holders of our common stock are entitled to receive ratably only those dividends as may be declared by our board of directors out of funds legally available therefor, as well as any distributions to the stockholders. In the event of our liquidation, dissolution or winding up, holders of our common stock are entitled to receive pro rata all of our remaining assets available for distribution. Holders of our common stock have no preemptive or other subscription or conversion rights. There are no redemption or sinking fund provisions applicable to our common stock.

Preferred Stock

Our board of directors has the authority, without further action by the stockholders, to issue our preferred stock in one or more series and to fix the designation, powers, preferences and rights of the shares of each such series and any qualifications, limitations or restrictions thereof. These rights, preferences and privileges include dividend rights, conversion rights, voting rights, terms of redemption, liquidation preferences, sinking fund terms, and the number of shares constituting any series or the designation of this series, any or all of which may be greater than the rights of our common stock. The issuance of our preferred stock could adversely affect the voting power of our holders of common stock and the likelihood that these holders will receive dividend payments and payments upon liquidation. In addition, the issuance of our preferred stock could have the effect of delaying, deferring or preventing a change in our control. We have no present plan to issue any shares of our preferred stock.

Equity Award Plan and Stock Incentive Plan

As of September 19, 2005, we had 811,048 outstanding shares of restricted stock; outstanding options under the Equity Award Plan to purchase 1,021,084 shares of our common stock, with a weighted average exercise price of $4.1625 per share; and outstanding options under the Stock Incentive Plan to purchase 84,108 shares of our common stock, with a weighted average exercise price of $4.50 per share. In addition, as of September 19, 2005, we had 42,644 additional shares of common stock reserved and

Table of Contents

available for grant under the Equity Award Plan, and 1,299,820 additional shares of common stock reserved and available for grant under the Stock Incentive Plan.

Warrants

Of the outstanding shares of our common stock at September 19, 2005, 672,920 shares were subject to warrants granted by certain of the holders of the 2008 Senior Notes to holders of the PIK Notes, in satisfaction and retirement of their claims and 672,920 shares were subject to a warrant by certain former holders of the 2008 Senior Notes granted to DHC, our former parent corporation. The holders may exercise their warrants at any time and from time to time until their expiration on the earlier to occur of January 12, 2009 or the merger of ACL in which ACL is not the surviving corporation or the sale of all or substantially all of ACL's assets. The shares of common stock covered by the warrants are considered issued and outstanding and owned by certain of the former holders of the 2008 Senior Notes, but are held by Commercial Barge Line Company as disbursing agent under the warrants until the warrants (i) are exercised, in which case the cash proceeds therefrom will be distributed to such noteholders, or (ii) expire, in which case the underlying shares of common stock will be released to such noteholders.

Foreign Ownership

In order for us to be permitted to operate our vessels in markets in which the marine trade is subject to the Jones Act, we must maintain U.S. citizenship for U.S. coastwise trade purposes as defined in the Jones Act, the Shipping Act, 1916, as amended, and the regulations promulgated thereunder. Under these statutes and regulations, to maintain U.S. citizenship and, therefore, be qualified to engage in the U.S. coastwise trade:

- we must be incorporated under the laws of the United States or any state thereof;
- at least 75% of the ownership and voting power of the shares of our capital stock and each class thereof must be owned and controlled by U.S. citizens (within the meaning of the statutes and regulations referred to above), free from any trust or fiduciary obligations in favor of, or any agreement, arrangement or understanding pursuant to which voting power or control may be exercised directly or indirectly by, non-U.S. citizens, as defined in the statutes and regulations referred to above; and
- our chief executive officer, by whatever title, the chairman of our board of directors and all persons authorized to act in the absence or disability of such persons must be U.S. citizens, and not more than a minority of the number of our directors necessary to constitute a quorum of our board of directors are permitted to be non-U.S. citizens.

In order to protect our ability to register our vessels under federal law and operate our vessels in markets in which the marine trade is subject to the Jones Act, our certificate of incorporation limits the alien status of certain officers and directors consistent with the restrictions set forth above and limits the ownership and control of any class of shares of our capital stock by non-U.S. citizens to a percentage equal to not more than 24.99%. We refer in this prospectus to such percentage limitation on foreign ownership as the "permitted percentage."

Our certificate of incorporation provides that, if at any time shares held of record or owned beneficially by non-U.S. citizens exceed the permitted percentage with respect to our capital stock or any class thereof, effective as of and simultaneously with the date and time such excess first exists, such shares shall not be entitled to vote, or be deemed to be outstanding for the purpose of determining the vote required, with respect to any matter submitted to our stockholders. Such suspension of voting rights shall occur automatically upon the existence of such excess without the requirement of any action on our part or on the part of the stockholders. With respect to any shares in excess of the permitted percentage, when such shares are either no longer held of record or beneficially owned by non-U.S. citizens, or the permitted percentage is otherwise no longer exceeded, such shares shall be entitled to vote, and be deemed

Table of Contents

outstanding for the purpose of determining the vote required, with respect to any matter submitted to our stockholders. Such reinstatement shall occur automatically upon such occurrence without the requirement of any further action on our part or on the part of our stockholders.

Our certificate of incorporation also provides that we may, by action of our board of directors, redeem such shares in excess of the permitted percentage at any time out of funds lawfully available therefor subject to certain terms and conditions as specified in our certificate of incorporation. The purchase price for redemption of such excess shares will be based on the average trading price of such shares for the twenty consecutive trading days immediately preceding the date the redemption notice is sent, if such trading price is available, or the good faith determination of our board of directors, but need not exceed the purchase price paid by the holder of excess shares for such shares if the redemption occurs within 120 days of such holder's purchase of the shares. We may pay the redemption price in cash or pursuant to an interest-bearing redemption note with a maturity not to exceed ten years, as determined by our board of directors in its sole discretion. Our board also has broad discretion to determine the other terms and conditions of the promissory note, including whether accrued interest will be paid prior to maturity and, if so, the frequency of such interest payments. We may exercise this redemption option with respect to any excess shares prior to each record date set in connection with a dividend or distribution, if any, with the result that the holders of such excess shares will not be entitled to receive or accrue dividends or distributions with respect thereto, and we may exercise such redemption option at such other times as we deem desirable.

We may, but are not required to, issue a replacement stock certificate identifying shares held of record or owned beneficially by non-U.S. citizens as shares in excess of the permitted percentage. In the absence of such replacement stock certificate, however, the existing stock certificate at the time such shares exceeded the permitted percentage shall continue to represent such shares for all purposes.

Anti-Takeover Effects of Provisions of Our Certificate of Incorporation and Bylaws

Certain provisions of our certificate of incorporation and bylaws, as summarized below, and applicable provisions of the Delaware General Corporation Law (the "DGCL") may make it more difficult for or prevent a third party from acquiring control of us or changing our board of directors and management. These provisions may have the effect of deterring hostile takeovers or delaying changes in our control or in our management. These provisions are intended to enhance the likelihood of continued stability in the composition of our board of directors and in the policies furnished by them and to discourage certain types of transactions that may involve an actual or threatened change in our control. These provisions are designed to reduce our vulnerability to an unsolicited acquisition proposal. The provisions also are intended to discourage certain tactics that may be used in proxy fights. However, these provisions could have the effect of discouraging others from making tender offers for our shares and, as a consequence, they also may inhibit fluctuations in the market price of our shares that could result from actual or rumored takeover attempts. Such provisions may also have the effect of preventing changes in our management.

Election and Removal of Directors. Directors are elected at annual or special meetings of stockholders by a plurality of the votes cast, and hold office until the next annual meeting of stockholders and until their successors are duly elected and qualified. Directors may be removed at any time, with or without cause, but only by the affirmative vote of the holders of a majority of the outstanding shares of stock entitled to vote generally in the election of directors cast at a meeting of stockholders called for that purpose.

Size of Board and Vacancies. Our bylaws provide that the number of directors on our board of directors will be fixed from time to time exclusively by our board of directors pursuant to a resolution adopted by the majority of the total number of authorized directors whether or not there exist any vacancies. Subject to the rights of the holders of any series of preferred stock then outstanding, newly created directorships resulting from any increase in the authorized number of directors or any vacancies resulting from death, resignation, retirement, disqualification, removal from office or other cause shall

Table of Contents

(unless otherwise required by law or by resolution of the board of directors) be filled only by a majority vote of the directors then in office, though less than a quorum (and not by stockholders).

Stockholder Meetings. Our bylaws provide that a special meeting of our stockholders may be called only by our board of directors or our president.

Requirements for Advance Notification of Stockholder Nominations and Proposals. Our bylaws establish advance notice procedures with respect to stockholder proposals and nomination of candidates for election as directors.

Undesignated Preferred Stock. The authorization of our undesignated preferred stock makes it possible for our board of directors to issue our preferred stock with voting or other rights or preferences that could impede the success of any attempt to change control of us.

Section 203 of the DGCL

We are subject to Section 203 of the DGCL, which, subject to certain exceptions, prohibits a Delaware corporation from engaging in any "business combination" (as defined below) with any "interested stockholder" (as defined below) for a period of three years following the date that such stockholder became an interested stockholder, unless: (i) prior to such date, the board of directors of the corporation approved either the business combination or the transaction that resulted in the stockholder becoming an interested stockholder; (ii) on consummation of the transaction that resulted in the stockholder becoming an interested stockholder, the interested stockholder owned at least 85% of the voting stock of the corporation outstanding at the time the transaction commenced, excluding for purposes of determining the number of shares outstanding those shares owned (x) by persons who are directors and also officers and (y) by employee stock plans in which employee participants do not have the right to determine confidentially whether shares held subject to the plan will be tendered in a tender or exchange offer; or (iii) on or subsequent to such date, the business combination is approved by the board of directors and authorized at an annual or special meeting of stockholders, and not by written consent, by the affirmative vote of at least 66 $^{2}/_{3}$% of the outstanding voting stock that is not owned by the interested stockholder.

Section 203 of the DGCL defines "business combination" to include: (i) any merger or consolidation involving the corporation and the interested stockholder; (ii) any sale, transfer, pledge or other disposition of 10% or more of the assets of the corporation in a transaction involving the interested stockholder; (iii) subject to certain exceptions, any transaction that results in the issuance or transfer by the corporation of any stock of the corporation to the interested stockholder; (iv) any transaction involving the corporation that has the effect of increasing the proportionate share of the stock of any class or series of the corporation beneficially owned by the interested stockholder; or (v) the receipt by the interested stockholder of the benefit of any loans, advances, guarantees, pledges or other financial benefits provided by or through the corporation. In general, Section 203 defines an "interested stockholder" as any entity or person beneficially owning 15% or more of the outstanding voting stock of the corporation and any entity or person affiliated with or controlling or controlled by such entity or person.

Indemnification and Limitation of Director and Officer Liability

Section 145 of the DGCL provides that a corporation may indemnify directors and officers as well as other employees and individuals against expenses, including attorneys' fees, judgments, fines and amounts paid in settlement, that are incurred in connection with various actions, suits or proceedings, whether civil, criminal, administrative or investigative other than an action by or in the right of the corporation, known as a derivative action, if they acted in good faith and in a manner they reasonably believed to be in or not opposed to the best interests of the corporation, and, with respect to any criminal action or proceeding, if they had no reasonable cause to believe their conduct was unlawful. A similar standard is applicable in the case of derivative actions, except that indemnification only extends to expenses, including attorneys' fees, incurred in connection with the defense or settlement of these actions, and the statute requires court approval before there can be any indemnification if the person seeking

Table of Contents

indemnification has been found liable to the corporation. The statute provides that it is not excluding other indemnification that may be granted by a corporation's bylaws, disinterested director vote, stockholder vote, agreement or otherwise.

Our bylaws provide that each person who was or is made a party or is threatened to be made a party to or is otherwise involved in any action, suit or proceeding, whether civil, criminal, administrative or investigative, by reason of the fact that he or she is or was our director or officer or is or was serving at our request as a director, officer, or trustee of another corporation or of a partnership, joint venture, trust or other enterprise, including service with respect to an employee benefit plan, whether the basis of the proceeding is alleged action in an official capacity as a director, officer or trustee or in any other capacity while serving as a director, officer or trustee, will be indemnified and held harmless by us to the fullest extent authorized by the DGCL against all expense, liability and loss reasonably incurred or suffered by the person in connection therewith. Our bylaws also provide that we will pay the expenses incurred in defending any proceeding in advance of its final disposition, subject to the provisions of the DGCL. These rights are not exclusive of any other right that any person may have or acquire under any statute, provision of our certificate of incorporation, bylaws, agreement, vote of stockholders or directors or otherwise. Any amendment, alteration or repeal of these provisions that adversely affects any right of an indemnitee or its successors will be prospective only and will not limit or eliminate any such right with respect to any proceeding involving any occurrence or alleged occurrence of any action or omission to act that took place prior to such amendment or repeal. Our bylaws also specifically require us to maintain insurance and allow us, to the extent authorized from time to time by our board of directors, to grant similar indemnification rights to our employees or agents.

Our certificate of incorporation provides that none of our directors will be personally liable to us or our stockholders for monetary damages for breach of fiduciary duty as a director, except for liability:

- for any breach of the director's duty of loyalty to us or our stockholders;
- for any act or omission not in good faith or which involves intentional misconduct or a knowing violation of law;
- for payments of unlawful dividends or unlawful stock purchases or redemptions under Section 174 of the DGCL; or
- for any transaction from which the director derived an improper personal benefit.

Any repeal or modification of this provision will not adversely affect any right or protection of our directors existing at the time of such repeal or modification.

We have obtained director and officer insurance providing for indemnification for our directors and officers for certain liabilities, including liabilities under the Securities Act. We also intend to enter into indemnity agreements with our directors and our officers providing for the indemnification described above.

These provisions may discourage stockholders from bringing a lawsuit against our directors for breach of their fiduciary duty. These provisions may also have the effect of reducing the likelihood of derivative litigation against directors and officers, even though such an action, if successful, might otherwise benefit us and our stockholders. Furthermore, a stockholder's investment may be adversely affected to the extent we pay the costs of settlement and damage awards against directors and officers pursuant to these indemnification provisions. We believe that these provisions, the insurance and the indemnity agreements are necessary to attract and retain talented and experienced directors and officers.

Table of Contents

The underwriting agreement also provides for indemnification by the underwriters of our officers and directors for specified liabilities under the Securities Act.

At present, there is no pending litigation or proceeding involving any of our directors or officers where indemnification will be required or permitted. We are not aware of any threatened litigation or proceeding that might result in a claim for such indemnification.

Listing

We have applied to list our shares of common stock on the Nasdaq National Market under the symbol "ACLI."

Transfer Agent and Registrar

The transfer agent and registrar for our common stock is American Stock Transfer & Trust Company. Their address is 59 Maiden Lane, New York, NY 10038 and their telephone number is (718) 921-8124.

Table of Contents

DESCRIPTION OF CERTAIN INDEBTEDNESS AND SECURITY ARRANGEMENTS

The following information regarding certain of our indebtedness is a summary. It does not purport to be complete and is qualified in its entirety by reference to the documents governing such debt, including the definitions of certain terms therein.

2015 Senior Notes

On February 11, 2005, ACL LLC and ACL Finance Corp. issued $200 million aggregate principal amount of 9 1/2% senior notes due 2015, which we refer to as the 2015 Senior Notes. The 2015 Senior Notes are the general, unsecured senior obligations of ACL LLC and ACL Finance Corp. and rank equally in right of payment with all of their existing and future unsecured senior indebtedness and senior in right of payment to any of their future subordinated indebtedness. The 2015 Senior Notes are unconditionally guaranteed by American Barge Line Company and certain of its existing and future domestic subsidiaries. The guarantee of each guarantor is an unsecured senior obligation of that guarantor. The 2015 Senior Notes are not guaranteed by ACL or any of its future direct or indirect subsidiaries that are not also direct or indirect subsidiaries of American Barge Line Company.

The indenture governing the 2015 Senior Notes contains covenants limiting the ability of ACL LLC, ACL Finance Corp. and the guarantors of the 2015 Senior Notes to, among other things, incur or guarantee additional indebtedness, pay dividends, redeem capital stock or make distributions or certain other restricted payments, make certain investments, create liens on their assets to secure debt, enter into sale and leaseback transactions, enter into transactions with affiliates, merge, consolidate or transfer substantially all or their assets, sell, lease or otherwise dispose of all or substantially all of their assets, and enter into new lines of business. If a change of control occurs, ACL LLC and ACL Finance Corp. will be required to make an offer to purchase the outstanding 2015 Senior Notes at 101% of the principal amount, together with accrued and unpaid interest and liquidated damages, if any, to the date of purchase.

Asset Based Revolver

On January 13, 2005, we entered into a $35 million asset based revolving credit facility with Bank of America and UBS Loan Finance LLC. Simultaneously with the issuance of the 2015 Senior Notes, we amended and restated our $35.0 million asset based revolving credit facility to provide for borrowings to ACL LLC, American Commercial Barge Line LLC, ACT, Houston Fleet LLC, Jeffboat and LDC (each individually a "Borrower" and, collectively, the "Borrowers") in an amount of up to $250 million. Banc of America Securities LLC and UBS Securities LLC serve as co-lead arrangers for the asset based revolver and Bank of America, N.A. serves as administrative agent and collateral agent.

Under the asset based revolver, up to $35 million is available for the issuance of letters of credit on behalf of one or more of the Borrowers. The maximum amount available for drawing under the asset based revolver is the lesser of $250 million and the Borrowing Base (as defined below), less undrawn amounts under outstanding letters of credit, if any, issued under the facility from time to time.

The "Borrowing Base" under the asset based revolver is an amount equal to the lower of:

- $250 million; and
- a formula based upon percentages of the values of eligible accounts receivable, eligible inventory (subject to a sublimit) and eligible vessels, less certain reserves established by the administrative agent.

Borrowings under the asset based revolver were used to repay amounts outstanding and accrued interest on our senior secured term loan and junior secured term loan and certain fees and expenses. Additional borrowings under the asset based revolver may be used to issue standby and commercial letters of credit and to finance ongoing working capital needs and other general corporate purposes.

The indebtedness under the asset based revolver is guaranteed by ACL, ACBL Liquid Sales LLC, ACL Finance Corp., American Barge Line Company, American Commercial Lines International LLC, American Commercial Logistics LLC, American Commercial Terminals-Memphis LLC, Commercial Barge Line Company, Orinoco TASA LLC and Orinoco TASV LLC (each individually a "guarantor" and, collectively, the "guarantors"). The asset based revolver, the guarantees of the guarantors, and certain

Table of Contents

depository and cash management arrangements, hedging arrangements and foreign exchange arrangements with the agents or lenders, are secured by first-priority security interests in, subject to certain exceptions, substantially all of the assets of the Borrowers and of each guarantor.

The asset based revolver has a maturity of five years. The outstanding loans are required to be repaid with the net proceeds from sales of significant assets outside the ordinary course of business, or, subject to certain exceptions, from equity issuances. The asset based revolver may be repaid, in whole or in part, at any time without premium or penalty except for certain make-whole payments on LIBOR-based loans.

In connection with the asset based revolver, the Borrowers were required to pay arrangement fees, administrative fees, commitment fees, letter of credit issuance and administration fees and certain expenses, and to provide certain indemnities.

Borrowings under the asset based revolver bear interest at LIBOR plus a margin (2.25% as of June 30, 2005) based on the amount of unused availability under the facility. We anticipate that, from and after January 1, 2006, the LIBOR and base rate margins will vary between 2.0% and 2.5% and 0.5% and 1.0%, respectively, based on average unused availability under the asset based revolver for the preceding quarter. During the continuance of an event of default, at the administrative agent's or majority lenders' option, the interest rate may be increased by 2.0% above the interest rate otherwise in effect.

The asset based revolver contains negative covenants, including, but not limited to, limitations on affiliate transactions, incurrence of indebtedness, liens, acquisitions, investments, loans and advances, mergers, consolidations and asset sales and distributions, dividends to equityholders, changes in lines of business and voluntary prepayments of other indebtedness, including the 2015 Senior Notes.

The asset based revolver also contains financial covenants including minimum consolidated EBITDA, a maximum senior secured debt to EBITDA ratio and a ratio of adjusted EBITDA to fixed charges, each as defined in the agreements governing the asset based revolver.

The asset based revolver contains events of default including failure to pay principal, interest, fees or other amounts when due, any representation or warranty shown to have been materially false when made or deemed made, failure to comply with covenants and other terms of the revolving credit facility, cross-defaults to other indebtedness, bankruptcy, insolvency, various ERISA violations, the occurrence of material judgments, any occurrence resulting in a material adverse effect, changes in control and the actual or asserted invalidity of security documents.

We have entered into a non-binding proposal letter with the agents for the lenders under the asset based revolver to amend its terms to, among other things, provide us with more flexibility with respect to certain of the applicable covenants and other terms. The amendment would also reduce the interest rate for borrowings under the asset based revolver to LIBOR plus a margin of 1.25%. Effectiveness of this amendment is subject to various conditions, including negotiation and executing of definitive amendment documents and the closing of this offering. Accordingly, there is no assurance that this amendment will go into effect.

Maritime Lien Notes

Pursuant to the Plan of Reorganization, we issued notes in respect of pre-petition payables incurred by us for the provision of "necessaries" to vessels owned by us. As of June 30, 2005, we had $5.3 million in aggregate principal amount of these notes outstanding. Maritime necessaries, when provided to a vessel, allow the holder of an unpaid claim to enforce a secured lien against any vessel to which necessaries were provided. Under the Plan of Reorganization, vendors who had the right to maritime liens for the provision of necessaries may elect to receive one of the following options in satisfaction of their claims: a five-year note in principal amount equal to the amount of their allowed claim; cash in the lesser amount of 50% of their allowed claim or their pro rata share of at least $3.0 million, depending on the number of claimants electing the cash option; or a combination of the cash option and the maritime lien note option. The maritime lien notes bear interest at the prime rate, payable quarterly in arrears, with the principal payable upon maturity of the maritime lien note. The maritime lien notes are secured by liens against one or more of our vessels or, in certain instances, by junior liens on all of our vessels. Maritime lien notes for additional allowed claims will be issued within 45 business days after the date of allowance.

Table of Contents

We estimate that we will issue additional maritime lien notes in the principal amount of approximately $3.8 million.

Tort Lien Notes

Pursuant to the Plan of Reorganization, we issued notes in respect of certain liens accrued against our vessels that were involved in marine accidents or incidents. As of June 30, 2005, we had $0.3 million in aggregate principal amount of these notes outstanding. General maritime law allows a claimant damaged during a maritime accident or incident resulting in personal injury, death or property damage to claim a secured lien against the vessel involved under certain circumstances. Under the Plan of Reorganization, claimants who had the right to tort liens are entitled to a five-year note for any amount of their claim not otherwise covered by insurance, with interest at the prime rate, payable quarterly in arrears, and principal payable upon maturity of the tort lien note. The tort lien notes are secured by liens arising under U.S. maritime law against one or more of our vessels. Tort lien notes for additional allowed claims will be issued within 45 business days after the date of allowance. We estimate that we will issue additional tort lien notes in the principal amount of approximately $0.1 million.

Bonds Guaranteed by MARAD

As of June 30, 2005, our consolidated debt includes $32.5 million in outstanding principal of bonds guaranteed by MARAD that are obligations of Vessel Leasing LLC, our indirect, wholly owned subsidiary. The principal amount of the bonds guaranteed by MARAD is made up of three tranches each reaching maturity in 2016. Tranche A is in the amount of $14.7 million and pays interest of 6.14%. Tranche B is in the amount of $5.7 million and pays interest of 5.65%. Tranche C is in the amount of $12.1 million and pays interest at six-month LIBOR plus 40 basis points. The bonds guaranteed by MARAD are secured by a first priority security interest in 170 covered dry cargo barges and by $9.5 million in restricted cash (escrowed cash prepayment). Vessel Leasing has also pledged the charter payment obligations of American Commercial Barge Line LLC, which we have guaranteed. Each tranche requires semi-annual amortization of principal. In addition, with respect to the Tranche C Bonds, in the event that the yield-to-maturity of U.S. Treasury Notes due November 15, 2016 reaches 8.0% or higher or six-month LIBOR reaches 8.25% or higher, the Tranche C bonds are required to be redeemed at the earliest redemption date subsequent to such an event at a price equal to 100% of the outstanding principal amount of the Tranche C bonds plus any interest accrued through the date of redemption.

On August 25, 2005, we provided written notice to MARAD and to the trustee of the bonds guaranteed by MARAD, pursuant to the terms of the bonds, that we will redeem these bonds on October 20, 2005. We intend to redeem $32.5 million in these bonds, and we estimate that we will pay a make whole premium of between $1.0 and $1.4 million, resulting in a loss on extinguishment of this debt of approximately $3.0 million in the fourth quarter of 2005.

Security Arrangements

In connection with ACT's coal contract with LaGen and Burlington Northern, ACT entered into security and option agreements under which NRG New Roads Holdings LLC ("New Roads") was granted options to purchase, under the circumstances described below, our St. Louis, Missouri terminal, up to 200 of our barges, and two tugboats and three harbor barges. The options can be exercised only upon a "Trigger Event," which is defined as both the occurrence of a material uncured default under the coal contract and the occurrence of a "Liquidation Event," which is defined essentially as a chapter 7 filing under the Bankruptcy Code by ACL LLC, American Commercial Barge Line LLC or ACT.

Upon the occurrence of a Trigger Event, New Roads would have the right to exercise its options to purchase the terminal, the barges and/or the tugboats and harbor barges, and would also be entitled to occupy or possess our owned and personal property at the terminal, as well as assume certain leases of real property at the terminal. ACT has executed a deed of trust in favor of New Roads and LaGen securing our performance of the agreements and any final judgment for damages arising from our breach of any of the agreements.

Table of Contents

SHARES ELIGIBLE FOR FUTURE SALE

Prior to this offering, there has been no established public trading market for our common stock. Although we have applied to list our common stock on the Nasdaq National Market, we cannot assure you that there will be an active public trading market for our common stock. Future sales of substantial amounts of common stock in the public trading market, or the perception that these sales may occur, could adversely affect the prevailing market price of the common stock. Upon the completion of this offering, we will have 30,741,716 shares of our common stock outstanding not including, as of September 19, 2005:

- 1,021,084 shares of common stock issuable upon the exercise of outstanding options under the Equity Award Plan and individual option agreements with certain directors and executive officers, with a weighted average exercise price of $4.1625 per share;
- 84,108 shares of common stock issuable upon the exercise of outstanding options under the Stock Incentive Plan and individual option agreements with certain employees, with a weighted average exercise price of $4.50 per share;
- 42,644 additional shares of common stock reserved for future issuance pursuant to the Equity Award Plan; and
- 1,299,820 additional shares of common stock reserved for future issuance pursuant to the Stock Incentive Plan.

All of the shares sold in this offering and shares currently outstanding that were issued in connection with our emergence from bankruptcy will be freely tradable without restriction or the requirement of further registration under the Securities Act unless they were acquired by our "affiliates," as that term is defined in Rule 144 of the Securities Act. Shares issued in connection with our emergence from bankruptcy that were acquired by our affiliates may not be resold except pursuant to an applicable exemption from registration, including an exemption under Rule 144 or 144(k) under the Securities Act, which are summarized below. With respect to the sale under Rule 144 of shares acquired in connection with our emergence from bankruptcy, the holding period requirement described below is not applicable.

The remaining shares of our common stock that are outstanding after the completion of this offering will be restricted shares under the terms of the Securities Act. Certain of these shares will be subject to lock-up agreements as described below.

Under a registration rights agreement, described in "— Registration Rights," we agreed to register under the Securities Act the resale of the shares owned by HY I. We have filed the registration statement of which this prospectus is a part to satisfy certain of our obligations under that registration rights agreement.

Sales of Restricted Securities

In general, under Rule 144 as currently in effect, beginning 90 days after the date of this prospectus, a person who has beneficially owned restricted shares for at least one year and has complied with the requirements described below would be entitled to sell a specified number of shares within any three-month period. That number of shares cannot exceed the greater of (i) one percent of the number of shares of common stock then outstanding, which will equal approximately 307,417 shares immediately after giving effect to this offering, and (ii) the average weekly trading volume of our common stock on the Nasdaq National Market during the four calendar weeks preceding the filing of a notice on Form 144 reporting the sale. Sales under Rule 144 are also restricted by manner of sale provisions, notice requirements and the availability of current public information about us. In addition, Rule 144 provides that our affiliates who are selling shares of our common stock that are not restricted shares must comply with the same restrictions applicable to restricted shares with the exception of the holding period requirement.

Table of Contents

Under Rule 144(k), a person who is not deemed to have been our affiliate at any time during the 90 days preceding a sale, and who has beneficially owned the shares proposed to be sold for at least two years, is entitled to sell those shares without complying with the manner of sale, public information, volume limitation or notice provisions of Rule 144.

Rule 701 provides that the shares of common stock acquired pursuant to written compensation contracts established by the issuer for the participation of the officers, directors and employees of the issuer and its subsidiaries may be resold, to the extent not restricted by the terms of any applicable lock-up agreements or other contracts, by persons, other than affiliates of the issuer, beginning 90 days after the date of this prospectus, subject only to the manner of sale provisions of Rule 144, and by affiliates of the issuer under Rule 144, without compliance with its one-year minimum holding period. As of September 19, 2005, a total of 811,048 shares of our common stock were outstanding that were subject to Rule 701, certain of which are subject to the contractual restrictions set forth in the restricted stock agreements under the Equity Award Plan and the Stock Incentive Plan, as described in "— Certain Contractual Restrictions on Sales of Restricted Securities."

Lock-up Agreements

In connection with this offering, we, our executive officers, directors, Samuel Zell, HY I, GVI Holdings, Great American Management and Investment, Inc. and SZ Investments, L.L.C. have agreed that, without the prior written consent of Merrill Lynch, Pierce, Fenner & Smith Incorporated and UBS Securities LLC, we and such persons will not, during the period ending 180 days after the date of this prospectus, offer, pledge, sell or contract to sell any common stock; sell any option or contract to purchase any common stock; purchase any option or contract to sell any common stock; otherwise dispose of or transfer any common stock; or enter into any swap or other agreement that transfers, in whole or in part, the economic consequence of ownership of any common stock whether any such swap or transaction is to be settled by delivery of shares or other securities, in cash or otherwise. These restrictions, and certain exceptions, are described in more detail under "Underwriting."

Registration Rights

On January 12, 2005, we and HY I entered into a registration rights agreement, which was subsequently amended on July 13, 2005. Under the registration rights agreement, as amended, we have granted HY I certain rights to register shares of our common stock owned by HY I for sale under the Securities Act. HY I may require that we register some or all of its shares at any time other than during the period in which HY I is subject to its lock-up agreement. See "— Lock-up Agreements." HY I is entitled to make up to three demands for registration after this offering. We are obligated to pay all expenses in connection with the registration (other than the underwriting commissions or discounts and legal expenses of HY I). We are not required to effect any requested registration, however, until a period of 90 days has elapsed from the effective date of the most recent previous registration. In addition to the demand registration rights, HY I has the ability to exercise certain piggyback registration rights in connection with any registered offerings initiated by us.

Under the registration rights agreement, as amended, we are required to file a shelf registration statement relating to the offer and sale of all of HY I's shares, but not before the later of 30 days following HY I's written request and the expiration of HY I's lock-up period. We are required to use our reasonable efforts to keep the shelf registration statement continuously effective until all of HY I's shares are sold or until HY I's shares no longer constitute registrable shares pursuant to the terms of the agreement.

HY I has informed us that it intends to assign its rights and obligations under the registration rights agreement to GVI Holdings and certain of its affiliates in connection with the distribution of its current holdings of our common stock to all of its members, including its affiliate, GVI Holdings. See "Principal and Selling Stockholders."

Table of Contents

Equity Award Plan and Stock Incentive Plan

We intend to file a registration statement under the Securities Act after this offering to register up to 3,258,704 shares of our common stock issuable pursuant to awards granted under, or upon the exercise of options granted pursuant to, the Equity Award Plan and the Stock Incentive Plan (before giving effect to our stock dividend). The registration statement for such shares will become effective upon filing, and such shares will be eligible for sale in the public trading market immediately after the effective date of such registration statement, subject to any limitations under the plans and the individual grant agreements.

Certain Contractual Restrictions on Sales of Restricted Securities

Restricted stock awards may be granted under the Equity Award Plan and the Stock Incentive Plan. The compensation committee has the authority to determine any forfeiture or vesting restrictions on a restricted stock award. During any restriction period set by the compensation committee, a holder of shares of restricted stock may not sell, assign, transfer, pledge or otherwise encumber the shares of restricted stock. The compensation committee may also impose a limit on the number of shares that a participant may receive in any 12-month period in the form of restricted stock awards. If a holder of shares of restricted stock ceases to be our employee, officer or director for any reason during the restriction period, all shares still subject to restriction must be forfeited by the participant.

Certain directors, executive officers and members of management were granted restricted stock awards under the Equity Award Plan and the Stock Incentive Plan in connection with the execution of their employment agreements. The restrictions upon the restricted shares lapse on a pro rata basis over a period of three years from the date of grant. See “Management — Employment Agreements.”

Effects of Sales of Shares

No predictions can be made as to the effect, if any, that sales of shares of our common stock from time to time, or the availability of shares of our common stock for future sale, may have on the market price for shares of our common stock. Sales of substantial amounts of common stock, or the perception that such sales could occur, could adversely affect prevailing market prices for our common stock and could impair our future ability to obtain capital through an offering of equity securities.

Table of Contents

CERTAIN MATERIAL U.S. FEDERAL INCOME TAX CONSIDERATIONS

FOR NON-U.S. HOLDERS

The following is a discussion of the material U.S. federal income and estate tax consequences of the ownership and disposition of our common stock by a non-U.S. holder that acquires our common stock pursuant to this offering. This discussion is limited to non-U.S. holders who hold our common stock as a "capital asset" within the meaning of Section 1221 of the Internal Revenue Code of 1986, as amended (the "Code"). As used in this discussion, the term "non-U.S. holder" means a beneficial owner of our common stock that is not, for U.S. federal income tax purposes:

- an individual who is a citizen or resident of the United States;
- a corporation or partnership (including any entity treated as a corporation or partnership for U.S. federal income tax purposes) created or organized in or under the laws of the United States or any State of the United States or the District of Columbia;
- an estate the income of which is includible in gross income for U.S. federal income tax purposes regardless of its source; or
- a trust (1) if a U.S. court is able to exercise primary supervision over the administration of the trust and one or more U.S. persons have authority to control all substantial decisions of the trust, or (2) that has a valid election in effect under applicable U.S. Treasury regulations to be treated as a U.S. person.

This discussion does not consider:

- U.S. federal gift tax consequences, or U.S. state or local or non-U.S. tax consequences;
- specific facts and circumstances that may be relevant to a particular non-U.S. holder's tax position;
- the tax consequences for partnerships or persons who hold their interests through a partnership or other entity classified as a partnership for U.S. federal income tax purposes;
- the tax consequences for the shareholders or beneficiaries of a non-U.S. holder;
- special tax rules that may apply to particular non-U.S. holders, such as financial institutions, insurance companies, tax-exempt organizations, hybrid entities, certain former citizens or former long-term residents of the United States, broker-dealers, and traders in securities; or
- special tax rules that may apply to a non-U.S. holder that holds our common stock as part of a "straddle," "hedge," "conversion transaction," "synthetic security," or other integrated investment.

The following discussion is based on provisions of the Code, applicable U.S. Treasury regulations promulgated thereunder and administrative and judicial interpretations, all as in effect on the date of this prospectus, and all of which are subject to change, possibly on a retroactive basis.

Prospective investors are urged to consult their own tax advisors regarding the U.S. federal, state, local, and non-U.S. income and other tax consequences with respect to their particular circumstances.

Dividends

As previously discussed, we do not anticipate paying dividends on our common stock in the foreseeable future. See "Dividend Policy." If we pay dividends on our common stock, those payments will constitute dividends for U.S. federal income tax purposes to the extent paid from our current or accumulated earnings and profits, as determined under U.S. federal income tax principles. To the extent those dividends exceed our current and accumulated earnings and profits, the dividends will constitute a return of capital and first reduce the non-U.S. holder's basis, but not below zero, and then will be treated as gain from the sale of stock.

Table of Contents

We will have to withhold U.S. federal income tax at a rate of 30%, or a lower rate under an applicable income tax treaty, from the gross amount of the dividends paid to a non-U.S. holder. Under applicable U.S. Treasury regulations, a non-U.S. holder (including, in certain cases of non-U.S. holders that are entities, the owner or owners of such entities) will be required to satisfy certain certification requirements in order to claim a reduced rate of withholding pursuant to an applicable income tax treaty.

Dividends that are effectively connected with a non-U.S. holder's conduct of a trade or business in the United States or, if an income tax treaty applies, attributable to a permanent establishment in the United States, are taxed on a net income basis at the regular graduated U.S. federal income tax rates in the same manner as if the non-U.S. holder were a resident of the United States. In such cases, we will not have to withhold U.S. federal income tax if the non-U.S. holder complies with applicable certification and disclosure requirements. In addition, a "branch profits tax" may be imposed at a 30% rate, or a lower rate under an applicable income tax treaty, on dividends received by a foreign corporation that are effectively connected with the conduct of a trade or business in the United States.

In order to claim the benefit of an income tax treaty or to claim exemption from withholding because the income is effectively connected with the conduct of a trade or business in the United States, the non-U.S. holder must provide a properly executed IRS Form W-8BEN, for treaty benefits, or W-8ECI, for effectively connected income (or such successor forms as the IRS designates), respectively, prior to the payment of dividends. These forms must be periodically updated. Non-U.S. holders should consult their tax advisors regarding their entitlement to benefits under a relevant income tax treaty and their ability to claim exemption from withholding because the income is effectively connected with the conduct of a trade or business in the United States.

A non-U.S. holder that is eligible for a reduced rate of U.S. federal withholding tax under an income tax treaty may obtain a refund or credit of any excess amounts withheld by filing an appropriate claim for a refund together with the required information with the IRS.

Gain on Disposition of Common Stock

A non-U.S. holder generally will not be subject to U.S. federal income tax or any withholding thereof with respect to gain realized on a sale or other disposition of our common stock unless one of the following applies:

- the gain is effectively connected with the non-U.S. holder's conduct of a trade or business in the United States or, alternatively, if an income tax treaty applies, is attributable to a permanent establishment maintained by the non-U.S. holder in the United States; in these cases, the non-U.S. holder will generally be taxed on its net gain derived from the disposition at the regular graduated rates and in the manner applicable to U.S. persons and, if the non-U.S. holder is a foreign corporation, the "branch profits tax" described above may also apply;
- the non-U.S. holder is an individual who is present in the United States for 183 days or more in the taxable year of the disposition and meets certain other requirements; in this case, the non-U.S. holder will be subject to a 30% tax on the gain derived from the disposition; or
- our common stock constitutes a United States real property interest by reason of our status as a "United States real property holding corporation," or a "USRPHC," for U.S. federal income tax purposes at any time during the shorter of the 5-year period ending on the date of such disposition or the period that the non-U.S. holder held our common stock. We believe that we are not currently and will not become a USRPHC. However, because the determination of whether we are a USRPHC depends on the fair market value of our United States real property interests relative to the fair market value of our other business assets, there can be no assurance that we will not become a USRPHC in the future. As long as our common stock is "regularly traded on an established securities market" within

Table of Contents

the meaning of Section 897(c)(3) of the Code, however, such common stock will be treated as United States real property interests only if a non-U.S. holder owned directly or indirectly more than 5 percent of such regularly traded common stock during the shorter of the 5-year period ending on the date of disposition or the period that the non-U.S. holder held our common stock and we were a USRPHC during such period. If we are or were to become a USRPHC and a non-U.S. holder owned directly or indirectly more than 5 percent of our common stock during the period described above or our common stock is not "regularly traded on an established securities market," then a non-U.S. holder would generally be subject to U.S. federal income tax on its net gain derived from the disposition of our common stock at regular graduated rates.

Federal Estate Tax

Common stock owned or treated as owned by an individual who is a non-U.S. holder at the time of death will be included in the individual's gross estate for U.S. federal estate tax purposes, unless an applicable estate tax or other treaty provides otherwise and, therefore, may be subject to U.S. federal estate tax.

Information Reporting and Backup Withholding Tax

We must report annually to the IRS and to each non-U.S. holder the amount of dividends paid to that holder and the tax withheld from those dividends. These reporting requirements apply regardless of whether withholding was reduced or eliminated by an applicable income tax treaty. Copies of the information returns reporting those dividends and withholding may also be made available under the provisions of an applicable income tax treaty or agreement to the tax authorities in the country in which the non-U.S. holder is a resident.

Backup withholding will generally not apply to payments on common stock made to a non-U.S. holder if the holder has provided the required certification that it is not a U.S. person (by furnishing an IRS Form W-8BEN or other applicable form). However, the gross amount of dividends paid to a non-U.S. holder that fails to certify its non-U.S. holder status in accordance with applicable U.S. Treasury regulations generally will be reduced by backup withholding at the applicable rate (currently 28%) in lieu of the 30% withholding described above.

The payment of the proceeds of the sale or other disposition of common stock by a non-U.S. holder to or through the U.S. office of any broker, U.S. or non-U.S., generally will be reported to the IRS and reduced by backup withholding, unless the non-U.S. holder either certifies its status as a non-U.S. holder under penalties of perjury or otherwise establishes an exemption. The payment of the proceeds from the disposition of common stock by a non-U.S. holder to or through a non-U.S. office of a non-U.S. broker will not be reduced by backup withholding or reported to the IRS, unless the non-U.S. broker has certain enumerated connections with the United States. In general, the payment of proceeds from the disposition of common stock by or through a non-U.S. office of a broker that is a U.S. person or has certain enumerated connections with the United States will be reported to the IRS and may be reduced by backup withholding unless the broker receives a statement from the non-U.S. holder that certifies its status as a non-U.S. holder under penalties of perjury or the broker has documentary evidence in its files that the holder is a non-U.S. holder.

Backup withholding is not an additional tax. Any amounts withheld under the backup withholding rules from a payment to a non-U.S. holder can be refunded or credited against the non-U.S. holder's U.S. federal income tax liability, if any, provided that the required information is furnished to the IRS in a timely manner. These backup withholding and information reporting rules are complex and non-U.S. holders are urged to consult their own tax advisors regarding the application of these rules to them.

Each prospective non-U.S. holder of our common stock should consult that holder's own tax advisor with respect to its particular circumstances.

Table of Contents

UNDERWRITING

Merrill Lynch, Pierce, Fenner & Smith Incorporated and UBS Securities LLC are acting as representatives of each of the underwriters named below. Subject to the terms and conditions set forth in a purchase agreement among us, the selling stockholder and the underwriters, we and the selling stockholder have agreed to sell to the underwriters, and each of the underwriters has agreed, severally and not jointly, to purchase from us and the selling stockholder, the number of shares of common stock set forth opposite its name below.

Underwriter	Number of Shares
Merrill Lynch, Pierce, Fenner & Smith Incorporated	
UBS Securities LLC	
Credit Suisse First Boston LLC	
Deutsche Bank Securities Inc.	
Total	8,250,000

Subject to the terms and conditions set forth in the purchase agreement, the underwriters have agreed, severally and not jointly, to purchase all of the shares sold under the purchase agreement if any of these shares are purchased. If an underwriter defaults, the purchase agreement provides that the purchase commitments of the nondefaulting underwriters may be increased or the purchase agreement may be terminated.

We and the selling stockholder have agreed to indemnify the underwriters against certain liabilities, including liabilities under the Securities Act, or to contribute to payments the underwriters may be required to make in respect of those liabilities.

The underwriters are offering the shares, subject to prior sale, when, as and if issued to and accepted by them, subject to approval of legal matters by their counsel, including the validity of the shares, and other conditions contained in the purchase agreement, such as the receipt by the underwriters of officer's certificates and legal opinions. The underwriters reserve the right to withdraw, cancel or modify offers to the public and to reject orders in whole or in part.

Commissions and Discounts

The representatives have advised us that they propose initially to offer the shares to the public at the public offering price set forth on the cover page of this prospectus and to dealers at that price less a concession not in excess of $ per share. The underwriters may allow, and the dealers may reallow, a discount not in excess of $ per share to other dealers. After the public offering, the public offering price, concession and discount may be changed.

The following table shows the public offering price, underwriting discount and proceeds before expenses to us and the selling stockholder. The information assumes either no exercise or full exercise by the underwriters and selling stockholder of their overallotment option.

	Per Share	Without Option	With Option
Public offering price	$	$	$
Underwriting discount	$	$	$
Proceeds, before expenses, to American Commercial Lines Inc.	$	$	$
Proceeds, before expenses, to the selling stockholder	$	$	$

The total expenses of the offering, not including the underwriting discount, are estimated at $2.9 million and are payable by us.

Table of Contents

Overallotment Option

The selling stockholder has granted an option to the underwriters to purchase up to 1,237,500 additional shares at the public offering price, less the underwriting discount. The underwriters may exercise this option for 30 days from the date of this prospectus solely to cover any overallotments. If the underwriters exercise this option, each will be obligated, subject to conditions contained in the purchase agreement, to purchase a number of additional shares proportionate to that underwriter's initial amount reflected in the above table.

Reserved Shares and Purchases by Officers

At our request, the underwriters have reserved for sale, at the public offering price, up to 412,500 shares for sale to some of our directors, officers, employees, distributors, dealers, business associates and related persons. If these persons purchase reserved shares, this will reduce the number of shares available for sale to the general public. Any reserved shares that are not orally confirmed for purchase within one day of the pricing of this offering will be offered by the underwriters to the general public on the same terms as the other shares offered by this prospectus.

In addition, our chief executive officer has informed us that he intends to purchase up to 10,000 shares directly from the underwriters in this offering in the name of his children. This purchase will be independent of the reserved share program.

No Sales of Similar Securities

We, our executive officers, directors, Samuel Zell, HY I, GVI Holdings, Great American Management and Investment, Inc. and SZ Investments, L.L.C. have agreed not to sell or transfer any common stock or securities convertible into, exchangeable for, exercisable for, or repayable with common stock, for 180 days after the date of this prospectus without first obtaining the written consent of Merrill Lynch, Pierce, Fenner & Smith Incorporated and UBS Securities LLC. Specifically, we and these other persons have agreed, with certain limited exceptions, not to directly or indirectly:

- offer, pledge, sell or contract to sell any common stock;
- sell any option or contract to purchase any common stock;
- purchase any option or contract to sell any common stock;
- otherwise dispose of or transfer any common stock; or
- enter into any swap or other agreement that transfers, in whole or in part, the economic consequence of ownership of any common stock whether any such swap or transaction is to be settled by delivery of shares or other securities, in cash or otherwise.

This lock-up provision applies to common stock and to securities convertible into or exchangeable or exercisable for or repayable with common stock. It also applies to common stock owned now or acquired later by the person executing the agreement or for which the person executing the agreement later acquires the power of disposition. This lock-up provision does not apply to reserved shares purchased by individuals who were not stockholders of ACL prior to this offering.

Listing on the Nasdaq National Market

We have applied to list the shares on the Nasdaq National Market under the symbol "ACLI." In order to meet the requirements for listing on that quotation system, the underwriters have undertaken to sell a minimum number of shares to a minimum number of beneficial owners as required by that quotation system.

Before this offering, there has been no established public trading market for our common stock. The public offering price will be determined through negotiations among us, the selling stockholder and

Table of Contents

the representatives. In addition to prevailing market conditions, the factors to be considered in determining the public offering price are:

- the valuation multiples of publicly traded companies that the representatives believe to be comparable to us;
- our financial information;
- the history of, and the prospects for, our past and present operations, and the prospects for, and timing of our future revenue;
- an assessment of our management, our past and present operations, and the prospects for, and timing of, our future revenue;
- the present state of our development; and
- the above factors in relation to market values and various valuation measures of other companies engaged in activities similar to ours.

An active trading market for the shares may not develop. It is also possible that after the offering the shares will not trade in the public market at or above the public offering price.

Price Stabilization, Short Positions and Penalty Bids

Until the distribution of the shares is completed, SEC rules may limit the underwriters and selling group members from bidding for and purchasing our common stock. However, the representatives may engage in transactions that stabilize the price of the common stock, such as bids or purchases to peg, fix or maintain that price.

The underwriters may purchase and sell our common stock in the open market. These transactions may include short sales stabilizing transactions and purchases to cover positions created by short sales. Short sales involve the sale by the underwriters of a greater number of shares than they are required to purchase in the offering. “Covered” short sales are sales made in an amount not greater than the underwriters’ option to purchase additional shares from the issuer in the offering. The underwriters may close out any covered short position by either exercising their option to purchase additional shares or purchasing shares in the open market. In determining the source of shares to close out the covered short position, the underwriters will consider, among other things, the price of shares available for purchase in the open market as compared to the price at which they may purchase shares through the overallotment option. “Naked” short sales are any sales in excess of such option. The underwriters must close out any naked short position by purchasing shares in the open market. A naked short position is more likely to be created if the underwriters are concerned that there may be downward pressure on the price of the common shares in the open market after pricing that could adversely affect investors who purchase in the offering. Stabilizing transactions consist of various bids for or purchases of shares of common stock made by the underwriters in the open market prior to the completion of the offering.

The underwriters may also impose a penalty bid. This occurs when a particular underwriter repays to the underwriters a portion of the underwriting discount received by it because the representatives have repurchased shares sold by or for the account of such underwriter in stabilizing or short covering transactions.

Similar to other purchase transactions, the underwriters’ purchases to cover the syndicate short sales may have the effect of raising or maintaining the market price of our common stock or preventing or retarding a decline in the market price of the common stock. As a result, the price of our common stock may be higher than the price that might otherwise exist in the open market.

Neither we nor any of the underwriters make any representation or prediction as to the direction or magnitude of any effect that the transactions described above may have on the price of our common stock. In addition, neither we nor any of the representatives make any representation that the

Table of Contents

representatives will engage in these transactions or that these transactions, once commenced, will not be discontinued without notice.

Electronic Distribution

A prospectus in electronic format will be made available on the websites maintained by one or more of the underwriters of this offering. Other than the electronic prospectus, the information on the websites of the underwriters is not part of this prospectus. The underwriters may agree to allocate a number of shares to underwriters for sale to their online brokerage account holders. Internet distributions will be allocated to underwriters that may make internet distributions on the same basis as other allocations.

Other Relationships

Some of the underwriters and their affiliates have engaged in, and may in the future engage in, investment banking or other commercial dealings in the ordinary course of business with us. They have received customary fees and commissions for these transactions.

Affiliates of Merrill Lynch, Pierce, Fenner & Smith Incorporated and UBS Securities LLC are lenders under our $250 million asset based revolver. In addition, UBS Securities LLC serves as syndication agent under the revolver. The terms of the asset based revolver and our obligations thereunder are described under "Description of Certain Indebtedness and Security Arrangements — Asset Based Revolver."

UBS Securities LLC and Merrill Lynch, Pierce, Fenner & Smith Incorporated served as initial purchasers in connection with the offering of our 2015 Senior Notes. The terms of the 2015 Senior Notes and our obligations thereunder are described under "Description of Certain Indebtedness and Security Arrangements — 2015 Senior Notes."

LEGAL MATTERS

Sidley Austin Brown & Wood LLP, Chicago, Illinois, will pass upon the validity of the shares of common stock offered hereby. Legal matters relating to this offering will be passed upon for the underwriters by Latham & Watkins LLP.

EXPERTS

Our consolidated financial statements as of December 31, 2004 and December 26, 2003, and for the years ended December 31, 2004 and December 26, 2003 and for the five months ended May 28, 2002 and the seven months ended December 27, 2002 appearing in this prospectus have been audited by Ernst & Young LLP, independent registered public accounting firm, as set forth in their report thereon appearing elsewhere herein, and are included in reliance upon such report given on the authority of such firm as experts in accounting and auditing.

WHERE YOU CAN FIND ADDITIONAL INFORMATION

We have filed with the SEC a registration statement on Form S-1 to register with the SEC with respect to the shares of common stock offered hereby. This prospectus is part of that registration statement. As allowed by the SEC's rules, this prospectus does not contain all of the information included in the registration statement or the exhibits to the registration statement. You should note that where we summarize in this prospectus the material terms of any contract, agreement or other document filed as an exhibit to the registration statement, the summary information provided in this prospectus is less complete than the actual contract, agreement or document. You should refer to the exhibits filed with the registration statement for copies of the actual contract, agreement or document.

Table of Contents

A copy of the registration statement, including the exhibits thereto, may be read and copied at the SEC's public reference room at 100 F Street, NE, Washington, DC 20549. Information on the operation of the public reference room may be obtained by calling the SEC at 1-800-SEC-0330. In addition, the SEC maintains an Internet site at http://www.sec.gov, from which interested persons can electronically access the registration statement, including the exhibits thereto. You may also request a copy of these filings, at no cost, by contacting us at: American Commercial Lines Inc., 1701 East Market Street, Jeffersonville, Indiana 47130, Attention: Chief Financial Officer.

As a result of this offering, ACL will become subject to the informational requirements of the Exchange Act and will file periodic reports, statements and other information with the SEC. All reports filed with the SEC will be available at the SEC's public reference room and on the SEC's website.

We have not authorized anyone to give you any information or to make any representations about us or the transactions we discuss in this prospectus other than those contained in this prospectus. If you are given any information or representations about these matters that is not discussed in this prospectus, you must not rely on that information. This prospectus is not an offer to sell or a solicitation of an offer to buy securities anywhere or to anyone where or to whom we are not permitted to offer or sell securities under applicable law.

Table of Contents

AMERICAN COMMERCIAL LINES INC.

INDEX TO CONSOLIDATED FINANCIAL STATEMENTS

	Page
Report of Independent Registered Public Accounting Firm	F-2
Consolidated Statements of Financial Position as of June 30, 2005 (unaudited reorganized company), December 31, 2004 (reorganized company) and December 26, 2003 (predecessor company)	F-3
Consolidated Statements of Operations for the six months ended June 30, 2005 (unaudited reorganized company), for the six months ended July 2, 2004 (unaudited predecessor company), for the years ended December 31, 2004 (predecessor company) and December 26, 2003 (predecessor company) and for the seven months ended December 27, 2002 and the five months ended May 28, 2002 (predecessor company)	F-4
Consolidated Statements of Member's (Deficit) Equity/ Stockholders' Equity for the six months ended June 30, 2005 (unaudited reorganized company), the years ended December 31, 2004 (predecessor company) and December 26, 2003 (predecessor company) and for the seven months ended December 27, 2002 (predecessor company) and the five months ended May 28, 2002 (predecessor company)	F-5
Consolidated Statements of Cash Flows for the six months ended June 30, 2005 (unaudited reorganized company), for the six months ended July 2, 2004 (unaudited predecessor company), for the years ended December 31, 2004 (predecessor company) and December 26, 2003 (predecessor company) and for the seven months ended December 27, 2002 and the five months ended May 28, 2002 (predecessor company)	F-6
Notes to Consolidated Financial Statements	F-7

Table of Contents

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors of American Commercial Lines Inc.:

We have audited the accompanying consolidated statements of financial position of American Commercial Lines Inc. as of December 31, 2004 (Reorganized Company) and December 26, 2003 (Predecessor Company), and the related consolidated statements of operations, cash flows and member's (deficit) equity/stockholders' equity for the years ended December 31, 2004 and December 26, 2003 (Predecessor Company) and for the five months ended May 28, 2002 (Predecessor Company) and seven months ended December 27, 2002 (Predecessor Company). Our audits also included the financial statement schedule listed in the Index at Item 16(b). These financial statements and schedule are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements and schedule based on our audits.

We conducted our audits in accordance with standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. We were not engaged to perform an audit of the Company's internal control over financial reporting. Our audits included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of American Commercial Lines Inc. at December 31, 2004 and December 26, 2003, and the consolidated results of their operations and their cash flows for the years ended December 31, 2004 and December 26, 2003 and for the five months ended May 28, 2002 and seven months ended December 27, 2002, in conformity with U.S. generally accepted accounting principles. Also, in our opinion, the related financial statement schedule, when considered in relation to the basic financial statements taken as a whole, presents fairly in all material respects the information set forth therein.

As more fully described in Note 3 to the Consolidated Financial Statements, effective January 11, 2005, the Company emerged from protection under Chapter 11 of the U.S. Bankruptcy Code pursuant to a Reorganization Plan that was confirmed by the Bankruptcy Court on December 30, 2004. In accordance with the AICPA Statement of Position 90-7, the Company adopted "Fresh Start" accounting whereby its assets, liabilities, and new capital structure were adjusted to reflect estimated fair value at December 31, 2004. As a result, the consolidated statement of financial position as of December 31, 2004 reflects the Reorganized Company's new basis of accounting and is not comparable to the Predecessor Company's pre-reorganization consolidated financial statements.

/s/ ERNST & YOUNG LLP

Louisville, Kentucky
March 15, 2005

Table of Contents

AMERICAN COMMERCIAL LINES INC.

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
(Dollars in thousands, except per share amounts)

	Reorganized Company		Predecessor Company
	June 30, 2005	December 31, 2004	December 26, 2003
	(Unaudited)		
ASSETS			
CURRENT ASSETS			
Cash and Cash Equivalents	$ 6,714	$ 46,645	$ 35,275
Cash, Restricted	9,452	9,182	7,754
Accounts Receivable, Net	83,312	73,905	74,204
Accounts Receivable — Related Parties	3,387	4,092	6,356
Materials and Supplies	62,444	46,357	33,090
Deferred Tax Asset — Current	5,986	3,916	—
Other Current Assets	17,056	21,589	15,539
Total Current Assets	188,351	205,686	172,218
PROPERTIES — Net	416,397	436,682	540,144
PENSION ASSETS	16,171	15,638	21,824
INVESTMENT IN EQUITY INVESTEES	4,591	4,396	57,862
DEFERRED TAX ASSET	18,867	17,791	—
OTHER ASSETS	15,216	5,275	20,148
Total Assets	$ 659,593	$ 685,468	$ 812,196
LIABILITIES			
CURRENT LIABILITIES			
Accounts Payable	$ 23,097	$ 25,461	$ 21,833
Accrued Payroll and Fringe Benefits	23,437	16,745	14,075
Deferred Revenue	15,030	13,760	8,180
Accrued Claims and Insurance Premiums	10,250	13,127	4,924
Accrued Interest	8,311	1,273	5,184
Current Portion of Long-Term Debt	2,887	2,887	84,996
Accrued Reorganization Claims and Fees	3,100	15,603	—
Other Liabilities	35,277	24,940	25,456
Other Liabilities — Related Parties	—	—	24
Liabilities Subject to Compromise	—	—	627,520
Total Current Liabilities	121,389	113,796	792,192
LONG-TERM DEBT	371,956	403,546	—
PENSION LIABILITY	23,818	22,120	21,516
DEFERRED TAX LIABILITY	24,853	26,787	—
OTHER LONG-TERM LIABILITIES	15,709	19,121	18,162
Total Liabilities	557,725	585,370	831,870
MEMBER'S (DEFICIT)/ STOCKHOLDERS' EQUITY			
Reorganized Company common stock; authorized 125,000,000 at par value $.01; 23,241,716 shares issued and outstanding	232	—	—
Predecessor Company Member's Interest	—	—	85,025
Other Capital	106,351	100,098	1,021
Unearned Compensation	(4,420)	—	(289)
Retained Deficit	(295)	—	(87,577)
Accumulated Other Comprehensive Loss	—	—	(17,854)
Total Member's (Deficit)/ Stockholders' Equity	101,868	100,098	(19,674)
Total Liabilities and Member's (Deficit)/ Stockholders' Equity	$ 659,593	$ 685,468	$ 812,196

See Notes to Consolidated Financial Statements which are an integral part of these statements.

Table of Contents

AMERICAN COMMERCIAL LINES INC.

CONSOLIDATED STATEMENTS OF OPERATIONS
(Dollars in thousands, except per share amounts)

	Reorganized Company	Predecessor Company				
	Six Months Ended June 30, 2005	Six Months Ended July 2, 2004	Fiscal Year Ended December 31, 2004	Fiscal Year Ended December 26, 2003	Seven Months Ended December 27, 2002	Five Months Ended May 28, 2002
	(Unaudited)	(Unaudited)				
REVENUE						
Revenue	$ 328,963	$ 290,134	$ 628,647	$ 609,663	$ 420,013	$ 279,807
Revenue from Related Parties	345	3,186	3,651	10,408	8,034	4,998
	329,308	293,320	632,298	620,071	428,047	284,805
OPERATING EXPENSE						
Materials, Supplies and Other	126,882	132,584	265,950	260,078	173,639	129,881
Restructuring Cost	—	—	—	—	565	13,493
Rent	10,615	12,212	23,768	36,608	29,525	22,797
Labor and Fringe Benefits	64,104	57,952	117,419	121,628	78,764	54,998
Fuel	56,177	40,534	89,843	83,427	49,348	30,434
Depreciation and Amortization	24,502	27,375	53,175	54,918	37,407	21,824
Taxes, Other Than Income Taxes	8,925	10,090	19,352	21,862	15,258	10,764
Selling, General & Administrative	25,959	19,474	37,432	41,470	29,548	19,459
Total Operating Expenses	317,164	300,221	606,939	619,991	414,054	303,650
OPERATING INCOME (LOSS)	12,144	(6,901)	25,359	80	13,993	(18,845)
OTHER EXPENSE (INCOME)						
Interest Expense	17,754	19,448	39,023	41,514	35,944	25,712
Other, Net	(5,716)	(1,727)	(4,438)	(6,303)	3,307	372
	12,038	17,721	34,585	35,211	39,251	26,084
(LOSS) INCOME BEFORE REORGANIZATION ITEMS, FRESH START ADJUSTMENTS, INCOME TAXES AND EXTRAORDINARY ITEM	106	(24,622)	(9,226)	(35,131)	(25,258)	(44,929)
REORGANIZATION ITEMS	—	47,394	56,921	24,344	—	—
FRESH START ADJUSTMENTS	—	—	83,030	—	—	—
(LOSS) INCOME BEFORE INCOME TAXES AND EXTRAORDINARY ITEM	106	(72,016)	(149,177)	(59,475)	(25,258)	(44,929)
INCOME TAXES (BENEFIT)	401	314	1,787	2,101	743	(919)
(LOSS) INCOME BEFORE EXTRAORDINARY ITEM	(295)	(72,330)	(150,964)	(61,576)	(26,001)	(44,010)
EXTRAORDINARY ITEM — GAIN ON DISCHARGE OF DEBT	—	—	155,358	—	—	—
NET (LOSS) INCOME	$ (295)	$ (72,330)	$ 4,394	$ (61,576)	$ (26,001)	$ (44,010)
NET LOSS PER SHARE OF COMMON STOCK						
BASIC	$ (0.01)					
DILUTED	$ (0.01)					

See Notes to Consolidated Financial Statements which are an integral part of these statements.

Table of Contents

AMERICAN COMMERCIAL LINES INC.

CONSOLIDATED STATEMENTS OF MEMBER'S (DEFICIT) EQUITY/ STOCKHOLDERS' EQUITY
(Dollars in thousands)

	Member's Interest/ Common Stock	Other Capital	Unearned Compensation	Retained Earnings (Deficit)	Accumulated Other Comprehensive Income (Loss)	Total
Predecessor Company:						
Balance at December 28, 2001	$ 220,074	$ 166,580	—	$(532,816)	$ (1,857)	$ (148,019)
Comprehensive Loss:						
Net loss	—	—	—	(44,010)	—	(44,010)
Net gain on fuel swaps designated as cash flow hedging instruments	—	—	—	—	174	174
Net gain on interest rate swaps designated as cash flow hedging instruments	—	—	—	—	228	228
Foreign currency translation	—	—	—	—	(219)	(219)
Total Comprehensive Loss	—	—	—	(44,010)	183	(43,827)
Other	—	(373)	—	—	—	(373)
Balance at May 28, 2002	220,074	166,207	—	(576,826)	(1,674)	(192,219)
Elimination of historical equity	(220,074)	(166,207)	—	576,826	1,674	192,219
Acquisition of ACL by Danielson Holding Corporation	82,256	—	—	—	—	82,256
Acquisition of Vessel Leasing	2,769	—	—	—	—	2,769
Issuance of restricted Parent Company common stock	—	1,695	(1,695)	—	—	—
Amortization of unearned compensation	—	—	297	—	—	297
Cancellation of restricted Parent Company common stock	—	(266)	266	—	—	—
Comprehensive Loss:						
Net loss	—	—	—	(26,001)	—	(26,001)
Net gain on fuel swaps designated as cash flow hedging instruments	—	—	—	—	68	68
Net loss on interest rate swaps designated as cash flow hedging instruments	—	—	—	—	(290)	(290)
Foreign currency translation	—	—	—	—	408	408
Minimum pension liability adjustment	—	—	—	—	(15,485)	(15,485)
Total Comprehensive Loss	—	—	—	(26,001)	(15,299)	(41,300)
Balance at December 27, 2002	85,025	1,429	(1,132)	(26,001)	(15,299)	44,022
Amortization of unearned compensation	—	—	435	—	—	435
Cancellation of restricted Parent Company common stock	—	(408)	408	—	—	—
Comprehensive Loss:						
Net loss	—	—	—	(61,576)	—	(61,576)
Net gain on fuel swaps designated as cash flow hedging instruments	—	—	—	—	452	452
Net gain on interest rate swaps designated as cash flow hedging instruments	—	—	—	—	440	440
Foreign currency translation	—	—	—	—	504	504
Minimum pension liability adjustment	—	—	—	—	(3,951)	(3,951)
Total Comprehensive Loss	—	—	—	(61,576)	(2,555)	(64,131)
Balance at December 26, 2003	85,025	1,021	(289)	(87,577)	(17,854)	(19,674)
Amortization of unearned compensation	—	—	195	—	—	195
Cancellation of restricted Parent Company common stock	—	(20)	20	—	—	—
Comprehensive Income:						
Net income	—	—	—	4,394	—	4,394
Net loss on fuel swaps designated as cash flow hedging instruments	—	—	—	—	(520)	(520)
Net loss on interest rate swaps designated as cash flow hedging instruments	—	—	—	—	(150)	(150)
Foreign currency translation	—	—	—	—	(912)	(912)
Minimum pension liability adjustment	—	—	—	—	19,436	19,436
Total Comprehensive Income	—	—	—	4,394	17,854	22,248
Elimination of Danielson historical equity in Vessel Leasing		(2,769)	—	—	—	(2,769)
Elimination of ACL historical equity	(82,256)	(1,001)	74	83,183	—	—
Reorganized Company:						
Reorganized Company equity	—	100,098	—	—	—	100,098
Balance at December 31, 2004	—	100,098	—	—	—	100,098
Issuance of Parent Company common stock (unaudited)	224	(224)	—	—	—	—
Issuance of Parent Company restricted stock and stock options (unaudited)	8	6,513	(6,521)	—	—	—
Amortization of restricted stock and stock options (unaudited)	—	—	2,101	—	—	2,101
Equity issuance costs (unaudited)	—	(36)	—	—	—	(36)
Net loss (unaudited)	—	—	—	(295)	—	(295)
Balance at June 30, 2005 (unaudited)	$ 232	$ 106,351	$ (4,420)	$ (295)	$ —	$ 101,868

See Notes to Consolidated Financial Statements which are an integral part of these statements.

Table of Contents

AMERICAN COMMERCIAL LINES INC.

CONSOLIDATED STATEMENTS OF CASH FLOWS
(Dollars in thousands)

	Reorganized Company	Predecessor Company				
	Six Months Ended June 30, 2005	Six Months Ended July 2, 2004	Fiscal Year Ended December 31, 2004	Fiscal Year Ended December 26, 2003	Seven Months Ended December 27, 2002	Five Months Ended May 28, 2002
	(Unaudited)	(Unaudited)				
Net (Loss) Income	$ (295)	$ (72,330)	$ 4,394	$ (61,576)	$ (26,001)	$ (44,010)
Adjustments to Reconcile Net Income (Loss) to Net Cash Provided by (Used in) Operating Activities:						
Depreciation and Amortization	24,502	27,375	53,175	54,918	37,407	21,824
Interest Accretion and Debt Issuance Cost Amortization	2,335	4,629	9,614	8,877	4,033	1,245
Loss on Sale of Argentina Assets	—	35,206	35,197	—	—	—
(Gain) Loss on Property Dispositions	(4,432)	143	247	(287)	—	(455)
Other Operating Activities	(1,922)	(1,096)	981	(4,170)	2,751	(5,422)
Reorganization Items	—	12,188	21,724	24,344	—	—
Fresh-Start Adjustments	—	—	83,030	—	—	—
Gain on Discharge of Debt	—	—	(155,358)	—	—	—
Changes in Operating Assets and Liabilities:						
Accounts Receivable	(8,902)	4,600	(1,690)	(36,465)	(10,100)	(3,240)
Materials and Supplies	(14,119)	(5,949)	(9,105)	2,281	2,111	(5,160)
Accrued Interest	7,157	2,053	3,926	6,485	15,407	10,332
Other Current Assets	(247)	859	(987)	(1,517)	6,366	(3,149)
Other Current Liabilities	21,331	2,499	11,834	12,803	(5,396)	8,357
Net Cash Provided by (Used in) Operating Activities before Reorganization Items	25,408	10,177	56,982	5,693	26,578	(19,678)
Reorganization Items Paid	(12,503)	(11,629)	(20,785)	(21,759)	—	—
Net Cash Provided by (Used in) Operating Activities	12,905	(1,452)	36,197	(16,066)	26,578	(19,678)
INVESTING ACTIVITIES						
Property Additions	(11,485)	(4,261)	(12,520)	(9,209)	(7,757)	(5,605)
Proceeds from Sale of Argentina Assets	—	24,100	24,100	—	—	—
Proceeds from Sale of Interest in GMS	—	—	14,000	—	—	—
Proceeds from Property Dispositions	13,366	1,039	4,890	2,422	1,089	988
Investment in Vessel Leasing	(2,500)	—	—	—	—	—
Net Change in Restricted Cash	(270)	(513)	(1,428)	(1,426)	236	—
Other Investing Activities	(2,036)	(567)	(1,814)	(3,604)	(894)	(2,859)
Net Cash (Used in) Provided by Investing Activities	(2,925)	19,798	27,228	(11,817)	(7,326)	(7,476)
FINANCING ACTIVITIES						
Danielson Holding Corporation Investment	—	—	—	—	—	25,000
Short-Term Borrowings	—	2,354	1,693	5,146	7,000	—
Revolving Credit Facility Borrowings	170,710	—	—	—	—	—
2015 Senior Note Borrowings	200,000	—	—	—	—	—
DIP Credit Facility Borrowings	—	—	—	50,000	—	—
DIP Credit Facility Repayments	—	(33,787)	(50,000)	—	—	—
Long-Term Debt Repaid	(402,489)	(1,443)	(7,161)	(3,204)	(28,353)	(25,190)
Outstanding Checks	(4,577)	(1,588)	5,702	325	(1,785)	1,149
Debt Costs	(12,937)	(150)	(953)	(3,001)	(1,035)	—
Other Financing Activities	(618)	(639)	(1,336)	(604)	(1,468)	(173)
Net Cash (Used in) Provided by Financing Activities	(49,911)	(35,253)	(52,055)	48,662	(25,641)	786
Net (Decrease) Increase in Cash and Cash Equivalents	(39,931)	(16,907)	11,370	20,779	(6,389)	(26,368)
Cash and Cash Equivalents at Beginning of Period	46,645	35,275	35,275	14,496	20,885	47,253
Cash and Cash Equivalents at End of Period	$ 6,714	$ 18,368	$ 46,645	$ 35,275	$ 14,496	$ 20,885
Supplemental Cash Flow Information:						

Interest Paid	$ 7,869	$ 12,554	$ 25,011	$ 25,681	$ 13,061	$ 36,595
Income Taxes Paid	711	(302)	996	3,343	306	1,104

See Notes to Consolidated Financial Statements which are an integral part of these statements.

Table of Contents

AMERICAN COMMERCIAL LINES INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Dollars in thousands, except per share amounts)
(Information pertaining to the six months ended June 30, 2005 and July 2, 2004 is unaudited)

NOTE 1. ACCOUNTING POLICIES

REPORTING ENTITY

American Commercial Lines Inc. ("ACL Inc.") is a Delaware corporation. In these consolidated financial statements, unless the context indicates otherwise, the "Company" refers to ACL Inc., its predecessors and its subsidiaries on a consolidated basis, "Predecessor Company" refers to the Company and its operations for periods prior to December 31, 2004 and "Reorganized Company" is used to describe the Company and its operations for periods thereafter.

The operations of the Company include barge transportation together with related port services and manufacturing along the inland waterways. Barge transportation services include the movement of grain and other bulk products, coal, steel and liquids in the United States, accounting for the majority of the Company's revenues. The Company also transports a less significant amount of cargo in Venezuela and the Dominican Republic. Manufacturing of marine equipment is provided to customers in marine transportation and other related industries in the United States. The Company has long-term contracts with many of its customers.

On January 31, 2003, American Commercial Lines LLC ("ACL LLC"), a Delaware limited liability company and an indirect, wholly owned subsidiary of ACL Inc., and certain of its affiliates filed voluntary petitions seeking relief from creditors pursuant to Chapter 11 of the U.S. Bankruptcy Code (the "Bankruptcy Code" or "Chapter 11") as described in Note 2 below. During 2003 and 2004, ACL LLC and the other Debtors (as defined in Note 2) continued to operate their businesses as debtors-in-possession under the jurisdiction of the U.S. Bankruptcy Court, Southern District of Indiana, New Albany Division (the "Bankruptcy Court") and in accordance with the applicable provisions of the Bankruptcy Code and orders of the Bankruptcy Court. Accordingly, the consolidated financial statements of the Company have been prepared in accordance with the American Institute of Certified Public Accountants Statement of Position 90-7 ("SOP 90-7") and generally accepted accounting principles applicable to a going concern, which assume that assets will be realized and liabilities will be discharged in the normal course of business.

ACL LLC and the other Debtors emerged from bankruptcy on January 11, 2005 pursuant to a Plan of Reorganization as described in Note 2. Since there are no material contingencies after the order entry date, the Company applied fresh start accounting on December 31, 2004 ("accounting effective date").

In connection with ACL LLC's emergence from bankruptcy and confirmation of the Plan of Reorganization, American Commercial Lines Holdings LLC ("ACL Holdings"), the pre-emergence parent company of ACL LLC, transferred its ownership interest in ACL LLC to Commercial Barge Line Company, a Delaware corporation ("CBL"). CBL is a direct, wholly owned subsidiary of American Barge Line Company ("American Barge"), which in turn is a direct, wholly owned subsidiary of ACL Inc. ACL Inc. has issued common stock in 2005 as settlement of certain debts of the debtors in the bankruptcy.

The assets of ACL Inc. consist principally of its ownership of all of the stock of American Barge which in turn owns all of the stock of CBL. The assets of CBL consist principally of its ownership of all of the membership interests in ACL LLC. Although CBL is responsible for corporate income tax, none of ACL Inc., American Barge or CBL conducts any operations independent of such ownership.

In connection with its emergence from bankruptcy, the Company reflected the terms of the Plan of Reorganization in its consolidated financial statements by adopting the fresh start accounting provisions of SOP 90-7. Under fresh start accounting, a new reporting entity is deemed to be created and the

Table of Contents

AMERICAN COMMERCIAL LINES INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
(Dollars in thousands, except per share amounts)
(Information pertaining to the six months ended June 30, 2005 and July 2, 2004 is unaudited)

recorded amounts of assets and liabilities are adjusted to reflect their estimated fair values. For accounting purposes, the fresh start adjustments have been recorded in the consolidated financial statements as of December 31, 2004. Since fresh start accounting materially changed the amounts previously recorded in the Company's consolidated financial statements, the post-emergence financial data is labeled "Reorganized Company" and the pre-emergence data is labeled "Predecessor Company" to signify the difference in the basis of presentation of the consolidated financial statements.

The Company recorded an extraordinary gain of $155,358 from the restructuring of its debt in accordance with the provisions of the Plan of Reorganization. Other significant adjustments were also recorded to reflect the provisions of the Plan of Reorganization and the fair values of the assets and liabilities of the Reorganized Company as of December 31, 2004. For accounting purposes, these transactions have been reflected in the operating results of the Predecessor Company for the year ended December 31, 2004. See Note 2 for further information regarding the reorganization and Note 3 for a discussion of fresh start accounting.

PRINCIPLES OF CONSOLIDATION

The consolidated financial statements reflect the results of operations, cash flows and financial position of the Company and its majority-owned subsidiaries as a single entity. All significant intercompany accounts and transactions have been eliminated. Investments in companies that are not majority-owned are accounted for under the equity method, depending on the extent of control.

FISCAL YEAR

In 2002, 2003 and 2004, the Company followed an annual fiscal reporting period, which ended on the last Friday in December. Fiscal 2004 included 53 weeks with 14 weeks in the first quarter and 13 weeks in the remaining quarters. The Company adopted a calendar reporting fiscal year on January 1, 2005.

SHARE AND PER SHARE DATA

As discussed in Note 18, the Board of Directors of ACL Inc. declared a common stock dividend to shareholders of record as of August 1, 2005 whereby three additional common shares were issued for each common share held at that date. All share and per share data herein have been adjusted to give effect to this stock dividend.

Per share data is based upon the average number of shares of common stock of ACL Inc., par value $.01 per share ("Common Stock"), outstanding during the relevant period. Basic earnings per share are calculated using only the average number of issued and outstanding shares of Common Stock. Such average shares were 21,853,786 for the six months ended June 30, 2005. Diluted earnings per share, as calculated under the treasury stock method, include the average number of shares of additional Common Stock issuable for stock options, whether or not currently exercisable. Diluted earnings per share for the six months ending June 30, 2005 do not include shares issuable under stock options because their effect is anti-dilutive.

USE OF ESTIMATES

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of

Table of Contents

AMERICAN COMMERCIAL LINES INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
(Dollars in thousands, except per share amounts)
(Information pertaining to the six months ended June 30, 2005 and July 2, 2004 is unaudited)

the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

CASH AND CASH EQUIVALENTS

Cash and cash equivalents include short-term investments with a maturity of less than three months when purchased. The Company has, from time to time, cash in banks in excess of federally insured limits.

RESTRICTED CASH

As part of the financing guaranteed by the U.S. Maritime Administration ("MARAD"), Vessel Leasing LLC ("Vessel Leasing"), a consolidated subsidiary of the Company, is required to maintain a cash balance on account equal to 12 months of future debt service. The cash balances of $9,452 as of June 30, 2005, $9,182 as of December 31, 2004 and $7,754 as of December 26, 2003 were in excess of the minimum requirement.

ACCOUNTS RECEIVABLE

Accounts receivable consist of the following:

	Reorganized Company		Predecessor Company
	June 30, 2005	December 31, 2004	December 26, 2003
Accounts Receivable	$ 84,932	$ 75,483	$ 75,838
Allowance for Doubtful Accounts	(1,620)	(1,578)	(1,634)
	$ 83,312	$ 73,905	$ 74,204

The Company maintains an allowance for doubtful accounts based upon the expected collectibility of accounts receivable. Trade receivables less allowances reflect the net realizable value of the receivables and approximate fair value. The Company generally does not require collateral or other security to support trade receivables subject to credit risk. To reduce credit risk, the Company performs credit investigations prior to establishing customer credit limits and reviews customer credit profiles on an ongoing basis. An allowance against the trade receivables is established based on the Company's knowledge of a customer's financial condition and the past due status of accounts compared to invoice payment terms. Recoveries of trade receivables previously reserved in the allowance are credited to income.

MATERIALS AND SUPPLIES

Materials and supplies are carried at the lower of cost (average) or market and consist of the following:

Table of Contents

AMERICAN COMMERCIAL LINES INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
(Dollars in thousands, except per share amounts)
(Information pertaining to the six months ended June 30, 2005 and July 2, 2004 is unaudited)

	Reorganized Company		Predecessor Company
	June 30, 2005	December 31, 2004	December 26, 2003
Raw Materials	$ 7,100	$ 5,614	$ 3,715
Work in Process	36,468	22,284	15,227
Parts and Supplies	18,876	18,459	14,148
	$ 62,444	$ 46,357	$ 33,090

OTHER CURRENT ASSETS

During 2004, certain boats were identified as excess due to the reduction of the Company's barge fleet. As a result, these boats were taken out of service and an active program to sell them was initiated. Accordingly, these boats were reclassified from property, plant and equipment to held for sale assets on the balance sheet. The boats have a fair market value of $4,765. A gain of $1,348 was recorded as a fresh start adjustment in the 2004 statement of operations. The boats are expected to be sold in 2005 and are included in the barging segment's assets.

PROPERTIES, DEPRECIATION AND AMORTIZATION

Properties consist of the following:

	Reorganized Company		Predecessor Company
	June 30, 2005	December 31, 2004	December 26, 2003
Land	$ 10,117	$ 10,117	$ 15,741
Buildings and Improvements	13,180	13,094	24,674
Equipment	423,295	420,157	589,961
	446,592	443,368	630,376
Less Accumulated Depreciation	30,195	6,686	90,232
	$ 416,397	$ 436,682	$ 540,144

Properties are stated at cost less accumulated depreciation. At May 29, 2002 and December 31, 2004, properties were restated to fair value and then reduced to a proportionate share of the purchase price in conjunction with the application of purchase accounting to the recapitalization of the Company by Danielson Holding Company ("DHC") on May 29, 2002 (the "Danielson recapitalization") and the application of fresh-start accounting in connection with the consummation of the Plan of Reorganization, respectively. Provisions for depreciation of properties are based on the estimated useful service lives computed on the straight-line method. Buildings and improvements are depreciated from 15 to 45 years. Equipment is depreciated from 5 to 42 years.

On June 9, 2005, the Company sold ten black oil barges for $7,000 in cash which resulted in a gain of $3,260. The gain is recorded in other, net in the consolidated statement of operations.

Due to increased customer demand, the Company reclassified 3 boats that are no longer available for sale from other current assets to properties, net on the consolidated statement of financial position as of June 30, 2005. In addition, as a result of the sale of two boats during the quarter ended June 30, 2005 a

Table of Contents

AMERICAN COMMERCIAL LINES INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
(Dollars in thousands, except per share amounts)
(Information pertaining to the six months ended June 30, 2005 and July 2, 2004 is unaudited)

gain of $1,044 is included is included in other, net in the consolidated statement of operations. Six boats remain classified as "Held for Sale" as of June 30, 2005 with a carrying value of $1,770 in other current assets.

Depreciation expense was $23,964 for the six months ended June 30, 2005; $24,606 for the six months ended July 2, 2004; $47,460 for the year ended December 31, 2004; $45,745 for the year ended December 26, 2003; $35,737 for the seven months ended December 27, 2002 and $20,500 for the five months ended May 28, 2002. Amortization expense, relating to software and intangible assets which are included in other assets, was $538 for the six months ended June 30, 2005; $2,769 for the six months ended July 2, 2004; $5,715 for the year ended December 31, 2004; $9,173 for the year ended December 26, 2003; $1,670 for the seven months ended December 27, 2002 and $1,324 for the five months ended May 28, 2002. In conjunction with the Plan of Reorganization, the Company rejected a substantial number of barge leases. As such, 2003 amortization expense includes a charge of $1,213 for writing favorable leases to zero. Depreciation and amortization expense for the year December 26, 2003 was reduced by $4,397 due to changes in estimates in finalizing the purchase price allocation for the Danielson recapitalization.

IMPAIRMENT OF LONG-LIVED ASSETS

Properties and other long-lived assets are reviewed for impairment whenever events or business conditions indicate the carrying amount of such assets may not be fully recoverable. Initial assessments of recoverability are based on estimates of undiscounted future net cash flows associated with an asset or a group of assets. Where impairment is indicated, the assets are evaluated for sale or other disposition, and their carrying amount is reduced to fair value based on discounted net cash flows or other estimates of fair value. Barges were written down to their estimated salvage value through a charge of $2,078 in 2003. Impairment losses of $3,405 were recorded in 2004 since the book value exceeded the fair market value of certain boats and barges held for sale. Impairment expense is included in materials, supplies and other in the consolidated statement of operations. In addition, intangible assets were written down, due to abandonment of a software project, through a $1,643 charge to earnings in 2003 which is also included in materials, supplies and other in the consolidated statement of operations. There were no long-lived asset impairment losses in 2002.

ASSETS AND ASSET CAPITALIZATION POLICIES

Asset capitalization policies have been established by our management to conform to generally accepted accounting principles. Repairs that extend the original economic life of an asset or that enhance the original functionality of an asset are capitalized and amortized over their estimated economic life. Routine engine overhauls that occur on a one to three year cycle are expensed when they are incurred. The costs of purchasing or developing software are capitalized and amortized over the estimated economic life of the software.

DEBT AMORTIZATION

The Company amortizes debt issuance costs and fees over the term of the debt. Amortization expense was $2,335 for the six months ended June 30, 2005; $4,629 for the six months ended July 2, 2004; $2,170 for the year ended December 31, 2004; $2,957 for the year ended December 26, 2003; $1,150 for the seven months ended December 27, 2002 and $1,245 for the five months ended May 28, 2002 and is included in interest expense in the consolidated statement of operations.

Table of Contents

AMERICAN COMMERCIAL LINES INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
(Dollars in thousands, except per share amounts)
(Information pertaining to the six months ended June 30, 2005 and July 2, 2004 is unaudited)

DEBT DISCOUNT

On May 29, 2002, the Company issued new debt which was recorded at fair value. The difference between the principal amount of the notes and the fair value (discount) was amortized using the interest method over the life of the notes. The amortization of the discount was $7,444 for the year ended December 31, 2004; $5,919 for the year ended December 26, 2003 and $2,882 for the seven months ended December 27, 2002 and is included in interest expense in the consolidated statement of operations. The remaining debt discount of $44,074 was written off with the forgiveness of debt from Chapter 11 and is included in the extraordinary gain in the 2004 statement of operations.

REVENUE RECOGNITION

The primary source of the Company's revenue, freight transportation by barge, is recognized based on percentage of completion. The proportion of freight transportation revenue to be recognized is determined by applying a percentage to the contractual charges for such services. The percentage is determined by dividing the number of miles from the loading point to the position of the barge as of the end of the accounting period by the total miles from the loading point to the barge destination as specified in the customer's freight contract. The position of the barge at accounting period end is determined by locating the position of the boat with the barge in tow through use of a global positioning system. The recognition of revenue based upon the percent of voyage completion results in a better matching of revenue and expenses.

The recognition of revenue generated from contract rate adjustments flows through the standard process for recognizing earned revenue. The rate adjustment occurrences are defined by contract terms. They typically occur on a monthly or quarterly time period, are based on recent historical inflation measures, including fuel, labor and/or general inflation, and are invoiced at the adjusted rate levels in the normal process of billing.

The recognition of revenue due to shortfalls on take or pay contracts occurs at the end of each declaration period. A declaration period is defined as the time period in which the contract volume obligation was to be met. If the volume was not met during that time period, then the amount of billable revenue resulting from the failure to perform will be calculated and recognized.

Day rate plus towing contracts have a twofold revenue stream. The day rate, a daily charter rate for the equipment, is recognized for the time period under charter during the period. The towing portion of the rate is recognized once the equipment has been placed on our boat to be moved for the customer.

Revenue from unit tow equipment day rate contracts is recognized based on the number of days services are performed during the period.

Marine manufacturing and harbor service revenue is recognized based upon the completed contract method due to the short-term nature of contracts. Losses are accrued if manufacturing costs are expected to exceed manufacturing contract revenue. Terminal, repair and other revenue is recognized as services are provided.

ESTIMATES FOR HARBOR AND TOWING CHARGES

Harbor and towing service charges are estimated and recognized as services are received. Estimates are based upon recent historical charges by specific vendor for the type of service charge incurred and upon published vendor rates. Service events are recorded by vendor and location in our barge

Table of Contents

AMERICAN COMMERCIAL LINES INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
(Dollars in thousands, except per share amounts)
(Information pertaining to the six months ended June 30, 2005 and July 2, 2004 is unaudited)

tracking system. Vendor charges can vary based upon the number of boat hours required to complete the service, the grouping of barges in vendor tows and the quantity of man hours and materials required.

INSURANCE CLAIM LOSS DEDUCTIBLES

Liabilities for insurance claim loss deductibles include accruals for the uninsured portion of personal injury, property damage, cargo damage and accident claims. These accruals are estimated based upon historical experience with similar claim incidents. The estimates are recorded upon the first report of a claim and are updated as new information is obtained. The amount of the liability is based on the type and severity of the claim and an estimate of future claim development based on current trends and historical data. Management believes it has recorded sufficient liabilities for these claim incidents. These claims are subject to significant uncertainty related to the results of negotiated settlements and other developments.

EMPLOYEE BENEFIT PLANS

Assets and liabilities of the Company's defined benefit plans are determined on an actuarial basis and are affected by the estimated market value of plan assets, estimates of the expected return on plan assets, and discount rates. Actual changes in the fair market value of plan assets and differences between the actual return on plan assets and the expected return on plan assets will affect the amount of pension expense ultimately recognized, impacting the Company's results of operations. The liability for post-retirement medical benefits is also determined on an actuarial basis and is affected by assumptions including the discount rate and expected trends in health care costs.

The Company is self-insured for the medical benefit plans covering most of its employees. The Company estimates its liability for claims incurred by applying a lag factor to its historical claims and administrative cost experience. The validity of the lag factor is evaluated periodically and revised if necessary.

FOREIGN CURRENCY TRANSLATION

Assets and liabilities relating to investments in foreign operations are translated into U.S. dollars using current exchange rates; revenues and expenses are translated into U.S. dollars using the average exchange rate during the period. The functional currency for our foreign subsidiaries is the U.S. dollar. Therefore, the translation gains and losses are recorded as other income or expense in the consolidated statement of operations.

RECLASSIFICATIONS

Certain prior year amounts have been reclassified to conform to the current year presentation.

RECENTLY ISSUED ACCOUNTING STANDARDS

Statement of Financial Accounting Standards ("SFAS") No. 123 (Revised 2004), "Share-Based Payments" was issued in December 2004 and requires all share-based payments to employees, including grants of employee stock options, to be recognized in the income statement based on their fair values. Pro forma disclosure is no longer an alternative. The new standard was effective for public entities (excluding small business issuers) in the first interim or annual reporting period beginning after June 15, 2005. As of January 1, 2005, the Company began to expense stock compensation for new award grants under its stock compensation plans in accordance with this new standard.

Table of Contents

AMERICAN COMMERCIAL LINES INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
(Dollars in thousands, except per share amounts)
(Information pertaining to the six months ended June 30, 2005 and July 2, 2004 is unaudited)

Also in December 2004, the Financial Accounting Standards Board ("FASB") issued FASB Staff Position ("FSP") SFAS No. 109-1, "Application of FASB Statement No. 109, Accounting for Income Taxes, for the Tax Deduction Provided to U.S. Based Manufacturers by the American Jobs Creation Act of 2004" ("FSP 109-1") and FSP SFAS No. 109-2, "Accounting and Disclosure Guidance for the Foreign Earnings Repatriation Provisions within the American Jobs Creation Act of 2004" ("FSP 109-2"). FSP 109-1 provides guidance on the application of SFAS No. 109, "Accounting for Income Taxes," to the provision within the American Jobs Creation Act of 2004 that provides a tax deduction on qualified production activities. Accounting and disclosure guidance is provided in FSP 109-2 for the dividends received deduction on the repatriation of certain foreign earnings to a U.S. taxpayer. The Company is still assessing the impact of this standard on its consolidated financial statements.

SFAS No. 151, "Inventory Costs, an amendment of ARB No. 43, Chapter 4 — Issued November 2004" is a product of the FASB's efforts to achieve short-term convergence with the International Accounting Standards Board ("IASB"), clarifies that abnormal amounts of idle facility expense, freight, handling costs, and wasted materials (spoilage) should be recognized as current-period charges and requires the allocation of fixed production overhead to inventory for fiscal years beginning after June 15, 2005. Earlier application is permitted for inventory cost incurred during fiscal years beginning after November 23, 2004. Management expects that the adoption of this new standard will not materially affect the consolidated financial statements.

NOTE 2. REORGANIZATION UNDER CHAPTER 11 OF THE BANKRUPTCY CODE

During 2002 and 2003, the Company experienced a decline in barging rates, reduced shipping volumes and excess barging capacity during a period of slow economic growth and a global economic recession. Due to these factors, the Company's revenues and earnings did not meet expectations, and the Company's liquidity was significantly impaired. Debt covenant violations occurred and as a result, the Company was unable to meet its financial obligations as they became due. On January 31, 2003 (the "Petition Date"), ACL LLC and certain of its affiliates filed a petition with the Bankruptcy Court to reorganize under Chapter 11.

Included in the filing were ACL LLC, its direct parent (ACL Holdings), American Commercial Barge Line LLC, Jeffboat LLC, Louisiana Dock Company LLC and ten other U.S. subsidiaries of ACL LLC (collectively with ACL LLC, the "Debtors"). The Chapter 11 petitions did not cover any of ACL LLC's foreign subsidiaries or certain of its U.S. subsidiaries.

During the pendency of the bankruptcy proceedings, ACL LLC entered into a debtor-in-possession ("DIP") credit facility that provided up to $75,000 of financing. ACL LLC borrowed $50,000 under the term loan portion of the DIP credit facility, part of which was used to retire ACL LLC's pre-petition receivables facility. On October 8, 2004, ACL LLC repaid the term loan portion of the DIP credit facility in full. As of December 31, 2004, participating bank commitments under the DIP credit facility totaled $25,000. As of that date, there were no amounts outstanding under either the term loan portion or the $25,000 revolving portion of the DIP credit facility. ACL LLC did not draw on the revolving portion of the DIP credit facility.

As part of the Chapter 11 cases, the Debtors developed a plan of reorganization (the "Plan of Reorganization") to restructure their operations and liabilities to the extent necessary to result in the continuing viability of the Company. The Plan of Reorganization was filed on September 10, 2004, deemed to be an adequate disclosure by the Bankruptcy Court on October 19, 2004, approved by all the creditor classes and confirmed by the Bankruptcy Court on December 30, 2004. The accounting effective

Table of Contents

AMERICAN COMMERCIAL LINES INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
(Dollars in thousands, except per share amounts)
(Information pertaining to the six months ended June 30, 2005 and July 2, 2004 is unaudited)

date of the reorganization was December 31, 2004 and the Debtors' reorganization was effective on January 11, 2005.

As part of the Plan of Reorganization, $146,160 of ACL LLC's 11.25% senior notes due January 1, 2008 (the "2008 Senior Notes") were cancelled and exchanged for equity in ACL Inc. This amount represents the entire outstanding balance of the 2008 Senior Notes plus accrued interest through the Petition Date. Certain trade creditors and other claimants also received equity in ACL Inc. in exchange for their claims. $124,347 of ACL LLC's 12% pay-in-kind senior subordinated notes due July 1, 2008 (the "PIK Notes"), including accrued interest, and $6,893 of 10.25% senior notes due June 2008 (the "Old Senior Notes"), including accrued interest, were cancelled as part of the Plan of Reorganization. The Company also paid or will pay allowed administrative claims, DIP lender claims, priority claims, tax claims and professional fee claims due and owing. The Company recorded an extraordinary gain of $155,358 as a result of the consummation of the Plan of Reorganization.

In accordance with the Plan of Reorganization, on January 13, 2005, ACL LLC amended and restated its existing term loan facilities (the "restructured term loans"), for which JPMorgan Chase Bank and The Bank of New York acted as agents, to provide for continuing secured term loan financing. As of January 13, 2005, there was an aggregate of $364,800 outstanding under the restructured term loans. On January 13, 2005, ACL LLC also replaced its existing revolving credit facility with a new $35,000 asset based revolving credit facility with Bank of America N.A. and UBS Loan Finance LLC (the "asset based revolving credit facility"). As of January 13, 2005, there were no amounts outstanding under the asset based revolving credit facility. For further information regarding the debt, see Note 6.

The Plan of Reorganization authorizes 6,062,343 shares of Common Stock. Former holders of the 2008 Senior Notes and other creditors will receive 5,607,667 of these shares of Common Stock in exchange for their claims. Of those 5,607,667 shares, 168,230 shares are subject to warrants granted by certain holders of the 2008 Senior Notes to holders of the PIK Notes, in satisfaction and retirement of their claim and 168,230 shares are subject to a warrant granted by certain former holders of the 2008 Senior Notes to DHC, the Company's former parent corporation.

Also in accordance with the Plan of Reorganization, ACL Inc. adopted the American Commercial Lines Inc. Equity Award Plan for Employees, Officers and Directors ("ACL Inc. Equity Award Plan"). The ACL Inc. Equity Award Plan offers incentives to directors, officers and key employees who are primarily responsible for the business. The ACL Inc. Equity Award Plan reserves 454,676 shares of Common Stock of the total authorized shares of Common Stock for equity awards.

On July 19, 2005, the board of directors of ACL Inc. declared a stock dividend with respect to the common stock of ACL Inc. See Note 18. The number of shares authorized under the Plan of Reorganization and the ACL Inc. Equity Award Plan, as discussed in the two foregoing paragraphs, was adjusted accordingly.

Reorganization items, as reported in the accompanying consolidated statement of operations, are comprised of income, expense and loss items that were realized or incurred by the Debtors as a direct result of the Company's reorganization under Chapter 11. Pursuant to SOP 90-7, these items are aggregated and reported as a separate component of expense below operating income. For the six months

Table of Contents

AMERICAN COMMERCIAL LINES INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
(Dollars in thousands, except per share amounts)
(Information pertaining to the six months ended June 30, 2005 and July 2, 2004 is unaudited)

ended June 30, 2004 and for the years ended December 31, 2004 and December 26, 2003, these items include:

	Six Months Ended July 2, 2004	Year Ended December 31, 2004	Year Ended December 26, 2003
REORGANIZATION ITEMS:			
Professional Fees	$ 9,065	$ 18,344	$ 16,740
Severance and Retention	409	553	1,486
Charter Guarantees	2,663	2,663	5,146
Interest Income	(68)	(157)	(138)
Loss on Sale of Argentina Assets	35,206	35,197	—
Other Reorganization Items	119	321	1,110
TOTAL REORGANIZATION ITEMS	$ 47,394	$ 56,921	$ 24,344

During the reorganization, the Debtors received Bankruptcy Court approval for the retention of legal, financial and management consulting professionals to advise the Debtors in the bankruptcy proceedings and the restructuring of the Debtors' business. In accordance with the Bankruptcy Code, the creditors also had the right to retain their own financial, legal and other professionals to provide advice during the pendency of the Chapter 11 cases. The Debtors are obligated to pay the cost of the creditors' professionals.

The Debtors also received Bankruptcy Court approval for the payment of a retention bonus to certain key executives and the payment of a $2,500 success fee to a financial advisor upon consummation of the Plan of Reorganization.

As part of the Plan of Reorganization, the Company rejected certain barge leases and other executory contracts. These rejections and the consequent reduction in the size of the domestic barging fleet resulted in the elimination of a number of salary and vessel employee positions. In addition, a number of management changes were initiated to better position the Company to emerge from Chapter 11.

As a result of the rejection of certain barge charter agreements due to the Chapter 11 filing and the rights of the charter owners to rely upon letters of credit to guarantee future payments of charter hire, draws totaling $2,354 in 2004 and $5,146 in 2003 were made on the letters. An additional $309 was accrued for settlements relating to the rejected barge charter agreements.

Pursuant to SOP 90-7, interest income from cash on hand as a result of the DIP financing is also presented as a reorganization item.

Other reorganization items include costs incurred related to the DIP credit facility and expense from rejecting executory contracts.

Table of Contents

AMERICAN COMMERCIAL LINES INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
(Dollars in thousands, except per share amounts)
(Information pertaining to the six months ended June 30, 2005 and July 2, 2004 is unaudited)

NOTE 3. FRESH START ACCOUNTING

As previously discussed, the Company adopted the provisions of fresh start accounting as of December 31, 2004. In adopting fresh start accounting, the Company engaged an independent financial advisor to assist in the determination of the reorganization value or fair value of the entity. After receiving testimony from the Company's financial advisors and the financial advisors of the creditor constituencies, the Bankruptcy Court determined and established a reorganization value of $500,000 before considering any long-term debt or notes established in connection with the Plan of Reorganization. This estimate was based upon the Company's cash flows, selected comparable market multiples of publicly traded companies, operating lease obligations and other applicable ratios and valuation techniques. The estimated total equity value of the Reorganized Company aggregating $100,098 was determined after taking into account the values of the long-term debt and notes established in connection with the Plan of Reorganization.

The consolidated balance sheet presented below gives effect to the Plan of Reorganization and the application of fresh start accounting.

Table of Contents

AMERICAN COMMERCIAL LINES INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
(Dollars in thousands, except per share amounts)
(Information pertaining to the six months ended June 30, 2005 and July 2, 2004 is unaudited)

	Predecessor Company December 31, 2004	Debt Restructuring	Fresh Start Adjustments	Reorganized Company December 31, 2004
ASSETS				
CURRENT ASSETS				
Cash and Cash Equivalents	$ 46,645	$ —	$ —	$ 46,645
Cash, Restricted	9,182	—	—	9,182
Accounts Receivable, Net	78,323	—	(326)(b)	77,997
Materials and Supplies	46,357	—	—	46,357
Deferred Tax Asset — Current	—	—	3,916 (f)	3,916
Other Current Assets	19,360	5,014 (a)	(2,785)(c)	21,589
Total Current Assets	199,867	5,014	805	205,686
PROPERTIES — Net	473,774	—	(37,092)(d)	436,682
PENSION ASSETS	22,434	—	(6,796)(e)	15,638
INVESTMENT IN EQUITY INVESTEES	4,558	—	(162)(d)	4,396
DEFERRED TAX ASSET	—	—	17,791 (f)	17,791
OTHER ASSETS	15,370	—	(10,095)(d)(g)	5,275
Total Assets	$ 716,003	$ 5,014	$ (35,549)	$ 685,468
LIABILITIES & MEMBER'S (DEFICIT)/ STOCKHOLDERS' EQUITY				
LIABILITIES NOT SUBJECT TO COMPROMISE				
CURRENT LIABILITIES				
Accounts Payable	$ 25,486	$ —	$ (25)(h)	$ 25,461
Accrued Payroll and Fringe Benefits	12,975	—	3,770 (e)	16,745
Deferred Revenue	13,760	—	—	13,760
Accrued Claims and Insurance Premiums	7,409	5,718 (a)	—	13,127
Accrued Interest	1,273	—	—	1,273
Current Portion of Long-Term Debt	32,251	—	(29,364) (i)	2,887
Accrued Reorganization Claims Settlements	—	8,383	—	8,383
Accrued Reorganization Fees	3,873	—	3,347 (h)	7,220
Other Liabilities	24,647	379 (a)	(86)(e)	24,940
Total Current Liabilities	121,674	14,480	(22,358)	113,796
LONG-TERM DEBT	—	374,182 (a)	29,364 (i)	403,546
PENSION LIABILITY	23,767	—	(1,647)(e)	22,120
DEFERRED TAX LIABILITY	—	—	26,787 (f)	26,787
OTHER LONG-TERM LIABILITIES	17,811	759 (a)	551 (e)(j)	19,121
LIABILITIES SUBJECT TO COMPROMISE				
Accounts Payable	34,513	(34,513)(a)	—	—
Accrued Claims and Insurance Premiums	3,690	(3,690)(a)	—	—
Accrued Interest	18,600	(18,600)(a)	—	—
Short-Term Debt	47,839	(47,839)(a)	—	—
Current Portion of Long-Term Debt	531,619	(531,619)(a)	—	—
Other Liabilities	3,602	(3,602)(a)	—	—
Total Liabilities Subject to Compromise	639,863	(639,863)	—	—
Total Liabilities	803,115	(250,442)	32,697	585,370
MEMBER'S (DEFICIT)/ STOCKHOLDERS' EQUITY				
Reorganized Company Common Stock	—	— (a)	—	—
Predecessor Company Member's Equity	85,025	(82,256)(a)	(2,769)(j)	—
Unearned Compensation	(74)	74 (a)	—	—
Other Capital	1,001	99,097 (a)	—	100,098
Accumulated Other Comprehensive Loss	(17,553)	—	17,553	—
Retained Deficit	(155,511)	238,541 (a)	(83,030)	—
Total Member's (Deficit)/ Stockholders' Equity	(87,112)	255,456	(68,246)	100,098
Total Liabilities and Member's (Deficit)/ Stockholders' Equity	$ 716,003	$ 5,014	$ (35,549)	$ 685,468

(a) Reflects the net increase to retained earnings (accumulated deficit), including the adjustment to liabilities subject to compromise for the settlement of pre-petition claims for (i) cash, (ii) issuance of Common Stock and (iii) the cancellation of the DHC equity interest in the reorganized debtors. This amount may be subject to future adjustment depending on action by the Bankruptcy Court, further developments with respect to disputed claims, or other events.

footnotes continued on the following page

Table of Contents

AMERICAN COMMERCIAL LINES INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
(Dollars in thousands, except per share amounts)
(Information pertaining to the six months ended June 30, 2005 and July 2, 2004 is unaudited)

Liabilities subject to compromise	$	639,863
Form of settlement:		
Issuance of new common stock of ACL Inc.		(100,098)
Pre-petition senior lenders' principal and deferred interest		(364,718)
Liability for estimated cure payments for pre-petition executory contracts and leases		(5,445)
Liability for estimated priority and administrative claims		(464)
Liability for estimated convenience class claims		(782)
Liability for estimated maritime lien note holder cash payments		(1,692)
Maritime and tort lien notes reclassified to long-term debt		(9,464)
Assumption of capital lease		(984)
Liability for pre-petition insurance claims		(704)
Deferred non-qualified 401(k) plan		(154)
Gain on discharge of debt		155,358
Cancellation of DHC's equity interest in ACL LLC:		
Member's equity		82,256
Other capital		1,001
Restricted DHC common stock		(74)
Net increase to Retained Earnings (Accumulated Deficit)	$	238,541

(b) Reflects uncollectible pre-petition accounts receivables.

(c) Reflects the adjustment to arrive at the fair value of prepaid charter and the fair value of assets held for resale.

(d) Reflects the allocation to the long-lived assets of ACL LLC of the combined amount of the equity and the estimated present value of the liabilities of the Reorganized Company. The equity is calculated by subtracting long-term debt from the reorganization value of the Company. The combined amount is allocated based upon the estimated fair value of the long lived assets, which is based upon independent appraisals as of December 31, 2004. The allocation is in conformity with the procedures specified by SFAS No. 141, "Business Combinations." The sum of the fair value estimates of the long-lived assets exceeded the combined amount to be allocated. This excess is allocated as a pro-rata reduction of the amounts that otherwise would have been assigned to the long-lived assets. The adjustment reduced properties, investment in equity investments and software.

(e) Reflects adjustments to the assets and liabilities of the Company's pension and retiree medical plans based upon the fair value of assets and the estimated present value of all future obligations under these plans at December 31, 2004.

(f) Reflects the estimated fair value of deferred income tax assets and liabilities.

(g) Reflects the adjustment to arrive at the fair value of prepaid charter, charter fees and a long term customer contract.

(h) To eliminate pre-petition vessel charter accruals.

(i) Reflects the accrual of reorganization expenses to be incurred.

(j) Reclassification from current to long-term of amounts due by Vessel Leasing to holders of bonds guaranteed by MARAD.

(k) Reclassification of DHC's ownership interest in Vessel Leasing from equity to a minority interest liability based on the purchase price paid by the Company for DHC's interest on January 12, 2005.

Table of Contents

AMERICAN COMMERCIAL LINES INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
(Dollars in thousands, except per share amounts)
(Information pertaining to the six months ended June 30, 2005 and July 2, 2004 is unaudited)

NOTE 4. ACQUISITION OF VESSEL LEASING

Prior to January 12, 2005, ACL LLC owned a 50% interest in Vessel Leasing, a special purpose entity formed in 2001 and created expressly to buy barges from Jeffboat and charter the barges to American Commercial Barge Line LLC. On January 12, 2005, ACL LLC purchased the other 50% ownership interest in Vessel Leasing from DHC, making ACL LLC the sole owner of 100% of Vessel Leasing. ACL LLC paid $2,500 in cash for the acquisition.

NOTE 5. INVESTMENT IN EQUITY INVESTEES

During 2004 the Company had ownership interests in the following entities which are accounted for by the equity method:

- UABL LIMITED ("UABL") — ACL LLC sold its 50% ownership interest in UABL along with boats and barges to Ultrapetrol (Bahamas) Ltd. for $24,100 in cash on April 23, 2004. The sale resulted in a loss of $35,197 and is reported as a reorganization item in the statement of operations.
- GLOBAL MATERIALS SERVICES LLC ("GMS") — On October 6, 2004, ACL LLC sold its 50% ownership interest in GMS to Mid-South Terminal Company, L.P. for $14,000 cash. This sale resulted in a $335 gain and is reported as a reorganization item in the statement of operations.
- GLOBAL MATERIAL SERVICES VENEZUELA ("GMSV") — The Company has a 46% ownership interest in GMSV. During 2002, GMS, the Company and minority owners organized new companies to unload bauxite in Venezuela. The GMSV companies are Global Materials Services Venezuela C.A., GMS Venezuela Terminal Partners LLC and GMS Venezuela Terminal Holdings LLC. The Company contributed $1,417 in capital to GMSV in 2002 and an additional $500 in 2004.

Earnings (losses) related to the Company's equity method investees in aggregate were $(259) for the six months ended June 30, 2005; $(430) for the six months ended July 2, 2004; $3,195 for the year ended December 31, 2004; $4,714 for the year ended December 26, 2003; $(272) for the seven months ended December 27, 2002 and $642 for the five months ended May 28, 2002. These earnings (losses) are included in other income in the consolidated statement of operations.

Table of Contents

AMERICAN COMMERCIAL LINES INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
(Dollars in thousands, except per share amounts)
(Information pertaining to the six months ended June 30, 2005 and July 2, 2004 is unaudited)

NOTE 6. DEBT

	Reorganized Company		Predecessor Company
	June 30, 2005	December 31, 2004	December 26, 2003
Short-term debt:			
Revolving Credit Facility — JPMorgan Chase	$ —	$ —	$ 46,146
Current portion of long-term debt:			
Debtor in Possession Term Loan B	—	—	50,000
Bonds guaranteed by MARAD	2,887	2,887	34,996
Tranche A Term Loan	—	—	43,119
Tranche B Term Loan	—	—	124,141
Tranche C Term Loan	—	—	146,069
2008 Senior Notes	—	—	129,793
Senior Subordinated Notes (PIK Notes)	—	—	80,194
Old Senior Notes	—	—	5,133
	2,887	2,887	613,445
Long-term debt:			
Revolving Credit Facility — Bank of America/ UBS Securities	134,500	—	—
2015 Senior Notes	200,000	—	—
Bonds guaranteed by MARAD	27,992	29,364	—
Maritime Lien Notes	9,046	9,046	—
Tort Lien Notes	418	418	—
Revolving Credit Facility — JPMorgan Chase	—	47,839	—
Tranche A Term Loan	—	42,531	—
Tranche B Term Loan	—	122,448	—
Tranche C Term Loan	—	144,077	—
Deferred interest on bank debt	—	7,823	—
	371,956	403,546	—
Total Debt	$ 374,843	$ 406,433	$ 659,591

Debtor-in-Possession Agreement

As discussed above in Note 2, ACL LLC and the other debtor subsidiaries entered into a DIP credit facility that provided up to $75,000 of financing consisting of a $50,000 term loan and a $25,000 revolving credit facility. The DIP Term Loan B of $50,000 was drawn in 2003 pursuant to the bankruptcy filing and repaid in 2004. The DIP credit facility was replaced on January 13, 2005 with restructured term loans and an asset based revolving credit facility as described below.

Pre-Petition Senior Credit Facilities

As a part of the Plan of Reorganization, the 2008 Senior Notes, the PIK Notes and Old Senior Notes were cancelled and certain of these notes were exchanged for shares of Common Stock.

Table of Contents

AMERICAN COMMERCIAL LINES INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
(Dollars in thousands, except per share amounts)
(Information pertaining to the six months ended June 30, 2005 and July 2, 2004 is unaudited)

The Company paid $4,935 on the pre-petition revolving credit and term loans from the sale of assets in 2004. The Company continued to pay interest on the revolving credit and term loans until the refinanced senior credit facilities described below were put in place.

A 1% payment-in-kind ("PIK") interest rate was accrued from November 8, 2002 until Chapter 11 emergence on January 11, 2005. The 1% PIK interest was rolled into the debt balance which was refinanced on January 13, 2005 and is described below.

The bonds guaranteed by MARAD were issued by Vessel Leasing and bear interest at fixed rates of 5.65% and 6.14% as well as a variable rate which was 4.04% at June 30, 2005. Due to the Company's emergence from bankruptcy, the long-term portions of the bonds were reclassified at December 31, 2004.

The Company has an outstanding loan guarantee of $1,070 as of June 30, 2005, in the borrowings by one of its equity investees, GMS Venezuela C.A., from the International Finance Corporation.

Plan of Reorganization Debt

As a part of the Plan of Reorganization certain creditor claims were settled with maritime lien and tort lien notes. The interest rate on the maritime lien and tort lien notes is at the prime rate and payable quarterly in arrears. The notes mature in five years.

Refinanced Senior Credit Facilities

On January 13, 2005, the Company restructured its senior credit facilities into the restructured term loans with JPMorgan Chase Bank and The Bank of New York acting as agents to provide for continuing secured term loan financing. As of January 13, 2005, there was $364,836 outstanding under the restructured term loans with $225,000 in Tranche A and $139,836 in Tranche B, both due in five years. The restructured term loans replaced the revolving credit facility, term loan A, term loan B, term loan C and $7,942 in deferred PIK interest. The Tranche A senior secured term loan bore interest at an annual rate of LIBOR plus 4% and contained an annual fixed principal amortization of $15 million. The Tranche B junior secured term loan bore interest at an annual rate of 10%, with a 3% annual rate PIK, that was scheduled to increase 1% per annum after 18 months and 1% per annum for each 12 month period thereafter. On January 13, 2005, the Company entered into a new $35,000 asset based revolving credit facility with Bank of America N.A. and UBS Loan Finance LLC.

On February 11, 2005, the Company restructured its $35,000 asset based revolving credit facility into a $250,000 asset based revolving credit facility. The Company used borrowings under the asset based revolver of $170,709, together with proceeds from the offering and sale of 9.5% senior notes due 2015 (the "2015 Senior Notes"), to pay off the remaining balance of $220,468 in the Tranche A loan, the remaining balance of $139,836 in the Tranche B loan, accrued interest of $2,334 and fees of $8,071. The 2015 Senior Notes bear interest at 9.5% semiannually in arrears and are due on February 15, 2015. The asset based revolving credit facility provides $250,000 in available credit which is secured by certain assets of the Company. The asset based revolving credit facility bears interest at LIBOR plus a margin or at prime plus a margin based upon the amount of unused availability under the facility. The margins are currently 2.25% for the LIBOR-based borrowings and 0.75% for the prime-based borrowings. The facility matures on February 11, 2010.

The asset based revolving credit facility is secured by the assets of the guarantor subsidiaries. The 2015 Senior Notes are unsecured but are guaranteed by certain subsidiaries of the Company. The asset based revolving credit facility and the indenture governing the 2015 Senior Notes (the "Indenture") contain a number of covenants. The asset based revolving credit facility contains covenants with specified

Table of Contents

AMERICAN COMMERCIAL LINES INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
(Dollars in thousands, except per share amounts)
(Information pertaining to the six months ended June 30, 2005 and July 2, 2004 is unaudited)

financial ratios and tests including minimum EBITDA, a minimum fixed charge coverage ratio and a maximum senior leverage ratio, each as defined in the agreements governing the credit facility. The Indenture also contains certain cross default provisions.

The principal payments of long-term debt outstanding as of June 30, 2005 over the next five years and thereafter are as follows:

2005	$ 2,887
2006	2,887
2007	2,887
2008	2,887
2009	2,887
Thereafter	362,005
	376,440
Discount on bonds guaranteed by MARAD	(1,597)
Total Debt	$ 374,843

NOTE 7. INCOME TAXES

Prior to the Company's emergence from bankruptcy, the Predecessor Company was a limited liability company and its operations were conducted mainly through a series of limited liability company subsidiaries. As a result, the Predecessor Company was not itself generally subject to U.S. federal or state income tax. Taxable income was allocated to the equityholder of ACL Holdings, the former parent of the Predecessor Company, and such holder was responsible for income taxes on such taxable income.

Upon the Company's emergence from bankruptcy, the reorganized operating entities are wholly owned subsidiaries of a corporate parent, which is subject to U.S. federal and state income taxes on a consolidated basis.

In the second quarter of 2005, income tax expense of $2,767 was recognized on pre-tax income of $8,800. In the first six months of 2005, income tax expense of $401 was recognized on pre-tax income of $106. The effective tax rate is the combined rate for domestic pre-tax income and foreign taxable income. Income tax expense is based on foreign pre-tax income before expense or income for minority interest. The effective rate for domestic income tax is equal to the federal and state statutory rates after considering the deductibility of state income taxes for federal income taxes. The foreign effective rate is lower than the statutory rate due to anticipated investment tax credits and inflation adjustments. Income tax expense for 2005 is increased due to a valuation allowance against the net deferred tax asset as of June 30, 2005. This valuation allowance for deferred tax assets together with the mix of domestic and foreign income causes the Company's effective tax rate in 2005 to vary from the federal statutory tax rate.

The reorganized ACL LLC is a wholly owned subsidiary of a corporate parent, CBL, which is subject to U.S. federal and state income taxes on a consolidated basis. CBL is a wholly owned subsidiary of American Barge and American Barge is a wholly owned subsidiary of ACL Inc. Because of the Reorganized Company's corporate status, deferred tax assets and liabilities were recorded in connection with fresh start accounting based upon the basis difference between the carrying values of the assets and

Table of Contents

AMERICAN COMMERCIAL LINES INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
(Dollars in thousands, except per share amounts)
(Information pertaining to the six months ended June 30, 2005 and July 2, 2004 is unaudited)

liabilities and their tax basis. The components of deferred income taxes included on the balance sheet are as follows:

	Reorganized Company December 31, 2004
CURRENT DEFERRED TAX ASSETS:	
Reserve for bad debts	$ 631
Inventory adjustments	237
Employee benefits and compensation	2,642
EPA and legal reserves	154
Second injury fund accruals	133
Warranty accruals	119
	$ 3,916
LONG-TERM DEFERRED TAX ASSETS:	
Foreign property	$ 280
Accrued claims	3,246
Accrued pension — ACL plan long-term	10,356
Deferred non-qualified 401(k) plan	61
Accrued post retirement medical	3,820
Accrued SCP post retirement benefits	28
	$ 17,791
LONG-TERM DEFERRED TAX LIABILITIES:	
Domestic property	$ 19,298
Pension asset — Jeffboat Plan	6,255
Equity investments in domestic partnerships and limited liability companies	324
Long term leases	719
Software	191
TOTAL	$ 26,787

NOTE 8. EMPLOYEE BENEFIT PLANS

The Company sponsors or participates in defined benefit plans covering both salaried and hourly employees. The plans provide for eligible employees to receive benefits based on years of service and either compensation rates near retirement or at a predetermined multiplier factor. Contributions to the plans are sufficient to meet the minimum funding standards set forth in the Employee Retirement Income Security Act of 1974, as amended ("ERISA"). Plan assets consist primarily of common stocks, corporate bonds and cash and cash equivalents.

In addition to the defined benefit pension and related plans, the Company has a defined benefit post-retirement healthcare plan covering most full-time employees. The plan provides medical benefits and is contributory, with retiree contributions adjusted annually, and contains other cost-sharing features such as deductibles and coinsurance. The accounting for the healthcare plan anticipates future cost-sharing

Table of Contents

AMERICAN COMMERCIAL LINES INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
(Dollars in thousands, except per share amounts)
(Information pertaining to the six months ended June 30, 2005 and July 2, 2004 is unaudited)

changes to the written plan that are consistent with the Company's expressed intent to increase the retiree contribution rate annually.

In 2003, the Company modified the post-retirement healthcare plan by discontinuing coverage to new hires and current employees who had not reached age 50 by July 1, 2003 and by terminating the prescription drug benefit for all retirees as of January 1, 2004.

The Company also sponsors a contributory defined contribution plan ("401(k)") covering eligible employee groups. The Company's non-qualified savings plan, for certain members of management, was suspended in 2003 as a result of the Chapter 11 filing. Contributions to such plans are based upon a percentage of employee contributions and were $454 and $10 for the six months ended June 30, 2005 and July 2, 2004, respectively, and $576, $391 and $1,887 in 2004, 2003, and 2002, respectively. In July 2003, the Company suspended the employer matching of employee contributions in the 401(k) plan but reinstated matching in July 2004.

Certain employees are covered by a union-sponsored, collectively-bargained, multi-employer defined benefit pension plan. Contributions to the plan, which are based upon a union contract, were approximately $10 for the six months ended June 30, 2005 and $12 for the six months ended July 2, 2004 and $23, $23 and $7 for the years 2004, 2003 and 2002, respectively.

Table of Contents

AMERICAN COMMERCIAL LINES INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
(Dollars in thousands, except per share amounts)
(Information pertaining to the six months ended June 30, 2005 and July 2, 2004 is unaudited)

A summary of the pension and post-retirement plan components follows:

	Pension Plans		
	December 31, 2004	December 26, 2003	December 27, 2002
CHANGE IN BENEFIT OBLIGATION:			
Benefit obligation, beginning of period	$ (128,325)	$ (110,713)	$ (92,937)
Service cost	(4,955)	(4,347)	(4,056)
Interest cost	(7,913)	(7,379)	(6,910)
Impact of plan changes	—	(47)	(1,983)
Liability loss	(1,164)	(10,811)	(10,855)
Benefits paid	8,592	4,972	6,028
Impact of spinoff of Evansville Plan	141	—	—
Impact of termination of Special Retirement Plan	628	—	—
Benefit obligation, end of period	$ (132,996)	$ (128,325)	$ (110,713)
CHANGE IN PLAN ASSETS:			
Fair value of plan assets, beginning of period	$ 116,919	$ 104,764	$ 112,964
Actual return on plan assets	14,517	17,114	(2,197)
Employer contributions	10	13	25
Benefits paid	(8,592)	(4,972)	(6,028)
Impact of spinoff of Evansville Plan	(111)	—	—
Fair value of plan assets, end of period	$ 122,743	$ 116,919	$ 104,764
FUNDED STATUS:			
Funded status	$ (10,253)	$ (11,406)	$ (5,949)
Unrecognized net actuarial loss	—	28,022	23,876
Unrecognized prior service cost	—	1,664	1,880
Net claims during 4th quarter	—	—	4
Prepaid benefit cost	$ (10,253)	$ 18,280	$ 19,811
AMOUNTS RECOGNIZED IN THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION CONSIST OF:			
Prepaid benefit cost	$ 15,637	$ 21,824	$ 20,806
Accrued benefit liability	(25,890)	(22,979)	(16,480)
Minimum pension liability	—	19,435	15,485
Net amount recognized	$ (10,253)	$ 18,280	$ 19,811

Table of Contents

AMERICAN COMMERCIAL LINES INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
(Dollars in thousands, except per share amounts)
(Information pertaining to the six months ended June 30, 2005 and July 2, 2004 is unaudited)

The accumulated benefit obligation for the Company's pension plans amounts to $130,867 as of December 31, 2004.

	Post-Retirement Plans		
	December 31, 2004	December 26, 2003	December 27, 2002
CHANGE IN BENEFIT OBLIGATION:			
Benefit obligation, beginning of period	$ (12,877)	$ (15,304)	$ (12,412)
Service cost	(497)	(483)	(474)
Interest cost	(779)	(992)	(896)
Plan participants' contributions	(301)	(623)	(380)
Plan amendment	—	4,139	—
Actuarial (loss) gain	1,832	(1,516)	(3,254)
Benefits paid	1,851	1,902	2,112
Benefit obligation, end of period	$ (10,771)	$ (12,877)	$ (15,304)
CHANGE IN PLAN ASSETS:			
Fair value of plan assets, beginning of period	$ —	$ —	$ —
Employer contributions	1,550	1,279	1,732
Plan participants' contributions	301	623	380
Benefits paid	(1,851)	(1,902)	(2,112)
Fair value of plan assets, end of period	$ —	$ —	$ —
FUNDED STATUS:			
Funded status	$ (10,771)	$ (12,877)	$ (15,304)
Unrecognized net actuarial loss	—	4,474	2,991
Unrecognized prior service cost	—	(4,139)	—
Net claims during 4th quarter	224	542	366
Accrued benefit cost	$ (10,547)	$ (12,000)	$ (11,947)

Table of Contents

AMERICAN COMMERCIAL LINES INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
(Dollars in thousands, except per share amounts)
(Information pertaining to the six months ended June 30, 2005 and July 2, 2004 is unaudited)

COMPONENTS OF NET PERIODIC BENEFIT COST:

	Reorganized Company	Predecessor Company	Predecessor Company			
	Six Months Ended		Fiscal Years Ended		Seven Months Ended	Five Months Ended
	June 30, 2005	July 2, 2004	December 31, 2004	December 26, 2003	December 27, 2002	May 28, 2002
Pension:						
Service cost	$ 2,340	$ 2,478	$ 4,955	$ 4,348	$ 2,451	$ 1,605
Interest cost	4,048	3,956	7,913	7,379	4,095	2,816
Expected return on plan assets	(5,036)	(5,090)	(10,180)	(10,461)	(6,347)	(4,848)
Amortization of prior service costs	—	108	216	216	103	(854)
Loss (gain) amortization	—	432	863	11	—	(13)
Net periodic benefit cost (income)	$ 1,352	$ 1,884	$ 3,767	$ 1,493	$ 302	$ (1,294)
Post-retirement:						
Service cost	$ 174	$ 248	$ 497	$ 483	$ 279	$ 195
Interest cost	324	390	779	992	524	372
Amortization of prior service costs	—	(546)	(1,095)	—	—	(120)
Loss (gain) amortization	—	202	405	152	—	(87)
Fresh start accounting adjustment	—	—	(991)	—	—	—
Net periodic benefit cost (income)	$ 498	$ 294	$ (405)	$ 1,627	$ 803	$ 360

The Company uses a September 30 measurement date in determining pension and other post-retirement benefit measurements for its plans.

WEIGHTED-AVERAGE ASSUMPTIONS:

	Reorganized Company	Predecessor Company	Predecessor Company			
	Six Months Ended		Fiscal Years Ended		Seven Months Ended	Five Months Ended
	June 30, 2005	July 2, 2004	December 31, 2004	December 26, 2003	December 27, 2002	May 28, 2002
Pension:						
Discount rate	6.25%	6.25%	6.25%	6.25%	6.75%	7.25%
Expected return on plan assets	8.50%	8.50%	8.50%	8.50%	9.00%	9.50%
Rate of compensation increase	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%

The Company employs a historical market and peer review approach in determining the long-term rate of return for plan assets. Historical markets are studied and long-term historical relationships between equities and fixed income are preserved consistent with the widely-accepted capital market principle that assets with higher volatility generate a greater return over the long run. Current market factors such as inflation and interest rates are evaluated before long-term capital market assumptions are determined. The

Table of Contents

AMERICAN COMMERCIAL LINES INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
(Dollars in thousands, except per share amounts)
(Information pertaining to the six months ended June 30, 2005 and July 2, 2004 is unaudited)

long-term portfolio return is established via a building block approach with proper consideration of diversification and rebalancing. Peer data and historical returns are reviewed to check for reasonability and appropriateness.

	Reorganized Company	Predecessor Company	Predecessor Company			
	Six Months Ended		Fiscal Years Ended		Seven Months Ended	Five Months Ended
	June 30, 2005	July 2, 2004	December 31, 2004	December 26, 2003	December 27, 2002	May 28, 2002
Post-retirement:						
Discount rate	6.25%	6.75%	6.25%	6.75%	7.25%	7.50%

The net post-retirement benefit obligation was determined using the assumption that the health care cost trend rate for retirees was 10.0% for the year ended December 31, 2004, decreasing gradually to a 5.0% trend rate by 2011 and remaining at that level thereafter. A 1% increase in the assumed health care cost trend rate would have increased the accumulated post-retirement benefit obligation as of December 31, 2004 by $125 and the aggregate of the service and interest cost components of net periodic post-retirement benefit expense for 2004 by $9.

Pension Plan Assets

The following table presents the fair value percentage of plan assets in each asset category.

Asset Category	December 31, 2004	December 26, 2003
Equity securities	66.9%	66.0%
Debt securities	33.0	33.7
Cash	0.1	0.3
Total	100.0%	100.0%

Investment Policies and Strategies

The Company employs a total return investment approach whereby a mix of equities and fixed income investments are used to maximize the long-term return of plan assets for a prudent level of risk. The intent of this strategy is to minimize plan expenses by outperforming plan liabilities over the long run. Risk tolerance is established through careful consideration of plan liabilities, plan funded status, and corporate financial condition. The investment portfolio contains a diversified blend of equity and fixed income investments. Furthermore, equity investments are diversified across U.S. and non-U.S. stocks as well as growth, value and small, mid and large capitalizations.

Target allocations are maintained through monthly rebalancing procedures. The target allocation is 65% equity and 35% debt. Derivatives may be used to gain market exposure in an efficient and timely manner; however, derivatives may not be used to leverage the portfolio beyond the market value of the underlying investments. Investment risk is measured and monitored on an ongoing basis through annual liability measurements, periodic asset/liability studies, and quarterly investment portfolio reviews.

Table of Contents

AMERICAN COMMERCIAL LINES INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
(Dollars in thousands, except per share amounts)
(Information pertaining to the six months ended June 30, 2005 and July 2, 2004 is unaudited)

Plans with Benefit Obligations in Excess of Plan Assets

The ACL LLC Pension Plan has projected benefit obligations and accumulated benefit obligations in excess of the plan assets as of December 31, 2004, as follows.

	ACL LLC Pension Plan
Projected Benefit Obligation	$ (103,231)
Accumulated Benefit Obligation	(101,108)
Plan Assets	77,341

Contributions and Payments

The post-retirement benefit plan is unfunded. The Company expects to pay $896 in medical benefits under the plan in 2005, net of retiree contributions. The pension plans are funded and held in trust. The Company expects to contribute $4,000 to the pension plans in 2005. The expected payments to plan participants are as follows:

	Pension Plans	Post-retirement Medical Plan
2005	$ 4,196	$ 896
2006	4,472	871
2007	4,959	869
2008	5,550	860
2009	6,182	879
Next 5 years	43,037	5,465

NOTE 9. LEASE OBLIGATIONS

The Company leases buildings, data processing hardware and operating equipment under various operating leases and charter agreements, which expire from 2005 to 2019 and which generally have renewal options at similar terms. Certain vessel leases also contain purchase options at prices approximating fair value of the leased vessels. Rental expense under continuing obligations was $10,615 and $12,212 for the six months ended June 30, 2005 and July 2, 2004, respectively, and $24,189 for the year ended December 31, 2004; $37,044 for the year ended December 26, 2003; $29,896 for the seven months ended December 27, 2002 and $23,121 for the five months ended May 28, 2002.

At December 31, 2004, obligations under the Company's operating leases with initial or remaining noncancelable lease terms longer than one year and capital leases were as follows:

	2005	2006	2007	2008	2009	2010 and After
Operating Lease Obligations	$ 18,251	$ 17,519	$ 15,784	$ 15,136	$ 14,058	$ 45,791
Future Capital Lease Obligations	460	460	192	—	—	—

The total future minimum lease payments under capital leases of $1,112 less an interest amount of $128 results in a present value of net minimum lease payments of $984 which is recorded in other current liabilities and other long-term liabilities at December 31, 2004.

The Company incurred interest expense related to capital leases of $45 and $63 for the six months ended June 30, 2005 and July 2, 2004, respectively, and $117 for the year ended December 31, 2004; $150

Table of Contents

AMERICAN COMMERCIAL LINES INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
(Dollars in thousands, except per share amounts)
(Information pertaining to the six months ended June 30, 2005 and July 2, 2004 is unaudited)

for the year ended December 26, 2003; $101 for the seven months ended December 27, 2002 and $220 for the five months ended May 28, 2002.

NOTE 10. RELATED PARTY TRANSACTIONS

The Company recorded terminal service expense with GMS of $734 for the year ended December 31, 2004; $1,313 for the year ended December 26, 2003; $579 for the seven months ended December 27, 2002 and $330 for the five months ended May 28, 2002. On October 6, 2004, ACL LLC sold its 50% interest in GMS to Mid-South Terminal Company, L.P. for $14,000 in cash.

The Company recorded charter income from UABL of $3,135 for the year ended December 31, 2004; $10,125 for the year ended December 26, 2003; $5,936 for the seven months ended December 27, 2002 and $4,493 for the five months ended May 28, 2002. The Company also recorded administrative fee expenses to UABL of $2,274 for the year ended December 31, 2004; $7,344 for the year ended December 26, 2003; $4,306 for the seven months ended December 27, 2002 and $3,158 for the five months ended May 28, 2002. These expenses are included in material, supplies and other in the consolidated statement of operations. The Company sold used barges to UABL totaling $480 in 2003. At December 31, 2004 the Company had no outstanding accounts receivable or payable with UABL and receivables of $1,755 and payables of $25 with UABL at December 26, 2003. On April 23, 2004, ACL LLC sold its interest in UABL to Ultrapetrol (Bahamas) Limited for $24,100, plus the return to ACL LLC's subsidiary ACBL Hidrovías Ltd. of 2,000 previously issued shares of ACBL Hidrovías Ltd. and the assumption of certain liabilities. A loss of $35,197 was recognized as a result of this sale.

The Company earned no terminal service revenue from GMSV in 2005, 2004 or 2003 and $1,527 in terminal service revenue from GMSV in 2002. The Company had $3,346, $4,018 and $4,519 in receivables from GSMV for loans and advances at June 30, 2005, December 31, 2004 and December 26, 2003, respectively. The Company also guarantees a loan to GMSV from the International Finance Corporation that had outstanding balances of $1,070 and $1,426, at June 30, 2005 and December 31, 2004, respectively.

The Company sold new barges for $47,757 to Vessel Leasing in 2001. Profit on the sale of barges to Vessel Leasing was deferred by Jeffboat LLC, a wholly owned, direct subsidiary of ACL LLC, and was being recognized over the life of the lease. Deferred profit was eliminated with purchase accounting adjustments as a result of the Danielson recapitalization at May 29, 2002. All of these barges, except for the capital leases of $3,924, were leased by Vessel Leasing to the Company as operating leases which resulted in Company charter expense of $1,760 for the five months ended May 28, 2002.

On May 29, 2002, DHC issued 339,040 shares of restricted DHC common stock to Company management. These restricted shares have been valued at fair value at the date of issuance and vest one third annually over a three year period. The full value of these shares is recorded as other capital with an offset to unearned compensation in stockholder's equity. As employees render service over the vesting period, compensation expense is recorded and unearned compensation is reduced. In the years 2004 and 2003 and the last seven months of 2002, 5,015, 102,333 and 53,173 shares, respectively, of restricted DHC common stock were cancelled. As of the effective date of the reorganization, 29,091 unvested restricted shares of DHC stock held by Company management were cancelled.

On July 24, 2002, the Board of Directors of DHC amended DHC's 1995 Stock and Incentive Plan and granted stock options to management of the Company for 1,560,000 shares of DHC common stock. The options have an exercise price of $5.00 per share and expire 10 years from the date of grant. One half of the options time vested over a 4 year period in equal annual installments and one half of the

Table of Contents

options vested over a 4 year period in equal annual installments contingent upon the financial performance of the Company. In 2004, options for 58,750 shares were exercised and options for 120,000 shares of DHC common stock were cancelled due to terminations. During the year 2003 and the last seven months of 2002, options to purchase 1,018,750 and 155,000 shares of DHC common stock, respectively, were forfeited due to terminations and the Company not achieving the financial performance targets. Options to purchase 207,500 shares are outstanding as of December 31, 2004. The remaining options to purchase 207,500 shares accelerated and became fully vested on January 11, 2005 due to the change in the Company's ownership.

The Company accounted for these stock options under the intrinsic value method based on APB 25, "Accounting for Stock Issued to Employees". Because the market price of DHC common stock was not greater than the exercise price of the options at the date of grant and the financial performance targets have not been met, no compensation expense has been recognized in the consolidated financial statements related to the options to purchase shares of DHC common stock.

NOTE 11. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

Fuel Price Risk Management

The Company from time to time uses fuel rate caps and forward fuel purchases to provide partial short-term protection against a sharp increase in diesel fuel prices. These instruments generally cover a portion of the Company's forecasted diesel fuel needs for towboat operations. The Company accounts for these instruments as cash flow hedges. In accordance with SFAS No. 133, such financial instruments are marked-to-market and, if they qualify for hedge accounting, the offset is recorded to other comprehensive income and then subsequently recognized as a component of fuel expense when the underlying fuel being hedged is used. If these instruments do not qualify for hedge accounting (correlation ratio is less than 0.8), such changes in value would be recorded through the statement of operations rather than other comprehensive income. The Company also has barging customer contract rate provisions for changes in fuel prices for approximately 70% of gallons consumed by the Company. The adjustments are deferred one calendar quarter.

There are no fuel rate cap contracts or forward fuel purchases outstanding as of June 30, 2005. At December 31, 2004, the Company had forward fuel rate cap contracts outstanding with an aggregate historical cost of $589 and a fair value of approximately $412, which has been recorded in other current assets on the consolidated statement of financial position. Under the rate cap agreements, the Company received reimbursement from the seller if the average index price defined in the agreements exceeded $1.13 – $1.28 per gallon. There were 7.7 million gallons protected under the caps on the contracts at December 31, 2004, all of which expired in March 2005. At December 26, 2003, the Company had fuel rate cap contracts outstanding with an aggregate historical cost of $917 and a fair value of $1,437, which has been recorded in other current assets on the consolidated statement of financial position.

Interest Rate Risk Management

The Company recognized changes in the fair value of interest rate swap agreements entered into by GMS to protect against fluctuations in interest rates. Such changes are recorded in other assets or liabilities on the accompanying consolidated statement of financial position, with the offset recorded as comprehensive income (loss) or other income (expense) depending on whether the swap is an effective or ineffective hedge. The Company's share of the change in fair value of the swap agreements amounted to $(121) in 2004 and $440 in 2003. The Company sold its investment in GMS in October 2004.

Table of Contents

AMERICAN COMMERCIAL LINES INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
(Dollars in thousands, except per share amounts)
(Information pertaining to the six months ended June 30, 2005 and July 2, 2004 is unaudited)

Due to the emergence from Chapter 11, the recent refinancing of most of the debt and the application of fresh start accounting, the carrying value of the debt equals the fair value. The fair value of the fuel rate cap is based on quoted market values as of the dates reported. See Note 6 for further information on debt and the discussion above for information on the fuel rate cap.

NOTE 12. CONTINGENCIES

Certain legal actions are pending against the Company in which claims are made in substantial amounts. While the ultimate results of pending litigation cannot be predicted with certainty, management does not currently expect that resolution of these matters would have a material adverse effect on the Company's business, results of operations or financial condition.

NOTE 13. BUSINESS SEGMENTS

The Company has two reportable business segments — barging and manufacturing. The Company's barging segment includes barge transportation operations in North and South America and domestic fleeting facilities that provide fleeting, shifting, cleaning and repair services at various locations along the inland waterways. The manufacturing segment manufactures marine equipment for the Company's domestic and international fleets, as well as external customers.

Management evaluates performance based on segment earnings, which is defined as operating income. The accounting policies of the reportable segments are consistent with those described in the summary of significant accounting policies. The items below reflect intersegment revenue and operating income. On a consolidated basis, intersegment revenue and income are eliminated and assets that are sold between segments are transferred at cost.

Reportable segments are business units that offer different products or services. The reportable segments are managed separately because they provide distinct products and services to internal and external customers.

	Barging	Manufacturing	All Other Segments(1)	Intersegment Eliminations	Total
Six months ended June 30, 2005					
Revenues from external customers	$ 278,262	$ 46,074	$ 4,972	$ —	$ 329,308
Intersegment revenues	369	4,827	13	(5,209)	—
Total revenue	278,631	50,901	4,985	(5,209)	329,308
Operating income	9,281	1,718	1,168	(23)	12,144
Six months ended July 2, 2004					
Revenues from external customers	$ 240,651	$ 48,408	$ 4,261	$ —	$ 293,320
Intersegment revenues	326	473	8	(807)	—
Total revenue	240,977	48,881	4,269	(807)	293,320
Operating (loss) income	(6,851)	195	(245)	—	(6,901)

Table of Contents

AMERICAN COMMERCIAL LINES INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
(Dollars in thousands, except per share amounts)
(Information pertaining to the six months ended June 30, 2005 and July 2, 2004 is unaudited)

	Barging	Manufacturing	All Other Segments(1)	Intersegment Eliminations	Total
Year ended December 31, 2004					
Revenues from external customers	$525,521	$ 97,988	$ 8,789	$ —	$632,298
Intersegment revenues	569	1,327	8	(1,904)	—
Total revenue	526,090	99,315	8,797	(1,904)	632,298
Depreciation and amortization expense	48,403	3,049	1,723	—	53,175
Operating income	22,284	2,889	186	—	25,359
Segment assets	610,885	63,764	10,819	—	685,468
Property additions	10,936	1,057	527	—	12,520
Year ended December 26, 2003					
Revenues from external customers	$542,764	$ 70,208	$ 7,099	$ —	$620,071
Intersegment revenues	396	1,544	—	(1,940)	—
Total revenue	543,160	71,752	7,099	(1,940)	620,071
Depreciation and amortization expense	50,592	2,917	1,409	—	54,918
Operating income (loss)	1,367	(810)	(477)	—	80
Segment assets	719,876	64,035	28,285	—	812,196
Property additions	8,541	598	70	—	9,209
Seven months ended December 27, 2002					
Revenues from external customers	$377,498	$ 43,994	$ 6,555	$ —	$428,047
Intersegment revenues	393	720	—	(1,113)	—
Total revenue	377,891	44,714	6,555	(1,113)	428,047
Depreciation and amortization expense	35,337	1,411	659	—	37,407
Operating income (loss)	14,896	(1,866)	963	—	13,993
Segment assets	728,856	55,236	27,549	—	811,641
Property additions	6,572	880	305	—	7,757
Five months ended May 28, 2002					
Revenues from external customers	$243,202	$ 37,659	$ 3,944	$ —	$284,805
Intersegment revenues	338	560	20	(918)	—
Total revenue	243,540	38,219	3,964	(918)	284,805
Depreciation and amortization expense	20,373	989	462	—	21,824
Operating (loss) income	(21,298)	1,481	972	—	(18,845)
Property additions	5,067	481	57	—	5,605

(1) Financial data for segments below the reporting thresholds is attributable to a segment operating terminals along the U.S. inland waterways and in Venezuela.

Table of Contents

AMERICAN COMMERCIAL LINES INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
(Dollars in thousands, except per share amounts)
(Information pertaining to the six months ended June 30, 2005 and July 2, 2004 is unaudited)

Geographic Information

	Revenues			
	Year Ended December 31, 2004	Year Ended December 26, 2003	Seven Months Ended December 27, 2002	Five Months Ended May 28, 2002
United States	$ 601,821	$ 583,961	$ 397,603	$ 272,548
South America	30,477	36,110	30,444	12,257
Total	$ 632,298	$ 620,071	$ 428,047	$ 284,805

	Properties — Net		
	December 31, 2004	December 26, 2003	December 27, 2002
United States	$ 422,752	$ 512,404	$ 548,327
South America	13,930	27,740	37,458
Total	$ 436,682	$ 540,144	$ 585,785

Revenues are attributed to countries based on the location of the service provided. Properties represent the only significant long-lived assets of the Company.

Major Customer

Revenues from one customer of the barging segment represented approximately 13% for the year ended December 31, 2004; 15% for the year ended December 26, 2003; 16% for the seven months ended December 27, 2002 and 14% for the five months ended May 28, 2002 of the Company's consolidated revenues.

NOTE 14. QUARTERLY DATA (UNAUDITED)

	Six Months Ended June 30, 2005	
	1st	2nd
Revenue	$ 146,322	$ 182,986
Operating Income	360	11,784
Net (Loss) Earnings	(6,328)	6,033

	Year Ended December 31, 2004				
	1st	2nd	3rd	4th	Total
Revenue	$ 140,910	$ 152,410	$ 158,716	$ 180,262	$ 632,298
Operating (Loss) Income	(7,380)	479	10,485	21,775	25,359
(Loss) Income Before Reorganization Items, Fresh Start Adjustments and Extraordinary Gain	(17,150)	(7,786)	2,295	11,628	(11,013)
Reorganization Items	6,624	40,770	3,826	5,701	56,921
Fresh Start Adjustments	—	—	—	83,030	83,030
Extraordinary Gain on Discharge of Debt	—	—	—	(155,358)	(155,358)
Net (Loss) Earnings	(23,774)	(48,556)	(1,531)	78,255	4,394

Table of Contents

AMERICAN COMMERCIAL LINES INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
(Dollars in thousands, except per share amounts)
(Information pertaining to the six months ended June 30, 2005 and July 2, 2004 is unaudited)

	Year Ended December 26, 2003				
	1st	2nd	3rd	4th	Total
Revenue	$ 140,302	$ 159,477	$ 149,969	$ 170,323	$ 620,071
Operating (Loss) Income	(26,260)	(153)	9,586	16,907	80
(Loss) Income Before Reorganization Items	(39,173)	(8,426)	1,753	8,614	(37,232)
Reorganization Items	6,616	5,908	4,688	7,132	24,344
Net (Loss) Earnings	(45,789)	(14,334)	(2,935)	1,482	(61,576)

The Company's business is seasonal, and its quarterly revenues and profits historically are lower during the first and second fiscal quarters of the year (January through June) and higher during the third and fourth fiscal quarters (July through December) due to the North American grain harvest.

Reorganization items in 2004 and 2003 are due to the Chapter 11 filing which occurred on January 31, 2003 as described in Note 2. In the second quarter of 2004, a loss of $35,197 occurred from the sale of Argentina assets. Due to the emergence from bankruptcy, the Company applied fresh start accounting on December 31, 2004 which resulted in $83,030 in fresh start adjustments and an extraordinary gain on the discharge of debt for $155,358 (see Note 3).

NOTE 15. ACCUMULATED OTHER COMPREHENSIVE INCOME (LOSS)

Accumulated other comprehensive income (loss) consists of the following:

	June 30, 2005	Dec. 31, 2004	Dec. 26, 2003
Unrealized gain (loss) on cash flow hedging instruments:			
Fuel swaps	$ —	$ —	$ 520
Interest rate swaps	—	—	150
Foreign currency translation	—	—	912
Minimum pension liability	—	—	(19,436)
	$ —	$ —	$ (17,854)

Other comprehensive (loss) income related to the Company's investment in GMS was $(1,033) for the year ended December 31, 2004; $973 for the year ended December 26, 2003; $89 for the seven months ended December 27, 2002 and $192 for the five months ended May 28, 2002, related to interest rate swaps and foreign currency translation.

NOTE 16. STOCKHOLDERS' EQUITY

As of June 30, 2005, giving retroactive effect to changes in authorized shares effective July 18, 2005 and the stock dividend discussed in Note 18, ACL Inc. had 125,000,000 authorized shares and 23,241,716 shares issued and outstanding. ACL Inc. has 1,818,704 shares reserved for grants to management and directors under the ACL Inc. Equity Award Plan. Of these reserved shares, 754,976 shares of restricted stock have been granted and are included in the issued and outstanding shares as of June 30, 2005. Options to purchase 1,021,084 unrestricted shares have also been granted as of June 30, 2005 under the ACL Inc. Equity Award Plan.

Additionally ACL Inc. has 1,440,000 shares reserved for grants to employees under the American Commercial Lines Inc. 2005 Stock Incentive Plan (the "Stock Incentive Plan"). Of these reserved shares, 56,072 shares of restricted stock have been granted and are included in the issued and outstanding shares

Table of Contents

AMERICAN COMMERCIAL LINES INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
(Dollars in thousands, except per share amounts)
(Information pertaining to the six months ended June 30, 2005 and July 2, 2004 is unaudited)

as of June 30, 2005. Options to purchase 84,108 unrestricted shares have also been granted as of June 30, 2005 under the Stock Incentive Plan.

The options and the restricted shares have been recorded as a credit to other capital, based on the fair value as of the grant date, with an offset to unearned compensation in stockholders' equity. As employees and directors render service over the vesting periods, general and administrative expense is recorded and unearned compensation is reduced. During the first six months of 2005, $2,101 in expense was recognized and as of June 30, 2005, the balance in unearned compensation is $4,420.

NOTE 17. GUARANTOR FINANCIAL STATEMENTS

The following supplemental financial information sets forth on a combined basis, combining statements of financial position, statements of operations and statements of cash flows for the guarantors and non-guarantor subsidiaries as of June 30, 2005, December 31, 2004, and December 26, 2003 and for the six months ended June 30, 2005 and July 2, 2004 and years ended December 31, 2004 and December 26, 2003, the seven months ended December 27, 2002 and the five months ended May 28, 2002.

ACL Inc. is American Commercial Lines Inc.

The Parent Corporation is American Barge Line Company.

The Parent Guarantor is Commercial Barge Line Company.

The Issuers are American Commercial Lines LLC and ACL Finance Corp.

The Subsidiary Guarantors include: American Commercial Barge Line LLC; ACBL Liquid Sales LLC; American Commercial Lines International LLC; American Commercial Terminals — Memphis LLC; American Commercial Terminal LLC; American Commercial Logistics LLC; Houston Fleet LLC; Jeffboat LLC; Louisiana Dock Company LLC; Orinoco TASA LLC; and Orinoco TASV LLC.

The Non-Guarantor Subsidiaries include: ACBL Hidrovías Ltd.; ACBL Venezuela Ltd.; ACBL de Venezuela, C.A.; ACBL Riverside Terminals C.A.; ACBL Dominicana S.A.; and Vessel Leasing LLC.

The Non-Guarantor Subsidiaries were not included in the Chapter 11 bankruptcy filing of January 31, 2003.

Table of Contents

AMERICAN COMMERCIAL LINES INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
(Dollars in thousands, except per share amounts)
(Information pertaining to the six months ended June 30, 2005 and July 2, 2004 is unaudited)

Combining Statement of Financial Position at June 30, 2005
(Unaudited)

	ACL Inc.	Parent	Parent Guarantor	Issuers	Subsidiary Guarantors	Non-Guarantors	Eliminations	Combined Totals
					(Dollars in thousands)			
ASSETS								
CURRENT ASSETS								
Cash and Cash Equivalents	$ —	$ —	$ —	$ 2,103	$ 31	$ 4,580	$ —	$ 6,714
Cash, Restricted	—	—	—	—	—	9,452	—	9,452
Accounts Receivable, Net	—	—	—	30	77,104	6,178	—	83,312
Accounts Receivable — Related Parties		—	—	—	3,355	32	—	3,387
Accounts Receivable — Intercompany	—	—	(2)	161,249	(157,057)	(4,190)	—	—
Materials and Supplies	—	—	—	—	60,610	1,834	—	62,444
Deferred Tax Asset — Current	—	—	5,986	—	—	—	—	5,986
Other Current Assets	—	—	—	1,813	14,506	1,136	(399)	17,056
Total Current Assets	—	—	5,984	165,195	(1,451)	19,022	(399)	188,351
PROPERTIES — Net	—	—	—	304,053	63,150	49,194	—	416,397
PENSION ASSETS	—	—	—	—	16,171	—	—	16,171
INVESTMENT IN SUBSIDIARIES	101,868	101,868	102,126	(27,273)	(113,377)	1,291	(166,503)	—
INVESTMENT IN EQUITY INVESTEES	—	—	—	—	3,754	837	—	4,591
DEFERRED TAX ASSET	—	—	18,867	—	—	—	—	18,867
OTHER ASSETS	—	—	—	9,168	5,980	68	—	15,216
Total Assets	$101,868	$101,868	$ 126,977	$451,143	$ (25,773)	$ 70,412	$ (166,902)	$ 659,593
LIABILITIES								
CURRENT LIABILITIES								
Accounts Payable	$ —	$ —	$ 2	$ 58	$ 22,689	$ 348	$ —	$ 23,097
Accrued Payroll and Fringe Benefits	—	—	—	77	23,360	—	—	23,437
Deferred Revenue	—	—	—	—	15,145	(356)	241	15,030
Accrued Claims and Insurance Premiums	—	—	—	—	10,250	—	—	10,250
Accrued Interest	—	—	—	8,059	94	158	—	8,311
Current Portion of Long-Term Debt	—	—	—	—	—	2,887	—	2,887
Accrued Reorganization Claims and Fees	—	—	—	—	3,100	—	—	3,100
Other Liabilities	—	—	5,335	94	27,150	2,698	—	35,277
Total Current Liabilities	—	—	5,337	8,288	101,788	5,735	241	121,389
LONG-TERM DEBT	—	—	—	334,500	9,464	27,992	—	371,956
PENSION LIABILITY	—	—	—	—	23,818	—	—	23,818
DEFERRED TAX LIABILITY	—	—	24,853	—	—	—	—	24,853
OTHER LONG-TERM LIABILITIES	—	—	—	—	10,776	5,574	(641)	15,709
Total Liabilities	—	—	30,190	342,788	145,846	39,301	(400)	557,725
STOCKHOLDERS' EQUITY								
Common Stock	232	—	—	—	—	1,813	(1,813)	232
Member's Interest	—	—	—	—	—	10,880	(10,880)	—
Other Capital	106,351	106,583	106,583	106,583	—	50,518	(370,267)	106,351
Unearned Compensation	(4,420)	(4,420)	(4,420)	(4,420)	—	—	13,260	(4,420)
Retained Deficit	(295)	(295)	(5,376)	6,192	(171,619)	(32,100)	203,198	(295)
Total Stockholders' Equity (Deficit)	101,868	101,868	96,787	108,355	(171,619)	31,111	(166,502)	101,868
Total Liabilities and Stockholders' Equity	$101,868	$101,868	$ 126,977	$451,143	$ (25,773)	$ 70,412	$ (166,902)	$ 659,593

Table of Contents

AMERICAN COMMERCIAL LINES INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
(Dollars in thousands, except per share amounts)
(Information pertaining to the six months ended June 30, 2005 and July 2, 2004 is unaudited)

Combining Statement of Financial Position at December 31, 2004

	ACL Inc.	Parent	Parent Guarantor	Issuer	Subsidiary Guarantors	Non-Guarantors	Eliminations	Combined Totals
				(Dollars in thousands)				
ASSETS								
CURRENT ASSETS								
Cash and Cash Equivalents	$ —	$ —	$ —	$ 39,452	$ 30	$ 7,163	$ —	$ 46,645
Cash, Restricted	—	—	—	—	—	9,182	—	9,182
Accounts Receivable, Net	—	—	—	92	66,694	7,119	—	73,905
Accounts Receivable — Related Parties	—	—	—	—	3,791	301	—	4,092
Accounts Receivable — Intercompany	—	—	—	145,701	(144,011)	(1,690)	—	—
Materials and Supplies	—	—	—	—	44,270	2,087	—	46,357
Deferred Tax Asset — Current	—	—	3,916	—	—	—	—	3,916
Other Current Assets	—	—	—	4,942	15,116	1,531	—	21,589
Total Current Assets	—	—	3,916	190,187	(14,110)	25,693	—	205,686
PROPERTIES — Net	—	—	—	322,052	63,450	51,180	—	436,682
PENSION ASSETS	—	—	—	—	15,638	—	—	15,638
INVESTMENT IN SUBSIDIARIES	100,098	100,098	100,098	(39,322)	37,319	977	(299,268)	—
INVESTMENT IN EQUITY INVESTEES	—	—	—	—	3,368	1,028	—	4,396
DEFERRED TAX ASSET	—	—	17,791	—	—	—	—	17,791
OTHER ASSETS	—	—	—	(270)	5,474	71	—	5,275
Total Assets	$100,098	$100,098	$121,805	$472,647	$ 111,139	$ 78,949	$ (299,268)	$ 685,468
LIABILITIES								
CURRENT LIABILITIES								
Accounts Payable	$ —	$ —	$ —	$ 35	$ 24,505	$ 921	$ —	$ 25,461
Accrued Payroll and Fringe Benefits	—	—	—	9	16,736	—	—	16,745
Deferred Revenue	—	—	—	—	13,760	—	—	13,760
Accrued Claims and Insurance Premiums	—	—	—	—	13,127	—	—	13,127
Accrued Interest	—	—	—	1,114	—	159	—	1,273
Current Portion of Long-Term Debt	—	—	—	—	—	2,887	—	2,887
Accrued Reorganization Claims and Fees	—	—	—	—	15,603	—	—	15,603
Other Liabilities	—	—	—	291	21,276	3,373	—	24,940
Total Current Liabilities	—	—	—	1,449	105,007	7,340	—	113,796
LONG-TERM DEBT	—	—	—	364,717	9,464	29,365	403,546	
PENSION LIABILITY	—	—	—	—	22,120	—	—	22,120
DEFERRED TAX LIABILITY	—	—	26,787	—	—	—	—	26,787
OTHER LONG-TERM LIABILITIES	—	—	—	154	10,291	8,676	—	19,121
Total Liabilities	—	—	26,787	366,320	146,882	45,381	—	585,370
STOCKHOLDERS' EQUITY								
Common Stock	—	—	—	—	—	1,813	(1,813)	—
Member's Interest	—	—	—	—	—	10,663	(10,663)	—
Other Capital	100,098	100,098	95,018	106,327	(35,743)	50,518	(316,218)	100,098
Retained Deficit	—	—	—	—	—	(29,426)	29,426	—
Total Stockholders' Equity (Deficit)	100,098	100,098	95,018	106,327	(35,743)	33,568	(299,268)	100,098
Total Liabilities and Stockholders' Equity	$100,098	$100,098	$121,805	$472,647	$ 111,139	$ 78,949	$ (299,268)	$ 685,468

Table of Contents

AMERICAN COMMERCIAL LINES INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
(Dollars in thousands, except per share amounts)
(Information pertaining to the six months ended June 30, 2005 and July 2, 2004 is unaudited)

Combining Statement of Financial Position at December 26, 2003

	ACL Inc.	Parent	Parent Guarantor	Issuer	Subsidiary Guarantors	Non-Guarantors	Eliminations	Combined Totals
					(Dollars in thousands)			
ASSETS								
CURRENT ASSETS								
Cash and Cash Equivalents	$ —	$ —	$ —	$ 31,640	$ 33	$ 3,602	$ —	$ 35,275
Cash, Restricted	—	—	—	—	—	7,754	—	7,754
Accounts Receivable — Net	—	—	—	5	64,363	9,836	—	74,204
Accounts Receivable — Related Parties	—	—	—	—	4,027	2,329	—	6,356
Accounts Receivable — Intercompany	—	—	—	(66,653)	73,205	(6,805)	253	—
Materials and Supplies	—	—	—	—	31,671	1,419	—	33,090
Other Current Assets	—	—	—	2,222	15,953	1,409	(4,045)	15,539
Total Current Assets	—	—	—	(32,786)	189,252	19,544	(3,792)	172,218
PROPERTIES — NET	—	—	—	393,111	75,760	71,273	—	540,144
ADVANCES TO AFFILIATES — L/ T	—	—	—	113,411	—	—	(113,411)	—
PENSION ASSETS	—	—	—	—	21,824	—	—	21,824
INVESTMENT IN SUBSIDIARIES	—	—	—	148,102	(142,286)	923	(6,739)	—
INVESTMENTS IN EQUITY INVESTEES	—	—	—	—	15,132	42,730	—	57,862
OTHER ASSETS	—	—	—	1,288	19,601	111	(852)	20,148
Total Assets	$ —	$ —	$ —	$ 623,126	$ 179,283	$ 134,581	$ (124,794)	$ 812,196
LIABILITIES								
CURRENT LIABILITIES								
Accounts Payable	$ —	$ —	$ —	$ 1	$ 20,786	$ 1,046	$ —	$ 21,833
Accrued Payroll and Fringe Benefits	—	—	—	79	13,996	—	—	14,075
Deferred Revenue	—	—	—	—	8,180	4,045	(4,045)	8,180
Accrued Claims and Insurance Premiums	—	—	—	—	4,924	—	—	4,924
Accrued Interest	—	—	—	5,050	—	134	—	5,184
Current Portion of Long-Term Debt	—	—	—	50,000	—	34,996	—	84,996
Other Liabilities	—	—	—	279	23,543	1,634	—	25,456
Other Liabilities — Related Parties	—	—	—	—	—	24	—	24
Liabilities Subject to Compromise	—	—	—	587,589	39,931	—	—	627,520
Total Current Liabilities	—	—	—	642,998	111,360	41,879	(4,045)	792,192
LONG-TERM NOTE PAYABLE TO AFFILIATE	—	—	—	—	15,000	98,411	(113,411)	—
PENSION LIABILITY	—	—	—	—	21,516	—	—	21,516
OTHER LONG-TERM LIABILITIES	—	—	—	—	11,425	7,589	(852)	18,162
Total Liabilities	—	—	—	642,998	159,301	147,879	(118,308)	831,870
MEMBER'S (DEFICIT) EQUITY								
Common Stock	—	—	—	—	141	1,811	(1,952)	—
Member's Interest	—	—	—	85,025	85,025	10,512	(95,537)	85,025
Other Capital	—	—	—	303,372	51,645	49,063	(403,059)	1,021
Unearned Compensation	—	—	—	(289)	(289)	—	289	(289)
Retained (Deficit) Earnings	—	—	—	(390,126)	(79,278)	(74,684)	456,511	(87,577)
Accumulated Other Comprehensive Loss	—	—	—	(17,854)	(37,262)	—	37,262	(17,854)
Total Member's (Deficit) Equity	—	—	—	(19,872)	19,982	(13,298)	(6,486)	(19,674)
Total Liabilities and Member's (Deficit) Equity	$ —	$ —	$ —	$ 623,126	$ 179,283	$ 134,581	$ (124,794)	$ 812,196

Table of Contents

AMERICAN COMMERCIAL LINES INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
(Dollars in thousands, except per share amounts)
(Information pertaining to the six months ended June 30, 2005 and July 2, 2004 is unaudited)

Combining Statement of Operations for the Six Months Ended June 30, 2005
(Unaudited)

	ACL Inc.	Parent	Parent Guarantor	Issuers	Subsidiary Guarantors	Non-Guarantors	Eliminations	Combined Totals
					(Dollars in thousands)			
REVENUE								
Revenue	$ —	$ —	$ —	$ 16,266	$ 322,160	$ 9,322	$ (18,785)	$ 328,963
Revenue from Related Parties	—	—	—	—	345	—	—	345
	—	—	—	16,266	322,505	9,322	(18,785)	329,308
OPERATING EXPENSE								
Materials, Supplies and Other	—	—	—	—	123,488	3,736	(342)	126,882
Rent	—	—	—	—	28,207	851	(18,443)	10,615
Labor and Fringe Benefits	—	—	—	—	62,131	1,973	—	64,104
Fuel	—	—	—	—	55,983	194	—	56,177
Depreciation and Amortization	—	—	—	17,921	4,763	1,818	—	24,502
Taxes, Other Than Income Taxes	—	—	—	—	8,925	—	—	8,925
Selling, General & Administrative	—	—	—	233	23,973	1,753	—	25,959
Total Operating Expenses	—	—	—	18,154	307,470	10,325	(18,785)	317,164
OPERATING (LOSS) INCOME	—	—	—	(1,888)	15,035	(1,003)	—	12,144
OTHER EXPENSE (INCOME)								
Interest Expense	—	—	—	16,546	273	935	—	17,754
Interest (Income) Expense from Affiliates	—	—	—	(217)	—	217	—	—
Other, Net	295	295	37	(18,180)	914	(1,128)	12,051	(5,716)
	295	295	37	(1,851)	1,187	24	12,051	12,038
(LOSS) INCOME BEFORE INCOME TAXES	(295)	(295)	(37)	(37)	13,848	(1,027)	(12,051)	106
INCOME TAXES	—	—	258	—	100	43	—	401
NET (LOSS) INCOME	$ (295)	$(295)	$ (295)	$ (37)	$ 13,748	$ (1,070)	$ (12,051)	$ (295)

Table of Contents

AMERICAN COMMERCIAL LINES INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
(Dollars in thousands, except per share amounts)
(Information pertaining to the six months ended June 30, 2005 and July 2, 2004 is unaudited)

Combining Statement of Operations for the Six Months Ended July 2, 2004
(Unaudited)

	ACL Inc.	Parent	Parent Guarantor	Issuers	Subsidiary Guarantors	Non-Guarantors	Eliminations	Combined Totals
					(Dollars in thousands)			
REVENUE								
Revenue	$ —	$ —	$ —	$ 31,371	$ 283,052	$ 10,286	$ (34,575)	$ 290,134
Revenue from Related Parties	—	—	—	—	52	3,134	—	3,186
	—	—	—	31,371	283,104	13,420	(34,575)	293,320
OPERATING EXPENSE								
Materials, Supplies and Other	—	—	—	1,717	125,075	6,502	(710)	132,584
Rent	—	—	—	—	44,904	1,173	(33,865)	12,212
Labor and Fringe Benefits	—	—	—	—	56,058	1,894	—	57,952
Fuel	—	—	—	—	40,342	192	—	40,534
Depreciation and Amortization	—	—	—	17,421	7,446	2,508	—	27,375
Taxes, Other Than Income Taxes	—	—	—	—	10,090	—	—	10,090
Selling, General & Administrative	—	—	—	7	17,197	2,270	—	19,474
Total Operating Expenses	—	—	—	19,145	301,112	14,539	(34,575)	300,221
OPERATING INCOME (LOSS)	—	—	—	12,226	(18,008)	(1,119)	—	(6,901)
OTHER EXPENSE (INCOME)								
Interest Expense	—	—	—	18,477	63	908	—	19,448
Interest (Income) Expense from Affiliates	—	—	—	(2,806)	277	2,529	—	—
Other, Net	—	—	—	68,953	37,898	(886)	(107,692)	(1,727)
	—	—	—	84,624	38,238	2,551	(107,692)	17,721
LOSS BEFORE INCOME TAXES AND REORGANIZATION ITEMS	—	—	—	(72,398)	(56,246)	(3,670)	107,692	(24,622)
REORGANIZATION ITEMS	—	—	—	(68)	12,670	34,792	—	47,394
LOSS BEFORE INCOME TAXES	—	—	—	(72,330)	(68,916)	(38,462)	107,692	(72,016)
INCOME TAXES	—	—	—	—	23	291	—	314
NET LOSS	$ —	$ —	$ —	$(72,330)	$ (68,939)	$ (38,753)	$ 107,692	$ (72,330)

Table of Contents

AMERICAN COMMERCIAL LINES INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
(Dollars in thousands, except per share amounts)
(Information pertaining to the six months ended June 30, 2005 and July 2, 2004 is unaudited)

Combining Statement of Operations for the Fiscal Year Ended December 31, 2004

	ACL Inc.	Parent	Parent Guarantor	Issuer	Subsidiary Guarantors	Non-Guarantors	Eliminations	Combined Totals
					(Dollars in thousands)			
REVENUE								
Revenue	$ —	$ —	$ —	$ —	$ 601,305	$ 27,342	$ —	$ 628,647
Revenue from Related Parties	—	—	—	61,581	1,806	7,831	(67,567)	3,651
	—	—	—	61,581	603,111	35,173	(67,567)	632,298
OPERATING EXPENSE								
Materials, Supplies and Other	—	—	—	3,346	252,527	11,168	(1,091)	265,950
Rent	—	—	—	—	87,852	2,392	(66,476)	23,768
Labor and Fringe Benefits	—	—	—	—	113,025	4,394	—	117,419
Fuel	—	—	—	—	89,341	502	—	89,843
Depreciation and Amortization	—	—	—	33,876	14,942	4,357	—	53,175
Taxes, Other Than Income Taxes	—	—	—	—	19,351	1	—	19,352
Selling, General & Administrative	—	—	—	(2)	32,722	4,712	—	37,432
Total Operating Expenses	—	—	—	37,220	609,760	27,526	(67,567)	606,939
OPERATING INCOME (LOSS)	—	—	—	24,361	(6,649)	7,647	—	25,359
OTHER EXPENSE (INCOME)								
Interest Expense	—	—	—	37,096	117	1,810	—	39,023
Interest (Income) Expense from Affiliates	—	—	—	(3,283)	544	2,739	—	—
Other, Net	—	—	(9,474)	199,466	23,380	(81,824)	(135,986)	(4,438)
	—	—	(9,474)	233,279	24,041	(77,275)	(135,986)	34,585
INCOME (LOSS) BEFORE REORGANIZATION ITEMS, FRESH START ADJUSTMENTS, INCOME TAXES AND EXTRAORDINARY ITEM	—	—	9,474	(208,918)	(30,690)	84,922	135,986	(9,226)
REORGANIZATION ITEMS	—	—	—	(157)	22,295	34,783	—	56,921
FRESH START ADJUSTMENTS	—	—	5,080	29,965	53,503	(5,518)	—	83,030
INCOME (LOSS) BEFORE INCOME TAXES AND EXTRAORDINARY ITEM	—	—	4,394	(238,726)	(106,488)	55,657	135,986	(149,177)
INCOME TAXES	—	—	—	—	174	1,613	—	1,787
INCOME (LOSS) BEFORE EXTRAORDINARY ITEM	—	—	4,394	(238,726)	(106,662)	54,044	135,986	(150,964)
EXTRAORDINARY ITEM — GAIN (LOSS) ON DISCHARGE OF DEBT	—	—	—	248,200	(92,842)	—	—	155,358
NET INCOME (LOSS)	$ —	$ —	$ 4,394	$ 9,474	$ (199,504)	$ 54,044	$ 135,986	$ 4,394

Table of Contents

AMERICAN COMMERCIAL LINES INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
(Dollars in thousands, except per share amounts)
(Information pertaining to the six months ended June 30, 2005 and July 2, 2004 is unaudited)

Combining Statement of Operations for the Fiscal Year Ended December 26, 2003

	ACL Inc.	Parent	Parent Guarantor	Issuer	Subsidiary Guarantors	Non-Guarantors	Eliminations	Combined Totals
					(Dollars in thousands)			
REVENUE								
Revenue	$ —	$ —	$ —	$ —	$ 583,678	$ 25,985	$ —	$ 609,663
Revenue from Related Parties	—	—	—	55,972	1,961	14,732	(62,257)	10,408
	—	—	—	55,972	585,639	40,717	(62,257)	620,071
OPERATING EXPENSE								
Materials, Supplies and Other	—	—	—	1,978	241,614	17,911	(1,425)	260,078
Rent	—	—	—	—	96,076	1,364	(60,832)	36,608
Labor and Fringe Benefits	—	—	—	—	117,019	4,609	—	121,628
Fuel	—	—	—	—	82,829	598	—	83,427
Depreciation and Amortization	—	—	—	31,612	16,510	6,796	—	54,918
Taxes, Other Than Income Taxes	—	—	—	—	21,862	—	—	21,862
Selling, General & Administrative	—	—	—	55	37,892	3,523	—	41,470
Total Operating Expenses	—	—	—	33,645	613,802	34,801	(62,257)	619,991
OPERATING INCOME (LOSS)	—	—	—	22,327	(28,163)	5,916	—	80
OTHER EXPENSE (INCOME) Interest Expense	—	—	—	38,631	150	2,733	—	41,514
Interest (Income) Expense from Affiliates	—	—	—	(7,876)	465	7,411	—	—
Other, Net	—	—	—	53,131	(504)	(4,688)	(54,242)	(6,303)
	—	—	—	83,886	111	5,456	(54,242)	35,211
(LOSS) INCOME BEFORE REORGANIZATION ITEMS AND INCOME TAXES	—	—	—	(61,559)	(28,274)	460	54,242	(35,131)
REORGANIZATION ITEMS	—	—	—	(138)	24,482	—	—	24,344
(LOSS) INCOME BEFORE INCOME TAXES	—	—	—	(61,421)	(52,756)	460	54,242	(59,475)
INCOME TAXES	—	—	—	155	116	1,830	—	2,101
NET LOSS	$ —	$ —	$ —	$ (61,576)	$ (52,872)	$ (1,370)	$ 54,242	$ (61,576)

Table of Contents

AMERICAN COMMERCIAL LINES INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
(Dollars in thousands, except per share amounts)
(Information pertaining to the six months ended June 30, 2005 and July 2, 2004 is unaudited)

Combining Statement of Operations for the Seven Months Ended December 27, 2002

	ACL Inc.	Parent	Parent Guarantor	Issuer	Subsidiary Guarantors	Non-Guarantors	Eliminations	Combined Totals
					(Dollars in thousands)			
REVENUE								
Revenue	$ —	$ —	$ —	$ —	$ 397,804	$ 22,209	$ —	$ 420,013
Revenue from Related Parties	—	—	—	32,594	1,514	10,064	(36,138)	8,034
	—	—	—	32,594	399,318	32,273	(36,138)	428,047
OPERATING EXPENSE								
Materials, Supplies and Other	—	—	—	(89)	163,648	10,783	(703)	173,639
Restructuring				—	565	—	—	565
Rent	—	—	—	—	64,190	770	(35,435)	29,525
Labor and Fringe Benefits	—	—	—	—	76,679	2,085	—	78,764
Fuel	—	—	—	—	48,888	460	—	49,348
Depreciation and Amortization	—	—	—	27,966	5,800	3,641	—	37,407
Taxes, Other Than Income Taxes	—	—	—	—	15,258	—	—	15,258
Selling, General & Administrative	—	—	—	(15)	26,657	2,906	—	29,548
Total Operating Expenses	—	—	—	27,862	401,685	20,645	(36,138)	414,054
OPERATING INCOME (LOSS)	—	—	—	4,732	(2,367)	11,628	—	13,993
OTHER EXPENSE (INCOME)								
Interest Expense	—	—	—	36,001	(1,225)	1,168	—	35,944
Interest (Income) Expense from Affiliates	—	—	—	(4,247)	(14)	4,261	—	—
Other, Net	—	—	—	(997)	(2,845)	4,089	3,060	3,307
	—	—	—	30,757	(4,084)	9,518	3,060	39,251
(LOSS) INCOME BEFORE INCOME TAXES	—	—	—	(26,025)	1,717	2,110	(3,060)	(25,258)
INCOME TAXES (BENEFIT)	—	—	—	(24)	459	308	—	743
NET (LOSS) INCOME	$ —	$ —	$ —	$ (26,001)	$ 1,258	$ 1,802	$ (3,060)	$ (26,001)

Table of Contents

AMERICAN COMMERCIAL LINES INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
(Dollars in thousands, except per share amounts)
(Information pertaining to the six months ended June 30, 2005 and July 2, 2004 is unaudited)

Combining Statement of Operations for the Five Months Ended May 28, 2002

	ACL Inc.	Parent	Parent Guarantor	Issuer	Subsidiary Guarantors	Non-Guarantors	Eliminations	Combined Totals
					(Dollars in thousands)			
REVENUE								
Revenue	$ —	$ —	$ —	$ —	$ 272,653	$ 7,154	$ —	$ 279,807
Revenue from Related Parties	—	—	—	18,966	787	4,588	(19,343)	4,998
	—	—	—	18,966	273,440	11,742	(19,343)	284,805
OPERATING EXPENSE								
Materials, Supplies and Other	—	—	—	—	121,252	8,917	(288)	129,881
Restructuring				—	13,493	—	—	13,493
Rent	—	—	—	—	41,287	565	(19,055)	22,797
Labor and Fringe Benefits	—	—	—	—	53,929	1,069	—	54,998
Fuel	—	—	—	—	30,316	118	—	30,434
Depreciation and Amortization	—	—	—	15,125	4,288	2,411	—	21,824
Taxes, Other Than Income Taxes	—	—	—	—	10,764	—	—	10,764
Selling, General & Administrative	—	—	—	40	18,035	1,384	—	19,459
Total Operating Expenses	—	—	—	15,165	293,364	14,464	(19,343)	303,650
OPERATING INCOME (LOSS)	—	—	—	3,801	(19,924)	(2,722)	—	(18,845)
OTHER EXPENSE (INCOME) Interest Expense	—	—	—	24,144	1,547	21	—	25,712
Interest (Income) Expense from Affiliates	—	—	—	(2,818)	17	2,801	—	—
Other, Net	—	—	—	27,547	6,152	(505)	(32,822)	372
	—	—	—	48,873	7,716	2,317	(32,822)	26,084
LOSS BEFORE INCOME TAXES	—	—	—	(45,072)	(27,640)	(5,039)	32,822	(44,929)
INCOME TAXES (BENEFIT)	—	—	—	(1,072)	96	57	—	(919)
NET LOSS	$ —	$ —	$ —	$(44,000)	$ (27,736)	$ (5,096)	$ 32,822	$ (44,010)

Table of Contents

AMERICAN COMMERCIAL LINES INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
(Dollars in thousands, except per share amounts)
(Information pertaining to the six months ended June 30, 2005 and July 2, 2004 is unaudited)

Combining Statement of Cash Flows for the Six Months Ended June 30, 2005
(Unaudited)

	ACL Inc.	Parent	Parent Guarantor	Issuers	Subsidiary Guarantors	Non-Guarantors	Eliminations	Combined Totals
				(Dollars in thousands)				
Net (Loss) Income	$ (295)	$ (295)	$ (295)	$ (37)	$ 13,748	$ (1,070)	$ (12,051)	$ (295)
Adjustments to Reconcile Net (Loss) Income to Net Cash Provided by (Used in) Operating Activities:								
Depreciation and Amortization	—	—	—	17,921	4,763	1,818	—	24,502
Interest Accretion and Debt Issuance Cost Amortization	—	—	—	2,264	—	71	—	2,335
(Gain) Loss on Property Dispositions	—	—	—	(4,339)	13	(106)	—	(4,432)
Other Operating Activities	295	295	(2,970)	(36,615)	24,769	894	11,410	(1,922)
Changes in Operating Assets and Liabilities:								
Accounts Receivable	—	—	—	(125)	(9,987)	1,210	—	(8,902)
Intercompany Accounts Receivable/ Payable	—	—	(2)	15,547	(13,045)	(2,500)	—	—
Materials and Supplies	—	—	—	—	(14,372)	253	—	(14,119)
Accrued Interest	—	—	—	7,064	94	(1)	—	7,157
Other Current Assets	—	—	(2,070)	734	295	394	400	(247)
Other Current Liabilities	—	—	5,337	1,277	16,059	(1,583)	241	21,331
Net Cash Provided by (Used in) Operating Activities before Reorganization Items	—	—	—	3,691	22,337	(620)	—	25,408
Reorganization Items Paid	—	—	—	—	(12,503)	—	—	(12,503)
Net Cash Provided by (Used in) Operating Activities	—	—	—	3,691	9,834	(620)	—	12,905
INVESTING ACTIVITIES								
Property Additions	—	—	—	(7,865)	(3,593)	(27)	—	(11,485)
Proceeds from Property Dispositions	—	—	—	12,663	403	300	—	13,366
Net Change in Restricted Cash	—	—	—	—	—	(270)	—	(270)
Investment in Vessel Leasing LLC	—	—	—	(2,500)	—	—	—	(2,500)
Other Investing Activities	—	—	—	(28)	(2,066)	58	—	(2,036)
Net Cash Provided by (Used in) Investing Activities	—	—	—	2,270	(5,256)	61	—	(2,925)
FINANCING ACTIVITIES								
Long-Term Debt Repaid	—	—	—	(401,046)	—	(1,443)	—	(402,489)
Revolving Credit Facility Borrowings	—	—	—	170,710	—	—	—	170,710
2015 Senior Note Borrowings	—	—	—	200,000	—	—	—	200,000
Outstanding Checks	—	—	—	—	(4,577)	—	—	(4,577)
Debt Costs	—	—	—	(12,937)	—	—	—	(12,937)
Other Financing Activities	—	—	—	(37)	—	(581)	—	(618)
Net Cash (Used in) Provided by Financing Activities	—	—	—	(43,310)	(4,577)	(2,024)	—	(49,911)
(Decrease) Increase in Cash and Cash Equivalents	—	—	—	(37,349)	1	(2,583)	—	(39,931)
Cash and Cash Equivalents at Beginning of Period	—	—	—	39,452	30	7,163	—	46,645
Cash and Cash Equivalents at End of Period	$ —	$ —	$ —	$ 2,103	$ 31	$ 4,580	$ —	$ 6,714

Table of Contents

AMERICAN COMMERCIAL LINES INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
(Dollars in thousands, except per share amounts)
(Information pertaining to the six months ended June 30, 2005 and July 2, 2004 is unaudited)

Combining Statement of Cash Flows for the Six Months Ended July 2, 2004
(Unaudited)

	ACL Inc.	Parent	Parent Guarantor	Issuers	Subsidiary Guarantors	Non-Guarantors	Eliminations	Combined Totals
				(Dollars in thousands)				
Net Loss	$ —	$ —	$ —	$ (72,330)	$ (68,939)	$ (38,753)	$ 107,692	$ (72,330)
Adjustments to Reconcile Net (Loss) Income to Net Cash Provided by (Used in) Operating Activities:								
Depreciation and Amortization	—	—	—	17,421	7,446	2,508	—	27,375
Interest Accretion and Debt Issuance Cost Amortization	—	—	—	4,558	—	71	—	4,629
Loss on Sale of Argentina Assets	—	—	—	35,206	—	—	—	35,206
Loss on Property Dispositions	—	—	—	16	127	—	—	143
Other Operating Activities	—	—	—	(105,147)	103,088	108,402	(107,439)	(1,096)
Reorganization Items	—	—	—	—	12,188	—	—	12,188
Changes in Operating Assets and Liabilities:								
Accounts Receivable	—	—	—	(2,395)	3,918	3,077	—	4,600
Intercompany Accounts Receivable/ Payable	—	—	—	11,920	(34,359)	22,692	(253)	—
Intercompany Long-term Advances/ Payables	—	—	—	101,411	(3,000)	(98,411)	—	—
Materials and Supplies	—	—	—	—	(5,346)	(603)	—	(5,949)
Accrued Interest	—	—	—	2,026	—	27	—	2,053
Other Current Assets	—	—	—	(1,086)	769	1,560	(384)	859
Other Current Liabilities	—	—	—	2,343	(1,439)	1,211	384	2,499
Net Cash Provided by (Used In) Operating Activities before Reorganization Items	—	—	—	(6,057)	14,453	1,781	—	10,177
Reorganization Items Paid	—	—	—	—	(11,629)	—	—	(11,629)
Net Cash (Used in) Provided by Operating Activities	—	—	—	(6,057)	2,824	1,781	—	(1,452)
INVESTING ACTIVITIES								
Property Additions	—	—	—	(2,247)	(1,113)	(901)	—	(4,261)
Proceeds from Property Dispositions	—	—	—	595	444	—	—	1,039
Net Change in Restricted Cash	—	—	—	—	—	(513)	—	(513)
Proceeds from Sale of Argentina Assets				24,100	—	—	—	24,100
Other Investing Activities	—	—	—	—	(567)	—	—	(567)
Net Cash Provided by (Used in) Investing Activities	—	—	—	22,448	(1,236)	(1,414)	—	19,798
FINANCING ACTIVITIES								
Short-Term Borrowings	—	—	—	2,354	—	—	—	2,354
DIP Credit Facility Repayments	—	—	—	(33,787)	—	—	—	(33,787)
Long-Term Debt Repaid	—	—	—	—	—	(1,443)	—	(1,443)
Outstanding Checks	—	—	—	—	(1,588)	—	—	(1,588)
Debt Costs	—	—	—	(150)	—	—	—	(150)
Other Financing Activities				—	—	(639)		(639)
Net Cash Used in Financing Activities	—	—	—	(31,583)	(1,588)	(2,082)	—	(35,253)
Net (Decrease) Increase in Cash and Cash Equivalents	—	—	—	(15,192)	—	(1,715)	—	(16,907)
Cash and Cash Equivalents at Beginning of Period	—	—	—	31,640	33	3,602	—	35,275
Cash and Cash Equivalents at End of Period	$ —	$ —	$ —	$ 16,448	$ 33	$ 1,887	$ —	$ 18,368

Table of Contents

AMERICAN COMMERCIAL LINES INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
(Dollars in thousands, except per share amounts)
(Information pertaining to the six months ended June 30, 2005 and July 2, 2004 is unaudited)

Combining Statement of Cash Flows for the Fiscal Year Ended December 31, 2004

	ACL Inc.	Parent	Parent Guarantor	Issuer	Subsidiary Guarantors	Non-Guarantors	Eliminations	Combined Totals
				(Dollars in thousands)				
Net Income (Loss)	$ —	$ —	$ 4,394	$ 9,474	$ (199,504)	$ 54,044	$ 135,986	$ 4,394
Adjustments to Reconcile Net Income (Loss) to Net Cash Provided by (Used in) Operating Activities:								
Depreciation and Amortization	—	—	—	33,876	14,942	4,357	—	53,175
Interest Accretion and Debt Issuance Cost Amortization	—	—	—	9,471	—	143	—	9,614
Loss on Sale of Argentina Assets	—	—	—	—	—	35,197	—	35,197
(Gain) Loss on Property Dispositions	—	—	—	(37)	284	—	—	247
Loss (Gain) on Discharge of Debt with Affiliates	—	—	—	92,842	(92,842)	—	—	—
Other Operating Activities	—	—	(9,474)	191,780	(66,179)	20,840	(135,986)	981
Reorganization Items	—	—	—	(157)	22,295	(414)	—	21,724
Fresh Start Adjustments	—	—	5,080	29,965	53,503	(5,518)	—	83,030
(Gain) Loss on Discharge of Debt	—	—	—	(248,200)	92,842	—	—	(155,358)
Changes in Operating Assets and Liabilities:								
Accounts Receivable	—	—	—	(6)	(2,359)	675	—	(1,690)
Intercompany Accounts Receivable/ Payable	—	—	—	(212,354)	217,469	(5,115)	—	—
Intercompany Long-term Advances/ Payables	—	—	—	113,411	(15,000)	(98,411)	—	—
Materials and Supplies	—	—	—	—	(8,437)	(668)	—	(9,105)
Accrued Interest	—	—	—	3,901	—	25	—	3,926
Other Current Assets	—	—	—	229	2,166	663	(4,045)	(987)
Other Current Liabilities	—	—	—	3,323	(115)	4,581	4,045	11,834
Net Cash Provided by Operating Activities before Reorganization Items	—	—	—	27,518	19,065	10,399	—	56,982
Reorganization Items Paid				157	(20,942)	—	—	(20,785)
Net Cash Provided by (Used in) Operating Activities	—	—	—	27,675	(1,877)	10,399	—	36,197
INVESTING ACTIVITIES								
Property Additions	—	—	—	(8,724)	(2,609)	(1,187)	—	(12,520)
Proceeds from Sale of Argentina Assets	—	—	—	24,100	—	—	—	24,100
Proceeds from Sale of Interest in GMS	—	—	—	14,000	—	—	—	14,000
Proceeds from Property Dispositions	—	—	—	3,812	1,078	—	—	4,890
Net Change in Restricted Cash	—	—	—	—	—	(1,428)	—	(1,428)
Other Investing Activities	—	—	—	483	(2,297)	—	—	(1,814)
Net Cash Provided by (Used in) Investing Activities	—	—	—	33,671	(3,828)	(2,615)	—	27,228
FINANCING ACTIVITIES								
Short-Term Borrowings	—	—	—	1,693	—	—	—	1,693
DIP Credit Facility Repayments	—	—	—	(50,000)	—	—	—	(50,000)
Long-Term Debt Repaid	—	—	—	(4,274)	—	(2,887)	—	(7,161)
Outstanding Checks	—	—	—	—	5,702	—	—	5,702
Debt Costs	—	—	—	(953)	—	—	—	(953)
Other Financing Activities	—	—	—	—	—	(1,336)	—	(1,336)
Net Cash (Used in) Provided by Financing Activities	—	—	—	(53,534)	5,702	(4,223)	—	(52,055)
Net Increase (Decrease) in Cash and Cash Equivalents	—	—	—	7,812	(3)	3,561	—	11,370
Cash and Cash Equivalents at Beginning of Period	—	—	—	31,640	33	3,602	—	35,275
Cash and Cash Equivalents at End of Period	$ —	$ —	$ —	$ 39,452	$ 30	$ 7,163	$ —	$ 46,645

Table of Contents

AMERICAN COMMERCIAL LINES INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
(Dollars in thousands, except per share amounts)
(Information pertaining to the six months ended June 30, 2005 and July 2, 2004 is unaudited)

Combining Statement of Cash Flows for the Fiscal Year Ended December 26, 2003

	ACL Inc.	Parent	Parent Guarantor	Issuer	Subsidiary Guarantors	Non-Guarantors	Eliminations	Combined Totals
					(Dollars in thousands)			
Net Loss	$ —	$ —	$ —	$ (61,576)	$ (52,872)	$ (1,370)	$ 54,242	$ (61,576)
Adjustments to Reconcile Net Loss to Net Cash Provided by (Used in) Operating Activities:								
Depreciation and Amortization	—	—	—	31,612	16,510	6,796	—	54,918
Interest Accretion and Debt Issuance Cost Amortization	—	—	—	7,844	—	1,033	—	8,877
Loss (Gain) on Property Dispositions	—	—	—	64	(338)	(13)	—	(287)
Other Operating Activities	—	—	—	61,108	(9,176)	(2,249)	(53,853)	(4,170)
Reorganization Items	—	—	—	—	24,344	—	—	24,344
Changes in Operating Assets and Liabilities:								
Accounts Receivable	—	—	—	(344)	(87,911)	32,263	19,527	(36,465)
Intercompany Accounts Receivable/ Payable	—	—	—	(73,018)	77,818	(4,800)	—	—
Intercompany Long-term Advances/ Payables	—	—	—	(3,535)	(2,307)	5,842	—	—
Materials and Supplies	—	—	—	—	2,686	(405)	—	2,281
Accrued Interest	—	—	—	6,497	—	(12)	—	6,485
Other Current Assets	—	—	—	326	4,620	(7,162)	699	(1,517)
Other Current Liabilities	—	—	—	1,725	52,700	(21,007)	(20,615)	12,803
Net Cash (Used In) Provided by Operating Activities before Reorganization Items	—	—	—	(29,297)	26,074	8,916	—	5,693
Reorganization Items Paid	—	—	—	—	(21,759)	—	—	(21,759)
Net Cash (Used in) Provided by Operating Activities	—	—	—	(29,297)	4,315	8,916	—	(16,066)
INVESTING ACTIVITIES								
Property Additions	—	—	—	(6,194)	(2,077)	(938)	—	(9,209)
Proceeds from Property Dispositions	—	—	—	1,369	1,039	14	—	2,422
Net Change in Restricted Cash	—	—	—	—	—	(1,426)	—	(1,426)
Other Investing Activities	—	—	—	—	(3,603)	(1)	—	(3,604)
Net Cash Used in Investing Activities	—	—	—	(4,825)	(4,641)	(2,351)	—	(11,817)
FINANCING ACTIVITIES								
Short-Term Borrowings	—	—	—	5,146	—	—	—	5,146
DIP Credit Facility Borrowings	—	—	—	50,000	—	—	—	50,000
Long-Term Debt Repaid	—	—	—	(317)	—	(2,887)	—	(3,204)
Outstanding Checks	—	—	—	—	325	—	—	325
Debt Costs	—	—	—	(3,001)	—	—	—	(3,001)
Cash Dividends Paid	—	—	—	2,450	—	(2,450)	—	—
Other Financing Activities	—	—	—	—	—	(604)	—	(604)
Net Cash Provided by (Used in) Financing Activities	—	—	—	54,278	325	(5,941)	—	48,662
Net Increase (Decrease) in Cash and Cash Equivalents	—	—	—	20,156	(1)	624	—	20,779
Cash and Cash Equivalents at Beginning of Period	—	—	—	11,484	34	2,978		14,496
Cash and Cash Equivalents at End of Period	$ —	$ —	$ —	$ 31,640	$ 33	$ 3,602	$ —	$ 35,275

Table of Contents

AMERICAN COMMERCIAL LINES INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
(Dollars in thousands, except per share amounts)
(Information pertaining to the six months ended June 30, 2005 and July 2, 2004 is unaudited)

Combining Statement of Cash Flows for the Seven Months Ended December 27, 2002

	ACL Inc.	Parent	Parent Guarantor	Issuer	Subsidiary Guarantors	Non-Guarantors	Eliminations	Combined Totals
					(Dollars in thousands)			
Net (Loss) Income	$ —	$ —	$ —	$ (26,001)	$ 1,258	$ 1,802	$ (3,060)	$ (26,001)
Adjustments to Reconcile Net (Loss) Income to Net Cash Provided by (Used in) Operating Activities:								
Depreciation and Amortization	—	—	—	27,966	5,800	3,641	—	37,407
Interest Accretion and Debt Issuance Cost Amortization	—	—	—	3,962	—	71	—	4,033
Other Operating Activities	—	—	—	7,314	(9,916)	2,682	2,671	2,751
Changes in Operating Assets and Liabilities:								
Accounts Receivable	—	—	—	(802)	(283)	(18,377)	9,362	(10,100)
Intercompany Accounts Receivable/ Payable	—	—	—	(13,490)	10,389	3,101	—	—
Intercompany Long-term Advances/ Payables	—	—	—	(4,077)	4,077	—	—	—
Materials and Supplies	—	—	—	—	1,949	162	—	2,111
Accrued Interest	—	—	—	16,046	—	(639)	—	15,407
Other Current Assets	—	—	—	(104)	(2,320)	5,444	3,346	6,366
Other Current Liabilities	—	—	—	158	(6,347)	13,112	(12,319)	(5,396)
Net Cash Provided by (Used in) Operating Activities	—	—	—	10,972	4,607	10,999	—	26,578
INVESTING ACTIVITIES								
Property Additions	—	—	—	(5,042)	(2,597)	(118)	—	(7,757)
Proceeds from Property Dispositions	—	—	—	334	755	—	—	1,089
Net Change in Restricted Cash	—	—	—	—	—	236	—	236
Other Investing Activities	—	—	—	—	(906)	12	—	(894)
Net Cash (Used in) Provided by Investing Activities	—	—	—	(4,708)	(2,748)	130	—	(7,326)
FINANCING ACTIVITIES								
Short-Term Borrowings	—	—	—	7,000	—	—	—	7,000
Long-Term Debt Repaid	—	—	—	(25,713)	—	(2,640)	—	(28,353)
Outstanding Checks	—	—	—	—	(1,785)	—	—	(1,785)
Debt Costs	—	—	—	—	(1,035)	—		(1,035)
Cash Dividends Paid	—	—	—	6,200	—	(6,200)	—	—
Other Financing Activities	—	—	—	—	1	(1,469)	—	(1,468)
Net Cash Used in Financing Activities	—	—	—	(12,513)	(2,819)	(10,309)	—	(25,641)
Net (Decrease) Increase in Cash and Cash Equivalents	—	—	—	(6,249)	(960)	820	—	(6,389)
Cash and Cash Equivalents at Beginning of Period	—	—	—	17,733	994	2,158	—	20,885
Cash and Cash Equivalents at End of Period	$ —	$ —	$ —	$ 11,484	$ 34	$ 2,978	$ —	$ 14,496

Table of Contents

AMERICAN COMMERCIAL LINES INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
(Dollars in thousands, except per share amounts)
(Information pertaining to the six months ended June 30, 2005 and July 2, 2004 is unaudited)

Combining Statement of Cash Flows for the Five Months Ended May 28, 2002

	ACL Inc.	Parent	Parent Guarantor	Issuer	Subsidiary Guarantors	Non-Guarantors	Eliminations	Combined Totals
					(Dollars in thousands)			
Net Loss	$ —	$ —	$ —	$ (44,010)	$ (27,726)	$ (5,096)	$ 32,822	$ (44,010)
Adjustments to Reconcile Net Loss to Net Cash Provided by (Used in) Operating Activities:								
Depreciation and Amortization	—	—	—	15,125	4,288	2,411	—	21,824
Interest Accretion and Debt Issuance Cost Amortization	—	—	—	1,235	—	10	—	1,245
Loss (Gain) on Property Dispositions	—	—	—	573	(1,025)	(3)	—	(455)
Other Operating Activities	—	—	—	25,369	3,683	(1,652)	(32,822)	(5,422)
Changes in Operating Assets and Liabilities:								
Accounts Receivable	—	—	—	839	(5,208)	2,958	(1,829)	(3,240)
Intercompany Accounts Receivable/ Payable	—	—	—	(35,285)	40,113	(4,828)	—	—
Intercompany Long-term Advances/ Payables	—	—	—	168	(6,037)	5,869	—	—
Materials and Supplies	—	—	—	—	(5,139)	(21)	—	(5,160)
Accrued Interest	—	—	—	10,331	—	1	—	10,332
Other Current Assets	—	—	—	(112)	(4,315)	1,278	—	(3,149)
Other Current Liabilities	—	—	—	217	5,616	695	1,829	8,357
Net Cash (Used in) Provided by Operating Activities	—	—	—	(25,550)	4,250	1,622	—	(19,678)
INVESTING ACTIVITIES								
Property Additions	—	—	—	(2,302)	(3,252)	(51)	—	(5,605)
Proceeds from Property Dispositions	—	—	—	181	804	3	—	988
Other Investing Activities	—	—	—	—	(2,864)	5	—	(2,859)
Net Cash Used in Investing Activities	—	—	—	(2,121)	(5,312)	(43)	—	(7,476)
FINANCING ACTIVITIES								
Danielson Holding Corporation Investment	—	—	—	25,000	—	—	—	25,000
Long-Term Debt Repaid	—	—	—	(25,190)	—	—	—	(25,190)
Outstanding Checks	—	—	—	—	1,149	—	—	1,149
Cash Dividends Paid	—	—	—	588	—	(588)	—	—
Other Financing Activities	—	—	—	—	1	(174)	—	(173)
Net Cash Provided by (Used in) Financing Activities	—	—	—	398	1,150	(762)	—	786
Net (Decrease) Increase in Cash and Cash Equivalents	—	—	—	(27,273)	88	817	—	(26,368)
Cash and Cash Equivalents at Beginning of Period	—	—	—	45,006	906	1,341	—	47,253
Cash and Cash Equivalents at End of Period	$ —	$ —	$ —	$ 17,733	$ 994	$ 2,158	$ —	$ 20,885

Table of Contents

AMERICAN COMMERCIAL LINES INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
(Dollars in thousands, except per share amounts)
(Information pertaining to the six months ended June 30, 2005 and July 2, 2004 is unaudited)

NOTE 18. SUBSEQUENT EVENT

On July 19, 2005, the board of directors of ACL Inc. declared a stock dividend with respect to ACL Inc.'s common stock. Record holders as of the close of business on August 1, 2005 were entitled to three additional shares of common stock for each share of common stock held at that time. The new shares were distributed on August 15, 2005.

Table of Contents

Table of Contents

Through and including , 2005 (the 25th day after the date of this prospectus), all dealers effecting transactions in these securities, whether or not participating in this offering, may be required to deliver a prospectus. This is in addition to the dealers' obligation to deliver a prospectus when acting as underwriters and with respect to their unsold allotments or subscriptions.

8,250,000 Shares

American Commercial Lines Inc.

Common Stock

PROSPECTUS

Merrill Lynch & Co.
UBS Investment Bank
Credit Suisse First Boston
Deutsche Bank Securities

, 2005

Table of Contents

PART II

INFORMATION NOT REQUIRED IN THE PROSPECTUS

ITEM 13. *OTHER EXPENSES OF ISSUANCE AND DISTRIBUTION.*

The expenses to be paid by our company in connection with the distribution of the securities being registered are as follows:

	Amount(1)
Securities and Exchange Commission registration fee	$ 23,687
National Association of Securities Dealers, Inc. filing fee	20,625
Nasdaq National Market listing fee	100,000
Accounting fees and expenses	175,000
Legal fees and expenses	2,000,000
Transfer agent fees and expenses	3,500
Printing and engraving fees and expenses	500,000
Miscellaneous fees and expenses	67,188
Total	$ 2,890,000

(1) All amounts are estimates except the SEC registration fee, the National Association of Securities Dealers, Inc. filing fee and the Nasdaq National Market listing fee.

ITEM 14. *INDEMNIFICATION OF DIRECTORS AND OFFICERS.*

Section 145 of the Delaware General Corporation Law ("DGCL") provides that a corporation may indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding whether civil, criminal or investigative (other than an action by or in the right of the corporation) by reason of the fact that he is or was a director, officer, employee or agent of the corporation, or is or was serving at the request of the corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise, against expenses (including attorneys' fees), judgments, fines and amounts paid in settlement actually and reasonably incurred by him in connection with such action, suit or proceeding if he acted in good faith and in a manner he reasonably believed to be in or not opposed to the best interests of the corporation, and, with respect to any criminal action or proceeding, had no reasonable cause to believe his conduct was unlawful. Section 145 further provides that a corporation similarly may indemnify any such person serving in any such capacity who was or is a party or is threatened to be made a party to any threatened, pending or completed action or suit by or in the right of the corporation to procure a judgment in its favor, against expenses (including attorneys' fees) actually and reasonably incurred in connection with the defense or settlement of such action or suit if he acted in good faith and in a manner he reasonably believed to be in or not opposed to the best interests of the corporation and except that no indemnification shall be made in respect of any claim, issue or matter as to which such person shall have been adjudged to be liable to the corporation unless and only to the extent that the Delaware Court of Chancery or such other court in which such action or suit was brought shall determine upon application that, despite the adjudication of liability but in view of all the circumstances of the case, such person is fairly and reasonably entitled to indemnity for such expenses which the Court of Chancery or such other court shall deem proper.

In accordance with Section 102(b)(7) of the DGCL, the certificate of incorporation of American Commercial Lines Inc. ("ACL"), as amended, includes a provision eliminating or limiting the personal liability of a director to the corporation or its stockholders for monetary damages for breach of fiduciary duty as a director, provided that such provision shall not eliminate or limit the liability of a director (i) for

Table of Contents

any breach of the director's duty of loyalty to the corporation or its stockholders, (ii) for acts or omission not in good faith or which involve intentional misconduct or a knowing violation of law, (iii) under Section 174 of the DGCL (relating to unlawful payment of dividends and unlawful stock purchase and redemption) or (iv) for any transaction from which the director derived an improper personal benefit.

In accordance with the provisions of ACL's bylaws, ACL shall indemnify, to the fullest extent permitted by law, any person who is or was a party, or is threatened to be made a party to, any threatened, pending or contemplated action, suit or other type of proceeding (other than an action by or in our right), whether civil, criminal, administrative, investigative or otherwise, and whether formal or informal, by reason of the fact that such person is or was ACL's director or our officer or is or was serving at ACL's request (as a director, officer or trustee of another corporation, partnership, joint venture, trust or other enterprise) against judgments, amounts paid in settlement, penalties, fines (including an excise tax assessed with respect to any employee benefit plan) and expenses (including counsel fees) actually and reasonably incurred in connection with any such action, suit or other proceeding, including any appeal thereof, if such person acted in good faith and in a manner such person reasonably believed to be in, or not opposed to, ACL's best interests and, with respect to any criminal action or proceeding, had no reasonable cause to believe such person's conduct was unlawful. The termination of any such action, suit or other proceeding by judgment, order, settlement or conviction, or upon a plea of *nolo contendere* or its equivalent, shall not, of itself, create a presumption that the person did not act in good faith and in a manner that such person reasonably believed to be in, or not opposed to, ACL's best interests or, with respect to any criminal action or proceeding, had reasonable cause to believe that such person's conduct was unlawful. In addition, ACL carries insurance on behalf of its directors, officers, employees or agents that may cover liabilities under the Securities Act.

ITEM 15. ***RECENT SALES OF UNREGISTERED SECURITIES.***

During the three year period preceding the date of the filing of this registration statement, we have issued securities in the transactions described below without registration under the Securities Act. These securities were offered and sold by us in reliance upon exemptions from the registration requirements provided by Section 4(2) of the Securities Act and Regulation D under the Securities Act relating to sales not involving any public offering and/or Rule 701 under the Securities Act relating to transactions occurring under compensatory benefit plans.

No underwriters were involved in the sales and the certificates representing the securities sold and issued contain legends restricting the transfer of the securities without registration under the Securities Act or an applicable exemption from registration.

- In January 2005, in connection with our emergence from bankruptcy, 5,607,667 shares of common stock were issued, which, pursuant to the Plan of Reorganization, were or will be allocated to certain of our former senior noteholders and general unsecured creditors in satisfaction and retirement of their claims. The issuance of such shares and the distribution thereof was exempt from registration under applicable securities laws pursuant to Section 1145(a) of the U.S. Bankruptcy Code.
- Since January 2005, the registrant has issued to certain of its and its subsidiaries' directors and officers 202,762 restricted shares (before giving effect to the stock dividend discussed below) of common stock granted under the American Commercial Lines Inc. Equity Award Plan for Employees, Officers and Directors and the American Commercial Lines Inc. 2005 Stock Incentive Plan.
- Since January 2005, the registrant has issued to certain of its and its subsidiaries' directors and officers options to purchase 276,298 shares (before giving effect to the stock dividend discussed below) of common stock granted under the American Commercial Lines Inc. Equity Award Plan for Employees, Officers and Directors and the American Commercial Lines Inc. 2005 Stock Incentive Plan.

Table of Contents

- On July 19, 2005, the registrant's board of directors declared a stock dividend with respect to the registrant's common stock. Record holders of the registrant's common stock as of the close of business on August 1, 2005 were entitled to three additional shares of common stock for each share of common stock held at that time. The new shares were distributed on August 15, 2005.

ITEM 16. ***EXHIBITS AND FINANCIAL STATEMENT SCHEDULES.***

(a) Exhibits: The following is a list of all the exhibits filed as part of this registration statement.

Exhibit No.	Description
1.1	Form of Underwriting Agreement.
2.1*	First Amended Joint Plan of Reorganization, dated as of October 19, 2004, of American Commercial Lines LLC and Affiliated Debtors.
3.1*	Certificate of Incorporation of American Commercial Lines Inc.
3.2*	Certificate of Amendment to Certificate of Incorporation of American Commercial Lines Inc.
3.3*	Bylaws of American Commercial Lines Inc.
4.1*	Specimen common stock certificate.
4.2*	Indenture, dated as of February 11, 2005, among American Commercial Lines LLC, ACL Finance Corp., each of the guarantors party thereto and Wilmington Trust Company, as trustee.
4.3*	Registration Rights Agreement, dated as of February 11, 2005, by and among American Commercial Lines LLC and ACL Finance Corp., as Issuers, the guarantors named therein and UBS Securities LLC, Banc of America Securities LLC and Merrill Lynch, Pierce, Fenner & Smith Incorporated, as initial purchasers.
4.4*	Form of Exchange Note (included in Exhibit 4.2).
4.5*	Registration Rights Agreement, dated as of January 12, 2005, by and between American Commercial Lines Inc. and HY I Investments, L.L.C.
4.6*	First Amendment to Registration Rights Agreement, dated as of July 13, 2005, between American Commercial Lines Inc. and HY I Investments, L.L.C.
5.1	Opinion of Sidley Austin Brown & Wood LLP.
10.1*	Amended and Restated Loan Agreement, dated as of February 11, 2005, by and among American Commercial Barge Line LLC, American Commercial Lines LLC, American Commercial Terminals LLC, Houston Fleet LLC, Jeffboat LLC, Louisiana Dock Company LLC, the lenders referred to therein and Bank of America, N.A., as administrative agent.
10.2*	Employment Agreement, dated as of January 18, 2005, between American Commercial Lines Inc. and Mark R. Holden.
10.3*	Termination Benefits Agreement, dated as of December 22, 2003, among American Commercial Lines LLC, American Commercial Barge Line LLC, American Commercial Lines International LLC, Jeffboat LLC and W. Norb Whitlock.
10.4*	First Amendment and Supplement to Termination Benefits Agreement, dated as of April 30, 2004, among American Commercial Lines LLC, American Commercial Barge Line LLC, American Commercial Lines International LLC, Jeffboat LLC and W. Norb Whitlock.
10.5*	Second Amendment and Supplement to Termination Benefits Agreement, dated as of January 18, 2005, among American Commercial Lines LLC, American Commercial Barge Line LLC, American Commercial Lines International LLC, Jeffboat LLC and W. N. Whitlock.
10.6*	Employment Agreement, dated as of February 22, 2005, between American Commercial Lines Inc. and Christopher A. Black.
10.7*	Employment Agreement, dated as of February 18, 2005, between American Commercial Lines Inc. and Lisa L. Fleming.
10.8*	Employment Agreement, dated as of March 1, 2005, between American Commercial Lines Inc. and Nick Fletcher.
10.9*	Employment Agreement, dated as of March 22, 2005, between American Commercial Lines Inc. and Karl D. Kintzele.
10.10*	Letter Agreement, dated as of August 18, 2004, between American Commercial Barge Line LLC and Michael J. Monahan.
10.11*	Management Agreement, dated as of July 21, 2003, between American Commercial Lines LLC and Marotta Gund Budd & Dzera, LLC.

Table of Contents

Exhibit No.	Description
10.12*	American Commercial Lines Inc. Equity Award Plan for Employees, Officers and Directors.
10.13*	Form of American Commercial Lines Inc. Restricted Stock Award Agreement (under the American Commercial Lines Inc. Equity Award Plan for Employees, Officers and Directors).
10.14*	Form of American Commercial Lines Inc. Incentive Stock Option Agreement (under the American Commercial Lines Inc. Equity Award Plan for Employees, Officers and Directors).
10.15*	Security Side Letter Agreement, dated as of December 10, 2004, among American Commercial Lines LLC, American Commercial Terminals LLC, American Commercial Barge Line LLC, Louisiana Generating, LLC and NRG New Roads Holdings LLC.
10.16*	Deed of Trust, dated as of December 10, 2004, among American Commercial Terminals LLC, NRG New Roads Holdings LLC and Louisiana Generating, LLC.
10.17*	Lease, dated as of December 10, 2004, between American Commercial Terminals LLC and NRG New Roads Holdings LLC.
10.18*	Terminal Option Agreement, dated as of December 10, 2004, between American Commercial Terminals LLC and NRG New Roads Holdings LLC.
10.19*	Barge and Tug Option Agreement, dated as of December 10, 2004, between American Commercial Lines LLC and NRG New Roads Holdings LLC.
10.20*	Conditional Assignment and Assumption of Lease, dated as of December 10, 2004, between American Commercial Terminals LLC and NRG New Roads Holdings LLC (relating to that certain Lease, dated as of August 17, 1976, between Burlington Northern Inc. and ACBL Western, Inc.).
10.21*	Conditional Assignment and Assumption of Lease, dated as of December 10, 2004, between American Commercial Terminals LLC and NRG New Roads Holdings LLC (relating to that certain Lease, dated as of June 12, 1985, between the City of St. Louis and American Commercial Terminals LLC).
10.22*	Employment Agreement, dated as of May 9, 2005, between American Commercial Lines Inc. and Jerry Linzey.
10.23*	Letter Agreement, dated as of April 4, 2005, between American Commercial Lines Inc. and William L. Schmidt.
10.24*	Restricted Stock Award Agreement, dated as of January 18, 2005, between American Commercial Lines Inc. and W. Norb Whitlock.
10.25*	Incentive Stock Option Agreement, dated as of January 18, 2005, between American Commercial Lines Inc. and W. Norb Whitlock.
10.26*	Nonqualified Stock Option Agreement, dated as of January 18, 2005, between American Commercial Lines Inc. and W. Norb Whitlock.
10.27*	American Commercial Lines Inc. 2005 Stock Incentive Plan.
10.28*	Form of American Commercial Lines Inc. Restricted Stock Award Agreement (under the American Commercial Lines Inc. 2005 Stock Incentive Plan).
10.29*	Form of American Commercial Lines Inc. Incentive Stock Option Agreement (under the American Commercial Lines Inc. 2005 Stock Incentive Plan).
10.30*	Amendment to Agreements, dated as of May 20, 2005, by and among American Commercial Lines LLC, Jeffboat LLC, American Commercial Terminals LLC, Houston Fleet LLC, American Commercial Barge Line LLC, Louisiana Dock Company LLC, the lenders referred to therein and Bank of America, N.A., as administrative agent.
10.31*	Amendment to Equity Award Plan for Employees, Officers and Directors.
10.32*	American Commercial Lines LLC 2005 Annual Incentive Plan.
21.1*	Subsidiaries.
23.1	Consent of Ernst & Young LLP.
23.2	Consent of Sidley Austin Brown & Wood LLP (included in Exhibit 5.1).
24.1*	Power of Attorney (set forth on the signature pages to this Registration Statement filed on July 19, 2005).

* Previously filed.

Table of Contents

(b) Financial Statement Schedules:

Schedule II — Valuation and Qualifying Accounts

Schedules other than that noted above are omitted because of an absence of other conditions under which they are required or because the information required to be disclosed is presented in the accompanying consolidated financial statements or notes thereto.

ITEM 17. ***UNDERTAKINGS.***

Insofar as indemnification for liabilities arising under the Securities Act of 1933 may be permitted to directors, officers and controlling persons of the registrant pursuant to the foregoing provisions, or otherwise, the registrant has been advised that in the opinion of the Securities and Exchange Commission such indemnification is against public policy as expressed in the Securities Act and is, therefore, unenforceable. In the event that a claim for indemnification against such liabilities (other than the payment by the registrant of expenses incurred or paid by a director, officer or controlling person of the registrant in the successful defense of any action, suit or proceeding) is asserted by such director, officer or controlling person in connection with the securities being registered, the registrant will, unless in the opinion of its counsel the matter has been settled by controlling precedent, submit to a court of appropriate jurisdiction the question whether such indemnification by it is against public policy as expressed in the Act and will be governed by the final adjudication of such issue.

The undersigned registrant hereby undertakes:

(1) To provide to the underwriter at the closing specified in the underwriting agreement, certificates in such denominations and registered in such names as required by the underwriter to permit prompt delivery to each purchaser.

(2) That, for purposes of determining any liability under the Securities Act of 1933, the information omitted from the form of prospectus filed as part of this registration statement in reliance upon Rule 430A and contained in a form of prospectus filed by the registrant pursuant to Rule 424(b)(1) or (4) or 497(h) under the Securities Act of 1933 shall be deemed to be part of this registration statement as of the time it was declared effective.

(3) That, for the purpose of determining any liability under the Securities Act of 1933, each post-effective amendment that contains a form of prospectus shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.

Table of Contents

SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, the registrant has duly caused this registration statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of Jeffersonville, State of Indiana, on the 19th day of September, 2005.

AMERICAN COMMERCIAL LINES INC.

By: /s/ MARK R. HOLDEN

Name: Mark R. Holden
Title: Director, President and Chief Executive Officer

Pursuant to the requirements of the Securities Act of 1933, this Registration Statement has been signed by the following persons in the capacities and on the dates indicated.

Name	Title	Date
/s/ MARK R. HOLDEN Mark R. Holden	Director, President and Chief Executive Officer (Principal Executive Officer)	September 19, 2005
/s/ CHRISTOPHER A. BLACK Christopher A. Black	Senior Vice President, Chief Financial Officer (Principal Financial Officer)	September 19, 2005
* Paul F. Brotzge	Vice President, Treasurer and Controller (Principal Accounting Officer)	September 19, 2005
* Clayton K. Yeutter	Chairman of the Board	September 19, 2005
* Eugene I. Davis	Director	September 19, 2005
* Richard L. Huber	Director	September 19, 2005
* Nils E. Larsen	Director	September 19, 2005
* Emanuel L. Rouvelas	Director	September 19, 2005
* R. Christopher Weber	Director	September 19, 2005

* By: /s/ CHRISTOPHER A. BLACK
Christopher A. Black
Attorney-in-Fact

Table of Contents

AMERICAN COMMERCIAL LINES INC.

SCHEDULE II — VALUATION AND QUALIFYING ACCOUNTS
(Dollars in thousands)

	Balance at Beginning of Period	Charges To Expense	Additions to/ (Deductions) from Revenue	Balance at End of Period
June 30, 2005:				
Allowance for uncollectible accounts	$ 1,578	$ 83	$ (41)(a)	$ 1,620
Allowance for tax asset in excess of tax liability	—	317	—	317
December 31, 2004:				
Allowance for uncollectible accounts	$ 1,634	$ 379	$ (435)(a)	$ 1,578
Allowance for tax asset in excess of tax liability	—	—	—	—
December 26, 2003:				
Allowance for uncollectible accounts	$ 1,863	$ 364	$ (593)(a)	$ 1,634
Allowance for tax asset in excess of tax liability	—	—	—	—
December 27, 2002:				
Allowance for uncollectible accounts	$ 1,631	$ 975	$ (743)(a)	$ 1,863
Allowance for tax asset in excess of tax liability	—	—	—	—

(a) Write-off of uncollectible accounts receivable.

Table of Contents

INDEX TO EXHIBITS

Exhibit No.	Description
1.1	Form of Underwriting Agreement.
2.1*	First Amended Joint Plan of Reorganization, dated as of October 19, 2004, of American Commercial Lines LLC and Affiliated Debtors.
3.1*	Certificate of Incorporation of American Commercial Lines Inc.
3.2*	Certificate of Amendment to Certificate of Incorporation of American Commercial Lines Inc.
3.3*	Bylaws of American Commercial Lines Inc.
4.1*	Specimen common stock certificate.
4.2*	Indenture, dated as of February 11, 2005, among American Commercial Lines LLC, ACL Finance Corp., each of the guarantors party thereto and Wilmington Trust Company, as trustee.
4.3*	Registration Rights Agreement, dated as of February 11, 2005, by and among American Commercial Lines LLC and ACL Finance Corp., as Issuers, the guarantors named therein and UBS Securities LLC, Banc of America Securities LLC and Merrill Lynch, Pierce, Fenner & Smith Incorporated, as initial purchasers.
4.4*	Form of Exchange Note (included in Exhibit 4.2).
4.5*	Registration Rights Agreement, dated as of January 12, 2005, by and between American Commercial Lines Inc. and HY I Investments, L.L.C.
4.6*	First Amendment to Registration Rights Agreement, dated as of July 13, 2005, between American Commercial Lines Inc. and HY I Investments, L.L.C.
5.1	Opinion of Sidley Austin Brown & Wood LLP.
10.1*	Amended and Restated Loan Agreement, dated as of February 11, 2005, by and among American Commercial Barge Line LLC, American Commercial Lines LLC, American Commercial Terminals LLC, Houston Fleet LLC, Jeffboat LLC, Louisiana Dock Company LLC, the lenders referred to therein and Bank of America, N.A., as administrative agent.
10.2*	Employment Agreement, dated as of January 18, 2005, between American Commercial Lines Inc. and Mark R. Holden.
10.3*	Termination Benefits Agreement, dated as of December 22, 2003, among American Commercial Lines LLC, American Commercial Barge Line LLC, American Commercial Lines International LLC, Jeffboat LLC and W. Norb Whitlock.
10.4*	First Amendment and Supplement to Termination Benefits Agreement, dated as of April 30, 2004, among American Commercial Lines LLC, American Commercial Barge Line LLC, American Commercial Lines International LLC, Jeffboat LLC and W. Norb Whitlock.
10.5*	Second Amendment and Supplement to Termination Benefits Agreement, dated as of January 18, 2005, among American Commercial Lines LLC, American Commercial Barge Line LLC, American Commercial Lines International LLC, Jeffboat LLC and W. N. Whitlock.
10.6*	Employment Agreement, dated as of February 22, 2005, between American Commercial Lines Inc. and Christopher A. Black.
10.7*	Employment Agreement, dated as of February 18, 2005, between American Commercial Lines Inc. and Lisa L. Fleming.
10.8*	Employment Agreement, dated as of March 1, 2005, between American Commercial Lines Inc. and Nick Fletcher.
10.9*	Employment Agreement, dated as of March 22, 2005, between American Commercial Lines Inc. and Karl D. Kintzele.
10.10*	Letter Agreement, dated as of August 18, 2004, between American Commercial Barge Line LLC and Michael J. Monahan.
10.11*	Management Agreement, dated as of July 21, 2003, between American Commercial Lines LLC and Marotta Gund Budd & Dzera, LLC.
10.12*	American Commercial Lines Inc. Equity Award Plan for Employees, Officers and Directors.
10.13*	Form of American Commercial Lines Inc. Restricted Stock Award Agreement (under the American Commercial Lines Inc. Equity Award Plan for Employees, Officers and Directors).
10.14*	Form of American Commercial Lines Inc. Incentive Stock Option Agreement (under the American Commercial Lines Inc. Equity Award Plan for Employees, Officers and Directors).

Table of Contents

Exhibit No.	Description
10.15*	Security Side Letter Agreement, dated as of December 10, 2004, among American Commercial Lines LLC, American Commercial Terminals LLC, American Commercial Barge Line LLC, Louisiana Generating, LLC and NRG New Roads Holdings LLC.
10.16*	Deed of Trust, dated as of December 10, 2004, among American Commercial Terminals LLC, NRG New Roads Holdings LLC and Louisiana Generating, LLC.
10.17*	Lease, dated as of December 10, 2004, between American Commercial Terminals LLC and NRG New Roads Holdings LLC.
10.18*	Terminal Option Agreement, dated as of December 10, 2004, between American Commercial Terminals LLC and NRG New Roads Holdings LLC.
10.19*	Barge and Tug Option Agreement, dated as of December 10, 2004, between American Commercial Lines LLC and NRG New Roads Holdings LLC.
10.20*	Conditional Assignment and Assumption of Lease, dated as of December 10, 2004, between American Commercial Terminals LLC and NRG New Roads Holdings LLC (relating to that certain Lease, dated as of August 17, 1976, between Burlington Northern Inc. and ACBL Western, Inc.).
10.21*	Conditional Assignment and Assumption of Lease, dated as of December 10, 2004, between American Commercial Terminals LLC and NRG New Roads Holdings LLC (relating to that certain Lease, dated as of June 12, 1985, between the City of St. Louis and American Commercial Terminals LLC).
10.22*	Employment Agreement, dated as of May 9, 2005, between American Commercial Lines Inc. and Jerry Linzey.
10.23*	Letter Agreement, dated as of April 4, 2005, between American Commercial Lines Inc. and William L. Schmidt.
10.24*	Restricted Stock Award Agreement, dated as of January 18, 2005, between American Commercial Lines Inc. and W. Norb Whitlock.
10.25*	Incentive Stock Option Agreement, dated as of January 18, 2005, between American Commercial Lines Inc. and W. Norb Whitlock.
10.26*	Nonqualified Stock Option Agreement, dated as of January 18, 2005, between American Commercial Lines Inc. and W. Norb Whitlock.
10.27*	American Commercial Lines Inc. 2005 Stock Incentive Plan.
10.28*	Form of American Commercial Lines Inc. Restricted Stock Award Agreement (under the American Commercial Lines Inc. 2005 Stock Incentive Plan).
10.29*	Form of American Commercial Lines Inc. Incentive Stock Option Agreement (under the American Commercial Lines Inc. 2005 Stock Incentive Plan).
10.30*	Amendment to Agreements, dated as of May 20, 2005, by and among American Commercial Lines LLC, Jeffboat LLC, American Commercial Terminals LLC, Houston Fleet LLC, American Commercial Barge Line LLC, Louisiana Dock Company LLC, the lenders referred to therein and Bank of America, N.A., as administrative agent.
10.31*	Amendment to Equity Award Plan for Employees, Officers and Directors.
10.32*	American Commercial Lines LLC 2005 Annual Incentive Plan.
21.1*	Subsidiaries.
23.1	Consent of Ernst & Young LLP.
23.2	Consent of Sidley Austin Brown & Wood LLP (included in Exhibit 5.1).
24.1*	Power of Attorney (set forth on the signature pages to this Registration Statement filed on July 19, 2005).

* Previously filed.

EXHIBIT 1.1

AMERICAN COMMERCIAL LINES INC.

(a Delaware corporation)

Shares of Common Stock

PURCHASE AGREEMENT

Dated: , 2005

AMERICAN COMMERCIAL LINES INC.

(a Delaware corporation)

Shares of Common Stock

(Par Value $0.01 Per Share)

PURCHASE AGREEMENT

, 2005

MERRILL LYNCH & CO.
Merrill Lynch, Pierce, Fenner & Smith
Incorporated

UBS Securities LLC
as Representatives of the several Underwriters
C/O MERRILL LYNCH & CO.
MERRILL LYNCH, PIERCE, FENNER & SMITH
INCORPORATED
4 World Financial Center
New York, New York 10080

Ladies and Gentlemen:

American Commercial Lines Inc., a Delaware corporation (the "Company"), and GVI Holdings, Inc., a Delaware corporation, (the "Selling Shareholder"), confirm their respective agreements with Merrill Lynch & Co., Merrill Lynch, Pierce, Fenner & Smith Incorporated ("Merrill Lynch") and each of the other Underwriters named in Schedule A hereto (collectively, the "Underwriters", which term shall also include any underwriter substituted as hereinafter provided in Section 10 hereof), for whom Merrill Lynch and UBS Securities LLC are acting as representatives (in such capacity, the "Representatives"), with respect to (i) the sale by the Company and the Selling Shareholder, acting severally and not jointly, and the purchase by the Underwriters, acting severally and not jointly, of the respective numbers of shares of Common Stock, par value $0.01 per share, of the Company ("Common Stock") set forth in Schedules A and B hereto and (ii) the grant by the Selling Shareholder to the Underwriters, acting severally and not jointly, of the option described in Section 2(b) hereof to purchase all or any part of additional shares of Common Stock to cover overallotments, if any. The aforesaid shares of Common Stock (the "Initial Securities") to be purchased by the Underwriters and all or any part of the shares of Common Stock subject to the option described in Section 2(b) hereof (the "Option Securities") are hereinafter called, collectively, the "Securities".

The Company and the Selling Shareholder understand that the Underwriters propose to make a public offering of the Securities as soon as the Representatives deem advisable after this Agreement has been executed and delivered.

The Company, the Selling Shareholder and the Underwriters agree that up to shares of the Securities to be purchased by the Underwriters (the "Reserved Securities") shall be reserved for sale by the Underwriters to certain eligible employees and persons having business relationships with the Company (the "Invitees"), as part of the distribution of the Securities by the Underwriters, subject to the terms of this Agreement, the applicable rules, regulations and interpretations of the National Association of Securities Dealers, Inc. and all other applicable laws, rules and regulations. To the extent that such

Reserved Securities are not orally confirmed for purchase by Invitees by the end of the first business day after the date of this Agreement, such Reserved Securities may be offered to the public as part of the public offering contemplated hereby.

The Company has filed with the Securities and Exchange Commission (the "Commission") a registration statement on Form S-1 (No. 333-126696), including the related preliminary prospectus or prospectuses, covering the registration of the Securities under the Securities Act of 1933, as amended (the "1933 Act"). Promptly after execution and delivery of this Agreement, the Company will prepare and file a prospectus in accordance with the provisions of Rule 430A ("Rule 430A") of the rules and regulations of the Commission under the 1933 Act (the "1933 Act Regulations") and paragraph (b) of Rule 424 ("Rule 424(b)") of the 1933 Act Regulations. The information included in such prospectus that was omitted from such registration statement at the time it became effective but that is deemed to be part of such registration statement at the time it became effective pursuant to paragraph (b) of Rule 430A is referred to as "Rule 430A Information." Each prospectus used before such registration statement became effective, and any prospectus that omitted the Rule 430A Information, that was used after such effectiveness and prior to the execution and delivery of this Agreement, is herein called a "preliminary prospectus." Such registration statement, including the exhibits and any schedules thereto, at the time it became effective, and including the Rule 430A Information, is herein called the "Registration Statement." Any registration statement filed pursuant to Rule 462(b) of the 1933 Act Regulations is herein referred to as the "Rule 462(b) Registration Statement," and after such filing the term "Registration Statement" shall include the Rule 462(b) Registration Statement. The final prospectus in the form first furnished to the Underwriters for use in connection with the offering of the Securities is herein called the "Prospectus." For purposes of this Agreement, all references to the Registration Statement, any preliminary prospectus, the Prospectus or any amendment or supplement to any of the foregoing shall be deemed to include the copy filed with the Commission pursuant to its Electronic Data Gathering, Analysis and Retrieval system ("EDGAR").

SECTION 1. Representations and Warranties.

(a) Representations and Warranties by the Company. The Company represents and warrants to each Underwriter as of the date hereof, as of the Closing Time referred to in Section 2(c) hereof, and as of each Date of Delivery (if any) referred to in Section 2(b) hereof, and agrees with each Underwriter, as follows:

(i) Compliance with Registration Requirements. Each of the Registration Statement, any Rule 462(b) Registration Statement and any post-effective amendment thereto has become effective under the 1933 Act and no stop order suspending the effectiveness of the Registration Statement, any Rule 462(b) Registration Statement or any post-effective amendment thereto has been issued under the 1933 Act and no proceedings for that purpose have been instituted or are pending or, to the knowledge of the Company, are contemplated by the Commission, and any request on the part of the Commission for additional information has been complied with.

At the respective times the Registration Statement, any Rule
462(b) Registration Statement and any post-effective amendments thereto became effective and at the Closing Time (and, if any Option Securities are purchased, at the Date of Delivery), the Registration Statement, the Rule 462(b) Registration Statement and any amendments and supplements thereto complied and will comply in all material respects with the requirements of the 1933 Act and the 1933 Act Regulations and did not and will not contain an untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein not misleading, and the Prospectus, any preliminary prospectus and any supplement thereto or

prospectus wrapper prepared in connection therewith, at their respective times of issuance and at the Closing Time, complied and will comply in all material respects with any applicable laws or regulations of foreign jurisdictions in which the Prospectus and such preliminary prospectus, as amended or supplemented, if applicable, are distributed in connection with the offer and sale of Reserved Securities. Neither the Prospectus nor any amendments or supplements thereto (including any prospectus wrapper), at the time the Prospectus or any such amendment or supplement was issued and at the Closing Time (and, if any Option Securities are purchased, at the Date of Delivery), included or will include an untrue statement of a material fact or omitted or will omit to state a material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading. The representations and warranties in this subsection shall not apply to statements in or omissions from the Registration Statement or Prospectus made in reliance upon and in conformity with written information furnished to the Company by any Underwriter through the Representatives or the Selling Shareholder expressly for use in the Registration Statement (or any amendment thereto) or the Prospectus (or any amendment or supplement thereto).

Each preliminary prospectus and the prospectus filed as part of the Registration Statement as originally filed or as part of any amendment thereto complied when so filed in all material respects with the 1933 Act Regulations and each preliminary prospectus and the Prospectus delivered to the Underwriters for use in connection with this offering was identical to the electronically transmitted copies thereof filed with the Commission pursuant to EDGAR, except to the extent permitted by Regulation S-T.

(ii) Independent Accountants. The accountants who certified the financial statements and supporting schedules included in the Registration Statement are independent public accountants as required by the 1933 Act and the 1933 Act Regulations.

(iii) Financial Statements. The financial statements included in the Registration Statement and the Prospectus, together with the related schedules and notes, present fairly the financial position of the Company and its consolidated subsidiaries at the dates indicated and the statement of operations, stockholders' equity and cash flows of the Company and its consolidated subsidiaries for the periods specified; said financial statements have been prepared in conformity with generally accepted accounting principles ("GAAP") applied on a consistent basis throughout the periods covered thereby. The supporting schedules included in the Registration Statement present fairly in accordance with GAAP the information required to be stated therein. The selected financial data and the summary financial information included in the Prospectus under the captions "Prospectus Summary - Summary Historical Consolidated Financial Information," "Selected Consolidated Financial Data" and "Management's Discussion and Analysis of Financial Condition and Results of Operations" present fairly the information shown therein and have been compiled on a basis consistent with that of the audited financial statements included in the Registration Statement. The pro forma financial statements and the related notes thereto included in the Registration Statement and the Prospectus present fairly the information shown therein, have been prepared in accordance with the Commission's rules and guidelines with respect to pro forma financial statements and have been properly compiled on the bases described therein, and the assumptions used in the preparation thereof are reasonable and the adjustments used therein are appropriate to give effect to the transactions and circumstances referred to therein.

(iv) No Material Adverse Change in Business. Since the respective dates as of which information is given in the Registration Statement and the Prospectus, except as otherwise stated therein, (A) there has been no material adverse change in the condition, financial or otherwise, or

in the earnings, business affairs or business prospects of the Company and its subsidiaries considered as one enterprise, whether or not arising in the ordinary course of business (a "Material Adverse Effect"), (B) there have been no transactions entered into by the Company or any of its subsidiaries, other than those in the ordinary course of business, which are material with respect to the Company and its subsidiaries considered as one enterprise, and (C) there has been no dividend or distribution of any kind declared, paid or made by the Company on any class of its capital stock.

(v) Good Standing of the Company. The Company has been duly incorporated and is validly existing as a corporation in good standing under the laws of the State of Delaware and has corporate power and authority to own, lease and operate its properties and to conduct its business as described in the Prospectus and to enter into and perform its obligations under this Agreement; and the Company is duly qualified as a foreign corporation to transact business and is in good standing in each other jurisdiction in which such qualification is required, whether by reason of the ownership or leasing of property or the conduct of business, except where the failure so to qualify or to be in good standing would not result in a Material Adverse Effect.

(vi) Good Standing of Subsidiaries. Each "significant subsidiary" of the Company (as such term is defined in Rule 1-02 of Regulation S-X) (each a "Subsidiary" and, collectively, the "Subsidiaries") has been duly incorporated or organized and is validly existing as a corporation or limited liability company, as applicable, in good standing under the laws of the jurisdiction of its incorporation or organization, has corporate or limited liability company power and authority to own, lease and operate its properties and to conduct its business as described in the Prospectus and is duly qualified as a foreign corporation or limited liability company to transact business and is in good standing in each jurisdiction in which such qualification is required, whether by reason of the ownership or leasing of property or the conduct of business, except where the failure so to qualify or to be in good standing would not result in a Material Adverse Effect; except as otherwise disclosed in the Registration Statement, all of the issued and outstanding capital stock or membership interests of each such Subsidiary has been duly authorized and validly issued, is fully paid and non-assessable and is owned by the Company, directly or through subsidiaries, free and clear of any material security interest, mortgage, pledge, lien, encumbrance, claim or equity; none of the outstanding shares of capital stock or membership interests of any Subsidiary was issued in violation of the preemptive or similar rights of any securityholder of such Subsidiary. The only subsidiaries of the Company are (a) the subsidiaries listed on Exhibit 21 to the Registration Statement and (b) certain other subsidiaries which, considered in the aggregate as a single Subsidiary, do not constitute a "significant subsidiary" as defined in Rule 1-02 of Regulation S-X.

(vii) Capitalization. The authorized, issued and outstanding capital stock of the Company is as set forth in the Prospectus in the column entitled "Actual" under the caption "Capitalization" (except for subsequent issuances, if any, pursuant to this Agreement, pursuant to reservations, agreements or employee benefit plans referred to in the Prospectus or pursuant to the exercise of convertible securities or options referred to in the Prospectus). The shares of issued and outstanding capital stock, including the Securities to be purchased by the Underwriters from the Selling Shareholder, have been duly authorized and validly issued and are fully paid and non-assessable; none of the outstanding shares of capital stock, including the Securities to be purchased by the Underwriters from the Selling Shareholder, was issued in violation of the preemptive or other similar rights of any securityholder of the Company.

(viii) Authorization of Agreement. This Agreement has been duly authorized, executed and delivered by the Company.

(ix) Authorization and Description of Securities. The Securities to be purchased by the Underwriters from the Company have been duly authorized for issuance and sale to the Underwriters pursuant to this Agreement and, when issued and delivered by the Company pursuant to this Agreement against payment of the consideration set forth herein, will be validly issued and fully paid and non-assessable; the Common Stock conforms, in all material respects, to all statements relating thereto contained in the Prospectus and such description conforms, in all material respects, to the rights set forth in the instruments defining the same; no holder of the Securities will be subject to personal liability by reason of being such a holder; and the issuance of the Securities is not subject to the preemptive or other similar rights of any securityholder of the Company.

(x) Absence of Defaults and Conflicts. Neither the Company nor any of its subsidiaries is in violation of its charter or by-laws or in default in the performance or observance of any obligation, agreement, covenant or condition contained in any contract, indenture, mortgage, deed of trust, loan or credit agreement, note, lease or other agreement or instrument to which the Company or any of its subsidiaries is a party or by which it or any of them may be bound, or to which any of the property or assets of the Company or any subsidiary is subject (collectively, "Agreements and Instruments") except for such defaults that would not result in a Material Adverse Effect; and the execution, delivery and performance of this Agreement and the consummation of the transactions contemplated herein and in the Registration Statement (including the issuance and sale of the Securities by the Company and the use of the proceeds from the sale of the Securities by the Company as described in the Prospectus under the caption "Use of Proceeds") and compliance by the Company with its obligations hereunder have been duly authorized by all necessary corporate action and do not and will not, whether with or without the giving of notice or passage of time or both, conflict with or constitute a breach of, or default or Repayment Event (as defined below) under, or result in the creation or imposition of any lien, charge or encumbrance upon any property or assets of the Company or any subsidiary pursuant to, the Agreements and Instruments (except for such conflicts, breaches, defaults or Repayment Events or liens, charges or encumbrances that would not result in a Material Adverse Effect), nor will such action result in any violation of the provisions of the charter or by-laws of the Company or any subsidiary or any applicable law, statute, rule, regulation, judgment, order, writ or decree of any government, government instrumentality or court, domestic or foreign, having jurisdiction over the Company or any subsidiary or any of their assets, properties or operations. As used herein, a "Repayment Event" means any event or condition which gives the holder of any note, debenture or other evidence of indebtedness (or any person acting on such holder's behalf) the right to require the repurchase, redemption or repayment of all or a portion of such indebtedness by the Company or any subsidiary.

(xi) Absence of Labor Dispute. No labor dispute with the employees of the Company or any subsidiary exists or, to the knowledge of the Company, is imminent, and to the knowledge of the Company, there is not any existing or imminent labor disturbance by the employees of any of its or any subsidiary's principal suppliers, manufacturers, customers or contractors, which, in either case, would result in a Material Adverse Effect.

(xii) Absence of Proceedings. There is no action, suit, proceeding, inquiry or investigation before or brought by any court or governmental agency or body, domestic or foreign, now pending, or, to the knowledge of the Company, threatened, against or affecting the Company or any subsidiary, which is required to be disclosed in the Registration Statement (other than as disclosed therein), or which could reasonably be expected to result in a Material Adverse Effect, or which could reasonably be expected to materially and adversely affect the properties or assets thereof or the consummation of the transactions contemplated in this Agreement or the

performance by the Company of its obligations hereunder; the aggregate of all pending legal or governmental proceedings to which the Company or any subsidiary is a party or of which any of their respective property or assets is the subject which are not described in the Registration Statement, including ordinary routine litigation incidental to the business, could not reasonably be expected to result in a Material Adverse Effect.

(xiii) Accuracy of Exhibits. There are no contracts or documents which are required to be described in the Registration Statement or the Prospectus or to be filed as exhibits thereto which have not been so described and filed as required.

(xiv) Possession of Intellectual Property. The Company and its subsidiaries own or possess, or can acquire on reasonable terms, adequate patents, patent rights, licenses, inventions, copyrights, know-how (including trade secrets and other unpatented and/or unpatentable proprietary or confidential information, systems or procedures), trademarks, service marks, trade names or other intellectual property (collectively, "Intellectual Property") necessary to carry on the business now operated by them, and neither the Company nor any of its subsidiaries has received any notice or is otherwise aware of any infringement of or conflict with asserted rights of others with respect to any Intellectual Property or of any facts or circumstances which would render any Intellectual Property invalid or inadequate to protect the interest of the Company or any of its subsidiaries therein, and which infringement or conflict (if the subject of any unfavorable decision, ruling or finding) or invalidity or inadequacy, singly or in the aggregate, would result in a Material Adverse Effect.

(xv) Absence of Further Requirements. No filing with, or authorization, approval, consent, license, order, registration, qualification or decree of, any court or governmental authority or agency is necessary or required for the performance by the Company of its obligations hereunder, in connection with the offering, issuance or sale of the Securities hereunder or the consummation of the transactions contemplated by this Agreement, except (i) such as have been already obtained or as may be required under the 1933 Act or the 1933 Act Regulations or state securities laws and (ii) such as have been obtained under the laws and regulations of jurisdictions outside the United States in which the Reserved Securities are offered.

(xvi) Absence of Manipulation. Neither the Company nor any controlled affiliate of the Company has taken, nor will the Company or any such affiliate take, directly or indirectly, any action which is designed to or which has constituted or which would be expected to cause or result in stabilization or manipulation of the price of any security of the Company to facilitate the sale or resale of the Securities.

(xvii) Possession of Licenses and Permits. The Company and its subsidiaries possess such permits, licenses, approvals, consents and other authorizations (collectively, "Governmental Licenses") issued by the appropriate federal, state, local or foreign regulatory agencies or bodies necessary to conduct the business now operated by them, except where the failure so to possess would not, singly or in the aggregate, result in a Material Adverse Effect; the Company and its subsidiaries are in compliance with the terms and conditions of all such Governmental Licenses, except where the failure so to comply would not, singly or in the aggregate, result in a Material Adverse Effect; all of the Governmental Licenses are valid and in full force and effect, except when the invalidity of such Governmental Licenses or the failure of such Governmental Licenses to be in full force and effect would not, singly or in the aggregate, result in a Material Adverse Effect; and neither the Company nor any of its subsidiaries has received any notice of proceedings relating to the revocation or modification of any such Governmental Licenses which,

singly or in the aggregate, if the subject of an unfavorable decision, ruling or finding, would result in a Material Adverse Effect.

(xviii) Title to Property. The Company and its subsidiaries have good and marketable title to all real property owned by the Company and its subsidiaries and good title to all other properties owned by them, in each case, free and clear of all mortgages, pledges, liens, security interests, claims, restrictions or encumbrances of any kind except such as (a) are described in the Prospectus or (b) do not, singly or in the aggregate, have a Material Adverse Effect; and all of the leases and subleases material to the business of the Company and its subsidiaries, considered as one enterprise, and under which the Company or any of its subsidiaries holds properties described in the Prospectus, are in full force and effect, and neither the Company nor any subsidiary has any notice of any material claim of any sort that has been asserted by anyone adverse to the rights of the Company or any subsidiary under any of the leases or subleases mentioned above, or affecting or questioning the rights of the Company or such subsidiary to the continued possession of the leased or subleased premises under any such lease or sublease.

(xix) Investment Company Act. The Company is not required, and upon the issuance and sale of the Securities as herein contemplated and the application of the net proceeds therefrom as described in the Prospectus will not be required, to register as an "investment company" under the Investment Company Act of 1940, as amended (the "1940 Act").

(xx) Environmental Laws. Except as described in the Registration Statement and except as would not, singly or in the aggregate, result in a Material Adverse Effect, (A) neither the Company nor any of its subsidiaries is in violation of any federal, state, local or foreign statute, law, rule, regulation, ordinance, code, policy or rule of common law or any judicial or administrative interpretation thereof, including any judicial or administrative order, consent, decree or judgment, relating to pollution or protection of human health, the environment (including, without limitation, ambient air, surface water, groundwater, land surface or subsurface strata) or wildlife, including, without limitation, laws and regulations relating to the release or threatened release of chemicals, pollutants, contaminants, wastes, toxic substances, hazardous substances, petroleum or petroleum products, asbestos-containing materials or mold (collectively, "Hazardous Materials") or to the manufacture, processing, distribution, use, treatment, storage, disposal, transport or handling of Hazardous Materials (collectively, "Environmental Laws"), (B) the Company and its subsidiaries have all permits, authorizations and approvals required under any applicable Environmental Laws and are each in compliance with their requirements, (C) there are no pending or threatened administrative, regulatory or judicial actions, suits, demands, demand letters, claims, liens, notices of noncompliance or violation, investigation or proceedings relating to any Environmental Law against the Company or any of its subsidiaries and (D) there are no events or circumstances that would reasonably be expected to form the basis of an order for clean-up or remediation, or an action, suit or proceeding by any private party or governmental body or agency, against or affecting the Company or any of its subsidiaries relating to Hazardous Materials or any Environmental Laws.

(xxi) Registration Rights. Except for the registration rights of the Selling Shareholder described in the Prospectus, there are no persons with registration rights or other similar rights to have any securities registered pursuant to the Registration Statement or otherwise registered by the Company under the 1933 Act.

(xxii) Insurance. The Company and each of its Subsidiaries carry, or are covered by, insurance in such amounts and covering such risks as is prudent and customary for the conduct of their respective businesses and the value of their respective properties.

(xxiii) Taxes. The Company and each of its Subsidiaries has filed all federal, state and local income and franchise tax returns required to be filed through the date hereof and has paid all taxes due thereon, except such as are being contested in good faith by appropriate proceedings, and except as would not have a Material Adverse Effect, and no tax deficiency has been determined adversely to the Company or any of its Subsidiaries which has had, nor does the Company have any knowledge of any tax deficiency which, if determined adversely to the Company or any of its Subsidiaries, might have, a Material Adverse Effect.

(xxiv) Controls. The Company and each of its Subsidiaries (A) make and keep accurate books and records and (B) maintain internal accounting controls which provide reasonable assurance that (i) transactions are executed in accordance with management's authorization, (ii) transactions are recorded as necessary to permit preparation of its financial statements and to maintain accountability for its assets, (iii) access to its assets is permitted only in accordance with management's authorization and (iv) the reported accountability for its assets is compared with existing assets at reasonable intervals.

(xxv) Sarbanes-Oxley. The Company and each of its Subsidiaries is in compliance, in all material respects, with the provisions of the Sarbanes-Oxley Act of 2002 to the extent currently applicable to it.

(b) Representations and Warranties by the Selling Shareholder. The Selling Shareholder represents and warrants to each Underwriter as of the date hereof, as of the Closing Time, and, if the Selling Shareholder is selling Option Securities on a Date of Delivery, as of each such Date of Delivery, and agrees with each Underwriter, as follows:

(i) Accurate Disclosure. The Selling Shareholder has reviewed and is familiar with the Registration Statement and the Prospectus and neither the Prospectus nor any amendments or supplements thereto (including any prospectus wrapper) includes any untrue statement of a material fact or omits to state a material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading insofar as the statements relate to written information about the Selling Shareholder provided by the Selling Shareholder to the Company for use in the Prospectus; the Selling Shareholder is not prompted to sell the Securities to be sold by the Selling Shareholder hereunder by any information concerning the Company or any subsidiary of the Company which is not set forth in the Prospectus.

(ii) Authorization of this Agreement. This Agreement has been duly authorized, executed and delivered by or on behalf of the Selling Shareholder.

(iii) Authorization of Power of Attorney and Custody Agreement. The Power of Attorney and Custody Agreement, in the form heretofore furnished to the Representatives (the "Power of Attorney and Custody Agreement"), has been duly authorized, executed and delivered by the Selling Shareholder and is the valid and binding agreement of the Selling Shareholder.

(iv) Noncontravention. The execution and delivery of this Agreement and the Power of Attorney and Custody Agreement and the sale and delivery of the Securities to be sold by the Selling Shareholder and the consummation of the transactions contemplated herein and compliance by the Selling Shareholder with its obligations hereunder do not and will not, whether with or without the giving of notice or passage of time or both, conflict with or constitute a breach of, or default under, or result in the creation or imposition of any tax, lien, charge or encumbrance upon the Securities to be sold by the Selling Shareholder or any property or assets of the Selling Shareholder pursuant to any contract, indenture, mortgage, deed of trust, loan or

credit agreement, note, license, lease or other agreement or instrument to which the Selling Shareholder is a party or by which the Selling Shareholder may be bound, or to which any of the property or assets of the Selling Shareholder is subject, nor will such action result in any violation of the provisions of the charter or by-laws or other organizational instrument of the Selling Shareholder, if applicable, or any applicable treaty, law, statute, rule, regulation, judgment, order, writ or decree of any government, government instrumentality or court, domestic or foreign, having jurisdiction over the Selling Shareholder or any of its properties.

(v) Valid Title. The Selling Shareholder has, and at the Closing Time or the relevant Date of Delivery, as the case may be, will have, valid title to the Securities to be sold by the Selling Shareholder free and clear of all security interests, claims, liens, equities or other encumbrances and the legal right and power, and all authorization and approval required by law, to enter into this Agreement and the Power of Attorney and Custody Agreement and to sell, transfer and deliver the Securities to be sold by the Selling Shareholder.

(vi) Delivery of Securities. Upon the Underwriters' acquiring possession of the Securities to be sold by the Selling Shareholder and paying the purchase price therefor pursuant to this Agreement, the Underwriters (assuming that no such Underwriter has notice of any "adverse claim", within the meaning of Section 8-105 of the New York Uniform Commercial Code, to such Securities) will acquire their respective interests in such Securities (including, without limitation, all rights that the Selling Shareholder had or has the power to transfer in such Securities) free and clear of any adverse claim within the meaning of Section 8-102 of the New York Uniform Commercial Code.

(vii) Absence of Manipulation. The Selling Shareholder has not taken, and will not take, directly or indirectly, any action which is designed to or which has constituted or would be expected to cause or result in stabilization or manipulation of the price of any security of the Company to facilitate the sale or resale of the Securities.

(viii) Absence of Further Requirements. No filing with, or consent, approval, authorization, order, registration, qualification or decree of, any court or governmental authority or agency, domestic or foreign, is necessary or required for the performance by the Selling Shareholder of its obligations hereunder or in the Power of Attorney and Custody Agreement, or in connection with the sale and delivery of the Securities hereunder or the consummation of the transactions contemplated by this Agreement, except (i) such as may have previously been made or obtained or as may be required under the 1933 Act or the 1933 Act Regulations or state securities laws and (ii) such as have been obtained under the laws and regulations of jurisdictions outside the United States in which the Reserved Securities are offered.

(ix) No Association with NASD. Neither the Selling Shareholder nor any of its affiliates directly, or indirectly through one or more intermediaries, controls, or is controlled by, or is under common control with, or is a person associated with (within the meaning of Article I (dd) of the By-laws of the National Association of Securities Dealers, Inc.), any member firm of the National Association of Securities Dealers, Inc.

(c) Officer's Certificates. Any certificate signed by any officer of the Company or any of its subsidiaries delivered to the Representatives or to counsel for the Underwriters shall be deemed a representation and warranty by the Company to each Underwriter as to the matters covered thereby; and any certificate signed by or on behalf of the Selling Shareholder as such and delivered to the Representatives or to counsel for the Underwriters pursuant to the terms of this Agreement shall be

deemed a representation and warranty by the Selling Shareholder to the Underwriters as to the matters covered thereby.

SECTION 2. Sale and Delivery to Underwriters; Closing.

(a) Initial Securities. On the basis of the representations and warranties herein contained and subject to the terms and conditions herein set forth, the Company and the Selling Shareholder, severally and not jointly, agree to sell to each Underwriter, severally and not jointly, and each Underwriter, severally and not jointly, agrees to purchase from the Company and the Selling Shareholder, at the price per share set forth in Schedule C, that proportion of the number of Initial Securities set forth in Schedule B opposite the name of the Company or the Selling Shareholder, as the case may be, which the number of Initial Securities set forth in Schedule A opposite the name of such Underwriter, plus any additional number of Initial Securities which such Underwriter may become obligated to purchase pursuant to the provisions of
Section 10 hereof, bears to the total number of Initial Securities, subject, in each case, to such adjustments among the Underwriters as the Representatives in their sole discretion shall make to eliminate any sales or purchases of fractional securities.

(b) Option Securities. In addition, on the basis of the representations and warranties herein contained and subject to the terms and conditions herein set forth, the Selling Shareholder hereby grants an option to the Underwriters, severally and not jointly, to purchase up to an additional shares of Common Stock, as set forth in Schedule B, at the price per share set forth in Schedule C, less an amount per share equal to any dividends or distributions declared by the Company and payable on the Initial Securities but not payable on the Option Securities. The option hereby granted will expire 30 days after the date hereof and may be exercised in whole or in part from time to time only for the purpose of covering overallotments which may be made in connection with the offering and distribution of the Initial Securities upon notice by the Representatives to the Company and the Selling Shareholder setting forth the number of Option Securities as to which the several Underwriters are then exercising the option and the time and date of payment and delivery for such Option Securities. Any such time and date of delivery (a "Date of Delivery") shall be determined by the Representatives, but shall not be later than seven full business days after the exercise of said option, nor in any event prior to the Closing Time, as hereinafter defined. If the option is exercised as to all or any portion of the Option Securities, each of the Underwriters, acting severally and not jointly, will purchase that proportion of the total number of Option Securities then being purchased which the number of Initial Securities set forth in Schedule A opposite the name of such Underwriter bears to the total number of Initial Securities, subject in each case to such adjustments as the Representatives in their discretion shall make to eliminate any sales or purchases of fractional shares.

(c) Payment. Payment of the purchase price for, and delivery of certificates for, the Initial Securities shall be made at the offices of Latham & Watkins LLP, 233 South Wacker Drive, Suite 5800, Chicago, Illinois 60606, or at such other place as shall be agreed upon by the Representatives and the Company and the Selling Shareholder, at 9:00 A.M. (Eastern time) on the third
(fourth, if the pricing occurs after 4:30 P.M. (Eastern time) on any given day) business day after the date hereof (unless postponed in accordance with the provisions of Section 10), or such other time not later than ten business days after such date as shall be agreed upon by the Representatives and the Company and the Selling Shareholder (such time and date of payment and delivery being herein called "Closing Time").

In addition, in the event that any or all of the Option Securities are purchased by the Underwriters, payment of the purchase price for, and delivery of certificates for, such Option Securities shall be made at the above-mentioned offices, or at such other place as shall be agreed upon by the Representatives and the Company and the Selling Shareholder, on each Date of Delivery as specified in the notice from the Representatives to the Company and the Selling Shareholder.

Payment shall be made to the Company and the Selling Shareholder by wire transfer of immediately available funds to bank account (s) designated by the Company and the Custodian pursuant to the Selling Shareholder's Power of Attorney and Custody Agreement, as the case may be, against delivery to the Representatives for the respective accounts of the Underwriters of certificates for the Securities to be purchased by them. It is understood that each Underwriter has authorized the Representatives, for its account, to accept delivery of, receipt for, and make payment of the purchase price for, the Initial Securities and the Option Securities, if any, which it has agreed to purchase. Merrill Lynch and UBS Securities LLC, individually and not as representatives of the Underwriters, may (but shall not be obligated to) make payment of the purchase price for the Initial Securities or the Option Securities, if any, to be purchased by any Underwriter whose funds have not been received by the Closing Time or the relevant Date of Delivery, as the case may be, but such payment shall not relieve such Underwriter from its obligations hereunder.

(d) Denominations; Registration. Certificates for the Initial Securities and the Option Securities, if any, shall be in such denominations and registered in such names as the Representatives may request in writing at least one full business day before the Closing Time or the relevant Date of Delivery, as the case may be. The certificates for the Initial Securities and the Option Securities, if any, will be made available for examination and packaging by the Representatives in The City of New York not later than 10:00 A.M. (Eastern time) on the business day prior to the Closing Time or the relevant Date of Delivery, as the case may be.

SECTION 3. Covenants of the Company. The Company covenants with each Underwriter as follows:

(a) Compliance with Securities Regulations and Commission Requests. The Company, subject to Section 3(b), will comply with the requirements of Rule 430A or Rule 434, as applicable, and will notify the Representatives immediately, and confirm the notice in writing, (i) when any post-effective amendment to the Registration Statement shall become effective, or any supplement to the Prospectus or any amended Prospectus shall have been filed, (ii) of the receipt of any comments from the Commission, (iii) of any request by the Commission for any amendment to the Registration Statement or any amendment or supplement to the Prospectus or for additional information, and (iv) of the issuance by the Commission of any stop order suspending the effectiveness of the Registration Statement or of any order preventing or suspending the use of any preliminary prospectus, or of the suspension of the qualification of the Securities for offering or sale in any jurisdiction, or of the initiation or threatening of any proceedings for any of such purposes. The Company will promptly effect the filings necessary pursuant to Rule 424(b) and will take such steps as it deems necessary to ascertain promptly whether the form of prospectus transmitted for filing under Rule 424(b) was received for filing by the Commission and, in the event that it was not, it will promptly file such prospectus. The Company will make every reasonable effort to prevent the issuance of any stop order and, if any stop order is issued, to obtain the lifting thereof at the earliest possible moment.

(b) Filing of Amendments. The Company will give the Representatives notice of its intention to file or prepare any amendment to the Registration Statement (including any filing under Rule 462(b)) or any amendment, supplement or revision to either the prospectus included in the Registration Statement at the time it became effective or to the Prospectus, will furnish the Representatives with copies of any such documents a reasonable amount of time prior to such proposed filing or use, as the case may be, and will not file or use any such document to which the Representatives or counsel for the Underwriters shall reasonably object.

(c) Delivery of Registration Statements. The Company has furnished or will deliver to the Representatives and counsel for the Underwriters, without charge, signed copies of the Registration

Statement as originally filed and of each amendment thereto (including exhibits filed therewith or incorporated by reference therein) and signed copies of all consents and certificates of experts, and will also deliver to the Representatives, without charge, a conformed copy of the Registration Statement as originally filed and of each amendment thereto (without exhibits) for each of the Underwriters. The copies of the Registration Statement and each amendment thereto furnished to the Underwriters will be identical to the electronically transmitted copies thereof filed with the Commission pursuant to EDGAR, except to the extent permitted by Regulation S-T.

(d) Delivery of Prospectuses. The Company has delivered to each Underwriter, without charge, as many copies of each preliminary prospectus as such Underwriter reasonably requested, and the Company hereby consents to the use of such copies for purposes permitted by the 1933 Act. The Company will furnish to each Underwriter, without charge, during the period when the Prospectus is required to be delivered under the 1933 Act, such number of copies of the Prospectus (as amended or supplemented) as such Underwriter may reasonably request. The Prospectus and any amendments or supplements thereto furnished to the Underwriters will be identical to the electronically transmitted copies thereof filed with the Commission pursuant to EDGAR, except to the extent permitted by Regulation S-T.

(e) Continued Compliance with Securities Laws. The Company will comply with the 1933 Act and the 1933 Act Regulations so as to permit the completion of the distribution of the Securities as contemplated in this Agreement and in the Prospectus. If at any time when a prospectus is required by the 1933 Act to be delivered in connection with sales of the Securities, any event shall occur or condition shall exist as a result of which it is necessary, in the opinion of counsel for the Underwriters or for the Company, to amend the Registration Statement or amend or supplement the Prospectus in order that the Prospectus will not include any untrue statements of a material fact or omit to state a material fact necessary in order to make the statements therein not misleading in the light of the circumstances existing at the time it is delivered to a purchaser, or if it shall be necessary, in the opinion of such counsel, at any such time to amend the Registration Statement or amend or supplement the Prospectus in order to comply with the requirements of the 1933 Act or the 1933 Act Regulations, the Company will promptly prepare and file with the Commission, subject to Section 3(b), such amendment or supplement as may be necessary to correct such statement or omission or to make the Registration Statement or the Prospectus comply with such requirements, and the Company will furnish to the Underwriters such number of copies of such amendment or supplement as the Underwriters may reasonably request.

(f) Blue Sky Qualifications. The Company will use its best efforts, in cooperation with the Underwriters, to qualify the Securities for offering and sale under the applicable securities laws of such states and other jurisdictions (domestic or foreign) as the Representatives may designate and to maintain such qualifications in effect for a period of not less than one year from the later of the effective date of the Registration Statement and any Rule 462(b) Registration Statement; provided, however, that the Company shall not be obligated to file any general consent to service of process or to qualify as a foreign corporation or as a dealer in securities in any jurisdiction in which it is not so qualified or to subject itself to taxation in respect of doing business in any jurisdiction in which it is not otherwise so subject.

(g) Rule 158. The Company will timely file such reports pursuant to the Securities Exchange Act of 1934 (the "1934 Act") as are necessary in order to make generally available to its securityholders as soon as practicable an earnings statement for the purposes of, and to provide the benefits contemplated by, the last paragraph of Section 11(a) of the 1933 Act.

(h) Use of Proceeds. The Company will use the net proceeds received by it from the sale of the Securities in the manner specified in the Prospectus under "Use of Proceeds".

(i) Listing. The Company will use its best efforts to effect the listing of the Common Stock (including the Securities) on the Nasdaq National Market.

(j) Restriction on Sale of Securities. During a period of 180 days from the date of the Prospectus, the Company will not, without the prior written consent of the Representatives, (i) directly or indirectly, offer, pledge, sell, contract to sell, sell any option or contract to purchase, purchase any option or contract to sell, grant any option, right or warrant to purchase or otherwise transfer or dispose of any share of Common Stock or any securities convertible into or exercisable or exchangeable for Common Stock or file any registration statement under the 1933 Act with respect to any of the foregoing or (ii) enter into any swap or any other agreement or any transaction that transfers, in whole or in part, directly or indirectly, the economic consequence of ownership of the Common Stock, whether any such swap or transaction described in clause (i) or
(ii) above is to be settled by delivery of Common Stock or such other securities, in cash or otherwise. The foregoing sentence shall not apply to (A) the Securities to be sold hereunder, (B) any shares of Common Stock issued by the Company upon the exercise of an option or warrant or the conversion of a security outstanding on the date hereof and referred to in the Prospectus, (C) any shares of Common Stock issued or options to purchase Common Stock granted pursuant to existing employee benefit plans of the Company referred to in the Prospectus or (D) any shares of Common Stock issued pursuant to any non-employee director stock plan or dividend reinvestment plan.

(k) Reporting Requirements. The Company, during the period when the Prospectus is required to be delivered under the 1933 Act, will file all documents required to be filed with the Commission pursuant to the 1934 Act within the time periods required by the 1934 Act and the rules and regulations of the Commission thereunder.

(l) Compliance with NASD Rules. The Company hereby agrees that it will ensure that the Reserved Securities will be restricted as required by the National Association of Securities Dealers, Inc. (the "NASD") or the NASD rules from sale, transfer, assignment, pledge or hypothecation for a period of three months following the date of this Agreement. The Underwriters will notify the Company as to which persons will need to be so restricted and the Company's obligations under this Section 3(l) will extend only to such persons, subject to applicable law. At the request of the Underwriters, the Company will direct the transfer agent to place a stop transfer restriction upon such securities for such period of time. Should the Company release, or seek to release, from such restrictions any of the Reserved Securities, the Company agrees to reimburse the Underwriters for any reasonable expenses (including, without limitation, legal expenses) they incur in connection with such release.

SECTION 4. Payment of Expenses.

(a) Expenses. Subject to Sections 4(b), the Company will pay or cause to be paid all expenses incident to the performance of its obligations under this Agreement, including (i) the preparation, printing and filing of the Registration Statement (including financial statements and exhibits) as originally filed and of each amendment thereto, (ii) the preparation, printing and delivery to the Underwriters of this Agreement, any Agreement among Underwriters and such other documents as may be required in connection with the offering, purchase, sale, issuance or delivery of the Securities, (iii) the preparation, issuance and delivery of the certificates for the Securities to the Underwriters, including any stock or other transfer taxes and any stamp or other duties payable upon the sale, issuance or delivery of the Securities to the Underwriters, (iv) the fees and disbursements of the Company's counsel, accountants and other advisors, (v) the qualification of the Securities under securities laws in accordance with the provisions of Section 3(f) hereof, including filing fees and the reasonable fees and disbursements of counsel for the Underwriters in connection therewith and in connection with the preparation of the Blue Sky Survey and any supplement thereto, (vi) the printing and delivery to the Underwriters of copies of each preliminary prospectus and of the Prospectus and any amendments or supplements thereto, (vii) the

preparation, printing and delivery to the Underwriters of copies of the Blue Sky Survey and any supplement thereto, (viii) the fees and expenses of any transfer agent or registrar for the Securities, (ix) the costs and expenses of the Company relating to investor presentations on any "road show" undertaken in connection with the marketing of the Securities, including without limitation, expenses associated with the production of road show slides and graphics, fees and expenses of any consultants engaged by the Representatives and consented to by the Company in connection with the road show presentations, travel and lodging expenses of the representatives and officers of the Company and any such consultants, and the cost of aircraft and other transportation chartered in connection with the road show and (x) the filing fees incident to, and the reasonable fees and disbursements of counsel to the Underwriters in connection with, the review by the National Association of Securities Dealers, Inc. (the "NASD") of the terms of the sale of the Securities and (xi) the fees and expenses incurred in connection with the listing of the Securities on the Nasdaq National Market and (xii) any costs and expenses of the Underwriters, including the reasonable fees and disbursements of counsel for the Underwriters incurred in connection with matters related to the Reserved Securities which are designated by the Company for sale to Invitees. It is understood, however, that except as expressly provided elsewhere in this Agreement, the Underwriters will pay all of their own expenses, including fees of their counsel.

(b) Expenses of the Selling Shareholder. Notwithstanding Section 4(a) above and subject to Section 4(c), the Selling Shareholder will pay all expenses incident to the performance of its obligations under, and the consummation of the transactions contemplated by this Agreement, including (i) any stamp duties, capital duties and stock transfer taxes, if any, payable upon the sale of the Securities to the Underwriters, and their transfer between the Underwriters pursuant to an agreement between such Underwriters, and (ii) the fees and disbursements of its counsel and other advisors.

(c) Termination of Agreement. If this Agreement is terminated by the Representatives in accordance with the provisions of Section 5, Section 9(a)(i) or Section 11 hereof, the Company shall reimburse the Underwriters for all of their out-of-pocket expenses, including the reasonable fees and disbursements of counsel for the Underwriters.

(d) Allocation of Expenses. If the Company is required to make any payment to the Underwriters under Section 4(c) in connection with any termination of this Agreement pursuant to Section 5 or 11(a) relating to the Selling Shareholder under circumstances where there was no basis for the Representatives to terminate this Agreement pursuant to Section 5 or 11(a) relating to the Company, the Selling Shareholder shall reimburse the Company on demand for all amounts so paid.

SECTION 5. Conditions of Underwriters' Obligations. The obligations of the several Underwriters hereunder are subject to the accuracy of the representations and warranties of the Company and the Selling Shareholder contained in Section 1 hereof or in certificates of any officer of the Company or any subsidiary of the Company or on behalf of the Selling Shareholder delivered pursuant to the provisions hereof, to the performance by the Company of its covenants and other obligations hereunder, and to the following further conditions:

(a) Effectiveness of Registration Statement. The Registration Statement, including any Rule 462(b) Registration Statement, has become effective and at Closing Time no stop order suspending the effectiveness of the Registration Statement shall have been issued under the 1933 Act or proceedings therefor initiated or threatened by the Commission, and any request on the part of the Commission for additional information shall have been complied with to the reasonable satisfaction of counsel to the Underwriters. A prospectus containing the Rule 430A Information shall have been filed with the Commission in accordance with Rule 424(b) (or a post-effective amendment providing such information shall have been filed and declared effective in accordance with the requirements of Rule 430A).

(b) Opinion of Counsel for Company. At Closing Time, the Representatives shall have received the favorable opinions, dated as of Closing Time, of (i) Sidley Austin Brown & Wood LLP, counsel for the Company, in form and substance reasonably satisfactory to counsel for the Underwriters, together with signed or reproduced copies of such letter for each of the other Underwriters to the effect set forth in Exhibit A hereto, and (ii) the General Counsel for the Company, in form and substance reasonably satisfactory to counsel for the Underwriters, together with signed or reproduced copies of such letter for each of the other Underwriters to the effect set forth in Exhibit B hereto.

(c) Opinion of Counsel for the Selling Shareholder. At Closing Time, the Representatives shall have received the favorable opinion, dated as of Closing Time, of , counsel for the Selling Shareholder, in form and substance reasonably satisfactory to counsel for the Underwriters, together with signed or reproduced copies of such letter for each of the other Underwriters to the effect set forth in Exhibit C hereto.

(d) Opinion of Counsel for Underwriters. At Closing Time, the Representatives shall have received the favorable opinion, dated as of Closing Time, of Latham & Watkins LLP, counsel for the Underwriters, together with signed or reproduced copies of such letter for each of the other Underwriters with respect to the matters set forth in clauses (i), (ii), (v), (vi) (solely as to preemptive or other similar rights arising by operation of law or under the charter or by-laws of the Company), (viii) through (x), inclusive, (xi), (xiii) (solely as to the information in the Prospectus under "Description of Capital Stock--Common Stock") and the penultimate paragraph of Exhibit A hereto. In giving such opinion such counsel may rely, as to all matters governed by the laws of jurisdictions other than the law of the State of New York and the federal law of the United States and the General Corporation Law of the State of Delaware, upon the opinions of counsel satisfactory to the Representatives. Such counsel may also state that, insofar as such opinion involves factual matters, they have relied, to the extent they deem proper, upon certificates of officers of the Company and its subsidiaries and certificates of public officials.

(e) Officers' Certificate. At Closing Time, there shall not have been, since the date hereof or since the respective dates as of which information is given in the Prospectus, any Material Adverse Effect, and the Representatives shall have received a certificate of the President or a Vice President of the Company and of the chief financial or chief accounting officer of the Company, dated as of Closing Time, to the effect that (i) there has been no Material Adverse Effect, (ii) the representations and warranties in Section 1(a) hereof are true and correct with the same force and effect as though expressly made at and as of Closing Time, (iii) the Company has complied with all agreements and satisfied all conditions on its part to be performed or satisfied at or prior to Closing Time, and (iv) no stop order suspending the effectiveness of the Registration Statement has been issued and no proceedings for that purpose have been instituted or are pending or, to their knowledge, contemplated by the Commission.

(f) Certificate of Selling Shareholder. At Closing Time, the Representatives shall have received a certificate of an Attorney-in-Fact on behalf of the Selling Shareholder, dated as of Closing Time, to the effect that
(i) the representations and warranties of the Selling Shareholder contained in
Section 1(b) hereof are true and correct in all respects with the same force and effect as though expressly made at and as of Closing Time and (ii) the Selling Shareholder has complied in all material respects with all agreements and all conditions on its part to be performed under this Agreement at or prior to Closing Time.

(g) Accountant's Comfort Letter. At the time of the execution of this Agreement, the Representatives shall have received from Ernst & Young LLP a letter dated such date, in form and substance satisfactory to the Representatives, together with signed or reproduced copies of such letter for each of the other Underwriters containing statements and information of the type ordinarily included in

accountants' "comfort letters" to underwriters with respect to the financial statements and certain financial information contained in the Registration Statement and the Prospectus.

(h) Bring-down Comfort Letter. At Closing Time, the Representatives shall have received from Ernst & Young LLP a letter, dated as of Closing Time, to the effect that they reaffirm the statements made in the letter furnished pursuant to subsection (g) of this Section, except that the specified date referred to shall be a date not more than three business days prior to Closing Time.

(i) Approval of Listing. At Closing Time, the Securities shall have been approved for listing on the Nasdaq National Market, subject only to official notice of issuance.

(j) No Objection. The NASD has confirmed that it has not raised any objection with respect to the fairness and reasonableness of the underwriting terms and arrangements.

(k) Lock-up Agreements. At the date of this Agreement, the Representatives shall have received an agreement substantially in the form of
(i) Exhibit D hereto signed by the persons listed on Schedule D hereto and (ii) Exhibit E hereto signed by HY I Investments, L.L.C.

(l) Maintenance of Rating. Since the execution of this Agreement, there shall not have been any decrease in the rating of any of the Company's securities by any "nationally recognized statistical rating organization" (as defined for purposes of Rule 436(g) under the 1933 Act) or any notice given to the Company of any intended or potential decrease in any such rating or of a possible change in any such rating that does not indicate the direction of the possible change.

(m) Conditions to Purchase of Option Securities. In the event that the Underwriters exercise their option provided in Section 2(b) hereof to purchase all or any portion of the Option Securities, the representations and warranties of the Company and the Selling Shareholder contained herein and the statements in any certificates furnished by the Company, any subsidiary of the Company and the Selling Shareholder hereunder shall be true and correct as of each Date of Delivery and, at the relevant Date of Delivery, the Representatives shall have received:

(i) Officers' Certificate. A certificate, dated such Date of Delivery, of the President or a Vice President of the Company and of the chief financial or chief accounting officer of the Company confirming that the certificate delivered at the Closing Time pursuant to Section 5(e) hereof remains true and correct as of such Date of Delivery.

(ii) Certificate of Selling Shareholder. A certificate, dated such Date of Delivery, of an Attorney-in-Fact on behalf of the Selling Shareholder confirming that the certificate delivered at Closing Time pursuant to Section 5(f) remains true and correct as of such Date of Delivery.

(iii) Opinion of Counsel for Company. The favorable opinion of
(i) Sidley Austin Brown & Wood LLP, counsel for the Company, in form and substance reasonably satisfactory to counsel for the Underwriters, dated such Date of Delivery, relating to the Option Securities to be purchased on such Date of Delivery and otherwise to the same effect as the opinion required by Section 5(b)(i) hereof, and (ii) the General Counsel for the Company, in form and substance reasonably satisfactory to counsel for the Underwriters, dated such Date of Delivery, relating to the Option Securities to be purchased on such Date of Delivery and otherwise to the same effect as the opinion required by Section 5(b)(ii) hereof.

(iv) Opinion of Counsel for the Selling Shareholder. The favorable opinion of , counsel for the Selling Shareholder, in form and substance reasonably satisfactory to counsel for

the Underwriters, dated such Date of Delivery, relating to the Option Securities to be purchased on such Date of Delivery and otherwise to the same effect as the opinion required by Section 5(c) hereof.

(v) Opinion of Counsel for Underwriters. The favorable opinion of Latham & Watkins LLP, counsel for the Underwriters, dated such Date of Delivery, relating to the Option Securities to be purchased on such Date of Delivery and otherwise to the same effect as the opinion required by Section 5(d) hereof.

(vi) Bring-down Comfort Letter. A letter from Ernst & Young LLP, in form and substance satisfactory to the Representatives and dated such Date of Delivery, substantially in the same form and substance as the letter furnished to the Representatives pursuant to Section 5(g) hereof, except that the "specified date" in the letter furnished pursuant to this paragraph shall be a date not more than five days prior to such Date of Delivery.

(n) Additional Documents. At Closing Time and at each Date of Delivery counsel for the Underwriters shall have been furnished with such documents and opinions as they may reasonably require for the purpose of enabling them to pass upon the issuance and sale of the Securities as herein contemplated, or in order to evidence the accuracy of any of the representations or warranties, or the fulfillment of any of the conditions, herein contained; and all proceedings taken by the Company and the Selling Shareholder in connection with the issuance and sale of the Securities as herein contemplated shall be reasonably satisfactory in form and substance to the Representatives and counsel for the Underwriters.

(o) Termination of Agreement. If any condition specified in this
Section shall not have been fulfilled when and as required to be fulfilled, this Agreement, or, in the case of any condition to the purchase of Option Securities on a Date of Delivery which is after the Closing Time, the obligations of the several Underwriters to purchase the relevant Option Securities, may be terminated by the Representatives by notice to the Company and the Selling Shareholder at any time at or prior to Closing Time or such Date of Delivery, as the case may be, and such termination shall be without liability of any party to any other party except as provided in Section 4 and except that Sections 1, 6, 7 and 8 shall survive any such termination and remain in full force and effect.

SECTION 6. Indemnification.

(a) Indemnification of Underwriters by the Company. The Company agrees to indemnify and hold harmless each Underwriter, its affiliates, as such term is defined in Rule 501(b) under the 1933 Act (each, an "Affiliate"), its selling agents and each person, if any, who controls any Underwriter within the meaning of Section 15 of the 1933 Act or Section 20 of the 1934 Act as follows:

(i) against any and all loss, liability, claim, damage and expense whatsoever, as incurred, arising out of any untrue statement or alleged untrue statement of a material fact contained in the Registration Statement (or any amendment thereto), including the Rule 430A Information or the omission or alleged omission therefrom of a material fact required to be stated therein or necessary to make the statements therein not misleading or arising out of any untrue statement or alleged untrue statement of a material fact included in any preliminary prospectus or the Prospectus (or any amendment or supplement thereto), or the omission or alleged omission therefrom of a material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading;

(ii) against any and all loss, liability, claim, damage and expense whatsoever, as incurred, to the extent of the aggregate amount paid in settlement of any litigation, or any investigation or proceeding by any governmental agency or body, commenced or threatened, or of any claim whatsoever based upon any such untrue statement or omission, or any such alleged untrue statement or omission; provided, that (subject to Section 6(e) below) any such settlement is effected with the written consent of the Company;

(iii) against any and all expense whatsoever, as incurred (including the fees and disbursements of counsel chosen by the Representatives), reasonably incurred in investigating, preparing or defending against any litigation, or any investigation or proceeding by any governmental agency or body, commenced or threatened, or any claim whatsoever based upon any such untrue statement or omission, or any such alleged untrue statement or omission, to the extent that any such expense is not paid under (i) or (ii) above;

provided, however, that this indemnity agreement shall not apply to any loss, liability, claim, damage or expense to the extent arising out of any untrue statement or omission or alleged untrue statement or omission made in reliance upon and in conformity with written information furnished to the Company by any Underwriter through the Representatives or by the Selling Shareholder expressly for use in the Registration Statement (or any amendment thereto), including the Rule 430A Information, or any preliminary prospectus or the Prospectus (or any amendment or supplement thereto); and provided, further, that with respect to any untrue statement or omission from any preliminary prospectus, the indemnity agreement contained in this Section 6(a) shall not inure to the benefit of any Underwriter from whom the person asserting any such loss, liability, claim, damage or expense purchased Securities, or any person controlling such Underwriter, to the extent that a prospectus relating to such Securities was required to be delivered by such Underwriter under the 1933 Act in connection with such purchase and any such loss, liability, claim, damage or expense of such Underwriter results from the fact that there was not sent or given to such person, at or prior to the written confirmation of the sales of the Securities to such person, a copy of the Prospectus (as then amended or supplemented) which corrected such untrue statement or omission.

(b) Indemnification of Underwriters by the Selling Shareholders. The Selling Shareholder agrees to indemnify and hold harmless each Underwriter, its Affiliates, its selling agents and each person, if any, who controls such Underwriter within the meaning of Section 15 of the 1933 Act or Section 20 of the 1934 Act against any and all loss, liability, claim, damage and expense described in the indemnity contained in subsection (a) of this Section, as incurred, but only with respect to untrue statements or omissions, or alleged untrue statements or omissions, made in the Registration Statement (or any amendment thereto), including the Rule 430A Information, or any preliminary prospectus or the Prospectus (or any amendment or supplement thereto), in reliance upon and in conformity with written information furnished to the Company by the Selling Shareholder expressly for use in the Registration Statement (or any amendment thereto) or such preliminary prospectus or the Prospectus (or any amendment or supplement thereto); provided, however, that with respect to any untrue statement or omission from any preliminary prospectus, the indemnity agreement contained in this Section 6(b) shall not inure to the benefit of any Underwriter from whom the person asserting any such loss, liability, claim, damage or expense purchased Securities, or any person controlling such Underwriter, to the extent that a prospectus relating to such Securities was required to be delivered by such Underwriter under the 1933 Act in connection with such purchase and any such loss, liability, claim, damage or expense of such Underwriter results from the fact that there was not sent or given to such person, at or prior to the written confirmation of the sales of the Securities to such person, a copy of the Prospectus (as then amended or supplemented) which corrected such untrue statement or omission. The liability under this subsection (b) of the Selling Shareholder shall be limited to an amount equal to the gross proceeds to the Selling Shareholder from the sale of Securities sold by the Selling Shareholder under this Agreement. The

Company and the Underwriter acknowledge that the statements set forth under the caption "Principal and Selling Shareholder" relating to the Selling Shareholder in any preliminary prospectus, the Prospectus (as amended) and the Registration Statement (as amended or supplemented) constitute the only information furnished in writing by or behalf of the Selling Shareholder for inclusion therein (the "Selling Shareholder Information").

(c) Indemnification of Company, Directors and Officers and Selling Shareholder. Each Underwriter severally agrees to indemnify and hold harmless the Company, its directors, each of its officers who signed the Registration Statement, and each person, if any, who controls the Company within the meaning of Section 15 of the 1933 Act or Section 20 of the 1934 Act, and the Selling Shareholder and each person, if any, who controls the Selling Shareholder within the meaning of Section 15 of the 1933 Act or Section 20 of the 1934 Act against any and all loss, liability, claim, damage and expense described in the indemnity contained in subsection (a) of this Section, as incurred, but only with respect to untrue statements or omissions, or alleged untrue statements or omissions, made in the Registration Statement (or any amendment thereto), including the Rule 430A Information or any preliminary prospectus or the Prospectus (or any amendment or supplement thereto) in reliance upon and in conformity with written information furnished to the Company by such Underwriter through the Representatives expressly for use in the Registration Statement (or any amendment thereto) or such preliminary prospectus or the Prospectus (or any amendment or supplement thereto).

(d) Actions against Parties; Notification. Each indemnified party shall give notice as promptly as reasonably practicable to each indemnifying party of any action commenced against it in respect of which indemnity may be sought hereunder, but failure to so notify an indemnifying party shall not relieve such indemnifying party from any liability hereunder to the extent it is not materially prejudiced as a result thereof and in any event shall not relieve it from any liability which it may have otherwise than on account of this indemnity agreement. In the case of parties indemnified pursuant to Section 6(a) and 6(b) above, counsel to the indemnified parties shall be selected by the Representatives, and, in the case of indemnified pursuant to Section 6(c) above, counsel to the indemnified parties shall be selected by the Company. An indemnifying party may participate at its own expense in the defense of any such action; provided, however, that counsel to the indemnifying party shall not (except with the consent of the indemnified party) also be counsel to the indemnified party. In no event shall the indemnifying parties be liable for fees and expenses of more than one counsel (in addition to any local counsel) separate from their own counsel for all indemnified parties in connection with any one action or separate but similar or related actions in the same jurisdiction arising out of the same general allegations or circumstances. No indemnifying party shall, without the prior written consent of the indemnified parties, settle or compromise or consent to the entry of any judgment with respect to any litigation, or any investigation or proceeding by any governmental agency or body, commenced or threatened, or any claim whatsoever in respect of which indemnification or contribution could be sought under this
Section 6 or Section 7 hereof (whether or not the indemnified parties are actual or potential parties thereto), unless such settlement, compromise or consent (i) includes an unconditional release of each indemnified party from all liability arising out of such litigation, investigation, proceeding or claim and (ii) does not include a statement as to or an admission of fault, culpability or a failure to act by or on behalf of any indemnified party.

(e) Settlement without Consent if Failure to Reimburse. If at any time an indemnified party shall have requested an indemnifying party to reimburse the indemnified party for fees and expenses of counsel, such indemnifying party agrees that it shall be liable for any settlement of the nature contemplated by
Section 6(a)(ii) or settlement of any claim in connection with any violation referred to in Section 6(f) effected without its written consent if (i) such settlement is entered into more than 45 days after receipt by such indemnifying party of the aforesaid request, (ii) such indemnifying party shall have received notice of the terms of such settlement at least 30 days prior to such settlement being entered into

and (iii) such indemnifying party shall not have reimbursed such indemnified party in accordance with such request prior to the date of such settlement.

(f) Indemnification for Reserved Securities. In connection with the offer and sale of the Reserved Securities, the Company agrees to indemnify and hold harmless the Underwriters, their Affiliates and selling agents and each person, if any, who controls any Underwriter within the meaning of either
Section 15 of the 1933 Act or Section 20 of the 1934 Act, from and against any and all loss, liability, claim, damage and expense (including, without limitation, any legal or other expenses reasonably incurred in connection with defending, investigating or settling any such action or claim), as incurred, (i) arising out of the violation of any applicable laws or regulations of foreign jurisdictions where Reserved Securities have been offered; (ii) arising out of any untrue statement or alleged untrue statement of a material fact contained in any prospectus wrapper or other material prepared by or with the consent of the Company for distribution to Invitees in connection with the offering of the Reserved Securities or caused by any omission or alleged omission to state therein a material fact required to be stated therein or necessary to make the statements therein not misleading; (iii) caused by the failure of any Invitee to pay for and accept delivery of Reserved Securities which have been orally confirmed for purchase by any Invitee by the end of the first business day after the date of the Agreement; or (iv) related to, or arising out of or in connection with, the offering of the Reserved Securities.

(g) Other Agreements with Respect to Indemnification. The provisions of this Section shall not affect any agreement between the Company and the Selling Shareholder with respect to indemnification.

SECTION 7. Contribution. If the indemnification provided for in subsection (a), (b) or (c) of Section 6 hereof is for any reason unavailable to or insufficient to hold harmless an indemnified party in respect of any losses, liabilities, claims, damages or expenses referred to therein, then each indemnifying party under such paragraph shall contribute to the aggregate amount of such losses, liabilities, claims, damages and expenses incurred by such indemnified party, as incurred, (i) in such proportion as is appropriate to reflect the relative benefits received by the Company and the Selling Shareholder on the one hand and the Underwriters on the other hand from the offering of the Securities pursuant to this Agreement or (ii) if the allocation provided by clause (i) is not permitted by applicable law, in such proportion as is appropriate to reflect not only the relative benefits referred to in clause
(i) above but also the relative fault of the Company and the Selling Shareholder on the one hand and of the Underwriters on the other hand in connection with the statements or omissions, or in connection with any violation of the nature referred to in Section 6(f) hereof, which resulted in such losses, liabilities, claims, damages or expenses, as well as any other relevant equitable considerations.

The relative benefits received by the Company and the Selling Shareholder on the one hand and the Underwriters on the other hand in connection with the offering of the Securities pursuant to this Agreement shall be deemed to be in the same respective proportions as the total net proceeds from the offering of the Securities pursuant to this Agreement (before deducting expenses) received by the Company and the Selling Shareholder and the total underwriting discount received by the Underwriters, in each case as set forth on the cover of the Prospectus bear to the aggregate initial public offering price of the Securities as set forth on the cover of the Prospectus.

The relative fault of the Company and the Selling Shareholder on the one hand and the Underwriters on the other hand shall be determined by reference to, among other things, whether any such untrue or alleged untrue statement of a material fact or omission or alleged omission to state a material fact relates to information supplied by the Company or the Selling Shareholder or by the Underwriters and the parties' relative intent, knowledge, access to information and opportunity to correct or prevent such statement or omission or any violation of the nature referred to in Section 6(f) hereof.

The Company, the Selling Shareholder and the Underwriters agree that it would not be just and equitable if contribution pursuant to this Section 7 were determined by pro rata allocation (even if the Underwriters were treated as one entity for such purpose) or by any other method of allocation which does not take account of the equitable considerations referred to above in this Section 7. The aggregate amount of losses, liabilities, claims, damages and expenses incurred by an indemnified party and referred to above in this Section 7 shall be deemed to include any legal or other expenses reasonably incurred by such indemnified party in investigating, preparing or defending against any litigation, or any investigation or proceeding by any governmental agency or body, commenced or threatened, or any claim whatsoever based upon any such untrue or alleged untrue statement or omission or alleged omission.

Notwithstanding the provisions of this Section 7, (A) no Underwriter shall be required to contribute any amount in excess of the amount by which the total price at which the Securities underwritten by it and distributed to the public were offered to the public exceeds the amount of any damages which such Underwriter has otherwise been required to pay by reason of any such untrue or alleged untrue statement or omission or alleged omission and (B) the Selling Shareholder shall not be required to contribute in excess of the amount equal to the gross proceeds to the Selling Shareholder from the sale of the Securities by the Selling Shareholder under this Agreement.

No person guilty of fraudulent misrepresentation (within the meaning of Section 11(f) of the 1933 Act) shall be entitled to contribution from any person who was not guilty of such fraudulent misrepresentation.

For purposes of this Section 7, each person, if any, who controls an Underwriter within the meaning of Section 15 of the 1933 Act or Section 20 of the 1934 Act and each Underwriter's Affiliates and selling agents shall have the same rights to contribution as such Underwriter, and each director of the Company, each officer of the Company who signed the Registration Statement, and each person, if any, who controls the Company or the Selling Shareholder within the meaning of Section 15 of the 1933 Act or Section 20 of the 1934 Act shall have the same rights to contribution as the Company or the Selling Shareholder, as the case may be. The Underwriters' respective obligations to contribute pursuant to this Section 7 are several in proportion to the number of Initial Securities set forth opposite their respective names in Schedule A hereto and not joint.

The provisions of this Section shall not affect any agreement among the Company and the Selling Shareholder with respect to contribution.

SECTION 8. Representations, Warranties and Agreements to Survive. All representations, warranties and agreements contained in this Agreement or in certificates of officers of the Company or any of its subsidiaries or the Selling Shareholder submitted pursuant hereto, shall remain operative and in full force and effect regardless of (i) any investigation made by or on behalf of any Underwriter or its Affiliates or selling agents, any person controlling any Underwriter, its officers or directors, any person controlling the Company or any person controlling the Selling Shareholder and (ii) delivery of and payment for the Securities.

SECTION 9. Termination of Agreement.

(a) Termination; General. The Representatives may terminate this Agreement, by notice to the Company and the Selling Shareholder, at any time at or prior to Closing Time (i) if there has been, since the time of execution of this Agreement or since the respective dates as of which information is given in the Prospectus, any Material Adverse Effect, or (ii) if there has occurred any material adverse change in the financial markets in the United States or the international financial markets, any outbreak of hostilities or escalation thereof or other calamity or crisis or any change or development involving a

prospective change in national or international political, financial or economic conditions, in each case the effect of which is such as to make it, in the judgment of the Representatives, impracticable or inadvisable to market the Securities or to enforce contracts for the sale of the Securities, or (iii) if trading in any securities of the Company has been suspended or materially limited by the Commission or the Nasdaq National Market, or if trading generally on the Nasdaq National Market or in the New York Stock Exchange has been suspended or materially limited, or minimum or maximum prices for trading have been fixed, or maximum ranges for prices have been required, by any of said exchanges or by such system or by order of the Commission, the National Association of Securities Dealers, Inc. or any other governmental authority, or
(iv) a material disruption has occurred in commercial banking or securities settlement or clearance services in the United States, or
(v) if a banking moratorium has been declared by either Federal or New York authorities.

(b) Liabilities. If this Agreement is terminated pursuant to this Section, such termination shall be without liability of any party to any other party except as provided in Section 4 hereof, and provided, further, that Sections 1, 6, 7 and 8 shall survive such termination and remain in full force and effect.

SECTION 10. Default by One or More of the Underwriters. If one or more of the Underwriters shall fail at Closing Time or a Date of Delivery to purchase the Securities which it or they are obligated to purchase under this Agreement (the "Defaulted Securities"), the Representatives shall have the right, within 24 hours thereafter, to make arrangements for one or more of the non-defaulting Underwriters, or any other underwriters, to purchase all, but not less than all, of the Defaulted Securities in such amounts as may be agreed upon and upon the terms herein set forth; if, however, the Representatives shall not have completed such arrangements within such 24-hour period, then:

(i) if the number of Defaulted Securities does not exceed 10% of the number of Securities to be purchased on such date, each of the non-defaulting Underwriters shall be obligated, severally and not jointly, to purchase the full amount thereof in the proportions that their respective underwriting obligations hereunder bear to the underwriting obligations of all non-defaulting Underwriters, or

(ii) if the number of Defaulted Securities exceeds 10% of the number of Securities to be purchased on such date, this Agreement or, with respect to any Date of Delivery which occurs after the Closing Time, the obligation of the Underwriters to purchase and of the Company to sell the Option Securities to be purchased and sold on such Date of Delivery shall terminate without liability on the part of any non-defaulting Underwriter.

No action taken pursuant to this Section shall relieve any defaulting Underwriter from liability in respect of its default.

In the event of any such default which does not result in a termination of this Agreement or, in the case of a Date of Delivery which is after the Closing Time, which does not result in a termination of the obligation of the Underwriters to purchase and the Selling Shareholder to sell the relevant Option Securities, as the case may be, either the (i) Representatives or (ii) the Company and the Selling Shareholder shall have the right to postpone Closing Time or the relevant Date of Delivery, as the case may be, for a period not exceeding seven days in order to effect any required changes in the Registration Statement or Prospectus or in any other documents or arrangements as based on the advice of counsel to such party. As used herein, the term "Underwriter" includes any person substituted for an Underwriter under this Section 10.

SECTION 11. Default by the Selling Shareholder or the Company. (a) If the Selling Shareholder shall fail at Closing Time or at a Date of Delivery to sell and deliver the number of Securities which the Selling Shareholder are obligated to sell hereunder, then the Underwriters may, at option of the Representatives, by notice from the Representatives to the Company and the Selling Shareholder, either (i) terminate this Agreement without any liability on the fault of any non-defaulting party except that the provisions of Sections 1, 4, 6, 7 and 8 shall remain in full force and effect or (ii) elect to purchase the Securities which the Company has agreed to sell hereunder. No action taken pursuant to this Section 11 shall relieve the Selling Shareholder so defaulting from liability, if any, in respect of such default.

In the event of a default by the Selling Shareholder as referred to in this Section 11, each of the Representatives and the Company shall have the right to postpone Closing Time or Date of Delivery for a period not exceeding seven days in order to effect any required change in the Registration Statement or Prospectus or in any other documents or arrangements.

(b) If the Company shall fail at Closing Time or at the Date of Delivery to sell the number of Securities that it is obligated to sell hereunder, then this Agreement shall terminate without any liability on the part of any nondefaulting party; provided, however, that the provisions of Sections 1, 4, 6, 7 and 8 shall remain in full force and effect. No action taken pursuant to this Section 11 shall relieve the Company from liability, if any, in respect of such default.

SECTION 12. Tax Disclosure. Notwithstanding any other provision of this Agreement, from the commencement of discussions with respect to the transactions contemplated hereby, each of the Company and the Selling Shareholder (and each employee, representative or other agent of each of the Company and the Selling Shareholder) may disclose to any and all persons, without limitation of any kind, the tax treatment and tax structure (as such terms are used in Sections 6011, 6111 and 6112 of the U.S. Code and the Treasury Regulations promulgated thereunder) of the transactions contemplated by this Agreement and all materials of any kind (including opinions or other tax analyses) that are provided relating to such tax treatment and tax structure.

SECTION 13. Miscellaneous. (a) The Company and the Selling Shareholder acknowledge and agree that (i) the purchase and sale of the Securities pursuant to this Agreement, including the determination of the public offering price of the Securities and any related discounts and commissions, is an arm's-length commercial transaction between the Company and the Selling Shareholder, on the one hand, and the several Underwriters, on the other hand, (ii) in connection with the offering contemplated hereby and the process leading to such transaction each Underwriter is and has been acting solely as a principal and is not the agent or fiduciary of the Company, the Selling Shareholder, or their respective stockholders, creditors, employees or any other party, (iii) no Underwriter has assumed or will assume an advisory or fiduciary responsibility in favor of the Company or the Selling Shareholder with respect to the offering contemplated hereby or the process leading thereto (irrespective of whether such Underwriter has advised or is currently advising the Company or the Selling Shareholder on other matters) and no Underwriter has any obligation to the Company or the Selling Shareholder with respect to the offering contemplated hereby except the obligations expressly set forth in this Agreement, (iv) the Underwriters and their respective affiliates may be engaged in a broad range of transactions that involve interests that differ from those of the Company or the Selling Shareholder, and (v) the Underwriters have not provided any legal, accounting, regulatory or tax advice with respect to the offering contemplated hereby and each of the Company and the Selling Shareholder has consulted its own legal, accounting, regulatory and tax advisors to the extent it deemed appropriate.

SECTION 14. Notices. All notices and other communications hereunder shall be in writing and shall be deemed to have been duly given if mailed or transmitted by any standard form of telecommunication. Notices to the Underwriters shall be directed to the Representatives at 4 World

Financial Center, New York, New York 10080, attention Office of the General Counsel; notices to the Company shall be directed to it at 1701 East Market Street, Jeffersonville, Indiana 47130, attention of General Counsel; and notices to the Selling Shareholder shall be directed to , attention of .

SECTION 15. Parties. This Agreement shall each inure to the benefit of and be binding upon the Underwriters, the Company and the Selling Shareholder and their respective successors. Nothing expressed or mentioned in this Agreement is intended or shall be construed to give any person, firm or corporation, other than the Underwriters, the Company and the Selling Shareholder and their respective successors and the controlling persons and officers and directors referred to in Sections 6 and 7 and their heirs and legal representatives, any legal or equitable right, remedy or claim under or in respect of this Agreement or any provision herein contained. This Agreement and all conditions and provisions hereof are intended to be for the sole and exclusive benefit of the Underwriters, the Company and the Selling Shareholder and their respective successors, and said controlling persons and officers and directors and their heirs and legal representatives, and for the benefit of no other person, firm or corporation. No purchaser of Securities from any Underwriter shall be deemed to be a successor by reason merely of such purchase.

SECTION 16. GOVERNING LAW. THIS AGREEMENT SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK.

SECTION 17. TIME. TIME SHALL BE OF THE ESSENCE OF THIS AGREEMENT. EXCEPT AS OTHERWISE SET FORTH HEREIN, SPECIFIED TIMES OF DAY REFER TO NEW YORK CITY TIME.

SECTION 18. Counterparts. This Agreement may be executed in any number of counterparts, each of which shall be deemed to be an original, but all such counterparts shall together constitute one and the same Agreement.

SECTION 19. Effect of Headings. The Section headings herein are for convenience only and shall not affect the construction hereof.

If the foregoing is in accordance with your understanding of our agreement, please sign and return to the Company and the Attorney-in-Fact for the Selling Shareholder a counterpart hereof, whereupon this instrument, along with all counterparts, will become a binding agreement among the Underwriters, the Company and the Selling Shareholder in accordance with its terms.

Very truly yours,

AMERICAN COMMERCIAL LINES INC.

By

Name:

Title:

GVI HOLDINGS, INC.

By

Name:

Title:
As Attorney-in-Fact acting on
behalf of the Selling Shareholder
named in Schedule B hereto

CONFIRMED AND ACCEPTED,
as of the date first above written:

MERRILL LYNCH & CO.
MERRILL LYNCH, PIERCE, FENNER & SMITH

INCORPORATED

UBS Securities LLC

BY: MERRILL LYNCH, PIERCE, FENNER & SMITH

INCORPORATED

By

Authorized Signatory

For itself and as Representative of the other Underwriters named in Schedule A hereto.

SCHEDULE A

Name of Underwriter	Number of Initial Securities
Merrill Lynch, Pierce, Fenner & Smith Incorporated.....	
UBS Securities LLC.....	
Credit Suisse First Boston LLC.....	
Deutsche Bank Securities Inc.....	
Total.....	

Sch A-1

SCHEDULE B

	Number of Initial Securities to be Sold	Maximum Number of Option Securities to Be Sold
AMERICAN COMMERCIAL LINES INC.		
GVI HOLDINGS, INC.		
Total.....		

Sch B-1

SCHEDULE C

AMERICAN COMMERCIAL LINES INC.
Shares of Common Stock
(Par Value $0.01 Per Share)

1. The initial public offering price per share for the Securities, determined as provided in said Section 2, shall be $.

2. The purchase price per share for the Securities to be paid by the several Underwriters shall be $, being an amount equal to the initial public offering price set forth above less $ per share; provided, that the purchase price per share for any Option Securities purchased upon the exercise of the overallotment option described in Section 2(b) shall be reduced by an amount per share equal to any dividends or distributions declared by the Company and payable on the Initial Securities but not payable on the Option Securities.

Sch C-1

SCHEDULE D

1. Christopher Black
2. Paul Brotzge
3. Eugene Davis
4. Lisa Fleming
5. Nick Fletcher
6. Mark Holden
7. Richard Huber
8. Karl Kintzele
9. Nils Larsen
10. Jerry Linzey
11. Michael Monahan
12. Martin Pepper
13. R. Barker Price
14. Emanuel Rouvelas
15. William Schmidt
16. R. Christopher Weber
17. W. N. Whitlock
18. Clayton Yeutter
19. Samuel Zell
20. Great American Management and Investment, Inc.
21. GVI Holdings, Inc.
22. SZ Investments, L.L.C.

Exhibit A

**FORM OF OPINION OF COMPANY'S COUNSEL
TO BE DELIVERED PURSUANT TO SECTION 5(b)(i)**

(i) The Company has been duly incorporated and is validly existing as a corporation in good standing under the laws of the State of Delaware.

(ii) The Company has corporate power and authority to own, lease and operate its properties and to conduct its business as described in the Prospectus and to enter into and perform its obligations under the Purchase Agreement.

(iii) The Company is duly qualified to transact business as a foreign corporation and is in good standing in the states identified in such opinion.

(iv) The Company has authorized capital stock as set forth in the Prospectus and the issuance of the outstanding shares of capital stock of the Company was not subject to preemptive rights under the terms of the Delaware General Corporation Law (the "DGCL") or the Company's Certificate of Incorporation.

(v) The shares of Common Stock outstanding prior to the issuance and sale of the Initial Securities to be sold by the Company pursuant to the Purchase Agreement (including the Securities to be sold by the Selling Stockholder pursuant to the Purchase Agreement) have been duly authorized and validly issued and are fully paid and non-assessable.

(vi) The Initial Securities to be sold by the Company pursuant to the Purchase Agreement have been duly authorized for issuance and sale to the Underwriters pursuant to the Purchase Agreement and, when issued and delivered by the Company pursuant to the Purchase Agreement against payment of the consideration set forth in the Purchase Agreement, will be validly issued and fully paid and non-assessable and no holder of the Initial Securities is or will be subject to personal liability pursuant to the DGCL by reason of being such a holder.

(vii) The issuance of the Initial Securities to be sold by the Company pursuant to the Purchase Agreement is not subject to preemptive rights under the terms of the DGCL or the Company's Certificate of Incorporation.

(viii) Each of American Commercial Lines LLC, Louisiana Dock Company LLC, Jeffboat LLC, American Commercial Terminals LLC, American Commercial Barge Line LLC, Vessel Leasing LLC, and American Commercial Lines International LLC (the "Specified Subsidiaries") has been duly formed and is validly existing as a limited liability company in good standing under the laws of the State of Delaware. Each Specified Subsidiary has the requisite limited liability company power and authority to own, lease and operate its respective properties and to conduct its business as described in the Prospectus, and each Specified Subsidiary is duly qualified to transact business as a foreign limited liability company and is in good standing in the states identified in such opinion.

(ix) The Purchase Agreement has been duly authorized, executed and delivered by the Company.

(x) The staff of the Division of Corporation Finance of the Commission has advised us that the Registration Statement, including any Rule 462(b) Registration Statement, has been declared effective; any required filing of the Prospectus pursuant to Rule 424(b) has been made in the manner and

within the time period required by Rule 424(b); and, to our knowledge, no stop order suspending the effectiveness of the Registration Statement or any Rule
462(b) Registration Statement has been issued under the 1933 Act and no proceedings for that purpose have been instituted or are pending or threatened by the Commission.

(xi) The Registration Statement, including any Rule 462(b) Registration Statement, and the Rule 430A Information, the Prospectus, and each amendment or supplement to the Registration Statement and Prospectus, as of their respective effective or issue dates (other than the financial statements and schedules and financial data included therein or omitted therefrom, as to which we express no opinion) complied as to form in all material respects with the requirements of the 1933 Act and the 1933 Act Regulations.

(xii) The form of certificate used to evidence the Common Stock complies in all material respects with all applicable requirements of the DGCL, with any applicable requirements of the Company's Certificate of Incorporation and by-laws and with the requirements of the Nasdaq National Market.

(xiii) Statements in the Prospectus under "Description of Capital Stock--Common Stock," "Description of Capital Stock--Preferred Stock" and "Description of Capital Stock - Indemnification and Limitation of Director and Officer Liability" and in the Registration Statement under Item 14, to the extent that such statements constitute matters of law, summaries of legal matters, the Company's Certificate of Incorporation and by-laws, or legal conclusions, have been reviewed by us and are correct summaries in all material respects of the information required by Regulation S-K promulgated by the Commission with respect to such matters.

(xiv) Statements in the Prospectus under "Material U.S. Federal Income Tax Considerations for Non-U.S. Holders," to the extent such statements constitute matters of law, summaries of legal matters or legal conclusions, have been reviewed by us and are correct in all material respects.

(xv) No filing with, or authorization, approval, consent, license, order, registration, qualification or decree of, any United States federal or New York state court or governmental authority or agency (other than under the 1933 Act and the 1933 Act Regulations, which have been obtained, or as may be required under the securities or blue sky laws of the various states, as to which we express no opinion) is necessary or required in connection with the due authorization, execution and delivery by the Company of the Purchase Agreement or for the offering, issuance, sale or delivery of the Initial Securities by the Company.

(xvi) The execution, delivery and performance of the Purchase Agreement and the consummation of the transactions contemplated in the Purchase Agreement and in the Registration Statement (including the issuance and sale of the Securities and the use of the proceeds from the sale of the Securities as described in the Prospectus under the caption "Use Of Proceeds") by the Company and compliance by the Company with its obligations under the Purchase Agreement do not, whether with or without the giving of notice or lapse of time or both,
(a) constitute a breach of, or default or Repayment Event (as defined in Section 1(a)(x) of the Purchase Agreement) under or result in the creation or imposition of any lien, charge or encumbrance upon any property or assets of the Company or any Subsidiary pursuant to any contract filed (or incorporated by reference) as an exhibit to the Registration Statement to which the Company or any Subsidiary is a party or (b) violate (i) the Certificate of Incorporation or by-laws of the Company or (ii) any United States federal or New York state law, statute, rule or regulation known to us.

(xvii) The Company is not required, and upon the issuance and sale by the Company of the Initial Securities as contemplated in the Prospectus and the application of the net proceeds therefrom as described in the Prospectus will not be required, to register as an "investment company" under the 1940 Act.

In the course of the preparation of the Registration Statement and the Prospectus, we have considered the information set forth therein in light of the matters required to be set forth therein and we have participated in conferences with representatives of the Underwriters and officers and representatives of the Company, including its internal counsel and independent public accountants, during the course of which the contents of the Registration Statement and the Prospectus and related matters were discussed and, although we are not passing upon, and do not assume responsibility for the accuracy, completeness or fairness of the statements contained in the Registration Statement or the Prospectus and have not made any independent check or verification thereof (except as set forth in paragraphs (iv), (xiii) and (xiv) above), no facts have come to our attention that cause us to believe that the Registration Statement or any amendment thereto, including the Rule 430A Information, (except for financial statements and schedules and other financial data included therein or omitted therefrom, as to which we express no belief), at the time such Registration Statement or any such amendment became effective, contained an untrue statement of a material fact or omitted to state a material fact required to be stated therein or necessary to make the statements therein not misleading or that the Prospectus or any amendment or supplement thereto (except for financial statements and schedules and other financial data included therein or omitted therefrom, as to which we express no belief), at the time the Prospectus was issued, at the time any such amended or supplemented prospectus was issued or at the Closing Time, included or includes an untrue statement of a material fact or omitted or omits to state a material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading.

In rendering such opinion, such counsel may rely, as to matters of fact (but not as to legal conclusions), to the extent they deem proper, on certificates of responsible officers of the Company and public officials and the order of the Bankruptcy Court in connection with the emergence of the Company's subsidiaries from bankruptcy protection. Such opinion shall be limited to the laws of the State of New York and the federal laws of the United States and the DCGL. Such opinion shall not state that it is to be governed or qualified by, or that it is otherwise subject to, any treatise, written policy or other document relating to legal opinions, including, without limitation, the Legal Opinion Accord of the ABA Section of Business Law (1991).

Such opinion may state that: to comply with certain Treasury regulations, we inform you that (i) any U.S. federal tax advice contained herein was written to support the promotion and marketing by others of shares of Common Stock of the Company, (ii) any U.S. federal tax advice contained herein was not intended or written to be used, and cannot be used, by any person for the purpose of avoiding any U.S. federal tax penalties that may be imposed on such person and (iii) each taxpayer should seek advice based on the taxpayer's particular circumstances from an independent tax advisor.

Exhibit B

**FORM OF OPINION OF COMPANY'S GENERAL COUNSEL
TO BE DELIVERED PURSUANT TO SECTION 5(b)(ii)**

(i) The Company has issued and outstanding capital stock as set forth in the Prospectus.

(ii) To my knowledge, the issuance of the outstanding shares of capital stock of the Company was not in violation of any agreement to which the Company was a party.

(iii) To my knowledge, the issuance of the Initial Securities to be sold by the Company pursuant to the Purchase Agreement is not in violation of any agreement to which the Company is a party.

(iv) Except as otherwise disclosed in the Prospectus all of the membership interests of each Specified Subsidiary are owned by the Company, directly or through subsidiaries, free and clear of any security interest, mortgage, pledge, lien, encumbrance, claim or equity; none of the outstanding membership interests of any Specified Subsidiary was issued in violation of preemptive rights under the terms of such Specified Subsidiary's limited liability company agreement or other similar rights of any securityholder of such Specified Subsidiary, or, to my knowledge, any agreement to which such Specified Subsidiary is a party.

(v) To my knowledge, there is not pending or threatened any action, suit, proceeding, inquiry or investigation, to which the Company or any subsidiary is a party, or to which the property of the Company or any subsidiary is subject, before or brought by any court or governmental agency or body, domestic or foreign, which would reasonably be expected to result in a Material Adverse Effect, or which would reasonably be expected to materially and adversely affect the consummation of the transactions contemplated in the Purchase Agreement or the performance by the Company of its obligations thereunder, except as described in the Prospectus.

(vi) Statements in the Prospectus under "Business--Facilities," "Business--Government Regulation," "Business--Environmental Regulation," "Business--Occupational Health and Safety Matters" and "Business--Litigation," to the extent that such statements constitute matters of law, summaries of legal matters, the Company's Certificate of Incorporation and by-laws or legal proceedings, or legal conclusions, have been reviewed by me and are correct summaries in all material respects.

(vii) To my knowledge, copies of all contracts and other documents required by Regulation S-K promulgated by the Commission to be filed or incorporated by reference as exhibits to, or described in, the Registration Statement have been so filed with the Commission or correctly described in all material respects in the Registration Statement, as the case may be.

(viii) The execution, delivery and performance of the Purchase Agreement and the consummation of the transactions contemplated in the Purchase Agreement and in the Registration Statement (including the issuance and sale of the Securities and the use of the proceeds from the sale of the Securities as described in the Prospectus under the caption "Use Of Proceeds") by the Company and compliance by the Company with its obligations under the Purchase Agreement do not, whether with or without the giving of notice or lapse of time or both,
(a) constitute a breach of, or default or Repayment Event (as defined in Section 1(a)(x) of the Purchase Agreement) under or result in the creation or imposition of any lien, charge or encumbrance upon any property or assets of the Company or any subsidiary pursuant to any contract filed (or incorporated by reference) as an exhibit to the Registration Statement to which the Company or any subsidiary is a party (except for such conflicts, breaches, defaults

or Repayment Events or liens, charges or encumbrances that would not have a Material Adverse Effect), (b) violate (i) the charter or by-laws or limited liability company agreement of any subsidiary, (ii) any federal or Indiana state law, statute, rule or regulation known to me or (iii) any judgment, order, writ or decree issued, to my knowledge, by any domestic or foreign governmental agency, instrumentality or court having jurisdiction over the Company or any subsidiary, or any of their respective properties, assets or operations, and which, expressly by its terms, is binding upon the Company or any subsidiary.

(ix) To the best of my knowledge, there are no persons with registration rights or other similar rights to have any securities registered pursuant to the Registration Statement or otherwise registered by the Company under the 1933 Act, except as described in the Prospectus.

In rendering such opinion, such counsel may rely, as to matters of fact (but not as to legal conclusions), to the extent she deems proper, on certificates of responsible officers of the Company and public officials and the order of the Bankruptcy Court in connection with the emergence of the Company's subsidiaries from bankruptcy protection. Such opinion shall be limited to the laws of the State of Indiana and the federal laws of the United States. Such opinion shall not state that it is to be governed or qualified by, or that it is otherwise subject to, any treatise, written policy or other document relating to legal opinions, including, without limitation, the Legal Opinion Accord of the ABA Section of Business Law (1991).

Exhibit C

FORM OF OPINION OF COUNSEL FOR THE SELLING SHAREHOLDER TO BE DELIVERED PURSUANT TO SECTION 5(c)

(i) No filing with, or consent, approval, authorization, license, order, registration, qualification or decree of, any court or governmental authority or agency, domestic or foreign, (other than the issuance of the order of the Commission declaring the Registration Statement effective and such authorizations, approvals or consents as may be necessary under state securities laws, as to which we need express no opinion) is necessary or required to be obtained by the Selling Shareholder for the performance by the Selling Shareholder of its obligations under the Purchase Agreement or in the Power of Attorney and Custody Agreement, or in connection with the offer, sale or delivery of the Securities.

(ii) The Power of Attorney and Custody Agreement has been duly authorized, executed and delivered by the Selling Shareholder and constitutes the valid and binding agreement of the Selling Shareholder in accordance with its terms.

(iii) The Purchase Agreement has been duly authorized, executed and delivered by or on behalf of the Selling Shareholder.

(iv) The Attorney-in-Fact has been duly authorized by the Selling Shareholder to deliver the Securities on behalf of the Selling Shareholder in accordance with the terms of the Purchase Agreement.

(v) The execution, delivery and performance of the Purchase Agreement and the Power of Attorney and Custody Agreement and the sale and delivery of the Securities and the consummation of the transactions contemplated in the Purchase Agreement and in the Registration Statement and compliance by the Selling Shareholder with its obligations under the Purchase Agreement have been duly authorized by all necessary action on the part of the Selling Shareholder and do not and will not, whether with or without the giving of notice or passage of time or both, conflict with or constitute a breach of, or default under or result in the creation or imposition of any tax, lien, charge or encumbrance upon the Securities or any property or assets of the Selling Shareholder pursuant to, any contract, indenture, mortgage, deed of trust, loan or credit agreement, note, license, lease or other instrument or agreement to which the Selling Shareholder is a party or by which it may be bound, or to which any of the property or assets of the Selling Shareholder may be subject nor will such action result in any violation of the provisions of the charter or by-laws of the Selling Shareholder, if applicable, or any law, administrative regulation, judgment or order of any governmental agency or body or any administrative or court decree having jurisdiction over the Selling Shareholder or any of its properties.

(vi) The Selling Shareholder has valid title to, or a valid security entitlement in respect of, the Securities to be sold by the Selling Shareholder free and clear of all security interests, claims, liens, equities and other encumbrances, and the Selling Shareholder has the legal right and power, and all authorization and approval required by law, to enter into the Purchase Agreement and the Power of Attorney and Custody Agreement of the Selling Shareholder and to sell, transfer and deliver the Securities to be sold by the Selling Shareholder.

(vii) Upon payment of the purchase price for the Securities to be sold by the Selling Shareholder pursuant to this Agreement, delivery of such Securities, as directed by the Underwriters, to Cede or such other nominee as may be designated by DTC, registration of such Securities in the name of Cede or such other nominee and the crediting of such Securities on the books of DTC to securities accounts of the Underwriters (assuming that neither DTC nor any such Underwriter has notice of any "adverse claim", within the meaning of Section 8-105 of the UCC, to such Securities), (A) DTC shall be a

"protected purchaser", within the meaning of Section 8-303 of the UCC, of such Securities and will acquire its interest in the Securities (including, without limitation, all rights that the Selling Shareholder had or has the power to transfer in such Securities) free and clear of any adverse claim within the meaning of Section 8-102 of the UCC, (B) under Section 8-501 of the UCC, the Underwriters will acquire a valid security entitlement in respect of such Securities and (C) no action (whether framed in conversion, replevin, constructive trust, equitable lien, or other theory) based on any "adverse claim", within the meaning of Section 8-102 of the UCC, to such Securities may be asserted against the Underwriters with respect to such security entitlement; for purposes of this representation, the Selling Shareholder may assume that when such payment, delivery and crediting occur, (x) such Securities will have been registered in the name of Cede or another nominee designated by DTC, in each case on the Company's share registry in accordance with its certificate of incorporation, bylaws and applicable law, (y) DTC will be registered as a "clearing corporation", within the meaning of Section 8-102 of the UCC, and (z) appropriate entries to the accounts of the several Underwriters on the records of DTC will have been made pursuant to the UCC.

Exhibit D

FORM OF LOCK-UP FROM DIRECTORS, OFFICERS OR OTHER STOCKHOLDERS

PURSUANT TO SECTION 5(k)

MERRILL LYNCH & CO.
Merrill Lynch, Pierce, Fenner & Smith
Incorporated,
UBS SECURITIES LLC,
as Representatives of the several
Underwriters to be named in the
within-mentioned Purchase Agreement

c/o Merrill Lynch & Co.
Merrill Lynch, Pierce, Fenner & Smith
Incorporated

4 World Financial Center
New York, New York 10080
Re: Proposed Public Offering by American Commercial Lines Inc.

Ladies and Gentlemen:

In connection with the proposed public offering by American Commercial Lines Inc., a corporation organized under the laws of Delaware (the "Company"), the undersigned understands that Merrill Lynch & Co., Merrill Lynch, Pierce, Fenner & Smith Incorporated ("Merrill Lynch") and UBS Securities LLC ("UBS") propose to enter into a Purchase Agreement (the "Purchase Agreement") with the Company and the Selling Shareholders providing for the public offering (the "Public Offering") of shares of the Company's common stock, par value $0.01 per share (the "Common Stock"). In recognition of the benefit that such an offering will confer upon the undersigned, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the undersigned agrees with each underwriter to be named in the Purchase Agreement that, during a period of 180 days from the date of the Purchase Agreement, the undersigned will not, without the prior written consent of Merrill Lynch and UBS, directly or indirectly, (i) offer, pledge, sell, contract to sell, sell any option or contract to purchase, purchase any option or contract to sell, grant any option, right or warrant for the sale of, or otherwise dispose of or transfer any shares of the Company's Common Stock or any securities convertible into or exchangeable or exercisable for Common Stock, whether now owned or hereafter acquired by the undersigned or with respect to which the undersigned has or hereafter acquires the power of disposition, or file, or cause to be filed (in the undersigned's capacity as a stockholder), any registration statement under the Securities Act of 1933, as amended, except as contemplated by the Purchase Agreement, with respect to any of the foregoing (collectively, the "Lock-Up Securities") or (ii) enter into any swap or any other agreement or any transaction that transfers, in whole or in part, directly or indirectly, the economic consequence of ownership of the Lock-Up Securities, whether any such swap or transaction is to be settled by delivery of Common Stock or other securities, in cash or otherwise.

Notwithstanding the foregoing, and subject to the conditions below, the undersigned may transfer the Lock-Up Securities without the prior written consent of Merrill Lynch and UBS, provided that (1) Merrill Lynch and UBS shall have received a duplicate form of this lock-up agreement from each donee, trustee, distributee, or transferee, as the case may be, (2) any such transfer shall not involve a disposition for value, (3) such transfers are not required to be reported in any public report or filing with the Securities and Exchange Commission or otherwise by any such party (other than a filing on a Form 5)

and (4) the undersigned does not otherwise voluntarily effect any such public filing or report regarding such transfers:

(i) as a bona fide gift or gifts; or

(ii) to any trust for the direct or indirect benefit of the undersigned or the immediate family of the undersigned; or

(iii) as a distribution to limited partners, members or stockholders of the undersigned, to the undersigned's affiliates or to any investment fund or other entity controlled or managed by the undersigned; or

(iv) to any beneficiary of the undersigned pursuant to a will or other testamentary document or applicable laws of descent.

For purposes of this lock-up agreement, "immediate family" shall mean any relationship by blood, marriage or adoption, not more remote than first cousin.

Furthermore, the undersigned may sell shares of Common Stock of the Company purchased by the undersigned (1) from the underwriters through a directed share program conducted as part of the Public Offering or (2) on the open market following the Public Offering if and only if, in the case of (2) above, (i) such sales are not required to be reported in any public report or filing with the Securities Exchange Commission, or otherwise and (ii) the undersigned does not otherwise voluntarily effect any public filing or report regarding such sales, in each case (i) or (ii) above within one week of such sale.

Neither Merrill Lynch nor UBS will agree to any amendment, release or waiver with respect to any lock-up agreement of an officer or director of the Company or any stockholder which beneficially owns (as such term is defined in Rule 13d-3 promulgated under the Securities Exchange Act of 1934, and including beneficial ownership by any group, as such term is used in Rule 13d-5 of such Act) more than 5% of the Company's Common Stock immediately before the offering as reflected in the final prospectus relating to such Public Offering (or as reflected in the initial filing of the registration statement related to the Public Offering), without the prior approval of a majority of the Company's board of directors.

The undersigned also agrees and consents to the entry of stop transfer instructions with the Company's transfer agent and registrar against the transfer of the Lock-Up Securities except in compliance with the foregoing restrictions.

This lock-up agreement shall automatically terminate upon the earlier of (i) the termination of the Purchase Agreement if the Purchase Agreement is terminated prior to the Closing Date (as such term is defined in the Purchase Agreement) in accordance with its terms and (ii) either Merrill Lynch and UBS, on the one hand, or the Company, on the other hand, advising the other, prior to the execution of the Purchase Agreement, that it has determined not to proceed with the Public Offering.

Exhibit E

FORM OF LOCK-UP FROM HY I INVESTMENTS, L.L.C.
PURSUANT TO SECTION 5(k)

MERRILL LYNCH & CO.
Merrill Lynch, Pierce, Fenner & Smith
Incorporated,
UBS SECURITIES LLC,
as Representatives of the several
Underwriters to be named in the
within-mentioned Purchase Agreement

c/o Merrill Lynch & Co.
Merrill Lynch, Pierce, Fenner & Smith
Incorporated

4 World Financial Center
New York, New York 10080
Re: Proposed Public Offering by American Commercial Lines Inc.

Ladies and Gentlemen:

In connection with the proposed public offering by American Commercial Lines Inc., a corporation organized under the laws of Delaware (the "Company"), the undersigned understands that Merrill Lynch & Co., Merrill Lynch, Pierce, Fenner & Smith Incorporated ("Merrill Lynch") and UBS Securities LLC ("UBS") propose to enter into a Purchase Agreement (the "Purchase Agreement") with the Company and the Selling Shareholders providing for the public offering (the "Public Offering") of shares of the Company's common stock, par value $0.01 per share (the "Common Stock"). In recognition of the benefit that such an offering will confer upon the undersigned, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the undersigned agrees with each underwriter to be named in the Purchase Agreement that, during a period of 180 days from the date of the Purchase Agreement, the undersigned will not, without the prior written consent of Merrill Lynch and UBS, directly or indirectly, (i) offer, pledge, sell, contract to sell, sell any option or contract to purchase, purchase any option or contract to sell, grant any option, right or warrant for the sale of, or otherwise dispose of or transfer any shares of the Company's Common Stock or any securities convertible into or exchangeable or exercisable for Common Stock, whether now owned or hereafter acquired by the undersigned or with respect to which the undersigned has or hereafter acquires the power of disposition, or file, or cause to be filed (in the undersigned's capacity as a stockholder), any registration statement under the Securities Act of 1933, as amended, except as contemplated by the Purchase Agreement, with respect to any of the foregoing (collectively, the "Lock-Up Securities") or (ii) enter into any swap or any other agreement or any transaction that transfers, in whole or in part, directly or indirectly, the economic consequence of ownership of the Lock-Up Securities, whether any such swap or transaction is to be settled by delivery of Common Stock or other securities, in cash or otherwise.

Notwithstanding the foregoing, prior to the commencement of trading on the first trading day after the execution and delivery of the Purchase Agreement, the undersigned may transfer, directly or indirectly, without consideration, to each of the individuals identified on Schedule 1 hereto, the number of Lock-Up Securities set forth opposite such individual's names on said Schedule 1, without condition, and such individuals and such securities shall not be subject to the restrictions contained in this lock-up agreement or any other lock-up agreement not executed and delivered by such individual.

In addition, notwithstanding the foregoing, and subject to the conditions below, the undersigned may transfer the Lock-Up Securities without the prior written consent of Merrill Lynch and UBS, provided that (1) Merrill Lynch and UBS shall have received a duplicate form of this lock-up agreement from each donee, trustee, distributee, or transferee, as the case may be, (2) any such transfer shall not involve a disposition for value, (3) such transfers are not required to be reported in any public report or filing with the Securities and Exchange Commission or otherwise by any such party (other than a filing on a Form 5) and (4) the undersigned does not otherwise voluntarily effect any such public filing or report regarding such transfers:

(v) as a bona fide gift or gifts; or

(vi) to any trust for the direct or indirect benefit of the undersigned or the immediate family of the undersigned; or

(vii) as a distribution to limited partners, members or stockholders of the undersigned, to the undersigned's affiliates or to any investment fund or other entity controlled or managed by the undersigned; or

(viii) to any beneficiary of the undersigned pursuant to a will or other testamentary document or applicable laws of descent.

For purposes of this lock-up agreement, "immediate family" shall mean any relationship by blood, marriage or adoption, not more remote than first cousin.

Furthermore, the undersigned may sell shares of Common Stock of the Company purchased by the undersigned (1) from the underwriters through a directed share program conducted as part of the Public Offering or (2) on the open market following the Public Offering if and only if, in the case of (2) above, (i) such sales are not required to be reported in any public report or filing with the Securities Exchange Commission, or otherwise and (ii) the undersigned does not otherwise voluntarily effect any public filing or report regarding such sales, in each case (i) or (ii) above within one week of such sale.

Neither Merrill Lynch nor UBS will agree to any amendment, release or waiver with respect to any lock-up agreement of an officer or director of the Company or any stockholder which beneficially owns (as such term is defined in Rule 13d-3 promulgated under the Securities Exchange Act of 1934, and including beneficial ownership by any group, as such term is used in Rule 13d-5 of such Act) more than 5% of the Company's Common Stock immediately before the offering as reflected in the final prospectus relating to such Public Offering (or as reflected in the initial filing of the registration statement related to the Public Offering), without the prior approval of a majority of the Company's board of directors.

The undersigned also agrees and consents to the entry of stop transfer instructions with the Company's transfer agent and registrar against the transfer of the Lock-Up Securities except in compliance with the foregoing restrictions.

This lock-up agreement shall automatically terminate upon the earlier of (i) the termination of the Purchase Agreement if the Purchase Agreement is terminated prior to the Closing Date (as such term is defined in the Purchase Agreement) in accordance with its terms and (ii) either Merrill Lynch and UBS, on the one hand, or the Company, on the other hand, advising the other, prior to the execution of the Purchase Agreement, that it has determined not to proceed with the Public Offering.

EXHIBIT 5.1

[SIDLEY AUSTIN BROWN & WOOD LLP LETTERHEAD]

September 19, 2005

American Commercial Lines Inc.
1701 East Market Street
Jeffersonville, Indiana 47130

Re: 8,250,000 Shares of Common Stock, $.01 par value per share

Ladies and Gentlemen:

We refer to the Registration Statement on Form S-1 (Registration No. 333-126696) of American Commercial Lines Inc., a Delaware corporation (the "Company"), filed with the Securities and Exchange Commission (the "Commission") under the Securities Act of 1933, as amended (the "Securities Act"), on July 19, 2005, as amended by Amendment No. 1 thereto filed with the Commission on August 29, 2005, Amendment No. 2 thereto filed with the Commission on September 13, 2005 and Amendment No. 3 thereto filed with the Commission on September 19, 2005 (as so amended, the "Registration Statement"). The Registration Statement relates to the registration of 8,250,000 shares of Common Stock, $.01 par value per share (the "Shares"), of the Company. Of the 8,250,000 Shares, up to 7,500,000 authorized but unissued Shares may be issued, offered and sold by the Company pursuant to the Registration Statement (the "Primary Shares"), and up to 750,000 Shares may be offered and sold by a selling stockholder named in the Registration Statement (the "Secondary Shares").

We are familiar with the proceedings to date with respect to the proposed offering and sale of the Shares and have examined such records, documents and questions of law, and satisfied ourselves as to such matters of fact, as we have considered relevant and necessary as a basis for this opinion letter.

Based on the foregoing, we are of the opinion that:

1. The Company is duly incorporated and validly existing under the laws of the State of Delaware.

**SIDLEY AUSTIN BROWN & WOOD LLP IS A LIMITED LIABILITY PARTNERSHIP
PRACTICING IN AFFILIATION WITH OTHER SIDLEY AUSTIN BROWN & WOOD PARTNERSHIPS**

SIDLEY AUSTIN BROWN & WOOD LLP CHICAGO

American Commercial Lines Inc.
September 19, 2005

2. The Primary Shares have been duly authorized and, when issued and paid for as described in the Registration Statement, the Primary Shares will be validly issued, fully paid and non-assessable.

3. The Secondary Shares have been duly authorized and are validly issued, fully paid and non-assessable.

We do not find it necessary for the purposes of this opinion letter to cover, and accordingly we express no opinion as to, the application of the securities or blue sky laws of the various states or the District of Columbia to the sale of the Shares.

This opinion letter is limited to the General Corporation Law of the State of Delaware.

We hereby consent to the filing of this opinion letter as an Exhibit to the Registration Statement and to all references to our firm included in or made a part of the Registration Statement. In giving such consent, we do not thereby admit that we are within the category of persons for whom consent is required by
Section 7 of the Securities Act or the related rules promulgated by the Commission thereunder.

Very truly yours,

/s/ Sidley Austin Brown & Wood LLP

EXHIBIT 23.1

Consent of Independent Registered Public Accounting Firm

We consent to the reference to our firm under the caption "Experts" in Amendment No. 3 to the Registration Statement (Form S-1 No. 333-126696) and related Prospectus of American Commercial Lines Inc. for the registration of its common stock and to the use of our report dated March 15, 2005, with respect to the consolidated financial statements and schedule of American Commercial Lines Inc. included therein.

/s/ ERNST & YOUNG LLP

September 16, 2005
Louisville, Kentucky

LexisNexis Services Project: 716H-022 My Settings Contact Us Help Sign Out
English (US) My Documents (0)
Helpdesk: 1 800 543 6862 or 1 937 859 5398
Nexis
Search Sources My Alerts & History

PR Newswire

June 30, 1998, Tuesday - 12:39 Eastern Time

CSX, Vectura Complete ACL Transaction.

SECTION: Financial News

LENGTH: 368 words

DATELINE: RICHMOND, Va., June 30

CSX Corporation (NYSE: CSX) today announced it has completed the conveyance of **American Commercial Lines** (ACL) to a venture formed with Vectura Group, Inc. (Vectura). CSX received approximately $850 million, consisting of approximately $695 million in cash and $155 million of securities issued by the venture, including a roughly 32 percent stake in the venture.

As part of the transaction announced April 20, 1998, **National Marine, Inc.** (NMI), a wholly owned subsidiary of Vectura, has been combined with ACL, the largest barge company in North and South America. The new company, based in Jeffersonville, Ind., retains the **American Commercial Lines** name and is led by ACL's management team headed by Michael C. Hagan, president and chief executive officer.

"Completion of this transaction strengthens CSX's balance sheet, increases shareholder value and allows us to focus more of our energies on our core railroad business," said CSX Chairman and Chief Executive Officer John W. Snow.

Since CSX's second quarter closed on Friday, June 26, the transaction will not be reflected in the company's financial results until the third quarter.

Wasserstein Perella & Co., Inc. served as CSX's advisor on the transaction. Chase Securities, Inc. and Wasserstein Perella & Co., Inc. provided financing for the transaction.

CSX Corporation, based in Richmond, Va., is an international transportation company providing rail, intermodal, container-shipping, barging and contract logistics services worldwide.

Vectura Group, Inc., the parent of NMI, is headquartered in New Orleans. Vectura provides barging and stevedoring services in the Port of New Orleans.

American Commercial Lines of Jeffersonville, Ind., is a family of marine companies providing a wide range of services to the shipping public and other inland waterway carriers. The company operates approximately 195 towboats and 4,500 barges on both U.S. and foreign waterways. Additionally, ACL operates marine construction facilities, river terminals and communication services.

CSX's Internet address is: http://www.csx.com
SOURCE CSX Corporation

CONTACT: Vance Richardson of CSX, 804-782-1449

PERSON: JOHN W SNOW (56%);

COUNTRY: UNITED STATES (94%); SOUTH AMERICA (79%); NORTH & SOUTH AMERICAS (69%);

STATE: LOUISIANA, USA (93%); VIRGINIA, USA (92%); INDIANA, USA (90%);

CITY: NEW ORLEANS, LA, USA (92%); RICHMOND, VA, USA (67%);

COMPANY: CSX Corporation; Vectura Group, Inc.; **American Commercial Lines; National Marine, Inc.** CSX CORP (98%); VECTURA GROUP INC (93%); WASSERSTEIN PERELLA & CO (91%); **AMERICAN COMMERCIAL LINES** INC (85%); CHASE SECURITIES INC (68%);

ORGANIZATION: CSX Corporation; Vectura Group, Inc.; **American Commercial Lines; National Marine, Inc.**

TICKER: CSX (NYSE) (98%); CSX

INDUSTRY: Transportation; Trucking; Railroad (RR) ; Maritime; Shipbuilding NAICS488310 PORT & HARBOR OPERATIONS (98%); NAICS482111 LINE-HAUL RAILROADS (98%); SIC4011 RAILROADS, LINE-HAUL OPERATING (98%); NAICS483211 INLAND WATER FREIGHT TRANSPORTATION (93%); SIC4449 WATER TRANSPORTATION OF FREIGHT, NEC (93%); SIC6211 SECURITY BROKERS, DEALERS, & FLOTATION COMPANIES (68%);

GEOGRAPHIC: Virginia, Indiana, Louisiana UNITED STATES (94%); SOUTH AMERICA (79%); NORTH & SOUTH AMERICAS (69%); LOUISIANA, USA (93%); VIRGINIA, USA (92%); INDIANA, USA (90%); NEW ORLEANS, LA, USA (92%); RICHMOND, VA, USA (67%);

SUBJECT: bc-VA-CSX-Vectura-ACL Acquisitions; Mergers; Takeovers PRESS RELEASES (92%); RAIL TRANSPORTATION (90%); EXECUTIVES (90%); MARINE SHIPPING (89%); PARENT COMPANIES (78%); TAKEOVERS (78%); NEW ISSUES (77%); TRANSPORTATION SECTOR PERFORMANCE (76%); MARINE & WATERWAY CONSTRUCTION (76%); MARINE VESSELS (76%); SHIPBUILDING (75%); INTERMODAL SHIPPING (73%); CANALS & WATERWAYS (69%); HARBORS & PORTS (69%); MARINE CARGO HANDLING (69%); FINANCIAL RESULTS (67%); COMPANY STRUCTURES & OWNERSHIP (78%); MANAGERS & SUPERVISORS (70%); FINANCIAL PERFORMANCE & REPORTS (67%);

LOAD-DATE: July 1, 1998

LANGUAGE: ENGLISH

DISTRIBUTION: TO BUSINESS AND TRANSPORTATION EDITORS

Copyright 1998 PR Newswire Association, Inc.

LexisNexis® About LexisNexis | Terms & Conditions | Privacy Policy | My ID
Copyright © LexisNexis All rights reserved.

LexisNexis Services Project: 716H-022 My Settings Contact Us Help Sign Out
English (US) My Documents (0)
Helpdesk: 1 800 543 6862 or 1 937 859 5398
Nexis
Search Sources My Alerts & History

Times-Picayune (New Orleans, LA)

May 1, 1998 Friday, THIRD

$1 BILLION BARGE FIRM CREATED

BYLINE: By RONETTE KING Business writer

SECTION: MONEY; Pg. C1

LENGTH: 382 words

CSX Corp. has agreed to sell its barge business to a joint venture it has formed with New Orleans-based Vectura Group Inc., creating one of the largest inland water fleets in North America.

CSX's **American Commercial Lines** will be sold for about $850 million in cash and securities. The deal is expected to close in the second quarter of this year.

The agreement between CSX and Vectura will create a company with more than $1 billion in assets, 4,500 barges and 195 towboats working the Mississippi River and the Gulf Intracoastal Waterway.

CSX will get $695 million in cash and $155 million in securities issued by a venture formed by Vectura subsidiary National Marine and CSX's barge unit. CSX also will get a 34 percent stake in the new company.

Vectura provides barge and stevedoring services in the Port of New Orleans through its wholly owned subsidiary **National Marine Inc.** The company operates about 55 towboats and 700 barges in the nation's river systems.

American Commercial Lines of Jeffersonville, Ind., is a family of marine companies that provides various services to the shipping industry. The company operates 140 towboats and 3,800 barges in U.S. and foreign waterways. The company also operates marine construction facilities, river terminals and communication services.

Based in Richmond, Va., CSX is primarily a railroad company that provides intermodal, container-shipping and contractor logistics services worldwide. So shedding the barge unit will allow the company to concentrate on its rail operations and give it money to buy the rail assets of Conrail Inc.

The new venture will keep the **American Commercial Lines** name. Michael Hagan, chief executive at American, will remain.

"Completion of this transaction strengthens our balance sheet, increases shareholder value and allows us to focus more of our energies on our core railroad business," John Snow, chairman and chief executive of CSX, said in a written statement.

Vectura Chief Executive David Wagstaff said the combined company would enhance career opportunities for employees and provide a more efficient tow system for customers.

The transaction is subject to regulatory approval and financing. Wasserstein Perella & Co. Inc. and Chase Securities Inc. are financing the transaction.

TICKER: CSX (NYSE) (98%);

INDUSTRY: NAICS488310 PORT & HARBOR OPERATIONS (98%); NAICS482111 LINE-HAUL RAILROADS (98%); SIC4011 RAILROADS, LINE-HAUL OPERATING (98%); NAICS483211 INLAND WATER FREIGHT TRANSPORTATION (92%); SIC4449 WATER TRANSPORTATION OF FREIGHT, NEC (92%); SIC6211 SECURITY BROKERS, DEALERS, & FLOTATION COMPANIES (63%);

COUNTRY: UNITED STATES (93%); NORTH AMERICA (92%);

STATE: LOUISIANA, USA (93%); VIRGINIA, USA (79%); MISSISSIPPI RIVER (79%); INDIANA, USA (69%);

CITY: NEW ORLEANS, LA, USA (93%); RICHMOND, VA, USA (53%);

COMPANY: CSX CORP (98%); **AMERICAN COMMERCIAL LINES** INC (92%); VECTURA GROUP INC (91%); CONRAIL INC (66%); CHASE SECURITIES INC (63%); WASSERSTEIN PERELLA & CO (63%);

SUBJECT: RIVERS (90%); JOINT VENTURES (90%); MARINE SHIPPING (90%); CANALS & WATERWAYS (90%); RAIL TRANSPORTATION (90%); MARINE VESSELS (90%); NEW ISSUES (77%); ANNUAL FINANCIAL RESULTS (76%); RAIL TRANSPORTATION SECTOR

PERFORMANCE (76%); HARBORS & PORTS (75%); MARINE & WATERWAY CONSTRUCTION (75%); INTERMODAL SHIPPING (73%); MARINE CARGO HANDLING (73%); COASTAL
AREAS (72%); APPROVALS (71%); EXECUTIVES (68%); COMPANY STRUCTURES & OWNERSHIP (78%); AGREEMENTS (76%);

LOAD-DATE: May 2, 1998

LANGUAGE: ENGLISH

Copyright 1998 The Times-Picayune Publishing Co.

LexisNexis

About LexisNexis | Terms & Conditions | Privacy Policy | My ID
Copyright © LexisNexis All rights reserved.

Platinum Equity
MERGERS. ACQUISITIONS. OPERATIONS.

American Commercial Lines

Transportation & Logistics · Public-to-Private Transaction · Acquired in December 2010

Transports dry and liquid cargo by barge on the U.S. inland waterways, and provides shipbuilding and repair services.

American Commercial Lines barges and tow boats ply America's intracoastal waterways. Barge shipping remains among the most efficient method of transporting goods: bulk items can be shipped at very low cost compared to rail or truck, while very heavy or large items can be shipped fully assembled, eliminating the expense of on-site assembly.

View a Slide Show of American Commercial Lines »

KEY FACTS

- Founded in 1915 as a coal-moving business on the Kentucky River.
- 2,300 barges and 120 tow boats working 12,000 miles of the U.S. inland waterways.
- Serves customers in minerals, grain, and petrochemicals.
- Major transporter of blades and towers for wind energy applications.
- In addition to marine transport, has a growing business in marine manufacturing services.
- Approximately 2,200 employees.

TRANSACTION

Combining years of experience in transportation and logistics with expertise in public-to-private transactions, we overcame complex capital structure elements to acquire American Commercial Lines. The deal, which includes significant barge, tow boat, and shipbuilding assets, was valued at approximately $800 million.

www.aclines.com

1701 E. Market St.
Jeffersonville, IN 47130
USA

Platinum Contact
Louis Samson
+1 310.712.1850

Our offer satisfied ACL's board of directors and shareholders, including a 25% shareholder who executed a support agreement in favor of the transaction. The transaction was our second acquisition of a company operating under the Jones Act.

NEWS

- Platinum Equity Company American Commercial Lines Announces New Leadership »
- ACL Announces Hiring Plans in Strengthening Business Climate »
- ACL Awarded Membership in the Louisiana Environmental Leadership Program »

updated 05/13

"With the full support of Platinum Equity, we are investing in our fleet and our people to position ACL on a course toward operational excellence and financial strength."

—MARK KNOY, PRESIDENT AND CHIEF EXECUTIVE OFFICER, AMERICAN COMMERCIAL LINES

AMERICAN COMMERCIAL LINES LLC
Form 10-K
March 27, 2003

SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

FORM 10-K

(Mark One)
[X] ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d)
OF THE SECURITIES EXCHANGE ACT OF 1934

FOR THE FISCAL YEAR ENDED DECEMBER 27, 2002

OR

[ ] TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d)
OF THE SECURITIES EXCHANGE ACT OF 1934

FOR THE TRANSITION PERIOD FROM _____ TO _____.

Commission file number 333-62227

AMERICAN COMMERCIAL LINES LLC
(Exact Name of Registrant as Specified in Its Charter)

DELAWARE	52-2106600
(State or Other Jurisdiction of Incorporation or Organization)	(IRS Employer Identification No.)
1701 EAST MARKET STREET JEFFERSONVILLE, INDIANA (Address of Principal Executive Offices)	47130 (Zip Code)

(812) 288-0100
(Registrant's Telephone Number, Including Area Code)
SECURITIES REGISTERED PURSUANT TO SECTION 12(b) OF THE ACT: NONE

SECURITIES REGISTERED PURSUANT TO SECTION 12(g) OF THE ACT: NONE

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of

1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes [X] No [ ]

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. [X]

Indicate by check mark whether the registrant is an accelerated filer (as defined in Exchange Act Rule 12b-2). Yes [ ] No [X]

State the aggregate market value of the voting and non-voting common equity held by nonaffiliates of the registrant computed by reference to the price at which the common equity was last sold, or the average bid and asked price of such common equity, as of the last business day of the registrant's most recently completed second fiscal quarter. NOT APPLICABLE.

AS OF MARCH 27, 2003, THE REGISTRANT HAD 100 MEMBERSHIP INTERESTS OUTSTANDING.

AMERICAN COMMERCIAL LINES LLC

FORM 10-K ANNUAL REPORT

TABLE OF CONTENTS

		PAGE
	PART I	
Item 1.	Business	2
Item 2.	Properties	19
Item 3.	Legal Proceedings	19
Item 4.	Submission of Matters to a Vote of Security Holders	20
	PART II	
Item 5.	Market for Registrant's Common Equity and Related Stockholder Matters	20
Item 6.	Selected Financial Data	20
Item 7.	Management's Discussion and Analysis of Financial Condition and Results of Operations	21
Item 7A.	Quantitative and Qualitative Disclosures About Market Risk	37
Item 8.	Financial Statements and Supplementary Data	40
Item 9.	Changes in and Disagreements with Accountants on Accounting and Financial Disclosure	79
	PART III	
Item 10.	Directors and Executive Officers of the Registrant	79
Item 11.	Executive Compensation	80
Item 12.	Security Ownership of Certain Beneficial Owners and Management	84
Item 13.	Certain Relationships and Related Transactions	85
Item 14.	Controls and Procedures	85
	PART IV	
Item 15.	Exhibits, Financial Statement Schedules, and Reports on Form 8-K	85
Signatures		91
Certifications		92

CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

Certain statements in this Annual Report on Form 10-K (the "Report") may constitute "forward-looking" statements as defined in Section 27A of the Securities Act of 1933 (the "Securities Act"), Section 21E of the Securities Exchange Act of 1934 (the "Exchange Act"), the Private Securities Litigation Reform Act of 1995 (the "PSLRA") or in releases made by the Securities and Exchange Commission, all as may be amended from time to time. Such forward looking statements involve known and unknown risks, uncertainties and other important factors that could cause the actual results, performance or achievements of American Commercial Lines LLC ("ACL"), or industry results, to differ materially from any future results, performance or achievements expressed or implied by such forward-looking statements. Statements that are not historical fact are forward-looking statements. Forward looking statements can be identified by, among other things, the use of forward-looking language, such as the words "plan," "believe," "expect," "anticipate," "intend," "estimate," "project," "may," "will," "would," "could," "should," "seeks" or "scheduled to," or other similar words, or the negative of these terms or other variations of these terms or comparable language, or by discussion of strategy or intentions. These cautionary statements are being made pursuant to the Securities Act, the Exchange Act and the PSLRA with the intention of obtaining the benefits of the "safe harbor" provisions of such laws. ACL cautions investors that any forward-looking statements made by ACL are not guarantees or indicative of future performance. Important assumptions and other important factors that could cause actual results to differ materially from those forward-looking statements with respect to ACL include, but are not limited to, the risks and uncertainties affecting our businesses described in Item 1, Business, Risk Factors -- Risks Associated With Our Business, Exhibit 99.1 hereto, in other securities filings by ACL and other important factors, including:

- bankruptcy considerations, such as ACL's ability to: (i) continue as a going concern, (ii) operate in accordance with the terms of and maintain compliance with covenants of the DIP Credit Facility (as hereinafter defined) and other financing and contractual arrangements, (iii) obtain Bankruptcy Court approval with respect to motions in the Chapter 11 cases from time to time, (iv) develop, confirm and consummate a plan of reorganization with respect to the Chapter 11 cases described herein, (v) attract, motivate and retain key personnel, (vi) obtain and maintain normal terms with vendors and service providers, (vii) maintain contracts that are critical to our business and (viii) attract and retain customers;

- substantial leverage and ability to service debt;

- changing market, labor, legal and regulatory conditions and trends in the barge and inland shipping industries;

- general economic and business conditions, including cyclical or other downturns in demand, a prolonged or substantial recession in the United States or certain international commodity markets such as the market for grain exports, significant pricing competition, unanticipated additions to industry capacity, fuel costs and interest rates; and

- annual worldwide weather conditions, particularly those affecting North and South America.

Although we believe that our plans, intentions and expectations reflected in or suggested by such forward-looking statements are reasonable, actual results could differ from a projection or assumption in any of our forward-looking statements. Our future financial condition and results of operations, as well as any forward-looking statements, are subject to change and inherent risks and uncertainties discussed under Item 1, Business -- Risks Associated With Our Business and elsewhere in this Report as well as in ACL's other filings with the Securities and Exchange Commission. The forward-looking statements contained in this Report are made only as of the date hereof and ACL does not have or undertake any obligation to update or revise any

forward-looking statements whether as a result of new information, subsequent events or otherwise, unless otherwise required by law.

PART I

ITEM 1. BUSINESS

BANKRUPTCY CONSIDERATIONS

During 2002 and the beginning of 2003, ACL experienced a decline in barging rates, reduced shipping volumes and excess barging capacity during a period of slow economic growth and a global economic recession. Due to these factors, ACL's revenues and earnings did not meet expectations and ACL's liquidity was significantly impaired and it was unable to comply with its various debt covenants. As a result, ACL was unable to meet certain of its financial obligations as they became due. On January 31, 2003 (the "Petition Date"), ACL filed a petition with the U.S. Bankruptcy Court for the Southern District of Indiana, New Albany Division (the "Bankruptcy Court") to reorganize under Chapter 11 of the U.S. Bankruptcy Code (the "Bankruptcy Code" or "Chapter 11") under case number 03-90305. Included in the filing are ACL, ACL's direct parent (American Commercial Lines Holdings LLC ("ACL Holdings")), American Commercial Barge Line LLC ("ACBL"), Jeffboat LLC, Louisiana Dock Company LLC ("LDC") and ten other U.S. subsidiaries of ACL (collectively with ACL, the "Debtors") under case numbers 03-90306 through 03-90319. These cases are jointly administered for procedural purposes before the Bankruptcy Court under case number 03-90305. The Chapter 11 petitions do not cover any of ACL's foreign subsidiaries or certain of its U.S. subsidiaries.

ACL and the other Debtors will continue to operate their businesses as debtors-in-possession under the jurisdiction of the Bankruptcy Court and in accordance with the applicable provisions of the Bankruptcy Code and orders of the Bankruptcy Court. As debtors-in-possession, the Debtors may not engage in transactions outside of the ordinary course of business without approval, after notice and hearing, of the Bankruptcy Court. As part of the Chapter 11 cases, the Debtors intend to develop and propose for confirmation pursuant to Chapter 11 a plan of reorganization that will restructure the operations and liabilities of the Debtors to the extent necessary to result in the continuing viability of ACL. A filing date for such a plan has not been determined, however, ACL has the exclusive right to submit a plan of reorganization within the first 120 days of the Petition Date.

ACL and the other Debtors received approval from the Bankruptcy Court to pay or otherwise honor certain of its pre-petition obligations, including but not limited to employee wages and certain employee benefits, certain critical vendor payments, certain insurance and claim obligations, and certain tax obligations, as a plan of reorganization is developed.

Furthermore, the Debtors have entered into a Bankruptcy Court approved debtor-in-possession ("DIP") financing arrangement (which was originally entered into on January 31, 2003 and which was amended on March 13, 2003, the "DIP Credit Facility") that provides up to $75 million of financing. Current commitments under the DIP Credit Facility total $60 million, of which the Debtors have drawn $50 million, which was used to retire the Pre-Petition Receivables Facility (as hereinafter defined) and which continues to be used to fund the Debtors' day-to-day cash needs. The DIP Credit Facility is secured by the same and additional assets that collateralized the Senior Credit Facility (as hereinafter defined) and the Pre-Petition Receivables Facility, and bears interest, at ACL's option, at London InterBank Offered Rates ("LIBOR") plus four percent or an Alternate Base Rate (as defined in the DIP Credit Facility) plus three percent. There are also certain interest rates applicable in the event of a default under the DIP Credit Facility.

The DIP Credit Facility also contains certain restrictive covenants that, among other things, restrict the Debtors' ability to incur additional

indebtedness or guarantee the obligations of others. ACL is also required to maintain minimum cumulative EBITDA, as defined in the DIP Credit Facility, and limit its capital expenditures.

As a result of the Chapter 11 filings, certain events of default under the Senior Credit Facilities, Senior Notes, PIK Notes and Old Senior Notes (all as hereinafter defined) have occurred subsequent to December 27, 2002, the effects of which are stayed pursuant to certain provisions of the Bankruptcy Code.

Under Chapter 11, actions by creditors to collect claims in existence at the filing date are stayed or deferred absent specific Bankruptcy Court authorization to pay such pre-petition claims while the Debtors

continue to manage their businesses as debtors-in-possession and act to develop a plan of reorganization for the purpose of emerging from these proceedings. A claims bar date has not yet been established.

The amount of the claims to be filed against the Debtors by their creditors could be significantly different than the amount of the liabilities recorded by the Debtors. The Debtors also have numerous executory contracts and other agreements that could be assumed or rejected during the Chapter 11 proceedings. Parties affected by these rejections may file claims with the Bankruptcy Court in accordance with the Bankruptcy Code, applicable Bankruptcy rules and orders of the Bankruptcy Court. Under these Chapter 11 proceedings, the rights of and ultimate payments to pre-petition creditors, rejection damage claimants and equity investors (ACL's indirect parent, Danielson Holding Corporation ("DHC"), controls and indirectly wholly owns 100% of the ACL equity interests) may be substantially altered. This could result in claims being allowed and/or satisfied in the Chapter 11 proceedings at less (possibly substantially less) than 100% of their face value, and the membership interests of ACL's equity investors being diluted or cancelled. The Debtors have not yet proposed a plan of reorganization. The Debtors' pre-petition creditors and ACL's equity investors will each have a vote in the plan of reorganization.

The United States Trustee has appointed an unsecured creditors committee. The official committee and its legal representatives have a right to be heard on all matters that come before the Bankruptcy creditors.

The Chapter 11 process presents inherent material uncertainty; it is not possible to determine the additional amount of claims that may arise or ultimately be filed, or predict the length of time that the Debtors will continue to operate under the protection of Chapter 11, the outcome of the Chapter 11 proceedings in general, whether the Debtors will continue to operate in their present organizational structure, or the effects of the proceedings on the business of ACL, the other Debtors and its non-filing subsidiaries and affiliates, or on the interests of the various creditors, security holders and equity holders. The ultimate recovery, if any, by creditors, security holders and equity holders (DHC and its subsidiaries own 100% of the equity interests in ACL Holdings, which wholly owns ACL and the other Debtors) will not be determined until, at the earliest, confirmation of a plan of reorganization. No assurance can be given as to what value will be ascribed in the bankruptcy proceedings to each of these constituencies. Accordingly, ACL and the other Debtors urge that appropriate caution be exercised with respect to existing and future investments in any of these securities.

The consolidated financial statements contained herein have been prepared on a going concern basis, which assumes continuity of operations and realization of assets and satisfaction of liabilities in the ordinary course of business. The ability of ACL and the other Debtors to continue as a going concern is predicated, among other things, on the confirmation of a reorganization plan, compliance with the provisions of the DIP Credit Facility, the ability of ACL and the other Debtors to generate the required cash flows from operations and, where necessary, obtaining financing sources sufficient to satisfy future obligations.

HISTORY

ACL, a Delaware limited liability company, was formed in April 1998 in connection with the conversion by merger of its predecessor American Commercial Lines, Inc. ("ACL Inc."), a Delaware corporation, into a limited liability company. ACL Inc. was formed in 1953 as the holding company for a family of barge transportation and marine service companies with an operating history beginning in 1915.

In 1998, ACL was recapitalized by its owners pursuant to a Recapitalization Agreement, dated April 17, 1998, among CSX Corporation ("CSX"), Vectura Group Inc., a Delaware corporation now Vectura Group LLC ("Vectura"), a Delaware limited liability company, ACL Holdings, ACL and National Marine, Inc., a Delaware corporation now National Marine LLC ("National Marine"), a Delaware limited liability company, whereby ACL Holdings completed a recapitalization in a series of transactions (the "Recapitalization") and combined the barging operations of Vectura, National Marine and their subsidiaries with that of ACL.

To finance the Recapitalization, ACL incurred secured debt under a Credit Agreement, dated June 30, 1998, with certain lenders and J.P. Morgan Chase Bank (formerly, The Chase Manhattan Bank), as administrative agent (the "Senior Credit Facilities"), consisting of a $200.0 million Tranche B Term Loan due June, 2006, a $235.0 million Tranche C Term Loan due June, 2007 (collectively the "Term Loans") and a revolving credit facility providing for revolving loans and the issuance of letters of credit for the account of

ACL in an aggregate principal amount of up to $100.0 million due June, 2005 (the "Revolving Credit Facility"). ACL also issued $300.0 million of unsecured 10 1/4% Senior Notes due June 2008 (the "Old Senior Notes"), pursuant to an indenture (the "Indenture") with United States Trust Company of New York, as trustee.

DANIELSON ACQUISITION AND RECAPITALIZATION OF ACL

ACL is a wholly owned subsidiary of its parent holding company, ACL Holdings. ACL Holdings is an indirect wholly owned subsidiary of DHC.

Through May 28, 2002, ACL was in default under its bank and bond debt, as well as its receivables facility, due to nonpayment of interest on the debt as well as other covenant violations. On December 31, 2001, and subsequent thereto, ACL elected not to pay the interest due on its bank and bond debt due to ongoing negotiations with its bankers and noteholders regarding the restructuring of the debt. ACL obtained forbearance agreements or waivers which enabled it to complete the Danielson Recapitalization and the debt restructuring described below and in Notes 1, 3 and 6 to consolidated financial statements.

On March 15, 2002, ACL entered into a definitive recapitalization agreement regarding the acquisition and recapitalization of ACL (the "Danielson Recapitalization") by DHC and certain DHC subsidiaries (collectively with DHC, "Danielson"). On April 15, 2002, ACL launched an exchange offer pursuant to which ACL offered to exchange the Old Senior Notes for a new series of 11.25% senior notes due January 1, 2008 (the "Senior Notes") and a new class of 12% pay-in-kind senior subordinated notes due July 1, 2008 (the "PIK Notes").

On April 11, 2002, ACL and certain lenders executed an amendment agreement under which the Senior Credit Facilities would be amended and restated upon the satisfaction of certain conditions set forth in the amendment agreement, including the consummation of the Danielson Recapitalization.

Effective May 29, 2002, the Danielson Recapitalization was consummated with $58.5 million of the Old Senior Notes and interest thereon, if any, contributed by Danielson to ACL Holdings; $230 million, plus accrued interest, of the remaining $236.5 million in Old Senior Notes exchanged for new Senior Notes, and

new PIK Notes and the Senior Credit Facilities amended. As part of the Danielson Recapitalization, DHC contributed $25.0 million in cash to ACL Holdings, which was immediately used to reduce the outstanding term loan debt under the Senior Credit Facilities. In addition, $50.0 million of the amount outstanding under the Revolving Credit Facility was converted into a new term loan (the "Tranche A Term Loan").

Upon completion of the Danielson Restructuring, ACL became an indirect wholly owned subsidiary of DHC. At that same time, SZ Investments, LLC increased its equity ownership in DHC to approximately 18%. SZ Investments, LLC is affiliated with Samuel Zell, DHC's Chief Executive Officer. Mr. Zell is also affiliated with HY I Investments, LLC, a holder of approximately 42% of ACL's Senior Notes and PIK Notes. Philip Tinkler (Chief Financial Officer of DHC) and William Pate (a director of DHC) are also officers of SZ Investments, LLC and HY I Investments, LLC.

As of May 29, 2002, after the $25.0 million reduction in outstanding term loans, and after the $50.0 million Revolving Credit conversion to a "Tranche A Term Loan," ACL's secured debt issued under the amended Senior Credit Facilities consisted of a $46.6 million Tranche A Term Loan due June 30, 2005, a $134.0 million Tranche B Term Loan due June 30, 2006, a $157.7 million Tranche C Term Loan due June 30, 2007 (collectively the "Term Loans") and the Revolving Credit Facility providing for revolving loans and the issuance of letters of credit for the account of ACL in an aggregate principal amount of up to $50.0 million due June 30, 2005.

As noted earlier, ACL was unable to meet its payment and other obligations under these restructured loans and filed for protection under Chapter 11 of the Bankruptcy Code on January 31, 2003.

GENERAL

ACL is an integrated marine transportation and service company, providing barge transportation and ancillary services. The principal cargoes carried are steel and other bulk commodities, grain, coal and liquids including a variety of chemicals, petroleum and edible oils. ACL supports its barging operations by providing towboat and barge design and construction and terminal services. ACL, through its domestic barging subsidiary American Commercial Barge Line LLC, is the leading provider of river barge transportation throughout the inland United States and Gulf Intracoastal Waterway Systems, which include the Mississippi, Illinois, Ohio, Tennessee and the Missouri Rivers and their tributaries and the Intracoastal Canals that parallel the Gulf Coast (collectively, the "Inland Waterways"). In addition, since expanding its barge transportation operations to South America in 1993, ACL has become the leading provider of barge transportation services on the Orinoco River in Venezuela and the Parana/Paraguay River system serving Argentina, Brazil, Paraguay, Uruguay and Bolivia.

ACL's position as a leader in South American barging was expanded on October 24, 2000, when an ACL 80% owned subsidiary, ACBL Hidrovias, Ltd. ("ACBLH"), entered into an agreement with UP River Holdings Ltd. ("Ultrapetrol") to combine the inland river barge transportation divisions of Ultrapetrol and ACBLH which operate on the Parana/Paraguay River system in South America. ACBLH has a 50% ownership interest in the joint venture company, UABL Limited ("UABL"). UABL operates 19 towboats and a combined fleet of 369 dry cargo and tank barges. UABL serves commodity shippers in Argentina, Bolivia, Brazil, Paraguay and Uruguay.

At year end, ACBL's combined barge fleet was the largest in the United States, consisting of 3,551 covered and 609 open barges, used for the transportation of dry cargo, and 421 tank barges used for transportation of liquid cargo. ACBL's barge fleet is supported by the largest towboat fleet in the United States, consisting of 187 towboats at year end. ACBL has a strong and diverse customer base consisting of several of the leading industrial and

agricultural companies in the United States.

ACBL has numerous long-standing customer relationships, with 20 of its top 25 customers having been customers of ACBL for over 20 years. In many cases, these relationships have resulted in multi-year contracts with these customers. Certain long-term contracts provide for minimum tonnage or requirements guarantees, which allow ACBL to plan its logistics more effectively. Historically, a majority of ACBL's contracts for non-grain cargoes are at a fixed price [(with inflation-indexed escalation and fuel adjustment clauses)], increasing the stability and predictability of operating revenue. While ACL's customer base has remained relatively stable and certain of its operations provide steady rate levels and profit margins, its results of operations can be impacted by a variety of external factors. These factors include fluctuations in rates for shipping grain, which in turn affect rates for shipping other dry cargoes, weather and river conditions and fluctuations in fuel prices.

ACL, through its Jeffboat LLC ("Jeffboat") subsidiary, designs and manufactures towboats and barges for ACBL, other ACL subsidiaries and third-party customers. Through its American Commercial Terminals LLC ("ACT") subsidiary, which operates two river terminal sites along the Inland Waterways, ACL supports its barging operations with transfer and warehousing capabilities for coal and liquid commodity products moving between barge, truck and rail. Other terminal locations are owned or operated by Global Materials Services LLC ("GMS"), a joint venture between ACT and Mid-South Terminal Company, L.P., an unaffiliated third party. Through its Louisiana Dock Company LLC subsidiary, ACL maintains facilities throughout the Inland Waterways that provide fleeting, shifting, cleaning and repair services for both towboats and barges, primarily to ACL but also to third-party customers.

ACL's objective is to achieve earnings growth in its core barging business as well as its shipbuilding and terminals operations. Through effective coordination of its barging, shipbuilding, terminals, fleeting and other services, ACL reduces costs while maintaining each business unit's ability to generate third-party revenue. In addition, ACL believes it is a technology leader in the barging industry. ACL has made significant investments that allow it to maximize operating efficiency through technologies such as real-time cargo tracking. This investment in technology strengthens ACL's ability to compete by lowering its cost structure and enhancing the quality of the services and products provided.

Over the past several years, ACL has been able to successfully complete and integrate multiple large acquisitions, including SCNO Barge Lines, Inc., Hines Incorporated The Valley Line Company, and the barging operations of Continental Grain Company, National Marine and Peavey Barge Line and the assets of the other inland marine transport divisions of ConAgra, Inc. ("Peavey").

In recent years, ACL also has become the leading provider of river barge transportation in South America. ACL conducts its international operations mainly through American Commercial Lines International LLC and its foreign subsidiaries, ACBL de Venezuela, C.A., ACBL Dominicana SA and ACBL Hidrovias, Ltd. (collectively, "ACL International"), and through its investment in UABL. ACL International's fleet consisted at year end of six covered and 113 open hopper barges, three tank barges, seven deck barges and six towboats. Through UABL, ACL International participates in the operation of an additional 318 covered hoppers, 15 open hopper barges, 36 tank barges and 19 boats. ACL International entered the South American market in 1993 by establishing operations to serve a new customer's shipping needs along the Orinoco River in Venezuela. Since then, the focus of ACL International's strategy has been to serve customers that require reliable, low-cost marine transportation abroad. ACL International works closely with current and potential customers to establish mutually beneficial long-term contracts to serve these needs. By following this strategy, ACL International has become the leading provider of barge transportation on the Orinoco River in Venezuela and, through UABL, the leading provider of barge transportation on the Parana/ Paraguay River system

serving Argentina, Brazil, Paraguay, Uruguay and Bolivia. Through formation of the ACBL Dominicana SA subsidiary in 2001, ACL International also began operations on the Higuamo River in the Dominican Republic. Because demand for transportation in South America is expected to grow and there are several consolidation opportunities in the South American market, ACL International has the opportunity to broaden the scope of its operations over the long term.

INDUSTRY

Domestic barging focuses on four core commodity groups: steel/other bulk commodities, grain, coal and liquids. Because barging provides a low-cost transportation alternative for high mass/high volume cargoes, many bulk commodity shippers choose barging as their preferred mode of transportation. Coal is the barging industry's largest transport commodity from a tonnage standpoint, while grain is a material driver for the industry's overall freight rate structure for dry cargo movements due to the effect the varying levels of grain export demand has on capacity and rates. Chemicals are the primary liquid cargo handled by liquid barge carriers, along with petroleum products, edible oils, molasses and ethanol. Safety and quality control are essential factors in serving this market.

The barging industry uses two types of equipment to move freight: towboats, providing the power source, and barges, providing the freight capacity. Each standard dry cargo barge is capable of transporting approximately 1,500 tons of cargo with the most common tank barges being either 10,000 barrel or 30,000 barrel capacity. The combination of a towboat and barges is called a tow, and usually consists of one towboat and from 5 to 40 barges. The number of barges in a tow will depend upon the horsepower of the towboat, the river capacity and conditions, the load and empty mix of the tow, the direction of travel and the commodity carried.

Since 1980, the industry has been consolidating as acquiring companies have moved towards attaining the widespread geographic reach necessary to support major national customers. ACL's management believes the consolidation process will continue. Following Ingram Industries Inc.'s (which operated 1,700 barges and 62 towboats) acquisition of Midland Enterprises Inc. (which operated 2,300 barges and 80 towboats) on July 2, 2002, there are five major domestic barging companies that operate more than 1,000 barges. There are also 12 mid-sized operators that operate more than 200 barges, and approximately 14% of the barging capacity is held by small carriers that operate fewer than 200 barges. As the industry continues to consolidate, ACL believes that it could realize cost savings and synergies by merging smaller operators into its existing network.

COMPANY OPERATIONS

DOMESTIC BARGING

In 2002, ACBL maintained its position as the leading provider of barge transportation in the United States, operating over nearly 11,000 miles of the Inland Waterways and transporting a wide variety of commodities, including steel/other bulk commodities, grain, coal and liquids. ACBL is ranked first in the United States in terms of revenues, barges operated and gross tons hauled. In terms of annual riverborne tonnage, ACBL is the leading grain transporter in the industry, and is the second largest liquids transporter. As of year end, ACBL's fleet consisted of 4,160 dry cargo hopper barges and 421 double-skinned tank barges. ACBL operated 1,601 of these dry cargo hopper barges and 42 of these tank barges pursuant to charter agreements. The charter agreements have expiration dates ranging from one to fifteen years. ACBL expects generally to be able to renew or replace such charter agreements as they expire. Although ACBL does not expect to purchase a material number of new barges in the year 2003, ACBL has a program to renew its fleet through which certain third party lenders or entities will acquire new equipment from Jeffboat and lease that equipment to ACBL. ACBL anticipates that it will obtain 50 new barges through this program in

2003.

DOMESTIC FLEET PROFILE BY BARGE TYPE(1)

BARGE TYPES	NUMBER OF BARGES	AVERAGE AGE (YEARS) ACBL	AVERAGE AGE (YEARS) INDUSTRY
Covered Hoppers	3,551	18	17
Open Hoppers	609	26	15
Tank Barges	421	22	22
Total	4,581	19	17

---

(1) Includes both owned and chartered equipment and excludes marine equipment used in international operations. See below in this Report at Item 1, Business, Company Operations -- International Barging.

In addition, at year end ACBL operated 187 towboats with an average age of approximately 26 years. No comparative industry data is available with respect to towboats. At year end, 48 of these towboats were operated by ACBL pursuant to charter agreements. The charter agreements have expiration dates ranging from one to five years. ACBL expects to be able to renew such charter agreements as they expire.

The size and diversity of ACBL's towboat fleet allows it to deploy the towboats to the portions of the Inland Waterways where they can most effectively operate. For example, ACBL's towboats that have in excess of 9,000 horsepower operate with tow sizes of as many as 40 barges along the Lower Mississippi River where the river channels are wider and there are no restricting locks and dams. ACBL's 5,600 horsepower towboats operate along the Ohio, Upper Mississippi and Illinois Rivers where the river channels are narrower and restricting locks and dams are more prevalent. ACBL deploys smaller horsepower towboats for shuttle and harbor services.

DOMESTIC TOWBOATS BY HORSEPOWER(1)

HORSEPOWER	NUMBER OF TOWBOATS	AVERAGE AGE (YEARS)
6,700 -- 10,500	15	24
5,000 -- 6,500	60	26
1,950 -- 4,900	31	29
1,800 and below	81	26
Total	187	26

---

(1) Includes both owned and chartered equipment and excludes marine equipment used in international operations. See below in this Report at Item 1, Business, Company Operations -- International Barging.

ACBL's barging operations encompass four core commodity groups: steel/other bulk commodities, grain, coal and liquids. In terms of tonnage and revenue, grain and coal are ACBL's largest transport commodities with steel/other bulk commodities and liquids second and third, respectively.

ACL DOMESTIC BARGING OPERATIONS BY COMMODITY

	2002				2001				
	REVENUE	%	TONNAGE	%	REVENUE	%	TONNAGE	%	RE
	(DOLLARS AND TONNAGE IN MILLIONS)								
Grain/Coal	$240	41.2	38.9	55.2	$270	42.4	40.9	56.5	$
Bulk/Steel	162	27.8	23.3	33.0	167	26.3	23.2	32.0	
Liquids	97	16.7	8.3	11.8	111	17.5	8.3	11.5	
Other(1)	83	14.3	0.0	0.0	88	13.8	0.0	0.0	
Total	$582	100.0	70.5	100.0	$636	100.0	72.4	100.0	$

---

(1) Includes towing and demurrage.

To support its domestic barging operations, ACL maintains shore-based facilities throughout the Inland Waterways that provide fleeting, shifting, cleaning and repair services for both towboats and barges, including five towboat dry-docks and nine barge dry-docks.

INTERNATIONAL BARGING

ACL launched its international barging operations in South America in 1993. ACL International currently operates on the Orinoco River, with headquarters in Puerto Ordaz, Venezuela, and through UABL on the Parana/Paraguay River system, with headquarters in Buenos Aires, Argentina. ACL International also operates on the Higuamo River in the Dominican Republic with headquarters in Santa Domingo. International operations generated 6% of ACL's 2002 operating revenue, and management expects revenues from international operations to increase in the coming years. ACL International's expansion in South America has been accomplished by introducing new equipment and technology to the South American river systems, utilizing systems used in the United States, developing new processes to meet local requirements and consolidating operations to improve efficiencies. ACL International expects to use its expertise to expand its barging operations into new regions.

INTERNATIONAL FLEET PROFILE BY BARGE TYPE (EXCLUDES UABL)

BARGE TYPES	NUMBER OF BARGES	AVERAGE AGE (YEARS)
Covered Hoppers	6	17
Open Hoppers	113	18
Tank Barges	3	30
Deck	7	10
Total	129	18

At year end, ACL International operated 20 dry cargo barges pursuant to charter agreements with expiration dates of one year. ACL International expects generally to be able to renew such charter agreements as they expire. In addition, ACL International operated six towboats.

BARGE AND TOWBOAT DESIGN AND MANUFACTURING

Jeffboat manufactures both towboats and barges for ACBL, ACL International, and other customers primarily for inland river service, and also produces coastal and offshore equipment and other special purpose vessels such as cruise boats, casino boats, and U.S. Army Corps of Engineers vessels. Jeffboat has long been recognized as a leader in inland marine technology, incorporating designs and propulsion systems derived from

ongoing model basin studies. Jeffboat also provides around-the-clock vessel repair services, including complete dry-docking capabilities, back-up support for emergency cargo salvage and equipment recovery, and full machine shop facilities for repair and storage of towboat propellers, rudders and shafts. In 2002, Jeffboat was a leading producer of inland barges in the United States, producing approximately one-third of the new supply of inland barges for the barging industry.

ACL believes that the relationship between its transportation operations and Jeffboat provides a competitive advantage to ACL, permitting optimization of construction schedules and asset utilization between ACL's internal requirements and sales to customers. The relationship also gives Jeffboat's engineers an opportunity to collaborate with ACL's barge operations on innovations that optimize towboat performance and barge life.

Operations at Jeffboat were interrupted in 2002 by a strike of its unionized employees from April 30, 2002 until July 9, 2002.

Due to sharply decreased demand for new barges and other marine equipment, Jeffboat has subsequently laid off a substantial number of its employees.

TERMINALS

ACL's terminal subsidiary, ACT, directly operates two facilities located on the Inland Waterways at St. Louis, Missouri and Memphis, Tennessee. GMS, ACL's terminal joint venture, operates 22 terminal or warehouse facilities at Guntersville, Alabama; Jeffersonville and Evansville, Indiana; Louisville, Kentucky; Omaha and Nebraska City, Nebraska; Cincinnati, Ohio; Decatur, Alabama (two sites); Helena, Pine Bluff, West Memphis (two sites) and Ft. Smith (two sites), Arkansas; Chicago, Illinois; Industry, Pennsylvania (two sites); Memphis, Tennessee (two sites); Houston, Texas; and Vlissingen, The Netherlands. GMS also operates four service operations at Battle Creek, Michigan; Mingo Junction, Ohio; Brooklyn Junction, West Virginia; and Vancouver, Canada. In addition, GMS and ACL are equity investors in a terminal operation in Puerto Ordaz, Venezuela.

CUSTOMERS

ACBL's primary customers include many of the nation's major industrial and agricultural companies. ACBL enters into a wide variety of short and long-term contracts with these customers ranging from annual one-year contracts to multi-year extended contracts with inflation adjustments. ACBL's top 25 customers accounted for 54% of ACL's fiscal 2002 operating revenue. One customer, Cargill, Inc., accounted for more than 10% of ACL's fiscal 2002 consolidated operating revenue.

ACBL operates a 24-hour planning center at its headquarters in Jeffersonville, Indiana to provide around-the-clock customer contact and planning capability. In addition to enhanced customer service, the planning

center has improved communication between vessels and office staff for more efficient logistics and better asset utilization.

COMPETITION

ACL's barging operations compete on the basis of price, service and equipment availability. Primary competitors of ACL's barging operations include other barge lines, railroads, trucks and pipelines. Barge transportation provides the lowest unit cost of delivery of any major form of transportation for high volume, bulk products, delivering 12% of the volume of U.S. freight for 2% of the total U.S. freight cost, according to data available from the U.S. Department of Transportation. One standard hopper barge has the equivalent carrying capacity of 15 railcars or 58 trucks. In areas where shippers have access to water transportation, the rate per ton-mile is significantly less than rail rates and approximately 80% to 90% lower than truck rates. While it is generally less expensive to move large volumes of certain liquids by pipeline when both the origin and destination have a direct connection to the pipeline, barge transportation of liquids has greater flexibility with respect to the origins and destinations that can be served.

Competition within the barging industry for major commodity contracts is intense. There are a number of companies offering transportation services on the Inland Waterways. Carriers compete not only on the basis of commodity shipping rates, but also with respect to value-added services, including more convenient and flexible scheduling, more timely information and different equipment. ACL believes its vertical integration provides it with a competitive advantage. ACL utilizes its boat and barge repair and vessel fleeting facilities, Jeffboat's shipbuilding capabilities and the geographically broad-based terminals of ACT and GMS to support its core barging business and to offer a combination of competitive pricing and high quality service to its customer base.

ACL considers Trinity Industries Inc. to be a significant competitor to Jeffboat. ACL believes that in addition to Trinity, Jeffboat's other significant competitors include Bollinger Machine Shop and Shipyard, Inc. and Galveston Shipbuilding Company for barges and Friede Goldman Halter, Inc. and Quality Shipyards, Inc. for towboats, all of which are located primarily on the Gulf of Mexico. These other competitors do not currently manufacture barges, however, should market conditions change they could quickly ready their shipyards to construct inland barges and related equipment.

PROPERTIES

ACL owns or operates numerous land-based facilities that support its overall marine operations. These facilities include a major construction shipyard, two terminal facilities for cargo transfer and handling throughout the river system, 12 locations (which include 19 separate facilities and service operations) for the staging, fleeting, interchange and repair of barges and towboats and a corporate office complex in Jeffersonville, Indiana. An additional 26 terminal facilities and service locations are operated by GMS.

The significant ACL-owned facilities among these properties include:

- The Jeffboat shipbuilding facility in Jeffersonville, Indiana is the largest single-site shipyard facility on the Inland Waterways. It is situated on 86 acres with 5,600 feet of frontage on the Ohio River across from Louisville, Kentucky. There are 38 buildings on the property comprising a total of 305,000 square feet under roof.

- ACL's main office complex is located on 22 acres in Jeffersonville, Indiana. The main building has approximately 140,000 square feet, and five outlying buildings have a total of 25,000 square feet.

GOVERNMENT REGULATION

GENERAL

ACL's business is highly regulated and subject to government regulation in the form of international treaties, conventions, national, state and local laws and regulations, and laws and regulations of the flag nations of its vessels, including laws relating to the discharge of materials into the environment. Because such conventions, laws and regulations are regularly reviewed and revised by the issuing governmental bodies, ACL is unable to predict the ultimate costs or impacts of compliance. In addition, ACL is required by various governmental and quasi-governmental agencies to obtain certain permits, licenses and certificates with respect to its business operations. The kinds of permits, licenses and certificates required depend upon such factors as the country of registry, the commodity transported, the waters in which the vessel operates, the nationality of the vessel's crew, the age of the vessel and the status of ACL as owner, operator or charterer. ACL believes that it currently has all permits, licenses and certificates necessary to permit its vessels to operate in their current trades.

ACL's domestic transportation operations are subject to regulation by the U.S. Coast Guard, federal laws, state laws and certain international conventions.

ACL's inland tank barges are inspected by the U.S. Coast Guard and carry certificates of inspection. ACL's towing vessels and dry cargo barges are not subject to U.S. Coast Guard inspection requirements.

JONES ACT

The Jones Act is a federal cabotage law that restricts domestic marine transportation in the United States to vessels built and registered in the United States. Furthermore, the Jones Act requires that the vessels be manned by U.S. citizens and owned by U.S. citizens. For a limited liability company to qualify as a U.S. citizen for the purpose of domestic trade, 75% of the company's beneficial stockholders must be U.S. citizens. ACL presently meets all of the requirements of the Jones Act for its owned vessels.

Compliance with U.S. ownership requirements of the Jones Act is very important to the operations of ACL, and the loss of Jones Act status could have a significant negative effect for ACL. ACL monitors the citizenship requirements under the Jones Act of its employees and beneficial equity holders and will take action as necessary to ensure compliance with the Jones Act requirements.

During the past several years, the Jones Act cabotage laws have been challenged by interests seeking to facilitate foreign flag competition for trade reserved for U.S. flag vessels under the Jones Act. These efforts have been consistently defeated by large margins in the U.S. Congress. ACL believes that continued efforts may be made to modify or eliminate the cabotage provisions of the Jones Act. If such efforts are successful so as to permit foreign competition, such competition could have an adverse effect on ACL.

USER FEES AND FUEL TAX

Federal legislation requires that inland marine transportation companies pay a user fee in the form of a tax assessed upon propulsion fuel used by vessels engaged in trade along inland waterways that are maintained by the U.S. Army Corps of Engineers. Such user fees are designed to help defray the costs associated with replacing major components of the waterway system, including dams and locks, and to build new projects. A significant portion of the Inland Waterways on which ACL's vessels operate are maintained by the Corps of Engineers.

ACL presently pays a federal fuel tax of 24.4 cents per gallon of propulsion fuel consumed by its towboats in certain geographic regions. Legislation has been proposed to repeal a portion (4.3 cents per gallon) of the

federal fuel tax. In the future, existing user fees may be increased, and additional user fees imposed, to defray the costs of inland waterways infrastructure and navigation.

ENVIRONMENTAL MATTERS

ACL's operations are subject to federal, state and local environmental laws and regulations which, among other things, specify requirements for the management of oil, hazardous wastes, and hazardous substances and impose liability for releases of these materials into the environment. ACL devotes resources toward achieving and maintaining compliance with environmental requirements. ACL believes, except as otherwise set forth herein, that it is in material compliance with environmental requirements. However, there can be no assurance that ACL will be at all times in material compliance with all environmental requirements.

As is the case with others in the maritime industry, a release of oil, hazardous waste, hazardous substances or other pollutants into the environment at or by its properties or vessels, as a result of ACL's current or past operations, or at a facility to which ACL has shipped wastes, or the existence of historical contamination at any of its properties, could result in material liability to ACL. ACL conducts loading and unloading of dry commodities, liquids and scrap materials in and near waterways. Such operations present a potential that some such materials might be spilled into a waterway thereby exposing ACL to potential liability. While the amount of such liability could be material, ACL endeavors to conduct its operations in a manner that it believes reduces such risks.

Federal, state and local governments could in the future enact laws or regulations concerning environmental matters that affect ACL's operations or facilities, increase its costs of operation, or adversely affect the demand for ACL's services. ACL cannot predict the effect that such future laws or regulations could have on its business. Nor can ACL predict what environmental conditions may be found to exist at its current or past facilities or at other properties where ACL or its predecessors have arranged for the disposal of wastes and the extent of liability that may result from the discovery of such conditions. It is possible that such future laws or

undiscovered conditions could have a material adverse effect on ACL's business, financial condition and results of operations.

ACL is involved as a potentially responsible party ("PRP") or interested party with respect to the clean-up of hazardous waste disposal sites (Superfund sites) identified under the Comprehensive Environmental Response, Compensation and Liability Act of 1980 ("CERCLA"), the federal Superfund clean-up statute, and similar state laws. While CERCLA authorizes joint and several liability for remediation costs at clean-up or remediation sites, as a practical matter, such costs are typically allocated among the waste generators and other involved parties.

- Pursuant to the Recapitalization, ACL assumed liability under an order from the U.S. Environmental Protection Agency ("EPA") under CERCLA, regarding contamination at the former Dravo Mechling property in Seneca, Illinois. ACL has complied with the terms of the order, which requires performance of site sampling and certain remediation at the site. As a result of these remediation efforts, the site has been materially remediated. The EPA and the State of Illinois have issued "no further remediation" letters to ACL indicating that neither entity will require further remediation. In 2001, ACL sold the Seneca, Illinois property to a third party. ACL is aware of no ongoing environmental issues or exposure with respect to this property.

- Jeffboat was named a PRP at the Third Site in Zionsville, Indiana. Jeffboat has also received notice of potential liability with regard to

waste allegedly transshipped from the Third Site to the Four County Landfill in Rochester, Indiana. The EPA has conducted an environmental site assessment of this property and has approved a work plan to conclude remediation of the site. The expected cost of the remediation has been funded by the various PRPs, of which Jeffboat has funded its percentage share (3.6%). At this time, no further expense associated with the remediation of Third Site is expected.

- A group of barge operators, including National Marine, had barges cleaned at the SBA Shipyard in Houma, Louisiana, which is now conducting voluntary environmental remediation. ACL assumed National Marine's liability in this matter pursuant to the Recapitalization. The SBA Shipyard owner who previously funded the cleanup effort has become insolvent and, as a result, the barge operators involved have formed a group to fund remediation. The barge operators have funded their currently expected remediation expenses, of which ACL has a 55% share. The barge operator group has removed all liquid waste capable of being pumped from the site and the EPA has preliminarily approved a work plan to remove the solid waste. Remediation of the solid waste has not commenced as of the date of this Report, but is expected to commence within the next year.

- EPS, Inc., a wholly-owned subsidiary of Vectura, is the owner of Connex Pipe Systems' closed solid waste landfill located in Marietta, Ohio ("Connex"). Liability for the monitoring and potential clean-up of Connex was assumed by ACL (up to $30,000 per year) pursuant to the Recapitalization. In 1986 Connex was subject to an Ohio consent judgment ("Consent Judgment") whereby it agreed to remediate and monitor the closed landfill for a period of three years. Connex complied with the Consent Judgment and in 1994 the Ohio Environmental Protection Agency ("Ohio EPA") issued a letter confirming Connex's compliance. However, the Ohio EPA changed its monitoring requirements in 1997 to require longer periods of monitoring for closed sites and attempted to apply those new rules to Connex. Connex, and other similarly situated companies, objected to the new rule which retroactively changed monitoring requirements. On November 30, 1998, the Ohio EPA issued a finalized guidance rule ("Final Guidance") applicable to Connex. ACL believes that the Final Guidance confirmed Connex's position that it had fully complied with the applicable monitoring requirements and owed no further monitoring. ACL believes that it has no further monitoring obligations at Connex and written confirmation from the Ohio EPA has been requested to confirm that ACL's monitoring responsibilities have ceased.

- ACBL has received notice from the EPA that it is a PRP at the State Marine of Port Arthur ("State Marine") and the Palmer Barge Line Superfund Sites in Port Arthur, Texas in regard to approximately 50 barges that were cleaned by State Marine and five barges cleaned by Palmer Barge Line for ACBL in the early 1980s. The EPA has requested that ACBL, and other potentially responsible companies,

enter into negotiations for the performance of a Remedial Investigation and Feasibility Study, however, there has been no further action to pursue any response costs from ACBL as a PRP.

- On July 10, 2002, a lawsuit was filed in Clark Circuit Court against Jeffboat, ACBL, ACL and DHC by two Jeffersonville, Indiana residents purporting to represent a class of individuals affected by alleged fugitive emissions from Jeffboat painting activity. The named plaintiffs, seeking actual and punitive damages, claim that fugitive paint emissions have diminished the value of their automobiles and other property, and seek redress under a variety of theories, including negligence and trespass. ACBL, ACL and DHC moved for and received a dismissal with prejudice. Jeffboat intends to defend this litigation vigorously and to contest any potential class certification.

- Jeffboat, ACBL, ACL and DHC have also received a "Notice of Citizens Suit" concerning the alleged fugitive emissions and alleging other misconduct with respect to water pollution. The notice was filed by the two named plaintiffs in the class action described above and seven other individuals. The notice seeks to have state and federal authorities, who have previously inspected Jeffboat and found no violations, to take additional regulatory action against Jeffboat, or if they do not take such action, the right to sue to ask a federal court to redress their allegations. A resulting suit would not entitle the citizens to damages, but could result in the imposition of penalties payable to the government and liability for the plaintiffs' attorneys' fees. To date, no such action has been filed. Jeffboat would defend vigorously any resulting lawsuit against it.

Because CERCLA liability is retroactive, it is possible in the future that ACL may be identified as a PRP with respect to other waste disposal sites, where wastes generated by ACL have been transported and disposed.

As of December 27, 2002, ACL had reserves of approximately $0.4 million for environmental matters. ACL believes it has established reasonable and adequate reserves to cover its known environmental liabilities. However, given the uncertainties associated with such matters, there can be no assurance that liabilities will not exceed reserves.

OCCUPATIONAL HEALTH AND SAFETY MATTERS

ACL's domestic vessel operations are primarily regulated by the U.S. Coast Guard for occupational health and safety standards. ACL's domestic shore operations are subject to the U.S. Occupational Safety and Health Administration regulations. While there can be no assurance that ACL is at all times in complete compliance with all such regulations, ACL believes that it is in material compliance with such regulations, and that any noncompliance is not likely to have a material adverse effect on ACL. There can be no assurance, however, that claims will not be made against ACL for work related illness or injury, or that the further adoption of occupational health and safety regulations in the United States or in foreign jurisdictions in which ACL operates will not adversely affect its business, financial condition and results of operations.

ACL endeavors to reduce employee exposure to hazards incident to its business through safety programs, training and preventive maintenance efforts. ACL emphasizes safety performance in all of its operating divisions. ACL believes that its safety performance consistently places it among the industry leaders as evidenced by what it believes are lower injury frequency levels than many of its competitors. ACL has been certified in the American Waterway Operators Responsible Carrier Program which is oriented to enhancing safety in vessel operations.

INTELLECTUAL PROPERTY

ACL registers some of its material trademarks, tradenames and copyrights and has acquired patent protection for some of its proprietary processes. ACL has current trademark rights to conduct its business.

INSURANCE

ACL maintains protection and indemnity insurance ("P&I") to cover liabilities arising out of the ownership and operation of marine vessels. ACL maintains hull and machinery insurance policies on each of

its vessels in amounts related to the value of each vessel. Each vessel is insured at its current fair market value; however, damage claims are subject to an annual aggregate deductible of $4 million. ACL maintains coverage for

shore-side properties, shipboard consumables and inventory, spare parts, worker's compensation, and general liability risks. ACL maintains primary insurance and third party guaranty agreements as to its statutory liabilities for discharges of oil or hazardous substances under the federal Oil Pollution Act of 1990. In the future, ACL may elect to self-insure such primary statutory liability amounts; however, ACL currently maintains and expects to continue to maintain excess coverage for pollution liability. All insurance policies have been obtained and arranged through the Aon Insurance Brokerage Syndicate, other brokers or direct placement with commercial insurers, and maintained with underwriters in the United States, British and other markets.

Insurance premiums for the coverages described above will vary from year to year depending upon ACL's loss record and market conditions. In order to reduce premiums, ACL maintains certain per occurrence deductible, annual aggregate deductible and self-insured retention levels that it believes are prudent and generally consistent with those maintained by other shipping companies.

EMPLOYEES

As of December 27, 2002, on a consolidated basis, ACL employed 3,528 individuals. Of this total, 650 individuals were engaged in shore-side management and administrative functions, 2,111 individuals were employed as boat officers and crew members on its marine vessels, 745 individuals were engaged in production and repair activities at ACL's shipyard facilities, and 22 individuals were employed in production and hourly work activities at ACL's terminals. Six hundred of ACL's domestic shore-side employees are represented by unions. Most of these unionized employees (approximately 578) are represented by the International Brotherhood of Teamsters at ACL's Jeffboat shipyard facility, where the contract with the union expires in April 2007. One hundred twelve of ACL's South American employees are represented by unions.

RISK FACTORS

RISKS ASSOCIATED WITH OUR BUSINESS

The following risk factors could have a material adverse effect on ACL's business, financial condition and results of operations.

BANKRUPTCY-SPECIFIC RISKS

UNCERTAINTIES RELATING TO BANKRUPTCY PROCEEDINGS

ACL's (references to ACL herein includes reference to ACL and the other Debtors) future results are dependent upon successfully obtaining approval, confirmation and implementation of a plan or plans of reorganization. ACL has not yet submitted such plan or plans to the Bankruptcy Court for approval and cannot make any assurance that it will be able to submit and obtain confirmation of any such plan or plans in a timely manner. Failure to confirm a plan or plans in a timely manner could adversely affect ACL's operating results, as ACL's ability to obtain financing to fund its operations and its relations with its customers may be harmed by protracted bankruptcy proceedings. Moreover, even following confirmation, consummation and implementation of a plan or plans of reorganization, ACL's operating results may be harmed by the possible reluctance of prospective lenders and customers to do business with a company that recently emerged from bankruptcy proceedings.

Currently, it is not possible to predict with certainty the length of time ACL will operate under the protection of Chapter 11, the outcome of the Chapter 11 proceedings in general, or the effect of the proceedings on the business of ACL or on the interests of the various creditors and stakeholders. Under the priority scheme established by the Bankruptcy Code, certain post-petition liabilities and pre-petition liabilities need to be satisfied before equity holders (DHC controls 100% of ACL's equity) can receive any distribution. The ultimate recovery to equity holders, if any, will not be determined until confirmation of a plan or plans of reorganization. There can be no assurance as to what value, if any, will be ascribed to the membership

interests of ACL and the other Debtors in the bankruptcy proceedings, and the value of the equity could be substantially diluted or cancelled.

ACL may, under certain circumstances, file motions with the Bankruptcy Court to assume or reject its executory contracts. An executory contract is one in which the parties have mutual obligations to perform (e.g., contracts of affreightment, charters, equipment leases and real property leases). Unless otherwise agreed, the assumption of a contract will require ACL to cure all prior defaults under the related contract, including all pre-petition liabilities. Unless otherwise agreed, the rejection of a contract is deemed to constitute a breach of the agreement as of the moment immediately preceding the Chapter 11 filing, giving the other party to the contract a right to assert a general unsecured claim for damages arising out of the breach. Additional liabilities subject to the proceedings may arise in the future as a result of the rejection of executory contracts, including leases, and from the determination of the Bankruptcy Court (or agreement by parties in interest) of allowed claims for contingencies and other disputed amounts. Conversely, the assumption of executory contracts and unexpired leases may convert liabilities shown as subject to compromise to post-petition liabilities. Due to the uncertain nature of many of the potential claims, ACL is unable to project the magnitude of such claims with any degree of certainty.

The potential adverse publicity associated with the Chapter 11 filing and the resulting uncertainty regarding ACL's future prospects may hinder ACL's ongoing business activities and its ability to operate, fund and execute its business plan by (i) impairing relations with existing and potential customers; (ii) negatively impacting the ability of ACL to attract, retain and compensate key executives and associates and to retain employees generally; (iii) limiting ACL's ability to obtain trade credit; (iv) and impairing present and future relationships with vendors and service providers.

ACL has incurred and will continue to incur significant costs associated with the reorganization. The amount of these costs, which are being expensed as incurred, are expected to have a significant adverse affect on the results of operations and cash flows.

The unsecured creditors committee appointed in the bankruptcy proceedings has the right to be heard on all matters that come before the Bankruptcy Court. There can be no assurance that the unsecured creditors committee will support ACL's positions in the bankruptcy proceeding or the plan(s) of reorganization once proposed, and disagreements between ACL and the committee could protract the bankruptcy proceedings, could negatively impact ACL's ability to operate during bankruptcy and could delay ACL's emergence from bankruptcy.

Certain additional risk factors associated with the reorganization include, but are not limited to, the following: potential adverse developments with respect to ACL's liquidity, results of operations or ability to continue as a going concern; Bankruptcy Court approval of the motions filed by ACL from time to time; the availability of exit financing to facilitate emergence from Chapter 11 pursuant to a plan of reorganization; risks associated with third parties seeking and obtaining court approval (i) to terminate or shorten the exclusivity period for ACL to propose and confirm one or more plans of reorganization, (ii) for the appointment of a Chapter 11 trustee or (iii) to convert ACL's cases to Chapter 7 cases for the liquidation of its businesses; and the ability of ACL to execute on its business plans.

POTENTIAL SALE OF ASSETS

In connection with the development of alternative plans of reorganization, ACL will evaluate any and all proposals to maximize the value of all ACL's stakeholders, including the sale of certain of its remaining business lines. There can be no assurance that ACL will be able to consummate such asset sales or that any asset sales will be at or greater than the current net book value of such assets.

ACL'S LIQUIDITY IS DEPENDENT ON A NUMBER OF FACTORS

ACL's liquidity generally depends on cash provided by operating activities and access to the DIP Credit Facility. The ability of ACL to continue as a going concern (including its ability to meet post-petition obligations) and the continued appropriateness of using the going concern basis for its financial statements are

dependent upon, among other things, (i) ACL's ability to comply with the covenants of the DIP Credit Facility, (ii) the ability of ACL to maintain adequate cash on hand, (iii) the ability of ACL to continue to generate cash from operations, (iv) confirmation of a plan of reorganization under the Bankruptcy Code and the terms of such plan, (v) ability of ACL to attract, retain and compensate key executives and associates and to retain employees generally and (vi) ACL's ability to achieve profitability following such confirmation.

COMPANY-SPECIFIC RISKS

RISKS OF ADVERSE WEATHER AND RIVER CONDITIONS

ACL's barging operations are affected by weather and river conditions. Varying weather patterns can affect river levels and cause ice in Northern United States river areas. For example, the Upper Mississippi River closes annually from approximately mid-December to mid-March and ice conditions can hamper navigation on the upper reaches of the Illinois River during the winter months. In addition, adverse river conditions affect towboat speed, tow size and loading drafts and can delay barge movements. Lock outages due to lock maintenance and/or other interruptions in normal lock operation can also delay barge movements. Jeffboat's waterfront location is subject to occasional flooding. Jeffboat's manufacturing operations that are conducted outdoors are also subject to weather conditions, which may adversely impact production schedules. Terminals may also experience operational interruptions as a result of weather and river conditions. It is likely that ACL's operations will be subject to adverse weather or river conditions in the future and there can be no assurance that such weather or river conditions will not have a material adverse effect on ACL's business, financial condition, results of operations and cash flows.

EXPOSURE TO GRAIN EXPORTS

ACL's dry cargo barging business in North America is significantly affected by the level of grain export volume handled through the Gulf of Mexico ports. Grain exports can vary due to, among other things, crop harvest yield levels in the United States and abroad. Overseas grain shortages can increase demand for U.S. grain, while worldwide over-production can decrease the demand for U.S. grain. This variable nature of grain exports can result in temporary barge oversupply which can drive down freight rates. There can be no assurance that historical levels of North American grain export volume will be maintained in the future and, to the extent supply imbalances were to prevail for a significant period of time, they could have a material adverse effect on ACL's business, financial condition, results of operations and cash flows.

SEASONALITY

ACL's business is seasonal, and its quarterly revenues and profits historically have been lower during the first and second fiscal quarters of the year (January through June) and higher during the third and fourth fiscal quarters (July through December) due to the North American grain harvest. In addition, working capital requirements fluctuate throughout the year. Adverse market or operating conditions during the last four months of the year could have a greater effect on ACL's business, financial condition, results of operations and cash flows than during other periods.

VARIABILITY

Freight transportation rates may fluctuate from season to season and year to year, which could result in varying levels of cash flow. The level of dry and liquid cargoes requiring transportation on the Inland Waterways will vary due to numerous factors, including global economic conditions and business cycles, domestic agricultural production/demand as well as international agricultural production/demand and the value of the U.S. dollar relative to other currencies. In addition, the number of barges and towboats in the overall industry fleet available to transport these cargoes will vary from year to year as older vessels are retired and scrapped and new vessels are constructed and placed into service. The resulting relationship between available cargoes and available vessels will vary with periods of low vessel availability and high cargo demand causing higher freight rates and periods of high vessel availability and low cargo demand causing lower freight rates. Significant periods of high vessel availability and low cargo demand could have a material adverse effect on ACL's business, financial condition, results of operations and cash flows.

The foregoing factors can also affect market rates. As contracts expire and terms are renegotiated at then current market rates, the level of revenue can vary relative to prior years. This has become more evident as the industry has shifted to shorter term contracts. The impact of these factors could be material and there can be no assurance that the rates at which contracts are renewed will not have a material adverse effect on ACL's business, financial condition, results of operations or cash flows.

COMPETITION

The barge business is highly competitive and there are few significant barriers to entry. Certain of ACL's principal competitors have greater financial resources and/or are less leveraged than ACL and may be better able to withstand and respond to adverse market conditions within the barging industry. There can be no assurance that such competition will not have a material adverse effect on ACL's business, financial condition, results of operations or cash flows or that ACL will not encounter increased competition in the future, which also could have a material adverse effect on its business, financial condition, results of operations or cash flows.

EXPOSURE TO INTERNATIONAL ECONOMIC AND POLITICAL FACTORS

ACL's operations may be affected by actions of foreign governments and global or regional economic developments. For example, global economic events such as foreign import/export policy or currency fluctuations, could affect the level of imports and exports. Foreign agricultural subsidies can also impact demand for U.S. agricultural exports. In addition, foreign trade agreements and each country's adherence to the terms of such agreements can raise or lower demand for U.S. imports and exports. National and international boycotts and embargoes of other countries' or U.S. imports and/or exports together with the raising or lowering of tariff rates will affect the level of cargoes requiring transportation on the Inland Waterways. Changes in the value of the U.S. dollar relative to other currencies will raise or lower demand for U.S. exports as well as U.S. demand for foreign produced raw materials and finished good imports. Such actions or developments could have a material adverse effect on ACL's business, financial condition, results of operations and cash flows.

RISK OF PROVIDING SERVICES ABROAD

Demand for ACL's services may be affected by economic and political conditions in each of the countries in which ACL provides services. ACL's foreign operations are also subject to other risks of doing business abroad, including fluctuations in the value of currencies (which may affect demand for products priced in U.S. dollars as well as local labor and supply costs), import duties, changes to import and export regulations (including quotas), possible

restrictions on the repatriation of capital and earnings, labor or civil unrest, long payment cycles, greater difficulty in collecting accounts receivable and the burdens and cost of compliance with a variety of foreign laws, changes in citizenship requirements for purposes of doing business and government expropriation of operations and/or assets. There can be no assurance that foreign governments will not adopt regulations or take other actions that would have a direct or indirect adverse impact on the business or market opportunities of ACL or that the political, cultural or economic climate outside the United States will be favorable to ACL's operations and growth strategy. See Item 7A., "Foreign Currency and Exchange Rate Risks", for a further discussion of ACL's exchange rate risks.

EXPOSURE TO FUEL PRICES

Fuel prices are subject to fluctuation as a result of domestic and international events. There can be no assurance that ACL will not experience increased fuel prices in the future, which could have a material adverse effect on its business, financial condition, results of operations and cash flows.

REPLACEMENT NEEDS

Barge and towboat replacement represents a significant cost for ACL, and ACL expects to replace approximately 50 barges in 2003 and approximately 200 per year during the next four years. Due to the variable nature of the barging industry and the freight transportation industry in general and the relatively long

life of marine equipment, it is difficult for ACL and other barge companies to accurately predict equipment requirements. Accordingly, no assurance can be given that ACL will have sufficient equipment to satisfy market demand or that the industry will not have an oversupply of equipment. An oversupply of equipment could have a material adverse effect on ACL's business, financial condition, results of operations and cash flows.

COMBINED OPERATIONS

Pursuant to its strategy to pursue synergistic acquisitions in its core business lines, ACL may expend substantial management time and financial and other resources for the acquisition and integration of other barging operations. These acquisitions may pose risks with respect to operations, customer service and customer acceptance. While ACL's management has successfully combined other barging operations and it believes that it has sufficient financial and management resources to accomplish the rationalization and integration of other barging operations, there can be no assurance that such operations can be integrated successfully or that ACL will not experience difficulties with customers, personnel or others. In addition, although ACL believes that the other barging operations will enhance the competitive position and business prospects of ACL, there can be no assurance that such benefits will be fully realized.

DEPENDENCE ON KEY PERSONNEL

ACL is dependent on the continued services of its senior management team. The loss of such key personnel could have a material adverse effect on ACL's business, financial condition, results of operations and cash flows.

LABOR RELATIONS

Although ACL believes that its relations with its employees and with the recognized labor unions are generally good, there can be no assurance that ACL will not be subject to work stoppages or other labor disruption and, if such events were to occur, that there would not be a material adverse effect on ACL's business, financial condition, results of operations and cash flows.

ENVIRONMENTAL, HEALTH AND SAFETY REQUIREMENTS

ACL's operations are subject to extensive federal, state and local environmental laws and regulations which, among other things, specify requirements for the management of oil, hazardous wastes, and hazardous substances and impose liability for releases of these materials into the environment. A release of oil, hazardous waste, hazardous substances or other pollutants into the environment at or by ACL's properties or vessels, as a result of ACL's current or past operations, or at a facility to which ACL has shipped wastes, or the existence of historical contamination at any of its properties, could result in material liability to ACL. ACL has been identified as a potentially responsible party ("PRP") with respect to the cleanup of certain waste disposal sites.

Federal, state and local governments could in the future enact laws or regulations concerning environmental matters that affect ACL's operations or facilities, increase its costs of operation, or adversely affect the demand for its services. ACL cannot predict the effect that such future laws or regulations could have on ACL. Nor can ACL predict what environmental conditions may be found to exist at its current or past facilities or at other properties where ACL or its predecessors have arranged for the disposal of wastes and the extent of liability that may result from the discovery of such conditions. It is possible that such future laws or undiscovered conditions could have a material adverse effect on ACL's business, financial condition, results of operations and cash flows.

ACL's domestic vessel operations are primarily regulated by the U.S. Coast Guard for occupational health and safety standards. ACL's domestic shore operations are subject to the U.S. Occupational Safety and Health Administration regulations. There can be no assurance that claims will not be made against ACL for work related illness or injury, or that the further adoption of occupational health and safety regulations in the

United States or in foreign jurisdictions in which ACL operates will not adversely affect its business, financial condition, results of operations and cash flows.

OTHER GOVERNMENT REGULATION

ACL's barging operations are subject to various laws and regulations, including international treaties, conventions, national, state and local laws and regulations and the laws and regulations of the flag nations of ACL's vessels, all of which are subject to amendment or changes in interpretation. Further, ACL is required by various governmental and quasi-governmental agencies to obtain and/or maintain certain permits, licenses and certificates respecting its operations. ACL's domestic towboats are in certain circumstances subject to a significant federal fuel use tax, which may be increased. Any significant changes in laws or regulations affecting ACL's operations, or in the interpretation thereof, could have a material adverse effect on ACL's business, financial condition, results of operations and cash flows.

Terrorist Attacks, War and the Risk of War

The impact that terrorist attacks, such as those carried out on September 11, 2001, may have on the marine transportation industry in general, and on ACL in particular, is not known at this time. Such attacks, and the uncertainty surrounding them, may impact ACL's operations in unpredictable ways, including disruptions of rail lines, highways and fuel supplies and the possibility that ACL's facilities and vessels could be direct targets of, or indirect casualties of, an act of terror. In addition, war or risk of war may also have an adverse effect on the economy. A decline in economic activity could adversely affect ACL's revenues or restrict ACL's future growth. Instability in the financial markets as a result of terrorism or war could also affect ACL's ability to raise capital. Such attacks may lead to increased volatility in fuel costs and

availability and could affect ACL's results of operations. In addition, the insurance premiums charged for some or all of the coverages ACL currently maintains could increase dramatically, or the coverages could be unavailable in the future. Any such events could have a material adverse effect on ACL's business, financial condition, results of operations and cash flows.

Small Number of Customers Account for a Substantial Portion of ACL's Revenues

In 2002, ACL's largest customer, Cargill, Inc., accounted for more than 10% of ACL's revenues, while ACL's 25 largest customers accounted for approximately 54% of ACL's revenues.

RISKS RELATING TO ACL'S DEBT OBLIGATIONS

ACL incurred significant debt in connection with the Recapitalization and the Danielson Recapitalization. After the recapitalizations, ACL experienced lower than expected revenues and earnings due in part to a deteriorating economy and a general slow down in the barging industry. After failing to complete an out-of-court financial restructuring alternative, ACL was unable to meet its financial obligations as they became due. Consequently, ACL filed a petition with the Bankruptcy Court in order to reorganize its capital and debt structure under Chapter 11 of the Bankruptcy Code. As a result of the Chapter 11 filings, certain events of default under the Senior Credit Facilities, Senior Notes, PIK Notes and Old Senior Notes have occurred. However, under Chapter 11, actions by creditors to collect claims on pre-petition debt are stayed or deferred unless specifically ordered by the Bankruptcy Court. If and when ACL emerges from bankruptcy it is likely that it will continue to be highly leveraged with substantial debt service obligations. ACL's Senior Credit Facilities and other indebtedness could be replaced by new credit facilities with substantial, and possibly more restrictive, covenants. Thus, ACL's leveraged position could have a material adverse effect on ACL's business, financial condition, results of operations and cash flows. For example, ACL's substantial leverage position after bankruptcy could:

- limit ACL's ability to obtain additional financing to fund future working capital, capital expenditures and other general corporate requirements;

- increase ACL's vulnerability to general adverse economic and industry conditions;

- require ACL to dedicate a substantial portion of its cash flow from operations to the payment of principal of, and interest on, its indebtedness, thereby reducing the availability of such cash flow to fund working capital, capital expenditures or other general corporate requirements;

- limit ACL's flexibility in planning for, or reacting to, changes in its business and the industry in which it competes; and

- place ACL at a competitive disadvantage compared to its less leveraged competitors.

ITEM 2. PROPERTIES

The information with respect to ACL's properties appearing in this Report at Item 1, Business -- Properties is incorporated herein by reference.

ITEM 3. LEGAL PROCEEDINGS

ACL is named as a defendant in various lawsuits that have arisen in the ordinary course of its business. Claimants seek damages of various amounts for personal injuries, property damage and other matters. ACL believes that all material claims asserted under lawsuits of this description and nature are covered by insurance policies. ACL is not aware of any litigation that would be deemed material to the financial condition, results of operations or liquidity of ACL that is not covered by insurance coverages and policies, other than the

environmental matters discussed in this Report at Item 1, Business -- Environmental Matters which is incorporated herein by reference.

The description of ACL's bankruptcy proceedings appearing in this Report at Item 1, Business -- Bankruptcy Considerations and at Item 7, Management's Discussion and Analysis of Financial Condition and Results of Operations -- Overview and Significant Events -- Bankruptcy, is incorporated herein by reference.

ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

None.

PART II

ITEM 5. MARKET FOR THE REGISTRANT'S COMMON EQUITY AND RELATED STOCKHOLDER MATTERS

ACL's membership interests are not registered or traded on any public trading market or stock exchange.

ITEM 6. SELECTED FINANCIAL DATA

			FISCAL YEARS ENDED		
	MAY 29, 2002 TO DEC. 27, 2002	DEC. 29, 2001 TO MAY 28, 2002	DEC. 28, 2001	DEC. 29, 2000	DEC. 31, 1999
	(DOLLARS IN THOUSANDS)				
STATEMENT OF OPERATIONS DATA(1):					
Operating revenue.....	$ 428,047	$284,805	$ 788,501	$ 773,838	$ 739,136
Operating expense.....	414,054	303,195	723,140	717,530	664,544
Operating income.....	13,993	(18,390)	65,361	56,308	74,592
Other expense (income)(2)....	3,307	827	1,526	(7,409)	(3,048)
Interest expense.....	35,944	25,712	70,932	70,813	71,275
(Loss) earnings before income taxes, extraordinary items and cumulative effect of accounting changes.....	(25,258)	(44,929)	(7,097)	(7,096)	6,365
Income taxes (benefit).....	743	(919)	118	4,263	1,658
Extraordinary items(3).....	--	--	(1,885)	734	--
Cumulative effect of accounting changes(4).....	--	--	490	--	1,737
Net (loss) earnings.....	(26,001)	(44,010)	(5,820)	(12,093)	2,970
OTHER OPERATING DATA:					
Towboats (at period end).....	193	193	193	206	204
Barges (at period end).....	4,710	5,005	5,083	5,103	4,397
Tonnage (thousands, for period ended).....	45,205	29,401	75,546	71,224	71,903
OTHER FINANCIAL DATA:					
Depreciation and amortization.....	37,407	21,824	55,497	56,014	51,222
Property additions.....	7,757	5,605	19,772	50,861	55,880
Net cash provided (used) by:					
Operating activities.....	26,578	(19,678)	24,588	30,782	94,602
Investing activities.....	(7,326)	(7,476)	3,292	(24,192)	(59,156)
Financing activities.....	(25,641)	786	(40,195)	22,137	(53,961)

	DEC. 27, 2002	DEC. 28, 2001	DEC. 29, 2000	DEC. 31, 1999
	(DOLLARS IN THOUSANDS)			
STATEMENT OF FINANCIAL POSITION DATA:				
Cash and cash equivalents....	$ 14,496	$ 47,253	$ 59,568	$ 30,841
Working capital (deficiency).....	(602,073)	(681,674)	(107,354)	(16,525)
Properties -- net.....	585,785	464,133	509,443	559,777
Total assets.....	813,594	757,936	787,538	776,096
Long-term debt, including current portion.....	555,573	608,519	658,055	712,807
Member's equity (deficit)....	44,022	(148,019)	(142,618)	(132,072)

---

(1) ACL acquired the barging operations of National Marine, Inc. in 1998 and purchased Peavey in 2000. The results of operations and cash flows of these companies have been included from the date of the respective acquisitions. On May 29, 2002 Danielson Holding Company purchased ACL and elected push-down accounting which is reflected in the basis of ACL's properties and related depreciation.

(2) Includes $11,418 gain from the sale of Waterways Communication System LLC ("Watercom") in 2000.

(3) ACL paid $734 for the early redemption premium on the Terminal Revenue bonds in 2000. ACL recorded extraordinary income of $1,885 in 2001 on the early retirement of $5,000 in Senior Notes.

(4) ACL adopted American Institute of Certified Public Accountants Statement of Position 97-3 in the first quarter 1999, with a cumulative effect adjustment of $1,737 in non-cash expense for workers' compensation second injury funds. ACL adopted Financial Accounting Standards Board Statement No. 133 in 2001 with a cumulative effect adjustment of $490 in non-cash expense for an interest rate cap.

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

OVERVIEW AND SIGNIFICANT EVENTS

BANKRUPTCY

As also discussed in this Report at Item 1, Business -- Bankruptcy Considerations, during 2002 and the beginning of 2003, ACL experienced a decline in barging rates, reduced shipping volumes and excess barging capacity during a period of slow economic growth and a global economic recession. Due to these factors, ACL's revenues and earnings did not meet expectations and ACL's liquidity was significantly impaired and it was unable to comply with its various debt covenants. As a result, ACL was unable to meet its financial obligations as they became due. On January 31, 2003, ACL and the other Debtors filed a petition with the Bankruptcy Court to reorganize under Chapter 11 of the Bankruptcy Code. The Chapter 11 petitions do not cover any of ACL's foreign subsidiaries or certain of its U.S. subsidiaries.

ACL and the other Debtors are continuing to operate their businesses as debtors-in-possession under the jurisdiction of the Bankruptcy Court and in accordance with the applicable provisions of the Bankruptcy Code and orders of the Bankruptcy Court. As debtors-in-possession, the Debtors may not engage in

transactions outside of the ordinary course of business without approval, after notice and hearing, of the Bankruptcy Court. As part of the Chapter 11 cases, the Debtors intend to develop and propose for confirmation pursuant to Chapter 11 a plan of reorganization that will restructure the operations and liabilities of the Debtors to the extent necessary to result in the continuing viability of ACL. A filing date for such a plan has not been determined, however, ACL and the other Debtors have the exclusive right to file a plan of reorganization during the 120 day period following the Petition Date. If the exclusive period were to expire without being extended, other parties, such as the creditors of ACL and the other Debtors, would have the right to propose alternative plans for reorganization.

In connection with the Chapter 11 filings, ACL and the other Debtors received approval from the Bankruptcy Court to pay or otherwise honor certain of its pre-petition obligations, including but not limited to

employee wages and certain employee benefits, certain critical vendor payments, certain insurance and claim obligations, and certain tax obligations, as a plan of reorganization is developed.

Furthermore, the Debtors entered into the DIP Credit Facility that provides up to $75 million of financing. As of February 2003, participating bank commitments under the DIP Credit Facility total $60 million, of which the Debtors have drawn $50 million, which was used to retire the Pre-Petition Receivables Facility (as hereinafter defined) and which continues to be used to fund the Debtors' day-to-day cash needs. The DIP Credit Facility is secured by the same and additional assets that collateralized the Senior Credit Facility (as hereinafter defined) and the Pre-Petition Receivables Facility, and bears interest, at ACL's option, at LIBOR plus four percent or an Alternate Base Rate (as defined in the DIP Credit Facility) plus three percent. There are also certain interest rates in the event of a default under the facility.

The DIP Credit Facility also contains certain restrictive covenants that, among other things, restrict the Debtors' ability to incur additional indebtedness or guarantee the obligations of others. ACL is also required to maintain minimum cumulative EBITDA, as defined in the DIP Credit Facility, and limit its capital expenditures.

As a result of the Chapter 11 filings, certain events of default under the Senior Credit Facilities, Senior Notes, PIK Notes and Old Senior Notes have occurred subsequent to December 27, 2002, the effects of which are stayed pursuant to certain provisions of the Bankruptcy Code.

Under Chapter 11, actions by creditors to collect claims in existence at the filing date are stayed or deferred absent specific Bankruptcy Court authorization to pay such pre-petition claims while the Debtors continue to manage their businesses as debtors-in-possession and act to develop a plan of reorganization for the purpose of emerging from these proceedings. A claims bar date has not yet been established.

The amount of the claims to be filed against the Debtors by their creditors could be significantly different than the amount of the liabilities recorded by the Debtors. The Debtors also have numerous executory contracts and other agreements that could be assumed or rejected during the Chapter 11 proceedings. Parties affected by these rejections may file claims with the Bankruptcy Court in accordance with the reorganization process. Under these Chapter 11 proceedings, the rights of and ultimate payments to pre-petition creditors, rejection damage claimants and equity investors may be substantially altered. This could result in claims being liquidated in the Chapter 11 proceedings at less (possible substantially less) than 100% of their face value, and the membership interests of ACL's equity investors being diluted or cancelled. The Debtors have not yet proposed a plan of reorganization. The Debtors' pre-petition creditors and ACL's equity investors will each have a vote in the plan of reorganization.

The United States Trustee has appointed an unsecured creditors committee. The official committee and its legal representatives have a right to be heard on all matters that come before the Bankruptcy Court.

The Chapter 11 process presents inherent material uncertainty. It is not possible to determine the additional amount of claims that may arise or ultimately be filed, or predict (i) the length of time that the Debtors will continue to operate under the protection of Chapter 11, (ii) the outcome of the Chapter 11 proceedings in general, (iii) whether the Debtors will continue to operate in their present organizational structure, or (iv) the effects of the proceedings on the business of ACL, the other Debtors and its non-filing subsidiaries and affiliates, or on the interests of the various creditors, security holders and equity holders. The ultimate recovery, if any, by creditors, security holders and equity holders will not be determined until confirmation of a plan or plans of reorganization. No assurance can be given as to what value will be ascribed in the bankruptcy proceedings to each of these constituencies. Accordingly, ACL and the other Debtors urge that appropriate caution be exercised with respect to existing and future investments in any of these securities.

The consolidated financial statements contained herein have been prepared on a going concern basis, which assumes continuity of operations and realization of assets and satisfaction of liabilities in the ordinary course of business. The ability of ACL and the other Debtors to continue as a going concern is predicated, among other things, on the confirmation of a reorganization plan, compliance with the provisions of the DIP Credit Facility, the ability of ACL and the other Debtors to generate the required cash flows from operations and, where necessary, obtaining financing sources sufficient to satisfy future obligations.

ACL'S BUSINESS

ACL is an integrated marine transportation and service company, providing barge transportation and ancillary services. ACL supports its barging operations by providing marine vessel design and construction along with inter-modal cargo transfer services to ACBL and third parties. ACBL is the leading provider of river barge transportation throughout the Inland Waterways. In addition, since expanding its barge transportation operations to South America in 1993, ACL International has become the leading provider of barge transportation services on the Orinoco River in Venezuela and, through UABL, on the Parana/Paraguay River system serving Argentina, Brazil, Paraguay, Uruguay and Bolivia. ACL International also provides transportation services on the Higuamo River in the Dominican Republic.

ACL derives its revenues primarily from the barge transportation of other bulk/steel, grain, coal and liquids in the United States and South America. While ACL's customer base has remained relatively stable and certain of its operations provide steady rate levels and profit margins, its results of operations can be impacted by a variety of external factors. These factors include fluctuations in rates for shipping grain, which in turn affect rates for shipping other dry cargoes, weather and river conditions and fluctuations in fuel prices. Although revenues from ACL's international operations are typically denominated in U.S. dollars, its results could be impacted by currency fluctuations.

ACL seeks to enter into multi-year contracts at fixed prices (with inflation-indexed escalation and fuel adjustment clauses) with its customers. On a revenue basis, 51% of contracts in effect as of December 27, 2002 were for periods of greater than one year.

ACBL's top 25 customers accounted for 54% of ACL's fiscal 2002 operating revenue. One customer, Cargill, Inc., accounted for more than 10% of ACL's fiscal 2002 consolidated operating revenue.

PRE-BANKRUPTCY FINANCIAL RESTRUCTURING OF ACL

Through May 28, 2002, ACL was in default under its bank and bond debt, as well as its receivables facility, due to nonpayment of interest on the debt as well as other covenant violations. On December 31, 2001, and subsequent thereto, ACL elected not to pay the interest due on its bank and bond debt due to ongoing negotiations with its bankers and note holders regarding the restructuring of the debt. ACL obtained forbearance agreements or waivers which enabled it to complete the Danielson Recapitalization and the debt restructuring described below and in Notes 1, 3 and 6 to consolidated financial statements.

ACL's original secured debt was issued pursuant to a Credit Agreement, dated June 30, 1998, with certain lenders and JPMorgan Chase Bank (formerly, The Chase Manhattan Bank), as administrative agent (the "Senior Credit Facilities"), consisting of a $200.0 million Tranche B Term Loan due June 2006, a $235.0 million Tranche C Term Loan due June 2007 and a revolving credit facility providing for revolving loans and the issuance of letters of credit for the account of ACL in an aggregate principal amount of up to $100.0 million due June 2005 (the "Revolving Credit Facility"). ACL also had outstanding $295.0 million of unsecured 10.25% Senior Notes due June 2008 (the "Old Senior Notes").

On March 15, 2002, ACL entered into a definitive recapitalization agreement regarding the acquisition and recapitalization of ACL (the "Danielson Recapitalization") by DHC and certain DHC subsidiaries (collectively with DHC, "Danielson"). On April 15, 2002, ACL launched an exchange offer pursuant to which ACL offered to exchange the Old Senior Notes for a new series of 11.25% senior notes due January 1, 2008 (the "Senior Notes") and a new class of 12% pay-in-kind senior subordinated notes due July 1, 2008 (the "PIK Notes").

On April 11, 2002, ACL and certain lenders executed an amendment agreement under which the Senior Credit Facilities would be amended and restated upon the satisfaction of certain conditions set forth in the amendment agreement, including the consummation of the Danielson Recapitalization.

Effective May 29, 2002, the Danielson Recapitalization was consummated with $58.5 million of the Old Senior Notes and interest thereon, if any, contributed by Danielson to ACL Holdings; $230 million, plus accrued interest, of the remaining $236.5 million in Old Senior Notes exchanged for new Senior Notes, and new PIK Notes and the Senior Credit Facilities amended. As part of the Danielson Recapitalization, DHC contributed $25.0 million in cash to ACL Holdings, which was immediately used to reduce the outstanding term loan debt under the Senior Credit Facilities. In addition, $50.0 million of the amount outstanding under the Revolving Credit Facility was converted into a new term loan (the "Tranche A Term Loan").

Upon completion of the Danielson Restructuring, ACL became an indirect wholly owned subsidiary of DHC. At that same time, SZ Investments, LLC increased its equity ownership in DHC to approximately 18%. SZ Investments, LLC is an affiliate of Samuel Zell, DHC's Chief Executive Officer. Another affiliate of Mr. Zell, HY I Investments, LLC, is a holder of approximately 42% of ACL's Senior Notes and PIK Notes.

As of May 29, 2002, after the $25.0 million reduction in outstanding term loans, and after the $50.0 million Revolving Credit conversion to a "Tranche A Term Loan," ACL's secured debt issued under the amended Senior Credit Facilities consisted of a $46.6 million Tranche A Term Loan due June 30, 2005, a $134.0 million Tranche B Term Loan due June 30, 2006, a $157.7 million Tranche C Term Loan due June 30, 2007 (collectively the "Term Loans") and the Revolving Credit Facility providing for revolving loans and the issuance of letters of credit for the account of ACL in an aggregate principal amount of up to $50.0 million due June 30, 2005. As of December 27, 2002, the outstanding balance under the Term Loans was $313.3 million and the outstanding balance under the Revolving Credit Facility was $41.0 million in cash borrowings and $9.0 million in letters of

credit. The Term Loans bear interest at a rate equal to LIBOR plus a margin based on ACL's performance. The annual interest rates as of December 27, 2002 were: Tranche A - 6.00%; Tranche B - 6.25%; and Tranche C - 6.50%. ACL also had outstanding principal of $137.1 million in new Senior Notes and $116.1 million in new PIK Notes as of December 27, 2002. $6.5 million in principal of the Old Senior Notes remain outstanding. The Senior Notes and PIK Notes are unsecured.

Effective May 29, 2002, ACL's receivables facility, which was administered by PNC Bank, N.A., was replaced with a Receivables Purchase Agreement also among American Commercial Lines Funding Corporation, ACBL, Jupiter Securitization Corporation and Bank One, NA (the "Pre-Petition Receivables Facility") having substantially the same terms as the previous receivables facility. The Pre-Petition Receivables Facility was retired on January 31, 2003 with funds from the DIP Credit Facility.

PRE-BANKRUPTCY JEFFBOAT STRIKE

On July 3, 2002, Jeffboat and its unionized employees represented by the International Brotherhood of Teamsters, Local No. 89, agreed upon a new collective bargaining agreement, ending a two month long strike. The previous collective bargaining agreement had expired on April 29, 2002 and the unionized employees chose to strike from April 30, 2002 until July 9, 2002, when they returned to work pursuant to the terms of the new collective bargaining agreement.

ADDITIONAL FINANCIAL RESTRUCTURING PRIOR TO BANKRUPTCY AND CHAPTER 11 FILING

As discussed in this Report at Item 1, Business, in response to weak market and poor economic conditions during the last half of 2002 and because of ACL's highly leveraged financial position, ACL filed for protection under Chapter 11 of the Bankruptcy Code. Prior to the Chapter 11 filing, ACL had been pursuing other financial restructuring alternatives, which are described below.

ACL's Senior Credit Facilities and the indentures governing the Senior Notes and the PIK Notes (the "Indentures") contain a number of covenants with specified financial ratios and tests including, with respect to the Senior Credit Facilities, maximum leverage ratios, rent adjusted maximum leverage ratios and interest coverage ratios. Compliance with financial ratios is measured at the end of each quarter. The Indentures also contain certain cross default provisions. ACL's ability to meet the financial ratios is affected by adverse weather conditions, seasonality and other risk factors inherent in its business.

The Senior Credit Facilities also contain provisions which require mandatory prepayments of the Term Loans with net proceeds from certain asset sales, equity issuances, incurrence of indebtedness and sale and leaseback transactions, as well as certain excess cash flow.

In late 2002, ACL received a notification from Bank One stating that ACL was in violation of the cross-default provisions contained in the Pre-Petition Receivables Facility, which provides that a failure to maintain the financial ratios provided by the Credit Agreement, whether or not amended or waived, constitutes a default under the Pre-Petition Receivables Facility. Subsequent to the notice of default, Bank One and ACL agreed to an amendment to the Receivables Facility which permitted ACL to continue utilizing the Receivables Facility, although the loss reserve and certain facility fees were increased and the termination date changed from May 29, 2003 to January 31, 2003.

Subsequent to the notice of default from Bank One, ACL obtained an amendment (the "Amendment") of certain covenants under the Senior Credit Facilities, relating to third quarter and fourth quarter 2002 covenants and a waiver of any past violations thereof. Absent the Amendment, ACL would not have been in compliance with the leverage or interest coverage ratios contained in its Senior Credit Facilities as of December 27, 2002. At the end of the first

quarter of 2003, the covenant ratios revert to levels in effect before the Amendment.

Although management had been working on operating and financial plans to comply with its debt covenants in 2003 and thereafter, ACL was unable to complete an out-of-court restructuring and management believed it was probable that ACL would not be in compliance with Senior Credit Facility covenants at the end of the first quarter 2003, absent another amendment to the Senior Credit Facilities.

On December 31, 2002, ACL elected to exercise its rights under the Indentures to postpone the interest payments due on the Senior Notes and Old Senior Notes for thirty days. This resulted in an event of default under the Senior Credit Facilities and the Pre-Petition Receivables Facility.

As a result of the factors discussed above, ACL was unable to meet its financial obligations as they became due and ACL filed for Chapter 11 under the Bankruptcy Code on January 31, 2003 and is currently operating as a debtor-in-possession under the Bankruptcy Code. ACL is funding its operations with normal cash flows from operations and with proceeds from and access to the DIP Credit Facility.

ACL'S OVERALL STRATEGY

Subject to the return of more favorable market and operating conditions and the successful emergence from Chapter 11 reorganization, ACL intends to continue to pursue a strategy of growth in its core business units. ACL's pursuit of growth through strategic acquisitions has created value through synergies and economies of scale that have enhanced ACL's long-term results of operations. ACL's previous acquisitions have included:

- SCNO Barge Lines, Inc. in 1988, Hines Incorporated in 1991, The Valley Line Company in 1992, Continental Grain's barging operations in 1996 and National Marine's barging operations in 1998;

- On May 26, 2000 ACL entered into an agreement to purchase or lease substantially all of the long-term assets of Peavey. This added more than 900 covered hopper barges to ACL's existing fleet of inland marine barges; and

- On October 24, 2000, an ACL 80% owned subsidiary, ACBLH, entered into an agreement with Ultrapetrol to combine the inland river barge transportation divisions of ACBLH and Ultrapetrol which operate on the Parana/Paraguay River system in South America. ACBLH has a 50% ownership interest in the newly formed company, UABL. UABL operates 20 towboats and a combined fleet of 374 dry cargo and tank barges. UABL serves commodity shippers in Argentina, Bolivia, Brazil, Paraguay and Uruguay. UABL seeks to further consolidate its position in the Parana/Paraguay River system market through acquisitions, and intends to pursue this strategy in 2003.

Focusing on its core business units, ACL has also divested certain assets in the past several years, including:

- On September 6, 2000, ACL sold its 100% membership interest in Waterway Communications System LLC ("Watercom") to Mobex Network Services Company ("Mobex"). The sale of Watercom will not significantly affect ACL's expected future operating income or cash flow from operating activities.

- On May 25, 2001, ACL entered into an agreement to sell seven of ACT's ten terminals, other than its coal transfer facility at St. Louis, Missouri and its tank storage facility at Memphis, Tennessee to GMS. An additional terminal site in Omaha, Nebraska was transferred on June 29, 2001. Subsequent to June 29, 2001, additional proceeds were received from the condemnation of Omaha Terminal.

ACL'S FLEET

The size of ACL's combined domestic and international fleet, including owned and leased barges, over the past three years is as follows:

DOMESTIC AND INTERNATIONAL FLEET PROFILE BY BARGE TYPE
(NUMBER OF BARGES)

BARGE TYPES	DECEMBER 27, 2002*	DECEMBER 28, 2001	DECEMBER 2000
Covered Hoppers	3,551	3,865	3,965
Open Hoppers	728	772	673
Tank Barges	424	439	458
Deck Barges	7	7	7
Total	4,710	5,083	5,103

---

* In addition ACL operates 318 covered hoppers, 15 open hoppers and 36 tank barges through its participation in UABL.

The average age of ACL's domestic barge fleet is currently 19 years, compared with an industry average of 17 years. These barges have an expected life of approximately 25 to 30 years. In addition, at year end ACBL operated 187 towboats domestically, with an average age of 26 years. ACL International operates 129 barges, with an average age of 18 years, six towboats and in addition, through UABL, 369 barges with an average age of 17 years and 19 towboats.

TAXES

ACL is a limited liability company and its operations are conducted mainly through a series of limited liability company subsidiaries, and, as a result, ACL will not itself generally be subject to U.S. federal or state income tax. Taxable income will be allocated to the equity holders of the Parent and such holders will be responsible for income taxes on such taxable income. ACL intends to make distributions to the Parent which, in turn, will make distributions to its equity holders to enable them to meet all or a portion of their tax obligations with respect to taxable income allocated to them by ACL.

RESULTS OF OPERATIONS

As a result of the acquisition of ACL by Danielson, ACL's assets and liabilities were adjusted to estimated fair value under push down purchase accounting. ACL's consolidated financial statements for the periods ended before May 29, 2002 were prepared using ACL's historical basis of accounting. Although a new basis of accounting began on May 29, 2002, management has summarized the results for the year ended December 27, 2002 below by combining the periods before and after May 29, 2002 together as ACL believes presentation of these periods on a combined basis to be meaningful for comparison purposes. Except as noted below, the impact on results of operations related to push down purchase accounting has not materially affected the comparability of the periods.

YEAR ENDED DECEMBER 27, 2002 COMPARED WITH YEAR ENDED DECEMBER 28, 2001

ACL follows a 52/53 week fiscal year ending on the last Friday in December

of each year.

Operating Revenue. Operating revenue for the year ended December 27, 2002 decreased 9.6% to $712.9 million from $788.5 million for the year ended December 28, 2001. The revenue decrease was primarily due to lower domestic barging freight rates and volumes, the strike at Jeffboat, lower sales at Jeffboat from reduced customer orders and the loss of revenue associated with the sale of terminals in 2001, partially offset by increased revenue from ACL's international business units.

Domestic barging revenue decreased $54.2 million to $581.8 million primarily due to lower barging rates for grain, bulk, coal and liquid freight, lower liquid freight volume, lower coal freight volume, lower demurrage revenue and lower towing revenue, partially offset by increased grain freight volumes primarily due to better operating conditions in the first half of the year and increased bulk freight volume as a result of increased demand in the last six months of the year.

International barging revenue increased $2.3 million to $38.9 million primarily due to increased revenue from ACL's Dominican Republic unit which began operation in the third quarter of 2001, a new operation in Venezuela to move bauxite tonnage during the low water navigation season and the sale of logistics services to a third party barge operator in Venezuela to transport equipment from the United States to Venezuela. The increase was partially offset by the absence of payments for minimum contract tonnage in Venezuela. International terminal revenue, included in the other revenue segment, increased to $3.8 million from $3.1 million due to increased volume through the terminal in Venezuela.

Revenue at Jeffboat decreased $21.2 million to $81.7 million primarily due to lower volume of hopper and tank barge sales as a result of the strike in the second quarter and lower customer orders.

Operating Expense. Operating expense for the year ended December 27, 2002 decreased 0.8% to $717.2 million from $723.1 million for the year ended December 28, 2001. Domestic barging expenses increased $10.1 million to $592.9 million primarily due to lower gains on property dispositions, higher consulting and legal fees primarily associated with the Danielson Recapitalization and other debt restructuring, higher depreciation and pension expense as a result of purchase accounting adjustments and higher equipment repair expense, partially offset by reduced fuel prices, lower barge freight volume, better operating conditions in the first half of 2002 and lower boat depreciation expense due to a change in the estimated useful life of towboats. Average fuel prices before user tax decreased 11 cents per gallon to 71 cents per gallon in 2002 on a volume of 105 million gallons. Operating expenses for 2002 include $14.1 million in fees associated with the Danielson Recapitalization and other debt restructuring, $6.3 million in higher depreciation due to purchase accounting adjustments and $1.9 million in additional pension expense also associated with purchase accounting adjustments. Operating expenses for 2001 include a $16.5 million gain on property dispositions primarily from the sale of towboats and marine repair shipyard assets and $1.2 million in fees associated with debt restructuring.

International barging expenses increased $2.7 million to $34.0 million, largely due to expenses associated with providing logistics services to a third party barge operator in Venezuela, an increase in expenses from ACL's Dominican Republic unit, which began operation in the third quarter of 2001 and additional expenses associated with operations during low water periods in Venezuela.

Jeffboat's expenses decreased $15.9 million to $82.2 million, due to lower volume of hopper and tank barge construction as a result of the strike in the second quarter of 2002 and a lower volume of hopper and oversized tank barge construction during the last six months of 2002.

Interest Expense. Interest expense for 2002 decreased to $61.7 million from $70.9 million for 2001. The decrease was due to lower LIBO Rates, which are the basis for certain interest rate adjustments under ACL's Senior Credit

Facilities, lower outstanding balances of Senior Notes and a lower outstanding balance under

the Senior Credit Facilities. The decrease was partially offset by higher interest rates on the Senior Notes, the inclusion of Vessel Leasing LLC interest expense in 2002 and higher amortization of debt discount in 2002 compared to amortization of debt issuance cost in 2001.

Income Tax (Benefit) Expense. Income taxes for the year decreased to a benefit of $0.2 million from $0.1 million in expense for 2001 due to the reversal of foreign tax expense that was previously accrued related to a tax matter in South America. ACL's domestic corporate subsidiaries, except ACL Capital Corp., are limited liability companies. ACL passes its U.S. federal and substantially all of its state taxable income to its Parent, whose equity holders are responsible for those income taxes.

Extraordinary Item -- Gain (Loss) on Early Extinguishment of Debt. The gain for 2001 is a result of ACL's purchase in the open market of $5.0 million par value of a portion of ACL's Senior Notes for a discount.

Cumulative Effect of Accounting Change. The $0.5 million loss for 2001 was due to recognition of a loss on the fair value of an interest rate cap as a result of ACL's adoption of FASB Statement No. 133 as of December 30, 2000.

YEAR ENDED DECEMBER 28, 2001 COMPARED WITH YEAR ENDED DECEMBER 29, 2000

Operating Revenue. Operating revenue for the year ended December 28, 2001 increased 2% to $788.5 million from $773.8 million for the year ended December 29, 2000. The revenue increase was due to higher barge freight volumes as a result of the operation of the Peavey barges for the whole year 2001 as compared to seven months in 2000 and higher freight rates on certain domestic barging commodities largely due to the effect of contract, fuel price adjustment clauses. The increase was partially offset by the impact of ice and flooding on the domestic barging operation in the first half of the year, reduced volume at Jeffboat and the sale of the ACT terminals.

Domestic barging revenue increased $44.2 million to $636.0 million primarily due to the addition of revenue from the Peavey barges, improved barging freight rates for bulk and steel commodities and higher contract freight rates from fuel price adjustment clauses. The increase was partially offset by reduced loads per barge due to severe ice conditions on the Mississippi and Illinois Rivers in the first quarter of 2001 and the closure of the upper Mississippi River due to flooding during the second quarter of 2001.

International barging and terminal revenues fell $0.3 million to $39.7 million primarily due to ACL's share of the net earnings from UABL being reported, net of expenses, as an other income item in 2001 according to the equity method, compared to the consolidating of revenue from the Argentine operation during the first ten months of 2000. This decrease was partially offset by increased revenue from equipment charters to the UABL venture. Increased revenue from additional bauxite freight revenue in Venezuela, additional revenue recognized in 2001 for settlement of minimum contract tonnage in Venezuela, continuing revenue from a terminal operation in Venezuela that began in the fourth quarter of 2000, and the start of barging operations in the Dominican Republic in 2001 also contributed to offset the fall in revenue.

Revenue at Jeffboat decreased $21.2 million to $102.9 million primarily due to lower volume of hopper barge sales and an increase in the number of hoppers completed for ACL's leasing program on which the profit on sales is deferred. The profit on sales of equipment that was subsequently leased to ACL's barge operating division, ACBL, has been deferred and will be recognized over the life of the leases. An absence of towboat construction revenue in 2001 as compared to revenue from the construction of one towboat in 2000 also contributed to the decline. Tank barge construction volume at Jeffboat improved in 2001 as

increased revenue from large tank barge (30,000 barrel tank barges) sales was partially offset by a reduction in the sales of smaller tank barges (10,000 barrel tank barges).

Operating Expense. Operating expense for the year ended December 28, 2001 rose 1% to $723.1 million from $717.5 million for the year ended December 29, 2000. Domestic barging expenses increased $34.4 million primarily due to operating the Peavey barges for the full year 2001 and due to higher fuel prices as a result of the timing of fuel price swap agreements. High proportions (75%) of the Peavey barges were rented under operating leases, which were assumed by ACL. The high proportion of Peavey-leased equipment has the

impact of disproportionately raising operating expense in relation to operating revenue as compared to the fleet prior to the addition of Peavey. Although the timing of fuel price swaps raised fuel prices, average fuel prices before user tax on gallons of fuel consumed by vessels decreased 3 cents per gallon to 81 cents per gallon in 2001. Operating expenses for 2001 include a $16.5 million gain on property dispositions primarily from the sale of towboats and marine repair shipyard assets and a $1.1 million favorable adjustment due to a change in accounting estimate of the depreciable lives of towboats. Operating expenses for 2000 include a non-cash impairment loss on inactive barges of $3.8 million and a $1.9 million gain on property dispositions primarily from the sale of towboats.

International barging and terminal expenses fell $5.2 million to $33.9 million, largely due to ACL's share of the net earnings from UABL being reported, net of expenses, as an other income item in 2001 according to the equity method, compared to the consolidating of expense from the Argentine operation during the first ten months of 2000. The decrease was partially offset by increased expense from the additional movement of bauxite in Venezuela, the operation of the terminal in Venezuela and the start of barging operations in the Dominican Republic.

Jeffboat's expenses decreased $17.7 million to $98.1 million, due to the lower hopper barge, small tank barge and towboat construction volumes, partially offset by an increase in large tank barge construction volume. Lower steel prices and improved productivity also contributed to the decline in expense at Jeffboat.

Interest Expense. Interest expense for 2001 increased to $70.9 million from $70.8 million for 2000. The increase is due to higher interest rate spreads as a result of the amendment to the Senior Credit Facilities, a higher outstanding balance on the revolver in 2001 as compared to 2000 and higher debt amortization as a result of fees associated with the amendment to the Senior Credit Facilities. The increase was offset by lower LIBO Rates, which are the basis for certain interest rate adjustments under ACL's Senior Credit Facilities, lower Term Loan balances and lower other debt balances.

Gain on Sale of Watercom. The gain on the sale of ACL's membership interest in Watercom was $11.4 million in 2000.

Income Taxes. Income taxes for the year decreased to $0.1 million from $4.3 million for 2000 due to lower withholding tax on foreign source income. ACL's domestic corporate subsidiaries, except ACL Capital Corp., are limited liability companies. ACL passes its U.S. federal and substantially all of its state taxable income to its Parent, whose equity holders are responsible for those income taxes.

Extraordinary Item -- Gain (Loss) on Early Extinguishment of Debt. The gain on early extinguishment of debt was $1.9 million for 2001 compared to a loss of $0.7 million for 2000. The gain for 2001 is a result of ACL's purchase in the open market of $5.0 million par value of a portion of ACL's Senior Notes for a discount. The loss for 2000 was due to the early redemption premium on certain terminal revenue refunding bonds.

Cumulative Effect of Accounting Change. The cumulative effect of accounting change was a loss of $0.5 million for 2001 due to recognition of a loss on the fair value of an interest rate cap as a result of ACL's adoption of FASB Statement No. 133 as of December 30, 2000.

OUTLOOK

Domestic barging demand for bulk, steel and liquid commodities is expected to remain at 2002 levels for the first half of 2003. The domestic barging demand for grain freight is driven by the supply of and demand for corn and other grains. The U.S. Department of Agriculture currently forecasts 2002/2003 crop year corn exports of 1.75 billion bushels and Sparks Company Inc., a private grain forecast service, predicts 2002/2003 crop year corn exports of 1.725 billion bushels as compared to actual exports of 1.89 billion bushels for the 2001/2002 crop year.

In the first quarter of 2003, the average price of fuel consumed by ACBL vessels is expected to increase $0.27 per gallon from the $.71 per gallon average price for 2002. ACBL vessels will consume approximately 110 million gallons annually and generally ratably throughout the year. ACBL has contract price adjustment

clauses which provide protection for approximately 55% of gallons consumed. Contract adjustments are deferred one quarter. In March 2003, ACL made a forward fuel purchase and purchased an option to protect from fuel price increases on substantially all of its expected fuel consumption during the second quarter of 2003.

Management expects that normal cash flows from operations and access to the DIP Credit Facility will be sufficient to meet planned working capital, capital expenditures and other cash requirements until such time as it seeks to obtain approval for a plan of reorganization. However, due to material uncertainties associated with the outcome of the Chapter 11 proceedings in general, and the effects of such proceedings on the business of ACL and its subsidiaries, there can be no assurances that such plan will be approved or whether ACL will obtain sufficient liquidity enabling it to continue to operate in its present organizational structure.

CRITICAL ACCOUNTING POLICIES

The preparation of financial statements in conformity with generally accepted accounting principles ("GAAP") requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses for the same period. Actual results could differ from those estimates.

The consolidated financial statements have been prepared on a going concern basis which assumes continuity of operations and realization of assets and settlement of liabilities in the ordinary course of business. The financial statements do not give effect to any adjustment to the carrying value of assets or amounts and adjustments of liabilities that might be necessary as a result of the ACL Chapter 11 filing. Critical accounting policies that affect the reported amounts of assets and liabilities on a going concern basis include revenue recognition; expense estimates for harbor and towing service charges, insurance claim loss deductibles and employee benefit plans; impairment of long-lived assets and asset capitalization policies.

The primary source of ACL's revenue, barge transportation revenue, is recognized on a percentage of completion basis. The proportion of barge transportation revenue to be recognized is determined by applying a percentage to the contractual charges for such services. The percentage is determined by dividing the number of miles from the loading point to the position of the barge

as of the end of the accounting period by the total miles from the loading point to the barge destination as specified in the customer's freight contract. The position of the barge at accounting period end is determined by locating the position of the boat with the barge in tow through use of a global positioning system. The recognition of revenue based upon the percent of voyage completion results in a better matching of revenue and expenses. Marine construction, repair and harbor service revenue is recognized based upon the completed contract method. Losses are accrued if construction costs are expected to exceed construction contract revenue. Terminal revenue is recognized as services are performed.

Harbor and towing service charges are estimated as service incidents occur based upon recent historical charges by vendor for the same type of service event. Service events are recorded by vendor and location in ACL's barge tracking system. Vendor charges are estimated for these events based on current published vendor rates. Vendor charges can vary based upon the number of boat hours required to complete the service, the grouping of barges in vendor tows and the quantity of man hours and materials required. ACL management believes it has recorded sufficient liabilities for these services. Changes to these estimates could have a significant impact on ACL's financial results.

Liabilities for insurance claim loss deductibles include accruals for the uninsured portion of personal injury, property damage, cargo damage and accident claims. These accruals are estimated based upon historical experience with similar claim incidents. The estimates are recorded upon the first report of a claim and are updated as new information is obtained. The amount of the liability is based on the type and severity of the claim and an estimate of future claim development based on current trends and historical data. ACL management believes it has recorded sufficient liabilities for these claim incidents. These claims are subject to significant uncertainty related to the results of negotiated settlements and other developments. As claims

develop, ACL may have to change its estimates and these changes could have a significant impact on ACL's consolidated financial statements.

Assets and liabilities of ACL's defined benefit plans are determined on an actuarial basis and are affected by the estimated market value of plan assets, estimates of the expected return on plan assets, and discount rates. Actual changes in the fair market value of plan assets and differences between the actual return on plan assets and the expected return on plan assets will affect the amount of pension expense ultimately recognized, impacting ACL's results of operations. The liability for post-retirement medical benefits is also determined on an actuarial basis and is affected by assumptions including the discount rate and expected trends in health care costs. Changes in the discount rate and differences between actual and expected health care costs will affect the recorded amount of post-retirement benefits expense, impacting ACL's results of operations.

ACL is self-insured for the medical benefit plans covering most of its employees. ACL estimates it's liability for claims incurred by applying a lag factor to ACL's historical claims and administrative cost experience. The validity of the lag factor is evaluated periodically and revised if necessary. Although management believes the current estimated liabilities for medical claims are reasonable, changes in the lag in reporting claims, changes in claims experience, unusually large claims, and other factors could materially affect the recorded liabilities and expense, impacting financial condition and results of operations.

ACL management periodically reviews long-lived assets for impairment. Cash flows by operating unit are estimated based upon long-term historical trends, management's knowledge of the relationship between the supply of barges and the demand for barge transportation and construction services and management's estimates of future trends regarding significant operating revenues and costs. These estimates are subject to uncertainty. ACL's significant assets have been

preliminarily appraised in conjunction with the Danielson recapitalization. Based on these preliminary appraisals and the estimates of future cash flows, management believes that ACL's long-lived assets are not impaired.

Asset capitalization policies have been established by ACL management to conform to generally accepted accounting principles. Repairs that extend the original economic life of an asset or that enhance the original functionality of an asset are capitalized and amortized over their estimated economic life. Routine engine overhauls that occur on a one to three year cycle are expensed when they are incurred. The costs of purchasing or developing software are capitalized and amortized over the estimated economic life of the software.

See Note 2 of the Notes to Consolidated Financial Statements for a further discussion of significant accounting policies.

LIQUIDITY AND CAPITAL RESOURCES

During 2002 and the beginning of 2003, the decline in barging rates, reduced shipping volumes and excess barging capacity during a period of slow economic growth and a global economic recession caused ACL's revenues and earnings to fail to meet expectations and ACL's liquidity was significantly impaired. As a result, ACL was unable to meet its financial obligations as they became due and debt covenant violations occurred. On January 31, 2003, ACL and the other Debtors filed a petition with the Bankruptcy Court to reorganize under Chapter 11 of the Bankruptcy Code. The Chapter 11 petitions do not cover any of ACL's foreign subsidiaries or certain of its U.S. subsidiaries.

As a result of the foregoing and other events, ACL has classified all of its long-term debt as current debt.

ACL's ability to generate cash sufficient to fund its cash requirements for the next twelve months, including capital expenditures for fleet maintenance, working capital, interest payments and scheduled principal payments on the DIP Credit Facility, is also dependent on:

- the absence of unusually adverse weather conditions during 2003 which if adverse, could reduce or eliminate ACL's ability to navigate on certain river segments, adversely affect ACL's operational efficiencies and reduce overall volumes transported; and

- the absence of a material adverse effect on ACL's business from the Chapter 11 proceedings and the other risks addressed in this Report in the section titled "Forward Looking and Cautionary Statements" and at Item 1, Risk Factors, the other securities filings referenced therein, including, but not limited to, changing market, labor, legal and regulatory conditions and trends in the barge and inland shipping industries and general economic and business conditions, including a prolonged or substantial recession in the United States or certain international commodity markets such as the market for grain exports, significant pricing competition, unanticipated additions to industry capacity, fuel costs and interest rates.

ACL INDEBTEDNESS

Significant changes in ACL's credit facilities during 2002 are discussed above in "Overview and Significant Events." As of December 27, 2002, ACL had outstanding indebtedness of $614.3 million. This includes $313.3 million drawn under the Term Loans, $41.0 million drawn under the Revolving Credit Facility, $137.1 million aggregate principal amount of Senior Notes, $116.1 million of PIK Notes, $6.5 million in Old Senior Notes and $0.3 million in other notes. The debt included in ACL's financial statements also includes $39.7 million in outstanding principal of bonds guaranteed by the U.S. Maritime Administration that are obligations of Vessel Leasing. Since ACL is applying push down accounting effective with Danielson's acquisition of ACL, ACL's debt was

adjusted to fair value at the acquisition date. The total amount of the unamortized discount as of December 27, 2002 is $57.4 million. The difference between the principal amount of the debt and its fair value is being accreted as interest expense over the term of the debt under the effective interest method. Accordingly, as of December 27, 2002, the carrying value of the new Senior Notes is $128.5 million, the carrying value of the PIK Notes is $68.8 million and the carrying value of the Old Senior Notes is $5.0 million.

As of December 27, 2002, ACL also had $1.6 million in outstanding capital lease obligations which are included in other current and long-term liabilities, had securitized $39.3 million of the trade receivables of two subsidiaries (which Pre-Petition Receivables Facility was paid off on January 31, 2003 with proceeds from the DIP Credit Facility) and had an outstanding loan guarantee for $2.9 million in borrowings of an entity in Venezuela in which ACL has an equity investment.

ACL had no available borrowings under the Revolving Credit Facility as of December 27, 2002, as $9.0 million of letters of credit had been issued under the facility and $41 million of revolving loans were outstanding. ACL had $14.5 million cash on deposit in bank accounts as of December 27, 2002.

As of the date of this Report, ACL has also entered into the DIP Credit Facility, under which it has drawn $50.0 million. Terms of the DIP Credit Facility are discussed in this Report at Item 1, Business -- Bankruptcy Considerations.

The Senior Credit Facilities and the Indentures contain a number of covenants with specified financial ratios and tests including, with respect to the Senior Credit Facilities, maximum leverage ratios which could lead to an event of default which could result in acceleration of the debt, higher interest rates or other adverse consequences. The Indenture also contains certain cross default provisions. Compliance with financial ratios is measured at the end of each quarter. ACL's ability to meet the financial ratios is affected by adverse weather conditions, seasonal market conditions and other risk factors inherent in its business. Lender remedies for ACL's current defaults under the Senior Credit Facilities and Indentures have been stayed during the pendency of the Chapter 11 proceedings, however, ACL has ongoing compliance obligations with respect to its DIP Credit Facility. These and other risk factors are discussed in this Report at Item 1, Business -- Risk Factors and are also discussed in and incorporated by reference from Exhibit 99.1, Risk Factors, appended to this Report.

NET CASH, CAPITAL EXPENDITURES AND CASH FLOW

Net cash provided by operating activities was $6.9 million, $24.6 million and $30.8 million for fiscal 2002, 2001 and 2000, respectively. The decrease in net cash from operating activities in 2002 compared with 2001 was primarily due to lower operating results as a result of the reduced operating revenue described above and

costs incurred for consulting and legal fees associated with the Danielson Recapitalization, partially offset by reduced interest payments in 2002. The decrease in net cash from operating activities in 2001 compared with 2000 was primarily due to a small increase in inventories in 2001 compared to a large inventory reduction in 2000 and due to two interest payments on the senior notes being remitted in 2001 compared to one payment remitted in 2000, partially offset by the timing of cash disbursements related to accounts payable. Net cash from operating activities, as well as DHC's cash investment, were used primarily for repayment of third-party debt and capital expenditures in 2002. Net cash flows from operating activities and proceeds from sales of assets were used primarily for capital expenditures in 2001 and 2000, as well as repayment of third party debt in 2001.

Capital expenditures were $13.4 million, $25.6 million and $57.0 million in

2002, 2001 and 2000, respectively. Expenditures in 2001 and 2000 include $5.8 million and $6.1 million, respectively, in expenditures associated with capital leases. Cash expenditures included $1.9 million, $0.4 million and $48.0 million for domestic marine equipment and $1.8 million, $3.4 million and $2.9 million for foreign investments in 2002, 2001 and 2000, respectively. The remaining $9.7 million in domestic cash capital expenditures in 2002 was primarily for marine equipment maintenance.

Management expects capital expenditures in 2003 to be approximately $23 million and to be primarily for fleet maintenance. Additional operating lease expense to provide fleet replacement equipment will be mostly offset by reductions in existing barge charter rates.

Other investing activities, consisting primarily of expenditures for the purchase and development of computer software, were $3.8 million, $4.6 million and $5.1 million in 2002, 2001 and 2000, respectively. Management expects these expenditures to be approximately $3.2 million in 2003.

At December 27, 2002 and December 28, 2001, ACL had $39.3 million and $51.0 million, respectively, outstanding under the Pre-Petition Receivables Facility, its accounts receivable securitization facility discussed above, and had $27.6 million and $22.6 million, respectively, of net residual interest in the securitized receivables which is included in "Accounts Receivable, Net" in ACL's consolidated financial statements. The fair value of the net residual interest is measured at the time of the sale and is based on the sale of similar assets. In 2002, ACL received gross proceeds of $24.1 million from the sale of receivables and made gross payments of $35.8 million under the Pre-Petition Receivables Facility. The Pre-Petition Receivables Facility was paid off on January 31, 2003 with proceeds from the DIP Credit Facility.

Demand for freight moved by ACL barges is influenced by the economic demand for the cargoes. A decrease in that demand could adversely affect ACL's operating cash flows. Some cargoes are more highly dependent upon general economic conditions, such as certain liquid and steel cargoes which have experienced softening in demand over the past year.

Cash flows from ACL's barging and manufacturing operations are also affected by weather and river conditions. Extreme weather conditions can have a materially adverse affect on ACL's operating cash flows.

ACL has various environmental matters that could have an impact on its financial condition, results of operations and cash flows. These environmental matters are discussed in this Report at Item 3, Legal Proceedings.

Management expects that normal cash flows from operations and access to the DIP Credit Facility will be sufficient to meet planned working capital, capital expenditures and other cash requirements until such time as it seeks to obtain approval for a plan of reorganization. However, due to material uncertainties associated with the outcome of the Chapter 11 proceedings in general, and the effects of such proceedings on the business of ACL and its subsidiaries, there can be no assurances that such plan will be approved or whether ACL will obtain sufficient liquidity enabling it to continue to operate in its present organizational structure.

CHANGES IN CREDIT RATINGS

On January 2, 2003, the debt rating agency Standard & Poor's lowered its rating on ACL's Senior Notes to 'D' from 'CCC-' and its rating on ACL's Senior Subordinated Notes to 'CC' from 'CCC-'. Also on January 2, 2003 the rating on ACL's Senior Credit Facilities was lowered to 'CCC+' from 'B-'. The bank loan rating and subordinated debt rating remained on CreditWatch with negative implications.

On January 7, 2003, the debt rating agency Moody's Investors Services

lowered its rating on ACL's Senior Credit Facilities from 'B3' to 'Caa1', its rating on ACL's Senior Notes to 'Caa3' from 'Caa2', and its rating on ACL's Senior Subordinated Notes to 'Ca' from 'Caa3'.

On January 31, 2003, the debt rating agency Standard & Poor's lowered its rating on ACL's Senior Subordinated Notes to 'D' from 'CC' and its rating on ACL's Senior Credit Facilities was lowered to 'D' from 'CCC+'. The Senior Note debt rating, which had been lowered to 'D' on January 2, 2003, remained unchanged. The bank loan and subordinated debt ratings were removed from CreditWatch, where they had been placed November 14, 2002.

CONTRACTUAL OBLIGATIONS AND COMMERCIAL COMMITMENT SUMMARY

A summary of ACL's contractual commitments under debt and lease agreements appears below. The table assumes that ACL's debt principal payments are not accelerated.

CONTRACTUAL OBLIGATIONS

		PAYMENTS DUE BY YEAR			
CONTRACTUAL OBLIGATIONS	TOTAL	LESS THAN ONE YEAR	ONE TO THREE YEARS	FOUR TO FIVE YEARS	AFTE YE
		(DOLLARS IN MILLIONS)			
Long-Term Debt	$613.0	$ 3.2	$124.2	$200.7	$2
Revolving Credit Facility	41.0	41.0	--	--	
Capital Lease Obligations	2.0	0.5	0.9	0.6	
Operating Leases*	215.8	38.4	57.7	39.8	
Unconditional Purchase Obligations	--	--	--	--	
Other Long-Term Obligations	--	--	--	--	
Total Contractual Cash Obligations	$871.8	$83.1	$182.8	$241.1	$3

---

* Operating leases having initial or remaining non-cancelable lease terms longer than one year.

A summary of ACL's other commercial commitments appears below.

COMMERCIAL COMMITMENTS

		AMOUNT OF COMMITMENT EXPIRATION PER YEAR			
OTHER COMMERCIAL COMMITMENTS	TOTAL	LESS THAN ONE YEAR	ONE TO THREE YEARS	FOUR TO FIVE YEARS	AFTE YE
		(DOLLARS IN MILLIONS)			
Lines of Credit	$ --	$ --	$ --	$ --	$
Standby Letters of Credit	9.0	--	5.0	--	
Guarantees	2.9	2.9	--	--	
Standby Repurchase Obligations	--	--	--	--	
Other Commercial Commitments	--	--	--	--	
Total Commercial Commitments	$11.9	$2.9	$5.0	$ --	$

Additional disclosures regarding these obligations and commitments can be found in this Report at Item 8, Financial Statements, Notes 6 and 9 in the Notes to Consolidated Financial Statements.

FUEL HEDGING AND INTEREST RATE CAP

During 2002, ACL used forward purchases of diesel fuel to provide protection against increases in prices of diesel fuel used to operate ACL's vessels. The 2002 forward purchases were swap agreements whereby ACL locked into a fixed future price at the time of purchase. Diesel fuel was not actually delivered under these future purchases. Instead the swap was settled when due and ACL paid or received a dollar amount based on the difference in the fixed future price and the actual price index for the settlement month. Due to cash collateral requirements imposed by ACL's broker as a result of increased volatility in the fuel market, ACL settled its hedge position in January 2003. In March 2003, ACL made a forward fuel purchase and purchased an option to protect from fuel price increases on substantially all of its expected fuel consumption during the second quarter of 2003.

The fair value of the net swap is the difference between the future price of the fuel index as of the date of valuation and the fixed future price established at the time each individual contract is purchased, multiplied by the number of gallons purchased. In 2002, ACL typically entered into one forward contract each month for gallons associated with freight bookings that have fixed price commitments with no contract fuel adjustment protection clauses. The fair value of the contracts outstanding at December 27, 2002 was $0.19 million.

FAIR VALUE OF CONTRACTS AT PERIOD END

	(DOLLARS IN MILLIONS)
Fair value of contracts outstanding at the beginning of 2002	$(0.40)
Contracts realized or otherwise settled during 2002	$ 0.05
Fair value of new contracts when entered into during the period	$ 0.00
Changes in fair value attributable to changes in valuation techniques and assumptions	$ 0.00
Other changes in fair values	$ 0.19
Fair value of contracts outstanding at the end of the period	$ 0.19

SOURCE OF FAIR VALUE	MATURITY LESS THAN ONE YEAR	TOTAL
Prices provided by other external sources	$0.19	$0.19

ACL also has an interest rate cap agreement on a notional amount of $202 million in debt. The agreement expires August 11, 2003 and has a fair value of zero as of December 27, 2002. The fair value of the cap agreement has been provided by an external source.

For additional disclosures regarding non-exchange traded contracts, please refer to this Report at Item 8, Financial Statements, Note 11 in the Notes to Consolidated Financial Statements.

RELATED PARTY TRANSACTIONS

ACL has transactions with various related parties, primarily affiliated entities accounted for by the equity method. ACL believes that the terms and conditions of those transactions are in the aggregate not materially more favorable or unfavorable to ACL than would be obtained on an arm's-length basis among unaffiliated parties.

On July 24, 2002, the Board of Directors of DHC amended DHC's 1995 Stock and Incentive Plan and granted stock options to management of ACL for 1,560,000 shares of DHC common stock. The options have an exercise price of $5.00 per share and expire 10 years from the date of grant. One half of the options time vest over a 4 year period in equal annual installments and one half of the options vest over a 4 year period in equal annual installments contingent upon the financial performance of ACL. ACL accounts for stock options under the intrinsic value method based on APB 25, "Accounting for Stock Issued to Employees". Because the market price of DHC common stock has been lower than the exercise price of the options since the date of grant, no expense has been recognized in the accompanying financial statements.

On May 29, 2002, DHC issued 339,040 shares of restricted DHC common stock to ACL management. These restricted shares have been valued at fair value at the date of issuance and vest one third annually over a three year period. The full value of these shares is recorded as other capital with an offset to unearned compensation in member's equity. As employees render service over the vesting period, compensation expense is recorded and unearned compensation is reduced.

ACL recorded terminal service expense with GMS of $.3 million for the period December 29, 2001 through May 28, 2002; $.6 million for the period May 29, 2002 through December 27, 2002; $.4 million for fiscal year 2001; and $.2 million for fiscal year 2000. In 2001, ACL received $12.0 million from GMS for the sale of terminals and proceeds from the condemnation of a terminal. ACL recognized a gain of $1.9 million from these transactions.

ACL recorded charter income from UABL of $4.5 million for the period December 29, 2001 through May 28, 2002, $5.9 million for the period May 29, 2002 through December 27, 2002, $11.1 million for the year 2001 and $2.1 million for the year 2000. ACL also recorded administrative fee expenses to UABL of $3.2 million for the period December 29, 2001 through May 28, 2002, $4.3 million for the period May 29, 2002 through December 27, 2002, $7.7 million for the year 2001 and $1.5 million for the year 2000. ACL sold used barges to UABL for $0.8 million in 2001. Charter rates are established at fair market value based upon similar transactions. As of December 27, 2002, ACL has recorded $6.3 million in accounts receivable from UABL. As of December 28, 2001, ACL has recorded $13.4 million in accounts receivable and $8.4 million in other current liabilities with UABL.

ACL recorded $1.5 million in revenue from the sale of terminal services to GMS Venezuela CA ("GMSV") in 2002. As of December 27, 2002, ACL has recorded $3.8 million in accounts receivable from loans and advances to GMSV. ACL also guarantees a $2.9 million loan to GMSV from the International Finance Corporation. The guarantee is due to expire in 2003.

ACL consolidated Vessel Leasing beginning in May 2002. Before the consolidation, ACL, through its subsidiary, Jeffboat, sold new barges for $47.8 million to Vessel Leasing in 2001. Jeffboat recognized the profit associated with the sales of barges to Vessel Leasing over the life of the lease prior to Vessel Leasing being consolidated. ACL recorded $3.9 million in capital leases with Vessel Leasing in 2001. All of the other barges were leased by Vessel Leasing to ACL as operating leases which resulted in ACL charter expense of $1.7 million in 2001. Charter rates and sales of barges are established at fair market value based upon similar transactions.

See also the information contained in this Report at Item 13, Certain

Relationships and Related Transactions -- Affiliate Agreements.

BACKLOG

ACL's backlog represents firm orders for barge transportation and marine equipment. The backlog for barge transportation was approximately $529 million and $760 million at December 27, 2002 and December 28, 2001, respectively. This backlog ranges from one to nine years with approximately 49% expected to be filled in 2003. The backlog for marine equipment construction was approximately $47 million and $69 million at December 27, 2002 and December 28, 2001, respectively. The backlog for marine equipment is one year with 100% expected to be filled in 2003.

SEASONALITY

ACL's business is seasonal, and its quarterly revenues and profits historically have been lower during the first and second fiscal quarters of the year (January through June) and higher during the third and fourth fiscal quarters (July through December) due to the North American grain harvest. In addition, working capital requirements fluctuate throughout the year. Adverse market or operating conditions during the last four months of the year could have a greater effect on ACL's business, financial condition and results of operations than during other periods.

CHANGES IN ACCOUNTING STANDARDS

In July 2001, the FASB issued Statement of Financial Accounting Standards No. 142, "Goodwill and Other Intangible Assets" ("SFAS 142"), which establishes the accounting for goodwill and other intangible assets following their recognition. SFAS 142 applies to all goodwill and other intangible assets whether acquired singly, as part of a group, or in a business combination. SFAS 142 provides that goodwill and intangible assets with indefinite lives should not be amortized but should be tested for impairment annually using a fair-value based approach. In addition, SFAS 142 provides that other intangible assets should be amortized over their useful lives and reviewed for impairment in accordance with Statement of Financial Accounting Standards No. 121, "Accounting for the Impairment of Long-Lived Assets and for Long-Lived Assets to Be Disposed Of" ("SFAS 121"). SFAS 121 has been superceded by SFAS 144 which is described below. The adoption of SFAS 142 on December 29, 2001 has not had a significant effect on ACL's financial position or results of operations.

In October 2001, the FASB issued Statement of Financial Accounting Standards No. 144, "Accounting for the Impairment or Disposal of Long-Lived Assets" ("SFAS 144"). SFAS 144 addresses financial accounting and reporting for the impairment or disposal of long-lived assets and supercedes SFAS 121, and the accounting and reporting provisions of Accounting Principles Board Opinion No. 30, "Reporting the Results of Operations -- Reporting the Effects of Disposal of a Segment of a Business, and Extraordinary, Unusual and Infrequently Occurring Events and Transactions", for the disposal of a segment of a business (as previously defined in that Opinion). SFAS 144 also amends Accounting Research Bulletin No. 51, "Consolidated Financial Statements", to eliminate the exception to consolidation for a subsidiary for which control is likely to be temporary. The objectives of SFAS 144 are to address significant issues relating to the implementation of SFAS 121 and to develop a single accounting model, based on the framework established in SFAS 121, for long-lived assets to be disposed of by sale, whether previously held and used or newly acquired. ACL adopted SFAS 144 in the first quarter of 2002. The provisions of SFAS 144 did not have an impact on ACL's financial statements during the year ended December 27, 2002.

In June 2002, the FASB issued Statement of Financial Accounting Standards No. 146, "Accounting for Costs Associated with Exit or Disposal Activities" ("SFAS 146"), which addresses financial accounting and reporting for costs associated with exit or disposal activities and nullifies EITF Issue No. 94-3, "Liability Recognition for Certain Employee Termination Benefits and Other Costs

to Exit an Activity (including Certain Costs incurred in a Restructuring)" ("Issue 94-3"). The principal difference between SFAS 146 and Issue 94-3 relates to SFAS 146's requirements for recognition of a liability for a cost associated with an exit or disposal activity. SFAS 146 requires that a liability for a cost associated with an exit or disposal activity be recognized when the liability is incurred. Under Issue 94-3, a liability for an exit cost as generally defined in Issue 94-3 was recognized at the date of an entity's commitment to an exit plan. Severance pay under SFAS 146, in many cases, would be recognized over time rather than up front. Additionally, under SFAS 146, if the benefit arrangement requires employees to render future service beyond a "minimum retention period" a liability should be recognized as employees render service over the future service period even if the benefit formula used to calculate an employee's termination benefit is based on length of service. The provisions of SFAS 146 are effective for exit or disposal activities that are initiated after December 31, 2002, with early application encouraged. Management expects to adopt SFAS 146 in 2003.

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

ACL is exposed to certain market risks which are inherent in its financial instruments and which arise from transactions entered into in the normal course of business. A discussion of ACL's primary market exposures in financial instruments is presented below.

FUEL PRICE RISK

At December 27, 2002, ACL had forward fuel purchase contracts outstanding with an aggregate notional amount of approximately $4.4 million and a fair value of approximately $0.19 million, which has been recorded in accounts receivable with the offset to fuel expense. Under these agreements, ACL will paid fixed

prices for fuel ranging from $0.69 to $0.80 per gallon. There were 6.1 million gallons remaining on the contracts at December 27, 2002. However, due to cash collateral requirements imposed by ACL's broker as a result of increased volatility in the fuel market, ACL settled its hedge position in January 2003. In March 2003, ACL made a forward fuel purchase and purchased an option to protect from fuel price increases on substantially all of its expected fuel consumption during the second quarter of 2003.

For the year ended December 27, 2002, the entire change in fair value resulted in realized gains of $.05 million and an unrealized gain of $.19 million which are recorded in fuel expense in the consolidated statement of operations. ACL estimates that at December 27, 2002, a 10% change in the price per gallon of fuel would have changed the fair value of the existing fuel rate swap contracts by $0.4 million.

Fuel consumed in 2002 represented approximately 11% of ACL's operating expenses. About half of ACL's long-term contracts contain clauses under which increases in fuel costs are passed on to customers thereby reducing the fuel price risk.

Based on ACL's 2003 projected fuel consumption, a one cent change in the average annual price per gallon of fuel would impact ACL's annual operating income by approximately $0.3 million (compared to the 2001 projection of $0.3 million), after the effect of escalation clauses in long-term contracts and fuel rate swap and cap agreements currently in place.

See also the information contained in this Report at Item 7, Management's Discussion and Analysis of Financial Condition and Results of Operations -- Fuel Hedging and Interest Rate Cap.

INTEREST RATE AND OTHER RISKS

At December 27, 2002, ACL had $354.3 million of floating rate debt

outstanding, which represented the outstanding balance of the Senior Credit Facilities. A 1% change in interest rates would change interest expense by $3.5 million annually.

On August 11, 2000, ACL entered into an interest rate cap agreement which limits ACL's base LIBOR to 7.5% on a notional amount of $201.8 million, corresponding to that amount of floating rate debt outstanding which is based on LIBOR. The agreement is designed to hedge ACL's exposure to future increases in market interest rates. As of December 27, 2002, the fair value of the interest rate cap agreement was zero. ACL accounts for the interest rate cap as a cash flow hedge whereby the fair value of the interest rate cap is reflected as an asset or liability in the consolidated statement of financial position. The cap rate (hedging instrument) is the same interest rate index as the base interest rate for the floating rate debt (hedged item). When the interest rate index exceeds the interest rate cap, a portion of the change in fair value of the instrument represents a change in intrinsic value which is an effective hedge. This portion of the change in value will be recorded as other comprehensive income (loss). The remaining change in fair value is recorded as other expense (income) in the consolidated statement of operations.

At December 27, 2002, ACL had sold at a discount based upon commercial paper rates, $39.3 million of the accounts receivable of two subsidiaries. ACL has the right to repurchase these receivables. At this amount outstanding, a 1% change in the commercial paper rates would change other expense by $0.4 million annually.

ACL also records in other assets or liabilities in the accompanying condensed consolidated statement of financial position, with the offset recorded as comprehensive income (loss), changes in the fair value of interest rate swap agreements entered into by GMS, an entity in which ACL has a 50% ownership interest accounted for by the equity method. GMS has four interest rate swaps with a total notional amount of $31.5 million and a fair value of $2.7 million (liability) as of December 27, 2002, through which GMS pays fixed rates of 4.5% to 7.7% and receives LIBOR or a municipal bond swap index.

FOREIGN CURRENCY EXCHANGE RATE RISKS

All of ACL's significant transportation contracts in South America are currently denominated in U.S. dollars. However, many expenses incurred in the performance of such contracts, such as crew wages and fuel, are, by necessity, denominated in a foreign currency. Therefore, ACL is affected by fluctuations in the

value of the U.S. dollar as compared to certain foreign currencies. Additionally, ACL's investments in foreign affiliates subject it to foreign currency exchange rate and equity price risks.

The Venezuelan government promulgated new currency control laws in February 2003, which restrict the free convertibility of U.S. dollars and Venezuelan bolivar currencies in Venezuela. Although ACL International's Venezuelan subsidiary, ACBL de Venezuela, C.A. ("ACBLV"), has contracts denominated in U.S. dollars, it pays certain expenses incurred in the performance of such contracts, such as crew wages and fuel, in bolivars. The restrictions on ACBLV's ability to convert U.S. dollars to bolivars for the payment of these expenses could have an adverse impact on ACL. ACL is evaluating the overall effect of the new Venezuelan currency control laws and waiting for the new rules to be promulgated for a full assessment of the impact, if any.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

AMERICAN COMMERCIAL LINES LLC

CONSOLIDATED STATEMENT OF OPERATIONS

			FISCAL YEARS EN	
	MAY 29, 2002 TO DECEMBER 27, 2002	DECEMBER 29, 2001 TO MAY 28, 2002	DECEMBER 28, 2001	DECE
	(DOLLARS IN THOUSANDS)			
OPERATING REVENUE				
Revenue	$420,013	$279,807	$729,692	$7
Revenue from related parties	8,034	4,998	58,809	
	428,047	284,805	788,501	7
OPERATING EXPENSE				
Materials, Supplies and Other	184,332	138,092	341,606	3
Restructuring Cost	565	13,493	--	
Rent	29,896	23,121	56,711	
Labor and Fringe Benefits	97,021	65,760	166,041	1
Fuel	49,348	30,434	93,560	
Depreciation and Amortization	37,407	21,824	55,497	
Gain on Property Dispositions, Net	--	(455)	(16,498)	
Taxes, Other Than Income Taxes	15,485	10,926	26,223	
Total Operating Expenses	414,054	303,195	723,140	7
OPERATING INCOME (LOSS)	13,993	(18,390)	65,361	
OTHER EXPENSE (INCOME)				
Interest Expense	35,944	25,712	70,932	
Other, Net	3,307	827	1,526	
Gain on Sale of Watercom	--	--	--	(
	39,251	26,539	72,458	
LOSS BEFORE INCOME TAXES, EXTRAORDINARY ITEM AND CUMULATIVE EFFECT OF ACCOUNTING CHANGE	(25,258)	(44,929)	(7,097)	
INCOME TAXES (BENEFIT)	743	(919)	118	
LOSS BEFORE EXTRAORDINARY ITEM AND CUMULATIVE EFFECT OF ACCOUNTING CHANGE	(26,001)	(44,010)	(7,215)	(
EXTRAORDINARY ITEM -- GAIN (LOSS) ON EARLY EXTINGUISHMENT OF DEBT	--	--	1,885	
CUMULATIVE EFFECT OF ACCOUNTING CHANGE	--	--	(490)	
NET LOSS	$(26,001)	$(44,010)	$ (5,820)	$(

The accompanying notes are an integral part of the consolidated financial statements.

AMERICAN COMMERCIAL LINES LLC

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	DECEMBER 27, 2002	DECEMBER 28, 2001
	(DOLLARS IN THOUSANDS)	
ASSETS		
CURRENT ASSETS		
Cash and Cash Equivalents	$ 14,496	$ 47,253
Cash, Restricted	6,328	--
Accounts Receivable, Net	41,113	41,383
Accounts Receivable -- Related Parties	10,544	13,402
Materials and Supplies	34,384	31,335
Other Current Assets	25,580	29,633
Total Current Assets	132,445	163,006
PROPERTIES -- Net	585,785	464,133
PENSION ASSETS	20,806	26,067
INVESTMENTS IN EQUITY INVESTEES	64,029	67,684
OTHER ASSETS	10,529	37,046
Total Assets	$ 813,594	$ 757,936
LIABILITIES		
CURRENT LIABILITIES		
Accounts Payable	$ 33,301	$ 29,737
Accrued Payroll and Fringe Benefits	15,713	17,206
Deferred Revenue	10,364	11,890
Accrued Claims and Insurance Premiums	26,547	24,200
Accrued Interest	16,429	18,659
Short-Term Debt	41,000	84,000
Current Portion of Long-Term Debt	555,573	608,519
Other Current Liabilities	35,423	42,072
Other Current Liabilities -- Related Parties	168	8,397
Total Current Liabilities	734,518	844,680
LONG-TERM DEBT	--	--
PENSION LIABILITY	15,072	18,907
OTHER LONG-TERM LIABILITIES	19,982	42,368
Total Liabilities	769,572	905,955
MEMBER'S EQUITY (DEFICIT)		
Member's Interest	85,025	220,074
Other Capital	1,429	166,580
Unearned Compensation	(1,132)	--
Retained Deficit	(26,001)	(532,816)
Accumulated Other Comprehensive Loss	(15,299)	(1,857)
Total Member's Equity (Deficit)	44,022	(148,019)
Total Liabilities and Member's Equity (Deficit)	$ 813,594	$ 757,936

The accompanying notes are an integral part of the consolidated financial statements.

	MAY 29, 2002 TO DECEMBER 27, 2002	DECEMBER 29, 2001 TO MAY 28, 2002	FISCAL DECEMBER 28 2001
		(DOLLARS IN THOUSANDS)	
OPERATING ACTIVITIES			
Net Loss	$(26,001)	$(44,010)	$ (5,820)
Adjustments to Reconcile Net Loss to Net Cash Provided by (Used in) Operating Activities:			
Depreciation and Amortization	37,407	21,824	55,497
Interest Accretion and Debt Issuance Cost Amortization	4,033	1,245	4,413
Impairment of Barges	--	--	--
Gain on Property Dispositions	--	(455)	(16,498)
Gain on Sale of Watercom	--	--	--
Other Operating Activities	2,751	(5,422)	(1,735)
Changes in Operating Assets and Liabilities:			
Accounts Receivable	(10,329)	(3,240)	(12,010)
Materials and Supplies	2,111	(5,160)	(1,384)
Accrued Interest	15,407	10,332	413
Other Current Assets	6,595	(3,149)	(4,998)
Other Current Liabilities	(5,396)	8,357	6,710
Net Cash Provided by (Used In) Operating Activities	26,578	(19,678)	24,588
INVESTING ACTIVITIES			
Property Additions	(7,757)	(5,605)	(19,772)
Purchase of Barging Assets	--	--	--
Investment in Vessel Leasing LLC	--	--	(6,808)
Proceeds from Property Dispositions	1,089	988	23,918
Net Change in Restricted Cash	236	--	--
Proceeds from Sale of Terminals	--	--	7,818
Proceeds from Property Condemnation	--	--	2,730
Proceeds from Sale of Watercom	--	--	--
Proceeds from Sale of Restricted Investments	--	--	--
Other Investing Activities	(894)	(2,859)	(4,594)
Net Cash (Used in) Provided by Investing Activities	(7,326)	(7,476)	3,292
FINANCING ACTIVITIES			
Danielson Holding Corporation Investment	--	25,000	--
Short-Term Borrowings	7,000	--	17,250
Long-Term Debt Repaid	(28,353)	(25,190)	(47,937)
Bank Overdrafts	(1,785)	1,149	(6,670)
Debt Costs	(1,035)	--	(3,463)
Other Financing Activities	(1,468)	(173)	625
Net Cash (Used in) Provided by Financing Activities	(25,641)	786	(40,195)
Net (Decrease) Increase in Cash and Cash Equivalents	(6,389)	(26,368)	(12,315)
Cash and Cash Equivalents at Beginning of Period	20,885	47,253	59,568
Cash and Cash Equivalents at End of Period	$ 14,496	$ 20,885	$ 47,253
Supplemental Cash Flow Information:			
Interest Paid	$ 13,061	$ 36,595	$ 65,504

Income Taxes Paid.....	306	1,104	1,175

The accompanying notes are an integral part of the consolidated financial statements.

AMERICAN COMMERCIAL LINES LLC

CONSOLIDATED STATEMENT OF MEMBER'S EQUITY (DEFICIT)

	MEMBER'S INTEREST	OTHER CAPITAL	UNEARNED COMPENSATION	RETAINED EARNINGS (DEFICIT)	ACCUM OT COMPRE INCOME
			(DOLLARS IN THOUSANDS)		
Balance at December 31, 1999.....	$ 220,074	$ 162,105	$ --	$(513,914)	$
Comprehensive Loss:					
Net loss.....	--	--	--	(12,093)	
Foreign currency translation.....	--	--	--	--	
Total Comprehensive Loss.....	--	--	--	(12,093)	
Contribution of capital by CSX.....	--	1,694	--	--	
Balance at December 29, 2000.....	220,074	163,799	--	(526,007)	
Cumulative Effect of Accounting Change as of December 30, 2000.....	--	--	--	--	
Comprehensive Loss:					
Net loss.....	--	--	--	(5,820)	
Net loss on fuel swaps designated as cash flow hedging instruments.....	--	--	--	--	
Net loss on interest rate swaps designated as cash flow hedging instruments.....	--	--	--	--	
Foreign currency translation.....	--	--	--	--	
Total Comprehensive Loss.....	--	--	--	(5,820)	(1
Contribution of capital by CSX.....	--	2,781	--	--	
Consolidation of ACL Funding Corp.....	--	--	--	(989)	
Balance at December 28, 2001.....	220,074	166,580	--	(532,816)	(1
Comprehensive Loss:					
Net loss.....	--	--	--	(44,010)	
Net gain on fuel swaps designated as cash flow hedging instruments.....	--	--	--	--	
Net gain on interest rate swaps designated as cash flow hedging instruments.....	--	--	--	--	
Foreign currency translation.....	--	--	--	--	
Total Comprehensive Loss.....	--	--	--	(44,010)	
Other.....	--	(373)	--	--	
Balance at May 28, 2002.....	220,074	166,207	--	(576,826)	(1
Elimination of historical equity.....	(220,074)	(166,207)	--	576,826	1
Acquisition of ACL by Danielson Holding Corporation.....	82,256	--	--	--	
Acquisition of Vessel Leasing.....	2,769	--	--	--	
Issuance of restricted Parent Company common stock.....	--	1,695	(1,695)	--	
Amortization of unearned					

compensation	--	--	297	--	
Cancellation of restricted Parent Company common stock	--	(266)	266	--	
Comprehensive Loss:					
Net loss	--	--	--	(26,001)	
Net gain on fuel swaps designated as cash flow hedging instruments	--	--	--	--	
Net loss on interest rate swaps designated as cash flow hedging instruments	--	--	--	--	
Foreign currency translation	--	--	--	--	
Minimum pension liability adjustment	--	--	--	--	(15
Total Comprehensive Loss	--	--	--	(26,001)	(15
Balance at December 27, 2002	$ 85,025	$ 1,429	$(1,132)	$ (26,001)	$(15

The accompanying notes are an integral part of the consolidated financial statements.

AMERICAN COMMERCIAL LINES LLC

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(DOLLARS IN THOUSANDS)

NOTE 1. SIGNIFICANT ACCOUNTING POLICIES

NATURE OF OPERATIONS

The operations of American Commercial Lines LLC ("ACL") include barge transportation together with related terminal, marine construction and repair along inland waterways. Barge transportation services include the movement of steel and other bulk products, grain, coal, and liquids in the United States and South America and account for the majority of ACL's revenues. Marine construction, repair and terminal services are provided to customers in marine transportation and other related industries in the United States. ACL has long term contracts with some customers.

ACL was a wholly-owned subsidiary of CSX Corporation ("CSX") until June 30, 1998. On June 30, 1998 ACL's parent, American Commercial Lines Holdings LLC ("ACL Holdings") completed a recapitalization in a series of transactions in which the barge business of Vectura Group, Inc. ("Vectura") and its subsidiaries ("NMI" or the "NMI Contribution") were combined with that of ACL.

Through May 28, 2002, ACL was in default under its bank and bond debt, as well as its receivables facility, due to nonpayment of interest on the debt as well as other covenant violations. On December 31, 2001,and subsequent thereto, ACL elected not to pay the interest due on its bank and bond debt due to ongoing negotiations with its bankers and note holders regarding the restructuring of the debt. ACL obtained forbearance agreements or waivers which enabled it to complete the Danielson recapitalization described below and the debt restructuring described in Note 6.

On May 29, 2002, ACL Holdings and ACL completed a comprehensive restructuring involving the acquisition and recapitalization of ACL Holdings and ACL (the "Danielson Recapitalization") by Danielson Holding Corporation ("DHC") and subsidiaries (collectively with DHC, "Danielson") and the restructuring of ACL's outstanding debt obligations (see Note 6). Consulting fees and legal costs incurred in connection with the Danielson Recapitalization are included in the accompanying consolidated statement of operations as "Restructuring Cost."

In connection with Danielson becoming the owner of 100% of the membership interests in ACLines LLC ("ACLines"), which wholly owns ACL Holdings, Danielson elected to push down its basis of accounting to the net assets of ACL. ACL's net assets, liabilities and member's equity have been adjusted, as of the acquisition date, following push down accounting (see Note 3). Accordingly, effective May 29, 2002, ACL's accounts have been adjusted to a new basis to reflect Danielson's basis in ACL's assets and liabilities based on the estimated fair values of such assets and liabilities using the principles of Financial Accounting Standards No. 141, "Business Combinations."

BASIS OF PRESENTATION

In response to weak market and poor economic conditions during the last half of 2002 and because of ACL's highly leveraged position, on January 31, 2003, ACL filed for protection under Chapter 11 of the Bankruptcy Code as discussed in Note 2. Prior to the Chapter 11 filing, ACL had been pursuing other financial restructuring alternatives.

The consolidated financial statements contained herein have been prepared on a going concern basis, which assumes continuity of operations and realization of assets and satisfaction of liabilities in the ordinary course of business. The ability of ACL to continue as a going concern is predicated, among other things, on the confirmation of a reorganization plan, compliance with the provisions of the DIP Credit Facility (see Note 2), the ability of ACL to generate the required cash flows from operations and, where necessary, obtaining financing sources sufficient to satisfy future obligations.

ACL's liquidity generally depends on cash provided by operating activities and access to the DIP Credit Facility. The ability of ACL to continue as a going concern (including its ability to meet post-petition obligations) and the continued appropriateness of using the going concern basis for its financial statements are dependent upon, among other things, (i) ACL's ability to comply with the covenants of the DIP Credit Facility, (ii) the ability of ACL to maintain adequate cash on hand, (iii) the ability of ACL to continue to generate cash from operations, (iv) confirmation of a plan of reorganization under the Bankruptcy Code and the terms of such plan, (v) ability of ACL to attract, retain and compensate key executives and associates and to retain employees generally and (vi) ACL's ability to achieve profitability following such confirmation.

Management expects that normal cash flows from operations and access to the DIP Credit Facility will be sufficient to meet planned working capital, capital expenditures and other cash requirements until such time as it seeks to obtain approval for a plan of reorganization. However, due to material uncertainties associated with the outcome of the Chapter 11 proceedings in general, and the effects of such proceedings on the business of ACL and its subsidiaries, there can be no assurances that such plan will be approved or whether ACL will obtain sufficient liquidity enabling it to continue to operate in its present organizational structure.

The accompanying consolidated financial statements do not give effect to any adjustment to the carrying value of assets or amounts and classifications of liabilities that might be necessary as a result of resolving the bankruptcy. For financial statement periods after the Petition Date, the Company's consolidated financial statements will be presented in accordance with the AICPA Statement of Position 90-7, "Financial Reporting by Entities in Reorganization Under the Bankruptcy Code." A plan of reorganization could materially change the amounts recorded in the consolidated financial statements in future periods.

PRINCIPLES OF CONSOLIDATION

The Consolidated Financial Statements reflect the results of operations, cash flows and financial position of ACL and its majority-owned subsidiaries as a single entity. All significant intercompany accounts and transactions have been eliminated. Investments in companies that are not majority-owned are accounted for under the equity method, depending on the extent of control.

FISCAL YEAR

ACL follows an annual fiscal reporting period, which ends on the last Friday in December.

USE OF ESTIMATES

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

CASH AND CASH EQUIVALENTS

Cash and cash equivalents include short-term investments with a maturity of less than three months when purchased. ACL has from time to time, cash in banks in excess of federally insured limits.

RESTRICTED CASH

As part of the Maritime Administration guaranteed financing, Vessel Leasing LLC ("Vessel Leasing") is required to maintain a minimum cash balance on account which amounted to $6,328 as of December 27, 2002.

ACCOUNTS RECEIVABLE

Accounts Receivable consist of the following:

	2002	2001
Accounts Receivable	$42,976	$43,014
Allowance for Doubtful Accounts	(1,863)	(1,631)
	$41,113	$41,383

ACL maintains an allowance for doubtful accounts based upon the expected collectibility of accounts receivable.

MATERIALS AND SUPPLIES

Materials and supplies are carried at the lower of cost (average) or market and consist of the following:

	2002	2001

Raw Materials	$ 3,818	$ 3,633
Work in Process	15,577	13,029
Parts and Supplies	14,989	14,673
	$34,384	$31,335

PROPERTIES

Properties consist of the following:

	2002	2001
Land	$ 11,050	$ 11,066
Buildings and Improvements	36,522	36,130
Equipment	960,212	789,567
	1,007,784	836,763
Less Accumulated Depreciation	421,999	372,630
	$ 585,785	$464,133

Properties are stated at cost less accumulated depreciation. At the reorganization date, properties were fair valued in conjunction with the purchase price allocation. Provisions for depreciation of properties are based on the estimated useful service lives computed on the straight-line method. Buildings and Improvements are depreciated from 15 to 45 years. Equipment is depreciated from 5 to 42 years. Depreciation expense was $20,500 for the period December 29, 2001 through May 28, 2002 and $35,737 for the period May 29, 2002 through December 27, 2002, $52,100 for fiscal year 2001 and $53,457 for fiscal year 2000.

In the fourth quarter of 2001, ACL changed the useful life of towboats from 30 years to 42 years, which reduced the loss before extraordinary items and net loss by $1,142 for the year ended December 28, 2001. This change in accounting estimate was based on additional information about the useful life of the towboat fleet.

Properties and other long-lived assets are reviewed for impairment whenever events or business conditions indicate the carrying amount of such assets may not be fully recoverable. Initial assessments of recoverability are based on estimates of undiscounted future net cash flows associated with an asset or a group of assets.

Where impairment is indicated, the assets are evaluated for sale or other disposition, and their carrying amount is reduced to fair value based on discounted net cash flows or other estimates of fair value. There were no long-lived asset impairment losses in 2002 and 2001. A long-lived asset impairment loss of $3,865 was recorded in 2000 in "Materials, Supplies and Other" in the consolidated statement of operations. This loss affects the barging segment.

GLOBAL MATERIALS SERVICES LLC

ACL's has a 50% ownership interest in Global Materials Services LLC ("GMS")

which is a joint venture between American Commercial Terminals LLC ("ACT"), a wholly owned subsidiary of ACL, and Mid-South Terminal Company, L.P., an unaffiliated third party. ACL accounts for this investment by the equity method. ACL's investment in GMS at December 27, 2002 and December 28, 2001 is $13,070 and $10,208, respectively.

Earnings related to ACL's investment in GMS were: $491 for the period December 29, 2001 through May 28, 2002; $997 for the period May 29, 2002 through December 27, 2002; $1,015 for fiscal year 2001; and $1,138 for fiscal year 2000. Earnings are included in other income in the consolidated statement of operations. In 2001, ACL contributed $1,200 in cash to GMS. Other comprehensive income (loss) related to ACL's investment in GMS was $192 for the period December 29, 2001 through May 28, 2002; $89 for the period May 29, 2002 through December 27, 2002; ($1,131) for fiscal year 2001; and ($329) for fiscal year 2000, related to interest rate swaps and foreign currency translation.

UABL LIMITED

On October 24, 2000, ACL contributed certain assets to UABL Limited ("UABL"), an Argentine company. ACL accounts for it's 50% ownership in UABL by the equity method. ACL's investment in UABL is $48,627 at December 27, 2002 and $49,892 at December 28, 2001. ACL's share of UABL's losses were: $135 for the period December 29, 2001 through May 28, 2002; $1,130 for the period May 29, 2002 through December 27, 2002; $3,700 for fiscal year 2001; and $1,800 for fiscal year 2000. These losses are included in other income in the consolidated statement of operations. In 2001, ACL made additional investments in UABL of $4,069.

VESSEL LEASING LLC

In 2001, ACL and Vectura Group LLC invested in a new company, Vessel Leasing LLC ("Vessel Leasing"). Prior to May 29, 2002, ACL accounted for its investment in Vessel Leasing under the equity method. Equity earnings (loss) for the period December 29, 2001 through May 28, 2002 and fiscal year 2001 were $119 and ($38), respectively. On May 29, 2002, Danielson acquired the remaining 50% membership interest in Vessel Leasing for $2,769 in cash. As a result of Danielson's election to push down the accounting of Vessel Leasing, ACL consolidated the assets and liabilities of Vessel Leasing in the consolidated statement of financial position beginning May 29, 2002. ACL has also included the net income of Vessel Leasing in the consolidated statement of operations from the Danielson purchase date. As of December 28, 2001, ACL's investment in Vessel Leasing was $6.8 million.

GLOBAL MATERIALS SERVICES VENEZUELA

During 2002, GMS, ACL and minority owners organized new companies to unload bauxite in Venezuela. The "GMSV" companies are Global Materials Services Venezuela C.A., GMS Venezuela Terminal Partners LLC and GMS Venezuela Terminal Holdings LLC. Since ACL does not have controlling voting rights, GMSV is not consolidated with ACL. ACL accounts for its 42% direct share of GMSV by the equity method. ACL contributed $1,417 in capital to GMSV during 2002 and its investment in GMSV of $1,437 at

December 27, 2002 is included in other assets on the consolidated statement of financial position. ACL's share of 2002 earnings of $7 is included in other income in the consolidated statement of operations.

DEBT AMORTIZATION

ACL amortizes debt costs over the term of the debt. Amortization expense was $1,245 for the period December 29, 2001 through May 28, 2002; $1,150 for the

period May 29, 2002 through December 27, 2002; $4,413 for fiscal 2001; and $2,801 for fiscal 2000 and is included in interest expense in the consolidated statement of operations.

DEBT DISCOUNT

On May 29, 2002 ACL issued new debt (see Note 6) which was recorded at fair value. The difference between the principle amount of the notes and the fair value (discount) is being amortized using the interest method over the life of the notes. The amortization of the discount was $2,882 for the period May 29, 2002 through December 27, 2002 and is included in interest expense in the consolidated statement of operations.

REVENUE RECOGNITION

Barge transportation revenue is recognized proportionately as shipments move from origin to destination. Terminal, repair and other revenue is recognized as services are provided. Marine construction revenue and related expense is primarily recognized on the completed-contract method, due to the short-term nature of contracts. Revenue from sale/leaseback transactions, if any, is deferred and recognized over the life of the lease.

FOREIGN CURRENCY TRANSLATION

Assets and liabilities relating to investments in foreign operations are translated into U.S. dollars using current exchange rates; revenues and expenses are translated into U.S. dollars using the average exchange rate during the period. When the functional currency is the local currency, the translation gains and losses are excluded from income and are recorded in the other comprehensive income component of member's equity. If the functional currency is the U.S. dollar, the translation gains and losses are recorded as other income or expense in the consolidated statement of operations.

RECLASSIFICATIONS

Certain prior year amounts have been reclassified to conform to the current year presentation.

RECENTLY ISSUED ACCOUNTING STANDARDS

In July 2001, the FASB issued Statement of Financial Accounting Standards ("SFAS") No. 142, "Goodwill and Other Intangible Assets" ("SFAS 142"), which establishes the accounting for goodwill and other intangible assets following their recognition. SFAS 142 applies to all goodwill and other intangible assets whether acquired singly, as part of a group, or in a business combination. SFAS 142 provides that goodwill and intangible assets with indefinite lives should not be amortized but should be tested for impairment annually using a fair-value based approach. In addition, SFAS 142 provides that other intangible assets should be amortized over their useful lives and reviewed for impairment in accordance with SFAS No. 121, "Accounting for the Impairment of Long-Lived Assets and for Long-Lived Assets to Be Disposed Of" ("SFAS 121"). SFAS 121 has been superceded by SFAS 144 which is described below. The adoption of SFAS 142 on December 29, 2001 has not had a significant effect on ACL's financial position or results of operations.

In October 2001, the FASB issued SFAS No. 144, "Accounting for the Impairment or Disposal of Long-Lived Assets" ("SFAS 144"). SFAS 144 addresses financial accounting and reporting for the impairment or

disposal of long-lived assets and supercedes SFAS 121, and the accounting and reporting provisions of Accounting Principles Board Opinion No. 30, "Reporting

the Results of Operations -- Reporting the Effects of Disposal of a Segment of a Business, and Extraordinary, Unusual and Infrequently Occurring Events and Transactions", for the disposal of a segment of a business (as previously defined in that Opinion). SFAS 144 also amends Accounting Research Bulletin No. 51, "Consolidated Financial Statements", to eliminate the exception to consolidation for a subsidiary for which control is likely to be temporary. The objectives of SFAS 144 are to address significant issues relating to the implementation of SFAS 121 and to develop a single accounting model, based on the framework established in SFAS 121, for long-lived The provisions of SFAS 144 did not have an impact on ACL's financial statements in 2002.

In June 2002, the FASB issued SFAS No. 146 "Accounting for Costs Associated with Exit or Disposal Activities" ("SFAS 146"), which addresses financial accounting and reporting for costs associated with exit or disposal activities and nullifies EITF Issue No. 94-3, "Liability Recognition for Certain Employee Termination Benefits and Other Costs to Exit an Activity (including Certain Costs incurred in a Restructuring)" ("Issue 94-3"). The principal difference between SFAS 146 and Issue 94-3 relates to SFAS 146's requirements for recognition of a liability for a cost associated with an exit or disposal activity. SFAS 146 requires that a liability for a cost associated with an exit or disposal activity be recognized when the liability is incurred. Under Issue 94-3, a liability for an exit cost as generally defined in Issue 94-3 was recognized at the date of an entity's commitment to an exit plan. Severance pay under SFAS 146, in many cases, would be recognized over time rather than up front. Additionally, under SFAS 146, if the benefit arrangement requires employees to render future service beyond a "minimum retention period," a liability should be recognized as employees render service over the future service period even if the benefit formula used to calculate an employee's termination benefit is based on length of service. The provisions of SFAS 146 are effective for exit or disposal activities that are initiated after December 31, 2002, with early application encouraged. ACL will adopt SFAS 146 in 2003.

NOTE 2. CHAPTER 11 FILING

During 2002 and the beginning of 2003, ACL experienced a decline in barging rates, reduced shipping volumes and excess barging capacity during a period of slow economic growth and a global economic recession. Due to these factors, ACL's revenues and earnings did not meet expectations and ACL's liquidity was significantly impaired and debt covenant violations occurred as discussed in Note 6. As a result, ACL was unable to meet its financial obligations as they became due. On January 31, 2003 (the "Petition Date"), ACL filed a petition with the U.S. Bankruptcy Court for the Southern District of Indiana, New Albany Division (the "Bankruptcy Court") to reorganize under Chapter 11 of the U.S. Bankruptcy Code (the "Bankruptcy Code" or "Chapter 11") under case number 03-90305. Included in the filing are ACL, ACL Holdings, American Commercial Barge Line LLC, Jeffboat LLC, Louisiana Dock Company LLC and ten other U.S. subsidiaries of ACL (collectively with ACL, the "Debtors") under case numbers 03-90306 through 03-90319. These cases are jointly administered for procedural purposes before the Bankruptcy Court under case number 03-90305. The Chapter 11 petitions do not cover any of ACL's foreign subsidiaries or certain of its U.S. subsidiaries.

ACL and the other Debtors are continuing to operate their businesses as debtors-in-possession under the jurisdiction of the Bankruptcy Court and in accordance with the applicable provisions of the Bankruptcy Code and orders of the Bankruptcy Court. As debtors-in-possession, the Debtors may not engage in transactions outside of the ordinary course of business without approval, after hearing, of the Bankruptcy Court. As part of the Chapter 11 cases, the Debtors intend to develop and propose for confirmation pursuant to Chapter 11 a plan of reorganization that will restructure the operations and liabilities of the Debtors to the extent necessary to result in the continuing viability of ACL. A filing date for such a plan has not been determined; however, the Debtors have the exclusive right to file a plan of reorganization at any time during the 120 day period

following January 31, 2003. If the exclusive filing period were to expire, other parties, such as ACL creditors, would have the right to propose alternative plans of reorganization.

The Debtors have entered into the Debtor In Possession Credit Facility (DIP Credit Facility) that provides up to $75 million of financing. As of February 21, 2003, participating bank commitments under the DIP Credit Facility total $60 million, of which the Debtors have drawn $50 million, which was used to retire ACL's Pre-Petition Receivables Facility (see Note 5) and which continues to be used to fund the Debtors' day-to-day cash needs. The DIP Credit Facility is secured by the same and additional assets that collateralized the Senior Credit Facilities (see Note 6) and ACL's Pre-Petition Receivables Facility, and bears interest, at ACL's option, at LIBOR plus four percent or an Alternate Base Rate (as defined in the DIP Credit Facility) plus three percent. There are also certain interest rates in the event of a default under the facility. The DIP Credit Facility also contains certain restrictive covenants that, among other things, restrict the Debtors' ability to incur additional indebtedness or guarantee the obligations of others. ACL is also required to maintain minimum cumulative EBITDA, as defined in the DIP Credit Facility, and limit its capital expenditures.

As a result of the Chapter 11 filings, certain events of default under the Senior Credit Facilities, Senior Notes, PIK Notes and Old Senior Notes (see Note 6) have occurred subsequent to December 27, 2002, the effects of which are stayed pursuant to certain provisions of the Bankruptcy Code.

Under Chapter 11, actions by creditors to collect claims in existence at the filing date are stayed or deferred absent specific Bankruptcy Court authorization to pay such pre-petition claims while the Debtors continue to manage their businesses as debtors-in-possession and act to develop a plan of reorganization for the purpose of emerging from these proceedings. A claims bar date has not yet been established. The Debtors have received approval from the Bankruptcy Court to pay or otherwise honor certain of its pre-petition obligations, including but not limited to employee wages and certain employee benefits, certain critical vendor payments, certain insurance and claim obligations and certain tax obligations as a plan of reorganization is developed.

The amount of the claims to be filed against the Debtors by their creditors could be significantly different than the amount of the liabilities recorded by the Debtors. The Debtors also have numerous executory contracts and other agreements that could be assumed or rejected during the Chapter 11 proceedings. Parties affected by these rejections may file claims with the Bankruptcy Court in accordance with the reorganization process. Under these Chapter 11 proceedings, the rights of and ultimate payments to pre-petition creditors, rejection damage claimants and ACL's equity investor may be substantially altered. This could result in claims being liquidated in the Chapter 11 proceedings at less (possible substantially less) than 100% of their face value, and the membership interests of ACL's equity investor being diluted or cancelled. The Debtors have not yet proposed a plan of reorganization. The Debtors' pre-petition creditors and ACL's equity investor will each have a vote in the plan of reorganization.

The United States Trustee has appointed an unsecured creditors' committee. The official committee and its legal representatives have a right to be heard on all matters that come before the Bankruptcy Court.

The Chapter 11 process presents inherent material uncertainty; it is not possible to determine the additional amount of claims that may arise or ultimately be filed, or predict the length of time that the Debtors will continue to operate under the protection of Chapter 11, the outcome of the Chapter 11 proceedings in general, whether the Debtors will continue to operate in their present organizational structure, or the effects of the proceedings on

the business of ACL, the other Debtors and its non-filing subsidiaries and affiliates, or on the interests of the various creditors and equity holder. The ultimate recovery, if any, by creditors and equity holder will not be determined until confirmation of a plan or plans of reorganization. No assurance can be given as to what value will be ascribed in the bankruptcy proceedings to each of these constituencies.

NOTE 3. DANIELSON ACQUISITION OF ACL

Danielson's basis in ACL's net assets at the acquisition date of $85,025 includes $7,000 in cash paid for membership interests in ACL Holdings; $2,769 in cash paid for a 50% membership interest in Vessel Leasing LLC ("Vessel Leasing"), an entity in which ACL owns the other 50% membership interest; the contribution of $25,000 in cash and ACL 10 1/4% senior notes due June 30, 2008 having an estimated fair value of $43,650; and costs incurred by Danielson directly associated with the acquisition of $6,606.

As a result of Danielson's acquisition of ACL and the push down purchase accounting that resulted, ACL recorded several non-cash adjustments including the following:

Properties	$120,787
Net Pension Asset	(5,426)
Other Assets	(27,509)
	$ 87,852
Accrued Interest	$(21,977)
Other Current Liabilities	219
Short-Term Debt	(50,000)
Long-Term Debt	(13,342)
Pension Liability	(18,264)
Other Long-Term Liabilities	(19,177)
Contribution of 10 1/4% senior notes at par including accrued interest	(64,082)
Equity	274,475
	$ 87,852

The above adjustments reflect the estimated fair value of assets and liabilities acquired by Danielson as of the date of acquisition. Management believes no significant intangibles were acquired in the Danielson Recapitalization. The adjustments are subject to revision once appraisals and other evaluations of the fair value of the assets acquired and liabilities assumed are completed. Accordingly, actual push down accounting adjustments could differ from the adjustments presented above.

The pro forma unaudited results of operations for the years ended December 27, 2002 and December 28, 2001, assuming consummation of the acquisition as of December 30, 2000, are as follows:

	2002	2001
Revenue	$712,686	$747,526

Loss from continuing operations before extraordinary item and cumulative effect of accounting change	(76,039)	(9,935)
Net loss	(76,039)	(8,540)

NOTE 4. PURCHASES AND DISPOSITIONS

In 2001, ACL sold five towboats, a shipyard in Harahan, Louisiana, a cleaning facility in Baton Rouge, Louisiana and other assets. This resulted in a gain of $16,762 which is included in the net gain on property dispositions in the consolidated statement of operations.

On May 25, 2001, ACL entered into an agreement to sell substantially all of the terminals of ACT, other than its coal transfer facility at St. Louis, Missouri and its tank storage facility at Memphis, Tennessee. The sale of seven terminals was completed on May 25, 2001. An additional terminal site in Omaha, Nebraska was

transferred on June 29, 2001. Subsequent to June 29, 2001, additional proceeds were received from the condemnation of Omaha Terminal. ACL recorded a gain from these transactions of $1,886 in Other Income.

On May 26, 2000, ACL purchased certain barging assets of the Peavey Barge Line ("Peavey") from ConAgra, Inc. for $31,500 in cash. The purchase price was financed with existing credit facilities and cash flows from operations. ACL also assumed $3,800 in capital leases.

ACL sold its 100% membership interest in Waterway Communications System LLC ("Watercom") on September 6, 2000 to Mobex Communications, Inc. ("Mobex") for $13,600 in cash and $2,400 in Mobex preferred stock. The sale resulted in a gain of $11,418.

NOTE 5. ACCOUNTS RECEIVABLE SECURITIZATION

ACL's receivables facility, which was administered by PNC Bank, N.A., was replaced on May 29, 2002 with a Receivables Purchase Agreement among American Commercial Lines Funding Corporation ("ACLF"), American Commercial Barge Line LLC, Jupiter Securitization Corporation and Bank One, NA (the "Pre-Petition Receivables Facility") having substantially the same terms as the old receivables facility. As discussed in Note 2, the Pre-Petition Receivables Facility was retired with proceeds from the DIP Credit Facility.

At December 27, 2002 and December 28, 2001, ACL had $39,300 and $51,000, respectively, outstanding under its accounts receivable securitization facility agreement and had $27,590 and $22,603, respectively, of net residual interest in the securitized receivables which is included in Accounts Receivable, Net on the consolidated statement of financial position. The fair value of the net residual interest is measured at the time of the sale and is based on the sale of similar assets. From December 29, 2001 through May 28, 2002 ACL received gross proceeds of $3,800 from the sale of receivables and made gross payments of $12,200 under this Agreement. From May 29, 2002 through December 29, 2002 ACL received gross proceeds of $20,300 and made gross payments of $23,600. In 2001, ACL received gross proceeds of $30,800 from the sale of receivables and made gross payments of $35,800. In 2000, ACL received gross proceeds of $20,000 from the sale of receivables and made gross payments of $14,000.

In September 2000, the FASB issued SFAS No. 140, "Accounting for Transfers and Servicing of Financial Assets and Extinguishment of Liabilities" ("SFAS 140"). The Statement is effective for transfers and servicing of financial assets and extinguishments of liabilities occurring after March 31, 2001. ACL adopted SFAS 140 on April 1, 2001. The adoption required the consolidation of

ACLF, a wholly-owned subsidiary, that was previously treated as a non-consolidated Qualified Special Purpose Entity. The consolidation resulted in a charge to Retained Earnings of $989 in the second quarter 2001.

NOTE 6. DEBT

	DECEMBER 27, 2002	DECEMBER 28, 2001
Revolving Credit Facility	$ 41,000	$ 84,000
Tranche A Term Loan	43,119	--
Tranche B Term Loan	124,141	143,951
Tranche C Term Loan	146,069	169,378
Senior Notes (New)	128,491	--
Senior Subordinated Notes	68,797	--
Senior Notes (Old)	4,946	295,000
Bonds guaranteed by the Maritime Administration	39,693	--
Other Notes	317	190
	596,573	692,519
Less short-term debt	41,000	84,000
Less, current portion long-term debt	555,573	608,519
Long-term debt	$ --	$ --

As part of the Danielson recapitalization on May 29, 2002 of ACL Holdings, ACL's debt was restructured. Danielson contributed to ACL Holdings $58,493 principal amount of ACL's 10 1/4% senior notes due June 30, 2008 ("Old Senior Notes"), plus the interest obligations, if any, thereon.

ACL's existing credit facilities were amended and restated as of April 11, 2002 (the amended and restated credit facilities are hereafter referred to as the "Senior Credit Facilities") to, among other things, modify financial and restrictive covenants thereunder, prepay $25,000 of term loans (the "Term Loans") thereunder from the $25,000 in cash contributed by Danielson and convert $50,000 of revolving credit loans (the "Revolving Credit Facility") thereunder into a new tranche of term loans having an interest rate and other terms substantially similar to the revolving credit loans under ACL's old senior credit facilities. The amended and restated credit agreement with ACL's senior secured lenders contains mandatory prepayments of the term loans with net proceeds from certain asset sales, equity issuances, incurrence of indebtedness and sale and leaseback transactions, as well as excess cash flow, as defined in the credit agreement.

ACL also completed an exchange offer (the "Exchange Offer") for the Old Senior Notes, pursuant to which $284,500 or approximately 96.4%, of the principal amount of ACL's Old Senior Notes were tendered, with the $58,493 principal amount of ACL's Old Senior Notes contributed by Danielson and its subsidiaries to ACL Holdings being deemed tendered in the Exchange Offer. Holders of Old Senior Notes who tendered their Old Senior Notes pursuant to the Exchange Offer received approximately $134,700 aggregate principal amount of new 11.25% senior notes (the "Senior Notes") and approximately $112,900 aggregate principal amount of 12% pay-in-kind senior subordinated notes (the "PIK Notes"). The debt exchange was not an extinguishment of debt for accounting purposes since the terms of the new debt are not substantially different from the terms of the Old Senior Notes exchanged.

Following the consummation of the Exchange Offer, a holder of $4,000 aggregate principal amount of the Old Senior Notes exchanged such notes and accrued interest for approximately $2,400 of Senior Notes and approximately $2,000 of PIK Notes as permitted by the indentures governing the notes, following which $6,500 of the Old Senior Notes remained outstanding.

Since ACL is applying push down accounting effective with Danielson's acquisition of ACL, ACL's debt was adjusted to fair value at the acquisition date. The difference between the principal amount of the debt and its fair value is being accreted as interest expense over the term of the debt under the effective interest method.

The Revolving Credit Facility, which provides for revolving loans and letters of credit not to exceed the aggregate principal amount of $50,000, ($100,000 prior to the amendment and restatement of the credit facilities,) matures June 30, 2005, but each loan must be repaid within one year. The Revolving Credit Facility bears interest at a rate equal to London InterBank Offered Rates ("LIBOR") plus a margin based on ACL's performance. The interest rates as of December 27, 2002 ranged from 5.8125% to 6.0625%.

Tranche A of the Term Loans matures June 30, 2005. Tranche B of the Term Loans matures June 30, 2006. Tranche C of the Term Loans matures June 30, 2007. The Term Loans bear interest at a rate equal to LIBOR plus a margin based on ACL's performance. The annual interest rates as of December 27, 2002 were: Tranche A - 6.0%, Tranche B - 6.25% and Tranche C - 6.5%.

The new Senior Notes are due January 1, 2008 and bear interest at an annual rate of 11.25%, payable semi-annually. The PIK Notes are due July 1, 2008 and bear interest at an annual rate of 12%. ACL has the option of issuing new PIK Notes in lieu of paying cash interest on such notes each June 30 and December 31 until maturity. After 2 years from issuance, interest accretes at 13.5% per annum if ACL elects to not pay the interest due in cash. The interest rate remains 12% if the interest is paid in cash. The Old Senior Notes are due June 30, 2008 and bear interest at an annual rate of 10.25%.

In connection with the exchange offer, ACL completed a consent solicitation of the holders of the Old Senior Notes, which resulted in the elimination or amendment of substantially all the restrictive covenants contained in the indenture governing the Old Senior Notes, the subordination of the subsidiary guarantees of the Old Senior Notes to the subsidiary guarantees of ACL's Senior Credit Facilities, the Senior Notes and the PIK Notes and the waiver of any and all defaults under the indenture governing the Old Senior Notes through the effective date of the exchange offer, May 29, 2002.

As noted above, DHC purchased the 50% equity interests that Vectura Group LLC owned in Vessel Leasing at the time Danielson acquired ACL. Vessel Leasing, which was formerly accounted for under the equity method is now consolidated with ACL. Accordingly, the bonds issued by Vessel Leasing that are guaranteed by the U.S. Maritime Administration are included in ACL's debt balance.

ACL has an outstanding loan guarantee of $2,850 in the borrowings of one of its equity investees, GMS Venezuela C.A., from the International Finance Corporation.

The Senior Credit Facilities are secured by the assets of the guarantor subsidiaries. The Senior Notes and the PIK Notes are unsecured.

The Senior Credit Facilities and the indentures governing the Senior Notes and the PIK Notes (the "Indentures") contain a number of covenants with specified financial ratios and tests including, with respect to the Senior

Credit Facilities, maximum leverage ratios, rent adjusted maximum leverage ratios and interest coverage ratios. Compliance with financial ratios is measured at the end of each quarter. The Indentures also contain certain cross default provisions. ACL's ability to meet the financial ratios is affected by adverse weather conditions, seasonality and other risk factors inherent in its business. The Senior Credit Facilities also contain provisions which require mandatory prepayments of the Term Loans with net proceeds from certain asset sales, equity issuances, incurrence of indebtedness and sale and leaseback transactions, as well as certain excess cash flow.

In late 2002, ACL received a notification from Bank One stating that ACL was in violation of the cross-default provisions contained in the Pre-Petition Receivables Facility, which provides that a failure to maintain the financial ratios provided by the Credit Agreement, whether or not amended or waived, constitutes a default under the Pre-Petition Receivables Facility. Subsequent to the notice of default, Bank One and ACL agreed to an amendment to the Pre-Petition Receivables Facility which permitted ACL to continue utilizing the Receivables Facility, although the loss reserve and certain facility fees were increased and the termination date changed from May 29, 2003 to January 31, 2003.

Subsequent to the notice of default from Bank One, ACL obtained an amendment (the "Amendment") of certain covenants under the Senior Credit Facilities, relating to third quarter and fourth quarter 2002 covenants and a waiver of any past violations thereof. Absent the Amendment, ACL would not have been in compliance with the leverage or interest coverage ratios contained in its Senior Credit Facilities as of December 27, 2002. At the end of the first quarter of 2003, the covenant ratios revert to levels in effect before the Amendment. Although management had been working on operating and financial plans to comply with its debt covenants in 2003 and thereafter, ACL was unable to complete an out-of-court restructuring and management believes it is probable that ACL will not be in compliance with Senior Credit Facility covenants at the end of the first quarter 2003, absent another amendment to the Senior Credit Facilities. Accordingly, ACL has classified all of its long-term debt as current debt as of December 27, 2002.

On December 31, 2002, ACL elected to exercise its rights under the Indentures to postpone the interest payments due on the Senior Notes and Old Senior Notes for thirty days. This resulted in an event of default under the Senior Credit Facilities and the Pre-Petition Receivables Facility.

Principal payments of long-term debt due during the next five fiscal years and thereafter and unamortized debt discount according to the original terms of the debt are as follows:

2003	$ 3,204
2004	36,034
2005	88,134
2006	89,464
2007	111,245
Thereafter	284,929
	613,010
Unamortized debt discount	(57,437)
	$555,573

NOTE 7. INCOME TAXES

ACL and its subsidiaries (except for ACL Capital Corp., American Commercial Lines Funding Corporation and the foreign subsidiaries) are organized as limited liability companies. As such, ACL passes through its U.S. federal and substantially all of its state (but not foreign) taxable income to its members who are responsible for income taxes on such taxable income.

Components of income tax expense (benefit) follow:

	MAY 29, 2002 TO DECEMBER 27, 2002	DECEMBER 29, 2001 TO MAY 28, 2002	2001	20
State	$(12)	$ 1	$ 24	$
Foreign	750	(920)	94	4,
Federal	5	--	--	
	$743	$(919)	$118	$4,

NOTE 8. EMPLOYEE BENEFIT PLANS

ACL sponsors or participates in defined benefit plans covering both salaried and hourly employees. The plans provide for eligible employees to receive benefits based on years of service and either compensation rates near retirement or at a predetermined multiplier factor. Contributions to the plans are sufficient to meet the

minimum funding standards set forth in the Employee Retirement Income Security Act of 1974 ("ERISA"), as amended. Plan assets consist primarily of common stocks, corporate bonds and cash and cash equivalents.

As of January 31, 2000, the accrued benefit obligation under the American Commercial Lines LLC Pension Plan was frozen. The past service benefit obligation is complemented by a new prospective annual benefit obligation. This change affected salaried employees covered by this plan and has resulted in cost savings to ACL. The American Commercial Vessel and Terminal Employees' Pension Plan was merged into the ACL Pension Plan on December 31, 2001.

In addition to the defined benefit pension and related plans, ACL has a defined benefit post-retirement plan covering most full-time employees. The plan provides medical benefits and is contributory, with retiree contributions adjusted annually, and contains other cost-sharing features such as deductibles and coinsurance. The accounting for the health care plan anticipates future cost-sharing changes to the written plan that are consistent with ACL's expressed intent to increase the retiree contribution rate annually.

ACL also sponsors certain contributory defined contribution plans covering eligible employee groups. Contributions to such plans are based upon a percentage of employee contributions and were $1,887, $1,471 and $1,456 in 2002, 2001 and 2000, respectively.

Certain employees are covered by union-sponsored, collectively-bargained, multi-employer defined benefit pension plans. Contributions to such plans, which are based upon union contracts, were approximately $7, $74 and $84 in 2002, 2001 and 2000, respectively.

A summary of the pension and post-retirement plan components follows:

	PENSION		
	DECEMBER 27, 2002	MAY 29, 2002	DECEMBER 28, 2001
CHANGE IN BENEFIT OBLIGATION:			
Benefit obligation, beginning of period	$ (97,901)	$(92,936)	$(84,050)
Service cost	(2,451)	(1,605)	(3,818)
Interest cost	(4,095)	(2,816)	(6,408)
Impact of plan changes	(1,983)	--	--
Liability gain	(7,381)	(3,474)	(2,913)
Benefits paid	3,098	2,930	4,253
Benefit obligation, end of period	$(110,713)	$(97,901)	$(92,936)
CHANGE IN PLAN ASSETS:			
Fair value of plan assets, beginning of period	$ 117,992	$112,964	$118,305
Actual return on plan assets	(10,139)	7,942	(1,100)
Employer contributions	9	16	12
Benefits paid	(3,098)	(2,930)	(4,253)
Fair value of plan assets, end of period	$ 104,764	$117,992	$112,964
FUNDED STATUS:			
Funded status	$ (5,949)	$ 20,091	$ 20,028
Unrecognized net actuarial loss	23,876	--	7,193
Unrecognized prior service cost (gain)	1,880	--	(21,094)
Net claims during 4th quarter	4	3	3
Prepaid benefit cost	$ 19,811	$ 20,094	$ 6,130

	PENSION		
	DECEMBER 27, 2002	MAY 29, 2002	DECEMBER 28, 2001
AMOUNTS RECOGNIZED IN THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION CONSIST OF:			
Prepaid benefit cost	$ 20,806	$ 22,702	$ 26,067
Accrued benefit liability	(16,480)	(2,608)	(20,108)
Minimum pension liability	15,485	--	--
Other	--	--	171
Net amount recognized	$ 19,811	$ 20,094	$ 6,130

As of December 28, 2001, the American Commercial Vessel and Terminal

Employees' Pension Plan (the "ACV&T Plan") had an accumulated benefit obligation of $10,181 and a fair value of assets of $9,277. With the merger of the ACV&T Plan into the ACL Pension Plan on December 31, 2001, the fair value of the assets of the combined plans exceeded the accumulated benefit obligations related thereto.

	POST-RETIREMENT		
	DECEMBER 27, 2002	MAY 29, 2002	DECEMBER 28,
CHANGE IN BENEFIT OBLIGATION:			
Benefit obligation, beginning of period	$(12,614)	$(12,412)	$(11,161
Service cost	(279)	(195)	(399
Interest cost	(524)	(372)	(826
Plan participants' contributions	(225)	(154)	(261
Actuarial loss	(3,069)	(185)	(1,176
Benefits paid	1,407	704	1,411
Benefit obligation, end of period	$(15,304)	$(12,614)	$(12,412
CHANGE IN PLAN ASSETS:			
Fair value of plan assets, beginning of period	$ --	$ --	$ --
Employer contributions	1,182	550	1,150
Plan participants' contributions	225	154	261
Benefits paid	(1,407)	(704)	(1,411
Fair value of plan assets, end of period	$ --	$ --	$ --
FUNDED STATUS:			
Funded status	$(15,304)	$(12,614)	$(12,412
Unrecognized net actuarial loss (gain)	2,991	--	(3,499
Unrecognized prior service gain	--	--	(1,153
Net claims during 4th quarter	366	427	407
Accrued benefit cost	$(11,947)	$(12,187)	$(16,657

COMPONENTS OF NET PERIODIC BENEFIT COST:

	MAY 29, 2002 TO DECEMBER 27, 2002	DECEMBER 29, 2001 TO MAY 28, 2002	2001	200
Pension:				
Service cost	$ 2,451	$ 1,605	$ 3,818	$ 3,
Interest cost	4,095	2,816	6,408	6,
Expected return on plan assets	(6,347)	(4,848)	(11,937)	(11,
Transition obligation amortization	--	--	--	(
Amortization of prior service costs	103	(854)	(2,015)	(1,
Gain amortization	--	(13)	(172)	(
Net periodic benefit cost (income)	$ 302	$(1,294)	$ (3,898)	$ (4,

Post-retirement:				
Service cost	$ 279	$ 195	$ 399	$
Interest cost	524	372	826	
Amortization of prior service costs	--	(120)	(288)	(
Gain amortization	--	(87)	(348)	(
Net periodic benefit cost	$ 803	$ 360	$ 589	$
WEIGHTED-AVERAGE ASSUMPTIONS:				
Pension:				
Discount rate	6.75%	7.25%	7.50%	7
Expected return on plan assets	9.00%	9.50%	10.00%	10
Rate of compensation increase	4.00%	4.00%	4.00%	4
Post-retirement:				
Discount rate	7.25%	7.50%	7.75%	7

The net post-retirement benefit obligation was determined using the assumption that the health care cost trend rate for retirees was 10.0% for the current year, decreasing gradually to a 5.0% trend rate by 2009 and remaining at that level thereafter. A 1% increase in the assumed health care cost trend rate would have increased the accumulated post-retirement benefit obligation as of December 27, 2002 by $382 and the aggregate of the service and interest cost components of net periodic post-retirement benefit expense for 2002 by $26.

NOTE 9. LEASE OBLIGATIONS

ACL leases buildings, data processing hardware and operating equipment under various operating leases and charter agreements, which expire from 2002 to 2017 and which generally have renewal options at similar terms. Certain vessel leases also contain purchase options at prices approximating fair value of the leased vessels. Rental expense under continuing obligations was $23,121 for the period December 29, 2001 through May 28, 2002; $29,896 for the period May 29, 2002 through December 27, 2002; $56,711 for fiscal year 2001; and $49,463 for fiscal year 2000.

At December 27, 2002, obligations under ACL's operating leases with initial or remaining noncancelable lease terms longer than one year and capital leases were as follows:

	2003	2004	2005	2006	2007	2008 AND AFTER
Operating Lease Obligations:						
Operating Leases	$37,515	$31,367	$24,611	$20,736	$19,105	$79,922
Operating Leases -- Related Parties	840	840	840	70	--	--
	$38,355	$32,207	$25,451	$20,806	$19,105	$79,922
Future Capital Lease Obligations	$ 460	$ 460	$ 460	$ 460	$ 192	$ --

The total future minimum lease payments under capital leases of $2,032 less an interest amount of $395 results in a present value of net minimum lease

payments of $1,637 which is recorded in other current and long-term liabilities.

ACL entered into capital leases of $3,924 in 2001 with Vessel Leasing , a related party. Due to a change in the lease terms in 2002, the lease became an operating lease. ACL incurred interest expense related to capital leases of $220 for the period December 29, 2001 through May 28, 2002; $101 for the period May 29, 2002 through December 27, 2002; and $235 for fiscal year 2001.

NOTE 10. RELATED PARTY TRANSACTIONS

On July 24, 2002, the Board of Directors of DHC amended DHC's 1995 Stock and Incentive Plan and granted stock options to management of ACL for 1,560,000 shares of DHC common stock. The options have an exercise price of $5.00 per share and expire 10 years from the date of grant. One half of the options time vest over a 4 year period in equal annual installments and one half of the options vest over a 4 year period in equal annual installments contingent upon the financial performance of ACL. ACL accounts for stock options under the intrinsic value method based on APB 25, "Accounting for Stock Issued to Employees". Because the market price of DHC common stock has been lower than the exercise price of the options since the date of grant, no expense has been recognized in the accompanying financial statements.

On May 29, 2002, DHC issued 339,040 shares of restricted DHC common stock to ACL management. These restricted shares have been valued at fair value at the date of issuance and vest one third annually over a three year period. The full value of these shares is recorded as other capital with an offset to unearned compensation in member's equity. As employees render service over the vesting period, compensation expense is recorded and unearned compensation is reduced.

ACL recorded terminal service expense with GMS of $330 for the period December 29, 2001 through May 28, 2002; $579 for the period May 29, 2002 through December 27, 2002; $400 for fiscal year 2001; and $166 for fiscal year 2000. In 2001, ACL received $11,969 from GMS for the sale of terminals and proceeds from the condemnation of a terminal. ACL recognized a gain of $1,886 from these transactions.

ACL recorded charter income from UABL of $4,493 for the period December 29, 2001 through May 28, 2002; $5,936 for the period May 29, 2002 through December 27, 2002; $11,052 for fiscal year 2001; and $2,089 for fiscal year 2000. ACL also recorded administrative fee expenses to UABL of $3,158 for the period December 29, 2001 through May 28, 2002; $4,306 for the period May 29, 2002 to December 27, 2002; $7,709 for fiscal year 2001; and $1,457 for fiscal year 2000. ACL sold used barges to UABL for $790 in 2001. At December 27, 2002, ACL had receivables of $6,341 from UABL. At December 28, 2001, ACL had receivables of $13,402 and payables of $8,397 with UABL.

ACL earned $1,527 in bauxite unloading revenue from GMSV in 2002. At December 27, 2002, ACL had $3,787 in receivables from GSMV from revenue transactions and equipment advances.

In 2001, ACL and Vectura Group invested in Vessel Leasing. ACL accounted for its 50% ownership in Vessel Leasing by the equity method until May 29, 2002 at which time ACL began consolidating Vessel Leasing as a result of the Danielson acquisition of ACL. ACL's investment of $6,808 in Vessel Leasing as of December 28, 2001 is included in other assets on the consolidated statement of financial position. ACL's share of Vessel Leasing's net loss is $38 for fiscal 2001 and is included in other income in the consolidated statement of operations.

As of December 28, 2001, Vessel Leasing had total assets of $54,921 and total liabilities of $45,571 including public long-term debt of $42,580

(including current portion) and $2,830 in unearned revenue from prepaid charter payments made by ACL's domestic barging subsidiary. Vessel Leasing's long-term debt is not guaranteed by ACL or any of ACL's subsidiaries. ACL's domestic barge operating subsidiary had a long-term operating lease commitment to Vessel Leasing, which was guaranteed by ACL.

ACL sold new barges for $47,757 to Vessel Leasing in 2001. Profit on sales of barges to Vessel Leasing was deferred by Jeffboat and was being recognized over the life of the lease. Deferred profit was eliminated with purchase accounting adjustments as a result of the Danielson recapitalization. All of these barges, except for the capital leases of $3,924, were leased by Vessel Leasing to ACL as operating leases which resulted in ACL charter expense of $1,760 for the period December 29, 2001 through May 28, 2002 and $1,705 for fiscal year 2001.

NOTE 11. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

The carrying amounts (net of debt discount) and fair values of ACL's financial instruments are as follows:

	2002		2001	
	CARRYING AMOUNT	FAIR VALUE	CARRYING AMOUNT	FAIR VALUE
ASSETS:				
Interest Rate Cap	$ --	$ --	$ 37	$ 37
Net unrealized gain on fuel hedge agreements	194	194	(242)	(242)
LIABILITIES:				
Revolving Credit Facility	41,000	41,000	84,000	84,000
Tranche A Term Loan	43,119	43,119	--	--
Tranche B Term Loan	124,141	124,141	143,951	143,951
Tranche C Term Loan	146,069	146,069	169,378	169,378
Senior Notes (New)	128,491	38,376	--	--
Senior Subordinated Notes	68,797	3,483	--	--
Senior Notes (Old)	4,946	1,820	295,000	147,500
Bonds guaranteed by the Maritime Administration	39,693	39,693	--	--
Other Notes	317	315	190	187

The fair values of the Interest Rate Cap, new Senior Notes, Senior Subordinated Notes and old Senior Notes payable are based on quoted market values. The carrying values of the Term Loans, all of which bear interest at floating rates, approximate their fair values. The Bonds guaranteed by the Maritime Administration were recently issued and, accordingly, the carrying values approximates fair values. The Other Notes have

been estimated using discounted cash flow analyses based on ACL's current incremental borrowing rates for similar types of borrowing arrangements.

FUEL PRICE RISK MANAGEMENT

ACL uses forward purchases to provide partial short-term protection against a sharp increase in diesel fuel prices. These instruments generally cover a portion of ACL's forecasted diesel fuel needs for towboat operations over the next one to twelve months. ACL accounts for the forward fuel purchases as cash

flow hedges. In accordance with SFAS No. 133, such financial instruments are marked-to-market and, if they qualify for hedge accounting, the offset is recorded to other comprehensive income and then subsequently recognized as a component of fuel expense when the underlying fuel being hedged is used. Should the forward purchase not qualify for hedge accounting (correlation ratio is outside of defined deviation), such changes in value would be recorded through the statement of operations rather than other comprehensive income. ACL also has barging customer contract rate provisions for changes in fuel prices for approximately half of gallons consumed. The adjustments are deferred one quarter.

At December 27, 2002, ACL had forward fuel purchase contracts outstanding with an aggregate notational value of approximately $4,428 and a fair value of approximately $194, which has been recorded in other current assets on the consolidated statement of financial position. Under these agreements, ACL will pay fixed prices ranging from $0.69 to $0.80 per gallon. There were 6.1 million gallons remaining on the contracts at December 27, 2002, terminating December 31, 2003, but subsequently settled in January 2003.

INTEREST RATE RISK MANAGEMENT

ACL entered into an interest rate cap agreement in the third quarter of 2000 to reduce the impact of potential rate increases on floating rate debt. The interest rate cap has a notional amount of $201,800 and a fair value of zero as of December 27, 2002 and is effective through August 11, 2003. The Company accounts for the interest rate cap as a cash flow hedge whereby the fair value of the interest rate cap is reflected as an asset or liability on the accompanying consolidated statement of financial position. The cap rate (hedging instrument) is the same interest rate index as the base interest rate for the floating rate debt (hedged item). When the interest rate index exceeds the interest rate cap, a portion of the change in fair value of the instrument represents a change in intrinsic value which is an effective hedge. This portion of the change in value is recorded as other comprehensive income (loss).

ACL recognizes changes in the fair value of interest rate swap agreements entered into by GMS. Such changes are recorded in other assets or liabilities on the accompanying consolidated statement of financial position, with the offset recorded as comprehensive income (loss) or other income (expense) depending on whether the swap is an effective or ineffective hedge. ACL's share of the fair value of the swap agreements amounted to ($290) at December 27, 2002 and ($1,076) at December 28, 2001.

NOTE 12. CONTINGENCIES

A number of legal actions are pending against ACL in which claims are made in substantial amounts. While the ultimate results of pending litigation cannot be predicted with certainty, management does not currently expect that resolution of these matters will have a material adverse effect on ACL's consolidated results of operations, financial position and cash flows.

NOTE 13. BUSINESS SEGMENTS

ACL has two reportable business segments -- barging and construction. ACL's barging segment includes barge transportation operations in North and South America and domestic fleeting facilities that provide fleeting, shifting, cleaning and repair services at various locations along the inland waterways. The construction segment constructs marine equipment for ACL's domestic and international fleets, as well as external customers.

Management evaluates performance based on segment earnings, which is defined as operating income before income taxes. The accounting policies of the

reportable segments are consistent with those described in the summary of significant accounting policies. Intercompany sales are transferred at cost.

Reportable segments are business units that offer different products or services. The reportable segments are managed separately because they provide distinct products and services to internal and external customers.

	REPORTABLE SEGMENTS		ALL OTHER	
	BARGING	CONSTRUCTION	SEGMENTS(1)	TOTAL
MAY 29, 2002 TO DECEMBER 27, 2002				
Revenues from external customers	$377,498	$ 43,994	$ 6,555	$428,047
Intersegment revenues	--	720	--	720
Depreciation and amortization expense	35,337	1,411	659	37,407
Segment earnings (loss)	14,896	(1,866)	963	13,993
Segment assets	730,809	55,236	27,549	813,594
Property additions	6,572	880	305	7,757
DECEMBER 29, 2001 TO MAY 28, 2002				
Revenues from external customers	$243,202	$ 37,659	$ 3,944	$284,805
Intersegment revenues	--	560	20	580
Depreciation and amortization expense	20,373	989	462	21,824
Segment (loss) earnings	(21,182)	1,287	1,505	(18,390)
Property additions	5,067	481	57	5,605
YEAR ENDED DECEMBER 28, 2001				
Revenues from external customers	$672,590	$102,862	$13,049	$788,501
Intersegment revenues	--	1,563	4	1,567
Depreciation and amortization expense	51,890	2,203	1,404	55,497
Segment earnings	58,436	4,713	2,212	65,361
Segment assets	672,057	59,676	26,203	757,936
Property additions (excluding $5,811 in capital leases, and related expenditures)	16,879	2,094	799	19,772
YEAR ENDED DECEMBER 29, 2000				
Revenues from external customers	$631,748	$124,068	$18,022	$773,838
Intersegment revenues	--	2,917	4,308	7,225
Depreciation and amortization expense	51,253	2,107	2,654	56,014
Segment earnings	44,243	8,318	3,747	56,308
Segment assets	698,446	52,704	36,388	787,538
Property additions* (excluding $6,163 in capital leases)	48,005	1,922	934	50,861

---

* Barging includes $20,307 of purchased Barging Assets.

(1) Financial data for segments below the reporting thresholds are attributable to two operating segments -- a segment operating terminals along the U.S. inland waterways and in Venezuela and a segment providing voice and data communications to marine companies operating on the U.S. inland waterways. The segment providing voice and data communications was sold in 2000.

The following is a reconciliation of ACL's revenues from external customers and segment earnings to ACL's consolidated totals.

	MAY 29, 2002 TO DECEMBER 27, 2002	DECEMBER 29, 2001 TO MAY 28, 2002	2001	2000
REVENUES				
Revenues from external customers	$428,047	$284,805	$788,501	$773,838
Intersegment revenues	720	580	1,567	7,225
Elimination of intersegment revenues	(720)	(580)	(1,567)	(7,225)
Operating revenue	$428,047	$284,805	$788,501	$773,838
EARNINGS				
Total segment earnings (loss)	$ 13,993	$(18,390)	$ 65,361	$ 56,308
Unallocated amounts:				
Interest expense	(35,944)	(25,712)	(70,932)	(70,813)
Other, net	(3,307)	(827)	(1,526)	(4,009)
Gain on sale of Watercom	--	--	--	11,418
Loss before income taxes, extraordinary item and cumulative effect of accounting change	$(25,258)	$(44,929)	$ (7,097)	$ (7,096)

GEOGRAPHIC INFORMATION

	REVENUES				PR
	MAY 29, 2002 TO DECEMBER 27, 2002	DECEMBER 29, 2001 TO MAY 28, 2002	2001	2000	DECEMBER 27,
United States	$397,603	$272,548	$748,837	$733,870	$548,327
South America	30,444	12,257	39,664	39,968	37,458
Total	$428,047	$284,805	$788,501	$773,838	$585,785

Revenues are attributed to countries based on the location of the service provided. Properties represent the only long-lived assets of ACL.

MAJOR CUSTOMER

Revenues from one customer of the barging segment represented approximately 14% for the period December 29, 2001 through May 28, 2002; 16% for the period May 29, 2002 through December 27, 2002; 15% for fiscal year 2001; and 14% for fiscal year 2000 of ACL's consolidated revenues.

NOTE 14. QUARTERLY DATA (UNAUDITED)

	2002				
	1ST	2ND*	3RD	4TH	TOTAL

Operating Revenue.....	$170,868	$169,931	$179,657	$192,396	$712,852
Operating (Loss) Income.....	(2,815)	(14,249)	3,132	9,535	(4,397)
Net (Loss) Earnings.....	(17,469)	(30,237)	(12,642)	(9,663)	(70,011)

	2001				
	1ST	2ND	3RD	4TH	TOTAL
Operating Revenue.....	$173,098	$192,884	$207,341	$215,178	$788,501
Operating (Loss) Income.....	(10,434)	17,194	24,164	34,437	65,361
(Loss) Earnings Before Extraordinary Item and Cumulative Effect of Accounting Change.....	(29,922)	(147)	5,204	17,650	(7,215)
Net (Loss) Earnings.....	(30,412)	1,738	5,204	17,650	(5,820)

	2000				
	1ST	2ND	3RD	4TH	TOTAL
Operating Revenue.....	$167,477	$193,458	$205,738	$207,165	$773,838
Operating Income.....	7,971	16,122	18,217	13,998	56,308
(Loss) Earnings Before Extraordinary Item.....	(8,727)	(2,558)	7,780	(7,854)	(11,359)
Net (Loss) Earnings.....	(8,727)	(3,292)	7,780	(7,854)	(12,093)

---

* Combines the periods March 30 through May 28 and May 29 through June 28 for comparative purposes.

ACL's business is seasonal, and its quarterly revenues and profits historically are lower during the first and second fiscal quarters of the year (January through June) and higher during the third and fourth fiscal quarters (July through December) due to the North American grain harvest.

Restructuring costs were charged to operations amounting to $3,421, $10,072, $83 and $482 for the four respective quarters of 2002.

A loss of $490 was recorded in the first quarter of 2001 as the cumulative effect of adopting SFAS No. 133. An extraordinary gain of $1,885 was recorded in the second quarter of 2001 relating to the retirement of Senior Notes. In the fourth quarter of 2001, the estimated useful life of boats was changed from 30 to 42 years. This resulted in $1,142 less in depreciation expense for the quarter.

The year 2000 included a second quarter extraordinary item charge of $734 for the Terminal Bond redemption premium, the gain on the sale of Watercom of $11,418 is included in the third quarter and an impairment loss of $3,865 is included in the fourth quarter.

NOTE 15. SUMMARIZED FINANCIAL INFORMATION

The following is a summary of financial information for significant unconsolidated equity investees:

	DECEMBER 27, 2002	DECEMBER 31, 2001
Current assets	$ 16,937	$ 36,931
Noncurrent assets	152,072	149,593
Current liabilities	34,538	43,400
Noncurrent liabilities	49,421	55,593

	MAY 29, 2002 TO DECEMBER 27, 2002	JANUARY 1, 2002 TO MAY 28, 2002	YEARS ENDED DECEMBER 31	
			2001	2000
Revenue	$61,450	$35,671	$103,364	$52,43
Operating income	2,272	2,982	3,117	3,83
Net (loss) earnings	(62)	235	(4,990)	(1,17

NOTE 16. ACCUMULATED OTHER COMPREHENSIVE INCOME (LOSS)

Accumulated other comprehensive income (loss) as of December 27, 2002 and December 28, 2001 consists of the following:

	2002	2001
Unrealized gain (loss) on cash flow hedging instruments:		
Fuel swaps	$ 68	$ (242)
Interest rate swaps	(290)	(1,076)
Foreign currency translation	408	(539)
Minimum pension liability	(15,485)	--
	$(15,299)	$(1,857)

NOTE 17. GUARANTOR FINANCIAL STATEMENTS

Debt issued by ACL amounting to $313,329 in outstanding term loans as of December 27, 2002, $259,671 in outstanding notes under the Indentures as of December 27, 2002 and the Revolving Credit Facility, which provides for revolving loans and the issuance of letters of credit in an aggregate amount up to $50,000, are guaranteed by ACL's wholly-owned domestic subsidiaries, other than ACL Capital Corp. (which was formed in connection with the issuance of the senior notes), any Accounts Receivable Subsidiary (as defined in the Indentures with respect to such debt) and certain subsidiaries of ACL without substantial assets or operations (collectively the "Guarantor Subsidiaries"). Such guarantees are full, unconditional and joint and several.

Separate financial statements of the Guarantor Subsidiaries are not presented because management has determined that they would not be material to investors. The following supplemental financial information sets forth on a combined basis, combining statements of financial position, statements of operations and statements of cash flows for the Guarantor Subsidiaries (including ACL) and non-guarantor subsidiaries as of December 27, 2002 and December 28, 2001 and the periods May 29, 2002 through December 27, 2002 and December 29, 2001 thorough May 28, 2002, and for the fiscal years ended December 28, 2001 and December 29, 2000.

AMERICAN COMMERCIAL LINES LLC

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS -- (CONTINUED)
COMBINING STATEMENT OF OPERATIONS FOR THE PERIOD MAY 29, 2002 THROUGH DECEMBER 27, 2002

	GUARANTOR SUBSIDIARIES	OTHER SUBSIDIARIES	ELIMINATIONS	COM TO
	(DOLLARS IN THOUSANDS)			
OPERATING REVENUE				
Revenue	$395,108	$24,905	$ --	$42
Revenue from related parties	666	7,368	--	
	395,774	32,273	--	42
OPERATING EXPENSE				
Materials, Supplies and Other	171,647	12,685	--	18
Restructuring Cost	565	--	--	
Rent	29,080	816	--	2
Labor and Fringe Benefits	94,055	2,966	--	9
Fuel	48,888	460	--	4
Depreciation and Amortization	33,162	4,245	--	3
Taxes, Other Than Income Taxes	15,408	77	--	1
	392,805	21,249	--	41
OPERATING INCOME	2,969	11,024	--	1
OTHER EXPENSE (INCOME)				
Interest Expense	34,776	1,168	--	3
Interest Expense, Affiliate -- Net	--	4,261	(4,261)	
Other, Net	(5,375)	4,421	4,261	
	29,401	9,850	--	3
(LOSS) INCOME BEFORE INCOME TAXES	(26,432)	1,174	--	(2
INCOME TAXES	435	308	--	
NET (LOSS) EARNINGS	$(26,867)	$ 866	$ --	$(2

AMERICAN COMMERCIAL LINES LLC

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS -- (CONTINUED)
COMBINING STATEMENT OF OPERATIONS FOR THE PERIOD DECEMBER 29, 2001 THROUGH MAY 28, 2002

	GUARANTOR SUBSIDIARIES	OTHER SUBSIDIARIES	ELIMINATIONS	CO T
		(DOLLARS IN THOUSANDS)		
OPERATING REVENUE				
Revenue	$272,653	$ 7,154	$ --	$2
Revenue from related parties	410	4,588	--	
	273,063	11,742	--	2
OPERATING EXPENSE				
Materials, Supplies and Other	128,363	9,729	--	1
Restructuring Cost	13,493	--	--	
Rent	22,527	594	--	
Labor and Fringe Benefits	64,172	1,588	--	
Fuel	30,316	118	--	
Depreciation and Amortization	19,413	2,411	--	
Gain on Property Dispositions, Net	(452)	(3)	--	
Taxes, Other Than Income Taxes	10,902	24	--	
	288,734	14,461	--	3
OPERATING LOSS	(15,671)	(2,719)	--	(
OTHER EXPENSE (INCOME)				
Interest Expense	25,691	21	--	
Interest Expense, Affiliate -- Net	827	2,801	(2,801)	
Other, Net	(2,299)	(502)	2,801	
	24,219	2,320	--	
LOSS BEFORE INCOME TAXES	(39,890)	(5,039)	--	(
INCOME TAXES (BENEFIT)	(976)	57	--	
NET LOSS	$(38,914)	$(5,096)	$ --	$(

AMERICAN COMMERCIAL LINES LLC

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS -- (CONTINUED)
COMBINING STATEMENT OF OPERATIONS FOR THE YEAR ENDED DECEMBER 28, 2001

	GUARANTOR SUBSIDIARIES	OTHER SUBSIDIARIES	ELIMINATIONS	CO T
		(DOLLARS IN THOUSANDS)		
OPERATING REVENUE				
Revenue	$701,081	$28,611	$ --	$7
Revenue from related parties	47,757	11,052	--	
	748,838	39,663	--	7
OPERATING EXPENSE				
Materials, Supplies and Other	319,093	22,513	--	3
Rent	55,191	1,520	--	
Labor and Fringe Benefits	161,606	4,435	--	1
Fuel	92,991	569	--	

Depreciation and Amortization	50,364	5,133	--	
Gain on Property Dispositions, Net	(16,498)	--	--	(
Taxes, Other Than Income Taxes	26,166	57	--	
	688,913	34,227	--	7
OPERATING INCOME	59,925	5,436	--	
OTHER EXPENSE (INCOME)				
Interest Expense	70,932	--	--	
Interest Expense, Affiliate -- Net	--	6,364	(6,364)	
Other, Net	(8,328)	3,490	6,364	
	62,604	9,854	--	
LOSS BEFORE INCOME TAXES, EXTRAORDINARY ITEM AND CUMULATIVE EFFECT OF ACCOUNTING CHANGE	(2,679)	(4,418)	--	
INCOME TAXES (BENEFIT)	(21)	139	--	
LOSS BEFORE EXTRAORDINARY ITEM AND CUMULATIVE EFFECT OF ACCOUNTING CHANGE	(2,658)	(4,557)	--	
EXTRAORDINARY ITEM -- GAIN ON EARLY EXTINGUISHMENT OF DEBT	1,885	--	--	
CUMULATIVE EFFECT OF ACCOUNTING CHANGE	(490)	--	--	
NET LOSS	$ (1,263)	$(4,557)	$ --	$

AMERICAN COMMERCIAL LINES LLC

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS -- (CONTINUED)
COMBINING STATEMENT OF OPERATIONS FOR THE YEAR ENDED DECEMBER 29, 2000

	GUARANTOR SUBSIDIARIES	OTHER SUBSIDIARIES	ELIMINATIONS	COM TO
	(DOLLARS IN THOUSANDS)			
OPERATING REVENUE				
Revenue	$733,870	$ 37,879	$ --	$77
Revenue from related parties	--	2,089	--	
	733,870	39,968	--	77
OPERATING EXPENSE				
Materials, Supplies and Other	315,275	19,597	--	33
Rent	48,033	1,430	--	4
Labor and Fringe Benefits	155,903	7,348	--	16
Fuel	85,159	2,935	--	8
Depreciation and Amortization	49,104	6,910	--	5
Gain on Property Dispositions, net	(1,686)	--	--	(
Taxes, Other Than Income Taxes	26,425	1,097	--	2
	678,213	39,317	--	71
OPERATING INCOME	55,657	651	--	5
OTHER EXPENSE (INCOME)				
Interest Expense	70,813	--	--	7
Interest Expense, Affiliate -- Net	--	6,029	(6,029)	
Other, Net	(4,745)	2,725	6,029	
Gain on Sale of Watercom	(11,418)	--	--	(1

	54,650	8,754	--	6
EARNINGS (LOSS) BEFORE INCOME TAXES AND EXTRAORDINARY ITEM	1,007	(8,103)	--	(
INCOME TAXES	176	4,087	--	
EARNINGS (LOSS) BEFORE EXTRAORDINARY ITEM	831	(12,190)	--	(1
EXTRAORDINARY ITEM -- LOSS ON EARLY EXTINGUISHMENT OF DEBT	(734)	--	--	
NET EARNINGS (LOSS)	$ 97	$(12,190)	$ --	$(1

AMERICAN COMMERCIAL LINES LLC

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS -- (CONTINUED)
COMBINING STATEMENT OF FINANCIAL POSITION AT DECEMBER 27, 2002

	GUARANTOR SUBSIDIARIES	OTHER SUBSIDIARIES	ELIMINATIONS	COM TO
	(DOLLARS IN THOUSANDS)			
ASSETS				
CURRENT ASSETS				
Cash and Cash Equivalents	$ 11,518	$ 2,978	$ --	$ 1
Cash, Restricted	--	6,328	--	
Accounts Receivable -- Net	24,506	37,759	(21,152)	4
Accounts Receivable -- Related Parties	4,129	6,415	--	1
Materials and Supplies	33,370	1,014	--	3
Other Current Assets	38,427	(12,847)	--	2
Total Current Assets	111,950	41,647	(21,152)	13
PROPERTIES -- NET	502,856	82,929	--	58
NET PENSION ASSET	20,806	--	--	2
INVESTMENTS IN EQUITY INVESTEES	14,792	49,237	--	6
OTHER ASSETS	100,041	3,010	(92,522)	1
Total Assets	$750,445	$176,823	$(113,674)	$81
LIABILITIES				
CURRENT LIABILITIES				
Accounts Payable	$ 31,804	$ 1,497	$ --	$ 3
Accrued Payroll and Fringe Benefits	15,713	--	--	1
Deferred Revenue	7,407	2,957	--	1
Accrued Claims and Insurance Premiums	26,547	--	--	2
Accrued Interest	16,283	146	--	1
Short-term Debt	41,000	--	--	4
Current Portion of Long-Term Debt	515,879	39,694	--	55
Other Current Liabilities	33,181	2,242	--	3
Other Current Liabilities -- Related Parties	168	21,152	(21,152)	
Total Current Liabilities	687,982	67,688	(21,152)	73
LONG-TERM NOTE PAYABLE TO AFFILIATE	--	92,569	(92,569)	
LONG-TERM DEBT	--	--	--	
PENSION LIABILITY	15,072	--	--	1
OTHER LONG-TERM LIABILITIES	13,500	6,482	--	1
Total Liabilities	716,554	166,739	(113,721)	76

MEMBER'S EQUITY				
Member's Interest	74,894	10,131	--	8
Other Capital	1,429	57,374	(57,374)	
Unearned Compensation	(1,132)	--	--	(
Retained Deficit	(26,001)	(57,421)	57,421	(2
Accumulated Other Comprehensive Loss	(15,299)	--	--	(1
Total Member's Equity	33,891	10,084	47	4
Total Liabilities and Member's Equity	$750,445	$176,823	$(113,674)	$81

AMERICAN COMMERCIAL LINES LLC

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS -- (CONTINUED)
COMBINING STATEMENT OF FINANCIAL POSITION AT DECEMBER 28, 2001

	GUARANTOR SUBSIDIARIES	OTHER SUBSIDIARIES	ELIMINATIONS	COMB TOT
	(DOLLARS IN THOUSANDS)			
ASSETS				
CURRENT ASSETS				
Cash and Cash Equivalents	$ 45,912	$ 1,341	$ --	$ 4
Accounts Receivable -- Net	25,612	29,752	(13,981)	4
Accounts Receivable -- Related Parties	--	13,402	--	1
Materials and Supplies	30,180	1,155	--	3
Other Current Assets	41,019	(11,386)	--	2
Total Current Assets	142,723	34,264	(13,981)	16
PROPERTIES -- NET	422,877	41,256	--	46
NET PENSION ASSET	26,067	--	--	2
INVESTMENTS IN EQUITY INVESTEES	17,792	49,892	--	6
OTHER ASSETS	130,409	2,760	(96,123)	3
Total Assets	$ 739,868	$128,172	$(110,104)	$ 75
LIABILITIES				
CURRENT LIABILITIES				
Accounts Payable	$ 28,094	$ 1,643	$ --	$ 2
Accrued Payroll and Fringe Benefits	17,206	--	--	1
Deferred Revenue	11,890	--	--	1
Accrued Claims and Insurance Premiums	24,200	--	--	2
Accrued Interest	18,659	--	--	1
Short-Term Debt	84,000	--	--	8
Current Portion of Long-Term Debt	608,519	--	--	60
Other Current Liabilities	40,249	15,804	(13,981)	4
Other Current Liabilities -- Related Parties	--	8,397	--	
Total Current Liabilities	832,817	25,844	(13,981)	84
LONG-TERM NOTE PAYABLE TO AFFILIATE	--	86,700	(86,700)	
PENSION LIABILITY	18,907	--	--	1
OTHER LONG-TERM LIABILITIES	36,163	6,205	--	4
Total Liabilities	887,887	118,749	(100,681)	90

MEMBER'S DEFICIT				
Member's Interest	220,074	--	--	22
Other Capital	166,580	57,374	(57,374)	16
Retained Deficit	(532,816)	(47,951)	47,951	(53
Other Comprehensive Loss	(1,857)	--	--	(
Total Member's Deficit	(148,019)	9,423	(9,423)	(14
Total Liabilities and Member's Deficit	$ 739,868	$128,172	$(110,104)	$ 75

AMERICAN COMMERCIAL LINES LLC

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS -- (CONTINUED)
COMBINING STATEMENT OF CASH FLOWS FOR THE PERIOD MAY 29, 2002 THROUGH DECEMBER 27, 2002

	GUARANTOR SUBSIDIARIES	OTHER SUBSIDIARIES	ELIMINATIONS	COM TO
	(DOLLARS IN THOUSANDS)			
OPERATING ACTIVITIES				
Net (Loss) Income	$(26,867)	$ 866	$ --	$(2
Adjustments to Reconcile Net (Loss) Income to Net Cash Provided by Operating Activities:				
Depreciation and Amortization	33,162	4,245	--	3
Interest Accretion and Debt Issuance Cost Amortization	3,962	71	--	
Other Operating Activities	4,305	4,646	(6,200)	
Changes in Operating Assets and Liabilities:				
Accounts Receivable	(737)	(18,377)	8,785	(1
Materials and Supplies	1,949	162	--	
Accrued Interest	16,046	(639)	--	1
Other Current Assets	1,151.....	5,444	--	
Other Current Liabilities	(9,723)	13,112	(8,785)	(
Net Cash Provided by Operating Activities	23,248	9,530	(6,200)	2
INVESTING ACTIVITIES				
Property Additions	(7,639)	(118)	--	(
Proceeds from Property Dispositions	1,089	--	--	
Net Change in Restricted Cash	--	236	--	
Other Investing Activities	(906)	12	--	
Net Cash (Used in) Provided by Investing Activities	(7,456)	130	--	(
FINANCING ACTIVITIES				
Short-Term Borrowings	7,000	--	--	
Long-Term Debt Repaid	(25,713)	(2,640)	--	(2
Cash Dividends Paid	--	(6,200)	6,200	
Bank Overdrafts	(1,785)	--	--	(
Debt Costs	(1,035)	--	--	(
Other Financing	(1,468)	--	--	(
Net Cash Used in Financing Activities	(23,001)	(8,840)	6,200	(2
Net (Decrease) Increase in Cash and Cash Equivalents	(7,209)	820	--	(

Cash and Cash Equivalents at Beginning of Period	18,727	2,158	--	2
Cash and Cash Equivalents at End of Period	$ 11,518	$ 2,978	$ --	$ 1

AMERICAN COMMERCIAL LINES LLC

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS -- (CONTINUED)
COMBINING STATEMENT OF CASH FLOWS FOR THE PERIOD DECEMBER 29, 2001 THROUGH MAY 28, 2002

	GUARANTOR SUBSIDIARIES	OTHER SUBSIDIARIES	ELIMINATIONS	COM TO
	(DOLLARS IN THOUSANDS)			
OPERATING ACTIVITIES				
Net Loss	$(38,914)	$(5,096)	$ --	$(4
Adjustments to Reconcile Net Loss to Net Cash (Used in) Provided by Operating Activities:				
Depreciation and Amortization	19,413	2,411	--	2
Interest Accretion and Debt Issuance Cost Amortization	1,235	10	--	
Gain on Property Dispositions	(452)	(3)	--	
Other Operating Activities	(4,637)	(785)	--	(
Changes in Operating Assets and Liabilities:				
Accounts Receivable	(18,565)	2,958	12,367	(
Materials and Supplies	(5,139)	(21)	--	(
Accrued Interest	10,331	1	--	1
Other Current Assets	(4,427)	1,278	--	(
Other Current Liabilities	20,029	695	(12,367)	
Net Cash (Used in) Provided by Operating Activities	(21,126)	1,448	--	(1
INVESTING ACTIVITIES				
Property Additions	(5,554)	(51)	--	(
Proceeds from Property Dispositions	985	3	--	
Other Investing Activities	(2,276)	5	(588)	(
Net Cash Used in Investing Activities	(6,845)	(43)	(588)	(
FINANCING ACTIVITIES				
Danielson Holding Corporation Investment	25,000	--	--	2
Cash Dividends Paid	--	(588)	588	
Long-Term Debt Repaid	(25,190)	--	--	(2
Bank Overdrafts	1,149	--	--	
Other Financing Activities	(173)	--	--	
Net Cash Provided by (Used in) Financing Activities	786	(588)	588	
Net (Decrease) Increase in Cash and Cash Equivalents	(27,185)	817	--	(2
Cash and Cash Equivalents at Beginning of Period	45,912	1,341	--	4
Cash and Cash Equivalents at End of Period	$ 18,727	$ 2,158	$ --	$ 2

AMERICAN COMMERCIAL LINES LLC

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS -- (CONTINUED)
COMBINING STATEMENT OF CASH FLOWS FOR THE YEAR ENDED DECEMBER 28, 2001

	GUARANTOR SUBSIDIARIES	OTHER SUBSIDIARIES	ELIMINATIONS	COM TO
	(DOLLARS IN THOUSANDS)			
OPERATING ACTIVITIES				
Net Loss	$ (1,263)	$ (4,557)	$ --	$ (
Adjustments to Reconcile Net Loss to Net Cash Provided by Operating Activities:				
Depreciation and Amortization	50,364	5,133	--	5
Interest Accretion and Debt Issuance Cost Amortization	4,413	--	--	
Gain on Property Dispositions	(16,498)	--	--	(1
Other Operating Activities	(6,753)	5,018	--	(
Changes in Operating Assets and Liabilities:				
Accounts Receivable	6,349	(32,340)	13,981	(1
Materials and Supplies	(1,119)	(265)	--	(
Accrued Interest	413	--	--	
Other Current Assets	(14,648)	9,650	--	(
Other Current Liabilities	(11,859)	18,569	--	
Net Cash Provided by Operating Activities	9,399	1,208	13,981	2
INVESTING ACTIVITIES				
Property Additions	(13,165)	(6,607)	--	(1
Investment in Vessel Leasing LLC	(6,808)	--	--	(
Proceeds from Property Dispositions	23,918	--	--	2
Proceeds from Sale of Terminals	7,818	--	--	
Proceeds from Property Condemnation	2,730	--	--	
Other Investing Activities	(9,055)	1,846	2,615	(
Net Cash Provided by (Used in) Investing Activities	5,438	(4,761)	2,615	
FINANCING ACTIVITIES				
Short-Term Borrowings	17,250	--	--	1
Long-Term Debt Repaid	(47,937)	--	--	(4
Borrowing from Affiliates	--	567	(567)	
Affiliate Debt Repaid	--	(567)	567	
Bank Overdrafts	(6,670)	--	--	(
Debt Costs	(3,463)	--	--	(
Cash Dividends Paid	--	(1,000)	1,000	
Other Financing	625	3,615	(3,615)	
Net Cash (Used in) Provided by Financing Activities	(40,195)	2,615	(2,615)	(4
Net Decrease in Cash and Cash Equivalents	(25,358)	(938)	13,981	(1
Cash and Cash Equivalents at Beginning of Year	57,289	2,279	--	5
Cash and Cash Equivalents at End of Year	$ 31,931	$ 1,341	$13,981	$ 4

74

AMERICAN COMMERCIAL LINES LLC

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS -- (CONTINUED)
COMBINING STATEMENT OF CASH FLOWS FOR THE YEAR ENDED DECEMBER 29, 2000

	GUARANTOR SUBSIDIARIES	OTHER SUBSIDIARIES	ELIMINATIONS	COM TO
	(DOLLARS IN THOUSANDS)			
OPERATING ACTIVITIES				
Net Earnings (Loss)	$ 97	$(12,190)	$ --	$(1
Adjustments to Reconcile Net Earnings (Loss) to Net Cash Provided by (Used in) Operating Activities:				
Depreciation and Amortization	49,105	6,909	--	5
Interest Accretion and Debt Issuance Cost Amortization	3,062	--	--	
Impairment of Barges	3,865	--	--	
Gain on Property Dispositions	(1,686)	--	--	(
Gain on Sale of Watercom	(11,418)	--	--	(1
Other Operating Activities	(4,320)	699	--	(
Changes in Operating Assets and Liabilities:				
Accounts Receivable	4,925	(7,472)	--	(
Materials and Supplies	14,155	(265)	--	1
Accrued Interest	10,557	--	--	1
Other Current Assets	(6,939)	3,224	--	(
Other Current Liabilities	(23,612)	2,086	--	(2
Net Cash Provided by (Used in) Operating Activities	37,791	(7,009)	--	3
INVESTING ACTIVITIES				
Property Additions	(27,817)	(2,737)	--	(3
Purchase of Barging Assets	(31,500)	--	--	(3
Proceeds from Property Dispositions	4,089	--	--	
Proceeds from Sale of Watercom	13,600	--	--	1
Proceeds from Sale of Restricted Investments	25,288	--	--	2
Other Investing Activities	(15,537)	(1,536)	11,958	(
Net Cash Used in Investing Activities	(31,877)	(4,273)	11,958	(2
FINANCING ACTIVITIES				
Short-Term Borrowings	66,750	--	--	6
Short-Term Debt Repaid	(54,752)	--	--	(5
Affiliate Debt Repaid	--	(12,560)	12,560	
Cash Dividends Paid	--	(3,160)	3,160	
Other Financing	10,139	1,694	(1,694)	1
Borrowing from Affiliates	--	25,984	(25,984)	
Net Cash Provided by Financing Activities	22,137	11,958	(11,958)	2
Net Increase in Cash and Cash Equivalents	28,051	676	--	2
Cash and Cash Equivalents at Beginning of Year	29,238	1,603	--	3
Cash and Cash Equivalents at End of Year	$ 57,289	$ 2,279	$ --	$ 5

75

REPORT OF INDEPENDENT AUDITORS

The Board of Managers
American Commercial Lines LLC

We have audited the accompanying consolidated statement of financial position of American Commercial Lines LLC as of December 27, 2002, and the related consolidated statements of operations, member's equity, and cash flows for the periods from December 29, 2001 to May 28, 2002 and May 29, 2002 to December 27, 2002. Our audit also included the financial statement schedule listed in the index at Item 15(a) for the periods from December 29, 2001 to May 28, 2002 and May 29, 2002 to December 27, 2002. These financial statements and schedule are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements and schedule based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of American Commercial Lines LLC at December 27, 2002, and the consolidated results of its operations and its cash flows for the periods from December 29, 2001 to May 28, 2002 and May 29, 2002 to December 27, 2002, in conformity with accounting principles generally accepted in the United States. Also, in our opinion, the related financial statement schedule for the periods from December 29, 2001 to May 28, 2002 and May 29, 2002 to December 27, 2002, when considered in relation to the 2002 basic financial statements taken as a whole, presents fairly in all material respects the information set forth therein.

As discussed in Note 1, the accompanying consolidated financial statements have been prepared assuming that American Commercial Lines LLC will continue as a going concern. American Commercial Lines LLC has incurred recurring operating losses, has a working capital deficiency, and has not complied with certain covenants of its loan agreements. As more fully described in Note 2, on January 31, 2003, the Company and its immediate direct parent, American Commercial Lines Holdings LLC, as well as certain subsidiaries of the Company, filed a petition with the U.S. Bankruptcy Court to reorganize under Chapter 11 of the U.S. Bankruptcy Code. These conditions raise substantial doubt about the Company's ability to continue as a going concern. The 2002 consolidated financial statements do not include any adjustments to reflect the possible future effects on the recoverability and classification of assets or the amounts and classification of liabilities that may result from the outcome of this uncertainty.

/s/ ERNST & YOUNG LLP

Louisville, Kentucky
February 21, 2003

76

REPORT OF INDEPENDENT ACCOUNTANTS

The Board of Managers

American Commercial Lines LLC

In our opinion, based on our audits and the report of other auditors who have ceased operations, the consolidated financial statements listed in the Index appearing under Item 15(a)(1) present fairly, in all material respects, the financial position of American Commercial Lines LLC (ACL) at December 28, 2001, and the results of their operations and their cash flows for each of the two fiscal years in the period ended December 28, 2001, in conformity with accounting principles generally accepted in the United States of America. In addition, in our opinion, based on our audits and the reports of other auditors who have ceased operations, the financial statement schedule listed in the Index appearing under Item 15(a)(2) presents fairly, in all material respects, the information set forth therein when read in conjunction with the related consolidated financial statements. These financial statements and the financial statement schedule are the responsibility of ACL's management; our responsibility is to express an opinion on these financial statements and financial statement schedule based on our audits. We did not audit the financial statements of UABL Limited (UABL), a 50% owned subsidiary, for 2001, which statements reflect 7% of consolidated total assets as of December 28, 2001, and 27% of consolidated net loss for the fiscal year ended December 28, 2001. Those statements were audited by other auditors who have ceased operations and whose report thereon dated March 26, 2002 has been furnished to us, and our opinion expressed herein, insofar as it relates to the amounts included for UABL is based solely on the report of the other auditors who have ceased operations. We conducted our audits of these statements in accordance with auditing standards generally accepted in the United States of America, which require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits and the report of other auditors who have ceased operations provide a reasonable basis for our opinion.

As discussed in Note 1 to the consolidated financial statements, during the fourth quarter of 2001 the Company prospectively increased its estimate of the useful lives of towboats, which reduced the loss before extraordinary items and the net loss by $1.1 million for the fiscal year ended December 28, 2001. Additionally, the consolidated financial statements reflect the restatement described in Note 12 to the December 28, 2001 consolidated financial statements (which Note is not presented separately herein).

The accompanying consolidated financial statements have been prepared assuming that ACL will continue as a going concern. ACL incurred a substantial loss during 2001. As discussed in Note 4 to the December 28, 2001 consolidated financial statements (which Note is not presented separately herein), subsequent to December 28, 2001 ACL also defaulted on its Senior Notes and Senior Credit Facilities and has determined that it is not likely that it will be able to meet the covenant requirements included in the Senior Credit Facilities agreement for 2002. Accordingly, ACL's outstanding debt has been classified as current in its consolidated balance sheet at December 28, 2001. The above facts raise substantial doubt that ACL's ability to continue as a going concern. Management's plans in regard to these matters are also described in Note 4 to the December 28, 2001 consolidated financial statements (which Note is not presented separately herein). The financial statements do not include any adjustments that might result from the outcome of this uncertainty.

PricewaterhouseCoopers LLP

Louisville, Kentucky
March 26, 2002, except for the restatement described above, as to which the date is August 13, 2002.

SCHEDULE II -- VALUATION AND QUALIFYING ACCOUNTS

(DOLLARS IN THOUSANDS)

	BALANCE AT BEGINNING OF PERIOD	CHARGES TO EXPENSE	OTHER	WRITEOFFS	BALA OF
2002:					
Allowance for uncollectible accounts	$1,631	$ 975	--	$ (743)	
2001:					
Allowance for uncollectible accounts	$1,157	$1,176	--	$ (702)	
2000:					
Allowance for uncollectible accounts	$2,290	$ 194	--	$(1,327)	
Valuation allowance for foreign net operating loss carryforwards	$6,605	--	$(6,605)(1)	--	

---

(1) Contribution of assets to UABL.

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

There were no disagreements with accountants in 2001 or 2002. See the Current Report on Form 8-K filed by ACL on August 1, 2002 with respect to a change in principal accounting firms which occurred on July 25, 2002, which such Current Report is incorporated herein by reference.

PART III

ITEM 10. DIRECTORS AND EXECUTIVE OFFICERS OF THE REGISTRANT

MANAGEMENT

EXECUTIVE OFFICERS

NAME	AGE	POSITION
Michael C. Hagan	56	President and Chief Executive Officer
James F. Farley	51	Senior Vice President, Transportation Services of and LDC
Lisa L. Fleming	41	General Counsel and Secretary
Robert P. Herre	50	President of Jeffboat
Peter L. Kazunas	40	Senior Vice President, Marketing Services
Martin K. Pepper	49	Senior Vice President, International Business Development of ACL International
R. Barry Uber	57	President and Chief Operating Officer of ACBL and
William N. Whitlock	61	Senior Vice President, Logistic Services
James J. Wolff	45	Senior Vice President, Finance and Chief Financial Officer

Stephen R. Wood.....	60	Senior Vice President and Chief Administrative Off

BOARD OF MANAGERS

NAME	AGE	POSITION	MEMBER SINCE
Michael C. Hagan.....	56	Chairman	1998
James J. Wolff.....	45	Member	1998
L. Stephens Baird.....	36	Member	2003

Michael C. Hagan is Chairman of the ACL Board of Managers and serves as its President and Chief Executive Officer. Mr. Hagan has served as President and Chief Executive Officer of ACL and its subsidiaries since 1991. Prior to that, he held a series of positions of increasing responsibility within ACL, which he joined in 1970, and with CSX.

L. Stephens Baird is a Member of the ACL Board of Managers and has served as Vice President and Treasurer of ACL since March 2000. From July 1996 to March 2000, Mr. Baird was Manager, Financial Analysis for CSX. Prior to joining CSX, Mr. Baird held positions with Stern Stewart & Company (from March 1995 -- July 1996) and PricewaterhouseCoopers LLP (September 1992 -- March 1995) performing financial advisory services.

James F. Farley was named Senior Vice President, Transportation Services of ACBL and LDC in June 2002 after serving as Senior Vice President, Marketing Services of ACBL since March 2000. Mr. Farley was Vice President, Liquid Sales of ACBL from 1998 to 2000. Mr. Farley joined ACBL in 1992 and served in various management positions, including Vice President, Distribution Services. Prior to joining ACL Mr. Farley was Vice President, Operations with The Valley Line -- Sequa Corporation.

Lisa L. Fleming was named General Counsel and Secretary of ACL on January 20, 2003. From 1983 to 1995, Ms. Fleming worked for ACL in various capacities including Associate General Counsel and Director of

Strategic Planning. From 1996 to 2002, Ms. Fleming served Midland Enterprises Inc. and The Ohio River Company as Associate General Counsel and Assistant Secretary, where she managed legal, insurance and risk management functions.

Robert P. Herre was appointed President of Jeffboat in September 2001. Mr. Herre began his career with ACL in 1990 and has served in various managerial roles, most recently as Vice President, Vessel Management for ACBL.

Peter L. Kazunas was named Senior Vice President, Marketing Services of ACBL and LDC in June 2002. From 1998 to 2002, Mr. Kazunas was Assistant Vice President, Logistic Services. He served in many other managerial roles at ACL in the preceding twenty years.

Martin K. Pepper was appointed Senior Vice President, International Business Development for ACL International in August 1998. Prior to joining ACL in 1997 as Vice President for Fleet Maintenance, he served for sixteen years as an operations officer with Canal Barge Line and served in sales and marketing for Tidewater Barge Line from 1990 to 1997.

R. Barry Uber was appointed President and Chief Operating Officer of ACBL and LDC in July 2001. From March 1998 to December 2000, Mr. Uber was President and Chief Executive Officer of North American Van Lines prior to joining ACBL. Prior to that, Mr. Uber spent twenty-nine years with the Ingersoll-Rand Company, ending his career there as President, Construction and Mining.

William N. Whitlock was named Senior Vice President, Logistic Services for ACBL and LDC in March 2000. He had served as Senior Vice President, Transportation Services of ACBL and LDC from 1982 through March 2000. Prior to joining ACL in 1979 Mr. Whitlock devoted fifteen years of his career to the U.S. Army Corps of Engineers in positions of increasing authority.

James J. Wolff is a Member of the ACL Board of Managers and serves as Senior Vice President, Finance and Chief Financial Officer of ACL and its subsidiaries. Mr. Wolff was with Texas Gas Exploration, a former CSX subsidiary, from 1979 to 1986. In 1986, he joined CSX and transferred to ACL in 1992 as Senior Vice President -- Finance. He was appointed Senior Vice President -- International Business Development for ACL International in 1996 and returned to the position of Chief Financial Officer of ACL in August 1998.

Stephen R. Wood was named Senior Vice President and Chief Administrative Officer of ACL on February 1, 2003. Mr. Wood oversees the ACL Human Resources, Sourcing, Risk Management, Information Technology and Building Services departments. From 2000 to February 2003, Mr. Wood was President of Centaur Energy Development, LLC. From 1997 to 2000, Mr. Wood served as President of Louisville Gas & Electric Company and President, Distribution Services of LG&E Energy Corp. From 1989 to 1997, Mr. Wood was Chief Administrative Officer for LG&E Energy Corp.

ITEM 11. EXECUTIVE COMPENSATION

EXECUTIVE COMPENSATION

The following table sets forth information concerning the annual and long-term compensation for services in all capacities to ACL, or its subsidiary companies or their predecessors for 2000 through 2002 of those

persons who served as (i) the chief executive officer during 2002 and (ii) the other four most highly compensated executive officers for 2002 (collectively, the "Named Executive Officers"):

SUMMARY COMPENSATION TABLE

					LONG-TERM COMPENSATION AWARDS	
	ANNUAL COMPENSATION					
NAME AND PRINCIPAL POSITION	YEAR	SALARY	BONUS(1)	OTHER ANNUAL COMPENSATION(2)	RESTRICTED STOCK AWARDS(3)	SECURITIES UNDERLYING OPTIONS
Michael C. Hagan.....	2002	$315,000	$ --	$ 9,240	$556,205	210,000
President and CEO	2001	315,000	--	9,240	--	--
ACL	2000	315,000	--	9,240	--	--
R. Barry Uber.....	2002	$275,000	$ 50,000	$41,240	--	140,000
President and COO	2001	126,042	150,000	4,235	--	--
ACBL and LDC (appointed 7/2001)					--	--
Robert P. Herre.....	2002	$150,000	$ 75,000	$ 9,240	--	--
President Jeffboat (appointed 9/2001)						
James F. Farley.....	2002	$169,000	$ 10,000	$ 9,240	$ 92,702	95,000
Sr. Vice President --	2001	166,125	--	9,240	--	--
Marketing Services ACBL and LDC	2000	156,250	40,000	8,140	--	--
William N. Whitlock.....	2002	$169,000	$ --	$ 9,240	$222,481	95,000
Sr. Vice President --	2001	167,000	--	9,240	--	--

Logistic Services ACBL and LDC	2000	161,000	--	9,240	--	--

---

(1) In 2002 Messrs. Uber and Herre were paid bonuses pursuant to employment agreements in the amounts of $50,000 and $75,000, respectively. Mr. Farley received an incentive award of $10,000 in 2002. In 2001, Mr. Uber received a $150,000 bonus pursuant to an employment agreement. In 2000, Mr. Farley received an incentive award of $40,000.

(2) Consists of automobile payments only in 2000, 2001 and 2002, except that Mr. Uber received a $30,000 living allowance and a $2,000 phone allowance in 2002.

(3) Consists of the dollar value of restricted stock awards (calculated by multiplying the number of shares awarded by the closing market price of DHC's common stock on the date of the grant - which was $6.16 as of the May 29, 2002 grant date) made in restricted DHC common stock as part of the Danielson Recapitalization whereby each of the respective Named Executive Officers holding preferred membership units in ACL Holdings at the time of Danielson Recapitalization abandoned those units to ACL Holdings for no consideration and received certain amounts of restricted DHC common stock from DHC for their continued employment with ACL. ACL management received a total of 339,039 shares of restricted stock, of which Messrs. Hagan, Whitlock and Farley received 90,293, 36,117 and 15,049 shares, respectively. At December 27, 2002, the aggregate value of Messrs. Hagan, Whitlock and Farley's restricted DHC common stock was $203,701 (141,459 shares multiplied by $1.44, the closing price of DHC common stock on December 27, 2002).

(4) Amounts shown include the above-market portion of earnings on a CSX deferred compensation program available to Mr. Hagan and Mr. Whitlock. For 2002, those amounts were $29,621 for Mr. Hagan and $8,242 for Mr. Whitlock. For 2001, those amounts were $25,535 for Mr. Hagan and $7,105 for Mr. Whitlock. For 2000, those amounts were $22,013 for Mr. Hagan and $6,124 for Mr. Whitlock. Amounts shown also include life insurance premium payments made on behalf of the Named Executive Officers in the following amounts for 2002: for Mr. Hagan, $5,433, for Mr. Uber, $2,580, for Mr. Herre, $510, for Mr. Whitlock, $4,289, and for Mr. Farley, $1,495; for 2001 for Mr. Hagan, $2,913, for Mr. Uber, $1,075, for Mr. Whitlock, $3,102, and for Mr. Farley, $1,016; and for 2000 for Mr. Hagan, $2,798, for Mr. Whitlock, $2,546, and for Mr. Farley, $824. Amounts shown also include matching

contributions made by ACL in conjunction with deferral of salary or bonus to a supplementary savings plan on behalf of Mr. Hagan in the amounts of $9,450 for 2002 and $4,200 for 2000 and 2001; $4,500 for Mr. Herre in 2002; and $5,070 for Mr. Whitlock in 2002. Amounts shown also include payment for the provision of tax services for Messrs. Hagan, Herre and Whitlock in the amount of $1,991, $2,721 and $2,721, respectively, in 2002; $1,893 each for Messrs. Hagan and Whitlock in 2001 and $1,907 each for Messrs. Hagan and Whitlock in 2000. Amounts for 2002 also include matching contributions made by ACL to the Named Executive Officers pursuant to the ACL 401(k) plan available to all employees in the following amounts: $5,512 for Mr. Hagan, $2,750 for Mr. Uber, $1,312 for Mr. Herre, $5,070 for Mr. Farley and $5,070 for Mr. Whitlock.

OPTIONS/SAR GRANTS IN LAST FISCAL YEAR

No Named Executive Officer received an option or SAR grant from ACL in 2002. Messrs. Hagan, Uber, Whitlock and Farley received option grants from DHC in the form of DHC stock options in 2002. Those options are discussed in the table below. These options were granted under DHC's 1995 Stock and Incentive Plan.

OPTIONS/SAR GRANTS IN LAST FISCAL YEAR

	INDIVIDUAL GRANTS				POTENTIAL VALUE A ANNUAL RA PRICE AP FOR OP
NAME	NUMBER OF SECURITIES UNDERLYING OPTIONS/SARS GRANTED	PERCENT OF TOTAL OPTIONS/SARS GRANTED TO EMPLOYEES IN FISCAL YEAR	EXERCISE OR BASE PRICE	EXPIRATION DATE	5%
Michael C. Hagan.....	210,000	13.5%	$5.00	July 24, 2012	$407,400
R. Barry Uber.....	140,000	9.0	5.00	July 24, 2012	271,600
Robert P. Herre.....	95,000	6.1	5.00	July 24, 2012	184,300
James F. Farley.....	95,000	6.1	5.00	July 24, 2012	184,300
William N. Whitlock.....	95,000	6.1	5.00	July 24, 2012	184,300

AGGREGATED OPTION EXERCISES IN LAST FISCAL YEAR AND FISCAL YEAR END OPTION VALUES

The following table sets forth information with respect to the exercise of options to acquire DHC common stock by the Named Executive Officers during 2002 and the number of securities underlying unexercised options held by each of the Named Executive Officers and the value of such options at the end of fiscal 2002:

AGGREGATED OPTION EXERCISES IN LAST FISCAL YEAR AND FISCAL YEAR END OPTION VALUES

NAME	SHARES ACQUIRED ON EXERCISE	VALUE REALIZED	NUMBER OF SECURITIES UNDERLYING UNEXERCISED OPTIONS AT FISCAL YEAR-END EXERCISABLE/UNEXERCISABLE	VALUE OF IN-THE-MON FISCAL EXERCISABLE
Michael C. Hagan.....	N/A	N/A	0/210,000	$0/1
R. Barry Uber.....	N/A	N/A	0/140,000	0/
Robert P. Herre.....	N/A	N/A	0/95,000	0/
James F. Farley.....	N/A	N/A	0/95,000	0/
William N. Whitlock.....	N/A	N/A	0/95,000	0/

---

(1) Represents options to purchase DHC common stock granted pursuant to the DHC 1995 Stock and Incentive Plan.

(2) Value of unexercised options at fiscal year-end represents the difference between the exercise price of any outstanding in-the-money options and $1.44, the mean value of DHC common stock on December 27, 2002.

PENSION PLANS

Salary Continuation Plan and Special Retirement Plan

ACL has a salary continuation plan (the "Salary Continuation Plan") whereby

supplemental retirement benefits are paid as a function of final pay, some of which are paid in lieu of a former life insurance benefit.

Prior to the Recapitalization, the Named Executive Officers, and other eligible employees, were beneficiaries of certain benefit plans established by CSX. ACL intends to continue these benefit plans, which consist of (i) a special retirement plan (the "Special Retirement Plan") whereby certain employees have certain additional compensation covered, and can obtain past or extra service credits for purposes of the qualified pension plan described below in the "Pension Plan Table;" and (ii) a supplementary savings plan (the "Supplementary Savings Plan") which permits deferrals of a portion of salary and bonus payments and matching contributions for those deferrals to negate the effect of Internal Revenue Code limits on qualified plan contributions.

Salaried Employee Pension Plans

The pension plan table provided below sets forth estimated annual benefits payable, before offset for the Social Security annuity, by ACL to any officer or salaried employee upon retirement at the normal retirement age after selected periods of service and in specified compensation groups.

PENSION PLAN TABLE

FIVE CONSECUTIVE YEAR AVERAGE COMPENSATION	YEARS OF SERVICE				
	15	20	25	30	35
$125,000	$ 26,146	$ 35,521	$ 44,896	$ 54,271	$ 63,646
150,000	31,375	42,625	53,875	65,125	76,375
175,000	36,604	49,729	62,854	75,979	89,104
200,000	41,833	56,833	71,833	86,833	101,833
225,000	47,063	63,938	80,813	97,688	114,563
250,000	52,292	71,042	89,792	108,542	127,292
275,000	57,521	78,146	98,771	119,396	140,021
300,000	62,750	85,250	107,750	130,250	152,750
325,000	67,979	92,354	116,729	141,104	165,479
350,000	73,208	99,458	125,708	151,958	178,208
375,000	78,438	106,563	134,688	162,813	190,938
400,000	83,667	113,667	143,667	173,667	203,667
425,000	88,896	120,771	152,646	184,521	216,396
450,000	94,125	127,875	161,625	195,375	229,125
475,000	99,354	134,979	170,604	206,229	241,854
500,000	104,583	142,083	179,583	217,083	254,583

---

(1) Retirement benefits from ACL's funded and unfunded non-contributory Pension Plans are based on both length of service and compensation. The compensation covered by the Pension Plans is compensation paid by ACL to a participant on a regular monthly or annual salary basis, including bonuses or similar awards for personal services rendered in a position that is not under the scope of a labor agreement prior to 2000. Compensation items listed in the Summary Compensation Table covered by the Pension Plans are Base Salary and Bonus. Benefits earned before February 1, 2000 are computed at the time of retirement under a defined benefit formula based on years of service and average salary and bonus for the highest 60 consecutive months of service, computed without regard to additional payments in stock. Benefits earned after February 1, 2000 are computed based on career-average base salary only. The

Pension Plans provide for normal retirement at age 65 and, subject to certain eligibility requirements, early retirement beginning at age 55 is permitted with reduced pension payments.

The above table sets forth the estimated annual benefits payable, before offset for the Social Security annuity, by ACL to any officer or salaried employee upon retirement at the normal retirement age after selected periods of service and in specified compensation groups. The normal form of the benefit is a straight-life annuity. As of April 1, 2003, the individuals named in the Summary Compensation Table will have the following years of credited service: Mr. Hagan, 32.64 years; Mr. Uber, less than 2 years; Mr. Whitlock, 23.88 years; Mr. Farley, 10.86 years.

The Internal Revenue Code imposes certain limitations on compensation and benefits payable from tax-qualified pension plans. Pension amounts in excess of such limitations are payable from the non-qualified Pension Plan, which is not funded.

BENEFIT PLANS

ACL maintains various qualified and non-qualified benefit plans for its employees. All salaried, full time employees are covered or will be covered by an ERISA qualified defined benefit retirement plan and are eligible to participate in a 401(k) savings plan that includes a partial company match feature. Hourly employees with certain of ACL's subsidiaries have separate ERISA qualified defined benefit plans and are eligible to participate in separate 401(k) savings plans.

ACL maintains a self-insured general welfare health plan for employees. The plan has appropriate levels of employee deductible, and maximum benefit levels. Employees may elect to participate in certain approved HMO plans in lieu of ACL sponsored plan.

ACL has provided to certain members of management various non-qualified benefit and deferred compensation plans. These plans include deferred salary plans, deferred bonus plans, salary continuation with whole life plans and, prior to the Recapitalization, participation in certain CSX stock bonus plans, stock option plans and stock purchase/loan plans.

ACL reserves the right to add, amend, change, tie off and/or terminate any or all qualified or non-qualified benefit plans at any time and to alter, amend, add to and/or restrict employee participation to the extent permitted by applicable federal or state law or regulation.

COMPENSATION OF BOARD OF MANAGERS

Members of the ACL Board of Managers do not receive any fees for those services. ACL will reimburse members of the Board of Managers for any out-of-pocket expenses incurred by them in connection with services provided in such capacity.

ITEM 12. SECURITY OWNERSHIP AND CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS

SECURITY OWNERSHIP

No Named Executive Officer, Member of the ACL Board of Managers or other executive officer of ACL owns any membership interests in ACL. Of the Named Executive Officers of ACL, Messrs. Hagan (90,293 shares), Whitlock (36,117 shares) and Farley (15,049 shares) own restricted common stock in ACL's parent company, DHC. Other executive officers of ACL also own restricted DHC common stock.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

AFFILIATE AGREEMENTS

ACL has also entered into an arrangement with Vessel Leasing (in which ACL owns 50% and DHC owns 50% of the outstanding equity interests), whereby ACL's wholly owned subsidiary, Jeffboat, sells barges to Vessel Leasing which charters those barges to ACBL. ACL guarantees the charters between ACBL and Vessel Leasing. As a result of the DHC ownership of Vessel Leasing and the control DHC has on ACL, Vessel Leasing is consolidated with ACL for purposes of ACL's financial statements but not its debt covenants.

On July 25, 2002, ACL entered into a three year charter agreement with ACLines, an affiliated entity, for the leasing of one towboat and four tank barges that ACLines previously purchased from an existing charter ACL had in place with a third-party financial institution. The terms and conditions of the charter with ACLines were on an arm's-length basis and were at least as favorable as ACL could have obtained from an unrelated third party. These vessels were subsequently purchased by a non-affiliated third-party financial institution on December 30, 2002 and were again leased to ACBL on substantially the same terms and conditions.

ACL and DHC are parties to a non-material corporate services agreement whereby ACL performs certain corporate services for DHC on a blended monthly fee/hourly basis. ACL also has entered into certain non-material agreements with GMS (in which an ACL subsidiary owns 50% of the outstanding equity interests and DHC owns 5.4% of the outstanding equity interests) for the provision of corporate services by ACL's wholly owned subsidiary, ACT, to GMS. ACL has also entered into certain non-material agreements with certain affiliates of UABL for ship management and chartering arrangements, which relate to the UABL merger described in Item 1, Business -- General.

ACL's arrangements described above are each on terms and conditions that ACL believes are in the aggregate not materially more burdensome to ACL than would be obtained on an arm's-length basis among unaffiliated parties.

ITEM 14. CONTROLS AND PROCEDURES

Within the 90 days prior to the date of this Report, ACL carried out an evaluation, under supervision and with the participation of ACL's management, including ACL's Chief Executive Officer and Chief Financial Officer, of the effectiveness of the design and operation of ACL's disclosure controls and procedures as defined in Exchange Act Rules 13a-14(c) and 15d-14(c). Based upon and as of the date of that evaluation, the Chief Executive Officer and Chief Financial Officer concluded that ACL's disclosure controls and procedures were effective, in all material respects, to ensure that information required to be disclosed in this Report and ACL's other periodic filings is recorded, processed, summarized and reported as and when required.

There have been no significant changes in ACL's internal controls or in other factors that could significantly affect the internal controls subsequent to the date ACL completed its evaluation. Therefore, no corrective actions were taken.

PART IV

ITEM 15. EXHIBITS, FINANCIAL STATEMENT SCHEDULES, AND REPORTS ON FORM 8-K

(a) Documents filed as part of this report:

(1) Consolidated Financial Statements:

Included in Part II of this Report:

Consolidated Statement of Operations, for the years ended December 27, 2002, December 28, 2001 and December 29, 2000.

Consolidated Statement of Financial Position as of December 27, 2002 and December 28, 2001.

Consolidated Statement of Cash Flows, for the years ended December 27, 2002, December 28, 2001 and December 29, 2000.

Consolidated Statement of Member's Equity (Deficit), for the years ended December 27, 2002, December 28, 2001 and December 29, 2000.

Notes to Consolidated Financial Statements, for the years ended December 27, 2002, December 28, 2001 and December 29, 2000.

Report of Ernst & Young LLP, Independent Auditors, on the consolidated financial statements of American Commercial Lines LLC at December 27, 2002 and for the year then ended.

Report of PricewaterhouseCoopers LLP, Independent Accountants, on the consolidated financial statements of American Commercial Lines LLC at December 28, 2001 and for the years ended December 28, 2001 and December 29, 2000.

Included in Item 15(d) of this Report:

Consolidated Balance Sheets of UABL Limited as of December 31, 2002 and 2001

Consolidated Statements of Operations of UABL Limited for the years ended December 31, 2002 and 2001 and for the period of October 24 (inception date) through December 31, 2000.

Consolidated Statement of Shareholders' Equity of UABL Limited for the years ended December 31, 2002 and 2001 and for the period of October 24 (inception date) through December 31, 2000.

Consolidated Statements of Cash Flows of UABL Limited for the years ended December 31, 2002 and 2001 and for the period October 24 (inception date) through December 31, 2000.

Report of Pistrelli, Diaz Y Asociados S.R.L., Members of Ernst & Young Global, Independent Auditors, on the consolidated financial statements of UABL Limited as of and for the year ended December 31, 2002.

Report of Pistrelli, Diaz Y Asociados, Member of Andersen, Independent Public Accountants, on the consolidated financial statements of UABL Limited as of December 31, 2001 and for the year then ended and for the period of October 24 (inception date) to December 31, 2000.

(2) Financial Statement Schedule

Included in Part II of this report:

Schedule II -- Valuation and Qualifying Accounts

All other schedules are omitted because they are not applicable, not significant or not required, or because the required information is included in the financial statement notes thereto.

(3) Exhibits

EXHIBIT NO.	DESCRIPTION

+2.1	Recapitalization Agreement dated as of April 17, 1998 by and among CSX, Vectura, the Parent, ACL and National Marine (incorporated by reference to Exhibit 2.1 of the registrant's Registration Statement on Form S-4, as amended (Registration No. 333-62227)).
+2.2	Recapitalization Agreement dated as of March 15, 2002 by and among DHC, the Parent, ACL, the Preferred Unitholders (as defined therein) party thereto and the Management Unitholders (as defined therein) party thereto (incorporated by reference to Exhibit 10.23 of the registrant's Current Report on Form 8-K dated March 15, 2002 and filed with the Commission on March 27, 2002).

EXHIBIT NO.	DESCRIPTION
+2.3	First Amendment to Recapitalization Agreement dated as of May 29, 2002 by and among DHC, ACLH Acquisition LLC, the Parent, ACL, the Preferred Unitholders (as defined therein) party thereto, the Management Unitholders (as defined therein) party thereto and the Consenting Common Unitholders (as defined therein) party thereto (incorporated by reference to Exhibit 10.23 of the registrant's Current Report on Form 8-K dated May 29, 2002 and filed with the Commission on June 10, 2002).
+3.1	Certificate of Formation of the Parent (incorporated by reference to Exhibit 3.1 of the registrant's Registration Statement on Form S-4, as amended (Registration No. 333-62227)).
+3.2	Form of Certificate of Formation of ACL and the Subsidiary Guarantors (incorporated by reference to Exhibit 3.2 of the registrant's Registration Statement on Form S-4, as amended (Registration No. 333-62227)).
+3.3	Form of Limited Liability Company Agreement for the Subsidiary Guarantors (incorporated by reference to Exhibit 3.3 of the registrant's Registration Statement on Form S-4, as amended (Registration No. 333-62227)).
3.4	Amended and Restated Limited Liability Company Agreement of the Parent dated as of January 22, 2003 by and between the Parent and ACLines LLC.
3.5	Amended and Restated Limited Liability Company Agreement of ACL dated as of January 22, 2003 by and between the Parent and ACL.
+3.6	Certificate of Incorporation of ACL Capital (incorporated by reference to Exhibit 3.6 of the registrant's Registration Statement on Form S-4, as amended (Registration No. 333-62227)).
+3.7	By-laws of ACL Capital (incorporated by reference to Exhibit 3.7 of the registrant's Registration Statement on Form S-4, as amended (Registration No. 333-62227)).
+4.1	Indenture dated as of June 30, 1998 by and among ACL, ACL Capital and the Subsidiary Guarantors and the United States Trust Company of New York, as trustee (incorporated by reference to Exhibit 4.1 of the registrant's Registration Statement on Form S-4, as amended (Registration No. 333-62227)).
+4.2	Purchase Agreement dated as of June 23, 1998 among ACL, ACL Capital and the Subsidiary Guarantors, Wasserstein Perella Securities, Inc. and Chase Securities Inc. (incorporated by reference to Exhibit 4.2 of the registrant's Registration

	Statement on Form S-4, as amended (Registration No. 333-62227)).
+4.3	Registration Rights Agreement dated as of June 23, 1998 by and among ACL, ACL Capital and the Subsidiary Guarantors, Wasserstein Perella Securities, Inc. and Chase Securities Inc. (incorporated by reference to Exhibit 4.3 of the registrant's Registration Statement on Form S-4, as amended (Registration No. 333-62227)).
+4.4	Registration Rights Agreement dated as of June 30, 1998 by and among ACL, Vectura, National Marine, CSX Brown, Stuart Agranoff and Steven Anderson and each Person whose name is set forth on Schedule I therein (incorporated by reference to Exhibit 4.4 of the registrant's Registration Statement on Form S-4, as amended (Registration No. 333-62227)).
+4.5	Supplemental Indenture dated as of May 29, 2002 by and among ACL, ACL Capital Corp. and The Bank of New York (as successor trustee to United States Trust Company of New York) as Trustee (incorporated by reference to Exhibit 4.1 of the registrant's Quarterly Report on Form 10-Q for period ending June 28, 2002 filed with the Commission on August 14, 2002).
+4.6	Indenture dated May 29, 2002 for 11 1/4% Senior Notes due 2008 by and among ACL, ACL Capital Corp., the Subsidiary Guarantors (defined therein) party thereto and The Bank of New York, as Trustee (incorporated by reference to Exhibit T3C filed with Amendment No. 1 to the registrant's Application for Qualification of Indenture Under the Trust Indenture Act of 1939 on Form T-3, filed with the Commission on May 29, 2002 (File No. 022-28597)).
+4.7	Indenture dated May 29, 2002 for 12% Pay-In-Kind Senior Subordinated Notes due 2008 by and among ACL, ACL Capital Corp., the Subsidiary Guarantors (defined therein) party thereto and The Bank of New York, as Trustee (incorporated by reference to Exhibit T3C filed with Amendment No. 1 to the registrant's Application for Qualification of Indenture Under the Trust Indenture Act of 1939 on Form T-3, filed with the Commission on May 29, 2002 (File No. 022-28598)).

EXHIBIT NO.	DESCRIPTION
+4.8	Credit Agreement dated as of June 30, 1998 among ACL, the Parent, the Lenders (as defined therein) and The Chase Manhattan Bank, as issuing bank, as administrative agent, as security trustee and as collateral agent ("Credit Agreement") (incorporated by reference to Exhibit 10.1 of the registrant's Registration Statement on Form S-4, as amended (Registration No. 333-62227)).
+4.9	Amendment No. 1, Waiver and Agreement dated as of January 29, 1999 to Credit Agreement (incorporated by reference to Exhibit 10.14 of the registrant's 2000 Annual Report on Form 10-K filed with the Commission on March 29, 2001).
+4.10	Amendment and Waiver No. 2 dated as of December 13, 1999 to Credit Agreement (incorporated by reference to Exhibit 10.15 of the registrant's 2000 Annual Report on Form 10-K filed with the Commission on March 29, 2001).
+4.11	Consent and Waiver No. 3 dated as of June 1, 2000 to Credit Agreement (incorporated by reference to Exhibit 10.16 of the registrant's 2000 Annual Report on Form 10-K filed with the Commission on March 29, 2001).

+4.12	Amendment No. 4, Consent and Waiver dated as of October 13, 2000 to Credit Agreement (incorporated by reference to Exhibit 10.17 of the registrant's 2000 Annual Report on Form 10-K filed with the Commission on March 29, 2001).
+4.13	Amendment No. 5, Waiver and Agreement dated as of December 29, 2000 to Credit Agreement (incorporated by reference to Exhibit 10.18 of the registrant's 2000 Annual Report on Form 10-K filed with the Commission on March 29, 2001).
+4.14	Forbearance Agreement dated as of February 22, 2002 among the Parent, ACL, the ACL subsidiary guarantors, the Lenders (as defined therein), and The JPMorgan Chase Bank, as administrative agent (incorporated by reference to Exhibit 10.20 of the registrant's 2001 Annual Report on Form 10-K filed with the Commission on March 28, 2002).
+4.15	Amendment Agreement dated as of April 11, 2002 among ACL, the Parent, the Lenders (as defined therein) party thereto and The JPMorgan Chase Bank, as issuing bank, as administrative agent, as security trustee and as collateral agent (incorporated by reference to Exhibit 10.1 of the registrant's Quarterly Report on Form 10-Q for the period ended June 28, 2002 filed with the Commission on August 14, 2002).
+4.16	Credit Agreement dated as of June 30, 1998, as Amended and Restated as of April 11, 2002, among ACL, the Parent, the Lenders (as defined therein) party thereto and The JPMorgan Chase Bank, as issuing bank, as administrative agent, as security trustee and as collateral agent (incorporated by reference to Exhibit 10.2 of the registrant's Quarterly Report on Form 10-Q for the period ended June 28, 2002 filed with the Commission on August 14, 2002).
+4.18	Amendment No. 1 and Agreement dated as of September 27, 2002 to the Amended and Restated Credit Agreement dated as of April 11, 2002 among ACL, the Parent, the Lenders (as defined therein) party thereto and The JPMorgan Chase Bank, as issuing bank, as administrative agent, as security trustee, and as collateral agent (incorporated by reference to Exhibit 10.1 of the registrant's Quarterly Report on Form 10-Q for the period ended September 27, 2002 filed with the Commission on November 12, 2002).
*+10.1	Employment Agreement between ACL and Daniel J. Marquitz dated October 19, 1998 (incorporated by reference to Exhibit 10.2 of the registrant's Registration Statement on Form S-4, as amended (Registration No. 333-62227)).
*+10.2	Employment Agreement between CSX and Michael C. Hagan dated February 1, 1995 (incorporated by reference to Exhibit 10.3 of the registrant's 1998 Annual report on Form 10-K filed with the Commission on March 25, 1999).
*+10.3	Stock Purchase and Loan Plan, as amended (incorporated by reference to Exhibit 10.14 of CSX's 1998 Annual Report on Form 10-K filed with the Commission on March 3, 1999).
*+10.4	1987 Long-Term Performance Stock Plan, as amended (incorporated by reference to Exhibit 10.15 of CSX's 1998 Annual Report on Form 10-K filed with the Commission on March 3, 1999).
*+10.5	1985 Deferred Compensation Program for Executives of CSX Corporation and Affiliated Companies, as amended (incorporated by reference to Exhibit 10.16 of CSX's 1997 Annual Report on Form 10-K filed with the Commission on March 3, 1999).

EXHIBIT

NO.	DESCRIPTION
*+10.6	Supplementary Savings Plan and Incentive Award Deferral Plan for Eligible Executives of CSX Corporation and Affiliated Companies, as amended (incorporated by reference to Exhibit 10.17 of CSX's 1998 Annual Report on Form 10-K filed with the Commission on March 3, 1999).
*+10.7	Special Retirement Plan of CSX Corporation and Affiliated Companies, as amended (incorporated by reference to Exhibit 10.18 of CSX's 1997 Annual Report on Form 10-K filed with the Commission on March 3, 1999).
*+10.8	Supplemental Retirement Plan of CSX Corporation and Affiliated Companies, as amended (incorporated herein by reference to Exhibit 10.19 of CSX's 1997 Annual Report on Form 10-K filed with the Commission on March 3, 1998).
*+10.9	American Commercial Lines, Inc. Severance Pay Plan (incorporated by reference to Exhibit 10.10 of the registrant's 1998 Annual Report on Form 10-K filed with the Commission on March 25, 1999).
*+10.10	American Commercial Barge Line Company Salary Continuation Plan, as amended (incorporated by reference to Exhibit 10.11 of the registrant's 1998 Annual Report on Form 10-K filed with the Commission on March 25, 1999).
*+10.11	Employment Agreement between ACL and David Wagstaff III dated June 25,1999 (incorporated by reference to Exhibit 10.1 of the registrant's Quarterly Report on Form 10-Q for the period ending July 2, 1999 filed with the Commission on August 10, 1999).
*+10.12	Consulting Agreement between ACL and David Wagstaff III dated October 1, 1999 (incorporated by reference to Exhibit 10.13 of the registrant's 1999 Annual Report on Form 10-K filed with the Commission on March 30, 2000).
+10.13	Receivables Purchase Agreement between American Commercial Lines Funding Corporation, as Seller, American Commercial Barge Line LLC, as Servicer, Jupiter Securitization Corporation, as a Purchaser, The Financial Institutions from time to time party thereto, as Purchasers and Bank One, NA (Main Office Chicago), as Agent, dated as of May 24, 2002 (incorporated by reference to Exhibit 10.3 of the registrant's Quarterly Report on Form 10-Q for the period ended June 28, 2002 filed with the Commission on August 14, 2002).
+10.14	First Amendment to Receivables Purchase Agreement dated as of November 11, 2002 between American Commercial Lines Funding Corporation, as Seller, American Commercial Barge Line LLC, as Servicer, the financial institutions from time to time party to the Receivables Purchase Agreement, as bank inventors, Jupiter Securitization Corporation (together with the bank investors, the Purchaser) and Bank One, NA (Main Office Chicago), as agent (incorporated by reference to Exhibit 10.2 of the registrant's Quarterly Report on Form 10-Q for the period ended September 27, 2002 filed with the Commission on November 12, 2002).
+10.15	Receivables Sales Agreement between American Commercial Barge Line LLC, as an Originator, American Commercial Terminals LLC, as an Originator, and American Commercial Lines Funding Corporation, as Buyer, dated as of May 24, 2002 (incorporated by reference to Exhibit 10.4 of the registrant's Quarterly Report on Form 10-Q for the period ended June 28, 2002 filed with the Commission on August 14, 2002).
*+10.16	Management Agreement between ACL and Michael C. Hagan dated May 29, 2002 (incorporated by reference to Exhibit 10.5 of the registrant's Quarterly Report on Form 10-Q for the period ended June 28, 2002 filed with the Commission on August 14, 2002).

*+10.17	Management Agreement between ACL and James J. Wolff dated May 29, 2002 (incorporated by reference to Exhibit 10.6 of the registrant's Quarterly Report on Form 10-Q for the period ended June 28, 2002 filed with the Commission on August 14, 2002).
*+10.18	Amendment of the Special Retirement Plan of ACL dated May 22, 2002 (incorporated by reference to Exhibit 10.7 of the registrant's Quarterly Report on Form 10-Q for the period ended June 28, 2002 filed with the Commission on August 14, 2002).
*+10.19	Amendment of the Supplemental Savings Plan of Eligible Executives of ACL dated May 22, 2002 (incorporated by reference to Exhibit 10.8 of the registrant's Quarterly Report on Form 10-Q for the period ended June 28, 2002 filed with the Commission on August 14, 2002).

EXHIBIT NO.	DESCRIPTION
*+10.20	Release and Waiver of Employment and Termination of Employment Claims between American Commercial Barge Line LLC and Michael A. Khouri dated August 22, 2002 (incorporated by reference to Exhibit 10.3 of the registrant's Quarterly Report on Form 10-Q for the period ended September 27, 2002 filed with the Commission on November 12, 2002).
*+10.21	Employment Agreement between American Commercial Barge Line LLC and R. Barry Uber dated July 11, 2001 (incorporated by reference to Exhibit 10.19 of the registrant's 2001 Annual Report on Form 10-K filed with the Commission on March 28, 2002).
*10.22	Employment Agreement between ACL and Robert P. Herre dated August 11, 2000.
21.1	Subsidiaries of ACL.
99.1	Risk Factors.
99.2	Certification pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 from Michael C. Hagan, Chief Executive Officer of ACL.
99.3	Certification pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 from James J. Wolff, Chief Financial Officer of ACL.

\+ Not filed herewith. In accordance with Rule 12b-32 of the General Rules and Regulations under the Securities and Exchange Act of 1934, reference is made to the document previously filed with the Commission.

* Management Contract or Compensatory Plan or Arrangement.

(b) Reports on Form 8-K: Concurrently with the filing of ACL's Quarterly Report on Form 10-Q for the quarterly period ended September 27, 2002, ACL filed a Current Report on Form 8-K on November 12, 2002, which contained the Sarbanes-Oxley Act of 2002, Section 906 Certifications from Michael C. Hagan, Chief Executive Officer of ACL, and James J. Wolff, Chief Financial Officer of ACL.

(c) Exhibits: See Index to Exhibits.

(d) All financial statements and schedules except those items listed under Item

15(a)(1) and (2) above are omitted because they are not applicable, or are not required, or because the required information is included in the financial statements or notes thereto.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this Report to be signed on its behalf by the undersigned, thereunto duly authorized.

American Commercial Lines LLC
(Registrant)

By: /s/ MICHAEL C. HAGAN
Michael C. Hagan
President and Chief Executive Officer

March 27, 2003

Pursuant to the requirements of the Securities Exchange Act of 1934, this Report has been signed below by the following persons on behalf of the Registrant and in the capacities indicated on March 27, 2003.

NAME	TITLE
/s/ MICHAEL C. HAGAN Michael C. Hagan	President, Chief Executive Officer Chairman of ACL Board of Managers (Principal Executive Officer)
/s/ JAMES J. WOLFF James J. Wolff	Senior Vice President, Chief Financial Officer and Member of ACL Board of Managers (Principal Financial and Accounting Officer)
/s/ L. STEPHENS BAIRD L. Stephens Baird	Vice President, Treasurer and Member of ACL Board of Managers

CERTIFICATIONS

I, Michael C. Hagan, Chief Executive Officer of American Commercial Lines LLC ("ACL"), the registrant, certify that:

1. I have reviewed this annual report on Form 10-K of ACL;

2. Based on my knowledge, this annual report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this annual report;

3. Based on my knowledge, the financial statements, and other financial information included in this annual report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this annual report;

4. The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-14 and 15d-14) for the registrant and have:

a) designed such disclosure controls and procedures to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this annual report is being prepared;

b) evaluated the effectiveness of the registrant's disclosure controls and procedures as of a date within 90 days prior to the filing date of this annual report (the "Evaluation Date"); and

c) presented in this annual report our conclusions about the effectiveness of the disclosure controls and procedures based on our evaluation as of the Evaluation Date;

5. The registrant's other certifying officers and I have disclosed, based on our most recent evaluation, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent functions):

a) all significant deficiencies in the design or operation of internal controls which could adversely affect the registrant's ability to record, process, summarize and report financial data and have identified for the registrant's auditors any material weaknesses in internal controls; and

b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal controls; and

6. The registrant's other certifying officers and I have indicated in this annual report whether there were significant changes in internal controls or in other factors that could significantly affect internal controls subsequent to the date of our most recent evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses.

/s/ MICHAEL C. HAGAN

Michael C. Hagan
Chief Executive Officer/
Principal Executive Officer
(Signature and Title)

Date: March 27, 2003

I, James J. Wolff, Chief Financial Officer of American Commercial Lines LLC ("ACL"), the registrant, certify that:

1. I have reviewed this annual report on Form 10-K of ACL;

2. Based on my knowledge, this annual report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this annual report;

3. Based on my knowledge, the financial statements, and other financial information included in this annual report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this annual report;

4. The registrant's other certifying officers and I are responsible for

establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-14 and 15d-14) for the registrant and have:

a) designed such disclosure controls and procedures to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this annual report is being prepared;

b) evaluated the effectiveness of the registrant's disclosure controls and procedures as of a date within 90 days prior to the filing date of this annual report (the "Evaluation Date"); and

c) presented in this annual report our conclusions about the effectiveness of the disclosure controls and procedures based on our evaluation as of the Evaluation Date;

5. The registrant's other certifying officers and I have disclosed, based on our most recent evaluation, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent functions):

a) all significant deficiencies in the design or operation of internal controls which could adversely affect the registrant's ability to record, process, summarize and report financial data and have identified for the registrant's auditors any material weaknesses in internal controls; and

b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal controls; and

6. The registrant's other certifying officers and I have indicated in this annual report whether there were significant changes in internal controls or in other factors that could significantly affect internal controls subsequent to the date of our most recent evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses.

/s/ JAMES J. WOLFF

James J. Wolff
Chief Financial Officer/
Principal Financial Officer
(Signature and Title)

Date: March 27, 2003

UABL LIMITED

CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2002, 2001, AND
FOR THE PERIOD OCTOBER 24 (INCEPTION DATE) THROUGH DECEMBER 31, 2000
WITH REPORT OF INDEPENDENT AUDITORS

UABL LIMITED

INDEX TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2002, 2001, AND
FOR THE PERIOD OCTOBER 24 (INCEPTION DATE) TO DECEMBER 31, 2000

CONTENTS

	PAGE
Report of Independent Auditors (for 2002).....	96
Report of Independent Auditors (for 2001 and 2000).....	97
Financial statements	
Consolidated balance sheets as of December 31, 2002 and 2001.....	98
Consolidated statements of operations for the years ended December 31, 2002, 2001 and for the period October 24 (Inception date) through December 31, 2000.....	99
Consolidated statements of changes in shareholders' equity for the years ended December 31, 2002, 2001 and for the period October 24 (Inception date) through December 31, 2000.....	100
Consolidated statements of cash flows for the years ended December 31, 2002, 2001 and for the period October 24 (Inception date) through December 31, 2000.....	101
Notes to consolidated financial statements for the years ended December 31, 2002, 2001 and for the period October 24 (Inception date) through December 31, 2000.....	102

REPORT OF INDEPENDENT AUDITORS

To the Board of Directors of
UABL LIMITED:

We have audited the consolidated balance sheet of UABL LIMITED as of December 31, 2002, and the related consolidated statements of operations, shareholders' equity and cash flows for the year then ended. These statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit. The consolidated financial statements of UABL LIMITED as of December 31, 2001 and for the year ended December 31, 2001 and for the period of October 24 (Inception date) to December 31, 2000, were audited by other auditors who have ceased operations as a foreign associated firm of the Securities and Exchange Commission Practice Section of the American Institute of Certified Public Accountants and whose reported dated March 26, 2002, expressed an unqualified opinion on those statements.

We conducted our audit in accordance with auditing standards generally accepted in the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of UABL LIMITED as of December 31, 2002, and the consolidated results of its operations and its cash flows for the year then ended, in conformity with accounting principles generally accepted in the United States.

PISTRELLI, DIAZ Y ASOCIADOS S.R.L.
Member of Ernst and Young Global

MARIANA FILAS

Partner

Buenos Aires, Argentina
February 28, 2003

96

The following is a copy of the audit report previously issued by PISTRELLI, DIAZ Y ASOCIADOS (member of Andersen) in connection with UABL LIMITED's December 31, 2001 and 2000 financial statements. This audit report has not been reissued by PISTRELLI, DIAZ Y ASOCIADOS in connection with this filing on Form 10-K.

REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS

To the Board of Directors of
UABL LIMITED:

We have audited the accompanying consolidated balance sheets of UABL LIMITED and its subsidiaries, a company incorporated under Bahamas legislation (the Company), as of December 31, 2001 and 2000, and the related consolidated statements of income (loss), changes in stockholders' equity and cash flows for the year ended December 31, 2001 and for the period of October 24 (Inception date) to December 31, 2000. These statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing generally accepted standards in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of UABL LIMITED as of December 31, 2001 and 2000, and the results of its operations and its cash flows for the year ended December 31, 2001 and for the period of October 24 (Inception date) to December 31, 2000, in accordance with generally accepted accounting principles in the United States.

PISTRELLI, DIAZ Y ASOCIADOS
Member of Andersen

MARIANA FILAS
Partner

Buenos Aires, Argentina
March 26, 2002

97

UABL LIMITED

CONSOLIDATED BALANCE SHEETS
AS OF DECEMBER 31, 2002 AND 2001

	DECEMBER 31,	
	2002	2001

	(STATED IN THOUSANDS OF U.S. DOLLARS)	
ASSETS		
Current Assets		
Cash and cash equivalents	321	106
Investments	86	--
Accounts receivable, net of allowance for doubtful accounts of 265 and 312 in 2002 and 2001, respectively	2,386	3,691
Due from affiliates	353	17,295
Inventories	1,052	1,465
Prepaid expenses	645	1,772
Other receivables	1,450	2,631
Deferred tax asset	595	--
Total current assets	6,888	26,960
Noncurrent Assets		
Other receivables	96	--
Investments	100	--
Due from affiliates	2,229	--
Investment in affiliates	--	3,809
Property and equipment, net	80,915	77,883
Total noncurrent assets	83,340	81,692
Total Assets	90,228	108,652
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current Liabilities		
Accounts payable and accrued expenses	1,781	3,040
Due to affiliates	15,496	28,449
Other payables	928	809
Current portion of long-term debt and capital lease obligations	2,722	1,366
Total current liabilities	20,927	33,664
Noncurrent Liabilities		
Long-term debt, less current portion	6,678	8,464
Capital lease obligations, less current portion	1,527	--
Total noncurrent liabilities	8,205	8,464
Total Liabilities	29,132	42,128
Shareholders' Equity		
Common stock, $1 par value, 10,000 shares authorized, issued and outstanding	10	10
Additional paid-in capital	74,549	77,514
Accumulated deficit	(13,463)	(11,000)
Total shareholders' equity	61,096	66,524
Total Liabilities and Shareholders' Equity	90,228	108,652

See accompanying notes.

UABL LIMITED

CONSOLIDATED STATEMENTS OF OPERATIONS

FOR THE YEARS ENDED DECEMBER 31, 2002 AND 2001 AND
FOR THE PERIOD OCTOBER 24 (INCEPTION DATE) THROUGH DECEMBER 31, 2000

	YEAR / PERIOD ENDED DECEMBER 31,		
	2002 (365 DAYS)	2001 (365 DAYS)	2000 (69 DAY
	(STATED IN THOUSANDS OF U.S. DOLLAR		
Revenue			
Revenues	31,440	35,933	3,99
Revenues from related parties	895	4,027	64
Management fee from related parties	13,784	15,055	1,94
Other revenues	941	1,566	-
Total revenue	47,060	56,581	6,58
Operating Expenses(1)			
Port expenses	(3,902)	(5,671)	(1,26
Boat costs	(13,163)	(18,968)	(3,34
Barge costs	(4,257)	(4,597)	(1,11
Charter hire from related parties	(19,755)	(22,399)	(2,94
Depreciation of property and equipment	(4,070)	(3,259)	(68
Administrative expenses	(3,565)	(5,219)	(64
Total operating expenses	(48,712)	(60,113)	(9,99
Operating loss	(1,652)	(3,532)	(3,41
Other Income (Expenses), Net			
Investment in affiliates	(99)	(83)	(8
Interest expense	(997)	(282)	-
Foreign exchange gains	83	513	-
Total other income (expenses), net	(1,013)	148	(8
Loss before tax on minimum presumed income and income tax for the year	(2,665)	(3,384)	(3,50
Tax on minimum presumed income for the year	(200)	(725)	(9
Income taxes	402	--	-
Settlement of tax contingency	--	(3,292)	-
Net loss	(2,463)	(7,401)	(3,59

---

(1) In addition to charter hires from related parties, operating expenses included 1,206 and 3,226 in 2002 and 2001, respectively, related to charges from related parties.

See accompanying notes.

UABL LIMITED

CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2002 AND 2001 AND
FOR THE PERIOD OCTOBER 24 (INCEPTION DATE) THROUGH DECEMBER 31, 2000

BALANCE	COMMON STOCK	ADDITIONAL PAID-IN CAPITAL	ACCUMULATED DEFICIT	TOTAL
	(STATED IN THOUSANDS OF U.S. DOLLARS)			
October 24, 2000	10	74,395	--	74,405
Net loss for the period (69 days)	--	--	(3,599)	(3,599
December 31, 2000	10	74,395	(3,599)	70,806
Additional paid-in capital	--	3,119	--	3,119
Net loss for the year	--	--	(7,401)	(7,401
December 31, 2001	10	77,514	(11,000)	66,524
Spin off approved by the shareholders on August 15, 2002	--	(2,965)	--	(2,965
Net loss for the year	--	--	(2,463)	(2,463
December 31, 2002	10	74,549	(13,463)	61,096

See accompanying notes.

UABL LIMITED

CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2002 AND 2001 AND
FOR THE PERIOD OCTOBER 24 (INCEPTION DATE) THROUGH DECEMBER 31, 2000

	YEAR/PERIOD ENDED DECEMBER 31,		
	2002 (365 DAYS)	2001 (365 DAYS)	2000 (69 DAY
	(STATED IN THOUSANDS OF U.S. DOLLAR		
Cash Flows from Operating Activities			
Net loss	(2,463)	(7,401)	(3,59
Adjustments to reconcile net loss to net cash provided by (used in) operating activities:			
Depreciation of property and equipment	4,070	3,259	68
Loss from investment in affiliates	99	83	8
Income from sales of property and equipment	--	(2)	-
Changes in assets and liabilities, net:			
(Increase) decrease in assets:			
Accounts receivable	1,305	2,029	(3,15
Due from affiliates	16,871	(16,811)	(48
Inventories	413	96	(1,56
Prepaid expenses	1,127	(1,157)	(61
Other receivables	1,235	1,260	2,34
Increase (decrease) in liabilities:			
Accounts payable and accrued expenses	(1,259)	(4,055)	4,36
Due to affiliates	(12,498)	27,436	1,01
Other payables	119	(530)	(9
Net cash provided by (used in) operating activities	9,019	4,207	(1,00
Cash Flows from Investing Activities			
Proceeds from property and equipment	597	53	
Loans granted to related parties	(2,158)	--	-
Investment in certificate of deposit	(186)	607	(60

Purchases of property and equipment	(7,699)	(17,145)	-
Investment in affiliate	--	(2,461)	-
Net cash used in investing activities	(9,446)	(18,946)	(60
Cash Flows from Financing Activities			
Proceeds from issuance of long-term debt	5,594	10,100	-
Repayment of long-term debt	(4,497)	(270)	-
Repayment of loans due to related parties	(455)	--	-
Capital contribution	--	3,119	-
Net cash provided by financing activities	642	12,949	-
Net increase (decrease) in cash and cash equivalents	215	(1,790)	(1,61
Cash and cash equivalents at beginning of year	106	1,896	3,50
Cash and cash equivalents at end of year	321	106	1,89
Supplemental cash flow information:			
Interest paid	715	57	
Income taxes paid	100	569	8

See accompanying notes.

UABL LIMITED

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(STATED IN THOUSANDS OF U.S. DOLLARS)

1. CORPORATE ORGANIZATION AND NATURE OF OPERATIONS

ORGANIZATION

ACBL Hidrovias Ltd. ("ACBLH"), a subsidiary of American Commercial Lines LLC ("ACL"), and UP River (Holdings) Ltd. ("UP River"), a Bahamian corporation and wholly-owned subsidiary of Ultrapetrol (Bahamas) Limited ("Ultrapetrol"), individually and through their subsidiaries, owned certain vessels, land-based assets, permits and contracts of affreightment, which they used to operate a river transportation business on the Parana, Paraguay and Uruguay Rivers in Argentina, Bolivia, Brazil, Paraguay and Uruguay.

The respective Boards of Directors of ACBLH and UP (collectively, the "Parties") decided to combine the businesses of ACBLH and UP into a new business entity, UABL Limited ("the Company" or "UABL Limited"), and for that purpose executed a Consolidation Agreement ("the Consolidation Agreement") on October 18, 2000 (the "Closing Date"). As a result of the business combination, the Company was organized and registered as a Bahamian corporation on October 18, 2000. The Company has an authorized capital stock of 10,000 shares, with a par value of $1 per share and is owned equally by UP and ACBLH and its affiliates. These contributions were recorded at the historical cost basis of the related entities or assets.

On the Closing Date and in accordance with the Consolidation Agreement, UABL S.A. ("UABL SA"; formerly ACBL Hidrovias S.A.), under Argentinean legislation and UP River, under Bahamian legislation, were contributed to the Company by ACBLH and UP River, respectively. Additionally, the parties contributed equipment, cash and certain time charter contracts involving certain vessels to the Company on the Closing Date.

Lonehort S.A. ("Lonehort") a ship management company serving the boats, barges and other marine equipment of the Company was created in October 2000. UABL Limited is its sole shareholder (100% interest).

As of December 31, 2002, 2001 and 2000 the consolidated financial statements include the accounts of the Company and its subsidiaries described as follows:

COMPANY	ORIGIN	2002	2001	2000
Thurston Shipping Inc. ("Thurston").....	Panamanian	100%	100%	100%
UABL International S.A. ("UABL International").....	Panamanian	100%	100%	100%
UABL S.A.....	Argentinian	100%	100%	100%
Sernova S.A. ("Sernova").....	Argentinian	100%	100%	100%
UABL Paraguay S.A. ("UABL Paraguay").....	Paraguayan	100%	100%	100%
Riverpar S.A. ("Riverpar").....	Paraguayan	100%	100%	--
Yataiti S.A. ("Yataiti").....	Paraguayan	100%	100%	--
ACBL del Paraguay S.A. ("ACBL del Paraguay").....	Paraguayan	100%	100%	--
Lonehort S.A. ("Lonehort").....	Panamanian	100%	100%	100%
UABL Barges (Panama) Inc. ("UABL Barges").....	Panamanian	100%	--	--

RECENT DEVELOPMENTS

Argentina

Approximately 17% of the Company's revenues are generated from its Argentine subsidiaries which also hold approximately 44% of the consolidated assets of the Company. Argentina has undergone major economic, political and social changes in the last several years, including significant economic changes in December 2001 and throughout 2002. Most importantly, in January 2002 the government eliminated the prior convertibility

law which had been in place since 1991 through which the Argentine peso was traded at one peso per U.S. dollar. Beginning in February 2002 the government established a single market for all foreign exchange transactions at a single free-floating exchange rate. Subsequent to this change the Argentine peso devalued significantly and as of December 31, 2002 the peso was trading on one peso per 3.32 U.S. dollars.

In addition to the above changes the government also converted all debts denominated in U.S. dollars or other foreign currencies in the financial system to pesos at the exchange rate of one peso per US$1.00. There were also various other banking and foreign payment restrictions which were substantially lifted in 2002.

The majority of the Argentine subsidiary's revenues are denominated and collected in U.S. dollars. In addition, the Company does not have financial loans denominated in pesos in Argentina. Accordingly, the above economic changes in Argentina did not significantly adversely affect the Company. The most significant impact related to the reduction of the U.S. dollar equivalent value of the Company's peso denominated operating expenses.

Notwithstanding the above, the Argentine government continues to make changes in the country which could affect the Company's Argentine operations.

Paraguay

Approximately 31% of the Company's revenues are generated from its Paraguayan subsidiaries which also hold approximately 25% of the consolidated assets of the Company. Paraguay has undergone certain economic, political and

social changes in the last several years, including an approximate 50% devaluation of the Guaranii (monetary unit in Paraguay) in 2002.

The majority of the Paraguayan subsidiaries' revenues are denominated and collected in U.S. dollars. In addition, the Company does not have financial loans denominated in guarani in Paraguay. Accordingly, the above economic changes in Paraguay did not significantly adversely affect the Company. The most significant impact related to the reduction of the U.S. dollar equivalent value of the Company's guarani denominated operating expenses.

Notwithstanding the above, future economic changes in Paraguay could affect the Company's subsidiaries and operations in this country.

2. SIGNIFICANT ACCOUNTING POLICIES

A) BASIS OF PRESENTATION AND PRINCIPLES OF CONSOLIDATION

The consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States ("US GAAP").

The consolidated financial statements include the accounts of the Company and its subsidiaries all of which are wholly-owned. Significant intercompany accounts and transactions have been eliminated in consolidation.

Certain reclassifications have been made to December 31, 2001 and 2000 amounts to conform with December 31, 2002 presentation.

B) FOREIGN-CURRENCY REMEASUREMENT

The Company uses the US dollar as its functional currency. The majority of the Company's sales are billed and collected in U.S. dollars and all financing is in U.S. dollars.

All monetary assets and liabilities not denominated in US dollars have been remeasured into US dollars using the exchange rates in effect at the balance sheet date. Operations statement amounts have been translated using the average exchange rate for each month. Gains or losses resulting from foreign currency measurements are included in the operations statement for the same year.

C) INVESTMENTS

As of December 31, 2002, this account includes a certificate of deposit in Citibank N.A., Paraguay.

D) OTHER RECEIVABLES

This account mainly includes claims receivables, tax credits for VAT and income tax witholdings as of December 31, 2002 and 2001.

E) INVENTORIES

This account includes fuel, lubricants and spare parts, which were accounted for at the lower of cost or market. The amounts for each item were as follows:

	2002	2001

Spare parts	696	995
Fuel	356	470
Total	1,052	1,465

F) PREPAID EXPENSES

This account includes prepaid insurance, charter expenses and advances to suppliers.

G) PROPERTY AND EQUIPMENT

Property and equipment, which is principally comprised of river barges, tugboats and river equipment is stated on the basis of cost. This cost includes the purchase price and all directly attributable costs for the asset to be in working condition. Maintenance and repair costs are expensed as incurred.

The barges and tugboats are considered to have useful lives of 35 years from the date on which they were built. The depreciation amount is calculated net from the scrap value of the barges and tugboats (5% of the acquisition cost). River equipment is considered to have a useful life of 15 years. Depreciation for all property and equipment is recorded by the straight-line method over the estimated useful lives of the related assets.

Long-lived assets are reviewed for impairment in accordance with SFAS No. 144, "Accounting for the Impairment or Disposal of Long-lived Assets", whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. If the sum of the expected future undiscounted cash flows is less than the carrying amount of the asset, a loss is recognized for the difference between the fair value and carrying value of the asset. There was no impairment in 2002.

H) INVESTMENT IN AFFILIATES

This account included the Company's 50% interest in Obras Terminales y Servicios S.A. ("OTS"), and 50% in Puertos del Sur S.A., through UABL Paraguay.

These investments were accounted for by the equity method.

During the year the Company contributed its equity share of these companies to UABL Terminals. Refer to Note 4.

I) ACCOUNTS PAYABLE AND ACCRUED EXPENSES

This account mainly includes payables to agents and suppliers.

J) OTHER PAYABLES

This account mainly includes salaries, social security payables, taxes payable and accruals.

K) REVENUE RECOGNITION

Barge transportation revenues are recognized daily as earned from charters over the period of the respective agreements.

L) USE OF ESTIMATES

The preparation of the consolidated financial statements in accordance with US GAAP requires management to make estimates and assumptions that affect reported amounts in the consolidated financial statements and accompanying notes. Actual results could differ from those estimated.

M) COMPREHENSIVE INCOME

According to SFAS No. 130, the Company is required to disclose separately the changes in shareholders' equity, other than net income (loss) and transactions with shareholders, defined as other comprehensive income. The Company has no items of other comprehensive income to report. The comprehensive income only includes the net income (loss) for the year.

N) FAIR VALUE OF FINANCIAL INSTRUMENTS

The fair value of the Company's financial instruments, which include cash and cash equivalents, investments, accounts receivable and accounts payable and long and short-term debt, approximates carrying value.

O) CASH AND CASH EQUIVALENTS

Cash and cash equivalents include highly-liquid, temporary cash investments with original maturities of three months or less when purchased.

P) ALLOWANCE FOR DOUBTFUL ACCOUNTS

Changes in allowance for doubtful accounts for the years ended December 31, 2002 and 2001 are as follows:

	DECEMBER 31,	
	2002	2001
Balance at January 1,.....	312	355
Provision.....	108	312
Amounts written off.....	(110)	(355)
Amounts recovered.....	(45)	--
Balance at December 31,.....	265	312

Changes in allowance for doubtful accounts for the period October 24, 2000 to December 31, 2000 are as follows:

Balance at October 24, 2000.....	--
Provision.....	355
Balance at December 31, 2000.....	355

3. PROPERTY AND EQUIPMENT

The capitalized cost of property and equipment and the related accumulated

depreciation as of December 31, 2002 and 2001 is as follows:

	DECEMBER 31,	
	2002	2001
Boats and tug boats	7,978	5,185
Barges	77,731	74,994
Improvements in third's parties assets	2,691	--
Vehicles	89	82
Equipment	3,443	3,346
Furniture & fixtures	981	964
Land & operating base	2,730	2,622
Work in progress	126	1,787
Prepayment to suppliers	281	--
	96,050	88,980
Less accumulated depreciation	(15,135)	(11,097)
Total	80,915	77,883

4. SPIN-OFF OF EQUITY INVESTMENT

In 2002 the shareholders of UABL Limited decided to spin-off their equity interest in OTS SA and Puertos del Sur SA to UABL Terminals. UABL Terminals is owned by the same ultimate shareholders as UABL Limited. Accordingly, since the transaction was between entities under common ownership, the transaction was accounted for at historical cost and no gain or loss was recognized.

5. COMMITMENTS AND CONTINGENCIES

a) CONSOLIDATION AGREEMENT

According to the provisions of the Consolidation Agreement, UABL Limited shall not be obligated or become liable for any obligation or liability, known or unknown, fixed, contingent or otherwise of UP, UP River or the Subsidiaries of UP and ACBLH, UABL SA, arising prior to October 24, 2000 in connection with any vessel, or any vessel chartered to UABL Limited, in connection with or arising out of or resulting events occurring prior to that date, without limitation, any liability arising in connection with any environmental liabilities, legal violations, litigation, employee claims, loan agreements or other indebtedness, any tax, or any other liabilities, obligations, or exception to any representation or warranty. UABL Limited shall not assume, and UP and ACBLH shall severally indemnify UABL Limited against such liabilities.

In addition, pursuant to the mentioned Consolidation Agreement, all claims, severance benefits, costs, and other expenses, social security taxes, charges and contributions and other costs incurred by UABL SA or UP River, or subsidiary of UP River, in connection with an employee employed by the Company and subsequently terminated by the Company shall be paid by the Company to, or on behalf of ACBLH or UP, as the case may be; provided, that the maximum amount that the Company shall be required to pay to or on behalf of parent companies in respect of any of the mentioned costs in the aggregate, shall be 1,800. ACBLH and UP agreed to fully indemnify the Company against such liabilities over the mentioned amount.

During 2000 the Argentine tax authority served a notice to UABL SA with the purpose of verifying the latter's compliance with transfer pricing regulations for transactions with related companies for the period prior to the organization of UABL Limited, i.e. during 1996, 1997, 1998 and 1999, among other things.

In light of the above, the Company amended its income tax returns for the above-mentioned years charging a loss of 3,292 to UABL SA's income statement (consisting of a tax loss of 2,270, interest expense for 1,487 and a gain on the sale of government bonds of 465). In compliance with the contract provision described above, ACBLH compensated UABL Limited in the amount of 3,119 causing a net decrease of 173, in the shareholders equity.

According to US GAAP, this compensation was accounted for as additional paid-in capital and was not offset against the loss generated by the tax liability.

b) TEMPORARY IMPORT OF GOODS

As of December 31, 2002, the Company had fixed assets imported temporarily into Argentina for 4,773.

In accordance with the prevailing tax legislation in Argentina, the deadline and time limit for paying the applicable import duties definitively expires three years after goods, including marine equipment, are brought into the country. The Company obtained an extension from the Argentinean tax authorities for the assets imported in 1996, 1997 and 1998, which had expired during 2002. The Company reexported those assets during January 2003.

c) LEASES

The Company leases a boat and sixteen barges under capital leases until 2006.

Property and equipment includes the following amounts for leases that have been capitalized at December 31, 2002:

Boat	1,543
Barges	2,518
	4,061
Less accumulated depreciation	(168)
	3,893

The Company recorded depreciation expense in the amount of 168 on assets recorded under capital leases for the year ended December 31, 2002.

Under the charter agreements entered into by the parties, both UP and ACBLH lease certain vessels which were not contributed to the Company through the Consolidation Agreement. These operating leases expire in 2008.

The Company recorded charter hire expenses to related parties of 19,755, 22,399 and 2,944 for 2002, 2001 and 2000, respectively.

Future minimum payments under capital leases and noncancelable operating

leases with initial terms of one year or more consisted of the following as of December 31, 2002:

	CAPITAL LEASES	OPERATING LEASES -- RELATED PARTIES
2003	732	20,068
2004	732	20,068
2005	732	20,068
2006	183	20,068
2007	--	20,068
2008	--	4,947
Total minimum lease payments	2,379	105,287
Amount representing interest	(241)	
Present value of net minimum lease payments (including current portion of 611)	2,138	

D) OTHER

10% of the Company's employees are covered by a collective bargaining agreement.

E) CONTINGENCIES

The Company is subject to legal proceedings, claims and contingencies arising in the ordinary course of business. When such amounts can be estimated and are probable, management accrues the corresponding

liability. While the ultimate outcome of lawsuits or other proceedings against the Company cannot be predicted with certainty, management does not believe the costs of such actions will have a material effect on the Company's consolidated financial position or results of operations.

6. INCOME TAXES

As the earnings from shipping operations of UABL International and Thurston are derived from sources outside of Panama, such earnings are not subject to Panamanian taxes.

UABL Paraguay, ACBL del Paraguay, Yataiti and Riverpar are subject to Paraguayan corporate income taxes. UABL SA and Sernova are subject to Argentine corporate income taxes.

In Argentina the tax on minimum presumed income ("TOMPI") supplements income tax since it applies a minimum tax on the potential income from certain income generating-assets at a 1% tax rate. The Company's tax obligation in any given year will be the higher of these two tax amounts. However, if in any given tax year tax on minimum presumed income exceeds income tax, such excess may be computed as payment on account of any excess of income tax over TOMPI that may arise in any of the ten following years.

The Company accounts for income taxes under the liability method in accordance with SFAS No. 109 "Accounting for Income Taxes".

Under this method, deferred tax assets and liabilities are established for temporary differences between the financial reporting basis and the tax basis of the Company's assets and liabilities at each year end. Deferred tax assets are recognized for all temporary items and an offsetting valuation allowance is recorded to the extent that it is not more likely than not that the asset will be realized.

UABL Limited's pre-tax income for 2002, 2001 and 2000 was taxed in foreign jurisdictions (Argentina and Paraguay).

The (benefit) provision for income taxes (which includes TOMPI) is comprised of:

	FOR THE YEAR/PERIOD ENDED DECEMBER 31,		
	2002	2001	2000
Current			
Argentina	211	725	95
Paraguay	182	--	--
Total current	393	725	95
Deferred			
Argentina	(464)	--	--
Paraguay	(131)	--	--
Total deferred	(595)	--	--
Total	(202)	725	95

Reconciliation of the tax (benefit) provision to taxes calculated based on the statutory tax rates is as follows:

	FOR THE YEAR ENDED/PERIOD DECEMBER 31,		
	2002	2001	2000
Pre-tax (loss)	(2,665)	(3,384)	(3,504)
Sources not subject to income tax	4,576	3,598	(5,303)
Items derived from permanent differences	200	(1,857)	7
	2,111	(1,643)	(8,800)
Statutory tax rate	35%	35%	35%
Tax provision (benefit)	739	(575)	(3,080)

Increase (decrease) in valuation allowances	(2,966)	575	3,080
Effects of foreign exchange changes	1,825	--	--
Tax on minimum presumed income	200	725	95
Income tax (benefit) provision	(202)	725	95

As of December 31, 2002 UABL SA had accumulated net operating loss carryforwards ("NOLs") totaling 3,543 that expire in 2005. The use of the NOLs will depend upon future taxable income in UABL SA in Argentina. For financial reporting purposes, the corresponding deferred tax asset of 1,240 has a valuation allowance of 776 to offset the deferred tax asset related to this NOL.

As of December 31, 2002, UABL SA had a credit related to TOMPI of 464 which expires 143 in 2010, 135 in 2011 and 186 in 2012. This tax credit is fully reserved.

In addition, ACBL del Paraguay had NOLs of 1,077, that expire in 2005. These NOL's are fully reserved. UABL Paraguay has NOL's of 507. The use of these NOLs will depend upon future taxable income in UABL Paraguay. For financial reporting purposes, the corresponding deferred tax asset of 152 has a valuation allowance of 52 to offset the deferred tax asset related to this NOL.

	2002	2001
Deferred tax assets		
NOLs	1,663	3,310
Due to affiliate	116	1,681
TOMPI credit	162	97
Other, net	95	77
Total deferred assets	2,036	5,165
Deferred tax liabilities		
Property and equipment	257	264
Other receivables	--	593
Account receivable, net	--	230
Other, net	--	17
Total deferred liabilities	257	1,104
Valuation allowance	(1,095)	(4,061)
Net deferred tax assets	595	--

7. RELATED-PARTY TRANSACTIONS

As of December 31, 2002 and 2001 the balances from related parties were as follows:

	2002	2001

ACCOUNTS RECEIVABLE FROM RELATED PARTIES		
CURRENT:		
Ultrapetrol SA	10	134
Ultrapetrol (Bahamas) Ltd.	--	1,087
Parfina SA	61	14
Oceanmarine	194	331
ACBLH(1)	10	9,207
Oceanpar	18	2
Princely International Finance Corp. and its wholly-owned subsidiaries	--	6,449
UABL Terminals Ltd	60	--
	353	17,224
LOANS DUE FROM RELATED PARTIES -- OTS S.A.	--	71
	353	17,295

---

(1) This entity is a subsidiary of ACL who is a 50% shareholder of the Company. See note 13 related to significant events at ACL.

	2002	2001
NONCURRENT:		
LOANS DUE FROM RELATED PARTIES(1)		
OTS SA	173	--
Puertos del Sur SA	2,056	--
	2,229	--
ACCOUNTS PAYABLE TO RELATED PARTIES		
Mansan SA	201	1,518
Ultrapetrol SA	678	57
Majestic Maritime Ltd.	185	--
Princely International Finance Corp. and its wholly-owned subsidiaries	3,497	9,729
ACBLH(2)	5,372	13,150
Oceanpar SA	1,777	--
Oceanmarine	63	--
Parfina	555	569
Louisiana Dock Company LLC	552	355
	12,880	25,378
LOANS DUE TO RELATED PARTIES(1)		
ACBLH(2)	1,375	1,350
Ultrapetrol (Bahamas) Ltd.	1,101	1,721
Ultrapetrol SA	140	--
	2,616	3,071
	15,496	28,449

---

(1) These loans accrue no interest and have no maturity date.

For the years ended December 31, 2002 and 2001 and for the period October, 24 through December 31, 2000, the transactions with related parties were as follows:

	2002 (365 DAYS)	2001 (365 DAYS)	2000 (69 DAYS)
REVENUES FROM RELATED PARTIES			
Parfina SA	424	1,777	266
Oceanpar SA	411	1,470	199
Ultrapetrol SA	--	449	30
ACBLH(2)	--	--	145
Oceanmarine	60	331	--
Total	895	4,027	640

(2) This entity is a subsidiary of ACL who is a 50% shareholder of the Company. See note 13 related to significant events at ACL.

	2002 (365 DAYS)	2001 (365 DAYS)	2000 (69 DAYS)
MANAGEMENT FEE REVENUE			
ACBLH(1)	7,185	7,709	1,457
Ultrapetrol (Bahamas) Ltd	912	913	173
Princely International Finance Corp. and its wholly-owned subsidiaries	5,687	6,433	--
Ultrapetrol SA	--	--	317
Total	13,784	15,055	1,947
Total revenues from related parties	14,679	19,082	2,587
OPERATING EXPENSES			
ACBLH(1)	10,097	11,539	2,089
Oceanpar SA	1,537	107	329
Mansan SA	1,205	1,432	224
Majestic Maritime Ltd	348	--	--
Ultrapetrol SA	621	154	134
Parfina SA	543	800	168
Lousiana Dock Company LLC	--	355	--
Oceanmarine SA	13	318	--
Princely International France Corp. and its wholly-owned subsidiaries	6,597	10,920	--
Total	20,961(2)	25,625(2)	2,944

CASH RECEIVED FROM (PAID TO) RELATED PARTIES RELATED TO LOANS DUE TO RELATED PARTIES, NET			
Ultrapetrol SA	140	--	--
Ultrapetrol (Bahamas) Ltd.	(620)	1,721	--
ACBLH(1)	25	1,950	--
Total	(455)	3,671	--
CASH PAID TO RELATED PARTIES RELATED TO LOANS DUE FROM RELATED PARTIES			
OTS SA	102	71	--
Puertos del Sur SA	2,056	--	--
Total	2,158	71	--
PROPERTY, SPARE PARTS AND EQUIPMENT ACQUISITIONS FROM RELATED PARTIES			
Oceanmarine SA	50	--	--
Louisiana Dock Company(1)	721	790	--
Total	771	790	--

---

(1) These entities are subsidiaries of ACL who is a 50% shareholder of the Company. See note 13 related to significant events at ACL.

(2) Includes 19,755 and 22,399 as of December 31, 2002 and 2001, respectively, related to the hire of certain vessels according to the Charter Party Agreement dated as of October 24, 2000 and 1,206 and 3,226 related to expense recovery and administrative service fees.

MANAGEMENT FEE REVENUE

Management fee relates to compensation for crew, maintenance and operation of certain vessels related to Ship Management Agreements dated as of October 24, 2000, between Lonehort S.A., ACBLH and Ultrapetrol Bahamas Ltd.

These agreements have a period of three years and can be extended at the option of ACBLH and Ultrapetrol Bahamas Ltd. for an additional three years and afterwards, an additional two years. The Management fees are stipulated in the related contracts for each specific vessel.

CHARTER PARTY AGREEMENTS

The Company and its subsidiaries entered into Charter Party Agreements with ACBLH and Ultrapetrol Bahamas Ltd. and its subsidiaries. These agreements have a period of three years, which are renewable at the owners' option for all or part of the vessels included in the agreements for a further three years after which the owner has a further option to renew for two more years.

Under these agreements the Company and its subsidiaries pay a daily rate which is specific to stated vessels.

EXPENSES RECOVERY AND ADMINISTRATIVE SERVICE FEES

The Company's shareholders charged the Company certain expenses in 2002 and 2001 related to cost-sharing functions for legal, insurance and administrative

areas. There is no formal written agreement related to these charges.

8. BUSINESS AND GEOGRAPHIC SEGMENT INFORMATION

The Company's operations include only one business segment river transportation services in South America. For such reason, as of December 31, 2002, 2001 and 2000, no additional business or geographic segment information is disclosed.

9. PURCHASE OF BARGES AND PLEDGED ASSETS

In November 2001, ACBL del Paraguay acquired from Transamerica Ltd. twenty-four dry-cargo barges under a Paraguayan flag with a gross tonnage of 1,500 tons each. The barges were built in 1998 and 1999. Together with the barges the Company also acquired a tugboat. The tugboat has a Paraguayan flag and was built in 1999.

The transaction was closed in the total amount of 11,100 payable as follows: a down payment of 3,100 and a 8,000 Transamerica Ltd loan repayable in 60 monthly installments of 161, which include interest at a 7.94% annual rate. As of December 31, 2002 this debt totaled 6,364 (including the current portion of 1,479) and is due in the following years succeeding December 31, 2002: 1,479 in 2003, 1,601 in 2004, 1,732 in 2005 and 1,552 in 2006.

The transaction was secured with a mortgage in favor of Transamerica Ltd. covering the full value of the assets acquired. As of December 31, 2002 the net book value of these assets was 10,734.

ACBL del Paraguay and UABL Limited committed, among other things, to preserve its corporate existence, to respect all the laws and applicable regulations, to maintain and preserve all its properties, not to enter into any merger transaction, consolidation of liquidation, not to change the terms and conditions of vessels management, not to dispose of a significant part of its assets or business, not to assume any debt,

excluding those related with the ordinary course of business, to be responsible for the management and operation of vessels and to limit the distribution of dividends in the event of default.

In December 2001, UABL Paraguay acquired from Citibank N.A. Paraguay seven dry-cargo barges with Paraguayan flag with a gross tonnage of 1,500 tons each. The barges were built in 1997 and 1998.

The transaction was closed in the total amount of 2,100 payable in 17 semiannual installments. The first installment was paid in December 2002. Interest accrues at LIBOR (London interbank offered rate) plus 275 bp. As of December 31, 2002 the debt totaled 1,976 (including the current portion of 247) and the maturities for the years subsequent to December 31, 2002 are 247 in each year for the years 2003 through 2007 and 741 thereafter.

This transaction was secured with a mortgage in favor of Citibank N.A. Paraguay on the assets acquired and on other barges owned by UABL Paraguay as a credit enhancement. As of December 31, 2002 the net book value of these assets is 2,269.

As of December 31, 2002 UABL Limited had additional long-term and short-term debt totaling 64 and 385, respectively.

10. MAJOR CUSTOMERS AND CONCENTRATIONS OF CREDIT RISK

a) MAJOR CUSTOMERS

For the year ended December 31, 2002 revenues from four Company customers represented 9,807, 7,494, 6,599, and 4,101 of UABL's consolidated revenues.

For the year ended December 31, 2001 revenues from three Company customers represented approximately 6,433, 7,709 and 10,304 of UABL's consolidated revenues.

b) CONCENTRATIONS OF CREDIT RISK

Financial instruments that potentially subject the Company to significant concentrations of credit risk consist principally of cash, investment, accounts receivable and other receivables.

The financial institutions are located in Argentina, Paraguay and the United States and the Company's cash management policy is designed to limit exposure to any one institution. As of December 31, 2002 the Company's investment in certificates of deposit was 186.

Concentrations of credit risk with respect to accounts receivable are limited due to the large number of entities comprising the Company's customer base and their credit rating.

As of December 31, 2002 the Company's receivables from OTS SA and Puerto del Sur SA amounted to 2,229. The Company does not require collateral for these receivables.

11. CLAIMS AGAINST INSURANCE COMPANIES

As of December 31, 2002 and 2001, the "Other receivables" account includes 814 and 1,515 in claims against insurance companies. Claims for 2,172 have been made by UABL Limited against the insurance companies regarding the repair expenses incurred to date for damage to some boats in 2002 and 2001. The "Other revenues" account for the year ended December 31, 2002, includes 500 in compensation received from insurers in connection with an accident including the Pueblo Esther tugboat during the year. As December 31, 2002 this amount was fully collected.

In addition, the "Other revenues" account for the year ended December 31, 2001 includes 687 related to claims for loss of income (business interruption) corresponding to the Alianza Rosario and San Pedro tugboats.

12. NEW AGREEMENTS SIGNED BY THE COMPANY AND ITS SUBSIDIARIES

On December 17, 2002, UABL Barges signed a loan agreement with the International Financial Corporation (IFC) amounting to 20,000.

This loan is divided into two tranches:

- Tranche A, amounting to 15,000, is payable in 14 semiannual installments of 1,071 each, beginning on June 15, 2005 and ending on December 15, 2011. This loan shall accrue interest at LIBOR plus 3.75% per year.

- Tranche B, amounting to 5,000, is payable in 10 semiannual installments of 500 each, beginning on June 15, 2005 and ending on December 15, 2009. This loan shall accrue interest at LIBOR plus 3.50% per year.

As of December 31, 2002 the Company had not received any funds related to this loan.

In addition, on February 27, 2003, UABL Barges signed a loan agreement with Kreditanstalt fur Wiederaufbau (KFW) amounting to 10,000.

This loan shall be payable in 10 semiannual installments of 1,000 each, beginning on June 15, 2005 and ending on December 15, 2009. This loan shall accrue interest at LIBOR plus 3.50% per year.

The funds must be disbursed before May 31, 2005, while the first disbursements shall be made before March 31, 2003.

These loans are guaranteed by UABL Limited and its subsidiaries and secured by a mortgage taken on existing on to be acquired barges and tugboats belonging to UABL Limited and its subsidiaries.

The funds deriving from such loans shall be used as follows: (i) 15,000 to acquire barges and tugboats by UABL Barges, the Company or any subsidiary thereof, (ii) 3,000 to grant a loan to the Company or any subsidiary thereof to acquire or build inland transportation terminals and (iii) 12,000 to grant a loan to the Company to refinance barges, tugboats and other related assets acquired by the Company or any subsidiary thereof during 2001 and 2002.

UABL Barges has agreed to keep a debt coverage ratio not lower than 1, and not to take other loans, change its business nature, pay dividends and sell, transfer or somehow dispose of a significant portion of its assets, among others.

In addition, UABL Limited has agreed to keep a debt coverage ratio not lower than 1.25 until June 15, 2005, not lower than 1.50 from such date onwards and a consolidated debt ratio lower than 1. It further agreed to keep the market value of mortgaged assets at 130% of the remaining loan debt, and not to pay dividends under certain circumstances, change its business nature, take other loans and sell, transfer or somehow dispose of a significant portion of its assets, among others.

13. SUBSEQUENT EVENTS -- SIGNIFICANT EVENTS AT ACL

On January 31, 2003 ACL announced that it had filed a petition with the U.S. Bankruptcy Court for the Southern District of Indiana, New Albany Division, to reorganize under Chapter 11 of the U.S. Bankruptcy Code. ACL said that it filed to reorganize its capital and debt structure in an orderly fashion while continuing normal business operations. Included in the filing are ACL, ACL's parent American Commercial Lines

Holdings LLC, American Commercial Barge Line LLC, Jeffboat LLC, Lousiana Dock Company LLC and ten other U.S. subsidiaries of ACL.

The Company does not believe that this event will affect the financial needs of the Company or its ability to continue operations. As noted in Note 7, the Company's primary transaction with ACL and its subsidiaries include the hire of certain vessels according to the Charter Party Agreement dated as of October 24, 2000 and the management fee received by Lonehort S.A. related to the management compensation for crew, maintenance and operations of such vessels. In addition, in December 2002 the Company obtained financing from outside sources to finance the acquisition of new barges and tugboats for 15,000 and the refinancing of 12,000 related to short-term debt due to affiliates at December 31,2002.

AMERICAN COMMERCIAL LINES LLC

SCHEDULE II -- VALUATION AND QUALIFYING ACCOUNTS
(IN THOUSANDS)

	BALANCE AT BEGINNING OF PERIOD	CHARGES TO EXPENSE	OTHER	WRITEOFFS	BALANCE OF PER
2002:					
Allowance for Uncollectible accounts	$1,655	$ 975	--	$ (767)	$1,8
Valuation allowance for Foreign net operating Loss carryforwards	--	--	--	--	
2001:					
Allowance for Uncollectible accounts	$1,157	$1,176	--	$ (678)	$1,6
Valuation allowance for Foreign net operating Loss carryforwards	--	--	--	--	
2000:					
Allowance for Uncollectible accounts	$2,290	$ 194	--	$(1,327)	$1,1
Valuation allowance for Foreign net operating Loss carryforwards	$6,605	--	$(6,605)(1)	--	

---

(1) Contribution of assets to UABL.

MarineLink.com
Maritime Reporter and MarineNews magazines online

ACL Emerges From Chapter 11

Friday, January 14, 2005

American Commercial Lines LLC (ACL) has emerged from Chapter 11 protection pursuant to the Plan of Reorganization approved on December 30, 2004 by the United States Bankruptcy Court of Southern Indiana, New Albany Division.

Under the terms of the Plan of Reorganization, ACL LLC's emergence from bankruptcy became effective on January 11, 2005. Equity in ACL LLC was transferred to a new parent company, American Commercial Lines Inc. ("ACL"), which will transfer shares to the holders of approximately $278 million of pre-petition bonds and other secured creditors. On January 13, 2005, ACL renewed approximately $364 million of secured financing with JPMorgan Chase Bank N.A. as Agent for the pre-petition secured lenders. Bank of America, N.A. and UBS Securities LLC have provided a new $35 million revolver facility. In addition, ACL will issue the five-year Maritime Lien Holder Notes and the Tort Lien Holder Notes and make the appropriate cash payouts in satisfaction of allowed claims within the next forty-five business days as required by the Plan.

Clayton Yeutter, Chairman of the new American Commercial Lines Inc. Board of Directors, said, "The other members of the ACL Board of Directors join me in congratulating the management and employees of the Company on their successful restructuring of the business and emergence from Chapter 11. We also extend our appreciation to the Company's customers, suppliers and creditor groups, whose commitment over the past two years was critical to this accomplishment. We look forward to a bright future for ACL."

American Commercial Lines Inc., headquartered in Jeffersonville, Indiana is an integrated marine transportation and service Company with revenues of more than $600 million and approximately 2,600 employees.

G+1 0 SHARE Tweet 0 Share Like Share 0 EMAIL RSS FEED

advertise here

Maritime Reporter October 2015 **Digital Edition**
FREE Maritime Reporter Subscription
Latest Maritime News

TOTE: World's First LNG-Powered Containership Delivered
NTSB: El Faro Investigation Continues
USN Cites Modern Threats to (again) Start Teaching Celestial Navigation
SCA Decries Linkage of Jones Act to El Faro Tragedy
3D Printing Enables Quick Turbocharger Repair

MARITIME JOBS
Hydraulics Technician
Sales Manager
Marine Electronics Field Service Engineer
Port Engineer
Liquid Operations Analyst

FINANCE

Greek Dock Workers Walk Out Over Privatisation
Greek dock workers walked out on Thursday in protest at the planned privatisations of the country's two biggest ports, a condition of a multi-billion euro bailout from international lenders.

Austal launches HSSV for Oman Navy
Austal has launched the first of two 72m High Speed Support Vessels (HSSV's) being built for the Royal Navy of Oman (RNO), yesterday. Hull 390 - the future RNOV

GAC Takes Care of 'Maersk Deliverer' at Ngqura
A massive drilling rig has completed its latest Special Periodic Survey and is now back in active duty off the coast of Angola. GAC South Africa was appointed

CASUALTIES

Pirates Kidnap Four Seamen off Nigeria
On Monday, 19th October, armed pirates attacked and boarded a refrigerated cargo ship underway off the Niger Delta. They stole ship's cash, destroyed equipment

DNV GL Releases Cargo Liquefaction Guidelines
DNV GL has published a guideline for the design and operation of vessels with bulk cargo that may liquefy. The guideline aims to raise the awareness of the

Fatality on Drillship in Gulf of Mexico
The Bureau of Safety and Environmental Enforcement (BSEE) is responding to a report of a fatality on a drillship in the Gulf of Mexico (GoM) approximately 200 miles south of Lake Charles,

Maritime Contracts Maritime Security Offshore Oil Pipelines Pod Propulsion Port Authority Ship Electronics Ship Simulators Shipbuilding / Vessel Construction Winch

rss | archive | history | articles | privacy | contributors | top maritime news | about us | copyright | maritime magazines
maritime security news | shipbuilding news | maritime industry | shipping news | maritime reporting | workboats news | ship design | maritime business

© 1996-2015 Maritime Activity Reports, Inc.
118 E 25th St, New York, NY 10010, USA • Phone: +(1) 212-477-6700 • Fax: +(1) 212-254-6271

Time taken: 0.1988 sec (5 req/sec)

the WATERWAYS JOURNAL Weekly SINCE 1887

ACL CELEBRATING 100TH ANNIVERSARY IN 2015

By Carl E. Kramer

In an era when digital technology systems transmit information and money around the globe at the speed of light and young information technology entrepreneurs seem to translate innovations conceived in their dormitory rooms into initial public offerings overnight, it's easy to overlook the vital roles of historic transportation industries, such as rail, trucking and marine companies, that ship millions of tons of raw materials and finished goods every day. One such firm is American Commercial Lines, which began as a small coal-barging operator in the eastern Kentucky mountains and evolved into one of the nation's largest barge towing and marine manufacturing companies.

Beattyville Company

In 1915, Patrick Calhoun Jr., a great-grandson of the American politician John C. Calhoun, saw an opportunity in the confluence of Kentucky River steamboat traffic, the Louisville & Nashville Railroad, and the growing coal industry around Beattyville in Lee County, Ky., where his father had mining interests. After graduating from Yale University, he moved to Lee County. There he established the Beattyville Company and began transporting coal on the Kentucky River from his father's mines to the Ohio River.

Calhoun apparently started with two steamboats, the Sea Lion and the Dixie, and a gas boat called the Harry Raike. American entry into World War I disrupted business, as Calhoun entered service as a second lieutenant and aviation instructor in the Army Air Corps. The Beattyville Company resumed business in 1919, and Andrew Calhoun, the founder's older brother, joined the company. The immediate postwar years proved quite successful, aided in part by the Merchant Marine Act of 1920 (Jones Act).

American Barge Line

Business grew quickly, and in 1922 the brothers incorporated the firm as the Inland Waterways Company, with headquarters in Louisville, and began conducting general river transportation on the Ohio between Louisville and Pittsburgh. Business soared during the boom of the 1920s, and in 1927 the company attracted the attention of W.C. Kelly, one of the country's largest manufacturers of ax handles and owner of the W.C. Kelly Barge Line, of Charleston, W.Va. He had bid unsuccessfully for common carrier rights on the Ohio and Mississippi and saw consolidation with Calhoun as a means to achieve that objective. Calhoun also favored consolidation, and on November 29, 1927, he and Kelly consummated a merger that created American Barge Line Company (ABL). Kelly became president; Patrick and Andrew Calhoun were elected respectively as first and second vice presidents.

ABL began business with capital of $1.5 million, five towboats and 48 barges. The towboats consisted of three diesel-powered vessels owned by Kelly—the W.C. Kelly, Duncan and Plymouth—plus two coal-fired boats owned by Calhoun. Headquartered in Pittsburgh, the company also had offices in Cincinnati, Louisville, St. Louis, Memphis and New Orleans.

ABL's first two years were salutary, as total cargoes grew from 287,000 tons in 1928 to 400,000 tons in 1929. Business plummeted, however, with the stock market crash in October 1929 and the onset of the Great Depression. Despite the bad economy, ABL continued to invest in capital improvements. By 1931, it owned or had interest in terminals in Louisville, Evansville, Memphis and Glassport, Pa., and the company's fleet had grown to eight towboats and 69 barges.

The mid-1930s were a period of change and growth for ABL. Kelly died in 1935, and Patrick Calhoun succeeded him as president. Meanwhile, President Franklin D. Roosevelt's New Deal unleashed a host of construction, agricultural and flood control programs that generated new business for ABL and other towing companies. As tonnage grew late in the decade, the company added barges to meet the demand for tonnage capacity.

Building Blocks

The Depression years also witnessed the emergence of new towing firms that eventually became part of American Commercial Lines. In 1930, Houston entrepreneurs Charles Edwards, M. Clyde Butcher, and John Arthur organized Edwards-Butcher Transport Company to provide tug service and barge transportation on the Houston Ship Channel. During the mid-1930s, they developed a lucrative business towing crude oil from the Louisiana oil fields to terminals and refineries in Port Arthur and New Orleans.

Edwards left in 1937 to pursue a new business venture, and the other two partners reorganized as the Butcher-Arthur Transport Company. While continuing to tow crude oil, the company began processing crude into heavy diesel fuel. By the late 1930s, it was buying most of the oil pumped from the area's major oil fields. But rapid growth resulted in substantial cash outflows that required heavy borrowing to buy tugboats and oil. To obtain more capital, the partners sold half of their interest to several Houston investors, who incorporated the firm as Butcher-Arthur Corporation, with Clyde Butcher as president.

Arthur died suddenly in 1941, and investor J. Newton Rayzor assumed the presidency soon thereafter. Jacob W. Hershey and E. Dell Butcher, Clyde Butcher's son, joined the firm about the same time and soon became stockholders. Meanwhile, World War II sharply increased demand for petroleum, and Butcher-Arthur began moving crude oil on the Mississippi and the Gulf of Mexico.

Another important entrant into the towing business came in 1936 when Hugh C. Blaske formed a partnership with his son, Floyd H. Blaske, to move coal and other commodities on the Upper Mississippi and Illinois rivers. Based at Alton, Ill., the business prospered, and after the war they incorporated as Blaske Lines Inc.

The Great Depression's main impact on ABL's development was the blow it dealt to the shipyards in Jeffersonville, Ind., and the opportunity it opened for the towing company. The Sweeney Shipyard had closed in 1920, after the owners' deaths. The fabled Howard Shipyard remained in business, but the Depression and the destructive 1937 flood drove it to the brink of bankruptcy. At the time, ABL conducted most repairs at its Louisville machine shop. But as the company grew, so did its space needs. In 1938, ABL bought and modernized the Sweeney property and reopened it as a wholly-owned subsidiary called Jeffersonville Boat & Machine Company (Jeffboat), with Patrick Calhoun as president. While mainly a repair yard, Jeffboat had shipbuilding capacity, and in 1939 it launched the towboats Patriot and Progress for ABL.

World War II

U.S. entry into World War II opened a new era for ABL. Like other towing firms, ABL and its fleet played a vital role in carrying oil and other raw materials for the war effort. The defense build-up and the war contributed significantly to ABL's growth. At the time of its incorporation in 1927, ABL's fleet numbered five towboats and 52 barges. By the end of 1941, ABL boasted 10 towboats and 192 barges. The fleet remained stable during the rest of the war, but total cargoes soared from 287,000 tons in 1927 to 1.3 million in 1941 and then peaked at nearly 1.7 million tons in 1944.

Jeffersonville Boat & Machine Company grew dramatically during the war. The main stimulus was its relationship with the U.S. Navy. On April 1, 1941, the Navy awarded Jeffboat a contract to build eight submarine chasers. At the time, it employed about 125 people. After the contract was awarded, operations came under the direction of the Navy's Bureau of Ships, which began expanding the shipyard's construction capacity.

The first subchaser keel was laid on October 14, 1941, and the Navy took delivery of the completed vessel in May 1942. Construction of the remaining vessels moved quickly, and the final ship built under the contract was completed on October 23, 1942, six months ahead of schedule.

Production skyrocketed after Japan attacked Pearl Harbor on December 7, 1941. In early 1942, the Navy awarded the shipyard a contract to build 30 LSTs (Landing Ship, Tank), which were large, flat-bottom vessels designed to ship and discharge tanks and other combat vehicles directly onto a beach. LST production placed Jeffboat in an even greater space squeeze. To provide more space, the Navy Department condemned the vacant Howard Shipyard and merged it into the Jeffboat yard, creating a total area of 64 acres and a mile of river frontage. The Navy invested nearly $4.7 million for additional buildings and facilities, including offices, warehouses, machine and assembly shops, gantry cranes and railroad sidings. Shipbuilding facilities were arranged in assembly-line fashion to speed production.

Jeffboat laid its first LST keel on June 24, 1942. The vessel was built according to plans developed for the Navy by Gibbs & Cox, a New York City naval architectural firm. Jeffboat delivered its first LST in February 1943 and completed delivery of the first 30 vessels in September 1943. During late 1943 and early 1944, the company received three more contracts for 93 additional LSTs, and by July 1945, it had delivered 123 of the ships.

LSTs were workhorses for the Allied campaign against the Axis powers. They were as big as a light cruiser, measuring 327 feet long and displacing 4,000 tons. But their flat bottom made them difficult to control and an easy target for enemy planes and guns. Once they reached the beaches and dropped their bows, however, LSTs proved their worth in both the invasion of Europe and in the South Pacific.

Protecting the oil supply against German submarine attacks was also a defense priority. U-boats lurking off the coasts took a terrible toll on tankers bound from Texas and Louisiana to East Coast ports. One strategy to protect oil was to ship it up the Mississippi and Ohio to Pittsburgh and then

across the mountains by pipeline and truck. An obstacle to this goal was a shortage of towboats geared for the task. To solve the problem, the Defense Plant Corporation (DPC), a subsidiary of the Depression-era Reconstruction Finance Corporation, contracted with several inland shipyards to build 21 steam-powered, screw-propelled towboats and 221 barges designed for the purpose.

Soon after receiving its first LST contract, Jeffboat obtained a DPC contract to build six of the towboats. Federal Barge Lines received the first vessel, the Wake Island, in October 1943. Three more entered service with ABL in 1944. In addition to submarine chasers, LSTs, and DPC towboats, Jeffboat built 20 yard oilers and four water tankers for the Navy during 1945. Some of these boats remained in service into the early 21st century.

High-quality performance was a hallmark of Jeffboat's wartime production. Time and again it delivered vessels before contracted deadlines. An effective system of subcontracting contributed to speeding construction. As demands intensified, the yards relied increasingly on subcontractors, such as steel fabricators in adjoining states that built hull sections, except bows and sterns, and then shipped them to Jeffboat for assembly.

Jeffboat's quality did not go unnoticed at the Pentagon. On March 22, 1943, Calhoun received word from Under Secretary of the Navy James Forrestal that Jeffboat had earned the Army-Navy "E" Flag in recognition of excellent production of war equipment. The flag was presented on April 18 by Admiral E. L. Cochrane, chief of the Bureau of Ships, during a shipyard ceremony that attracted local and national dignitaries and about 11,000 employees and onlookers. By November 1944, Jeffboat had earned two more "E" awards, allowing it to affix three stars to its flag.

Wartime production had a huge impact on employment at Jeffboat. When operations commenced in 1939, the workforce numbered about 125. By mid-1942, with defense construction underway, employment had soared to 6,500, and it peaked two years later at more than 13,000, with all lines operating three shifts daily. The huge expansion created a major training challenge, as few workers had ever seen an ocean, much less worked in a shipyard. To overcome the deficiency, the company conducted classes in welding, blueprint reading and numerous other skills required by employees.

Most Jeffboat employees were men, but like many other defense contractors, it hired women to fill the labor void created by the demand for males by the armed services. Many served as secretaries, messengers and in other clerical positions, but some signed on as laborers and in other traditionally male jobs. This created a need for female supervisors, and in May 1943 the company broke new ground by appointing Pauline Maysay, a former ABL towboat cook, as forelady over 80 female laborers.

The wartime mission of ABL and Jeffboat ended abruptly with Japan's surrender in September 1945. Within weeks, shipyard employment plummeted to about 2,500. Twenty-four vessels were cut from Jeffboat's final contract. As 1945 closed, uncertainty hung over the shipyard. But whatever the future held, thousands of former employees could take satisfaction in their profound contribution to the victory over the Axis powers.

Post-War Production

The war's end raised concerns among political and economic leaders about the shape of the postwar world. They remembered the Great Depression and recognized that the combination of wartime production and manpower demands ultimately had fueled recovery. Many feared that demobilization and cancellation of defense contracts might plunge the nation back into depression. ABL's leadership shared those concerns.

Expectation and reality diverged dramatically. Temporary dislocations occurred as factories converted to civilian production and laid off thousands of defense workers. But the main long-term problems were not unemployment and declining prices but inflation and shortages of housing and consumer goods. Returning GIs and their families desired new houses, appliances, and automobiles, all of which created heavy capital investment and millions of new jobs.

Postwar market expansion had a profound impact on waterborne commerce, as manufacturers scrambled to obtain massive quantities of raw materials and to deliver finished products to waiting customers. Growth was especially strong on the Ohio River system, which experienced a renaissance in coal-barging in response to the energy needs of industrial plants erected during and after the war.

Like their corporate counterparts across the country, the leadership at ABL began organizing and planning for the postwar economy even before the conflict ended. The board of directors returned the officer corps to a peacetime configuration, realigned management salaries, and began exploring new fleet expansion and construction opportunities.

An immediate concern was disposition of the now-surplus facilities built by the Navy at Jeffboat. Conscious that its lease would expire in August 1947, management opened negotiations in 1946 to buy the Navy's land and facilities. In November 1947, after months of negotiations, ABL and the government reached an agreement that allowed ABL to purchase the former Howard Shipyard property, buildings, ways, gantry cranes, outfitting dock and other facilities and tools installed during the war for $301,000. After a period of repair and refurbishing, Jeffboat resumed construction of barges, towboats, and other vessels and set its sights on becoming the best and largest shipbuilder on the inland waterways.

With ABL as its largest customer, Jeffboat was well situated to pursue this goal. In 1948, it accepted an order from ABL for six barges. Between 1953 and 1957, it built three towboats for ABL. The company also developed a strong construction and repair business for external customers. During the late 1940s and early 1950s, Jeffboat built towboats and barges for companies such as Marquette Cement, Illinois Farm Supply, Hillman Barge & Construction, A.L. Mechling Barge Line and Marine Transit. It also bought vessels from other firms and refitted them for ABL, and occasionally acquired boats from ABL and repaired them for sale to other customers.

ABL/CTC Merger

ABL focused on increasing its freighting and towing services by expanding its operating rights and increasing its fleet. The Interstate Commerce Commission (ICC) approved freighting rights on the Upper Mississippi and Tennessee rivers in 1947 and both freighting and towing rights on the Green River in 1956. Meanwhile, the fleet grew to 13 towboats and 250 barges in 1952.

While ABL continued to expand its fleet, it increasingly focused on acquiring existing firms. In 1953, it bought Southland Towing Company Inc., a coal barging firm that supplied utilities on the Ohio River. The next year, it acquired Mid-Continent Barge Line and merged it with Southland. In 1956, ABL bought the assets and operating authority of Blaske Lines Inc. of Alton, Ill., with which it had a barge charter agreement. These acquisitions substantially increased ABL's towing capacity, tonnage, and revenue. But it faced a sharp imbalance between upstream and downstream towing capability, as about 75 percent of its 1955 tonnage flowed upstream. The disparity generated pressure from shippers to expand its capacity for downriver transport of bulk commodities.

After considering several options, the board of directors concluded that the problem might best be solved by merging with another line. Facing a similar dilemma from the opposite direction was Houston-based Commercial Transport Corporation (CTC), successor to Butcher-Arthur Corporation. With the assistance of Wall Street investment banker Ferdinand Eberstadt, an ABL board member, the two firms merged in 1957 and commenced operations as American Commercial Barge Line Company (ACBL). Calhoun was elected chairman and CTC president Jacob W. Hershey, president. CTC's Houston office became the center of ACBL's southern operations, and ABL's Jeffersonville offices became the corporate headquarters.

Along with resolving directional disparities in traffic flow, the merger created the world's largest inland barge enterprise, with a fleet of 51 towboats and 570 barges. Moreover, because CTC's predecessors had acquired trucking companies that shipped automobiles and other commodities, ACBL was more diversified than either ABL or CTC, with operations in barging, shipbuilding, commercial trucking, and terminals.

ACBL continued the expansion strategy pursued by the merger partners. In 1959 Commercial Carriers Inc., ACBL's trucking subsidiary, bought Western Auto Transports Inc., giving it entry into the shipment of new cars between Denver and the West Coast. Two years later, ACBL acquired Houston-based Inland Tugs Company to conduct inland marine towing operations in the Gulf of Mexico region. In 1962, ACBL leased the Tennessee Valley Authority's (TVA) Port of Guntersville Terminal in northern Alabama for a base of operations on the Tennessee River. In 1963, an ACBL subsidiary bought the transportation assets of Island Creek Fuel & Transportation Company, including six towboats, 199 used barges, and two terminals, from Island Creek Coal Company of Huntington, W.Va. The assets were placed under a new subsidiary called Transfer Terminal Corporation. Meanwhile, ACBL created Louisiana Dock Company Inc. as a subsidiary to own and manage its land-based activities in Louisiana.

The company's acquisitions further diversified its range of services and expanded its operating territory. By 1964, its shipping network spanned more than 8,000 miles of waterways, from Pittsburgh, Chicago, and the Twin Cities on the north to the Gulf of Mexico and the Mexican border on the south. The company served industry with waterfront terminals equipped to provide economical materials handling, convenient warehouse space, and transfer facilities that connected rail, highway and river transportation. Its trucking subsidiaries delivered motor vehicles to 27 states.

Along with expansion, ACBL experienced several other significant changes. Patrick Calhoun Jr. retired as board chair in 1960 and was immediately elected president of the Inland Waterways Common Carriers Association. Jake Hershey succeeded him as board chair, and Floyd Blaske followed Hershey as president. The post-merger period also witnessed numerous technological innovations and improvements in facilities. In 1957, ACBL initiated a sweeping fleet modernization program and Jeffboat launched the world's first "piggyback" barge. In the early 1960s, the shipyard built two new classes of towboats equipped with high-powered diesel engines and automated controls, navigation, engineroom and communication systems.

Corporate Identity

Change had implications for the company's identity. In early 1964 the board of directors recognized that the name American Commercial Barge Line Company no longer captured the full range of the company's business. In April they renamed the company American Commercial Lines Inc. (ACL). The board also reincorporated American Commercial Barge Line Company to hold the name, and reactivated it in 1967 as a subsidiary to own its barging operations. Later in 1964, the board took advantage of Jeffersonville Boat & Machine Company's popular nickname and renamed it Jeffboat Inc.

New corporate identity signaled not a culmination but a continuation of ACL's expansion program. In 1965, ACL acquired Bauer Dredging Company Inc. of Port Lavaca, Texas, one of America's largest hydraulic dredging firms, in a stock purchase deal valued at $18 million. ACL also expanded its trucking business. In 1965, Commercial Carriers Inc. bought Nu-Car Driveway Inc. of Detroit, giving it 15 terminals in nine states. The next year, ACL acquired the assets of Atlanta-based Terminal Transport Company Inc., a general commodity truck line, and its subsidiary, Johnson Freight Company. The deal gave ACL a common-carrier fleet of more than 1,700 rolling units.

Meanwhile, ACL spent significant resources on the purchase of towboats and barges and experienced steady growth in towing activity. By 1967, the fleet numbered 30 towboats and about 1,000 barges, which transported about 8 billion ton-miles of cargo annually. Likewise, Jeffboat undertook a sweeping shipyard modernization, installing a 50-ton gantry crane; a 25-ton, self-contained floating crane; and a 750-ton plate shop press, among other improvements. Expansion and modernization produced positive financial results, as operating revenue rose from $50.8 million in 1957 to $133 million in 1967 and net earnings grew from about $4 million to more than $10 million during the same period. Employment likewise increased, from 1,586 in 1962 to 5,437 in 1966.

Texas Gas Transmission

ACL's growth made it a target for acquisition by Texas Gas Transmission Corporation, with which it had been engaged in intermittent negotiations since 1963. The talks took on new intensity in mid-1967 and culminated with a merger agreement in October. The merger promised benefits for both parties. For Texas Gas, it offered a chance to diversify operations at a time when demand for natural gas exceeded the discovery of new reserves. For ACL, the merger provided a new source of capital to continue growing its towing business.

Despite the essential compatibility of the companies, the post-merger period involved numerous organizational changes. In accord with the merger agreement, top Texas Gas executives, including President William H. Elmer and Vice President Richard C. Young, joined the ACL board, and five ACL board members, among them Jacob W. Hershey, Floyd H. Blaske and E. Dell Butcher, joined the Texas Gas board. At the same time, ACL's marine operations were consolidated into a new Inland Waterways Services Division (IWSD), headed by Blaske as chairman and chief executive officer, and its trucking operations were organized into a new Trucking Services Division. A short time later, Texas Gas sold off Bauer Dredging Company, a poorly performing subsidiary that duplicated its own dredging firm.

As anticipated, ACL continued on its pre-merger expansion program. The Trucking Services Division added several firms between 1968 and 1971, but the major focus was increasing the towing business. In 1969, ACL acquired Coyle Line Inc., a well-established but financially troubled New Orleans firm that had eight towboats and 31 barges as well as common carrier rights on the Gulf Intracoastal Waterway, on the Mississippi River below Baton Rouge, and on several tributary rivers in the South.

At the time of the merger, ACL's tows carried a variety of commodities, including grain, petroleum and vegetable oils, petrochemicals, rock, newsprint, pipe, iron, steel, salt, and other bulk goods as well as manufactured products. But coal was its largest revenue source, averaging more than 8.3 million tons annually and generating average annual revenues of about $11 million between 1968 and 1972. A key factor in the growth of coal operations was a 20-year contract with TVA to move 7 million tons annually from Peabody Coal Company mines in Union County, Ky., to a power plant on the Cumberland River in Tennessee. To execute the contract, ACL created Overland Coal Transportation Inc., which built a cable-belt conveyor system designed to carry large quantities of coal from the mines to an ACBL barge-loading dock at Uniontown on the Ohio River.

IWSD's second largest source of revenue was the Shipyard Operations Unit, whose core was Jeffboat. But as the new era commenced, the shipyard's future seemed inauspicious, mainly because many production facilities were out of date. After studying several options, including relocation, the directors approved a sweeping modernization program. Between 1969 and 1971, contractors erected a new 500-foot unloading dock with a 15-ton Via Nova magnet crane, a subassembly building with two overhead 50-ton bridge cranes and four three-ton wall-mounted job cranes, and several other buildings equipped with state-of-the-art production equipment. The improvements boosted productivity, increased product flow and control, saved hundreds of hours in per-barge construction time, and enhanced product quality. Output grew from just over 100 units in 1970 to more than 317 in 1973.

Meanwhile, ACL and IWSD experienced other episodes of expansion and consolidation. In 1972, ACL incorporated Marlin Inc. and reorganized it two years later as ACBL Western Inc., with headquarters in St. Louis. In 1973, ACL transferred its land activities in Illinois and Kentucky to Louisiana Dock Company (LDC), and in 1974, ACL and 15 other barging companies organized WATERCOM with a goal of developing a telecommunications network that could improve communications on the inland waterways.

The post-merger era also saw the emergence of several figures who assumed major leadership posts later in the 1970s. Especially notable were H.J. "Joe" Bobzien Jr. and Robert W. Greene III. A Louisville native and graduate of Bellarmine College, Bobzien joined ACBL as an accountant in 1958, and by 1972, he was ACL's vice president-finance. Upon Blaske's death in 1976, Bobzien was elected president and chief executive officer of ACL and chairman of IWSD. An engineering graduate of Georgia Tech with an MBA from Harvard University, Greene joined ACBL as Floyd Blaske's executive assistant in 1968. During the ensuing years, he undertook a variety of assignments that gave him a broad perspective on company operations, and in 1972 he was elevated to vice president of ACBL.

Bobzien possessed a unique set of skills and attributes that served the company well during his leadership tenure. These included a deep respect for the company's values of quality, integrity, and excellent customer service; a talent for recognizing the strategic implications of data and recommending actions to address them; and a knack for identifying, recruiting, and nurturing people with executive talent, whether they rose from the shop floor or possessed MBAs from major business schools. He also understood and appreciated the skills of the company's maritime and shipyard employees, and he cultivated positive relationships with the unions that represented them.

Bobzien's early tenure witnessed a series of strategic acquisitions and internal mergers intended to expand towing capacity, diversify services, upgrade facilities, and streamline operations. In 1978, ACL merged Overland Coal Transportation Inc. and Transfer Terminal Corporation into ACBL Western Inc. The merged entity became American Commercial Terminals (ACT) on January 1, 1979. Later that year, ACT opened the new Hall Street Terminal in St. Louis. Meanwhile, ACL bought New Orleans-based Mac Towing Company, which provided crews and operated towboats for ACBL and other barge operators. The deal gave ACBL several barges and three towboats, increasing its fleet to 60 towboats and 1,423 barges.

In 1980, ACL initiated several internal mergers designed to simplify functions such as payroll, crew management, and arrangement of tow segments on the rivers. The following year, ACL purchased the Port of Guntersville from TVA and assumed administrative control of WATERCOM from its other partners in the project.

Paralleling these developments were improvements in facilities up and down the river system. Between 1977 and 1981, LDC improved facilities in Louisville; Wood River and Cairo, Ill.; and Harahan, La. ACT opened new coal transfer facilities at its terminals in Louisville and St. Louis and replaced its Memphis River Terminal with the new American Commercial Liquid Terminal. During 1980–1981, Jeffboat expanded its steel yard, including installation of an automatic blast and paint line and a new magnet crane and track foundations. As that project drew to a close, ACL launched an extensive renovation of its Jeffersonville headquarters.

The years between 1976 and 1981 were especially notable for Jeffboat, where demand created by federal investment tax credits (ITC) spurred strong production growth. A highlight was the launch of the paddlewheel steamboat Mississippi Queen in 1976. During the next five years, the shipyard scored a string of record-breaking years, climaxing in 1981, when it launched 593 hulls and employment passed 2,000.

By late 1981, however, the ITC-generated barge construction boom had burst, and both production and employment plummeted over the next two years. Jeffboat won contracts for unique projects such as the coastal cruise ship Newport Clipper and Opryland's steamboat General Jackson in 1983. But layoffs continued, and in 1986, Bob Greene, who became Jeffboat president in 1980, reluctantly announced suspension of new construction.

CSX Ownership

By that time, ACL was under new ownership. In 1983, CSX Corporation bought Texas Gas Transmission Corporation, and ACL was placed in a voting trust under agreement with the ICC. The trust remained in force until 1984, when the ICC approved the merger, creating the first rail-barge combination since the Panama Canal Act of 1912.

Jeffboat wasn't the only ACL unit that faced economic challenges during the early 1980s. The nation was gripped in a deep recession that required cost-cutting measures throughout the company. Declining shipments forced ACBL to lay up towboats. LDC closed a new locomotive shop in Louisville and stopped marketing engines and parts. Flat coal and grain production depressed operations at some ACT terminals. The doldrums continued into 1986, when ACL sold the Overland Coal Terminal to TVA after that agency ordered closure of the Peabody mines at Union, Ky. But some bright spots fostered optimism. The CSX merger created opportunities for intermodal contracts that enabled ACBL to increase market share, and business actually grew at the Louisville and Guntersville terminals. Moreover, ACBL experienced significant growth in the movement of liquids and manufactured goods, which offset the weakness in coal.

The situation began to improve in late 1986, and over the next two years ACL took measures to expand business and enhance service. It launched an employee recognition program in 1986 and adopted a Quality Service Mission Statement to define quality customer service in 1987. The company also implemented several technology initiatives. After years in development, WATERCOM became fully operational in 1986, and ACL installed a new computer system in July 1987. Later that year, the company initiated Rivertrac, a system that allowed customers to track barge shipments electronically. Meanwhile, ACL underwent a sweeping corporate reorganization that reduced the number of incorporated subsidiaries from 17 in late 1986 to just four on January 1, 1987, including ACBL, WATERCOM, Commercial Barge Line, Inc., and a new American Commercial Marine Service.

ACL resumed its longstanding acquisition strategy during the second half of the 1980s. In 1986, LDC acquired the former St. Louis Shipbuilding & Steel Company steel yard in St. Louis and renovated it to replace its aging Wood River yard. By 1988, record tonnage, spurred by strong CSX/ACBL intermodal freight activity, enabled the company to buy the assets of SCNO Barge Lines, formerly the Sioux City & New Orleans Barge Line. SCNO became American Commercial Towing Company in 1990. In 1992, ACL acquired the assets of Hines Inc., a liquids towing firm in

Bowling Green, Ky., and purchased the assets of The Valley Line Company of St. Louis from the Sequa Corporation. Partially because of these acquisitions, the fleet numbered more than 120 towboats and 3,300 barges by 1995. The next year, ACL bought the marine assets of ContiCarriers Inc. of Dubuque, Iowa, from Continental Grain Company, and acquired the assets of Norman Brothers Inc., a privately-owned towing firm of Alton, Ill. The deals netted about a dozen more towboats and some 400 barges.

Jeffboat Recovery

ACL's expansion gradually rebounded to the benefit of Jeffboat. As ACBL and other firms absorbed the excess barge capacity created by the investment tax credit boom, management began planning and making improvements to resume manufacturing operations. By mid-1988, the market had improved markedly, and used Jeffboat barges sold at auction often commanded as much as $30,000 more than those built by rivals. The company's reputation for quality clearly remained a powerful force in the marketplace.

The yard reopened in mid-1989, after the company won a contract to build two tank barges for Hines Inc., and the first barge slid down the ways nine months later. Meanwhile, Hines ordered four more barges, and by 1990, the barge market was back on even keel. Business growth continued over the next three years, and in August 1993, Jeffboat launched its 7,000th vessel since it opened in 1938. During 1994 and 1995, it built the cruise vessel City of Evansville for Casino Aztar in Evansville, Ind.

More important for Jeffboat's long-term stability was a 1995 contract to build 68 double-skinned tank barges for Ashland Inc. over the next four years. Its largest contract since World War II, the deal was valued at $70 million and substantially increased the shipyard's workforce. Jeffboat took on an unusual challenge in August 1997 when it agreed to repair the historic steamboat Belle of Louisville, after it partially sank at its berth on the Louisville waterfront. The boat was repaired during the fall and winter, and it returned to service in time for Kentucky Derby Festival's 1998 "Great Steamboat Race" with the Delta Queen of Cincinnati. Meanwhile, Jeffboat completed its 8,000th vessel in 1997.

Leadership Transition

Paralleling ACL's expansion was a major leadership transition. The central figure was Michael C. Hagan, a Brescia College graduate with a degree in business administration. He joined ACL as a systems analyst in 1970 and rose through a series of posts to become ACBL's vice president for sales in 1983. After the merger, he moved to CSX headquarters in Richmond and worked closely with John Snow, the president of CSX Transportation. A few years later, he moved back to Jeffersonville as executive vice president of ACBL and was elected president in 1990. He advanced to president and chief executive officer of ACL the following year when Bobzien was elected chairman; Bobzien remained chairman until he retired in 1995.

One of ACL's boldest ventures during Hagan's presidential tenure began in 1993 when it embarked upon an international venture to ship bauxite ore on the Orinoco River in Venezuela. The initiative was conceived by ACBL vice president Louis Meece, who with his colleague Chris Brinkop negotiated a contract between ACBL and Interamericana de Alumina, C.A., owner of a large aluminum refinery. Operations commenced in October 1993 through a subsidiary, ACBL de Venezuela, C.A., which shipped bauxite from a mine in western Venezuela to the refinery in Puerto Ordaz.

The venture was successful and word spread to other South American firms. In late 1994, ACBL learned of opportunities on the Parana-Paraguay River system, which traverses Argentina, Colombia, Bolivia and Brazil. In early 1996, another subsidiary, ACBL Hidrovias, S.A., contracted with an Argentinean company to ship iron ore and oil from Corumbá, Brazil, to San Nicolas, Argentina, and with a Bolivian firm to haul grain and soya oil.

Restructurings

ACL's fortunes began to change in 1998 when CSX Corporation reversed its strategy of expansion, in part because of a huge debt load related to its partial buyout of Conrail. After that decision, CSX recapitalized ACL and its subsidiaries and then merged them with National Marine Inc., a subsidiary of Vectura Group Inc., a New Orleans barge firm controlled by Citicorp Venture Capital. The deal created a $1 billion company with 4,500 barges and 195 towboats, about 25 percent of the total U.S. inland fleet. The new company retained the name American Commercial Lines and its headquarters in Jeffersonville. But the merger triggered a long, turbulent period characterized by multiple ownership and leadership changes, new acquisitions, sales of assets and subsidiaries, and financial instability.

In 2000, ACL increased its fleet to more than 5,000 barges by acquiring the assets of Peavey Barge Company, Brown Water Towing, and Superior Barge Lines. But expansion imposed a huge debt load, and the company began selling off assets to cut costs and to focus more sharply on its primary business. In late 2000, it sold WATERCOM to Mobex, and in 2001, it sold the majority of the assets of ACT to Global Materials Services. At the same time, management negotiated with its bankers, with limited success, to structure the debt.

In early 2002 ACL opened negotiations with Danielson Holding Corporation (DHC), a New York City investment house controlled by investor Samuel Zell. The talks climaxed in February with a deal in which DHC acquired a 100 percent interest in ACL's parent holding company, and its

equity partners received DHC common stock. Hagan expressed optimism that the deal would relieve the company's financial stress, and during the following months, management and Danielson completed a complex restructuring of ACL's debt.

Positive results came slowly. The recession that followed the September 11, 2001, terrorist attacks retarded business, and ACL proved unable to generate the revenue necessary to pay down debt. Meanwhile, company-wide cost-cutting measures and layoffs at Jeffboat made it difficult to build the replacement barges needed by ACL and other customers, tarnishing its reputation for quality service. By 2003, ACL was in an untenable position, and on January 31 it filed for Chapter 11 bankruptcy protection. Hagan retired nine months later and was succeeded by Stephen Frasher, who had a reputation for turning around troubled firms.

Frasher remained just six months, during which he initiated changes to restore the company to profitability. He was followed in May 2004 by Chairman Richard Huber, who with veteran Chief Operating Officer W.N. "Norb" Whitlock formulated a Plan of Reorganization to bring ACL out of bankruptcy protection. Filed in September 2004, the plan triggered sweeping debt-reduction measures, including sale of ACL's remaining terminal interests. The medicine was harsh, but the company recorded a small profit in 2004 after huge losses in 2002 and 2003.

ACL emerged from bankruptcy in January 2005, a smaller and leaner company. New leadership with close ties to Zell and DHC took control at the same time. Elected board chair was Clayton Yeutter, Agriculture Secretary for President George H.W. Bush. Huber returned to the board and was replaced as president and chief executive officer by Mark Holden, senior vice president and chief financial officer of Wabash National Corporation of Lafayette, Ind.

Holden's administration took numerous measures to cut costs and raise new capital to reduce the debt. In mid-2005, ACL eliminated 115 management positions. In October, it raised $173 million through an initial public offering on NASDAQ. In 2006, ACL sold its operations in Venezuela to a consortium of Venezuelan businessmen. Meanwhile, ACBL added dozens of new barges while selling or scrapping obsolete barges and refurbishing several towboats.

Amid the debt-reduction program, ACL and its subsidiaries took initiatives to expand operational capacity and improve customer service. ACL created JeffLabs in 2005 to develop new technology applications. The following year, ACL bought 20 towboats from McKinney Towing and then acquired the company in 2007 to expand operations in the Gulf Coast. Similarly, Jeffboat added 100 positions in 2005 to handle new business, and dedicated a new enclosed manufacturing facility in 2006.

By 2008, the growth trends of the previous three years offered reason for optimism. Despite a reduction in ton-miles, a combination of rising oil prices, higher barge transportation rates, and other factors increased ACL's operating revenues. Likewise, Jeffboat showed respectable performance by increasing production of tank barges and scrapping surplus barges.

But other events signaled trouble ahead. After three years of leadership stability, Holden's contract expired in February 2008; he resigned on March 1 and was succeeded as president and chief executive officer by Senior Vice President Michael P. Ryan. Most of Holden's senior executive team departed as well, requiring the recruitment of a new leadership corps. Six months after his appointment, Ryan and his team faced the Great Recession that followed the collapse of Lehman Brothers. The economic crisis severely affected financial performance, and the company experienced net losses in both 2009 and 2010.

The effects of the Great Recession and the company's historic strength in the industry made ACL a prospect for takeover. In October 2010, Platinum Equity, a Los Angeles private equity firm, agreed to buy ACL in a deal worth about $777 million. For a company that had endured more than a decade of economic turbulence, declining investment, and leadership instability, Platinum Equity proved a breath of fresh air. In early 2011, a team of Platinum Equity analysts headed by Paul Bridwell arrived at ACL headquarters with lists of questions about virtually every aspect of company operations. During the next few months, they used sophisticated computer models to analyze the data and develop a strategy to improve ACL's competitive position within the industry.

Mark Knoy

A major change came in August 2011 when Mike Ryan resigned and was succeeded by Mark K. Knoy, the former president and chief executive officer of AEP River Operations LLC. Knoy brought to ACL a long resume of experience in and service to the barging industry. His enthusiasm was palpable, and after more than a decade of company leadership with limited industry knowledge, Knoy's hands-on experience inspired a new sense of confidence. A retired ACL executive summed up Knoy's strength's quite succinctly: "he speaks 'barge.'"

Knoy entered his new position with a firm vision for the company's rejuvenation and the support of a parent company capable of providing the capital required to achieve the vision. During the years that followed, Knoy and his team invested a half-billion dollars to refurbish the barge and towboat fleets and rehabilitate Jeffboat's manufacturing infrastructure. In 2012, ACL introduced a $175 million vessel refurbishment program and began taking delivery of new hopper and tank barges.

Special emphasis was given to expanding the tank-barge fleet as ACL increased its liquids business in response to declining coal shipments. In 2013, ACL made its largest investment ever in 18 new 30,000-barrel tank barges. ACL was not Jeffboat's only tank barge customer, as it contracted to build four ocean-going tank barges for Vane Brothers of Baltimore. ACL's investment in its fleet continued into 2014 when it took delivery of the mv. American Way, its first new towboat in decades and the first of a series of newly designed Z-drive propulsion vessels built by Steiner Construction Company of Bayou la Batre, Ala.

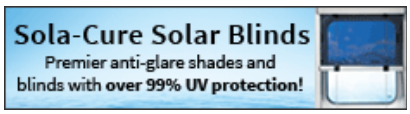
At the same time, Knoy strove to burnish ACL's corporate culture. He nurtured a sense of personal responsibility, teamwork and mutual care among employees throughout the company while insisting on steadfast adherence to the core values of safety, environmental stewardship, customer focus, innovation, integrity and value.

The effects of new leadership vision, heavy capital reinvestment and a renewed emphasis on core values have placed ACL in a strong financial position as it celebrates its 100th anniversary this year. Such occasions are an opportunity to reflect on the achievements of the past and the challenges of the future. But these exercises require a healthy dose of humility, avoiding the temptation to predict the future based on past events. No firm can fully control its destiny, because it cannot fully control its business environment; it can control only how it responds to such changes.

That said, several aspects of ACL's heritage bode well for its continued success. These include a reputation for quality inherited from the Howard Shipyards, a strong focus on excellent customer service, an ability to adapt to a changing business environment and to redeploy capital to pursue new opportunities, a respect for the skills of the workforce and consistent adherence to its core values.

ACL's current administration recognizes the importance of its heritage and understands that change is inevitable and must be strategically managed by people with a clear vision of the future. As Knoy observed, "It really gets down to people and leadership. The company's evolved a lot; the only similarity it will have a hundred years from today is that we're going to use this water highway to its maximum benefit. That's the only thing that we will have in common. Barges will be different; boats will be different; cargoes will be different. But we will be using the water highway to move things in the most fuel-efficient, environmentally-friendly, and safest form of transportation there is. I'm sure we will be doing that, and it will be the people who take it forward."

Editors's note: Carl E. Kramer, Ph.D., is founder and co-owner of Kramer Associates Inc., a Jeffersonville, Ind., historical consulting firm, and author of Rivers of Time: A History of American Commercial Lines, 1915–2015.



© Copyright 2000-2015 The Waterways Journal Inc. • 319 N. 4th St., Suite 650 - St. Louis, MO 63102 • Phone (314) 241-7354 • Fax (314) 241-4207 • www.wjinc.net

(http://www.prnewswire.com/)

PRINTTHIS

American Commercial Lines LLC Files to Reorganize Under Chapter 11

Normal Business Operations Continue

Company Receives Commitment for up to $75 Million
in DIP Financing from a group led by JPMorgan Chase Bank

JEFFERSONVILLE, Ind., Jan. 31 /PRNewswire-FirstCall/ -- American Commercial Lines LLC ("ACL" or the "Company") today announced that it has filed a petition with the U.S. Bankruptcy Court for the Southern District of Indiana, New Albany Division, to reorganize under Chapter 11 of the U.S. Bankruptcy Code. The Company said that it filed to reorganize its capital and debt structure in an orderly fashion while continuing normal business operations. Included in the filing are ACL, ACL's Parent American Commercial Lines Holdings LLC, American Commercial Barge Line LLC, Jeffboat LLC, Louisiana Dock Company LLC and ten other U.S. subsidiaries.

ACL said that its ability to operate normally will not be affected by the reorganization. The Company has requested and expects to receive court permission to continue to pay employee salaries, wages and benefits and pay suppliers for the post-petition delivery of goods and services. ACL reiterated that its top priority remains providing customers with safe, reliable and on-time delivery service.

Michael C. Hagan, President and Chief Executive Officer of ACL, said, "This is an important step for ACL to resolve its financial challenges, put the Company on firm financial footing and emerge stronger, more competitive and better able to withstand market fluctuations. During this process, we will work with our stakeholders to develop a plan to reduce our debt, as well as examine all aspects of our operations to ensure we are utilizing our assets in the best possible way. Our operating priorities remain unchanged: safety of life and limb, safety of environment, safety of equipment and providing the highest quality service to our customers at the lowest possible cost. ACL is a strong company with a great heritage and outstanding people. We believe that the outcome of this process will provide us with a solid foundation for our future success."

ACL reported that in conjunction with its filing, it has arranged commitments for up to $75 million in debtor-in-possession ("DIP") financing from a group of banks led by JPMorgan Chase Bank. In addition to normal cash flow from operations, the DIP financing helps ensure that ACL has sufficient liquidity to continue normal operations. ACL is committed to serve its customers and pay post-petition vendors in the normal course.

Over the past year, ACL has faced a number of unprecedented challenges that have resulted in the need to restructure its balance sheet. These challenges include the general economic slowdown and global economic recession, unforeseen continuing declining barge rates in 2002, lower commodity shipping volumes, excess barging capacity, and a ten week strike at the Company's shipyard. Given these and other factors, ACL determined that its current debt burden is too high and that a restructuring under Chapter 11 offered ACL the most viable opportunity to reduce its debt while continuing operations.

As of December 27, 2002, ACL had assets of $814 million and liabilities of $769 million. The Company said that over the coming months, it will work with all of its stakeholders on the development of a plan of reorganization that will be filed with the court at a later date. The Company's legal counsel is Baker & Daniels of Indianapolis, Indiana, and its financial advisors are Richard Weingarten & Company, Inc. and Huron Consulting Group LLC.

ABOUT AMERICAN COMMERCIAL LINES LLC

ACL is a wholly owned subsidiary of Danielson Holding Corporation (Amex: DHC). ACL is an integrated marine transportation and service company operating approximately 5,000 barges and 200 towboats on the inland waterways of North and South America. ACL transports more than 70 million tons of freight annually. Additionally, ACL operates marine construction, repair and service facilities and river terminals.

DHC is an American Stock Exchange listed company, engaging in the financial services, specialty insurance and marine transportation businesses through its subsidiaries. In connection with efforts to preserve DHC's net operating tax loss carryforwards, DHC has imposed restrictions on the ability of holders of five percent or more of DHC common stock to transfer the common stock owned by them and to acquire additional common stock, as well as the ability of others to become five percent stockholders as a result of transfers of DHC's common stock.

CAUTIONARY NOTE REGARDING FORWARD LOOKING STATEMENTS

Certain statements in this press release may constitute "forward-looking" statements as defined in Section 27A of the Securities Act of 1933 (the "Securities Act"), Section 21E of the Securities Exchange Act of 1934 (the "Exchange Act"), the Private Securities Litigation Reform Act of 1995 (the "PSLRA") or in releases made by the Securities and Exchange Commission, all as may be amended from time to time. Such forward looking statements involve known and unknown risks, uncertainties and other important factors that could cause the actual results, performance or achievements of ACL, or industry results, to differ materially from any future results, performance or achievements expressed or implied by such forward-looking statements. Statements that are not historical fact are forward-looking statements. Forward looking statements can be identified by, among other things, the use of forward-looking language, such as the words "plan," "believe," "expect," "anticipate," "intend," "estimate," "project," "may," "will," "would," "could," "should," "seeks" or "scheduled to," or other similar words, or the negative of these terms or other variations of these terms or comparable language, or by discussion of strategy or intentions. These cautionary statements are being made pursuant to the Securities Act, the Exchange Act and the PSLRA with the intention of obtaining the benefits of the "safe harbor" provisions of such laws. ACL cautions investors that any forward-looking statements made by ACL are not guarantees or indicative of future performance. Important assumptions and other important factors that could cause actual results to differ materially from those forward-looking statements with respect to ACL include, but are not limited to, the risks and uncertainties affecting their businesses described in ACL's Annual Report on Form 10-K for the fiscal year ended December 28, 2001 (particularly Item 1, "Risks Associated With Our Business"), in other securities filings by ACL and DHC and other important factors, including:

* ACL's ability to successfully negotiate a restructuring of its debt with its senior lenders and note holders;

* ACL's ability to fund its capital requirements in the near term and in the long term;

* substantial leverage and ability to service debt;

* changing market, labor, legal and regulatory conditions and trends in the barge and inland shipping industries;

* general economic and business conditions, including cyclical or other downturns in demand, a prolonged or substantial recession in the United States or certain international commodity markets such as the market for grain exports, significant pricing competition, unanticipated additions to industry capacity, fuel costs and interest rates; and

* annual worldwide weather conditions, particularly those affecting North and South America.

Although we believe that our plans, intentions and expectations reflected in or suggested by such forward-looking statements are reasonable, actual results could differ materially from a projection or assumption in any of our forward-looking statements. Our future financial condition and results of operations, as well as any forward-looking statements, are subject to change and inherent risks and uncertainties. The forward-looking statements contained in this press release are made only as of the date hereof and ACL and DHC undertake no obligation to update or revise any forward-looking statements whether as a result of new information, subsequent events or otherwise, unless otherwise required by law.

For more information about ACL generally, please visit www.aclines.com.

SOURCE American Commercial Lines LLC

Find this article at:
http://www.prnewswire.com/news-releases/american-commercial-lines-llc-files-to-reorganize-under-chapter-11-74106772.html

☐ Check the box to include the list of links referenced in the article.

From the makers of wikinvest

SigFig Track & Manage All Of Your Investments Try It Now!

eg. GOOG, iPhone, Yen, or Gold Search New! Portfolio Login / Sign Up

Save time with SigFig's automated investment service.
Get your first $10,000 managed for free
SIGFIG Start Investing

American Commercial Lines (ACLI)

ACLI » Topics » REPORTING ENTITY

This excerpt taken from the ACLI 10-K filed Mar 10, 2010.

REPORTING ENTITY

American Commercial Lines Inc. ("ACL") is a Delaware corporation. In these financial statements, unless the context indicates otherwise, the "Company" refers to ACL and its subsidiaries on a consolidated basis.

The operations of the Company include barge transportation together with related port services along the Inland Waterways and marine equipment manufacturing. Barge transportation accounts for the majority of the Company's revenues and includes the movement of bulk products, grain, coal, steel and liquids in the United States. The Company has long term contracts with many of its customers. Manufacturing of marine equipment is provided to customers in marine transportation and other related industries in the United States. The Company also has an operation engaged in naval architecture and engineering. This operation is significantly smaller than either the transportation or manufacturing segments. During 2009 the Company sold its interests in Summit Contracting Inc. ("Summit") which had been a consolidated subsidiary since April 1, 2008. The results of operations of Summit have been reclassified into discontinued operations for all periods presented.

The assets of ACL consist principally of its ownership of all of the stock of Commercial Barge Line Company, a Delaware corporation ("CBL"). The assets of CBL consist primarily of its ownership of all of the equity interests in American Commercial Lines LLC, ACL Transportation Services LLC, and Jeffboat LLC, Delaware limited liability companies, and their subsidiaries. Additionally, CBL owns ACL Professional Services, Inc., a Delaware corporation. CBL is responsible for corporate income taxes. ACL and CBL do not conduct any operations independent of their ownership interests in the consolidated subsidiaries.

These excerpts taken from the ACLI 10-K filed Mar 11, 2009.

REPORTING ENTITY

American Commercial Lines Inc. ("ACL") is a Delaware corporation. In these financial statements, unless the context indicates otherwise, the "Company" refers to ACL and its subsidiaries on a consolidated basis.

The operations of the Company include barge transportation together with related port services along the Inland Waterways and marine equipment manufacturing. Barge transportation accounts for the majority of the Company's revenues and includes the movement of bulk products, grain, coal, steel and liquids in the United States. The Company has long term contracts with many of its customers. The Company's former operations in both Venezuela and the Dominican Republic have been classified as discontinued operations for all periods presented in these financial statements (see Note 15). Manufacturing of marine equipment is provided to customers in marine transportation and other related industries in the United States. The Company also has operations engaged in naval architecture and engineering, environmental consulting and civil engineering. On a combined basis these other operations are significantly smaller than either the transportation or manufacturing segments.

The assets of ACL consist principally of its ownership of all of the stock of Commercial Barge Line Company, a Delaware corporation ("CBL"). The assets of CBL consist primarily of its ownership of all of the equity interests in American Commercial Lines LLC, ACL Transportation Services LLC, and Jeffboat LLC, Delaware limited liability companies and their subsidiaries and ACL Professional Services, Inc., a Delaware corporation. CBL is responsible for corporate income taxes. ACL and CBL do not conduct any operations independent of their ownership interests in the consolidated subsidiaries.

REPORTING ENTITY

EXCERPTS ON THIS PAGE:

10-K	Mar 10, 2010
10-K (2 sections)	Mar 11, 2009
10-K (2 sections)	Feb 27, 2008
10-K	Mar 1, 2007

SIGFIG
Save time with SigFig's automated investment service.
Get your first $10,000 managed for free
Start Investing

RELATED TOPICS for ACLI:

Principles Consolidation
Report Independent Registered Public Accounting Firm
Ernst Young Llp
VIEW MORE

American Commercial Lines Inc. (“ACL”) is a Delaware corporation. In these financial statements, unless the context indicates otherwise, the “Company” refers to ACL and its subsidiaries on a consolidated basis.

The operations of the Company include barge transportation together with related port services along the Inland Waterways and marine equipment manufacturing. Barge transportation accounts for the majority of the Company’s revenues and includes the movement of bulk products, grain, coal, steel and liquids in the United States. The Company has long term contracts with many of its customers. The Company’s former operations in both Venezuela and the Dominican Republic have been classified as discontinued operations for all periods presented in these financial statements (see Note 15). Manufacturing of marine equipment is provided to customers in marine transportation and other related industries in the United States. The Company also has operations engaged in naval architecture and engineering, environmental consulting and civil engineering. On a combined basis these other operations are significantly smaller than either the transportation or manufacturing segments.

The assets of ACL consist principally of its ownership of all of the stock of Commercial Barge Line Company, a Delaware corporation (“CBL”). The assets of CBL consist primarily of its ownership of all of the equity interests in American Commercial Lines LLC, ACL Transportation Services LLC, and Jeffboat LLC, Delaware limited liability companies and their subsidiaries and ACL Professional Services, Inc., a Delaware corporation. CBL is responsible for corporate income taxes. ACL and CBL do not conduct any operations independent of their ownership interests in the consolidated subsidiaries.

These excerpts taken from the ACLI 10-K filed Feb 27, 2008.

REPORTING ENTITY

American Commercial Lines Inc. (“ACL”) is a Delaware corporation. In these financial statements, unless the context indicates otherwise, the “Company” refers to ACL and its subsidiaries on a consolidated basis.

The operations of the Company include barge transportation together with related port services along the Inland Waterways and marine equipment manufacturing. Barge transportation accounts for the majority of the Company’s revenues and includes the movement of bulk products, grain, coal, steel and liquids in the United States. The Company has long term contracts with many of its customers. The Company’s former operations in both Venezuela and the Dominican Republic have been classified as discontinued operations for all periods presented in these financial statements (See Note 16 — Discontinued Operations). Manufacturing of marine equipment is provided to customers in marine transportation and other related industries in the United States.

The assets of ACL consist principally of its ownership of all of the stock of Commercial Barge Line Company LLC (“CBL”). The assets of CBL consist principally of its ownership of all of the membership interests in American Commercial Lines LLC (“ACL LLC”), ACL Transportation Services LLC and Jeffboat LLC. Neither ACL nor CBL conducts any operations independent of such ownership.

REPORTING ENTITY

American Commercial Lines Inc. (“ACL”) is a Delaware corporation. In these financial statements, unless the context indicates otherwise, the “Company” refers to ACL and its subsidiaries on a consolidated basis.

The operations of the Company include barge transportation together with related port services along the Inland Waterways and marine equipment manufacturing. Barge transportation accounts for the majority of the Company's revenues and includes the movement of bulk products, grain, coal, steel and liquids in the United States. The Company has long term contracts with many of its customers. The Company's former operations in both Venezuela and the Dominican Republic have been classified as discontinued operations for all periods presented in these financial statements (See Note 16 — Discontinued Operations). Manufacturing of marine equipment is provided to customers in marine transportation and other related industries in the United States.

The assets of ACL consist principally of its ownership of all of the stock of Commercial Barge Line Company LLC ("CBL"). The assets of CBL consist principally of its ownership of all of the membership interests in American Commercial Lines LLC ("ACL LLC"), ACL Transportation Services LLC and Jeffboat LLC. Neither ACL nor CBL conducts any operations independent of such ownership.

This excerpt taken from the ACLI 10-K filed Mar 1, 2007.

REPORTING ENTITY

American Commercial Lines Inc. ("ACL") is a Delaware corporation. In these financial statements, unless the context indicates otherwise, the "Company" refers to ACL, its predecessors and its subsidiaries on a consolidated basis. "Predecessor Company" refers to the Company and its operations for periods prior to December 31, 2004.

The operations of the Company include barge transportation together with related port services along the inland waterways and marine equipment manufacturing. Barge transportation accounts for the majority of the Company's revenues and includes the movement of grain, coal, steel, liquids and other bulk products in the United States. The Company has long term contracts with many of its customers. The Company's former operations in both Venezuela and the Dominican Republic have been classified as discontinued operations for all periods presented in these financial statements (See Note 15 — Discontinued Operations). Manufacturing of marine equipment is provided to customers in marine transportation and other related industries in the United States.

On January 31, 2003, American Commercial Lines LLC, a Delaware limited liability company and an indirect, wholly owned subsidiary of ACL, ("ACL LLC"), and certain of its affiliates filed voluntary petitions seeking relief from creditors pursuant to Chapter 11 of the U.S. Bankruptcy Code (the "Bankruptcy Code" or "Chapter 11").

ACL LLC and the other debtors emerged from bankruptcy on January 11, 2005, pursuant to a Plan of Reorganization which was confirmed by the Bankruptcy Court on December 30, 2004 (the "Plan of Reorganization"). Since there were no material contingencies after the confirmation date, the Company applied fresh-start accounting on December 31, 2004 ("accounting effective date"). Under fresh-start accounting, a new reporting entity is deemed to be created and the recorded amounts of assets and liabilities are adjusted to reflect their estimated fair values. Since fresh-start accounting materially changed the amounts previously recorded in the Company's consolidated financial statements, the pre-emergence financial data is labeled "Predecessor Company" to signify the difference in the basis of presentation of the financial statements.

In connection with its emergence from bankruptcy and confirmation of the Plan of Reorganization, American Commercial Lines Holdings LLC ("ACL Holdings"), the pre-emergence parent company of ACL LLC, transferred its ownership interest in ACL LLC to Commercial Barge Line Company, a Delaware corporation ("CBL"). CBL is a direct, wholly owned subsidiary of American Barge Line Company, a Delaware corporation ("American Barge") which is in turn a direct, wholly owned subsidiary of ACL. In 2005, ACL issued common stock as settlement of certain debts of the debtors in bankruptcy. See Notes 16 and 17 for further information regarding the reorganization. In January 2007 the Chapter 11 cases were closed by the Bankruptcy Court.

The assets of ACL consist principally of its ownership of all of the stock of American Barge. The assets of American Barge consist principally of its ownership of all of the stock of CBL, and the assets of CBL consist principally of its ownership of all of the membership interests in ACL LLC, ACL Transportation Services LLC and Jeffboat LLC. Although CBL is responsible for corporate income tax, none of ACL, American Barge or CBL conducts any operations independent of such ownership.

SIGFIG

Wikinvest © 2006, 2007, 2008, 2009, 2010, 2011, 2012. Use of this site is subject to express Terms of Service, Privacy Policy, and Disclaimer. By continuing past this page, you agree to abide by these terms. Any information provided by Wikinvest, including but not limited to company data, competitors, business analysis, market share, sales revenues and other operating metrics, earnings call analysis, conference call transcripts, industry information, or price targets should not be construed as research, trading tips or recommendations, or investment advice and is provided with no warrants as to its accuracy. Stock market data, including US and International equity symbols, stock quotes, share prices, earnings ratios, and other fundamental data is provided by data partners. Stock market quotes delayed at least 15 minutes for NASDAQ, 20 mins for NYSE and AMEX. Market data by Xignite. See data providers for more details. Company names, products, services and branding cited herein may be trademarks or registered trademarks of their respective owners. The use of trademarks or service marks of another is not a representation that the other is affiliated with, sponsors, is sponsored by, endorses, or is endorsed by Wikinvest.

About | Blog | Press | Feedback | Help | Get involved

Mobile | Advertise | Licensing & Partnerships | Blogger Tools | Jobs

DATE PUBLISHED: AUGUST 03, 1999

American Commercial Lines LLC Reports Second-Quarter Results

Share () +1

JEFFERSONVILLE, Ind., Aug. 3 /PRNewswire/ -- American Commercial Lines LLC (ACL) today reported operating revenue rose 27% to $190.0 million during the second quarter of 1999, compared with $150.0 million during 1998's second quarter. The revenue improvement reflects increased volumes resulting from the combination of the barging operations of National Marine Inc. and its subsidiaries with those of ACL on June 30, 1998, and increased sales at Jeffboat. Operating expense for the quarter increased $170.0 million from $138.9 million in the prior-year quarter, due mostly to higher costs associated with increased volumes and slightly higher fuel prices. Operating income for the quarter of $20.0 million increased 78% from $11.2 million in the prior-year period.

Net earnings for the quarter totaled $2.8 million, compared with 1998's second quarter net earnings of $72.0 million. The 1999 net earnings reflect $17.0 million in interest expense on new debt ACL issued as part of its June 30, 1998 recapitalization. The 1998 net earnings included a $65.5 million income tax benefit due to a change in tax status.

Year to date, operating revenue rose $96.3 million to $363.2 million in the first half of 1999 and operating income increased $7.1 million to $24.3 million in the same period. Through the first half, ACL has a reported net loss of $11.8 million compared with net earnings of $72.7 million in 1998. The 1999 net loss includes the impact of the severe winter weather experienced during first quarter while the 1998 net earnings includes a cumulative $65.5 million impact of an income tax benefit recorded as a result of the change in tax status.

"Our second-quarter results reflect a significant benefit of the ACL/NMI combination. Operating conditions in the latter part of the quarter improved considerably from the first four months of the year, allowing us to achieve efficiencies throughout the river system," said Michael Hagan, ACL's president and chief executive officer. "Spot rates in the grain and coal segment have improved over last year, reflecting higher forecasted grain exports from the US." The US Army Corps of Engineers has announced they will be closing the main lock chamber at Mel Price Lock and Dam located near Alton, Illinois, for as long as thirty days beginning August 6, 1999. The resulting lock delay is anticipated to increase operating expense for an impact on third quarter earnings.

Certain information in this press release contains forward-looking statements as defined in Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934. Any statements that express or involve discussions as to expectations, beliefs and plans involve known and unknown risks, uncertainties and other factors that may cause the actual results to materially differ from those considered by the forward-looking statements. Certain of these risks and uncertainties are described in ACL's filings with the Securities and Exchange Commission. As a result, no assurances can be given as to future results, levels of activity and achievements. Any forward-looking statements speak only as of the date the statement was made. ACL undertakes no obligation to update or revise any forward-looking statement.

Headquartered in Jeffersonville, Ind., American Commercial Lines LLC is an

integrated marine transportation and service company operating on the inland waterways of North and South America. Additional financial data may be found at ACL's website: www.aclines.com . Additional information may also be obtained by contacting ACL's Investor Relations department, James J. Wolff at 812-288-0587 or Ann Y. Adams at 812-288-1683.

AMERICAN COMMERCIAL LINES LLC
CONDENSED CONSOLIDATED STATEMENT OF EARNINGS
(Dollars in Thousands)

	Quarters Ended		Six Months Ended	
	July 2, 1999	June 26, 1998	July 2, 1999	June 26, 1998
	(Unaudited)		(Unaudited)	
Operating Revenue	$189,961	$150,047	$ 363,178	$ 266,858
Operating Expense	170,006	138,863	338,907	249,666
Operating Income	19,955	11,184	24,271	17,192
Interest Expense	17,016	3,341	35,596	6,068
Other, Net	(38)	712	(1,354)	687
Earnings (Loss) before Income Taxes and Cumulative Effect of Accounting Change	2,977	7,131	(9,971)	10,437
Income Taxes (Benefit)	189	(64,849)	51	(62,225)
Earnings (Loss) before Income Taxes and Cumulative Effect of Accounting Change	2,788	71,980	(10,022)	72,662
Cumulative Effect of Accounting Change	--	--	(1,737)	--
Net Earnings (Loss)	$2,788	$71,980	$(11,759)	$72,662

AMERICAN COMMERCIAL LINES LLC
CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
(Dollars in Thousands)

	Six Months Ended	
	July 2, 1999	June 26, 1998
	(Unaudited)	
OPERATING ACTIVITIES		
Net (Loss) Earnings	$(11,759)	$ 72,662
Adjustments to Reconcile Net		

Earnings (Loss) to Net Cash Provided by (Used in):		
Depreciation and Amortization	26,857	20,569
Deferred Income Taxes	--	(63,601)
Other Operating Activities	(1,888)	5,377
Changes in Operating Assets and Liabilities:		
Accounts Receivable	4,240	10,403
Materials and Supplies	2,493	(17,211)
Accrued Interest	(14,445)	(225)
Other Current Assets	386	(2,013)
Due to Affiliates	--	(306)
Other Current Liabilities	8,003	(12,982)
Net Cash Provided by Operating Activities	13,887	12,673
INVESTING ACTIVITIES		
Property Additions	(23,026)	(25,034)
Proceeds from Property Dispositions	1,243	3,150
Restricted Investments	--	(26,128)
Other Investing Activities	(3,519)	(3,010)
Net Cash Used in Investing Activities	(25,302)	(51,022)
FINANCING ACTIVITIES		
Short-Term Debt Issued	25,000	--
Short-Term Debt Repaid	(25,000)	--
Partner Distribution	(541)	--
Long-Term Debt Repaid	(1,500)	(2,242)
Affiliate Debt Repaid	--	(11,200)
Cash Dividends Paid	--	(9,500)
Other Financing	2,816	(2,720)
Short Term Borrowing from Affiliates	--	68,106
Net Cash Provided by Financing Activities	775	42,444
Net (Decrease) Increase in Cash and Cash Equivalents	(10,640)	4,095
Cash and Cash Equivalents at Beginning of Period	49,356	6,925
Cash and Cash Equivalents at End of Period	$ 38,716	$ 11,020

AMERICAN COMMERCIAL LINES LLC

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
(Dollars in Thousands)

	July 2, 1999 (Unaudited)	Dec. 25, 1998
ASSETS		
CURRENT ASSETS		
Cash and Cash Equivalents	$38,716	$49,356
Accounts Receivable, Net	84,942	88,556
Materials and Supplies	37,120	39,054
Restricted Investments	25,912	--
Other Current Assets	19,576	19,962
Total Current Assets	206,266	196,928
PROPERTIES - Net	548,356	541,415
RESTRICTED INVESTMENTS	--	25,912
NET PENSION ASSET	22,336	21,490
OTHER ASSETS	54,238	52,785
Total Assets	$ 831,196	$838,530
LIABILITIES		
CURRENT LIABILITIES		
Accounts Payable	$46,563	$39,823
Accrued Payroll and Fringe Benefits	19,163	23,166
Deferred Revenue	12,120	9,459
Accrued Claims and Insurance Premiums	16,093	14,661
Accrued Interest	8,078	22,523
Current Portion of Long-Term Debt	26,400	2,500
Other Current Liabilities	63,343	47,109
Total Current Liabilities	191,760	159,241
LONG-TERM DEBT	731,000	756,400
PENSION LIABILITY	19,347	19,347
OTHER LONG-TERM LIABILITIES	30,958	33,937
Total	973,065	968,925
MEMBER'S DEFICIT		
Member's Interest	220,047	220,047
Other Capital	161,877	161,051
Retained Deficit	(523,793)	(511,493)
Total Member's Deficit	(141,869)	(130,395)
Total Liabilities and Member's Deficit	$831,196	$838,530

ACL QUARTERLY EARNINGS RELEASE FOR QUARTER ENDED JULY 2, 1999
CONSOLIDATED INCOME STATEMENT

(Dollars in Thousands)
(Unaudited)

	2Q 1999	2Q 1998	YTD 1999	YTD 1998
Operating Revenue	$189,961	$150,047	$363,178	$266,858
Operating Expense				
Materials, Supplies and Other	92,358	74,262	182,577	122,152
Labor and Fringe Benefits	44,857	37,243	90,516	73,259
Fuel	13,756	11,321	26,233	22,659
Depreciation and Amortization	12,413	10,415	25,448	20,569
Taxes, Other Than Income Taxes	6,622	5,622	14,133	11,027
Total Operating Expenses	170,006	138,863	338,907	249,666
Operating Income	19,955	11,184	24,271	17,192
Operating Ratio	89.5%	92.5%	93.3%	93.6%
Interest Expense	17,016	1,220	35,596	2,097
Interest Expense, Affiliate - Net	--	2,121	--	3,971
Other, Net	(38)	712	(1,354)	687
Earnings (Loss) Before Income Taxes and Cumulative Effect of Accounting Change	2,977	7,131	(9,971)	10,437
Income Taxes (Benefit)	189	(64,849)	51	(62,225)
Earnings (Loss) Before Cumulative Effect of Accounting Change	2,788	71,980	(10,022)	72,662
Cumulative Effect of Accounting Change	--	--	(1,737)	--
Net Earnings (Loss)	$2,788	$71,980	$(11,759)	$72,662
EBITDA (a)	$32,132	$20,855	$51,395	$ 37,004

(a) EBITDA represents earnings before interest, income taxes, depreciation and amortization, the cumulative effect of accounting changes, and in 1999, $826 of non-recurring non-cash expenses in Q1 payable by CSX related to the Recapitalization. Interest income of $274 and $32 in 2Q 1999 and 1998 and $504 and $70 in YTD 1999 and 1998, respectively, reported in "Other, net" has also been excluded.

SOURCE American Commercial Lines LLC