SECURITIES AND EXCHANGE COMMISSION

FORM 10-K

Annual report pursuant to section 13 and 15(d)

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FILER

MORAN TRANSPORTATION CO

CIK:**928188**| IRS No.: **061399280** | State of Incorp.:**DE** | Fiscal Year End: **1231**
Type: **10-K** | Act: **34** | File No.: **033-82624** | Film No.: **99573417**
SIC: **4412** Deep sea foreign transportation of freight

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SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C 20549

FORM 10-K

[X] ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(D) OF THE SECURITIES EXCHANGE ACT OF 1934 (FEE REQUIRED)

FOR THE FISCAL YEAR ENDED
DECEMBER 31, 1998

OR

[ ] TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(D) OF THE SECURITIES EXCHANGE ACT OF 1934 (NO FEE REQUIRED)

FOR THE TRANSITION PERIOD FROM ________________ TO ______________

COMMISSION FILE NO. 33-82624

MORAN TRANSPORTATION COMPANY
(EXACT NAME OF REGISTRANT AS SPECIFIED IN ITS CHARTER)

DELAWARE	06-1399280
(STATE OR OTHER JURISDICTION OF INCORPORATION OR ORGANIZATION)	(I.R.S. EMPLOYER IDENTIFICATION NO.)
TWO GREENWICH PLAZA, GREENWICH, CT	06830
(ADDRESS OF PRINCIPAL EXECUTIVE OFFICES)	(ZIP CODE)

REGISTRANT'S TELEPHONE NUMBER, INCLUDING AREA CODE: (203) 625-7800

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 ___

Indicated 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

As of March 26, 1999, all of the registrant's 44,600 issued and outstanding shares of Common Stock, par value $.01 per share, were held by Moran Enterprises Corporation.

MORAN TRANSPORTATION COMPANY
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FOR THE YEAR ENDED DECEMBER 31, 1998

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PART I

PART I

ITEM 1. BUSINESS

GENERAL

Moran Transportation Company was incorporated on June 2, 1994. Moran Transportation Company was formed by Lakes Shipping Company, Inc. ("Lakes Shipping") and its principals, Paul R. Tregurtha and James R. Barker (who serve as Chairman and Vice Chairman, respectively), together with members of Mr. Barker's immediate family, certain officers of Lakes Shipping (collectively, the "Lakes Group"), and certain members of senior management of Moran Towing Corporation (the "Predecessor"). Moran Transportation Company acquired the Predecessor on July 11, 1994 (the "Acquisition"). Except as otherwise indicated, or where the context otherwise requires, the "Company" shall refer to Moran Transportation Company, the Predecessor and/or each of its subsidiaries.

The Company is a leading provider of tug and marine transportation services on the East and Gulf Coasts and in the U.S. coastwise trade (the "Jones Act" trade). Operating a fleet of 57 tugs and 19 barges, the Company serves a diverse customer base out of the ports of Portsmouth, New Hampshire; New York, New York; Philadelphia, Pennsylvania; Baltimore, Maryland; Norfolk, Virginia; Jacksonville, Florida; Miami, Florida; and Beaumont/Port Arthur, Texas. The Company has relationships that span 30 or more years with many of its major customers in the tug services and marine transportation businesses.

TUG SERVICES. The Company is a widely recognized leader in the tug services industry and believes it has the greatest number of tugboats performing ship docking and barge towing services along the East and Gulf Coasts of the United States. The Company provides ship docking and undocking services as well as harbor and coastwise towing for major domestic and international bulk and container cargo shipping companies, cruise lines, car carriers, barge transportation companies, oil companies, several municipalities, the U.S. Navy, and the Company's own barge fleet. The Company believes that it has a leading position in the ship docking business in each of its ports of operations, other than in Miami, Florida, where the Company began operations in February 1993.

MARINE TRANSPORTATION. The Company's barge fleet transports fuel oil and refined petroleum products, coal, grain and other bulk cargoes in the Jones Act and foreign trades. The Company's barges operate under term contracts with utilities and on both a contract and spot market basis with oil companies, refineries, commodity trading companies and other commercial shippers.

RECENT DEVELOPMENTS

On October 30, 1998, the Company completed a combination (the "Combination") with Turecamo Maritime, Inc., a Delaware corporation, and certain of its affiliated entities (the "Turecamo Entities"). The Turecamo Entities operate 33 tugboats and seven barges along the East Coast of the United States. Pursuant to the relevant agreements, the existing equityholders of the Company contributed all of their shares of capital stock of the Company to Moran Enterprises Corporation ("Moran Enterprises") in exchange for (i) newly-issued shares of common stock of Moran Enterprises which represent a substantial majority (but less than 80%) of the common stock of Moran Enterprises and (ii) newly-issued

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shares of Moran Enterprises preferred stock. Simultaneously, the existing stockholders of the Turecamo Entities contributed all of their shares of capital stock of each of the Turecamo Entities to Moran Enterprises in exchange for (i) newly-issued shares of common stock of Moran Enterprises, including certain shares which vest if certain financial criteria are met, which represent a minority interest in the common stock of Moran Enterprises, and (ii) an aggregate cash amount of $45.0 million. As a result, Moran Enterprises became the new parent of both the Company and the Turecamo Entities. The Company's 11-3/4% First Preferred Ship Mortgage Notes due 2004 (the "Notes") are not guaranteed by Moran Enterprises or the Turecamo Entities.

The Combination was financed through a $200 million syndicated Credit Agreement among Moran Enterprises, certain participating financial institutions and Fleet Bank, N.A., as administrative agent (the "New Senior Credit Facility"). A portion of the New Senior Credit Facility has been used (i) to finance the Combination and to pay related fees and expenses and (ii) to repay existing debt of the Turecamo Entities. In addition, the Company repaid a $3.5 million term loan from its cash reserves as part of the transaction. See "Management Discussion and Analysis of Financial Condition and Results of Operations - Liquidity and Capital Resources".

SALES AND MARKETING

TUG SERVICES. The general manager of each operating port has ongoing marketing responsibilities for his port. The general managers are assisted by sales personnel based in Greenwich, Connecticut. The Company also has long-standing relationships with a network of independent foreign agents in many of the major shipping centers of the world.

MARINE TRANSPORTATION. The Company has maintained long-term relationships with key participants in the utility, energy and agricultural sectors, and uses those contacts to develop business. New business opportunities for the marine transportation business are also generated by the general managers of the Company's operating subsidiaries or divisions. The Company has the ability to quickly assemble a multi-disciplinary team to analyze new business opportunities and prepare and submit proposals tailored to meet customers' needs.

COMPETITION

TUG SERVICES. The tug services industry is highly competitive. The Company competes with numerous competitors in the ports which its serves. Because entry into most ports is unrestricted, additional competitors may enter the Company's current markets in the future.

Management believes that participants in the tug services market compete on the basis of price, service (including vessel availability), relationships, reputation, quality of operations, the ability to meet stringent safety requirements and operational flexibility.

MARINE TRANSPORTATION. The marine transportation industry is highly competitive. The industry has become increasingly concentrated in recent years as smaller and/or economically weaker companies have gone out of business or have been acquired by larger competitors. The Company has a number of competitors in each of its marine transportation markets that operate U.S. flag barges, tankers and bulkers. Certain of these competitors have substantially greater resources than the Company. However, the number of vessels eligible to engage in Jones Act trade has declined over the past several years.

Management believes that participants in the tank and dry bulk barge business compete on the basis of price, service (including vessel availability), relationships, reputation, quality of operations, the ability to pass stringent safety audits and operational flexibility. Further, in light of the potential liability of oil companies and other shippers of petroleum products under the Oil Pollution Act of 1990 ("OPA 90") and analogous state laws, management believes that some shippers select transporters in larger measure than in the past, on the basis of a demonstrated record of safe operations. Therefore, the Company has implemented a number of measures in order to maintain high quality operations and has continued to stress its long-standing commitment to safe transportation of petroleum products in its marketing efforts.

CUSTOMERS AND CONTRACTS

TUG SERVICES. The Company offers tug services to vessel owners, operators and their agents. The Company prides itself on its long-standing customer

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relationships, which in some cases date back to before World War II. The majority of the Company's ship docking business is performed under one-year,

renewable contracts, with the remainder being on a spot basis. The Company also has long and established relationships with many of its harbor and coastwise towing customers. The Company's harbor and coastwise towing business is performed both on a contract and on a spot market basis.

No single tug services customer accounted for more than 7% of the Company's total consolidated revenues in 1998. Although many of the Company's tug services customers have been customers of the Company for periods in excess of 30 years and although most of the Company's tug services customers have had at least a five-year relationship with the Company, there can be no assurance that any individual contract or relationship will be renewed or continued.

MARINE TRANSPORTATION. The Company's marine transportation business operates both on a term contract basis and on a spot market basis. The Company strives to maintain an appropriate mix of contract and spot business, based on current market conditions. No single marine transportation customer accounted for more than 7% of the Company's total revenues in 1998.

INSURANCE

The Company's operations are subject to the hazards associated with operating vessels and carrying large volumes of cargo in a marine environment. These hazards include the risk of loss of, or damage to, the Company's vessels, damage to property of third parties (including customers), loss or contamination of cargo, personal injury to employees or third parties, and pollution and other environmental damages. The Company maintains insurance coverage against these hazards. Risk of loss of, or damage to, the Company's vessels is insured to amounts that the Company believes represents the fair market values of such vessels, subject to certain deductibles. Vessel operating liabilities, resulting from such things as collision, cargo and environmental damage and personal injury, are insured at levels believed to be adequate primarily through the Company's participation in a protection and indemnity mutual insurance association. However, because of the mutual nature of such insurance, the Company is exposed to funding requirements and coverage shortfalls in the event claims by the Company or other members exceed available funds and reinsurance. See "Regulatory Matters-Environmental Matters - Oil Pollution Legislation."

The Company has entered into a Marine Insurance Additional Retention Agreement (the "Insurance Agreement") with The Interlake Steamship Company, Lakes Shipping and Mormac Marine Transport Inc. (collectively, the "Mormac Group"). The Turecamo Entities joined the group for hull insurance, effective with the Combination. Messrs. Tregurtha, Barker and Langlois are officers, directors and/or direct or indirect shareholders of some or all of the entities in the Mormac Group. The Company, the Mormac Group and now the Turecamo Entities for hull insurance, have entered into the Insurance Agreement in an effort to reduce insurance expense by obtaining lower premiums through group purchases of insurance and through higher deductibles. The Insurance Agreement also provides for allocation among the parties of any risk arising out of the increases in insurance deductibles. Pursuant to the Insurance Agreement, the Company, the Mormac Group and now the Turecamo Entities, have agreed to share any increased insurance claims expense required to be borne by a party as a result of insurance claims which exceed historical deductibles but are less than the new, increased deductibles. Allocations of any increased insurance claims expense is based upon the historical claims experience (in excess of historical deductibles) for each party to the agreement. In the current policy year, 75% of any additional insurance claims expense attributable to the higher deductibles will be borne by the Company and 25% of any such additional insurance claims expense will be borne by the Mormac Group. The Company's broker is currently calculating the split between the Company, the Mormac entities and the Turecamo Entities. Amounts payable to the Company from members of the Mormac Group totaled $541,000 at December 31, 1998. The Company believes that the terms of the Insurance Agreement, which was prepared in consultation with an independent insurance broker, are similar to those that would be obtained in an arms'-length transaction.

REGULATORY MATTERS

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GENERAL. The Company's rates for transportation of bulk cargoes, which are not published and are negotiated with its customers, are not subject to government regulation. The operation of tugboats and barges is subject to regulation under various federal laws and international conventions, as interpreted and implemented by the United States Coast Guard, as well as under certain state and local laws. Tugboats and barges are required to meet operational and safety standards currently established by the United States Coast Guard. In addition, most of the Company's tugboats and all of its barges meet construction and repair standards established by the American Bureau of Shipping, a private vessel inspection organization. The Company's seagoing supervisory personnel are licensed by the United States Coast Guard. Seamen and tankermen are documented by the United States Coast Guard. See also "Regulatory Matters-Occupational Health Regulations".

JONES ACT AND RELATED REGULATIONS. The Jones Act restricts marine transportation between United States ports to vessels built and registered in the United States and owned by United States citizens. The Jones Act also requires that all United States flag vessels be manned by United States citizens, which significantly increases the labor and certain other operating costs of United States flag vessel operations compared to foreign-flag vessel operations. In addition, the United States Coast Guard and American Bureau of Shipping maintain the most stringent regime of vessel inspection in the world, which tends to result in higher regulatory compliance costs for United States flag operators than for owners of vessels registered under foreign flags. Because the Company transports cargo between United States ports and engages in harbor work within United States ports, most of its business depends upon the Jones Act remaining in effect. Compliance with the requirements of the Jones Act is therefore very important to the operations of the Company and the loss of Jones Act status could have a significant adverse effect on the Company. In this regard, stockholder agreements prohibit the transfer of Moran Enterprise's capital stock to non-U.S. citizens. See "Certain Relationships and Related Transactions." The Company also monitors the citizenship of its employees and will take any remedial action necessary to insure compliance with Jones Act requirements. There have been various on-going unsuccessful attempts in the past by foreign governments and companies to gain access to the Jones Act trade. These efforts have been consistently defeated by large margins in the United States Congress. Management believes that continued efforts will be made to gain access to such trade and if such efforts are successful, there could be an adverse effect on the Company.

ENVIRONMENTAL MATTERS. The Company is subject to various legislation and regulations enacted to protect the environment. Under applicable law, an owner or operator of real property may be liable for the costs of removal or remediation of certain hazardous or toxic substances on or under such property, regardless whether the owner or operator knew of, or was responsible for, the presence of such materials. Moreover, persons who arrange for the disposal or treatment of wastes containing such substances at an off-site facility may also be liable for the costs of removal or remediation of such substances at the off-site facility, regardless of whether the facility is owned or operated by such person. In this regard, the Company and its predecessors have conducted vessel repair and maintenance activities at certain owned or leased sites, and have disposed of wastes that may contain such substances at off-site waste management facilities. As discussed below under "Legal Proceedings", Jakobson Shipyard, Inc., a subsidiary of the Company ("Jakobson"), has been named as a potentially responsible party for the cleanup of an off-site waste management facility in Syosset, New York. It is possible that the Company will in the future be subject to additional claims for, and incur costs in connection with, remediation of other real property. However, the extent of any such liability and the timing of any payments to be made by the Company, if any, are not determinable.

The Company may also incur future costs and expenses in order to ensure compliance with existing or new requirements under applicable environmental laws. In many instances, the ultimate costs under such environmental laws and the time period during which such costs are likely to be incurred are not

determinable: See "Management's Discussion and Analysis of Financial Condition and Results of Operations - Other Matters."

OIL POLLUTION LEGISLATION. As a transporter of petroleum products, the Company is subject to oil pollution legislation. OPA 90 substantially affects the liability exposure of owners and operators of vessels, oil

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terminals and pipelines. Under OPA 90, each responsible party for a vessel or facility from which oil is discharged will be jointly and severally liable for all oil spill containment and clean-up costs and certain other damages arising from the discharge. These other damages are defined broadly to include (i) natural resource damage (recoverable only by government entities), (ii) real and personal property damage, (iii) net loss of taxes, royalties, rents, fees and other lost revenues (recoverable only by government entities), (iv) lost profits or impairment of earning capacity due to property or natural resource damage, and (v) net cost of public services necessitated by a spill response, such as protection from fire, safety or health hazards.

The owner or operator of a vessel from which oil is discharged will be liable under OPA 90 unless it can be demonstrated that the spill was caused solely by an act of God, an act of war, or the act or omission of a third party unrelated by contract to the responsible party. Even if the spill is caused solely by a third party, the owner or operator must pay all removal cost and damage claims and then seek reimbursement from the third party or the trust fund established under OPA 90.

OPA 90 establishes a federal limit of liability of the greater of $1,200 per gross ton or $10 million per tank vessel. A vessel owner's liability is not limited, however, if the spill results from a violation of federal safety, construction or operating regulations.

OPA 90 requires all vessels to maintain a certificate of financial responsibility ("COFR") for oil pollution in an amount equal to the greater of $1,200 per gross ton per vessel, or $10 million per vessel, in compliance with regulations promulgated by the U.S. Coast Guard. Additional financial responsibility in the amount of $300 per gross ton is required under regulations promulgated by the U.S. Coast Guard under the Comprehensive Environmental Response Compensation and Liability Act ("CERCLA"), the federal Superfund law. Owners of more than one tank vessel, such as the Company, are only required to demonstrate financial responsibility in an amount sufficient to cover the vessel having the greatest maximum liability (approximately $17 million in the Company's case). The Company currently maintains COFRs in compliance with applicable Coast Guard rules.

OPA 90 requires all newly constructed petroleum tank vessels engaged in marine transportation of oil and petroleum products in the U.S. to be double-hulled and all existing single-hulled vessels to be retrofitted with double hulls or phased out of the industry between January 1, 1995 and 2015. Because of the age and size of the Company's individual barges, the first three of its barges will be required to be retired or retrofitted by 2005. However, many of the vessels competing with the Company's barges are required to be retired or retrofitted between now and 2005.

Since the double-hull requirements of OPA 90 do not begin to impact materially the seven single-hulled barges in the Company's current tank barge fleet until 2005, the Company has not yet determined how it will finance the conversion or replacement of these single-hulled barges. However, the Company expects that, where economically feasible, it will take steps to construct new, double-hulled barges when its single-hulled barges are phased out. At current construction costs, the Company estimates that it would cost approximately (a) $5 million to build a new 40,000 barrel tank barge similar to the Connecticut and (b) $25 million to build a new barge to replace a 250,000 barrel tank barge such as the New York. The timing of the construction or conversion of such barges will depend in large measure on market conditions, particularly demand for double-hulled barges and the rates that petroleum shippers are willing to pay to use such barges. The Company expects to finance such construction or conversion from both internally generated funds and from outside sources, including the equity market, banks and insurance companies and U.S. Government-guaranteed ship financing programs, if available. There is no assurance that such

financing will be available in the amounts and at interest rates that will allow the Company to replace its current single-hulled barge fleet. See "Properties-Vessels: Barge Fleet."

OPA 90 directs the Coast Guard to develop interim measures for single hull-tank vessels of over 5,000 gross tons "that provide as substantial protection to the environment as is economically and technologically feasible". The Coast Guard has adopted, and is still adopting a series of operational measures that, while increasing current standards, has not, and is not expected to have an appreciable effect on the Company.

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OPA 90 further requires all tank vessel operators to submit for federal approval detailed vessel oil spill contingency plans setting forth their capacity to respond to a worst case spill situation. Several states have similar contingency or response plan requirements. Although the Company is currently in compliance, there can be no assurance that the Company will be able to remain in compliance with all the federal requirements or those of one or more states.

OPA 90 is expected to have a continuing adverse effect on that segment of the marine transportation industry that transports petroleum products, including the Company. The effects on the industry could include, among others, (i) increased requirements for capital expenditures to fund the cost of double-hulled vessels, (ii) increased maintenance, training, insurance and other operating costs, (iii) civil penalties and liability, (iv) decreased operating revenues as a result of a further reduction of volume transported by vessels and (v) increased difficulty in obtaining sufficient insurance, particularly oil pollution coverage. These effects could adversely affect the profitability and liquidity of the Company's marine transportation line of business.

Finally, OPA 90 does not preclude states from adopting their own liability laws. Many of the states in which the Company does business have enacted laws providing for strict, unlimited liability for vessel owners in the event of an oil spill. In addition, numerous states have enacted or are considering legislation or regulations involving at least some of the following provisions: tank-vessel-free zones, contingency planning, inspection of vessels, additional operating, maintenance and safety requirements, and financial responsibility requirements. Management believes that the liability provisions of OPA 90 and similar state laws have greatly expanded the Company's potential liability in the event of an oil spill, even where the Company is not at fault.

OTHER REGULATIONS. The Company is also subject to regulations under the Federal Water Pollution Control Act of 1972, as amended by the Clean Water Act of 1977, and the Clean Air Act, as well as similar state statutory and regulatory programs. To date, compliance with the applicable provisions of these acts and regulations has not exposed the Company to material expense, although the Company has found it increasingly expensive to manage the wastes generated in its operations.

USER FEES AND TAXES. Federal legislation imposes user fees on vessel operators such as the Company to help fund the United States Coast Guard's regulatory activities. Other federal, state and local agencies or authorities could also seek to impose additional user fees or taxes on vessel operators or their vessels. Currently, the Coast Guard collects fees for vessel inspection and documentation, licensing and tank vessel examinations. The Company does not expect that these fees will be material to it. There can be no assurance that additional user fees will not be imposed in the future.

OCCUPATIONAL HEALTH REGULATIONS. Certain of the Company's vessel operations are subject to United States Occupational Safety and Health Administration regulations. Similarly, the Coast Guard has promulgated regulations that address the exposure to benzene vapors, which require the Company, as well as other operators, to perform extensive monitoring, medical testing and record keeping of seamen engaged in the handling of benzene transported aboard vessels. It is expected that these regulations may serve as a prototype for similar health regulations relating to the carriage of other cargoes. Management believes that the Company is in compliance with the provisions of the regulations that have been adopted.

EMPLOYEES

The Company and its subsidiaries employed 655 persons as of December 31, 1998, of which 522 are crew members or other seagoing personnel. As of December 31, 1998, 367 of such employees are represented by various unions. Union contracts for certain marine employees of operating division or subsidiaries of the Company expire between April 30, 2000 (29 employees) and March 1, 2004 (220 employees). The Company's New York labor contract ended in September 1998, but was extended until a new one was completed effective March 1, 1999. Management believes that its relationship with employees is satisfactory.

ITEM 2. PROPERTIES

VESSELS: TUG FLEET

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The tugboat fleet operated by subsidiaries of the Company is comprised of 57 tugboats with the following specifications and capacities:

Class	Number in Class	Average Age in Years
Over 3,500 horsepower	14	24.9
3,000 to 3,500 horsepower	18	26.1
Under 3,000 horsepower	17	42.2
Mortrac(R)	4	Rebuilt in 1997/98
Push boats	4	-

Tugboats typically have long useful lives, generally exceeding 50 years. Through its maintenance practices and periodic overhauls, the Company is able to maximize the operational life of its tug fleet and minimize vessel downtime. Management believes that the Company's tug fleet has a lower average age and is better maintained than the fleets of many of the Company's competitors.

During the past three years, the Company converted four of its single screw tugs to MORTRAC(R) class tugs. The conversion consists of installing a forward mounted, fully retractable 360-degree azimuthing thruster, a state of the art wheelhouse, and new fendering systems. In addition, during the time that the vessels were undergoing conversion, a thorough maintenance and repair process was undertaken to ensure that the remaining vessel systems were in top condition. The resulting MORTRAC(R) tugs are highly maneuverable and have significantly greater horsepower than prior to conversion. Customer reaction to the capabilities of the converted vessels has been favorable and the four tugs now play key roles in the ports where they are located. The MORTRAC(R) conversion has greatly enhanced the value and expected life of the tugs in question. MORTRAC(R) is a registered trademark of the Company.

In 1998, the Company built four inland push boats and four barges.

VESSELS: BARGE FLEET

The Company operates 19 barges in the U.S. coastwise trade and inland waterways. Seventeen of the barges are owned by the Company and two are chartered to the Company. The specifications and capacities of each of such barges are set forth in the following table:

Name	Type	Year Built	OPA 90 Replacement Date	Capacity	Employment At 12/31/98	Principal Cargo
Somerset	Ocean Dry Bulk	1990	N/A	13,211 dwt	Term Contract	Coal
Bridgeport	Ocean Dry Bulk	1986	N/A	12,780 dwt	Term Contract	Coal
Portsmouth (1)	Ocean Dry Bulk	1996	N/A	13,214 dwt	Spot Market	Coal
Virginia	Ocean Dry Bulk	1982	N/A	24,109 dwt	Term Contract	Coal
Maryland (2)	Inland Dry Bulk	1970	N/A	20,357 dwt	Inactive	Coal
Connecticut (3)	Ocean Tank	1994	N/A	41,454 bbl	Term Contract	No. 6 Oil
Texas	Ocean Tank	1981	2006	130,000 bbl	Term Contract	No. 6 Oil
Florida	Ocean Tank	1980	2005	130,000 bbl	Term Contract	No. 6 Oil
Pennsylvania	Ocean Tank	1971	2005	93,000 bbl	Term Contract	No. 6 Oil
New York (4)	Ocean Tank	1970	2005	250,000 bbl	Spot Market	Gasoline
Massachusetts (5)	Ocean Tank	1982	2007	145,000 bbl	Spot Market	No. 6 Oil
Maine	Inland Tank	1976	2014	64,000 bbl	Spot Market	No. 6 Oil
Rhode Island	Inland Tank	1972	2014	64,000 bbl	Spot Market	No. 6 Oil
Seahorse I (6)	Inland Tank	1966	2014	41,770 bbl	Term Contract	No. 6 Oil
New Jersey	Ocean Tank	1969	2014	36,278 bbl	Bareboat Charter	Bunker Fuel
JAX No. 1	Inland Tank	1998	N/A	19,128 bbl	Term Contract	No. 6 Oil
JAX No. 2	Inland Tank	1998	N/A	19,128 bbl	Term Contract	No. 6 Oil
JAX No. 3	Inland Tank	1998	N/A	19,128 bbl	Term Contract	No. 6 Oil
JAX No. 4	Inland Tank	1998	N/A	19,128 bbl	Term Contract	No. 6 Oil

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(1) The Company leases this barge under a 10-year bareboat charter.
(2) The Maryland has in the past been employed in a number of alternative uses, but is primarily a coal barge. The barge has not been utilized since November 7, 1996 due to damage to the vessel. The Company is currently evaluating whether to repair the vessel.
(3) This barge is the primary barge used in connection with a long-term contract with Connecticut Light and Power ("CL&P"). This contract provides, among other things, that CL&P may exercise a purchase option on the Connecticut in certain circumstances. First, commencing with the fourth anniversary of the delivery of the Connecticut, CL&P may, on each anniversary date, purchase the barge for a purchase price equal to certain scheduled amounts. In addition, CL&P has the option to purchase the barge if the Company willfully refuses to perform and in certain other limited circumstances.
(4) Owned by a partnership in which a subsidiary of the Company has a 50% interest.
(5) The Company purchased this barge in February 1997.
(6) 100% owned by CL&P, and operated by a subsidiary of the Company pursuant to an evergreen bareboat charter. The Seahorse I is the primary back up barge for the Company's contract with CL&P, but is currently used in the spot market. The Seahorse I is double-hulled, but does not meet the OPA 90 double hull requirements and therefore has an OPA 90 replacement date.

See "Management's Discussion and Analysis of Financial Condition and Results of Operations - Liquidity and Capital Resources."

OTHER PROPERTIES

Set forth below is a list of all of the Company's offices and facilities as of December 31, 1998.

<TABLE>
<CAPTION>

Location	Description	Approximate Square Feet/ Linear Feet (1)	Lease Expiration Date
<S>	<C>	<C>	<C>
Greenwich, CT	Executive Office	17,526	2004
Portsmouth, NH	Office Space	322	Owned Property
Portsmouth, NH	Pier Space	126	Owned Property
Staten Island, NY	Office and Pier Space	113,756(2)	Owned Property
Philadelphia, PA	Pier and Office Space	52,500(2)	2007
Baltimore, MD	Office Space	4,400	2002
Baltimore, MD	Pier Space	415	2003
Norfolk, VA	Office and Pier Space	97,027(2)	Owned Property
Jacksonville, FL	Office and Pier Space	71,874(2)	2000
Miami, FL	Office Space	630	1999
Nederland, TX	Office Space	1,402	2001
Port Arthur, TX	Pier Space	275	1999

</TABLE>

(1) Square footage is presented for office space; linear footage is presented for pier space.
(2) Aggregate square footage for entire property.

Management believes that its existing properties are adequate for its current needs and that additional facilities will be readily available if needed.

ITEM 3. LEGAL PROCEEDINGS

The Company is a party to routine, marine-related lawsuits arising in the ordinary course of its business. The claims made in connection with the Company's marine operations are covered by marine insurance, subject to applicable policy deductibles. Management believes, based on its current knowledge, that such lawsuits and claims, even if the outcomes were to be adverse, would not have a material adverse effect on the Company's financial condition and results of operations.

On January 31, 1990, Jakobson was notified by letter from the EPA that the EPA

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had reason to believe that the subsidiary is a Potentially Responsible Party (a "PRP") under CERCLA with respect to a landfill site at Syosset, New York. In February 1994, the Town of Oyster Bay, New York, operator of the Syosset landfill, filed suit in the United States District Court for the Eastern District of New York against Jakobson and several other PRPs to recover costs associated with clean up of the landfill. In its complaint, the Town alleges that Jakobson disposed of various wastes at the landfill, which the Town operated from approximately 1933 to 1975. Prior to filing the complaint, the Town entered into an administrative consent order with the EPA to remediate the site. The Town seeks to recover from the PRPs past and future costs associated with the cleanup. According to the Town's complaint, as of February 1994, the Town had expended approximately $2.75 million and anticipated additional costs of $500,000 to evaluate remedial alternatives for the site. Clean-up costs were estimated at $25 million. Jakobson believes that it has both a factual and legal defense to liability. The Federal court hearing this matter has ruled that the PRPs are liable in contribution only, not joint and severally. Jakobson believes that in relation to the other defendants its contribution, if any, to the site is de minimus. Jakobson is investigating the allegations of the EPA and the Town and the existence of insurance coverage should the subsidiary be found to have liability with respect to the landfill site. At this stage, management believes that it is premature to attempt to predict the outcome of the suit. Jakobson's insurers are providing a defense.

Subsidiaries of the Company are defendants, along with others, in certain lawsuits filed in the U.S. District Courts for the Northern District of Ohio and the Eastern District of Pennsylvania and in Virginia state court by an aggregate of 395 individuals or their estates or personal representatives who have alleged damages for workplace exposure to asbestos. Based on employment records, a number of these individuals appear to have worked for subsidiaries of the Company, or their predecessors, for less than one year, if at all, out of their working careers. The Company is in the process of identifying the scope of its insurance coverage for these claims. At least 88 of these individuals served on vessels operated by a subsidiary of the Company on behalf of the United States government for which a government indemnity is applicable. The United States has agreed to indemnify and defend the Company with respect to approximately 68 cases. Management believes that the United States indemnity will extend to additional cases. Although the Company believes that these claims are without merit, it is impossible at this juncture to express a definitive opinion on the final outcome of any such suit. Management believes that any liability under any such suits would not have a material adverse effect on the Company's financial condition and results of operations, regardless of the scope of available insurance coverage.

ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

None

PART II

ITEM 5. MARKET FOR REGISTRANT'S COMMON EQUITY AND RELATED STOCKHOLDER MATTERS

There is currently no public trading market for the Company's issued and outstanding common stock. All of the Company's outstanding common stock is held by Moran Enterprises Corporation.

ITEM 6. SELECTED CONSOLIDATED FINANCIAL DATA

The following table presents historical financial information concerning the Predecessor and the Company. The historical financial information in the five-year period ending December 31, 1998, is derived from the consolidated financial statements of the Company. Such financial statements are included elsewhere herein for the three-year period ended December 31, 1998. The following financial information should be read in conjunction with "Management's Discussion and Analysis of Financial Condition and Results of Operations".

<TABLE>
<CAPTION>

	Predecessor	Company				
	Period Jan. 1, 1994 thru July 11,	July 12, 1994 thru Dec. 31,	Year ended December 31,			
(Dollars in thousands)						
INCOME STATEMENT DATA:	1994	1994	1995	1996	1997	1998

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<S>	<C>	<C>	<C>	<C>	<C>	<C>
Operating revenue	$ 41,694	$ 37,482	$ 77,343	$ 91,458	$ 100,526	$ 107,448
Operating expenses.	27,341	22,355	45,672	57,451	66,090	70,195
Depreciation	3,119	3,217	7,412	7,719	7,769	8,108
General and administrative expenses	7,559	5,962	14,221	14,283	13,755	14,914
Provision for shipyard sale	589	--	--	--	--	--
Operating income	3,086	5,948	10,038	12,005	12,912	14,231
Interest expense	(975)	(4,810)	(10,192)	(10,132)	(10,026)	(10,266)
Interest income	28	74	51	146	346	437
Equity in loss from affiliates	(622)	--	--	--	--	--
Equity in income/(loss) from joint venture	220	106	(188)	(66)	(727)	176
Other income/(expense)	317	218	155	160	(273)	102
Income/(loss) before provision for income taxes	2,054	1,536	(136)	2,113	2,232	4,680
Provision for income taxes	785	630	200	808	613	1,965
Net income/(loss)	$ 1,269	$ 906	$ (336)	$ 1,305	$ 1,619	$ 2,715
OTHER DATA:						
EBITDA(1)	$ 6,977	$ 9,987	$ 18,855	$ 23,337	$ 23,704	$ 28,280
Net cash provided by operating activities	3,939	6,527	5,491	11,427	8,929	16,997
Net cash provided by/(used for) investing activities	817	(73,555)	(5,832)	(5,110)	(8,063)	(18,170)
Net cash (used for)/provided by financing activities	(4,637)	68,842	(652)	(3,496)	3,252	(4,423)
Ratio of earnings to fixed charges (2)	2.7x	1.3x	1.0x	1.2x	1.2x	1.4x
Balance Sheet Data (at end of period)						
Total assets	$ 64,432	$ 170,108	$ 174,094	$ 172,717	$ 160,290	$ 161,534
Total long-term debt	16,450	83,414	82,848	80,000	83,252	78,997
Mandatorily redeemable capital stock	--	1,150	1,150	1,000	1,000	--
Total stockholders' equity	19,701	10,906	10,570	12,025	13,644	17,359

</TABLE>

(1) EBITDA means income before provision for income taxes, interest expense (including amortization of debt discount of $106 for the period ended July 11, 1994), depreciation and amortization and provision for shipyard sale, and is presented because the Company believes that it provides useful information regarding its ability to service and/or incur debt. EBITDA should not be considered in isolation or as a substitute for net income/(loss), cash flows from operating activities and other combined income or cash flow statement data prepared in accordance with generally accepted accounting principles or as a measure of the Company's profitability or liquidity.

(2) For purposes of the computations, earnings before fixed charges consist of income/(loss) before income taxes adjusted for equity earnings/(loss), as appropriate, plus fixed charges. Fixed charges are defined as interest expense plus interest capitalized and that portion of rental expense which is deemed to be representative of the interest factor.

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

This discussion and analysis of the Company's financial condition and historical results of operations should be read in conjunction with the Company's and the Predecessor's consolidated historical financial statements and the related notes thereto included elsewhere in this report.

OVERVIEW REVENUES

TUG SERVICES. Tug services revenues depend primarily upon tug utilization and the rates charged for tug services. Tug utilization is primarily a function of the volume of vessel traffic requiring docking or undocking or other ship assistance services, barge movements, coastwise contract towing and offshore rescue work. Rates charged for tug services are primarily set by reference to the Company's scheduled rates, subject to discounts as competitive conditions warrant. When tug services are not performed on a contract basis, rates are quoted at the time that such services are requested.

Tug services revenues, in the aggregate, have remained relatively stable over recent years. Although the number of ships entering and exiting ports has gradually declined, the Company has offset the resulting revenue decline by maintaining market share through relationship management and increasing coastwise towing.

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MARINE TRANSPORTATION. Marine transportation services are provided by the Company's barge fleet on a term contract basis and on a spot market basis. Rates for such services are pre-established by contract or are quoted at the time that such services are requested, and are generally set based on the quantity of product to be transported and the distance to be traveled.

The Company's marine transportation revenues are primarily attributable to the transport of petroleum products (particularly No. 6 oil), coal, scrap iron, and grain. Demand for the Company's marine transportation services is substantially dependent upon general demand for petroleum, petroleum products and coal in the geographic areas served by its vessels. In addition, weather, prevailing markets for fossil fuels and other sources of energy and economic factors can affect utility consumption of petroleum, petroleum products and coal and, as a result, the demand for a substantial portion of the Company's marine transportation services. The deregulation of the utility business could also have an impact on this segment, as power-generating facilities are unbundled from the other portions of the business.

OPERATING EXPENSES. The Company's operating expenses are primarily a function of fleet size and utilization levels and are comprised of wages and benefits, fuel, repairs, insurance, insurance claims and charter hire of third party tugs to satisfy vessel requirements. In addition, the Company incurs depreciation and amortization expense. The crews of the Company's tugs and barges are primarily paid on a daily wage basis. Wage and benefit levels vary among ports due to labor market conditions. The Company capitalizes expenditures when a vessel is improved or its useful life is extended. Drydocking and related costs are capitalized when incurred and amortized over the period until the next drydocking, usually 30 months. The timing of drydockings is generally governed by American Bureau of Shipping requirements, which require two drydockings every five years. All other repair expenditures are expensed as incurred. Insurance costs consist primarily of premiums paid for (i) protection & indemnity insurance ("P&I insurance") for the Company's marine liability risks, which are insured by a mutual insurance association of which the Company is a member; (ii) hull and machinery insurance and other marine-related insurance, which are insured by commercial marine insurance markets; and (iii) general liability and other traditional insurance, which are insured by commercial insurance carriers. Insurance costs, particularly costs of marine insurance, are directly related to amount of coverage, industry and individual loss records and overall insurance market conditions, which vary from year-to-year. As discussed above under "Business-Insurance," the Company and the Mormac Group, and the Turecamo Entities for hull insurance, have entered into the Insurance Agreement, under which the Company's insurance expense will be

affected by both the Company's increased deductibles and the respective insurance claims experience of the Company, the Mormac Group and the Turecamo Entities.

RESULTS OF OPERATIONS

YEAR ENDED DECEMBER 31, 1998 COMPARED TO YEAR ENDED DECEMBER 31, 1997

<TABLE>
<CAPTION>

<S>	Year Ended December 31, 1997 <C>	1998 <C>
Operating revenue	$100,526	$107,448
Cost of operations		
Operating expenses	66,090	70,195
Depreciation	7,769	8,108
Total cost of operations	73,859	78,303
Gross profit	26,667	29,145
General and administrative expenses	13,755	14,914
Operating income	12,912	14,231
Interest expense	(10,026)	(10,266)

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Interest income	346	437
Equity in (loss)/income from joint venture	(727)	176
Other (expense)/income	(273)	102
Income before provision for income taxes	2,232	4,680
Provision for income taxes	613	1,965
Net income	$ 1,619	$2,715

</TABLE>

OPERATING REVENUES. Operating revenues increased by $6.9 million, or 6.9%, to $107.4 million in 1998. Tug Service revenue increased by $7.8 million or 13.7%, to $64.9 million. The increase reflects higher offshore towing revenue as well as increased revenues from ship docking in all ports of operation.

Marine Transportation revenues decreased by $0.8 million, or 1.9%, to $42.5 million primarily due to lower movements of coal, which was partially replaced by increased shipments of other drybulk products such as fertilizer. Petroleum transportation stayed even as increased activity in the Northeast and the start of a five-year contract for Florida Power & Light was offset by a long drydocking for one of the Company's oil barges.

OPERATING EXPENSES. Operating expenses increased by $4.1 million, or 6.2%, to $70.2 million. The $4.1 million increase in operating expenses is primarily due to increases in labor, outside towing expense, claims, repairs and drydocking amortization. The $2.0 million increase in labor expense and the $1.7 million increase in outside towing expenses were primarily due to the increased level of activity discussed above. These increases were partially offset by lower fuel costs. Repair expense also increased in 1998, as did drydocking amortization.

DEPRECIATION. Depreciation expense increased by $0.3 million, or 4.4%. This increase was due to the acquisition of new equipment and to improvements to existing floating equipment.

GENERAL & ADMINISTRATIVE EXPENSES. General and administrative expenses increased by $1.2 million or 8.4% to $14.9 million in 1998, primarily due to reduced medical costs in 1997, which were not repeated in 1998. In addition, the cost of salaries, benefits and bad debt expense increased in 1998.

OPERATING INCOME. Operating income increased by $1.3 million, or 10.2%, to $14.2 million. The increase was primarily due to the increased revenues discussed above, partially offset by higher operating expenses, depreciation and general and administration expenses.

EQUITY IN (LOSS)/INCOME FROM JOINT VENTURE. The Company's equity income in its 50% joint venture increased by $0.9 million from a loss of $0.7 million in 1997 to an income of $0.2 million in 1998. In 1997 the vessel was drydocked beginning in the second quarter and was completed mid-way through the third quarter. In addition, market conditions in the clean petroleum products market idled the barge NEW YORK for approximately half of the final six months of 1997. In the current year, 1998, utilization of the barge NEW YORK increased, as did rates.

TAXES. In 1997, taxes were favorably impacted by the realization of a deferred tax asset. The Company applied a capital loss carry forward to offset the tax gain associated with the termination of the Jakobson Shipyard lease (see note 13 to the financial statements). This tax asset previously had been valued at zero due to the uncertainty associated with its utilization.

NET INCOME. Net income increased by $1.1 million, or 67.7% to $2.7 million in 1998. The increase was primarily due to the factors discussed above.

YEAR ENDED DECEMBER 31, 1997 COMPARED TO YEAR ENDED DECEMBER 31, 1996

<TABLE>
<CAPTION>

	Year Ended December 31,	
	1996	1997
<S>	<C>	<C>
Operating revenue	$ 91,458	$100,526
Cost of operations		
Operating expenses	57,451	66,090

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	1996	1997
Depreciation	7,719	7,769
Total cost of operations	65,170	73,859
Gross profit	26,288	26,667
General and administrative expenses	14,283	13,755
Operating income	12,005	12,912
Interest expense	(10,132)	(10,026)
Interest income	146	346
Equity in loss from joint venture	(66)	(727)
Other income/(expense)	160	(273)
Income before provision for income taxes	2,113	2,232
Provision for income taxes	808	613
Net income	$ 1,305	$ 1,619

</TABLE>

OPERATING REVENUES. Operating revenues increased by $9.1 million, or 9.9%, to $100.5 million in 1997. Tug Service revenue remained effectively flat, decreasing by $0.3 million or 0.6%, to $57.1 million as lower offshore towing revenues were offset by The New York City Sanitation Contract.

Marine Transportation revenues increased by $9.4 million, or 27.6%, to $43.4 million primarily due to increased movements of coal and petroleum products. The Company also increased its transportation of other products, such as scrap and fertilizer. The Company also had a full year of operation for the barge PORTSMOUTH, which began operations in November 1996 and the barge MASSACHUSETTS, purchased in February 1997.

OPERATING EXPENSES. Operating expenses increased by $8.6 million, or 15.0%, to $66.1 million. The $8.6 million increase in operating expenses is primarily due to increases in labor, fuel, outside towing expense,

repairs and drydocking amortization. The $2.5 million increase in labor expense and the $1.4 million increase in outside towing expenses were primarily due to the increased level of activity discussed above. The $1.0 million fuel expense increase was also due to the increased activity. Repair expense also increased in 1997, as did drydocking amortization.

DEPRECIATION. Depreciation expense increased by $0.1 million, or 1.3%. This increase was due to the acquisition of new equipment and to improvements to existing floating equipment, including the MORTRAC(R)conversions discussed previously.

GENERAL & ADMINISTRATIVE EXPENSES. General and administrative expenses decreased by $0.5 million or 3.7% to $13.8 million in 1997, primarily due to lower medical costs.

OPERATING INCOME. Operating income increased by $0.9 million, or 7.6%, to $12.9 million. The increase was primarily due to the increased revenues and lower general and administrative expenses discussed above, partially offset by higher operating expenses and depreciation.

EQUITY IN LOSS FROM JOINT VENTURE. The Company equity loss in its 50%-owned joint venture was $0.7 million, compared to the smaller loss of $0.1 million in 1996. The $0.6 million variance is due to lower rates as well as a drydocking of the vessel, which began in the second quarter of 1997 and was completed mid-way through the third quarter. In addition, market conditions in the clean petroleum products market idled the barge NEW YORK for approximately half of the final six months of 1997 and management believes that lower rates and lower utilization could continue through 1998.

TAXES. Taxes were favorably impacted by the realization of a deferred tax asset. The Company applied a capital loss carry forward to offset the tax gain associated with the termination of the Jakobson Shipyard lease (see note 13 to the financial statements). This tax asset previously had been valued at zero due to the uncertainty associated with its utilization. The Company determined in the third quarter that is was more likely than not that the asset could be utilized.

NET INCOME. Net income increased by $0.3 million, or 24.1% to $1.6 million in 1997. The increase was primarily due to the factors discussed above.

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LIQUIDITY AND CAPITAL RESOURCES

The Company is highly leveraged as a result of the debt incurred in connection with the Acquisition. The Company has outstanding $78,997,000 of 11.75% Series B First Preferred Ship Mortgage Notes due July 15, 2004 (the "Notes"), the issuance of which was registered under the federal securities laws. Interest on the Notes is payable semi-annually on January 15 and July 15. The Notes are redeemable, in cash, at the option of the Company, commencing July 15, 1999, at a redemption price equal to 108% of principal amount, with the redemption price decreasing over time thereafter. The Company currently intends to redeem the Notes on or about July 15, 1999 at 108% of their principal amount and has arranged financing under the New Credit Facility to do so; however, no assurance can be made that the Company will redeem the Notes at such time. All of the Company's subsidiaries have guaranteed the Notes. The Notes rank pari passu with all existing and future senior indebtedness of the Company and senior to all subordinated indebtedness of the Company and are secured by substantially all of the Company's floating equipment. The indenture covering the Notes contains certain restrictions on incurrence of debt, liens, sales of assets, investments, and capital expenditures, dividends and upstream payments. The Company must also comply with certain other financial covenants.

The New Senior Credit Facility includes two $80 million term loan facilities, one of which was used to finance the Combination and the other of which may be drawn upon to redeem in full the Company's Notes when they become eligible for redemption under the applicable indenture. The indenture permits redemption of all such Notes commencing on July 15, 1999 at a redemption price equal to 108% of principal amount, with the

redemption price decreasing over time thereafter. Under the New Senior Credit Facility, several conditions must be satisfied prior to drawing on the term loan facility to redeem the Notes, including that no event of default shall have occurred or be continuing, that certain representations and warranties are true and correct, and that there shall have been no material adverse change in the condition of the vessels owned by Moran Enterprises and its subsidiaries. The New Senior Credit Facility also includes a $40 million revolving credit facility. Until the Notes are redeemed and the applicable term loan facility is drawn upon, however, the maximum amount that may be outstanding under the revolving credit facility is $20 million, no more than $15 million of which may be drawn upon for the benefit of the Company and its subsidiaries. The revolving credit facility includes a letter of credit subfacility of a separate sublimit which is available to the Company and its subsidiaries and which reduces the available credit under the revolving credit facility by the amount of any outstanding letter of credit and any unreimbursed drawings under letters of credit. The New Senior Credit Facility bears interest at rates linked to the prime rate and/or a Eurodollar rate, at Moran Enterprises's option. The term loan facility, which may be drawn upon to redeem the Notes, matures on June 30, 2004; the other $80 million term loan facility matures on December 31, 2005. The revolving credit facility has a term of six years.

The New Senior Credit Facility is secured by substantially all of the personal property of Moran Enterprises and the Turecamo Entities, including floating equipment (i.e., vessels) and a pledge of all the capital stock of Moran Enterprises, the Company and the Turecamo Entities. The Company and its domestic subsidiaries have guaranteed the revolving credit facility to the extent that funds are drawn for their benefit, and in that regard, have granted a first priority lien on accounts receivable and inventory to secure the guaranty. If and when the Notes are redeemed in full, the Company and its subsidiaries will grant security interests in substantially all of their assets, including floating equipment, to secure the New Senior Credit Facility. The Company's floating equipment presently continues to secure its Notes.

The New Senior Credit Facility contains customary affirmative and negative covenants, including compliance with law, maintenance of insurance, and limitations on incurrence of debt, liens, investments, sales of assets and mergers. The revolving credit facility thereunder may be used on an ongoing basis to finance working capital and for general corporate purposes.

Concurrently with the closing of the Combination, the Company used available cash to pay outstanding amounts due under a separate term loan facility of the Company, totaling $3.4 million, inclusive of principal, interest and any fees.

Because the Combination could have been deemed to have been a "Change of Control" under the terms of the indenture governing the Notes, the Company was required to commence a tender offer to purchase for cash any and all of the outstanding Notes, which the Company commenced on November 25, 1998. The Company completed the tender offer on December 28, 1998, and as of such date,

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approximately $1,003,000 in aggregate principal of the Notes had been tendered, representing approximately 1.25% of the $80,000,000 Notes outstanding subject to the tender offer. Following the expiration of the offer, the Company accepted for payment all Notes validly tendered using available cash to make such a payment. The purchase price paid for the Notes was equal to 101% of their principal amount ($1,010 per $1,000 principal amount), plus accrued and unpaid interest.

The Company believes that cash flow from current levels of operations and, to a lesser extent, the availability under the New Senior Credit Facility, will be adequate to make required payments of interest on the Company's indebtedness, as well as to fund capital expenditures. In the event that the Company draws upon the commitments under the New Senior Credit Facility due to adverse business conditions or to finance acquisitions or for other corporate purposes, the Company's aggregate interest expense would correspondingly be increased.

The Company's belief that it will generate sufficient cash to make required payments of interest on its indebtedness and lease obligations is based, among other things, on the assumptions that (i) the Company redeems the Notes at 108% on or about July 15, 1999; (ii) the Company's revenues and operating expenses, as adjusted for inflation, will remain relatively constant; (iii) the Company will retain working capital in accordance with prior practices; (iv) the Company will not incur any material capital expenditures (excluding

routine drydocking costs) other than the possible purchase or construction of new vessels or the acquisition of businesses which in turn are expected to produce additional cash flow; and (v) neither OPA 90 nor any other federal or state environmental statutes or regulations will impose significant additional capital expenditure requirements on the Company other than the mandated phase-out or retrofitting of vessels described in "Business-Regulatory Matters."

Cash and cash equivalents for the year ended December 31, 1998 decreased by $5.6 million compared to a $4.1 million increase in the year ended December 31, 1997, and a $2.8 million increase in the year ended December 31, 1996. The changes for these periods were attributable to the factors discussed below:

For the year ended December 31, 1998, net cash provided by operations of $17.0 million was used to fund capital expenditures of $18.2 million (including the four new push boats and four new barges) and to repay debt of $4.4 million.

For the year ended December 31, 1997, net cash provided by operations of $8.9 million, together with net proceeds from a constructive total loss of $2.8 million, net proceeds from the sale of a leasehold interest of $2.9 million and increased borrowings of $3.3 million was used to fund capital expenditures of $12.7 million (including the purchase of the tug APRIL MORAN, barge MASSACHUSETTS, and two additional MORTRAC(R) conversions) and to fund a $1.0 million capital contribution to a joint venture, primarily to fund a drydocking for the bargE NEW YORK.

For the year ended December 31, 1996, net cash provided by operations was $11.4 million. This cash, together with temporary borrowings of $2.3 million were used to fund capital expenditures of $5.1 million (primarily the capitalization of drydocking costs and the upgrading of the tug HARRIET MORAN to a MORTRAC(R) tug) and to pay down debt of $5.7 million (including the indebtedness relating to the acquisition of the tug VALENTINE MORAN and the barge PENNSYLVANIA.)

Working capital was $10.1 million at December 31, 1998, $17.6 million at December 31, 1997 and $9.1 million at December 31, 1996.

In November 1998, a subsidiary of the Company entered into contract with the Military Sealift Command to provide tug services to the U.S. Navy, beginning in 1999. As part of this contract, the Company is building six tractor tugs and converting two of its existing vessels into tractor tugs. The capital expenditures associated with this and other capital projects, including planned drydockings, is expected to exceed $20.0 million in 1999. The Company is exploring various financing alternatives, including internally generated cash flow and financing under the New Credit Agreement.

RECENT FINANCIAL ACCOUNTING PRONOUNCEMENTS

FAS No. 133, "Accounting for Derivative Instruments and Hedging Activities" was issued in 1998. This statement establishes accounting and reporting standards for derivative instruments. It requires an entity to recognize all derivatives as either assets or liabilities in the statement of financial position and measure those instruments at fair value. The Company will adopt this new standard as of January 1, 2000. Management does not expect the adoption to have a material impact on the Company's results of operations, however, the impact on

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the Company's financial statements is dependent upon the market values of the Company's derivatives and related financial instruments at the date of adoption.

INFLATION

In general, the Company's business is affected by inflation and the effects of inflation may be experienced by the Company in future periods. Management believes, however, that such effect has not been significant to the

Company during the past three years. In the event that significant inflationary trends were to arise, management believes that the Company would generally be able to offset the effects thereof by increasing rates, to the extent permitted by competitive factors, and through operation of certain escalation clauses contained in certain of the Company's marine transportation contracts. There can be no assurance, however, that all such cost increases could be passed through to customers.

YEAR 2000 UPDATE

Moran has been aware of the Year 2000 problem for some time. Over the past year Moran has increased the resources dedicated to evaluating Year 2000 exposure and to developing solutions to any potential Year 2000 problems. A Year 2000 Compliance Committee has been established, chaired by the Vice President, Finance and Administration. This committee, which provides regular reports to the Board of Directors, is responsible for coordinating all Year 2000 compliance efforts and ensuring that Year 2000 and related date problems will not impact Moran's operations or the services that Moran provides to customers. Moran believes that it is taking all reasonable steps to address the Year 2000 problem, but offers no assurances that the problem will be avoided in every instance.

MORAN HAS INITIATED THE FOLLOWING MULTI-STEP PROGRAM (THE "YEAR 2000 PROGRAM") TO ENSURE YEAR 2000 COMPLIANCE:

1. Develop a comprehensive catalog of all systems (both at sea and ashore) that directly or indirectly utilize a date function;
2. Request statements of compliance or suggested methods of achieving compliance from all vendors of date dependent systems;
3. Repair, replace, or correct non-compliant systems as applicable;
4. Actively unit test all hardware and software components individually to ensure compliance;
5. Perform integrated testing of systems as applicable;
6. Correct or replace any systems as required;

The Company's goal is to complete Moran's Year 2000 readiness program by June 30, 1999. Moran will continue to monitor new systems, vendors, and customers as the Year 2000 approaches. Management believes that implementation of the Year 2000 Program is approximately 80-85% complete, as of March 10, 1999. The original schedule had targeted March 31, 1999, but the Combination has delayed the schedule somewhat. The estimated total cost of the Year 2000 Program is not expected to exceed $100,000.

Management does not believe that the Company's normal business activities and operations materially rely on information technology or electronic data interchange with third parties. Nevertheless, applicable requirements of the Securities and Exchange Commission require that the Company disclose a "most reasonably likely worst case scenario" for Year 2000 problems. Applying this requirement, management believes that the area of business operations that could most reasonably be expected to be affected by a Year 2000 problem is the Company's accounting system. However, if any such problem were to arise, management believes that the accounting currently being electronically processed could be completed manually. Management has not formulated any specific contingency plans because management believes the Company's Year 2000 Program will be completed by June 1999.

The information contained herein regarding the Company's efforts to deal with the Year 2000 problem are intended as Year 2000 Statements and Year 2000 Readiness Disclosures and are subject to the year 2000 Information Readiness Disclosure Act.

CAUTIONARY STATEMENT. The Company is including the following cautionary statement to take advantage of the "safe harbor" provisions of the Private Securities Litigation Reform Act of 1995 for any forward-looking statement made by, or on behalf of, the Company. The factors identified in this cautionary statement are important factors (but not necessarily all important factors) that

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could cause actual results to differ materially from those expressed in any forward-looking statement made by, or on behalf of, the Company. Where any such forward-looking statement

includes a statement of the assumptions or bases underlying such forward-looking statement, the Company cautions that, while it believes such assumptions or bases to be reasonable and makes them in good faith, assumed facts or bases almost always vary from actual results, and the differences between assumed facts or bases and actual results can be material, depending on the circumstances. Where, in any forward-looking statement, the Company, or its management, expresses an expectation or belief as to future results, such expectation or belief is expressed in good faith and believed to have a reasonable basis, but there can be no assurance that the statement of expectation or belief will result, or be achieved or accomplished. Taking into account the foregoing, the following is identified as an important risk factor that could cause actual results to differ materially from those expressed in any forward-looking statement made by, or on behalf of, the Company:

The status of the Year 2000 Program and the dates on which the Company believes the Year 2000 Program will be completed are based on management's best estimates, which were derived utilizing numerous assumptions of future events; however, there can be no guarantee that these estimates will be achieved, or that there will not be a delay in, or increased costs associated with, the implementation of the Year 2000 Program. Specific factors that might cause differences between the estimates and actual results include, but are not limited to, the availability and cost of personnel trained in these areas, the ability to locate and correct all relevant computer code, timely responses to and corrections by third-parties and suppliers, the ability to implement interfaces between any new systems and any systems not being replaced, and similar uncertainties. Due to the general uncertainty inherent in the Year 2000 problem, resulting in part from the uncertainty of the Year 2000 readiness of third-parties and the interconnection of global businesses, the Company cannot ensure its ability to timely and cost-effectively resolve problems associated with the Year 2000 issue that may affect its operations and business, or expose it to third-party liability.

ITEM 8. FINANCIAL STATEMENTS

See the financial statements, which are listed in items 14(a)(1)-(2).

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

There were no changes in, or disagreements with, accountants.

PART III

ITEM 10. EXECUTIVE OFFICERS AND DIRECTORS OF THE REGISTRANT

Set forth below is information concerning the directors and executive officers of the Company.

Name	Age	Position
Paul R. Tregurtha	63	Chairman of the Board and Director
James R. Barker	63	Vice Chairman of the Board and Director
Malcolm W. MacLeod	65	President, Chief Executive Office and Director
Jeffrey J. McAulay	45	Vice President of Finance and Administration and Director
William P. Muller	47	Senior Vice President of Moran Towing Corporation
Edmond J. Moran, Jr.	54	Senior Vice President of Moran Towing Corporation and Director
Alan L. Marchisotto	49	Vice President, General Counsel and Secretary
Andrew P. Langlois	57	Director
Mort Lowenthal	68	Director

Paul R. Tregurtha. Mr. Tregurtha has been a director and Chairman of the Board

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of the Company since June 1994 and a director and Chairman of the Board of Moran Enterprises Corporation since the Combination. In addition, he has been Chairman of Mormac Marine Group, Inc. since 1988 and of Meridian Aggregates Company, which owns and operates mines in the United States, since 1991, respectively, and Vice Chairman of each of The Interlake Steamship Company and Lakes Shipping Company, Inc. since 1988 and 1989, respectively. He served as Chairman and Chief Executive Officer of Moore McCormack Resources during 1987 and 1988 and was President and Chief Operating Officer of Moore McCormack Resources prior to that time. Mr. Tregurtha serves on the Board of Directors of Brown & Sharpe Manufacturing Company, FPL Group, Inc. and Fleet Financial Group, and is a trustee of TIAA/CREF. Mr. Tregurtha is also a director and Chairman of the Board of Moran Enterprises.

James R. Barker. Mr. Barker has been a director and is Vice Chairman of the Board of the Company since June 1994 and a director and Vice Chairman of the Board of Moran Enterprises since the Combination. In addition, he has been Chairman of each of The Interlake Steamship Company and Lakes Shipping Company, Inc. since 1987 and 1989, respectively, and Vice Chairman of Mormac Marine Group, Inc. since 1988. From 1987 to 1988, he served as Chairman of Mormac Marine Group, Inc. He served as Chairman and Chief Executive Officer of Moore McCormack Resources from 1971 to 1987. Prior to joining Moore McCormack Resources, Mr. Barker co-founded and was a principal of the management consulting firm of Temple, Barker & Sloane, where he specialized in consulting to the transportation industry. Mr. Barker is a member of the Board of Directors of each of GTE Corporation and Pittston Corporation, is a trustee for Eastern Enterprises and is the Chairman of the Committee of Managers of the Skuld Protection and Indemnity Association.

Malcolm W. MacLeod. Mr. MacLeod has served as President, Chief Executive Officer and director since the Acquisition and as a director and President, Chief Executive Officer of Moran Enterprises since the Combination. Mr. MacLeod served as President of the Predecessor from June 1987 until the Acquisition and as Chief Executive Officer from April 1991 until the Acquisition. In addition, Mr. MacLeod served as a director of the Predecessor from 1984 until the Acquisition. Mr. MacLeod served as President and Chief Executive Officer of Curtis Bay Towing Company, a Company subsidiary, from 1979 until 1987 and as Vice President of Curtis Bay from 1978 to 1979. Prior to that, Mr. MacLeod started on Company tugs after his graduation from the Massachusetts Maritime Academy in 1954 and has been with the Company and its subsidiary companies in a variety of assignments since that time, with the exception of two years' service in the United States Navy as a deck officer on fleet tugs.

Jeffrey J. McAulay. Mr. McAulay has served as the Vice President of Finance and Administration and a director of the Company since April 1996. Mr. McAulay is also the Vice President of Finance and Administration and a director of Moran Enterprises. Mr. McAulay served as the Company's Controller from the Acquisition until April 1996 and served as Controller of the Predecessor from February 1992 until the Acquisition. From 1979 through 1992, Mr. McAulay was employed by W.R. Grace & Co. He held various positions at Grace's Specialty Chemicals Group including Manager of New Business Analysis (from 1988 to 1992), Assistant Controller and briefly as Chief Financial Officer of Grace's Japan Chemicals Business. Mr. McAulay began his career at the auditing firm of Arthur Andersen & Co.

William P. Muller. In 1998, Mr. Muller was appointed Senior Vice President of Moran Towing Corporation where he has been a director since 1995. Mr. Muller has also been President of Moran Services Corporation since July 1995. From 1989 until July, 1995, he was the Vice President, Operations of Moran Towing & Transportation Co., Inc., the Company's New York operating subsidiary and Vice President of Moran Services Corporation. From 1981 through 1989, he was Vice President and General Manager of Moran Towing of Florida Inc., the Company's Jacksonville operating subsidiary. Mr. Muller joined Moran in 1977 as part of the sales department and held a variety of positions before accepting the Florida position. Prior to joining Moran, Mr. Muller served as a manager for Prudential Grace Line's South American operations. He began his career with Continental Insurance (MOAC) in the hull & underwriting department.

Edmond J. Moran, Jr. In 1998, Mr. Moran was appointed Senior Vice President of Moran Towing Corporation, where he is also a director. Mr. Moran is also a director of Moran Enterprises. From 1987 to 1998, Mr. Moran served as President of Moran Mid-Atlantic Corporation (which was reorganized as the Moran Mid-Atlantic Group as of January 1, 1997). From 1997 until 1998, Mr. Moran served as Vice President, Business Development of Moran Towing Corporation. Mr. Moran is currently a director of the Company and served as a director of the Predecessor from 1984 until the Acquisition. From 1984 until 1987, Mr. Moran served as Vice President of Moran Towing & Transportation

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Co., Inc. and directed all the activities of the Company's barge division. From 1981 until 1983, Mr. Moran served as President of Moran's Texas subsidiary. From 1976 until 1981, he served as Vice President and General Manager of Jacksonville operations. From 1971, when he joined the Company, until 1976, Mr. Moran served as a Sales Representative in the Harbor Operations Department. Prior to that, following active duty in the United States Navy, Mr. Moran joined the planning department of States Marine Lines, Inc.

Alan L. Marchisotto. Effective January 1, 1998, Mr. Marchisotto was elected a Vice President of the Company. He continues to be General Counsel and Secretary, a position he has held since he joined the Company in 1982. From 1978 until 1982, he served as corporate and international counsel to Norlin Corporation, a NYSE-listed company, where he directed the legal affairs of manufacturing and sales subsidiaries in eleven countries and worked closely with senior management in the negotiation and structuring of complex financing and business agreements. Prior to that, he was engaged in private practice in New York City. Mr. Marchisotto has also served a Vice President, General Counsel and Secretary of Moran Enterprises Corporation since the Combination.

Andrew P. Langlois. Mr. Langlois has served as a director since the Acquisition. Mr. Langlois has also served as a director of Moran Enterprises since the Combination. Since January 1, 1999, Mr. Langlois was appointed President of Mormac Marine Group, Inc. and from 1988 to 1998 was Vice President of Mormac Marine Group. He is also a Vice President of Lakes Shipping Company, (since 1989) and a Vice President and Director of Meridian Aggregates Company (since 1991). From 1980 to 1988, Mr. Langlois was employed by Moore McCormack Resources and was an officer from 1983 to 1988. Prior to joining Moore McCormack in 1980, he was employed by the Electric Boat Division of General Dynamics.

Mort Lowenthal. Mr. Lowenthal joined the Board of Directors in November, 1994. Mr. Lowenthal has also served as a director of Moran Enterprises Corporation since the Combination. Mr. Lowenthal is a Senior Advisor at Schroder & Co., Inc., an international investment bank. From 1980 to February 1995, Mr. Lowenthal was a Managing Director at Schroder & Co., Inc.

Each director holds office until the next annual meeting of stockholders and until his successor has been elected and has qualified. Officers are elected by the Board of Directors and serve at its discretion.

Directors of the Company who are not employees of the Company or the Lakes Group are reimbursed for their travel and other expenses incurred in connection with their responsibilities, and are also paid $1,100 for every meeting attended.

ITEM 11. EXECUTIVE COMPENSATION

The following table sets forth the annual and long-term compensation for the five highest paid officers (named executive officers), as well as the total compensation paid to, or earned by, each individual for the Company's fiscal years ended December 31, 1998, 1997 and 1996:

<TABLE>
<CAPTION>

NAME & POSITION	FISCAL YEAR	ANNUAL COMPENSATION SALARY	BONUS	ALL OTHER COMPENSATION (1)
<S>	<C>	<C>	<C>	<C>
Paul R. Tregurtha	1998	$319,750	$ ---	$ ---
Chairman of the Board	1997	315,952	---	---
	1996	300,000	---	---
James R. Barker	1998	319,750	---	---
Vice Chairman of the Board	1997	315,982	---	---
	1996	300,000	---	---
Malcolm W. MacLeod	1998	348,756	65,000	22,913
President and Chief Executive Officer	1997	332,149	35,000	21,317
	1996	319,374	32,000	20,067

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Edmond J. Moran, Jr. President of Moran Mid-Atlantic Group	1998	180,640	15,000	22,913
	1997	174,535	10,000	21,317
	1996	168,635	10,000	20,067
William P. Muller President of Moran Services Corporation	1998	160,000	12,000	22,913
	1997	150,000	10,000	20,027
	1996	137,980	10,000	18,550

</TABLE>

(1) Amounts for 1998 includes contribution of $21,600, $21,600 and $21,600 made by the Company to the Company's Profit Sharing Plan on behalf of Messrs. MacLeod, Moran and Muller, respectively, in 1998. See "Company Plans-Profit Sharing Plan." Also includes premiums of $1,317 paid by the Company in respect of term life insurance policies insuring the lives of Messrs. MacLeod, Moran and Muller, respectively, in 1998.

COMPANY PLANS

In connection with the Acquisition, the Company provided benefits to the Company's non-union employees on terms, which are substantially similar to the benefit plans of the Predecessor existing prior to the Acquisition. In addition, as described below under "-1994 Stock Option Plan," the Company adopted a stock option plan which became effective upon the consummation of the Acquisition.

DEFINED BENEFIT PLANS

The following table shows the estimated annual benefits on a combined basis for employees who retire at age 65, without regard to statutory maximums, for various combinations of final average compensation and lengths of service under the Moran Towing Corporation Restated Pension Plan and the Moran Towing Corporation Supplemental Employee Retirement Plan (collectively, the "Plans"). The Restated Pension Plan is intended to be a qualified plan under Section 401(a) of the Internal Revenue Code of 1986, as amended (the "Code"), and the Supplemental Employee Retirement Plan is not intended to be so qualified.

<TABLE>
<CAPTION>

AVERAGE FIVE YEAR BASE SALARY	PROJECTED ANNUAL BENEFITS AT AGE 65 YEAR OF SERVICE 15	20	25	30	35
$125,000	$27,450	$36,600	$ 45,750	$ 54,900	$ 64,050
150,000	33,075	44,100	55,125	66,150	77,175
175,000	38,700	51,600	64,500	77,400	90,300
200,000	44,325	59,100	73,875	88,650	103,425
225,000	49,950	66,600	83,250	99,900	116,550
250,000	55,575	74,100	96,625	111,150	129,675
275,000	61,200	81,600	102,000	122,400	142,800
300,000	66,825	89,100	111,375	133,650	155,925

</TABLE>

Generally, the monthly pension benefit under the Plans for named executive officers is equal to 1% of the first $750 of average monthly compensation plus 1.5% of the remainder of the executive officer's average monthly compensation, multiplied by the executive's number of years of credited service. In the case of service years prior to 1975, the executive's benefit for such years is equal to 25% of the executive's average monthly compensation multiplied by a fraction equal to the executive's number of years of credited service divided by 35 and adjusted for the normal form of payment under the Plans as in effect at that time. The benefit in respect of years prior to 1975 is not reflected in the table. For purposes of the preceding computations, an executive's average monthly compensation is equal to the highest average of the executive's base compensation (on a monthly basis) for any five consecutive calendar years during the final 10 calendar years before retirement. For 1995, the base compensation for each of the named executive officers is the same as the salary shown in the summary compensation table under "Management-Executive Compensation." After three years of service, a participant becomes 20% vested and vesting continues in 20% increments for each year of service. At seven years the participant is 100% vested. The estimated number of credited years of service for named executive officers is as follows: Malcolm MacLeod, 44 years; Edmond Moran, Jr., 28 years and William P. Muller, 21 years.

PROFIT SHARING PLAN. As a retirement plan for substantially all shoreside

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non-union employees, the Company established a tax-qualified defined contribution plan (the "Profit Sharing Plan"). Contributions are made on an annual basis in an amount determined at the sole discretion of the Board of Directors of the Company, subject to certain maximum limitations set forth under the Code. Contributions are based upon a percentage, generally 10% to 15%, of each participant's compensation as defined in the Profit Sharing Plan. Contributions are invested in various investment alternatives pursuant to instructions received from each plan participant. After three years of service, a participant becomes 20% vested and vesting continues in 20% increments for each year of service. At seven years, the participant is 100% vested. Profit Sharing Plan contributions are made on a fiscal year basis.

STOCK OPTION PLAN. The Company's 1994 Stock Option Plan (the "1994 Plan") was adopted by the Company's Board of Directors and stockholders on June 11, 1994, effective as of the consummation of the Acquisition, to provide an incentive to select employees of the Company to remain in the employ of the Company and to increase their personal interest in the success of the Company. The 1994 Plan provided for the grant of options

("1994 Stock Options") to purchase shares of the Company's Common Stock. Effective as of October 30, 1998, the effective date of the Combination, 1994 Stock Options held by employees were exchanged for options ("1998 Stock Options") to purchase units of capital stock of Moran Enterprises pursuant to the Moran Enterprises Corporation 1998 Stock Option Plan (the "1998 Plan"). Each unit represents the right to purchase approximately one share of common stock of Moran Enterprises and approximately 74 shares of preferred stock of Moran Enterprises. Participation in the 1998 Plan is limited to employees of Moran Enterprises and its subsidiaries (including the Company) designated by a committee comprised of Messrs. Tregurtha and Barker, each of whom is ineligible to receive awards under the 1998 Plan. Non-employee directors of the Company are not eligible to participate.

The table sets forth certain information concerning the number of units covered by stock options under the 1998 Plan as of December 31, 1998. At December 31, 1998 the fair market value is assumed to be equal to the exercise price. None of the named executive officers exercised an option to purchase the Company's Common Stock in 1998.

<TABLE>
<CAPTION>

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 Unexercised in-the-Money Options at Fiscal Year-End ($) (Exercisable/ Unexercisable)
<S>	<C>	<C>	<C>	<C>
Paul R. Tregurtha	0	0	0	0
James R. Barker	0	0	0	0
Malcolm W. MacLeod(1)	(1)	(1)	0	0
Edmond J. Moran, Jr.	0	0	0	0
William P. Muller	0	0	463/0	0/0

</TABLE>

(1) Mr. MacLeod's options to purchase 1,322 units of Moran Enterprises' capital stock were redeemed by Moran Enterprises in November, 1998. See "Certain Relationships and Related Transactions".

OPTION GRANTS IN FISCAL YEAR 1998

The following table sets forth certain information concerning grants of stock options under the 1998 Plan to each of the Company's named executive officers during the fiscal year ended December 31, 1998. All of the options

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shown in the following table were acquired upon exchange of 1994 Stock Options for 1998 Stock Options.

<TABLE>
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NAME	INDIVIDUAL GRANTS(1) NUMBER OF UNITS UNDERLYING OPTIONS GRANTED (#)	% OF TOTAL OPTIONS GRANTED TO EMPLOYEES IN FISCAL YEAR	EXERCISE OR BASE PRICE PER UNIT	EXPIRATION DATE	POTENTIAL REALIZABLE VALUE AT ANNUAL RATES OF STOCK PRICE APPRECIATION FOR OPTION TERM (2) 5%	10%
<S>	<C>	<C>	<C>	<C>	<C>	<C>
Paul R. Tregurtha	--	-	-	--	-	-
James R. Barker	--	--	--	--	--	--
Malcolm W. MacLeod(3)	1,322	40.2%	$151.29	7/11/99	(3)	(3)
Edmond J. Moran, Jr.	--	--	--	--	--	--
William P. Muller	463	14.1%	$151.19	7/12/99	$192.96	$243.49

</TABLE>

(1) Each of these options was granted pursuant to the 1998 Plan and is subject to the terms of such plan. These options were granted at an exercise price equivalent to the exercise price of the 1994 Stock Options held by such employee.

(2) In accordance with the rules of the Securities and Exchange Commission, shown are the hypothetical gains or "option spreads" that would exist for the respective options. These gains are based on assumed rates of annual compounded stock price appreciation of 5% and 10% from the date the option was granted over the full option term. The 5% and 10% assumed rates of appreciation are mandated by the rules of the Commission and do not represent the Company's estimate or projection of future increases in the price of such stock.

(3) Mr. MacLeod's options to purchase 1,322 units of Moran Enterprises' capital stock were redeemed by Moran Enterprises in November, 1998. See "Certain Relationships and Related Transactions".

COMPENSATION COMMITTEE INTERLOCKS AND INSIDER PARTICIPATION
The Compensation Committee of the Company's Board of Directors is comprised of Messrs. Tregurtha, Barker and MacLeod. Messrs. Tregurtha, Barker and MacLeod have served in the positions described under "Executive Officers and Directors of the Registrant". Generally such relationships can create an opportunity for conflicts of interest in compensation decisions. Other than as set forth below, none of the members of the Committee has any other relationship with other entities that would require additional disclosure. Messrs. Tregurtha and Barker serve in various capacities, including serving as directors, of Moran Enterprises and of Mormac Marine Group, Inc., Meridian Aggregates Company and Lakes Shipping, and in the case of Mr. Tregurtha, each of the Turecamo Entities. Mr. Langlois, a director of the Company and of Moran Enterprises, is an executive officer of Mormac Marine Group, Inc., Meridian Aggregates Company and Lakes Shipping. Mr. MacLeod serves in various capacities, including serving as director, of Moran Enterprises and each of the Turecamo Entities. The boards of directors of such entities perform the functions of compensation committees. In addition, the Company provides ship docking and undocking services to Mormac, a company which is owned by Messrs. Barker and Tregurtha and certain members of their families and as to which Messrs. Barker and Tregurtha are principal executive officers. Mormac operates three Coronado class oil tankers in the foreign trade and manages tankers for others in the Jones Act. During 1998, Mormac paid $232,800 for ship docking services performed by the Company. All such services were provided on arms'-length terms at customary rates. Management has been informed that Mormac expects to continue to use the Company's tug services in each instance where Mormac's tankers call on a harbor which the Company services. All such services will be performed on arms'-length terms and conditions. All of the members of the Compensation Committee are also parties to stockholder agreements with the Company.

The Company also provides tug services to, and has provided tug services to it by, the Turecamo Entities. Since the Combination, the Turecamo Entities

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paid $261,800 for tug services performed by the Company, and were paid $363,400 by the Company for tug services performed by them for the Company. Management expects to continue to provide, and have provided to it, such tug services. In addition, as a result of the Combination, beginning January 1, 1999, the Company began providing administrative services to the Turecamo Entities and the majority of the Turecamo employees became Company employees and as such became eligible for coverage under the Company's employee benefit plans. The Company also shares office space with the Turecamo Entities. As compensation for such administrative services and use of such office space, the Company will be paid a management fee by the Turecamo Entities estimated to be between $3.0 and $4.0 million for the full year 1999. All services between the Company and the Turecamo Entities have been and will continue to be provided on arms'-length terms and conditions.

The Company has entered into the Insurance Agreement with the Mormac Group. The Turecamo Entities have also joined the agreement for hull insurance. Messrs. Tregurtha, Barker and Langlois are officers, directors and/or direct or indirect shareholders of some or all of the entities in the Mormac Group. The Company and the Mormac Group entered into the Insurance Agreement in an effort to reduce insurance expenses by obtaining lower premiums through group purchases of insurance and through higher deductibles. The Insurance Agreement also provides for allocation among the parties of any risk arising out of the increases in insurance deductibles. Pursuant to the Insurance Agreement, the Company and the Mormac Group agreed to share any increased insurance claims expense required to be borne by a party as a result of insurance claims which exceed historical deductibles but are less than the new, increased deductibles. Allocations of any increased insurance claims expense is based upon the historical claims experience (in excess of historical deductibles) for each party to the agreement. In the current policy year, 75% of any additional insurance claims expense attributable to the higher deductibles will be borne by the Company and 25% of any such additional insurance claims expense will be borne by the Mormac Group. Amounts payable to the Company from members of the Mormac Group totaled $541,300 at December 31, 1998. The Company believes that the terms of the Insurance Agreement which was prepared in consultation with an independent insurance broker, are similar to those that would be obtained in an arms'-length transaction.

As described in item 1, the Combination was financed through the New Senior Credit Facility. A portion of the New Senior Credit Facility was used (i) to finance the Combination and to pay related fees and expenses and (ii) to repay existing debt of the Turecamo Entities. The New Senior Credit Facility also includes a $40 million revolving credit facility, portions of which may be used to finance working capital and capital expenditures of Moran Enterprises and its subsidiaries, including the Company and the Turecamo Entities. The Company and its domestic subsidiaries have guaranteed the revolving credit facility to the extent that funds are drawn for their benefit, and in that regard have granted a first priority lien on accounts receivable and inventory to secure the guaranty. The Company's floating equipment presently continues to secure its Notes. See "Management's Discussion and Analysis of Financial Condition and Results of Operation -- Liquidity and Capital Resources".

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

The following table sets forth certain beneficial ownership information as of March 25, 1999, concerning the Company's Common Stock with respect to (1) each person known by the Company to be a beneficial owner of more than 5% of the outstanding shares of the Company's Common Stock, (2) each director of the Company, (3) each named executive officer of the Company, and (4) all directors and executive officers of the Company as a group.

<TABLE>
<CAPTION>

DIRECTORS, NAMED OFFICERS AND 5% BENEFICIAL OWNERS (1)	NUMBER OF SHARES (2)	PERCENTAGE
<S>	<C>	<C>
Moran Enterprises Corporation	44,600	100.0%
Lakes Shipping Company, Inc.(3)	44,600	100.0%
Paul R. Tregurtha (4)	44,600	100.0%
James R. Barker (5)	44,600	100.0%
Malcolm W. MacLeod	0	0
Edmond J. Moran, Jr.	0	0
Andrew P. Langlois	0	0
Alan Marchisotto	0	0
Jeffrey J. McAulay	0	0
William P. Muller	0	0

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Mort Lowenthal---	-	-
Directors and executive officers as a group (9 persons) (4), (5)	44,600	100.0%

</TABLE>

(1) Unless otherwise indicated, the business address of each beneficial owner of more than 5% of the Company's Common Stock is Three Landmark Square, Stamford, Connecticut 06901.
(2) For purposes of computing the percentage of outstanding shares of the Company's Common Stock held by each person or entity, a person or entity is deemed to have "beneficial ownership" of any shares of the Company's Common Stock which such person or entity has the right to acquire within 60 days after the date of the report. Any such shares are deemed to be outstanding for purposes of computing percentages of beneficial ownership. Unless otherwise indicated, shares of the Company's Common Stock are considered beneficially owned by a person or entity if such person or entity has or shares voting or investment power with respect to such shares. As a result, the same security may be beneficially owned by more than one child and entity and, accordingly, in some cases, the same shares are listed opposite more than one name in this table.
(3) Lakes Shipping owns 49,583 shares of common stock of Moran Enterprises, or 51.3% of the voting stock of Moran Enterprises. As a result, Lakes Shipping may be deemed to beneficially own the 44,600 shares of the Company's common stock held by Moran Enterprises.
(4) Mr. Tregurtha owns directly 10,536 shares of common stock of Moran Enterprises. In addition, Mr. Tregurtha beneficially owns 44.6% of the capital stock of, and serves as Vice Chairman of, Lakes Shipping. Therefore, Mr. Tregurtha may be deemed to beneficially own the 49,583 shares of common stock of Moran Enterprises beneficially owned by Lakes Shipping. As a result, Mr. Tregurtha may be deemed to beneficially own the 44,600 shares of the Company's common stock held by Moran Enterprises.
(5) Mr. Barker owns directly 3,818 shares of common stock of Moran Enterprises. In addition, Mr. Barker and certain members of his family beneficially own in the aggregate 44.6% of the capital stock of Lakes Shipping. Mr. Barker also serves as Chairman of Lakes Shipping. Therefore, Mr. Barker may be deemed to beneficially own the 49,583 shares of common stock of Moran Enterprises beneficially owned by Lakes Shipping. As a result, Mr. Barker may be deemed to beneficially own the 44,600 shares of the Company's common stock held by Moran Enterprises. Three of Mr. Barker's adult children own, in the aggregate, 5,727 shares of common stock of Moran Enterprises. Mr. Barker disclaims beneficial ownership of all 5,727 shares that are owned by his children.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

On October 30, 1998, the Company completed the Combination with the Turecamo Entities. Pursuant to the relevant agreements, the existing equityholders of the Company contributed all of their shares of capital stock of the Company to Moran Enterprises in exchange for (i) newly-issued shares of common stock of Moran Enterprises which represent a substantial majority (but less than 80%) of the common stock of Moran Enterprises and (ii) newly-issued shares of Moran Enterprises preferred stock. As

a result, Moran Enterprises became the new parent of both the Company and the Turecamo Entities. The Notes are not guaranteed by Moran Enterprises or the Turecamo Entities.

Certain members of management (the "Management Group") entered into stockholder agreements (the "Stockholder Agreements") concurrently with the consummation of the Combination. All members of the Management Group were issued shares of the capital stock of Moran Enterprises in exchange for a portion of their shares of the Company's Common Stock. The Stockholder Agreements place the following restrictions upon the transfer of the capital stock of Moran Enterprises by each member of the Management Group: (i) the members of the Management Group may not transfer the capital stock of Moran Enterprises to any non-U.S. citizen, for purposes of the Jones Act (a "Foreigner"), and (ii) the members of the Management Group may not transfer shares of the capital stock of Moran Enterprises to any other individuals or entities except in certain limited situations, such as through obtaining the consent of Moran Enterprises to the transfer, the exercise of a "Put" (as defined below) with respect to these shares or the transfer of these shares to ancestors, descendants or a spouse. The Stockholder Agreements also provide that each member of the Management Group has the right to require Moran Enterprises to purchase (a "Put") all of such member's shares of the capital stock of Moran Enterprises at any time after 180 days have elapsed following the date on which the member ceases to be an employee of any of Moran Enterprises, its Subsidiaries or its affiliates, with certain limitations. Moran Enterprises has the right to purchase (a "Call") the

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shares of the capital stock of Moran Enterprises of each member of the Management Group upon the occurrence of certain events, including the death of such member, the making by such member of a general assignment for the benefit of creditors, the filing of a voluntary or involuntary petition for bankruptcy or the cessation of such member's employment with Moran Enterprises, its subsidiaries or affiliates. The Stockholder Agreements for all members of the Management Group, provide that the purchase price of the shares being either purchased or sold through such a Put or Call will be the fair market value of such shares as determined by an investment banking firm of national standing. The Stockholder Agreements also provide that if Moran Enterprises grants registration rights to any executive officer, it will at such time grant proportionate registration rights to the members of the Management Group.

The members of the Lakes Group entered into stockholder agreements with Moran Enterprises prohibiting the transfer of the capital stock of Moran Enterprises to any Foreigner.

In November 1998, Moran Enterprises redeemed the then-exercisable options held by Mr. MacLeod for approximately $920,000 (less the aggregate exercise price of the options).

At December 31, 1998, Moran Enterprises owed the Company $1.4 million.

PART IV

ITEM 14. EXHIBITS, FINANCIAL STATEMENT SCHEDULES AND REPORTS ON FORM 8-K

(a) Documents Filed as Part of the Report

(1) Financial Statements - The Company

The following Consolidated Financial Statements of the Company and its subsidiaries are included in this Report:

<TABLE>
<CAPTION>

<S>	<C>
Report of Independent Accountants	F-1
Consolidated Balance Sheets at December 31, 1997 and December 31, 1998	F-2 to F-3
Consolidated Statements of Income for the Years Ended December 31, 1996, December 31, 1997 and December 31, 1998. . .	F-4
Consolidated Statements of Cash Flows for the Years Ended December 31, 1996, December 31, 1997 and December 31, 1998. . .	F-5
Consolidated Statement of Stockholder's Equity for the Years Ended December 31, 1996, December 31, 1997 and December 31, 1998	F-6
Notes to Consolidated Financial Statements.	F-7 to F-22

</TABLE>

(3) Exhibits

The following is a list of Exhibits to this Report. Exhibits "10.18-10.20" are management contracts or compensatory plans or arrangements required to be filed as Exhibits to this report pursuant to Item 14(c) of this report.

Exhibit No.	Description of Document
3.1(1)	Certificate of Incorporation of the Registrant
3.2(1)	By-Laws of the Registrant.
4.1(1)	Indenture, dated as of July 11, 1994, among the Registrant, the Guarantors named therein and Fleet National Bank (formerly Shawmut

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Bank Connecticut, National Association), as Trustee, relating to the Notes (including forms of Notes and Guarantees).

4.1(a)(2) Supplemental Indenture No. 1, dated December 29, 1994.

4.1(b)(3) Supplemental Indenture No. 2, dated January 2, 1996.

4.1(c)(4) Supplemental Indenture No. 3, dated December 31, 1996

4.1(d)(8) Supplemental Indenture No. 4, dated December 31, 1997.

4.1(e) Supplemental Indenture No. 5, dated October 28, 1998.

4.2(1) Form of Preferred Ship Mortgage, dated July 11, 1994, in favor of Fleet National Bank (formerly Shawmut Bank Connecticut, National Association), as Trustee.

4.3(1) Form of Preferred Fleet Mortgage, dated July 11, 1994, in favor of Fleet National Bank (formerly Shawmut Bank Connecticut, National Association), as Trustee.

10.1(9) Stock Exchange Agreement, dated as of August 31, 1998, among Moran Enterprises Corporation, Moran Transportation Company, the Moran Stockholders named therein, Turecamo Maritime, Inc., White Stack Maritime Corp., Turecamo of Savannah, Inc., Turecamo Environmental Services, Inc., and the Turecamo Stockholders named therein (schedules and exhibits omitted--the Company agrees to furnish a copy of any schedule or exhibit to the Commission upon request).

10.2(9) Credit Agreement, dated as of October 30, 1998, among Moran Enterprises Corporation, the financial institutions named therein, and Fleet Bank, N.A., as administrative agent (schedules and exhibits omitted--the Company agrees to furnish a copy of any schedule or exhibit to the Commission upon request).

10.3(9) Security Agreement, dated October 30, 1998, from Moran Transportation Company and certain of its subsidiaries to Fleet Bank, N.A., as administrative agent.

10.4(9) Guaranty, dated October 30, 1998, from Moran Enterprises Corporation and certain of its subsidiaries, in favor of Fleet Bank, N.A., as administrative agent.

10.7(6) Licensed Agreement, effective June 10, 1995, between Seafarers International Union of North America, Atlantic, Gulf, Lakes and Inland Waters District, AFL - CIO, and Moran Towing of Texas Inc.

10.8(6) Unlicensed Agreement, effective June 10, 1995, between Seafarers International Union of North America, Atlantic, Gulf, Lakes and Inland Waters District, AFL - CIO, and Moran Towing of Texas Inc.

10.9(8) Agreement, effective May 1, 1996, between Seafarers International Union of North America, Atlantic, Gulf, Lakes and Inland Waters District, AFL - CIO, and Moran Towing of Pennsylvania and Moran Towing of Maryland, divisions of Moran Towing Corporation.

10.10(8) Licensed Agreement, effective November 24, 1996, between American Maritime Officers and Moran Mid-Atlantic Corporation, Moran Towing of Pennsylvania Division.

10.11(8) Memorandum of Agreement between Local 333, United Marine Division, International Longshoreman's Association, AFL-CIO, and Moran Towing & Transportation Co., Inc.

10.12(8) Agreement, effective May 1, 1997, between International Organization of Masters, Mates & Pilots and Moran Towing of Florida, Inc.

10.18 Moran Enterprise Corporation 1998 Stock Option Plan of the Registrant.

10.19 Form of Moran Enterprise Corporation's 1998 Stock Option Agreement.

10.20(1) Moran Towing Corporation and Subsidiaries Supplemental Employee Retirement Plan.

10.21(5) Marine Insurance Additional Retention Agreement between Global Marine Enterprises Ltd., Interlake Steamship Company, Lakes Shipping

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Company, Inc., Moran Towing Corporation and Mormac Marine Transport, Inc..

12.1 Statement regarding computation of ratio of earnings to fixed charges.

21.1 List of Subsidiaries.

27 Financial Data Schedule.

____

(1) Filed as an Exhibit to the Registrant's Registration Statement on Form S-1 (No. 33 - 82624) and incorporated herein by reference.

(2) Filed as an Exhibit to the Registrant's Form 10-K for the year ended December 31, 1994 and incorporated herein by reference.

(3) Filed as an Exhibit to the Registrant's Form 10-Q for the quarterly period ended March 31, 1996 and incorporated herein by reference.

(4) Filed as an Exhibit to the Registrant's Form 10-K for the year ended December 31, 1996 and incorporated herein by reference.

(5) Filed as an Exhibit to the Registrant's Form 10-Q for the quarterly period ended September 30, 1995 and incorporated herein by reference.

(6) Filed as an Exhibit to the Registrant's Form 10-K for the year ended December 31, 1995 and incorporated herein by reference.

(7) Filed as an Exhibit to the Registrant's Form 10-Q for the quarterly period ended June 30, 1997, and incorporated herein by reference.

(8) Filed as an Exhibit to the Registrant's Form 10-K for the year ended December 31, 1997 and incorporated herein by reference.

(9) Filed as an Exhibit to the Registrant's Form 10-Q for the quarterly period ended September 30, 1998, and incorporated herein by reference.

(b) Reports on Form 8-K. The following reports on Form 8-K were filed during the last quarter of the year covered by this report.:

(i) Current Report on Form 8-K, dated November 25, 1998, attaching press release announcing commencement of tender offer for the Notes.

(ii) Current Report on Form 8-K, dated December 29, 1998, attaching press release announcing completion of tender offer for the Notes.

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.

MORAN TRANSPORTATION COMPANY
(Registrant)

March 26, 1999

/s/ Jeffrey J. Mcaulay

Jeffrey J. McAulay
Vice President of
Finance and Administration
(Principal Financial Officer) and Director

Pursuant to the requirements of the Securities Exchange Act of 1934, this report

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has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

March 26, 1999 /s/ Paul R. Tregurtha

Paul R. Tregurtha
Chairman of the Board and Director

March 26, 1999 /s/ James R. Barker

James R. Barker
Vice-Chairman of the Board and Director

March 26, 1999 /s/ Malcolm W. Macleod

Malcolm W. MacLeod
President, Chief Executive Officer and Director

SIGNATURES

March 26, 1999 /s/ Edmond J. Moran, Jr.

Edmond J. Moran, Jr.
Director

March 26, 1999 /s/ Robert J. Patten

Robert J. Patten
Controller (Principal Accounting Officer)

March 26, 1999 /s/ Andrew P. Langlois

Andrew P. Langlois
Director

March 26, 1999 /s/ Mort Lowenthal

Mort Lowenthal
Director

SUPPLEMENTAL INFORMATION TO BE FURNISHED
WITH REPORTS FILED PURSUANT TO SECTION 15(D) OF
THE ACT BY REGISTRANTS WHICH HAVE NOT REGISTERED
SECURITIES PURSUANT TO SECTION 12 OF THE ACT

The registrant has not sent, and does not at present intend to send, to its security holders either: (1) An annual report to security-holders covering the registrant's last fiscal year; or (2) A proxy statement, form of proxy or other proxy soliciting material with respect to any annual or other meeting of security-holders.

REPORT OF INDEPENDENT ACCOUNTANTS

To the Board of Directors and Stockholder of
Moran Transportation Company

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In our opinion, the accompanying consolidated balance sheets and related consolidated statements of income, of cash flows and of changes in stockholder's equity present fairly, in all material respects, the financial position of Moran Transportation Company and its subsidiaries (the "Company") at December 31, 1998 and 1997, and the results of their operations and their cash flows for each of the three years in the period ended December 31, 1998, in conformity with generally accepted accounting principles. These financial 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 of these statements in accordance with generally accepted auditing standards 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 provide a reasonable basis for the opinion expressed above.

PricewaterhouseCoopers LLP

Stamford, Connecticut
February 18, 1999

MORAN TRANSPORTATION COMPANY
AND SUBSIDIARIES

Consolidated Balance Sheets
(Dollars in thousands)

<TABLE>
<CAPTION>

	DECEMBER 31,	
	1997	1998
<S>	<C>	<C>
ASSETS		
Current assets		
Cash and cash equivalents	$ 9,945	$ 4,349
Accounts receivable, less allowance for doubtful accounts of $288 and $448 at December 31, 1997 and 1998, respectively	14,319	14,973
Inventory (note 4)	4,161	3,669
Unexpired insurance and other prepaid expenses	2,487	3,701
Total current assets	30,912	26,692
Investment in joint venture (note 6)	3,164	3,340
Insurance claims receivable	2,563	3,176
Fixed assets, net (note 3)	119,920	125,359
Other assets	3,731	2,967
Total assets	$160,290	$161,534

</TABLE>

See accompanying notes to consolidated financial statements

MORAN TRANSPORTATION COMPANY
AND SUBSIDIARIES

Consolidated Balance Sheets
(Dollars in thousands)

<TABLE>
<CAPTION>

	DECEMBER 31,	
	1997	1998
<S>	<C>	<C>

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LIABILITIES AND STOCKHOLDER'S EQUITY

Current liabilities		
Trade accounts payable	$ 3,602	$ 6,617
Current portion of long-term debt (note 8)	168	--
Accounts payable to joint venture	477	2,295
Accrued interest payable	4,331	4,254
Other accrued liabilities	3,936	2,441
Backpay liability	837	787
Income taxes payable (note 9)	--	243
Total current liabilities	13,351	16,637
Long-term debt (note 8)	83,252	78,997
Insurance claims reserves	7,227	7,984
Deferred income taxes (note 9)	32,450	31,768
Postretirement benefits other than pensions (note 10)	4,321	4,729
Other liabilities	5,045	4,060
Total liabilities	145,646	144,175
Commitments and contingencies (notes 11 and 12)		
Mandatorily redeemable capital stock 4,000 shares outstanding at December 31,1997 and none at December 31, 1998	1,000	--
Stockholder's Equity		
Common stock, par value $0.01 per share authorized-100,000 shares issued and outstanding 40,600 shares at December 31, 1997 and 44,600 shares at December 31, 1998	1	1
Capital surplus	10,149	11,149
Retained earnings	3,494	6,209
Total stockholders' equity	13,644	17,359
Total liabilities and stockholder's equity	$160,290	$161,534

</TABLE>

See accompanying notes to consolidated financial statements

MORAN TRANSPORTATION COMPANY
AND SUBSIDIARIES

Consolidated Statements of Income
(Dollars in thousands, except share and per share amounts)

<TABLE>
<CAPTION>

	YEAR ENDED DECEMBER 31,		
	1996	1997	1998
<S>	<C>	<C>	<C>
Operating revenue	$ 91,458	$ 100,526	$ 107,448
Cost of operations			
Operating expenses	57,451	66,090	70,195
Depreciation	7,719	7,769	8,108
Total cost of operations	65,170	73,859	78,303
Gross profit	26,288	26,667	29,145
General and administrative expenses	14,283	13,755	14,914
Operating income	12,005	12,912	14,231
Interest expense	(10,132)	(10,026)	(10,266)
Interest income	146	346	437
Equity in (loss)/income from joint venture (note 6)	(66)	(727)	176
Other income/(expense), net	160	(273)	102
Income before provision for income taxes	2,113	2,232	4,680
Provision for income taxes (note 9)	808	613	1,965
Net income	$ 1,305	$ 1,619	$ 2,715

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Earnings per share			
Basic	$ 29.26	$ 36.30	$ 60.87
Diluted	$ 28.56	$ 35.20	$ 59.02
Weighted average number of shares outstanding (in thousands)			
Basic	44.6	44.6	44.6
Diluted	45.7	46.0	46.0

</TABLE>

See accompanying notes to consolidated financial statements

MORAN TRANSPORTATION COMPANY
AND SUBSIDIARIES

Consolidated Statements of Cash Flows
(Dollars in thousands)

<TABLE>
<CAPTION>

	YEAR ENDED DECEMBER 31,		
	1996	1997	1998
<S>	<C>	<C>	<C>
CASH FLOWS FROM OPERATING ACTIVITIES			
Net income	$ 1,305	$ 1,619	$ 2,715
ADJUSTMENTS TO RECONCILE NET INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:			
Depreciation and amortization	11,092	11,666	13,496
Deferred income taxes	(1,898)	(1,661)	(682)
Equity in loss/(income) from joint venture	66	727	(176)
Loss on disposal of floating equipment	128	90	--
Changes in operating assets and liabilities:			
Accounts receivable	(697)	(1,575)	(654)
Other current assets	(182)	219	(722)
Accounts payable and accrued expenses	2,811	(1,740)	3,211
Income taxes payable	(69)	(926)	243
Insurance claims receivable	(629)	(217)	(613)
Insurance claims reserve	1,658	1,238	757
Other assets and liabilities	(2,158)	(679)	(578)
Net cash provided by operating activities	11,427	8,761	16,997
CASH FLOWS FROM INVESTING ACTIVITIES			
Capital expenditures	(5,110)	(12,713)	(18,170)
Capital contribution to joint venture	--	(1,000)	--
Net proceeds from constructive total loss	--	2,800	--
Proceeds from sale of leasehold interest	--	2,850	--
Net cash used for investing activities	(5,110)	(8,063)	(18,170)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from borrowings	2,250	3,420	--
Repayment of debt	(5,664)	--	(4,423)
Payment of financing costs	(82)	--	--
Net cash (used for)/provided by financing activities	(3,496)	3,420	(4,423)
Net increase/(decrease) in cash and cash equivalents	2,821	4,118	(5,596)
Cash and cash equivalents at beginning of period	3,006	5,827	9,945
Cash and cash equivalents at end of period	$ 5,827	$ 9,945	$ 4,349
Cash paid during period for			
Interest	$ 9,816	$ 9,579	$ 9,864
Income taxes	$ 2,742	$ 3,656	$ 2,526

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</TABLE>

See accompanying notes to consolidated financial statements

MORAN TRANSPORTATION COMPANY
AND SUBSIDIARIES

Consolidated Statements of Changes in Stockholder's Equity
(Dollars in thousands)

<TABLE>
<CAPTION>

	COMMON STOCK	CAPITAL SURPLUS	RETAINED EARNINGS	TOTAL
Balance at December 31, 1995	$1	$ 9,999	$ 570	$10,570
Transfer of mandatorily redeemable capital stock	-	150	-	150
Net income	-	-	1,305	1,305
Balance at December 31, 1996	$1	$10,149	$1,875	$12,025
Net income	-	-	1,619	1,619
Balance at December 31, 1997	$1	$10,149	$3,494	$13,644
Exchange of mandatorily redeemable capital stock	-	1,000	-	1,000
Net income	-	-	2,715	2,715
Balance at December 31, 1998	$1	$11,149	$6,209	$17,359

</TABLE>

MORAN TRANSPORTATION COMPANY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(DOLLARS IN THOUSANDS)

THREE-YEAR PERIOD ENDED DECEMBER 31, 1998

(1) MORAN TRANSPORTATION COMPANY

Moran Transportation Company ("Moran" or the "Company") is a Delaware corporation, incorporated on June 2, 1994. Moran was organized to acquire (the "Acquisition") all of the outstanding common stock of Moran Towing Corporation (the "Predecessor"), a company which provided tug services and marine transportation services, primarily on the East and Gulf coasts of the United States. The Company manages its business as one operating segment. On July 11, 1994, the Acquisition was consummated and was accounted for as a purchase. In connection with the Acquisition, the Predecessor transferred its 20% equity interest in four partnerships to entities formed by the stockholders of the Predecessor. When the Company acquired the Predecessor, certain contingent liabilities of the Predecessor, primarily related to certain limited and defined guarantees given by the Predecessor, were assumed. These liabilities were fully reserved and funded by placing $13.6 million in escrow. In February 1997, $12.0 million of the escrow amount was released to the former shareholders upon the release of the Company from the partnership guarantees. There was no impact on the Company, other than assets and liabilities being reduced. The Company released the remaining $1.6 million escrow during the third quarter when a subsidiary of the Company terminated its leasehold interest in Jakobson Shipyard. The loss related to the lease termination was not material.

On October 30, 1998, the Company completed a combination (the "Combination") with Turecamo Maritime, Inc., a Delaware corporation, and certain of its affiliated entities (the "Turecamo Entities"). The Turecamo Entities operate

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33 tugboats and seven barges along the East Coast of the United States. Pursuant to the relevant agreements, the existing equityholders of the Company contributed all of their shares of capital stock of the Company to Moran Enterprises Corporation ("Moran Enterprises") in exchange for (i) newly-issued shares of common stock of Moran Enterprises which represents a substantial majority (but less than 80%) of the common stock of Moran Enterprises and (ii) newly-issued shares of Moran Enterprises preferred stock. Simultaneously, the existing stockholders of the Turecamo Entities contributed all of their shares of capital stock of each of the Turecamo Entities to Moran Enterprises in exchange for (i) newly-issued shares of common stock of Moran Enterprises, including certain shares which vest if certain financial criteria are met, which represent a minority interest in the common stock of Moran Enterprises, and (ii) an aggregate cash amount of $45.0 million. As a result, Moran Enterprises became the new parent of both the Company and the Turecamo Entities. The Company's 11 3/4% First Preferred Ship Mortgage Notes due 2004 (the "Notes") are not guaranteed by Moran Enterprises or the Turecamo Entities.

The Combination was financed through a $200 million syndicated Credit Agreement among Moran Enterprises, certain participating financial institutions and Fleet Bank, N.A., as administrative agent (the "New Senior Credit Facility"). A portion of the New Senior Credit Facility has been used (i) to finance the Combination and to pay related fees and expenses and (ii) to repay existing debt of the Turecamo Entities. In addition, the Company repaid a $3.5 million term loan from its cash reserves as part of the transaction. The Company's Notes remain outstanding.

(2) SUMMARY OF ACCOUNTING POLICIES

PRINCIPLES OF CONSOLIDATION

The consolidated financial statements include the accounts of Moran Transportation Company and its subsidiaries. The financial statements also include a 50% owned joint venture in a marine tank barge operation which is accounted for under the equity method of accounting. All material intercompany items and transactions are eliminated in consolidation.

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 disclosures, at the date of the financial statements. Similarly, estimates and assumptions are required for the reporting of revenues and expenses. Actual results could differ from the estimates that were used.

RECENT FINANCIAL ACCOUNTING PRONOUNCEMENTS

Financial Accounting Standards No. 133 (FAS 133) - "Accounting for Derivative Instruments and Hedging Activities" was issued in 1998. This statement establishes accounting and reporting standards for derivative instruments. It requires an entity to recognize all derivatives as either assets or liabilities in the statement of financial position and measure those instruments at fair value. The Company will adopt this new standard as of January 1, 2000. Management does not expect the adoption to have a material impact on the Company's results of operations, however, the impact on the Company's financial statements is dependent upon the market values of the Company's derivatives and related financial instruments at the date of adoption.

REVENUE RECOGNITION

Tug and barge revenue is recognized as services are performed.

DRYDOCKING EXPENSES

Drydocking and related costs are capitalized when incurred and amortized over the period until the next drydocking, usually 30 months.

FIXED ASSETS/DEPRECIATION

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Fixed assets include the cost of land, building, floating equipment, capitalized drydocking costs, construction work-in-progress, improvements to leaseholds and equipment. Interest incurred during the construction of floating equipment is capitalized. Depreciation is provided on the straight-line method over the estimated useful lives of the assets which range from three to twenty-five years. Major renewals and betterments are capitalized, while replacements, maintenance and repairs which do not improve or extend the life of the assets are expensed.

INCOME TAXES

The Company and its wholly owned domestic subsidiaries file a consolidated Federal income tax return. The Company accounts for deferred income taxes using the asset and liability method as prescribed under Financial Accounting Standard No. 109, "Accounting for Income Taxes" (FAS 109). The Company provides a valuation allowance if it is more likely than not that some portion or all of the deferred tax asset will not be realized.

CASH AND CASH EQUIVALENTS

The Company considers all highly liquid investments having original maturities of three months or less to be cash equivalents.

INVENTORY

Inventories are valued at the lower of cost (first-in, first-out basis) or market and include fuel, replacement parts, supplies and repair materials.

DEFERRED FINANCING COSTS

Expenses incurred in connection with debt issuance have been deferred and are being amortized using the interest method over the terms of the related debt agreements.

ENVIRONMENTAL EXPENDITURES

Environmental expenditures are expensed or capitalized, as appropriate. Expenditures that result from the remediation of an existing condition caused by past operations, that are not attributable to current or future revenues, are expensed. Liabilities are recognized for remedial activities when the cleanup is probable and the cost can be reasonably estimated, generally coinciding with the Company's commitment to a formal plan of action.

EARNINGS PER SHARE

Effective December 31, 1997, earnings per share were calculated in accordance with FAS 128, accordingly prior years earnings per share have been restated. Basic earnings per share is determined by dividing net income/(loss) by the weighted average number of common shares outstanding during the period, with out consideration of common stock equivalents. Diluted earnings per share is determined by dividing net income/(loss) by the weighted average number of shares of common stock and common stock equivalents outstanding during the period.

COMPREHENSIVE INCOME

For the years ended December 31, 1997 and 1998, other than net income, there were no items of comprehensive income to report.

(3) FIXED ASSETS

Fixed assets consist of the following:

<TABLE>
<CAPTION>

<S>	DEC. 31, 1997 <C>	DEC. 31, 1998 <C>
Floating equipment..................................	$135,550	$147,227

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Capitalized drydocking costs	10,123	13,597
Construction in progress	2,425	2,707
Shipyard and pier improvements	171	173
Furniture, fixtures and leasehold improvements	903	970
Equipment	199	240
Land	663	663
Less: Accumulated depreciation and amortization	30,114	40,218
Total	$119,920	$125,359

</TABLE>

MORAN TRANSPORTATION COMPANY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(DOLLARS IN THOUSANDS)

THREE-YEAR PERIOD ENDED DECEMBER 31, 1998

(4) INVENTORIES OF FUEL, SUPPLIES AND REPAIR MATERIALS

The components of inventory are as follows:

<TABLE>
<CAPTION>

<S>	DEC. 31, 1997	DEC. 31, 1998
Fuel	$ 916	$ 550
Diesel parts	1,583	1,491
Propeller wheels and shafts	1,221	1,197
Rope, fenders, supplies and miscellaneous	441	431
Total	$4,161	$3,669

</TABLE>

(5) INVESTMENT IN AFFILIATED PARTNERSHIPS

Subsidiaries of the Predecessor had a 20% interest in each of four partnerships with subsidiaries of Overseas Shipholding Group, Inc., each of which partnership is the bareboat charterer of one U.S. flag tanker. These interests were transferred to the stockholders of the Predecessor as part of the Acquisition.

The Predecessor had provided certain financial guarantees in connection with the acquisition of the affiliated partnerships. These undertakings were limited to $12,000 in the aggregate and among others, guaranteed (i) payment of the equity portion of charter hire to the owner of the affiliated partnership's tankers, (ii) certain indemnity obligations arising under the bareboat charters, including tax obligations, and (iii) the obligation of the partnerships to maintain and insure the tankers. These guarantees survived the Acquisition and remained the obligation of the Company. To secure these guarantees, $12,000 of the purchase price was put into escrow to be released when the guarantees expired in 2003, to the extent not called upon. These funds were included in restricted funds held for contingent consideration. In February 1997, the Company was released from these obligations and the $12,000 escrow related to these guarantees was distributed to the former shareholders.

(6) INVESTMENT IN JOINT VENTURE

The Company has invested in a 50% owned joint venture which owns and operates an ocean going petroleum barge. The Company accounts for the joint venture under the equity method.

Partner's capital in the Company's 50% investment in the joint venture was $968, $1,480, and $1,897 at December 31, 1996, 1997 and 1998 respectively. The Company received no cash dividends in the three years ended December 31, 1998 and made a partnership contribution of $1,000 in 1997 to cover dry-docking related costs.

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The Company's 50% interest in the assets, liabilities, revenues, expenses and income of the joint venture is summarized as follows:

	AS OF DECEMBER 31,	
	1997	1998
Total assets	$1,858	$2,091
Total liabilities	$ 378	$ 194

	FOR THE YEARS ENDED DECEMBER 31,		
	1996	1997	1998
Total revenues	$ 2,528	$ 1,460	$2,924
Total expenses	$ 2,354	$ 1,947	$2,508
Income/(loss)	$ 174	$ (487)	$ 416
Additional amortization	$ 240	$ 240	$ 240
Equity in (loss)/income	$ (66)	$ (727)	$ 176

In connection with the Acquisition, the Company increased the carrying value of its investment by $2,519 to fair market value. The Company is amortizing the increase over ten years, representing the remaining useful life of the joint venture's barge. Amortization was $240 per year for the three years ending December 31, 1998.

(7) INSURANCE SUBSIDIARY

The consolidated financial statements include the accounts of the Company's wholly-owned insurance subsidiary whose fiscal year end is March 31. Summarized unaudited financial information based on the Company's reporting periods is as follows:

	AS OF DECEMBER 31,	
	1997	1998
Total assets	$2,188	$2,253
Total liabilities	$ 384	$ 381

	FOR THE YEARS ENDED DECEMBER 31,		
	1996	1997	1998
Total income (a)	$118	$70	$67

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</TABLE>

(a) Total income includes interest income of $156, $91 and $90 for the years ended December 31, 1996, 1997 and 1998, respectively.

(8) LONG-TERM DEBT

Long-term debt at December 31 was as follows:

<TABLE>
<CAPTION>

<S>	1997 <C>	1998 <C>
11.75% Series B First Preferred Ship Mortgage Notes due July 15, 2004	$80,000	$78,997
8.1% Term Loan due June 1, 2005	3,420	--
	83,420	78,997
Less: Current maturities	168	--
Long-term portion	$83,252	$78,997

</TABLE>

As part of the Acquisition, the Company issued $80,000 of 11.75% First Preferred Ship Mortgage Notes due July 15, 2004. In November 1994, pursuant to an Exchange and Registration Rights Agreement, the Company exchanged all of such Notes for its 11.75% Series B First Preferred Ship Mortgage Notes, the issuance of which had been registered under the federal securities laws. Interest on the notes is payable semi-annually on January 15 and July 15. The Notes are redeemable, in cash, at the option of the Company, in whole or in part in amounts of $1,000 or an integral multiple of $1,000 on or after July 15, 1999 at the redemption prices set forth below, plus accrued and unpaid interest if redeemed during the 12-month period commencing on July 15 of the year indicated below:

1999	108%
2000	106
2001	104
2002	102
2003 and thereafter	100

Because the Combination could have been deemed to have been a "Change of Control" under the terms of the indenture governing the Notes, the Company was required to commence a tender offer to purchase for cash any and all of the outstanding Notes which the Company commenced on November 25, 1998. The Company completed the tender offer on December 28, 1998, and as of such date, approximately $1,003 in aggregate principal of the Notes had been tendered, representing approximately 1.25% of the $80,000 Notes outstanding subject to the tender offer. Following the expiration of the offer, the Company accepted for payment all Notes validly tendered using available cash to make such a payment. The purchase price paid for the Notes was equal to 101% of their principal amount ($1,010 per $1,000 principal amount), plus accrued and unpaid interest.

All of the Company's subsidiaries (the "Guarantors") have guaranteed the Series B First Preferred Ship Mortgage Notes. Accordingly, the financial statements of the Guarantors have not been included, individually or on a combined basis, because the guarantors have fully and unconditionally guaranteed such Notes on a joint and several basis, and because the aggregate net assets, earnings and equity of the Guarantors are substantially equivalent to the net assets, earnings and equity of the Company on a consolidated basis and, therefore, separate financial statements concerning the Guarantors are not deemed material to investors.

The Notes rank pari passu with all existing and future senior indebtedness of the Company and senior to all subordinated indebtedness of the Company and are secured by substantially all of the Company's floating equipment. The indenture contains certain restrictions on incurrence of debt, liens, sales of assets,

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MORAN TRANSPORTATION COMPANY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(DOLLARS IN THOUSANDS)

THREE-YEAR PERIOD ENDED DECEMBER 31, 1998

investments, capital expenditures, and dividend and upstream payments. The Company must also comply with certain other financial covenants.

The New Senior Credit Facility includes two $80 million term loan facilities, one of which was used to finance the Combination and the other of which may be drawn upon to redeem in full the Company's Notes when they become eligible for redemption under the applicable indenture. The indenture permits redemption of all such Notes commencing on July 15, 1999 at a redemption price equal to 108% of principal amount, with the redemption price decreasing over time thereafter. The Company currently intends to redeem the Notes on or about July 15, 1999 at 108% of their principal amount and has arranged financing under the New Credit Facility to do so; however, no assurance can be made that the Company will redeem the Notes at such time. Under the New Senior Credit Facility, several conditions must be satisfied prior to drawing on the term loan facility to redeem the Notes, including that no event of default shall have occurred or be continuing, that certain representations and warranties are true and correct, and that there shall have been no material adverse change in the condition of the vessels owned by Moran Enterprises and its subsidiaries. The New Senior Credit Facility also includes a $40 million revolving credit facility. Until the Notes are redeemed and the applicable term loan facility is drawn upon, however, the maximum amount that may be outstanding under the revolving credit facility is $20 million, no more than $15 million of which may be drawn upon for the benefit of the Company and its subsidiaries. The revolving credit facility includes a letter of credit subfacility of a separate sublimit which is available to the Company and its subsidiaries and which reduces the available credit under the revolving credit facility by the amount of any outstanding letter of credit and any unreimbursed drawings under letters of credit. The New Senior Credit Facility bears interest at rates linked to the prime rate and/or a Eurodollar rate, at Moran Enterprises's option. The term loan facility, which may be drawn upon to redeem the Notes, matures on June 30, 2004; the other $80 million term loan facility matures on December 31, 2005. The revolving credit facility has a term of six years.

The New Senior Credit Facility is secured by substantially all of the personal property of Moran Enterprises and the Turecamo Entities, including floating equipment (i.e., vessels) and a pledge of all the capital stock of Moran Enterprises, the Company and the Turecamo Entities. The Company and its domestic subsidiaries have guaranteed the revolving credit facility to the extent that funds are drawn for their benefit, and in that regard, have granted a first priority lien on accounts receivable and inventory to secure the guaranty. If and when the Notes are redeemed in full, the Company and its subsidiaries will grant security interests in substantially all of their assets, including floating equipment, to secure the New Senior Credit Facility. The Company's floating equipment presently continues to secure its Notes.

The New Senior Credit Facility contains customary affirmative and negative covenants, including compliance with law, maintenance of insurance, and limitations on incurrence of debt, liens, investments, sales of assets and mergers. The revolving credit facility thereunder may be used on an ongoing basis to finance working capital and for general corporate purposes.

Concurrently with the closing of the Combination, the Company used available cash to pay the outstanding indebtedness of the Company due under a separate term loan facility of the Company, totaling $3.4 million, inclusive of principal, interest and any fees.

The Company has deferred debt placement costs incurred in connection with the First Preferred Ship Mortgage Notes. The unamortized balance of such fees was $2,415 and $2,013 at December 31, 1997 and 1998, respectively.

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(9) INCOME TAXES

In accordance with FAS 109, the deferred tax provision was determined under the asset and liability approach. Deferred tax assets and liabilities were recognized on differences between the book and tax basis of assets and liabilities using current tax rates. The provision for income taxes is the sum of the amount of income tax paid or payable for the year as determined by applying current tax laws to the taxable income for the current year and the net change in the Company's deferred tax assets and liabilities during the year.

The components of the provision for income taxes are as follows:

	FOR THE YEARS ENDED DECEMBER 31,		
	1996	1997	1998
Current	$ 2,680	$ 2,274	$ 2,647
Deferred	(1,872)	(1,661)	(682)
	$ 808	$ 613	$ 1,965

This provision includes state tax expense for the years ended December 31, 1996, 1997 and 1998 of $34, $182 and $497, respectively.

The reconciliation of the Company's effective income tax rate and the statutory income tax rate are as follows:

	FOR THE YEARS ENDED DECEMBER 31,		
	1996	1997	1998
Statutory income tax rate	35.0%	35.0%	34.0%
Increases (decreases) due to:			
State taxes	6.4	5.3	7.0
Meals and entertainment	2.0	1.9	0.8
Rate differential	(2.6)	1.8	--
Release of valuation allowance	--	(17.3)	--
Other-net	(2.6)	0.8	0.2
Effective income tax rate	38.2%	27.5%	42.0%

Under FAS 109, temporary differences which give rise to a significant portion of net deferred tax liabilities were as follows:

	Dec. 31, 1997	Dec. 31, 1998
Deferred tax assets		
State and local taxes	$ 749	$ 607
Insurance claims reserves	623	464
Post retirement benefits other than pensions	1,469	1,608
Additional compensation	268	318
Hull insurance aggregate reserves	1,179	1,214
P & I insurance aggregates reserve	373	230

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Backpay liability	1,403	1,102
Other items-net	(109)	89
Total deferred tax assets	5,955	5,632
Deferred tax liabilities		
Depreciation and amortization	(34,411)	(33,247)
Pension benefits	(368)	(273)
Capitalized drydocking costs	(2,263)	(2,641)
Land valuation	(197)	(197)
Fuel inventory	(311)	(187)
Total deferred tax liabilities	(37,550)	(36,545)
Valuation allowance	(335)	(335)
Net deferred tax liabilities	$(31,930)	$(31,248)

</TABLE>

The current portion of net deferred income taxes of $520 at December 31, 1997 and 1998, respectively, is included in other prepaid expenses.

(10) PENSION, POSTRETIREMENT BENEFIT AND PROFIT SHARING PLANS

PENSION

The net periodic pension expense for the Company's defined benefit pension plan is comprised of the following:

<TABLE>
<CAPTION>

	FOR THE YEARS ENDED DECEMBER 31,		
	1996	1997	1998
Service cost-benefits earned during the period	$ 327	$ 305	$ 358
Interest cost projected benefit obligation	559	532	603
Expected return on plan assets	(757)	(609)	(650)
Recognized actuarial loss	117	4	29
Net periodic pension expense	$ 246	$ 232	$ 340

</TABLE>

The changes in benefit obligation and plan assets and the funded status reconciliation as of December 31, 1997 and 1998 for the Company's defined benefit pension plan are shown below:

<TABLE>
<CAPTION>

	Pension Benefits	
	1997	1998
CHANGE IN BENEFIT OBLIGATION:		
Benefit obligation at beginning of year	$ 7,099	$ 7,878
Service cost	305	358
Interest cost	532	603
Benefits paid	(481)	(604)
Actuarial loss	423	1,333
Benefit obligation at end of year	$ 7,878	$ 9,568
CHANGE IN PLAN ASSETS		
Fair value of plan assets at beginning of year	$ 7,776	$ 8,339
Actual return on plan assets	1,044	780
Benefits paid	(481)	(604)

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Fair value of plan assets at end of year	$ 8,339	$ 8,515
RECONCILIATION OF FUNDED STATUS		
Funded status	$ 461	$(1,053)
Unrecognized actuarial loss	675	1,849
Prepaid benefit cost	$ 1,136	$ 796
THE ACTUARIAL ASSUMPTIONS ARE AS OF DECEMBER 31:		
Discount rate	7.25%	6.75%
Expected long term rate of return on plan assets	8.00%	8.00%
Rate of compensation increase	4.00%	4.00%

</TABLE>

The Company has a defined benefit pension plan covering substantially all shoreside non-union employees. The plan generally provides benefit payments using a formula that is based on an employee's compensation and length of service. The Company's policy is to fund current service costs. The plan's assets are primarily invested in a managed bond portfolio with a portion invested in a managed equity portfolio. Since the plan was fully funded, no contributions were required for the 1997 and 1998 plan years. In addition, the Company has an unfunded supplemental employee retirement plan ("SERP") for certain executives. The Company's pension SERP liability was $651 and $750 at December 31, 1997 and 1998 respectively.

In accordance with contractual agreements, the Company makes contributions to union-sponsored pension and welfare plans. Such contributions were $1,965, $2,287 and $2,504 for years December 31, 1996, 1997 and 1998, respectively. In addition, the Company has a defined contribution pension plan for non-union fleet employees. The Company made contributions of $201, $333 and $376 for the years ended December 31, 1996, 1997 and 1998, respectively.

PROFIT SHARING PLAN

The Company has a non-contributory profit-sharing plan covering substantially all shoreside non-union employees. Company contributions are at the discretion of the Board of Directors. The Company made contributions of $674, $681 and $759 for the years ended December 31, 1996, 1997 and 1998, respectively. In addition, the Company has an unfunded profit sharing SERP for certain executives. The Company's profit sharing SERP liability was $137 and $188 at December 31, 1997 and 1998, respectively.

POSTRETIREMENT BENEFITS OTHER THAN PENSIONS

The Company provides certain health care and life insurance benefits to all employees who retire from the Company and satisfy certain service and age requirements.

Generally, the medical coverage pays a stated percentage of most medical expenses reduced for any deductible and payments made by Medicare or other group coverage. Benefits are administered through an insurance carrier paid by the Company. The cost of providing these benefits is shared with retirees. The cost sharing provisions vary depending on the retirement date. The plan is unfunded. The premium cost of providing these benefits was $265, $271 and $286 for the years ended December 31, 1996, 1997 and 1998, respectively.

The Company accounts for retiree health care costs in accordance with Financial Accounting Standard No. 106, "Employers' Accounting for Postretirement Benefits Other Than Pensions." This statement requires the accrual of the cost of providing postretirement benefits, including medical and life insurance coverage, during the active service period of the employee.

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The changes in benefit obligation and plan assets and the funded status reconciliation as of December 31, 1997 and 1998 for the Company's postretirement benefits are shown below:

	OTHER BENEFITS	
	1997	1998
CHANGE IN BENEFIT OBLIGATION:		
Benefit obligation at the beginning of year	$ 4,646	$ 5,416
Service cost	176	219
Interest cost	366	398
Benefits paid	(265)	(412)
Actuarial loss	493	653
Benefit obligation at end of year	$ 5,416	$ 6,274
CHANGE IN PLAN ASSETS		
Fair value of plan assets at beginning of year	$ --	$ --
Actual return on plan assets	--	--
Employer contributions	265	412
Benefits paid	(265)	(412)
Fair value of plan assets at end of year	$ --	$ --
RECONCILIATION OF FUNDED STATUS		
Funded status	$(5,416)	$(6,274)
Unrecognized actuarial loss	1,107	1,693
Prepaid benefit cost	$(4,309)	$(4,581)

Net periodic postretirement benefit cost for periods ended December 31, 1997 and December 31, 1998 included the following components:

	1996	1997	1998
Service cost of benefits earned	161	$176	$219
Interest cost on accumulated postretirement benefits obligation	318	366	398
Recognized actuarial loss	32	49	67
Net periodic postretirement benefit cost	$511	$591	$684

The discount rate used in determining the APBO was 7.5% in 1996, 7.25% in 1997 and 6.75% in 1998.

ASSUMED HEALTH CARE COST TREND

For measurement purposes, a 10% annual rate of increase in the per capita cost of covered health care benefits was assumed for 1998. The rate is assumed to decrease gradually to 6% for 2000 and remain at that level thereafter.

Assumed health care cost trend rates have a significant effect on the amounts reported for the health care plan. A one percentage point change in assumed health care cost trend rate would have the following effects.

	ONE PERCENTAGE POINT INCREASE	ONE PERCENTAGE POINT DECREASE

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Effect on total of service and interest cost components for 1998.....	$109	$ (82)
Effect on year-end 1998 postretirement benefit obligation...........	$802	$(705)

(11) COMMITMENTS

On November 8, 1996, a subsidiary of the Company entered into a 10 year bareboat charter for the barge Portsmouth. The Company has an option to purchase the barge at the end of the seventh year and at the end of the lease term. The annual charterhire for this vessel is $1.0 million over the term of the lease.

Minimum annual rental commitments at December 31, 1998, under non-cancelable operating leases, including the bareboat charter for the Portsmouth, are as follows:

1999................................	$1,880
2000................................	1,860
2001................................	1,790
2002................................	1,713
2003................................	1,659
2004 and beyond......................	3,126

Total gross rent expense was $1,160, $1,896 and $1,906 for the years ended December 31, 1996, 1997 and 1998, respectively.

(12) CONTINGENT LIABILITIES

In February 1994, a lawsuit was filed in United States District Court for the Eastern District of New York by the Town of Oyster Bay (the "Town"), New York, against the Company and several other potentially responsible parties ("PRP"). The Town is seeking indemnification for remediation and investigation costs that have been or will be incurred for a Federal Superfund site in Syosset, New York, which served as a Town owned and operated landfill between 1933 and 1975. In a Record of Decision issued on or about September 27, 1990, the EPA set forth a remedial design plan, the cost of which was estimated at $25,000 and is reflected in the Town's lawsuit. In an Administrative Consent Decree entered into between the EPA and the Town on December 6, 1990, the Town agreed to undertake remediation at the site.

While the current state of law imposes joint and several liability upon PRPs, as a practical matter costs of these sites are typically shared with other PRPs. The Federal court hearing this matter has ruled that the PRPs are liable in contribution only, not joint and severally. The Company believes that its portion of the hazardous materials disposed of at the site, if any, is insignificant when compared to that of the other PRPs. While management is unable to estimate the Company's future liability, if any, it does not believe such liability would have a material adverse effect on the Company's financial position or results of operations.

(13) SHIPYARD ASSETS HELD FOR SALE

In the third quarter of 1997, the owner of the Jakobson Shipyard site sold its property to the State of New York and the Town of Oyster Bay. At the same time, Jakobson Shipyard, Inc., a subsidiary of the Company, terminated its leasehold interest in the property and received $2.9 million. The loss related to the lease termination was not material.

(14) FINANCIAL INSTRUMENTS

The following disclosure of the estimated fair value of financial instruments at December 31, 1997 and 1998 is made in accordance with the requirements of FAS No 107, "Disclosure about Fair Market of Financial Instruments". The estimated fair value amounts have been determined by the Company using available market information and appropriate valuation methodologies. However, considerable judgment is necessarily required in interpreting market data to

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develop the estimates of fair value. Accordingly, the estimates presented herein are not necessarily indicative of the amounts that the Company could realize in a current market exchange. The use of different market assumptions and/or estimation methodologies may have a material effect on the estimated fair value amounts.

The Company's financial instruments consist of cash, short-term trade receivables and payables, and short and long-term debt. With the exception of long-term debt, the carrying amounts of these financial instruments approximate their fair value.

Based upon the average of the bid and asked price for the 11.75% Series B First Preferred Ship Mortgage Notes at their respective year ends, the fair value of the Company's Notes as of December 31, 1997 and 1998 is approximately $88,800 and $84,900 respectively.

Financial instruments which potentially subject the Company to concentration of credit risk consist solely of trade receivables. The Company grants credit terms in the normal course of business to its customers. The Company has a diverse customer base and as part of its on-going procedures the Company monitors the credit worthiness of its customers. Bad debt write-offs have historically been minimal.

The fair value information presented herein is based on pertinent information available to management as of December 31, 1997 and 1998. Although management is not aware of any factors that would significantly affect the estimated fair value amounts, such amounts have not been comprehensively revalued for purposes of these consolidated financial statements since that date, and current estimates of fair value may differ significantly from the amounts presented herein.

(15) RELATED PARTY TRANSACTIONS

In 1995, the Company and certain related parties (the "Group") negotiated insurance coverage with third party providers in order to obtain lower premiums. In connection with the new coverage, the Group entered into a risk sharing agreement whereby the Company would bear a portion of certain claims expense of the Group in proportion to its past experience. This percentage is reset each year. The Company believes its agreement is at arms length. The amount due from related parties under the risk sharing agreement was $541 at December 31, 1998.

At December 31, 1998, Moran Enterprises Corporation owed the Company $1.4 million. In addition, during 1998, Mormac paid $232,800 for ship docking services performed by the Company. All such services were provided on arms'-length terms at customary rates. The Company also provides tug services to, and has tug services provided to it by, the Turecamo Entities. Since the Combination, the Turecamo Entities paid $261,800 for tug services performed by the Company, and were paid $363,400 by the Company for tug services performed by them for the Company.

(16) MANDATORILY REDEEMABLE CAPITAL STOCK

Mandatorily Redeemable Capital Stock was the same as the Company's Common Stock in terms of voting rights, dividends and other attributes except that under certain circumstances it was redeemable at the option of stockholders or the Company at fair market value. In 1998, as part of the Combination, the Company's Mandatorily Redeemable Capital Stock was exchanged for stock in Moran Enterprises Corporation. The Company is now a 100%-owned subsidiary of Moran Enterprises Corporation. As of December 31, 1997, the fair market value of the shares was $250 per share. The Company's Common Stock contains no redemption features.

(17) STOCK OPTION PLAN

On July 11, 1994 the Company adopted a Stock Option Plan (the "1994 Plan") which became effective on the date of the Acquisition to provide an incentive to certain employees of the Company to remain in the employ of the Company and to increase their personal interest in the success of the Company. Effective as of October 30, 1998, the effective date of the Combination, 1994 Stock Options held by employees were exchanged for options ("1998 Stock Options") to

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purchase units of capital stock of Moran Enterprises pursuant to the Moran Enterprises Corporation 1998 Stock Option Plan (the "1998 Plan").

The Company applies APB Opinion 25 and related Interpretations in accounting for the 1994 Plan. Accordingly, no compensation cost has been recognized for its fixed stock options plan. Had the compensation cost for the stock based compensation plan been determined in accordance with FAS 123, the Company's net income and earnings per share would not have been materially different.

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Exhibit 4.1(e)

SUPPLEMENTAL INDENTURE NO. 5

This SUPPLEMENTAL INDENTURE NO. 5, dated October 28, 1998, among Moran Transportation Company, a Delaware corporation (the "Company"), the Guarantors named therein (the "Guarantors"), Fleet National Bank (formerly known as Shawmut Bank Connecticut, National Association), as trustee (the "Trustee"), and MCF Subsidiary, Inc., a Delaware corporation and a wholly-owned subsidiary of the Company (the "New Guarantor").

W I T N E S S E T H:

WHEREAS, the Company, the Trustee and the Guarantors are parties to that certain Indenture dated July 11, 1994, as thereafter supplemented by Supplemental Indenture Nos. 1, 2, 3 and 4 (as so supplemented, the "Indenture"), pertaining to the Company's 11-3/4% Series B First Preferred Ship Mortgage Notes due 2004 issued under the Indenture (the "Notes");

WHEREAS, the Company has organized the New Guarantor as a subsidiary with the intention that the New Guarantor become a Guarantor under the Indenture and an Unrestricted Subsidiary pursuant to the terms of the Indenture;

WHEREAS, Section 5.23 of the Indenture provides that any Person that was not a Guarantor on the date of the Indenture may become a Guarantor by executing and delivering to the Trustee, among other things, a supplemental indenture in form and substance satisfactory to the Trustee, which subject such Person to the provisions (including the representations and warranties) of the Indenture as a Guarantor;

WHEREAS, Section 10.01(h) of the Indenture provides that the Trustee, the Company, the Guarantors and a Subsidiary, as applicable, may amend or supplement the Indenture without the consent of any Holder to supplement the Indenture to provide for additional Guarantors pursuant to Section 5.23; and

WHEREAS, the Company and the New Guarantor intend that this Supplemental Indenture fulfill the requirements of such Section 5.23, thereby making the New Guarantor a Guarantor under the Indenture.

NOW THEREFORE, the parties agree as follows, for the benefit of each other and for the equal and ratable benefit of the Holders of the Notes:

Section 1.01 DEFINITIONS. Capitalized terms used in this Supplemental Indenture but not defined herein shall have the meanings given such terms in the Indenture.

Section 2.01 ACCEPTANCE BY TRUSTEE. The Trustee accepts the modifications of the

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Indenture hereby effected only upon the terms and conditions set forth in the Indenture as supplemented by this Supplemental Indenture No. 5. Without limiting the generality of the foregoing, the Trustee shall not be responsible for the correctness of the recitals contained herein, which shall be taken as statements of the Company, and the Trustee makes no representations and shall have no responsibility for, or in respect of, the validity or sufficiency of this Supplemental Indenture No. 5.

Section 2.02 CONSTRUCTION. This Supplemental Indenture No. 5 is executed as and shall constitute an instrument supplemental to the Indenture and shall be construed in connection with and as part of the Indenture.

Section 2.03 RATIFICATION. Except as modified and expressly amended by this Supplemental Indenture No. 5, the Indenture is, in all respects, ratified and confirmed and all the terms, provisions and conditions thereof shall be and remain in full force and effect.

Section 2.04 ADDITION OF GUARANTOR. The New Guarantor hereby agrees to be bound by and subject to all terms of the Indenture (including representations and warranties) as a Guarantor, including without limitation the provisions of Article 3 of the Indenture, as if the New Guarantor were a signatory to the Indenture.

Section 2.05 COUNTERPARTS. This Supplemental Indenture No. 5 may be executed in any number of counterparts; each signed copy shall be any original, but all of them together represent the same agreement.

Section 2.06 GOVERNING LAW. This Supplemental Indenture No. 5 shall be subject to the governing law and choice of forum provisions of Section 13.09 of the Indenture.

IN WITNESS WHEREOF, the parties hereto have caused this Supplemental Indenture No. 5 to be duly executed as of the day and year first above written.

MORAN TRANSPORTATION COMPANY

By: /s/ Macolm W. MacLeod

Name: Malcolm W. MacLeod
Title: President

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THE GUARANTORS LISTED ON ANNEX I HERETO

By: /s/ Jeffrey J. McAulay

Name: Jeffrey J. McAulay
Title: As to each of the Guarantors
listed on Annex I in the
capacities set forth on Annex I

THE GUARANTORS LISTED ON ANNEX II HERETO

By: /s/ William P. Muller

Name: William P. Muller
Title: As to each of the Guarantors
listed on Annex II in the
capacities set forth on Annex II

MCF SUBSIDIARY, INC.

By: /s/ Jeffrey J. McAulay

Name: Jeffrey J. McAulay
Title: Vice President, Treasurer and
Assistant Secretary

FLEET NATIONAL BANK,
as Trustee

By: /s/ Michael M. Hopkins

Name: Michael M. Hopkins
Title: Authorized Person

Annex I

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Guarantor	Capacity
Moran Towing Corporation	V.P.-Finance & Administration
Moran Towing of Texas Inc.	V.P. and Treasurer
Jakobson Shipyard, Inc.	V.P. and Assistant Secretary
Moran Shipyard Corporation	V.P., Treasurer & Assistant Secretary
Moran Barge Corp.	V.P. -Finance & Administration
Moran Towing of Delaware, Inc.	V.P. and Treasurer
Hampton Roads Land Co., Inc.	V.P. and Treasurer
Portsmouth Navigation Corporation	V.P., Treasurer & Assistant Secretary
Moran Insurance Company Limited	Chairman/President
Curtis Bay Towing Company of Pennsylvania	V.P. and Treasurer
Curtis Bay Towing Company of Virginia	V.P. and Treasurer
Florida Towing Company	V.P. and Treasurer

Annex II

Guarantor	Capacity
Moran Services Corporation	President
Seaboard Barge Corporation	President
Petroleum Transport Corporation	President

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Exhibit 10.18

MORAN ENTERPRISES CORPORATION

1998 STOCK OPTION PLAN

ARTICLE 1.

ESTABLISHMENT AND PURPOSE

1.1 ESTABLISHMENT AND EFFECTIVE DATE. Moran Enterprises Corporation, a Delaware corporation (the "Corporation"), hereby establishes a stock option plan to be known as the "Moran Enterprises Corporation 1998 Stock Option Plan" (the "Plan"). The Plan shall become effective as of the date of consummation of the Corporation's acquisition of all of the outstanding capital stock of Moran Transportation Company, a Delaware corporation ("Moran"), Turecamo Maritime, Inc., a Delaware corporation, White Stack Maritime Corp., a Delaware corporation, Turecamo of Savannah, Inc., a Georgia corporation, and Turecamo Environmental Services, Inc., a Delaware corporation, subject to the approval of the Corporation's stockholders. In the event that such stockholder approval is not obtained, any awards made hereunder shall be cancelled and all rights of employees with respect to such awards shall thereupon cease. Upon approval by the Board of Directors of the Corporation (the "Board") or the Board's Compensation Committee (the "Committee"), awards may be made as provided herein.

1.2 PURPOSE. The purpose of the Plan is to encourage and enable all employees (subject to such requirements as may be prescribed by the Committee) of the Corporation and its subsidiaries to acquire a proprietary interest in the Corporation (i) through the ownership of the Corporation's common stock, par value $.001 per share ("Common Stock"), or, (ii) in the case of certain employees ("Existing Option Holders") of the Company who are or were employees of Moran and who were awarded stock options under Moran's 1994 Stock Option Plan (the "Moran Plan"), through the ownership of units ("Units") consisting of the Corporation's Common Stock and the Corporation's Series A Preferred Stock, par value $.001 per share ("Preferred Stock"). Unless otherwise indicated, references in the Plan to "Option Stock" (a) in the case of clause (i) above, shall include Common Stock and (b) in the case of (ii) above, shall include both Common Stock and Preferred Stock. Such ownership will provide such employees with a more direct stake in the future welfare of the Corporation and encourage them to remain with the Corporation and its subsidiaries. It is also expected that the Plan will encourage qualified persons to seek and accept employment with the Corporation and its subsidiaries.

ARTICLE 2.

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AWARDS

2.1 FORM OF AWARDS. Awards under the Plan may be granted in either of the following forms: (i) incentive stock options ("Incentive Stock Options") meeting the requirements of Section 422 of the Internal Revenue Code of 1986, as amended (the "Code"), or (ii) non-qualified stock options ("Non-qualified Stock Options"). Unless otherwise indicated, references in the Plan to "Options" shall include both Incentive Stock Options and Non-qualified Stock Options.

2.2 MAXIMUM SHARES AVAILABLE. The maximum aggregate number of shares of Common Stock available for award under the Plan is THREE THOUSAND THREE HUNDRED SIX (3,306) subject to adjustment pursuant to Article 8 hereof, the maximum aggregate number of Units available for award under the Plan is THREE THOUSAND TWO HUNDRED EIGHTY-NINE (3,289) subject to adjustment pursuant to Article 8 hereof, and in connection with any such Units awarded under the Plan, the maximum aggregate number of shares of Preferred Stock available for award under the Plan is TWO HUNDRED FORTY-THREE THOUSAND FOUR HUNDRED SIXTY-THREE (243,463) subject to adjustment pursuant to Article 8 hereof. Shares of Option Stock issued pursuant to the Plan may be either authorized but unissued shares or issued shares reacquired by the Corporation. In the event that prior to the end of the period during which Options may be granted under the Plan, any Option under the Plan expires unexercised or is terminated, surrendered or cancelled without being exercised in whole or in part for any reason, then such shares or units shall be available for subsequent awards under the Plan, upon such terms as the Committee may determine.

ARTICLE 3.

ADMINISTRATION

3.1 COMMITTEE. Awards shall be determined, and the Plan shall be administered, by the Committee as appointed from time to time by the Board, which Committee shall consist of not less than two (2) members of the Board who shall be ineligible to receive awards under the Plan.

3.2 POWERS OF COMMITTEE. Subject to the express provisions of the Plan, the Committee shall have the power and authority (i) to grant Options and to determine the purchase price of the Common Stock or the Units covered by each Option, the term of each Option, the number of shares of Option Stock to be covered by each Option and any performance objectives or vesting standards applicable to each Option and (ii) to designate Options as Incentive Stock Options or Non-qualified Stock Options.

3.3 DELEGATION. The Committee may delegate to one or more of its members or to any other person or persons such ministerial duties as it may

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deem advisable. The Committee may also employ attorneys, consultants, accountants or other professional advisors and shall be entitled to rely upon the advice, opinions or valuations of any such advisors.

3.4 INTERPRETATIONS. The Committee shall have sole discretionary authority to interpret the terms of the Plan, to adopt and revise rules, regulations and policies to administer the Plan and to make any other factual determinations which it believes to be necessary or advisable for the administration of the Plan. All actions taken and interpretations and determinations made by the Committee in good faith shall be final and binding upon the Corporation, all employees who have received awards under the Plan and all other interested persons.

3.5 LIABILITY; INDEMNIFICATION. No member of the Committee, nor any person to whom ministerial duties have been delegated, shall be personally liable for any action, interpretation or determination made with respect to the Plan or awards made thereunder, and each member of the Committee shall be fully indemnified and protected by the Corporation with respect to any liability he or she may incur with respect to any such action, interpretation or determination, to the extent permitted by applicable law and to the extent provided in the Corporation's Certificate of Incorporation and Bylaws, as amended from time to time, or under any agreement between any such member and the Corporation.

ARTICLE 4.

ELIGIBILITY

Options may be granted to all employees of the Corporation or any of its subsidiaries (subject to such requirements as may be prescribed by the Committee). Options may be granted to a director of the Corporation who is not also a member of the Committee, provided that the director is also an employee. In determining the employees to whom Options shall be granted and the number of shares to be covered by each Option, the Committee shall take into account the nature of the services rendered by such employees, their present and potential contributions to the success of the Corporation and its subsidiaries and such other factors as the Committee in its sole discretion shall deem relevant.

As used herein, the term "subsidiary" shall mean any present or future corporation, partnership or joint venture in which the Corporation owns, directly or indirectly, 50% or more of the economic interests. Notwithstanding the foregoing, only employees of the Corporation and any present or future corporation which is or may be a "subsidiary corporation" of the Corporation (as such term is defined in Section 424(f) of the Code) shall be

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eligible to receive Incentive Stock Options.

ARTICLE 5.

STOCK OPTIONS

5.1 GRANT OF OPTIONS. Options may be granted under the Plan for the purchase of shares of Common Stock, or, in the case of Existing Option Holders, Units. Options shall be granted in such form and upon such terms and conditions, including the satisfaction of corporate or individual performance objectives and other vesting standards, as the Committee shall from time to time determine.

5.2 DESIGNATION AS NON-QUALIFIED STOCK OPTION OR INCENTIVE STOCK OPTION. In connection with any grant of Options, the Committee shall designate in the relevant Option Agreement (as defined in Article 10 hereof) whether the Options granted shall be Incentive Stock Options or Non-qualified Stock Options, or in the case both are granted, the number of shares of each.

5.3 OPTION PRICE. The purchase price per share under each Incentive Stock Option shall be the Market Price (as hereinafter defined) of the Common Stock on the date the Incentive Stock Option is granted. The purchase price per share of Common Stock or per Unit under each Non-qualified Stock Option shall be specified by the Committee. In no case, however, shall the purchase price per share of either an Incentive Stock Option or Non-qualified Stock Option be less than the par value of the Common Stock ($.001) or, in the case of Options to acquire a Unit, the aggregate par value of the shares of Common Stock and Preferred Stock underlying such Unit. In the case of an Incentive Stock Option granted to an employee owning (actually or constructively under Section 424(d) of the Code), more than 10% of the total combined voting power of all classes of stock of the Corporation or of a subsidiary (a "10% Stockholder"), the option price shall not be less than 110% of the Market Price of the Common Stock on the date of grant.

The "Market Price" of the Common Stock on any day shall be determined as follows: (i) if the Common Stock is listed on a national securities exchange or quoted through the NASDAQ National Market System, the Market Price on any day shall be the average of the high and low reported Consolidated Trading sales prices, or if no such sale is made on such day, the average of the closing bid and asked prices reported on the Consolidated Trading listing for such day; (ii) if the Common Stock is quoted on the NASDAQ inter-dealer quotation system, the Market Price on any day shall be the average of the representative bid and asked prices at the close of business for such day; (iii) if the Common Stock is not listed on a national stock exchange or quoted on NASDAQ, the Market Price on any day shall be the average of the high bid and low asked prices reported by the National Quotation Bureau, Inc. for such day; or (iv) if the Common Stock is not listed, quoted or reported on as

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set forth above, the Market Price shall be determined in such reasonable manner as the Committee may, in its sole discretion, determine. In no event

shall the Market Price of a share of Common Stock subject to an Incentive Stock Option be less than the fair market value as determined for purposes of Section 422(b)(4) of the Code.

The "Market Price" of the Preferred Stock on any day shall be equal to the sum of (i) the amount of $1.00 per share for each share of Preferred Stock, adjusted for any combinations, consolidations, stock splits or stock distributions or dividends with respect to such shares, plus (ii) an amount equal to all accrued but unpaid dividends on such share of Preferred Stock to such date.

The "Market Price" of a Unit on any day shall be equal to the sum of the then applicable Market Prices of the shares of Common Stock and Preferred Stock comprising such Unit.

5.4 LIMITATION ON AMOUNT OF INCENTIVE STOCK OPTIONS. In the case of Incentive Stock Options, the aggregate Market Price (determined at the time the Incentive Stock Option is granted) of the Common Stock with respect to which Incentive Stock Options are exercisable for the first time by any optionee during any calendar year (under all plans of the Corporation and any subsidiary) shall not exceed $100,000. To the extent that an Option which is intended to be an Incentive Stock Option exceeds the $100,000 limit set forth above, such Option shall be treated as a Non-qualified Stock Option.

5.5 DATE OF GRANT. The date of grant of an Option under the Plan shall be the date as of which the Committee approves the grant; PROVIDED, HOWEVER, that in the case of an Incentive Stock Option, the date of grant shall in no event be earlier than the date as of which the optionee becomes an employee of the Corporation or one of its subsidiaries.

5.6 LIMITATION ON TIME OF GRANT. No grant of an Incentive Stock Option shall be made under the Plan more than ten (10) years after the date the Plan is approved by stockholders of the Corporation.

5.7 MAXIMUM OPTION GRANT. The maximum number of shares of Common Stock with respect to which Options may be granted under this Plan to an employee of the Corporation in any calendar year shall not exceed 1,000 shares (subject to adjustment for stock splits, reverse stock splits, stock dividends and stock combinations, and the like). The maximum number of Units with respect to which Options may be granted under this Plan to an employee of the Corporation in any calendar year shall not exceed 3,289 Units (subject to adjustment for stock splits, reverse stock splits, stock dividends and stock combinations, and the like).

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5.8 EXERCISE AND PAYMENT. Options may be exercised in whole or in part. Common Stock or Units purchased upon the exercise of Options shall be paid for in full at the time of purchase. Such payment shall be made in cash or, in the discretion of the Committee, through delivery of shares of Common Stock or Units or a combination of cash and Common Stock or Units, in accordance with procedures to be established by the Committee. Any shares

or Units so delivered shall be valued at their Market Price on the date of exercise. Upon receipt of notice of exercise and payment in accordance with procedures to be established by the Committee, the Corporation or its agent shall deliver to the person exercising the Option (or his or her designee) a certificate for such shares.

5.9 TERM. The term of each Option granted hereunder shall be determined by the Committee; PROVIDED, HOWEVER, that, notwithstanding any other provision of the Plan, in no event shall an Incentive Stock Option be exercisable after ten (10) years from the date it is granted, or in the case of an Incentive Stock Option granted to a 10% Stockholder, five (5) years from the date it is granted.

5.10 RIGHTS AS A STOCKHOLDER. A recipient of Options shall have no rights as a stockholder with respect to any shares issuable or transferable upon exercise thereof until the date a stock certificate is issued to such recipient representing such shares. Except as otherwise expressly provided in the Plan, no adjustment shall be made for cash dividends or other rights for which the record date is prior to the date such stock certificate is issued.

5.11 GENERAL RESTRICTIONS. Each Option granted under the Plan shall be subject to the requirement that, if at any time the Board shall determine, in its discretion, that the listing, registration or qualification of the shares issuable or transferable upon exercise thereof upon any securities exchange or under any state or federal law, or the consent or approval of any governmental regulatory body, is necessary or desirable as a condition of, or in connection with, the granting of such Option or the issue, transfer, or purchase of shares thereunder, such Option may not be exercised in whole or in part unless such listing, registration, qualification, consent, or approval shall have been effected or obtained free of any conditions not acceptable to the Board.

The Board or the Committee may, in connection with the granting of any Option, require the individual to whom the Option is to be granted to enter into an agreement with the Corporation stating that as a condition precedent to each exercise of the Option, in whole or in part, such individual shall if then required by the Corporation represent to the Corporation in writing that such exercise is for investment only and not with a view to distribution, and also setting forth such other terms and conditions as

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the Board or the Committee may prescribe. Stock certificates representing shares of Common Stock acquired upon the exercise of Options that have not been registered under the Securities Act of 1933, as amended, shall, if required by the Board, bear the following legend:

> "THE SHARES REPRESENTED BY THIS CERTIFICATE HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED. THE SHARES HAVE BEEN ACQUIRED FOR INVESTMENT AND MAY NOT BE PLEDGED, HYPOTHECATED, SOLD OR TRANSFERRED IN THE ABSENCE OF AN EFFECTIVE REGISTRATION STATEMENT FOR THE SHARES UNDER THE SECURITIES

> ACT OF 1933 OR AN OPINION OF COUNSEL ACCEPTABLE TO THE COMPANY THAT REGISTRATION IS NOT REQUIRED UNDER SAID ACT."

ARTICLE 6.

NONTRANSFERABILITY OF OPTIONS

(a) Subject to Sections 6(b)-(d) hereof, no Option may be transferred, assigned, pledged or hypothecated (whether by operation of law or otherwise), except as provided by will or the applicable laws of descent and distribution, and no Option shall be subject to execution, attachment or similar process. Subject to Sections 6(b)-(d) hereof, any attempted assignment, transfer, pledge, hypothecation or other disposition of an Option not specifically permitted herein shall be null and void and without effect. Subject to Sections 6(b)- (d) hereof, an Option may be exercised by the recipient only during his or her lifetime, or following his or her death pursuant to Section 7.3 hereof.

(b) Any pledge of a Non-qualified Stock Option to the Lender (as defined below) pursuant to the Loan Documents (as defined below) and the grant of, or the exercise of, any rights or remedies to or of the Lender thereunder (including, without limitation, any sale or other disposition by the Lender of the Non-qualified Stock Option or the underlying shares upon default) shall not require the consent of the Company or be subject to any of the other requirements or any other applicable provisions hereof; and

(c) Anything contained herein to the contrary notwithstanding, the Lender shall be permitted to exercise its various rights and remedies under the Loan Documents. Without limiting the generality of the foregoing, upon the occurrence and any time during the continuance of an event of default under any of the Loan Documents, the Lender and/or any nominee(s) of the Lender may, at Lender's election, exercise all rights of all Optionees of

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the Company who have pledged their Non-qualified Stock Options to the Lender; and

(d) This Article 6 shall not be amended or otherwise modified, directly or indirectly, without the prior written consent of the Lender (anything contained in Article 9 to the contrary notwithstanding).

For purposes hereof, "Lender" shall mean each agent, lender, credit provider and other secured party under any of the Loan Documents and shall also include any transferee of any of the shares of capital stock of the Company from the Lender upon (or resulting

from) any exercise by the Lender of any rights or remedies. "Loan Documents" shall mean each of the following (i) the "Loan Documents" as that term in defined in the Credit Agreement of even or substantially even date herewith between the Company, the Lenders (as defined therein), and Fleet Bank, N.A., as Initial Issuing Bank and Administrative Agent thereunder, as same may be amended, supplemented or otherwise modified from time to time and (ii) any loan or credit agreements, note(s), pledge agreements, security agreements, guaranties, mortgages or other agreements or instruments evidencing, governing, securing, guaranteeing or otherwise relating to any liabilities, indebtedness or other credit in substitution, replacement or refinancing of any liabilities, indebtedness or other credit under or evidenced by (a) any of the Loan Documents or (b) any documents referred to in this clause (ii).

ARTICLE 7.

EFFECT OF TERMINATION OF EMPLOYMENT, DISABILITY, RETIREMENT, DEATH OR SPECIAL EVENT

7.1 GENERAL RULE. Except as expressly determined by the Committee in its sole discretion, no Option shall be exercisable after 30 days following the recipient's termination of employment with the Corporation or a subsidiary, unless such termination of employment occurs by reason of (i) Disability or Retirement (as defined in Section 7.2), (ii) death or (iii) a Special Event (as defined in Section 7.4), provided that, in the case of a Special Event, the Committee shall have modified such Option to remain exercisable as provided in Section 7.4.

Options shall not be affected by any change of employment so long as the recipient continues to be employed by either the Corporation or a subsidiary. The Committee may, in its sole discretion, cause any Option to be immediately forfeited upon an employee's termination of employment if the employee was terminated for one (or more) of the following reasons: (i) the employee's conviction, or plea of guilty or NOLO CONTENDERE to the commission of

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a felony, (ii) the employee's commission of any fraud, misappropriation or misconduct which causes demonstrable injury to the Corporation or a subsidiary, (iii) an act of dishonesty by the employee resulting or intended to result, directly or indirectly, in gain or personal enrichment at the expense of the Corporation or a subsidiary, (iv) any breach of the employee's fiduciary duties to the Corporation as an employee or officer, or (v) any serious violation of a Corporation policy. It shall be within the sole discretion of the Committee to determine whether the employee's termination was for one of the foregoing reasons, and the decision of the Committee shall be final and conclusive.

7.2 DISABILITY OR RETIREMENT. Except as expressly provided otherwise in the relevant Option Agreement, in the event of the Disability or Retirement of a recipient of Options, the Options which are held by such recipient on the date of such Disability or Retirement shall be exercisable, to the extent exercisable on the date of such Disability or Retirement, at any time until one (1) year after the date of Disability or Retirement; PROVIDED, HOWEVER, that any Incentive

Stock Option of such recipient shall no longer be treated as an Incentive Stock Option unless exercised within three (3) months of the date of such Disability or Retirement (or within one (1) year in the case of an employee who is "disabled" within the meaning of Section 22(e)(3) of the Code).

"Disability" shall mean any termination of employment with the Corporation or a subsidiary because of a long-term or total disability, as determined by the Committee in its sole discretion. "Retirement" shall mean a termination of employment with the Corporation or a subsidiary either (i) on a voluntary basis by a recipient who is at least 60 years of age and has at least 10 years of service with the Corporation or a subsidiary or (ii) otherwise with the written consent of the Committee in its sole discretion. The decision of the Committee shall be final and conclusive.

7.3 DEATH. Except as expressly provided otherwise in the relevant Option Agreement, in the event of the death of a recipient of Options, the Options which are held by such employee at the date of death shall be exercisable, to the extent exercisable on the date of death, by the beneficiary designated by the employee for such purpose (the "Designated Beneficiary") or if no Designated Beneficiary shall be appointed or if the Designated Beneficiary shall predecease the employee, by the employee's personal representatives, heirs or legatees at any time within one (1) year from the date of death (subject to the limitation in Section 5.7 hereof), at which time such Options shall terminate.

7.4 SPECIAL EVENT. In the case of a Special Event, the Committee in its sole discretion may elect to modify all or any lesser number of any Options held by an employee terminated as a result of a Special Event which

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are or are not exercisable on the date of termination, to provide that any of such Options may continue to be exercisable for the term and in the manner specified therein or for such other term and subject to such other provisions and conditions (including, without limitation, acceleration of the time or times at which any such Options may be exercised) as the Committee shall specify. The Committee shall have the sole discretion to determine the employees to whom and in the manner in which any such modification shall be made. If the Committee does not elect to modify an Option, then only Options currently exercisable at the date of termination shall be exercisable as provided in the first sentence of Section 7.1 hereof.

A "Special Event" shall mean (i) the sale of a controlling interest in the Corporation; (ii) the sale or other disposition of a subsidiary or division of the Corporation; (iii) the closing or discontinuation of a specific operation of the Corporation or any subsidiary; (iv) the elimination of job categories; or (v) a limited program of terminations in connection with a personnel reorganization or restructuring of the Corporation or any subsidiary of the Corporation scheduled to be completed on a date certain; PROVIDED, HOWEVER, that only those employees who meet the terms and conditions as established by the Committee in its discretion shall be eligible to receive accelerated vesting of Options.

7.5 LEAVE OF ABSENCE. In the case of an employee on an approved leave of absence, the Options of such employee shall not be affected unless such leave is longer than 13 weeks. The date of exercisability of any Options of an employee which are unexercisable at the beginning of an approved leave of absence lasting longer than 13 weeks shall be postponed for a period equal to the length of such leave of absence. Notwithstanding the foregoing, the Committee may, in its sole discretion, waive in writing any such postponement of the date of exercisability of any Options due to a leave of absence.

ARTICLE 8.

ADJUSTMENT UPON CHANGES IN CAPITALIZATION

Notwithstanding any other provision of the Plan, the Committee may: (i) at any time, make or provide for such adjustments to the Plan or to the number and class of shares available thereunder or (ii) at the time of grant of any Options, provide for such adjustments to such Options as the Committee shall deem appropriate to prevent dilution or enlargement of rights, including, without limitation, adjustments in the event of stock dividends, stock splits, recapitalizations, mergers, consolidations, combinations or exchanges of shares, separations, spin-offs, reorganizations, liquidations and the like.

ARTICLE 9.

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AMENDMENT AND TERMINATION

The Board may suspend, terminate, modify or amend the Plan, provided that any amendment that would (i) materially increase the aggregate number of shares which may be issued under the Plan, (ii) materially increase the benefits accruing to employees under the Plan, or (iii) materially modify the requirements as to eligibility for participation in the Plan, shall be subject to the approval of the Corporation's stockholders, except that any such increase or modification that may result from adjustments authorized by Article 8 hereof shall not require such stockholder approval. If the Plan is terminated, the terms of the Plan shall, notwithstanding such termination, continue to apply to awards granted prior to such termination. No suspension, termination, modification or amendment of the Plan may, without the consent of the employee to whom an award shall theretofore have been granted, adversely affect the rights of such employee under such award.

Except with respect to Options then outstanding, the Plan shall expire on the date (the "Expiration Date") which is the first to occur of (i) the tenth anniversary of the date on which the Plan is approved by the stockholders of the Corporation and (ii) the date as of which the Board, in its sole discretion, determines that the Plan shall terminate. Any Options outstanding

as of the Expiration Date shall remain in effect until they have been exercised or terminated or have expired by their respective terms.

ARTICLE 10.

WRITTEN AGREEMENT

Each award of Options shall be evidenced by a written agreement containing such restrictions, terms and conditions, if any, as the Committee may require (an "Option Agreement"). In the event of any conflict between an Option Agreement and the Plan, the terms of the Plan shall govern.

ARTICLE 11.

MISCELLANEOUS PROVISIONS

11.1 TAX WITHHOLDING. The Corporation shall have the right to require employees or their beneficiaries or legal representatives to remit to the Corporation an amount sufficient to satisfy Federal, state and local withholding tax requirements, or to deduct from all payments under the Plan

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amounts sufficient to satisfy all withholding tax requirements. The Committee may, in its sole discretion, permit an employee to satisfy his or her tax withholding obligation either by (i) surrendering shares owned by the employee or (ii) having the Corporation withhold from shares otherwise deliverable to the employee. Shares surrendered or withheld shall be valued at their Market Price as of the date on which income is required to be recognized for income tax purposes.

11.2 SUCCESSORS. The obligations of the Corporation under the Plan shall be binding upon any successor corporation or organization resulting from the merger, consolidation or other reorganization of the Corporation, or upon any successor corporation or organization succeeding to all or substantially all of the assets and business of the Corporation. In the event of any of the foregoing, the Committee may, at its discretion prior to the consummation of the transaction and subject to Article 9 hereof, cancel, offer to purchase, exchange, adjust or modify any outstanding awards, at such time and in such manner as the Committee deems appropriate and in accordance with applicable law.

11.3 GENERAL CREDITOR STATUS. Employees shall have no right, title, or interest whatsoever in or to any assets of the Corporation. Nothing contained in the Plan, and no action taken pursuant to its provisions, shall create or be construed to create a trust of any kind, or a fiduciary relationship between the Corporation and any employee or beneficiary or legal representative of such employee.

11.4 NO RIGHT TO EMPLOYMENT. Nothing in the Plan or in any Option Agreement, nor the grant of any Option award, shall confer upon any employee any right to continue in the employ of the Corporation or a subsidiary or to be entitled to any remuneration or benefits not set forth in the Plan or such Option Agreement or interfere with or limit the right of the Corporation or a subsidiary to modify the terms of or terminate such employee's employment at any time.

11.5 NOTICES. Notices required or permitted to be made under the Plan shall be sufficiently made if personally delivered to the employee or sent by regular mail addressed (a) to the employee at the employee's address as set forth in the books and records of the Corporation or its subsidiaries, or (b) to the Corporation or the Committee at the principal office of the Corporation clearly marked "Attention: Compensation Committee."

11.6 SEVERABILITY. In the event that any provision of the Plan shall be held illegal or invalid for any reason, such illegality or invalidity shall not affect the remaining parts of the Plan, and the Plan shall be construed and enforced as if the illegal or invalid provision had not been included.

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11.7 GOVERNING LAW. To the extent not preempted by Federal law, the Plan, and all agreements hereunder, shall be construed in accordance with and governed by the laws of the State of Delaware.

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Exhibit 10.19

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OPTIONEE:	[Name]
Number of Units Subject to Option:	_____
Number of Shares of Common Stock Comprising Units (in aggregate):	_____
Number of Shares of Preferred Stock Comprising Units (in aggregate):	_____

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MORAN ENTERPRISES CORPORATION

NON-QUALIFIED STOCK OPTION

AGREEMENT dated as of ________________ between Moran Enterprises Corporation, a Delaware corporation (the "Company"), and _________ (the "Employee"), an employee of the Company or one of its subsidiaries.

WHEREAS, pursuant to a Non-Qualified Stock Option dated as of July 11, 1994 issued under its 1994 Stock Option Plan, Moran Transportation Company ("Moran") entered into an option agreement with the Employee, pursuant to which the Employee was granted an option (a "Moran Option") to purchase ____ shares of common stock, par value $0.01 per share, of Moran ("Moran Common Stock"); and

WHEREAS, upon the closing of the combination (the "Combination") provided for in that certain Stock Exchange Agreement (the "Stock Exchange Agreement"), dated as of August 31, 1998, by and among, Moran, the Company, the Turecamo Entities named therein, the Turecamo Stockholders named therein and the Moran Stockholders named therein, Moran Common Stock held by the stockholders of Moran was converted into and exchanged for shares of common stock of the Company and shares of preferred stock of the Company; and

WHEREAS, pursuant to the Company's 1998 Stock Option Plan, those employees of the Company who held Moran Options have been granted the option (each, a "Company Option") to purchase units ("Units") consisting of shares of common stock of the Company and shares of preferred stock of the Company; and

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WHEREAS, the Company and the Employee desire to exchange the Employee's Moran Option for a Company Option, but only upon the terms and conditions set forth herein;

NOW THEREFORE THIS AGREEMENT WITNESSETH:

In exchange for the Moran Option, the Employee is hereby granted a Company Option to purchase from the Company ___________ (___) Units, each consisting of one share of the Company's common stock, par value $.001 per share ("Company Common Stock") and _____________ (_______) shares of the Company's Series A Preferred Stock, par value $.001 per share ("Company Preferred Stock"), with the purchase price per Unit being $____. The aggregate shares of Company Common Stock and Company Preferred Stock comprising the Units are ____ shares and ________ shares, respectively.

The Option may be exercised in whole or in part only during the period from ________________ ("Effective Date") to ______________ ("Expiration Date") and may not be exercised if employment is terminated before the date of exercise for any reason, except as provided in paragraph 5 of the Terms and Conditions set forth below. The Option is not qualified for "incentive stock option" treatment under the Internal Revenue Code of 1986, as amended.

The Employee understands and acknowledges that the Option is subject to the Terms and Conditions of this agreement as set forth below.

TERMS AND CONDITIONS

The following are Terms and Conditions of the Option in effect at the date hereof. These Terms and Conditions relating to the Option may be modified by the Company in certain circumstances.

1. The Employee is hereby granted the Option for the purchase from the Company of the number of Units of the Company set forth above at the purchase price set forth above, pursuant to the Company's 1998 Stock Option Plan as it may be amended from time to time (the "Plan"), subject to and under the terms and conditions set forth in this Agreement and the Plan.

2. The Option may be exercised in whole or in part to the extent of [Vesting Terms to be Inserted]. The Option must be used to purchase Units in whole and not the Common or Preferred Stock components thereof. Units purchased upon the exercise of the Option shall be paid for in full at the time of purchase. Such payment shall be made in cash or, in the discretion of the Compensation Committee of the Company's Board of Directors (the "Committee"), through delivery of shares of Common Stock or Units or a combination of cash, Common Stock and Units, in accordance with procedures to be established by the Committee. Any shares or Units so delivered shall be valued at their Market Price (as defined in the Plan) on the date of exercise.

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Upon receipt of notice of exercise and payment in accordance with procedures established by the Committee, the Company or its agent shall deliver to the person exercising the

Option (or his or her designee) certificates for the shares underlying the Units which have been exercised. It shall be a condition to the Company's obligation to issue Units upon exercise of the Option, or to subsequently transfer the Company Common Stock and/or Company Preferred Stock comprising Units, that the Employee pay, or make provision satisfactory to the Company for the payment of, any taxes which the Company is obligated to collect with respect to the issue or transfer of such Units (or the shares comprising the Units).

3. Subject to the terms of paragraph 5 of this Agreement, the Option may be exercised in whole or in part only during the period from the Effective Date to the Expiration Date and only if the Employee is continuously employed by the Company or a subsidiary of the Company ("Subsidiary") through the date of exercise.

4. (a) Subject to paragraphs 4(b)-(d) hereof, the Option shall not be assignable or transferable by the Employee except by will or by the laws of descent and distribution. During the life of the Employee, the Option shall be exercisable by the Employee only.

(b) Notwithstanding Section 4(a) hereof, any pledge of the Option to the Lender (as defined below) pursuant to the Loan Documents (as defined below) and the grant of, or the exercise of, any rights or remedies to or of the Lender thereunder (including, without limitation, the exercise of the Option or any sale or other disposition by the Lender of the Option or the underlying shares upon default) shall not require the consent of the Company or the Employee or be subject to any of the other requirements or any other applicable provisions hereof; and

(c) Anything contained herein to the contrary notwithstanding, in the event of the pledge of the Option to the Lender, the Lender shall be permitted to exercise its various rights and remedies under the Loan Documents. Without limiting the generality of the foregoing, upon the occurrence and any time during the continuance of an event of default under any of the Loan Documents, the Lender and/or any nominee(s) of the Lender may, at Lender's election, exercise the Option and exercise all other rights of the Employee hereunder; and

(d) This Paragraph 4 shall not be amended or otherwise modified, directly or indirectly, without the prior written consent of the Lender.

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For purposes hereof, "Lender" shall mean each agent, lender, credit provider and other secured party under any of the Loan Documents and shall also include any transferee of the Option from the Lender upon (or resulting from) any exercise by the Lender of any rights or remedies. "Loan Documents" shall mean each of the following (i) the "Loan Documents" as that term in defined in the Credit Agreement of even or substantially even date herewith between the Company, the Lenders (as defined therein), and Fleet Bank, N.A., as Initial Issuing Bank and Administrative Agent thereunder, as same may be amended, supplemented or otherwise modified from time to time and (ii) any loan or credit agreements, note(s), pledge agreements, security agreements, guaranties, mortgages or other agreements or instruments evidencing, governing, securing, guaranteeing or otherwise relating to any liabilities, indebtedness or other credit in substitution, replacement or refinancing of any liabilities, indebtedness or other credit under or evidenced by (a) any of the Loan Documents or (b) any documents referred to in this clause (ii).

5. The Option shall terminate 30 days following termination of employment of the Employee with the Company or a Subsidiary provided such termination occurs on or after the Effective Date, unless such termination of employment occurs by reason of (i) Disability or Retirement (as defined in the Plan), (ii) death, or (iii) a Special Event (as defined in the Plan), provided, in the case of a Special Event, the Committee shall have modified the Option to remain exercisable as provided in the Plan. The Option shall not be affected by any change of employment as long as the Employee continues to be employed by either the Company or a Subsidiary. Nothing in the Plan or in this Agreement shall confer on the Employee any right to continue in the employ of the Company or any Subsidiary or interfere in any way with the right of the Company or any Subsidiary to terminate employment of the Employee at any time.

(a) In the event of the Disability or Retirement of the Employee, the Option shall be exercisable at any time within one (1) year from the date of Disability or Retirement to the extent that the Option was exercisable on the date of Disability or Retirement, at which time the Option shall terminate.

(b) In the event of the death of the Employee, the Option shall be exercisable by the beneficiary designated by the Employee for such purpose (the "Designated Beneficiary") or if no Designated Beneficiary shall be appointed or if the Designated Beneficiary shall predecease the Employee, by the Employee's personal representatives, heirs or legatees at any time within one (1) year from the date of death to the extent that the Option was exercisable on the date of death, at which time the Option shall terminate.

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(c) In the case of a Special Event resulting in the termination of the Employee, the Committee in its sole discretion may elect to modify the Option, whether or not exercisable on the date of such termination, to provide that the Option, or a portion thereof, may continue to be exercisable for the term and in the manner specified therein or for such other term and subject to such other provisions and conditions (including, without limitation, acceleration of the Effective Date) as the Committee shall specify. The Committee shall have the sole discretion to determine the employees to whom and in the manner in which any such modification shall be made. If the Committee does not elect to modify the Option, then the Option may be exercised only if and to the extent exercisable at the date of termination in accordance with the first sentence of this paragraph 5.

(d) The Committee may, in its sole discretion, cause the Option to be immediately forfeited upon the Employee's termination of employment if the Employee was terminated for one (or more) of the following reasons: (i) the Employee's conviction, or plea of guilty or NOLO CONTENDERE to the commission of a felony, (ii) the Employee's commission of any fraud, misappropriation or misconduct which causes demonstrable injury to the Company or a Subsidiary, (iii) an act of dishonesty by the Employee resulting or intended to result, directly or indirectly, in gain or personal enrichment at the expense of the Company or a Subsidiary, (iv) any breach of the Employee's fiduciary duties to the Company as an employee or officer, or (v) any serious violation of a Company policy. It shall be within the sole discretion of the Committee to determine whether the Employee's termination was for one of the foregoing reasons, and the decision of the Committee shall be final and conclusive.

6. If the Employee is granted an approved leave of absence, the Option shall not be affected unless such leave is longer than 13 weeks. If the Option is not exercisable at the beginning of an approved leave of absence lasting longer than 13 weeks, the Effective Date of the Option shall be postponed for a period equal to the length of such leave of absence, unless such postponement is waived in writing by the Committee in its sole discretion.

7. The Employee shall have no rights as a stockholder with respect to any shares issuable upon exercise of the Option until the date a stock certificate is issued to the Employee for such shares. Except as otherwise expressly provided in the Plan, no adjustment shall be made for cash dividends or other rights for which the record date is prior to the date such stock certificate is issued.

8. In case the Company is merged or consolidated with another corporation, or in case the property or stock of the Company is acquired by another corporation, or in case of a separation, reorganization or liquidation of the Company, the Board of Directors of the Company, or the board of directors of any corporation assuming the obligations of the Company hereunder, shall either (i) make appropriate provisions for the protection of the Option by the

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substitution on an equitable basis of appropriate stock of the Company, or appropriate stock of the merged, consolidated, or otherwise reorganized corporation, provided only that the excess of the aggregate Market Price of the shares subject to the Option immediately after such substitution over the purchase price thereof is not less than the excess of the aggregate Market Price of the shares subject to the Option immediately before such substitution over the purchase price thereof, or (ii) give written notice to the Employee that the Option must be exercised within 60 days of the

date of such notice or the Option will be terminated. In any such case the Board of Directors may, in its discretion, waive the applicable waiting period before the Option becomes exercisable.

9. The Option shall be subject to the requirement that, if at any time the Board of Directors shall determine, in its discretion, that the listing, registration or qualification of the shares issuable upon exercise of the Option upon any securities exchange or under any state or federal law, or the consent or approval of any governmental regulatory body is necessary or desirable as a condition of, or in connection with, the granting of the Option or the issue, transfer, or purchase of shares under the Option, the Option may not be exercised in whole or in part unless such listing, registration, qualification, consent, or approval shall have been effected or obtained free of any conditions not acceptable to the Board of Directors.

10. The Employee acknowledges and agrees that Units acquired pursuant to the exercise of the Option shall be held subject to the terms and provisions of the Amended and Restated Stockholder Agreement, dated as of October 30, 1998, between the Company (as successor to Moran) and the Employee, and the Stockholders Agreement, dated as of October 30, 1998, between the Company and all of its stockholders.

11. The interpretation and decision with regard to any question arising under the Plan or with respect to the Option made by the Committee shall be final and conclusive on the Employee.

12. All notices hereunder shall be sufficiently made if personally delivered to the Employee or sent by regular mail addressed (a) to the Employee at the Employee's address as set forth in the books and records of the Company or any Subsidiary, or (b) to the Company

or the Committee at the principal office of the Company clearly marked "Attention: Compensation Committee."

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IN WITNESS WHEREOF, this Agreement has been executed by the Company by one of its duly authorized officers as of the date specified above.

MORAN ENTERPRISES CORPORATION

By:

Name: Paul R. Tregurtha
Title: Chairman

I hereby acknowledge receipt of the Option and agree to the provisions set forth in this Agreement. I hereby surrender to the Company the Moran Option. I further acknowledge that I have received a copy of the Plan and have read and understand its provisions.

Date:

Signature of Employee

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EXHIBIT 12.1

MORAN TRANSPORTATION COMPANY

Computation of Ratio of Earnings to Fixed Charges
(Amounts in thousands)

	Period Jan. 1, 1994 Thru July 11, 1994	Period July 1, 1994 Thru Dec. 31, 1994	Year Ended December 31, 1995	1996	1997	1998
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Pretax income from continuing operations	$2,054	$1,536	$ (136)	$ 2,113	2,233	4,680
Capitalized interest	(62)	0	0	0	0	0
Undistributed income from affiliated partnership (Shipmor)	0	0	0	0	0	0
	$1,992	$1,536	$ (136)	$ 2,113	2,233	4,680
Fixed charges interest expense and amortization of debt discount and premium on all indebtedness (a)	$ 975	$4,810	$10,192	$10,132	10,026	10,266
Rentals 1/3 rent expense (b)	192	173	351	387	632	636
Total fixed charges	$1,167	$4,983	$10,543	$10,519	10,658	10,902
Earnings before income taxes and fixed charges	$3,159	$6,519	$10,407	$12,632	12,891	15,582
Ratio of earnings to fixed charges	2.7	1.3	1.0	1.2	1.2	1.4

</TABLE>

(a) Included in interest expense is capitalized interest related to the construction of new equipment.

(b) The portion of rentals classified as fixed charges is deemed to be representative of the interest factor.

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Exhibit 21-1

SUBSIDIARIES OF MORAN TRANSPORTATION COMPANY

Moran Towing Corporation

Moran Towing of Texas Inc.

Seaboard Barge Corporation

Petroleum Transport Corporation

Moran Insurance Company Limited

Moran Services Corporation

Moran Towing of Delaware, Inc.

Jakobson Shipyard, Inc.

Moran Shipyard Corporation

Hampton Roads Land Co., Inc.

Portsmouth Navigation Corporation

Moran Barge Corp.

Curtis Bay Towing Company of Virginia

Curtis Bay Towing Company of Pennsylvania

Florida Towing Company

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THIS SCHEDULE CONTAINS SUMMARY FINANCIAL INFORMATION EXTRACTED FROM MORAN TRANSPORTATION COMPANY'S AUDITED CONSOLIDATED FINANCIAL STATEMENTS AS OF AND FOR THE YEAR ENDED DECEMBER 31, 1998 AND IS QUALIFIED IN ITS ENTIRETY BY REFERENCE TO SUCH FINANCIAL STATEMENTS.
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