

(Date)

Secretary of Transportation  
Maritime Administration  
U.S. Dept. of Transportation  
400 Seventh Street, S.W.  
Washington, D.C., 20590

Dear Sir:

We have acted as special counsel to \_\_\_\_\_, a \_\_\_\_\_ (the "Company"), in connection with the acceptance by the Company of a Commitment to Guarantee Obligations dated \_\_\_\_\_ (hereinafter called the "Commitment") made by the United States of America (hereinafter called the "United States") and the issuance and sale on the date hereof an aggregate of \_\_\_\_\_ principal amount of its United States Government Guaranteed Shipyard Modernization Obligations, \_\_\_\_\_ (hereinafter called the "Obligations") pursuant to the Indenture of even date herewith between it and \_\_\_\_\_ (the "Indenture Trustee"), a \_\_\_\_\_, which Obligations are guaranteed by the execution of the Guarantee of the United States on the Obligations pursuant to Title XI of the Merchant Marine Act, 1936, as amended. Terms used herein in capitalized form not otherwise defined herein are used with the same meanings as in Schedule X to the Security Agreement of even date between the Company and Secretary.

In that connection, we have examined originals, or copies certified or otherwise identified to our satisfaction, of the Commitment, the Authorization Agreement, and the other documents described in paragraph 6 hereof. We have made such independent inquiry into the law and the facts as we have deemed necessary or appropriate for the purposes of this opinion. When in our professional opinion we deemed it appropriate, we have relied upon affidavits and certificates of corporate officers and government officials as to the existence of underlying facts, including, in particular, the Company's certificate of no liens on the MAST Items dated the date hereof.

In expressing this opinion, please note that we are admitted to practice only in the \_\_\_\_\_, and we do not purport to be experts on the law of any jurisdiction other than the corporate law of the \_\_\_\_\_, and the Federal laws of the United States.

This opinion is also limited in the following respects:

(a) Any opinion concerning the legality, validity and binding effect of any agreement or instrument with respect to the Company is based on the assumption that such agreement constitutes or will constitute a legal, valid and binding agreement of the other parties thereto; (b) With respect to any opinion pertaining to the enforceability of an agreement or instrument, no opinion is expressed as to the availability of any specific remedy in an action of an equitable nature that any court, other governmental authority or arbitrator may grant, impose or render; (c) We have assumed the genuineness of all signatures except that of the Company and the authenticity of all instruments submitted to us as originals and the conformity with the originals of all instruments submitted to us as copies; (d) This opinion is limited, as to the enforceability of any agreement or instrument, by

applicable bankruptcy, reorganization, insolvency, moratorium or other similar laws of general application relating to or affecting the enforceability of creditors' rights from time to time in effect.

Based upon and subject to the foregoing, we are of the opinion that:

1. The Company is a \_\_\_\_\_ duly organized, validly existing and in good standing under the laws of the \_\_\_\_\_;

2. The Company has legal power and authority to own and operate the Shipyard;

3. The Company is the sole owner of the whole of the real and personal property constituting the Shipyard, free and clear of all claims, liens, charges, rights in rem, mortgages, security interests or other encumbrances except the Mortgage dated \_\_\_\_\_, and except for such claims, liens, charges, rights in rem, mortgages, security interests or other encumbrances created or expressly permitted by the Security Agreement. The Mortgage constitutes a first Mortgage on all of the real property constituting the Shipyard;

4. The Security as defined in the Special Provisions of the Security Agreement, to the extent stated in the Security Agreement and the security interests granted by the Financial Agreement have each been duly and validly granted, and assigned by the Company to the Secretary under the Security Agreement and the Financial Agreement;

5. The Company has full corporate power and authority and full power and authority under any applicable statute, law or governmental regulation to sell the Obligations issued on the date hereof and to enter into and carry out the terms of the Commitment, Bond Purchase Agreement, Indenture, Obligations, Security Agreement, Secretary's Note, Mortgage, Title XI Reserve Fund and Financial Agreement, and the Depository Agreement;

6. The execution and delivery by the Company of the agreements referred to in paragraph 5 hereof, consummation by the Company of the transactions contemplated thereby and compliance by it with all the provisions of each of the agreements to which it is a party referred to in paragraph 5 will not conflict with, or result in a breach of any of the terms or provisions of, or constitute a default under, or (except as contemplated thereby) result in the creation or imposition of any lien, charge or encumbrance upon any of the property or assets of the Company pursuant to the terms of, any indenture, mortgage, deed or trust, loan agreement or other agreement or instrument known to us to which it is a party or by which it is bound or to which any of its property or assets is subject (except as intended by the agreements executed in connection with the within transaction), nor will such action result in a violation of the provisions of the Certificate of Incorporation or By-laws of the Company or any statute or any order, rule or regulation of any court or governmental agency or body having jurisdiction over the Company or any of its respective properties;

7. Each and all of the agreements and instruments referred to in paragraph 5 to which the Company is a party have been duly authorized by the Company and said agreements and instruments

have been duly executed and delivered and constitute legal, valid and binding obligations of the Company enforceable against the Company according to their terms;

8. The Obligations (including the Guarantees) constitute exempted securities under Section 3(a)(2) of the Securities Act of 1933, as amended, and, accordingly, it is not necessary to register the Obligations (or the Guarantees) under said Act or to qualify the Indenture, under the Trust Indenture Act of 1939, as amended;

9. No consent, approval, authorization, order, registration or qualification of or with, or notice to, any court or any governmental agency or body, of which we have knowledge, is required for the issue and sale of the Obligations or the consummation by the Company of the other transactions contemplated by any of the agreements or instruments referred to in paragraph 5 hereof, except such as have been duly obtained, effected, or given and such as may be required under state securities or Blue Sky laws in connection with the purchase and distribution of the Obligations;

10. The statements contained in the Offering Circular insofar as such statements constitute a summary of certain provisions of the Act, the Indenture and the Authorization Agreement, respectively, fairly summarize those provisions. The Obligations conform in all material respects to the description thereof in the Offering Circular;

11. No taxes are or will be payable in connection with the issue and sale of the Obligations to the Purchasers thereof, the purchase of the Obligations by the Purchasers or the execution and delivery of the Indenture, the Authorization Agreement;

12. All filings and recordings (including, without being limited to, all filings of financing statements under the Uniform Commercial Code) under the laws of the state of \_\_\_\_\_ (AUCC@) have been duly effected to perfect the collateral security interests granted by the Granting Clauses of the Security Agreement in the Security described in said clauses to make such collateral security interests valid and enforceable under the laws of the state of \_\_\_\_\_ and such security interests constitute first perfected security interests under the \_\_\_\_\_ UCC entitled to the benefits thereunder and having the effect and with the priority provided therein. No periodic refiling or periodic re-recording is required to protect and preserve such security interests, except that continuation statements must be filed within six (6) months prior to the expiration of the effective periods following the respective dates of filing of the financing statements originally filed in the state of \_\_\_\_\_ and subsequent continuation statements must be filed within six (6) months prior to the expiration of such subsequent effective period;

13. In addition, the Depository Agreement together with the Financial Agreement provides sufficient control to the Depository acting as a securities intermediary, as that term is defined under Section 8-102(a)(14) of the UCC, to perfect the Secretary=s security interest in the Securities Accounts and the Financial Assets credited thereto. Upon the delivery of any Financial Assets to the Depository, the Secretary will thereafter have security interests in said Securities Accounts and the

Financial Assets credited thereto which will constitute first, perfected security interests under those laws. No filing is required to protect and preserve such security interest.

The opinions expressed in paragraphs 12 and 13 are qualified to the extent that:

a) We have reasonably relied on the searches of \_\_\_\_\_ copies of which are attached, as to the fact that there had been no prior filings, except in favor of the Secretary; b) The Secretary's remedies under the Depository Agreement and the Security Agreement are exercised in a commercially reasonable manner; and c) Our opinion that the Secretary's security interests are first is rendered in reliance on the aforesaid searches and on the assumption that all funds or other property deposited by the Company in the Securities Accounts are free of any prior lien or security interest.

14. The Obligations issued on the date hereof have been duly authenticated by the Indenture Trustee and duly issued under the Indenture and constitute legal, valid and binding obligations of the Company enforceable in accordance with their terms and are entitled to the benefit of the Indenture, the Guarantees and the Authorization Agreement.

15. To the best of our knowledge, after due inquiry, there is no action, suit, proceeding or investigation pending or threatened before any court, administrative agency, arbitrator or governmental body against, or which directly relates to, the Company which concerns the documents referred to in paragraph 5 or which, if adversely determined, could adversely effect the compliance by the Company with any of the foregoing documents, agreements and instruments to which it is a party.

Very truly yours,

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By:\_\_\_\_\_