
UNITED STATES SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended March 31, 2018

OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from _____ to _____

Commission file number: 001-33225



Great Lakes Dredge & Dock Corporation

(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction of
incorporation or organization)

2122 York Road, Oak Brook, IL
(Address of principal executive offices)

20-5336063
(I.R.S. Employer
Identification No.)

60523
(Zip Code)

(630) 574-3000

(Registrant's telephone number, including area code)

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 No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large Accelerated Filer	<input type="checkbox"/>	Accelerated Filer	<input checked="" type="checkbox"/>
Non-Accelerated Filer	<input type="checkbox"/> (Do not check if a smaller reporting company)	Smaller reporting company	<input type="checkbox"/>
Emerging Growth Company	<input type="checkbox"/>		

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes No

As of April 30, 2018, 62,227,612 shares of the Registrant's Common Stock, par value \$.0001 per share, were outstanding.

Great Lakes Dredge & Dock Corporation and Subsidiaries

Quarterly Report Pursuant to Section 13 or 15(d) of the
Securities Exchange Act of 1934
For the Quarterly Period ended March 31, 2018

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PART I — Financial Information

Item 1. Financial Statements.

GREAT LAKES DREDGE & DOCK CORPORATION AND SUBSIDIARIES

Condensed Consolidated Balance Sheets
(Unaudited)
(in thousands, except per share amounts)

	March 31, 2018	December 31, 2017
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	\$ 12,736	\$ 15,852
Accounts receivable—net	97,441	75,533
Contract revenues in excess of billings	55,122	90,788
Inventories	33,052	34,600
Prepaid expenses and other current assets	40,933	45,411
Total current assets	239,284	262,184
PROPERTY AND EQUIPMENT—Net	381,762	407,294
GOODWILL AND OTHER INTANGIBLE ASSETS—Net	84,334	84,484
INVENTORIES—Noncurrent	54,906	54,023
INVESTMENTS IN JOINT VENTURES	1,963	2,714
ASSETS HELD FOR SALE—Noncurrent	8,463	8,530
OTHER	17,546	13,128
TOTAL	\$ 788,258	\$ 832,357
LIABILITIES AND EQUITY		
CURRENT LIABILITIES:		
Accounts payable	\$ 72,093	\$ 87,659
Accrued expenses	52,284	56,218
Billings in excess of contract revenues	8,772	3,615
Current portion of long-term debt	1,379	2,758
Total current liabilities	134,528	150,250
LONG-TERM DEBT	321,280	333,141
REVOLVING CREDIT FACILITY	91,000	95,000
DEFERRED INCOME TAXES	21,870	25,561
OTHER	8,078	7,109
Total liabilities	576,756	611,061
COMMITMENTS AND CONTINGENCIES (Note 9)		
EQUITY:		
Common stock—\$.0001 par value; 90,000 authorized, 62,485 and 61,897 shares issued; 62,207 and 61,619 shares outstanding at March 31, 2018 and December 31, 2017, respectively.	6	6
Treasury stock, at cost	(1,433)	(1,433)
Additional paid-in capital	290,298	289,821
Accumulated deficit	(77,999)	(67,101)
Accumulated other comprehensive income	630	3
Total equity	211,502	221,296
TOTAL	\$ 788,258	\$ 832,357

See notes to unaudited condensed consolidated financial statements.

Great Lakes Dredge & Dock Corporation and Subsidiaries

Condensed Consolidated Statements of Operations
(Unaudited)
(in thousands, except per share amounts)

	Three Months Ended March 31,	
	2018	2017
Contract revenues	\$ 146,593	\$ 170,586
Costs of contract revenues	131,888	155,774
Gross profit	14,705	14,812
General and administrative expenses	15,944	16,795
(Gain) loss on sale of assets—net	(199)	11
Operating loss	(1,040)	(1,994)
Interest expense—net	(8,660)	(5,582)
Other income (expense)	(2,916)	209
Loss from continuing operations before income taxes	(12,616)	(7,367)
Income tax benefit	3,295	2,793
Loss from continuing operations	(9,321)	(4,574)
Loss from discontinued operations, net of income taxes	—	(13,065)
Net loss	<u>\$ (9,321)</u>	<u>\$ (17,639)</u>
Basic loss per share attributable to continuing operations	\$ (0.15)	\$ (0.07)
Basic loss per share attributable to discontinued operations, net of tax	—	(0.21)
Basic loss per share	\$ (0.15)	\$ (0.28)
Basic weighted average shares	61,815	61,065
Diluted loss per share attributable to continuing operations	\$ (0.15)	\$ (0.07)
Diluted loss per share attributable to discontinued operations, net of tax	—	(0.21)
Diluted loss per share	\$ (0.15)	\$ (0.28)
Diluted weighted average shares	61,815	61,065

See notes to unaudited condensed consolidated financial statements.

Great Lakes Dredge & Dock Corporation and Subsidiaries

Condensed Consolidated Statements of Comprehensive Income (Loss)
(Unaudited)
(in thousands)

	Three Months Ended	
	March 31,	
	2018	2017
Net loss	\$ (9,321)	\$ (17,639)
Currency translation adjustment—net of tax (1)	1,361	(28)
Net unrealized gain on derivatives—net of tax (2)	(734)	(734)
Other comprehensive income (loss)—net of tax	627	(762)
Comprehensive loss	<u>\$ (8,694)</u>	<u>\$ (18,401)</u>

- (1) Net of income tax (provision) benefit of \$(535) and \$39 for the three months ended March 31, 2018 and 2017, respectively.
- (2) Net of income tax (provision) benefit of \$260 and \$(479) for the three months ended March 31, 2018 and 2017, respectively.

See notes to unaudited condensed consolidated financial statements.

Great Lakes Dredge & Dock Corporation and Subsidiaries

Condensed Consolidated Statements of Equity
(Unaudited)
(in thousands)

	Shares of Common Stock	Common Stock	Shares of Treasury Stock	Treasury Stock	Additional Paid-In Capital	Accumulated Deficit	Accumulated Other Comprehensive Loss	Total
BALANCE—January 1, 2018	61,897	\$ 6	(278)	\$ (1,433)	\$ 289,821	\$ (67,101)	\$ 3	\$ 221,296
Cumulative effect of recent accounting pronouncements	—	—	—	—	—	(1,577)	—	(1,577)
Share-based compensation	40	—	—	—	1,009	—	—	1,009
Vesting of restricted stock units, including impact of shares withheld for taxes	430	—	—	—	(936)	—	—	(936)
Exercise of options and purchases from employee stock plans	118	—	—	—	404	—	—	404
Net loss	—	—	—	—	—	(9,321)	—	(9,321)
Other comprehensive income (loss)—net of tax	—	—	—	—	—	—	627	627
BALANCE—March 31, 2018	<u>62,485</u>	<u>\$ 6</u>	<u>(278)</u>	<u>\$ (1,433)</u>	<u>\$ 290,298</u>	<u>\$ (77,999)</u>	<u>\$ 630</u>	<u>\$ 211,502</u>

	Shares of Common Stock	Common Stock	Shares of Treasury Stock	Treasury Stock	Additional Paid-In Capital	Accumulated Deficit	Accumulated Other Comprehensive Loss	Total
BALANCE—January 1, 2017	61,240	\$ 6	(278)	\$ (1,433)	\$ 286,303	\$ (35,841)	\$ (1,145)	\$ 247,890
Share-based compensation	109	—	—	—	918	—	—	918
Vesting of restricted stock units, including impact of shares withheld for taxes	69	—	—	—	(164)	—	—	(164)
Exercise of options and purchases from employee stock plans	132	—	—	—	434	—	—	434
Net loss	—	—	—	—	—	(17,639)	—	(17,639)
Other comprehensive income (loss)—net of tax	—	—	—	—	—	—	(762)	(762)
BALANCE—March 31, 2017	<u>61,550</u>	<u>\$ 6</u>	<u>(278)</u>	<u>\$ (1,433)</u>	<u>\$ 287,491</u>	<u>\$ (53,480)</u>	<u>\$ (1,907)</u>	<u>\$ 230,677</u>

See notes to unaudited condensed consolidated financial statements.

Great Lakes Dredge & Dock Corporation and Subsidiaries

Condensed Consolidated Statements of Cash Flows
(Unaudited)
(in thousands)

	Three Months Ended March 31,	
	2018	2017
OPERATING ACTIVITIES:		
Net loss	\$ (9,321)	\$ (17,639)
Loss from discontinued operations, net of income taxes	—	(13,065)
Loss from continuing operations	\$ (9,321)	\$ (4,574)
Adjustments to reconcile net loss to net cash flows provided by (used in) operating activities:		
Depreciation and amortization	15,641	13,478
Equity in earnings of joint ventures	750	(3,067)
Cash distributions from joint ventures	—	2,046
Deferred income taxes	(2,920)	(2,825)
Gain on sale of assets	(199)	11
Other non-cash restructuring items	2,015	—
Amortization of deferred financing fees	901	825
Unrealized net (gain) loss from mark-to-market valuations of derivatives	—	1,548
Unrealized foreign currency gain	(144)	(76)
Share-based compensation expense	1,009	918
Changes in assets and liabilities:		
Accounts receivable	(21,908)	(3,234)
Contract revenues in excess of billings	32,703	19,362
Inventories	665	(609)
Prepaid expenses and other current assets	11,548	(4,929)
Accounts payable and accrued expenses	(19,077)	(27,610)
Billings in excess of contract revenues	(2,527)	3,931
Other noncurrent assets and liabilities	(4,506)	(255)
Cash provided by (used in) operating activities	4,630	(5,060)
INVESTING ACTIVITIES:		
Purchases of property and equipment	(7,549)	(17,452)
Proceeds from dispositions of property and equipment	5,015	265
Cash used in investing activities	(2,534)	(17,187)

	Three Months Ended March 31,	
	2018	2017
FINANCING ACTIVITIES:		
Deferred financing fees	—	(58)
Repayments of debt	(706)	(659)
Taxes paid on settlement of vested share awards	(936)	(164)
Exercise of options and purchases from employee stock plans	404	434
Borrowings under revolving loans	17,000	28,112
Repayments of revolving loans	(21,000)	(16,723)
Cash provided by (used in) financing activities	(5,238)	10,942
Effect of foreign currency exchange rates on cash and cash equivalents	26	(2)
Net decrease in cash, cash equivalents and restricted cash	(3,116)	(11,307)
Cash, cash equivalents and restricted cash at beginning of period	17,352	19,702
Cash, cash equivalents and restricted cash at end of period	<u>\$ 14,236</u>	<u>\$ 8,395</u>
Supplemental Cash Flow Information		
Cash paid for interest	<u>\$ 1,872</u>	<u>\$ 11,473</u>
Cash paid for income taxes	<u>\$ 54</u>	<u>\$ 89</u>
Non-cash Investing and Financing Activities		
Property and equipment purchased but not yet paid	<u>\$ 3,614</u>	<u>\$ 2,187</u>
Repayments of debt with proceeds from sale-leaseback transactions	<u>\$ 13,034</u>	<u>\$ —</u>

See notes to unaudited condensed consolidated financial statements.

GREAT LAKES DREDGE & DOCK CORPORATION AND SUBSIDIARIES

**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)
(dollar amounts in thousands, except per share amounts or as otherwise noted)**

1. Basis of presentation

The unaudited condensed consolidated financial statements and notes herein should be read in conjunction with the audited consolidated financial statements of Great Lakes Dredge & Dock Corporation and Subsidiaries (the “Company” or “Great Lakes”) and the notes thereto, included in the Company’s Annual Report on Form 10-K for the year ended December 31, 2017. The condensed consolidated financial statements included herein have been prepared by the Company without audit, pursuant to the rules and regulations of the Securities and Exchange Commission (“SEC”). Certain information and footnote disclosures normally included in financial statements prepared in accordance with accounting principles generally accepted in the United States of America (“GAAP”) have been condensed or omitted pursuant to the SEC’s rules and regulations, although management believes that the disclosures are adequate and make the information presented not misleading. In the opinion of management, all adjustments, which are of a normal and recurring nature (except as otherwise noted), that are necessary to present fairly the Company’s financial position as of March 31, 2018, and its results of operations for the three months ended March 31, 2018 and 2017 and cash flows for the three months ended March 31, 2018 and 2017 have been included.

The Company adopted Accounting Standard Update No. 2016-18 (“ASU 2016-18”), *Statement of Cashflows (Topic 230): Restricted Cash* on January 1, 2018. The amendments require that the statement of cash flows explain the changes during the period in the total of cash, cash equivalents, and amounts generally described as restricted cash or restricted cash equivalents. Therefore amounts generally described as restricted cash or restricted cash equivalents should be included with the cash and cash equivalents when reconciling the beginning-of-period and end-of-period total amounts shown on the statement of cash flows. The impact of the adoption of ASU 2016-18 has been applied retrospectively and the prior period presented has been recast.

The following table provides a reconciliation of cash, cash equivalents and restricted cash at March 31, 2018 and December 31, 2017 reported within the Condensed Consolidated Balance Sheets that sum to the total of the same such amounts shown in the Condensed Consolidated Statements of Cash Flows.

	<u>March 31, 2018</u>	<u>December 31, 2017</u>
Cash and cash equivalents	\$ 12,736	\$ 15,852
Restricted cash included in other long-term assets	1,500	1,500
Cash, cash equivalents and restricted cash at end of period	\$ 14,236	\$ 17,352

Effective beginning the first quarter of 2018, the Company changed the method of accounting for allocated fixed equipment costs for interim periods such that fixed equipment costs are now recognized as incurred. The Company adopted this change as a result of management’s belief that the new method is preferable and results in a more objective measure of quarterly expense that will better support planning and resource allocation decisions by management. The change has been applied retrospectively and all prior interim periods presented have been recast. The Company’s cost structure includes significant annual equipment-related costs, including depreciation, maintenance, insurance and long-term rentals. Previously, the Company allocated fixed equipment costs to interim periods in proportion to revenues recognized over the year. Specifically, at each interim reporting date the Company compared actual revenues earned to date on its dredging contracts to expected annual revenues and recognized equipment costs on the same proportionate basis. In the fourth quarter, any over or under allocated equipment costs are recognized such that the expense for the year equals actual equipment costs incurred during the year. The quarterly impact of the change in accounting policy on our Condensed Consolidated Statements of Operations and Condensed Consolidated Balance Sheets is as follows:

	<u>Three Months Ended</u>	
	<u>March 31, 2017</u>	
Costs of contract revenues	\$	1,370
Income tax benefit		519
Loss from continuing operations		(851)
Net loss	\$	(851)
Comprehensive loss	\$	(851)
Basic loss per share attributable to continuing operations	\$	(0.01)
Diluted loss per share attributable to continuing operations	\$	(0.01)

	<u>March 31, 2017</u>	
Prepaid expenses and other current assets	\$	(1,370)
Deferred income taxes		(519)
Accumulated deficit	\$	(851)

The Company adopted Accounting Standard Update No. 2014-09, *Revenue from Contracts with Customers (Topic 606)*, and subsequently issued other Accounting Standard Updates related to Accounting Standards Codification Topic 606 (collectively, “ASC 606”) on January 1, 2018 under the modified retrospective method such that the cumulative effect is recognized at the date of initial application. The adoption of ASC 606 may result in a change in the timing of recognition of both contract revenue and costs from our prior practices. Upon the adoption of ASC 606, the Company recorded a cumulative net adjustment of \$1,950 to the beginning retained earnings balance. Refer to Note 7, Revenue, for further discussion of the adoption of ASC 606.

In February 2018, the Financial Accounting Standards Board (“FASB”) issued Accounting Standard Update No. 2018-02 (“ASU 2018-02”), *Income Statement—Reporting Comprehensive Income (Topic 220): Reclassification of Certain Tax Effects from Accumulated Other Comprehensive Income*. The new guidance allows entities to reclassify from accumulated other comprehensive income to retained earnings stranded tax effects resulting from the Tax Cut and Jobs Act. The guidance is effective for fiscal years beginning after December 15, 2018, including interim periods within those annual periods. Early adoption is permitted in fiscal 2018. The Company has elected to early adopt ASU 2018-02 during the quarter ended March 31, 2018.

The components of costs of contract revenues include labor, equipment (including depreciation, maintenance, insurance and long-term rentals), subcontracts, fuel, supplies, short-term rentals and project overhead. Hourly labor is generally hired on a project-by-project basis. Costs of contract revenues vary significantly depending on the type and location of work performed and assets utilized.

The Company has two operating segments: dredging and environmental & infrastructure, which are also the Company’s reportable segments and reporting units of which the Company tests goodwill for impairment. The Company performed its most recent annual test of impairment as of July 1, 2017 with no indication of impairment as of the test date. The Company will perform its next scheduled annual test of goodwill in the third quarter of 2018 should no triggering events occur which would require a test prior to the next annual test.

The condensed consolidated results of operations and comprehensive income for the interim periods presented herein are not necessarily indicative of the results to be expected for the full year.

Recent accounting pronouncements

In January 2017, the FASB issued Accounting Standard Update No. 2017-04 (“ASU 2017-04”), *Intangibles—Goodwill and Other (Topic 350): Simplifying the Test for Goodwill Impairment*. The amendment removes the requirement to compare the implied fair value of goodwill with its carrying amount as part of step 2 of the goodwill impairment test. The guidance is effective for fiscal years beginning after December 15, 2019. The Company does not anticipate that the adoption of ASU 2017-04 will have a material effect on the Company’s consolidated financial statements.

In February 2016, the FASB issued Accounting Standard Update No. 2016-02 (“ASU 2016-02”), *Leases (Topic 842)*. The FASB issued this update to increase the transparency and comparability among organizations by recognizing lease assets and lease liabilities on the balance sheet and disclosing key information about leasing arrangements. The guidance is effective for fiscal years beginning after December 15, 2018, including interim periods within those annual periods. The Company is currently evaluating the impact of ASU 2016-02 on its consolidated financial statements.

2. Earnings per share

Basic earnings per share is computed by dividing net income attributable to common stockholders by the weighted-average number of common shares outstanding during the reporting period. Diluted earnings per share is computed the same as basic earnings per share except that it reflects the potential dilution that could occur if dilutive securities or other obligations to issue common stock were exercised or converted into common stock. For the three months ended March 31, 2018 and 2017, 781 thousand and 678 thousand stock options and restricted stock units, respectively, were excluded from the diluted weighted-average common shares outstanding as the Company incurred a loss during these periods. For the three months ended March 31, 2018 and 2017, 1,906 thousand and 1,580 thousand stock options and restricted stock units, respectively, were excluded from the calculation of diluted earnings per share as such stock options and restricted stock units were determined to be anti-dilutive.

The computations for basic and diluted earnings (loss) per share are as follows:

(shares in thousands)	Three Months Ended March 31,	
	2018	2017
Loss from continuing operations	\$ (9,321)	\$ (4,574)
Loss from discontinued operations, net of income taxes	—	(13,065)
Net loss	(9,321)	(17,639)
Weighted-average common shares outstanding — basic	61,815	61,065
Effect of stock options and restricted stock units	—	—
Weighted-average common shares outstanding — diluted	61,815	61,065
Loss per share from continuing operations — basic	\$ (0.15)	\$ (0.07)
Loss per share from continuing operations — diluted	\$ (0.15)	\$ (0.07)

3. Accrued expenses

Accrued expenses at March 31, 2018 and December 31, 2017 are as follows:

	March 31, 2018	December 31, 2017
Insurance	\$ 13,364	\$ 22,941
Interest	10,097	4,210
Payroll and employee benefits	6,730	8,747
Accrued rent	6,079	6,519
Percentage of completion adjustment	3,368	3,591
Income and other taxes	2,602	2,794
Other	10,044	7,416
Total accrued expenses	\$ 52,284	\$ 56,218

4. Long-term debt

Credit agreement

On December 30, 2016, the Company, Great Lakes Dredge & Dock Company, LLC, NASDI Holdings, LLC, Great Lakes Dredge & Dock Environmental, Inc., Great Lakes Environmental & Infrastructure Solutions, LLC and Great Lakes Environmental & Infrastructure, LLC (collectively, the “Credit Parties”) entered into a revolving credit and security agreement, as subsequently amended, (the “Credit Agreement”) with certain financial institutions from time to time party thereto as lenders, PNC Bank, National Association, as Agent, PNC Capital Markets, The PrivateBank and Trust Company, Suntrust Robinson Humphrey, Inc., Capital One, National Association and Bank of America, N.A., as Joint Lead Arrangers and Joint Bookrunners, Texas Capital Bank, National Association, as Syndication Agent and Woodforest National Bank, as Documentation Agent. The Credit Agreement, which replaced the Company’s former revolving credit agreement, provides for a senior secured revolving credit facility in an aggregate principal amount of up to \$250,000, subfacilities for the issuance of standby letters of credit up to a \$250,000 sublimit and swingline loans up to a \$25,000 sublimit. The maximum borrowing capacity under the Credit Agreement is determined by a formula and may fluctuate depending on the value of the collateral included in such formula at the time of determination. The Credit Agreement also includes an increase option that will allow the Company to increase the senior secured revolving credit facility by an aggregate principal amount of up to \$100,000. This increase is subject to lenders providing incremental commitments for such increase, the Credit Parties having adequate borrowing capacity and that no default or event of default exists both before and after giving effect to such incremental commitment increase.

The Credit Agreement also provides for certain actions contemplated in the plan of restructuring with respect to the Company’s 2017 and 2018 fiscal years including allowing up to an aggregate of \$20,000 of expenses related to the buy-out of operating leases and allowing capital expenditures planned but not incurred by all Credit Parties in fiscal year 2017 to be carried forward to fiscal year 2018; provided further that, the aggregate amount of all capital expenditures incurred by all Credit Parties in fiscal years 2017 and 2018 does not exceed \$135,000. Additionally, the Credit Agreement contains acknowledgments and agreements from the Agent and

the required lenders with respect to certain EBITDA add-backs for fiscal years 2017 and 2018 described therein. See Note 8, Restructuring charges.

The Credit Agreement contains customary representations and affirmative and negative covenants, including a springing financial covenant that requires the Credit Parties to maintain a fixed charge coverage ratio (ratio of earnings before income taxes, depreciation and amortization, net interest expenses, non-cash charges and losses and certain other non-recurring charges, minus capital expenditures, income and franchise taxes, to net cash interest expense plus scheduled cash principal payments with respect to debt plus restricted payments paid in cash) of not more than 1.10 to 1.00. The Company is required to maintain this ratio if its availability under the Credit Agreement falls below \$31,250 for five consecutive days or \$25,000 for one day. The Credit Parties are also restricted in the amount of capital expenditures they may make in each fiscal year. The Credit Agreement also contains customary events of default (including non-payment of principal or interest on any material debt and breaches of covenants) as well as events of default relating to certain actions by the Company's surety bonding providers. The obligations of the Credit Parties under the Credit Agreement will be unconditionally guaranteed, on a joint and several basis, by each existing and subsequently acquired or formed material direct and indirect domestic subsidiary of the Company. Borrowings under the Credit Agreement were or will be used to refinance existing indebtedness under the Company's former revolving credit agreement, refinance existing indebtedness under the Company's former term loan agreement, pay fees and expenses related to the Credit Agreement, finance acquisitions permitted under the Credit Agreement, finance ongoing working capital and for other general corporate purposes. The Credit Agreement matures on December 30, 2019.

The obligations under the Credit Agreement are secured by substantially all of the assets of the Credit Parties. The outstanding obligations thereunder shall be secured by a valid first priority perfected lien on substantially all of the vessels of the Credit Parties and a valid perfected lien on all domestic accounts receivable and substantially all other assets of the Credit Parties, subject to the permitted liens and interests of other parties (including the Company's surety bonding provider).

Interest on the senior secured revolving credit facility of the Credit Agreement is equal to either a base rate option or LIBOR option, at the Company's election. The base rate option is (1) the base commercial lending rate of PNC Bank, National Association, as publicly announced plus (2)(a) an interest margin of 2.0% or (b) after the date on which a borrowing base certificate is required to be delivered under Section 9.2 of the Credit Agreement (commencing with the fiscal quarter ending December 31, 2017, the "Adjustment Date"), an interest margin ranging between 1.5% and 2.0% depending on the quarterly average undrawn availability on the senior secured revolving credit facility. The LIBOR option is the sum of (1) LIBOR and (2)(a) an interest margin of 3.0% or (b) after the Adjustment Date, an interest rate margin ranging between 2.5% to 3.0% per annum depending on the quarterly average undrawn availability on the senior secured revolving credit facility. The Credit Agreement is subject to an unused fee ranging from 0.25% to 0.375% per annum depending on the amount of average daily outstandings under the senior secured revolving credit facility.

As of March 31, 2018, the Company had \$91,000 of borrowings on the revolver, \$31,215 of letters of credit outstanding and \$77,070 of availability under the Credit Agreement. The availability under the Credit Agreement is suppressed by \$50,715 as of March 31, 2018 as a result of certain additional limitations set forth in the Credit Agreement.

In May 2017, the Company issued \$325,000 of 8.000% senior notes (“8% Senior Notes”) due May 15, 2022. The 8% Senior Notes were issued at 100% of face value resulting in net proceeds of \$321,653, net of underwriting fees. In connection with the issuance of the 8% Senior Notes, the Company retired all of its \$275,000 of 7.375% senior notes due February 2019 for \$282,638, which included a tender premium and accrued and unpaid interest. The Company used the remaining net proceeds from the debt offering to reduce the Company’s indebtedness under its Credit Agreement.

The Company’s obligations under these Senior Notes are guaranteed by certain of the Company’s 100% owned domestic subsidiaries. Such guarantees are full, unconditional and joint and several. The parent company issuer has no independent assets or operations and all non-guarantor subsidiaries have been determined to be minor.

Other

The Company enters into note arrangements to finance certain vessels and ancillary equipment. The current portion of all equipment notes is \$1,379. The long term portion is \$531 and is included in notes payable or other long term liabilities. In February 2018, the Company completed a sale-leaseback of a vessel yielding net proceeds of \$4,500. Included in this transaction was the retirement of the asset and related equipment note, and the transaction resulted in a deferred gain that will be amortized over the life of the lease.

5. Fair value measurements

Fair value is defined as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. A fair value hierarchy has been established by GAAP that requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. The accounting guidance describes three levels of inputs that may be used to measure fair value:

Level 1—Quoted prices in active markets for identical assets or liabilities.

Level 2—Observable inputs other than Level 1 prices such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.

Level 3—Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities.

The Company utilizes the market approach to measure fair value for its financial assets and liabilities. The market approach uses prices and other relevant information generated by market transactions involving identical or comparable assets or liabilities. At times, the Company holds certain derivative contracts that it uses to manage foreign currency risk or commodity price risk. The Company does not hold or issue derivatives for speculative or trading purposes. The fair values of these financial instruments are summarized as follows:

Description	At March 31, 2018	Fair Value Measurements at Reporting Date Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Fuel hedge contracts	\$ 1,507	\$ —	1,507	\$ —

Description	At December 31, 2017	Fair Value Measurements at Reporting Date Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Fuel hedge contracts	\$ 2,501	\$ —	\$ 2,501	\$ —

Fuel hedge contracts

The Company is exposed to certain market risks, primarily commodity price risk as it relates to diesel fuel purchase requirements, which occur in the normal course of business. The Company enters into heating oil commodity swap contracts to hedge the risk that fluctuations in diesel fuel prices could have an adverse impact on cash flows associated with its domestic dredging contracts. The Company's goal is to hedge approximately 80% of the fuel requirements for work in domestic backlog.

As of March 31, 2018, the Company was party to various swap arrangements to hedge the price of a portion of its diesel fuel purchase requirements for work in its backlog to be performed through January 2019. As of March 31, 2018, there were 6.4 million gallons remaining on these contracts which represent approximately 80% of the Company's forecasted domestic fuel purchases through January 2019. Under these swap agreements, the Company will pay fixed prices ranging from \$1.53 to \$2.02 per gallon.

At March 31, 2018 and December 31, 2017, the fair value assets of the fuel hedge contracts were estimated to be \$1,507 and \$2,501, respectively, and are recorded in prepaid expenses and other current assets. For fuel hedge contracts considered to be highly effective, the gains reclassified to earnings from changes in fair value of derivatives, net of cash settlements and taxes, for the three months ended March 31, 2018 were \$732. The remaining gains and losses included in accumulated other comprehensive loss at March 31, 2018 will be reclassified into earnings over the next ten months, corresponding to the period during which the hedged fuel is expected to be utilized. Changes in the fair value of fuel hedge contracts not considered highly effective are recorded as cost of contract revenues in the Statement of Operations. The fair values of fuel hedges are corroborated using inputs that are readily observable in public markets; therefore, the Company determines fair value of these fuel hedges using Level 2 inputs.

The Company is exposed to counterparty credit risk associated with non-performance of its various derivative instruments. The Company's risk would be limited to any unrealized gains on current positions. To help mitigate this risk, the Company transacts only with counterparties that are rated as investment grade or higher. In addition, all counterparties are monitored on a continuous basis.

The fair value of the fuel hedge contracts outstanding as of March 31, 2018 and December 31, 2017 is as follows:

	Balance Sheet Location	Fair Value at	
		March 31, 2018	December 31, 2017
Asset derivatives:			
Derivatives designated as hedging instruments			
Fuel hedge contracts	Prepaid expenses and other current assets	\$ 1,507	\$ 2,501

Accumulated other comprehensive income

Changes in the components of the accumulated balances of other comprehensive income (loss) are as follows:

	Three Months Ended	
	March 31, 2018	March 31, 2017
Cumulative translation adjustments—net of tax	\$ 1,361	\$ (28)
Derivatives:		
Reclassification of derivative (gains) losses to earnings—net of tax	(732)	40
Change in fair value of derivatives—net of tax	(2)	(774)
Net unrealized gain on derivatives—net of tax	(734)	(734)
Total other comprehensive income (loss)	\$ 627	\$ (762)

Adjustments reclassified from accumulated balances of other comprehensive income (loss) to earnings are as follows:

	Statement of Operations Location	Three Months Ended	
		March 31, 2018	March 31, 2017
Derivatives:			
Fuel hedge contracts	Costs of contract revenues	\$ (992)	\$ 66
	Income tax benefit	260	26
		\$ (732)	\$ 40

During the three months ended March 31, 2018, the Company substantially completed the closeout of its Brazil operations. This liquidation resulted in the reversal of the Company's cumulative translation adjustment of \$2,015 related to Brazil which is included in other income (expense) in the Condensed Consolidated Statements of Operations.

Other financial instruments

The carrying value of financial instruments included in current assets and current liabilities approximates fair value due to the short-term maturities of these instruments. Based on timing of the cash flows and comparison to current market interest rates, the carrying value of our revolving credit agreement approximates fair value. In May 2017, the Company issued a total of \$325,000 of 8% senior notes due May 15, 2022, which were outstanding at March 31, 2018 (see Note 4, Long-term debt). The 8% Senior Notes are senior unsecured obligations of the Company and its subsidiaries that guarantee the 8% Senior Notes. The fair value of the senior notes was \$333,125 at March 31, 2018, which is a Level 1 fair value measurement as the senior notes' value was obtained using quoted prices in active markets. It is impracticable to determine the fair value of outstanding letters of credit or performance, bid and payment bonds due to uncertainties as to the amount and timing of future obligations, if any.

6. Share-based compensation

On May 11, 2017, the Company's stockholders approved the Great Lakes Dredge & Dock Corporation 2017 Long-Term Incentive Plan (the "Incentive Plan"), which previously had been approved by the Company's board of directors subject to stockholder approval. The Incentive Plan permits the granting of stock options, stock appreciation rights, restricted stock and restricted stock units to the Company's employees and directors for up to 3.3 million shares of common stock, plus an additional 1.7 million shares underlying equity awards issued under the 2007 Long-Term Incentive Plan.

During the three months ended March 31, 2018, the Company granted 1,985 thousand restricted stock units to certain employees. In addition, all non-employee directors on the Company's board of directors are paid a portion of their board-related compensation in stock grants or restricted stock units. Compensation cost charged to expense related to share-based compensation arrangements was \$1,009 and \$918 for the three months ended March 31, 2018 and 2017, respectively.

7. Revenue

The Company's revenue is derived from contracts for services with federal, state, local and foreign governmental entities and private customers. Dredging revenues are generally derived from the enhancement or preservation of navigability of waterways or the protection of shorelines through the removal or replenishment of soil, sand or rock. Revenues within the environmental & infrastructure segment are generally generated from environmental and geotechnical construction as well as soil, water and sediment environmental remediation.

Previously, the Company measured completion based on engineering estimates of the physical percentage completed for dredging contracts and based upon cost incurred to date compared to total estimated costs, also known as cost-to-cost, for environmental & infrastructure contracts. Under the new accounting principle, the Company measures progress toward completion on all contracts utilizing the cost-to-cost method. Additionally, the Company capitalizes certain pre-contract and pre-construction costs, and defers recognition over the life of the contract. At March 31, 2018, the impact of this change in accounting principle on the Consolidated Balance Sheets is as follows:

	<u>March 31, 2018</u>	
ASSETS		
Contract revenues in excess of billings	\$	(6,703)
Other current assets		2,044
Other		5,012
LIABILITIES AND EQUITY		
Accrued expenses		361
Billings in excess of contract revenues		1,958
Deferred taxes		(511)
Accumulated deficit	\$	(1,455)

For the three months ended March 31, 2018, the impact of this change in accounting principle on the Consolidated Statements of Operations is as follows:

	Three Months Ended	
	March 31,	
	2018	
	<hr/>	
Contract revenues	\$	(8,661)
Cost of contract revenues		(6,695)
Income tax benefit		511
Loss from continuing operations		(1,455)
Net loss	\$	(1,455)
Comprehensive loss	\$	(1,455)

Performance obligations

A performance obligation is a promise in a contract to transfer a distinct good or service to the customer, and is the unit of account upon which the Company's revenue is calculated. A contract's transaction price is allocated to each distinct performance obligation and recognized as revenue as the performance obligation is satisfied. Fixed-price contracts, which comprise substantially all of the Company's revenue, will most often represent a single performance obligation as the promise to transfer the individual services is not separately identifiable from other promises in the contracts and, therefore, not distinct.

The Company capitalizes certain pre-contract and pre-construction costs, and defers recognition over the life of the contract. The Company's performance obligations are satisfied over time and revenue is recognized using contract fulfillment costs incurred to date compared to total estimated costs at completion, also known as cost-to-cost, to measure progress towards completion. As the Company's performance creates an asset that customer controls, this method provides a faithful depiction of the transfer of an asset to the customer. Generally, the Company has an enforceable right to payment for performance completed to date.

The dredging and environmental & infrastructure segments typically satisfy their performance obligations upon completion of service. The majority of the Company's contracts are completed in a year or less. At March 31, 2018, the Company had \$512,999 of remaining performance obligations, which the Company refers to as total backlog. Approximately 87% of the Company's backlog will be completed in 2018 with the remaining balance expected to be completed by 2020.

Transaction price

The transaction price is calculated using the Company's estimated costs to complete a project. These costs are based on the types of equipment required to perform the specified service, project site conditions, the estimated project duration, seasonality, location and complexity of a project.

The nature of the Company's contracts gives rise to several types of variable consideration, including pay on quantity dredged for dredging projects and contract modifications for both dredging and environmental & infrastructure projects. For dredging projects, estimated pay quantity is the amount of material the Company expects to dredge for which it will receive payment. Estimated quantity to be dredged is calculated using engineering estimates based on current survey data and the Company's knowledge based on historical project experience. Contract modifications are changes in the scope or price (or both) of a contract that are approved by the parties to the contract. The Company recognizes a contract modification when the parties to a contract approve a modification that either creates new, or changes existing, enforceable rights and obligations of the parties to the contract. Contract modifications are included in the transaction price only if it is probable that the modification estimate will not result in a significant reversal of revenue. Contract modifications are routine in the performance of the Company's contracts. In most instances, contract modifications are for services that are not distinct, and, therefore, are accounted for as part of the existing contract.

Revisions in estimated gross profit percentages are recorded in the period during which the change in circumstances is experienced or becomes known. As the duration of most of the Company's contracts is one year or less, the cumulative net impact of these revisions in estimates, individually and in the aggregate across our projects, does not significantly affect our results across annual reporting periods. Provisions for estimated losses on contracts in progress are made in the period in which such losses are determined.

Revenue by category

The following series of tables presents our revenue disaggregated by several categories.

Domestically, our work generally is performed in coastal waterways and deep water ports. The U.S. dredging market consists of four primary types of work: capital, coastal protection, maintenance and rivers & lakes. Foreign projects typically involve capital work.

The following table sets forth, by segment and type of work, the Company's contract revenues for the periods ended:

Revenues (in thousands)	Three Months Ended	
	March 31,	
	2018	2017
Dredging:		
Capital—U.S.	\$ 76,952	\$ 66,601
Capital—foreign	5,523	19,154
Coastal protection	41,861	40,335
Maintenance	7,803	21,913
Rivers & lakes	1,484	5,051
Total dredging revenues	133,623	153,054
Environmental & infrastructure	12,970	19,224
Intersegment revenue	—	(1,692)
Total revenues	\$ 146,593	\$ 170,586

The following table sets forth, by segment and type of customer, the Company's contract revenues for the periods ended:

Revenues (in thousands)	Three Months Ended	
	March 31,	
	2018	2017
Dredging:		
Federal government	\$ 76,694	\$ 111,494
State and local government	46,625	15,645
Private	4,781	6,761
Foreign	5,523	19,154
Total dredging revenues	133,623	153,054
Environmental & infrastructure:		
Private	6,364	10,535
Other	6,606	8,689
Intersegment revenue	—	(1,692)
Total revenues	\$ 146,593	\$ 170,586

Foreign dredging revenue for the three months ended March 31, 2018 and 2017 was \$5,523 and \$19,154, respectively, and was mostly attributable to work done in the Middle East.

Contract balances

Billings on contracts are generally submitted after verification with the customers of physical progress and are recognized as accounts receivable in the balance sheet. For billings that do not match the timing of revenue recognition, the difference between amounts billed and recognized as revenue is reflected in the balance sheet as either contract revenues in excess of billings or billings in excess of contract revenues. Certain pre-contract and pre-construction costs are capitalized and reflected as contract assets in the balance sheet. Customer advances, deposits and commissions are reflected in the balance sheet as contract liabilities.

Accounts receivable at March 31, 2018 and December 31, 2017 are as follows:

	March 31, 2018	December 31, 2017
Completed contracts	\$ 27,277	\$ 15,974
Contracts in progress	51,541	42,759
Retainage	23,650	21,866
	<u>102,468</u>	<u>80,599</u>
Allowance for doubtful accounts	(552)	(591)
Total accounts receivable—net	<u>\$ 101,916</u>	<u>\$ 80,008</u>
Current portion of accounts receivable—net	\$ 97,441	\$ 75,533
Long-term accounts receivable and retainage	4,475	4,475
Total accounts receivable—net	<u>\$ 101,916</u>	<u>\$ 80,008</u>

The components of contracts in progress at March 31, 2018 and December 31, 2017 are as follows:

	March 31, 2018	December 31, 2017
Costs and earnings in excess of billings:		
Costs and earnings for contracts in progress	\$ 492,739	\$ 558,557
Amounts billed	(461,677)	(490,732)
Costs and earnings in excess of billings for contracts in progress	31,062	67,825
Costs and earnings in excess of billings for completed contracts	24,060	22,963
Total contract revenues in excess of billings	<u>\$ 55,122</u>	<u>\$ 90,788</u>
Billings in excess of costs and earnings:		
Amounts billed	\$ (246,565)	\$ (325,350)
Costs and earnings for contracts in progress	237,793	321,735
Total billings in excess of contract revenues	<u>\$ (8,772)</u>	<u>\$ (3,615)</u>

The Company has \$17,860 included in costs in excess of billings that are dependent upon the sale of environmental credits earned for a wetland mitigation project. The sale of these credits is subject to market factors that could cause the amount of expected revenue to be higher or lower than currently estimated. If the amount of proceeds received from the sale of the environmental credits is lower than our expectations, we could sustain a loss of part or all of costs incurred related to this project. Additionally, the timing of realization may be impacted by the timing of a delay in the sale of these environmental credits, requiring a longer period required to recover our investment.

Revenue recognized for the three months ended March 31, 2018, that was included in the billings in excess of contract revenues balance at the beginning of the year was \$2,812.

At March 31, 2018 and January 1, 2018, costs to fulfill a contract with a customer recognized as an asset were \$14,789 and \$7,732, respectively, and are recorded in other current assets and other noncurrent assets. These costs relate to pre-contract and pre-construction activities. During the three months ended March 31, 2018, the company amortized \$2,497 of pre-construction costs.

8. Restructuring charges

In 2017, a strategic review was begun to improve the Company's financial results in both domestic and international operations enabling debt reduction, improvements in return on capital and the continued renewal of our extensive fleet with new and efficient dredges to best serve our domestic and international clients. As a result of this review, management began execution of a plan to reduce general and administrative and overhead expenses, retire certain underperforming and underutilized assets, write-off pre-contract costs on a project that was never formally awarded and that the Company no longer intends to pursue and closeout the Company's Brazil operations. These changes will result in a restructuring charge of approximately \$42,000-\$47,000, including severance of approximately \$3,000, asset retirements of approximately \$30,000-\$34,000, pre-contract costs of approximately \$6,500 and closeout costs of approximately \$2,500-\$3,500.

Approximately \$38,000-\$43,000 of this charge will be non-cash and includes depreciation, loss on sale of assets and other items, approximating totals of \$12,500-\$14,500, \$3,000-\$5,000 and \$21,500-\$23,500, respectively. The majority of the charge was recorded in the second half of 2017 with the remainder to be recognized in the dredging segment in 2018.

Restructuring charges currently recognized for the above actions are summarized as follows:

	Three Months Ended	
	March 31, 2018	
Costs of contract revenues - depreciation	\$	2,992
Costs of contract revenues - other		1,267
General and administrative expenses		7
Gain on sale of assets—net		(7)
Other income (expense)		2,015
Total Dredging		6,274
General and administrative expenses		168
Total Environmental & Infrastructure		168
Costs of contract revenues - depreciation		2,992
Costs of contract revenues - other		1,267
General and administrative expenses		175
Gain on sale of assets—net		(7)
Other income (expense)		2,015
Total Consolidated		6,442

The Company accrued rent expense of \$5,348 and \$5,930 and severance expense of \$1,248 and \$1,567 at March 31, 2018 and December 31, 2017, respectively. Both of these items are included in accrued expenses at March 31, 2018 and December 31, 2017 and are expected to be settled in 2018.

9. Commitments and contingencies

Commercial commitments

Performance and bid bonds are customarily required for dredging and marine construction projects, as well as some environmental & infrastructure projects. The Company has bonding agreements with Argonaut Insurance Company, Berkley Insurance Company, Chubb Surety and Liberty Mutual Insurance Company, under which the Company can obtain performance, bid and payment bonds. The Company also has outstanding bonds with Travelers Casualty, Surety Company of America and Zurich American Insurance Company (“Zurich”). Bid bonds are generally obtained for a percentage of bid value and amounts outstanding typically range from \$1,000 to \$10,000. At March 31, 2018, the Company had outstanding performance bonds with a notional amount of approximately \$1,211,568 of which \$41,085 relates to projects from the Company’s historical environmental & infrastructure businesses. The revenue value remaining in backlog related to these projects totaled approximately \$474,902.

In connection with the sale of our historical demolition business, the Company was obligated to keep in place the surety bonds on pending demolition projects for the period required under the respective contract for a project and issued Zurich a letter of credit related to this exposure. In February 2017, the Company was notified by Zurich of an alleged default triggered on a historical demolition surety performance bond in the aggregate of approximately \$20,000 for failure of the contractor to perform in accordance with the terms of a project. In May 2017, Zurich drew upon the letter of credit in the amount of \$20,881. In order to fund the draw on the letter of credit, the Company had to increase the borrowings on its revolving credit facility. As the outstanding letters of credit previously reduced our availability under the revolving credit facility, this draw down on our letter of credit does not impact our liquidity or capital availability.

Pursuant to the terms of sale of our historical demolition business, the Company received an indemnification from the buyer for losses resulting from the bonding arrangement. The Company intends to aggressively pursue enforcement of the indemnification provisions if the buyer of the historical demolition business is found to be in default of its obligations. The Company cannot estimate the amount or range of recoveries related to the indemnification or resolution of the Company’s responsibilities under the surety bond. The surety bond claim impact has been included in discontinued operations and is discussed in Note 11, Business dispositions.

Certain foreign projects performed by the Company have warranty periods, typically spanning no more than one to three years beyond project completion, whereby the Company retains responsibility to maintain the project site to certain specifications during the warranty period. Generally, any potential liability of the Company is mitigated by insurance, shared responsibilities with consortium partners, and/or recourse to owner-provided specifications.

Legal proceedings and other contingencies

As is customary with negotiated contracts and modifications or claims to competitively bid contracts with the federal government, the government has the right to audit the books and records of the Company to ensure compliance with such contracts, modifications, or claims, and the applicable federal laws. The government has the ability to seek a price adjustment based on the results of such audit. Any such audits have not had, and are not expected to have, a material impact on the financial position, operations, or cash flows of the Company.

Various legal actions, claims, assessments and other contingencies arising in the ordinary course of business are pending against the Company and certain of its subsidiaries. These matters are subject to many uncertainties, and it is possible that some of these matters could ultimately be decided, resolved, or settled adversely to the Company. Although the Company is subject to various claims and legal actions that arise in the ordinary course of business, except as described below, the Company is not currently a party to any material legal proceedings or environmental claims. The Company records an accrual when it is probable a liability has been incurred and the amount of loss can be reasonably estimated. The Company does not believe any of these proceedings, individually or in the aggregate, would be expected to have a material effect on results of operations, cash flows or financial condition.

On April 23, 2014, the Company completed the sale of NASDI, LLC (“NASDI”) and Yankee Environmental Services, LLC (“Yankee”), which together comprised the Company’s historical demolition business, to a privately owned demolition company. Legal actions brought by the Company to enforce the buyer’s obligations under the sale agreement are described below.

On January 14, 2015, the Company and our subsidiary, NASDI Holdings, LLC, brought an action in the Delaware Court of Chancery to enforce the terms of the Company’s agreement to sell NASDI and Yankee. Under the terms of the agreement, the Company received cash of \$5,309 and retained the right to receive additional proceeds based upon future collections of outstanding accounts receivable and work in process existing at the date of close. The Company seeks specific performance of the buyer’s obligation to collect and to remit the additional proceeds, and other related relief. Defendants have filed counterclaims alleging that the Company misrepresented the quality of its contracts and receivables prior to the sale. The Company denies defendants’ allegations and intends to vigorously defend against the counterclaims.

Also pursuant to the terms of the agreement to sell NASDI and Yankee and as described above, the Company agreed to keep in place surety bonds for certain pending demolition projects, and the buyer agreed to indemnify the Company for all losses relating to those bonds. As described above, in May 2017, Zurich drew upon the Company’s letter of credit in the amount of \$20,881. On May 26, 2017, the Company and NASDI Holdings, LLC brought a second action in the Delaware Court of Chancery seeking indemnification for all losses relating to the bonds for that project.

Except as noted above, the Company has not accrued any amounts with respect to the above matters, as the Company does not believe, based on information currently known to it, that a loss relating to these matters is probable, and an estimate of a range of potential losses relating to these matters cannot reasonably be made.

10. Investments

The Company owned 50% of TerraSea Environmental Solutions (“TerraSea”) as a joint venture. TerraSea was engaged in the environmental services business through its ability to remediate contaminated soil and dredged sediment treatment. TerraSea was dissolved in the third quarter of 2017.

11. Business combinations and dispositions

Discontinued operations

On April 23, 2014, the Company entered into an agreement and completed the sale of NASDI and Yankee, its two former subsidiaries that comprised our historical demolition business. Under the terms of the agreement, the Company received cash of \$5,309 and retained the right to receive additional proceeds based upon future collections of outstanding accounts receivable and work in process existing at the date of close, including recovery of outstanding claims for additional compensation from customers, net of future payments of accounts payable existing at the date of close, including any future payments of obligations associated with outstanding claims. The amount and timing of any realization of additional net proceeds has been impacted by the litigation with the buyer of the

historical demolition business. However, management believes that the ultimate resolution of these matters will not be material to the Company's consolidated financial position or results of operations.

As discussed in Note 9, Commitments and contingencies, the Company was notified by Zurich of an alleged default triggered on a historical demolition surety performance bond in the aggregate of approximately \$20,000 for failure of the contractor to perform in accordance with the terms of a project. Zurich could be obligated to reimburse the loss, damage and expense that may arise from the alleged default. The Company estimated its exposure to a surety bond claim, including associated expenses, to be \$20,900 and has recorded this amount in discontinued operations during the three months ended March 31, 2017 as follows:

	<u>Three Months Ended</u> <u>March 31,</u> <u>2017</u>	
Revenue	\$	—
Loss before income taxes from discontinued operations	\$	(20,900)
Income tax benefit		7,835
Loss from discontinued operations, net of income taxes	\$	<u>(13,065)</u>

Magnus Pacific acquisition

On November 4, 2014, the Company acquired Magnus Pacific Corporation ("Magnus"), a California corporation, for an aggregate purchase price of approximately \$40 million. Under the terms of the acquisition, the aggregate purchase price is satisfied by payment of \$25 million paid at closing, the issuance of a promissory note and an earnout payment.

Magnus did not reach the minimum EBITDA threshold for 2015 designated in the secured promissory note; therefore, during 2015, the Company reduced the remaining fair value to zero. Under the terms of the acquisition, as amended, the maximum potential aggregate earnout (the "Earnout Payment") is \$11,400 and will be determined based on the attainment of an average Adjusted EBITDA target of Magnus, now referred to as Great Lakes E&I, for the years ending December 31, 2017, December 31, 2018 and December 31, 2019. The Earnout Payment may be paid in cash or shares of the Company's common stock, at the Company's option. The Company remeasures the fair value of the contingent Earnout Payment based on projections of the earnings target for the business. Based on the Company's current projections, Great Lakes E&I is not expected to reach the minimum Adjusted EBITDA threshold designated in the amended share purchase agreement.

12. Segment information

The Company and its subsidiaries currently operate in two reportable segments: dredging and environmental & infrastructure. The Company's financial reporting systems present various data for management to run the business, including profit and loss statements prepared according to the segments presented. Management uses operating income to evaluate performance between the two segments. Segment information for the periods presented is provided as follows:

	<u>Three Months Ended</u> <u>March 31,</u>	
	<u>2018</u>	<u>2017</u>
Dredging		
Contract revenues	\$ 133,623	\$ 153,054
Operating income	2,178	736
Environmental & infrastructure		
Contract revenues	\$ 12,970	\$ 19,224
Operating loss	(3,218)	(2,730)
Intersegment revenues	\$ —	\$ (1,692)
Total		
Contract revenues	\$ 146,593	\$ 170,586
Operating loss	(1,040)	(1,994)

Item 2. Management’s Discussion and Analysis of Financial Condition and Results of Operations.

Cautionary note regarding forward-looking statements

Certain statements in this Quarterly Report on Form 10-Q may constitute “forward-looking” statements as defined in Section 27A of the Securities Act of 1933 (the “Securities Act”), Section 21E of the Securities Exchange Act of 1934 (the “Exchange Act”), the Private Securities Litigation Reform Act of 1995 (the “PSLRA”) or in releases made by the Securities and Exchange Commission (“SEC”), all as may be amended from time to time. Such forward-looking statements involve known and unknown risks, uncertainties and other important factors that could cause the actual results, performance or achievements of Great Lakes Dredge & Dock Corporation and its subsidiaries (“Great Lakes” or the “Company”), or industry results, to differ materially from any future results, performance or achievements expressed or implied by such forward-looking statements. Statements that are not historical fact are forward-looking statements. Forward-looking statements can be identified by, among other things, the use of forward-looking language, such as the words “plan,” “believe,” “expect,” “anticipate,” “intend,” “estimate,” “project,” “may,” “would,” “could,” “should,” “seeks,” or “scheduled to,” or other similar words, or the negative of these terms or other variations of these terms or comparable language, or by discussion of strategy or intentions. In addition, these statements include, but are not limited to, our statements regarding the likelihood of realizing, and amount of, expected restructuring charges to be realized in connection with the restructuring activities.

These cautionary statements are being made pursuant to the Securities Act, the Exchange Act and the PSLRA with the intention of obtaining the benefits of the “safe harbor” provisions of such laws. Great Lakes cautions investors that any forward-looking statements made by Great Lakes are not guarantees or indicative of future performance. Important assumptions and other important factors that could cause actual results to differ materially from those forward-looking statements with respect to Great Lakes, include, but are not limited to, risks and uncertainties that are described in Item 1A. “Risk Factors” of Great Lakes’ Annual Report on Form 10-K for the year ended December 31, 2017, and in other securities filings by Great Lakes with the SEC.

Although Great Lakes believes that its plans, intentions and expectations reflected in or suggested by such forward-looking statements are reasonable, actual results could differ materially from a projection or assumption in any forward-looking statements. Great Lakes’ future financial condition and results of operations, as well as any forward-looking statements, are subject to change and inherent risks and uncertainties. The forward-looking statements contained in this Quarterly Report on Form 10-Q are made only as of the date hereof and Great Lakes does not have or undertake any obligation to update or revise any forward-looking statements whether as a result of new information, subsequent events or otherwise, unless otherwise required by law.

General

The Company is the largest provider of dredging services in the United States and a major provider of environmental and infrastructure services. In addition, the Company is the only U.S. dredging service provider with significant international operations. The mobility of the Company’s fleet enables the Company to move equipment in response to changes in demand for dredging services.

Dredging generally involves the enhancement or preservation of navigability of waterways or the protection of shorelines through the removal or replenishment of soil, sand or rock. Domestically, our work generally is performed in coastal waterways and deep water ports. The U.S. dredging market consists of four primary types of work: capital, coastal protection, maintenance and rivers & lakes. The Company’s bid market is defined as the aggregate dollar value of domestic dredging projects on which the Company bid or could have bid if not for capacity constraints (“bid market”). The Company experienced an average combined bid market share in the U.S. of 46% over the prior three years, including 77%, 40%, 28% and 14% of the domestic capital, coastal protection, maintenance and rivers & lakes sectors, respectively.

The Company’s largest domestic dredging customer is the U.S. Army Corps of Engineers (the “Corps”), which has responsibility for federally funded projects related to navigation and flood control of U.S. waterways. In the first three months of 2018, the Company’s dredging revenues earned from contracts with federal government agencies, including the Corps as well as other federal entities such as the U.S. Coast Guard and the U.S. Navy were approximately 57% of dredging revenues, slightly below the Company’s prior three year average of 64%.

The Company’s environmental & infrastructure segment provides environmental and geotechnical construction as well as soil, water and sediment environmental remediation for the state, local and private party markets. Environmental and geotechnical construction includes the creation, repair or stabilization of environmental barriers including slurry walls, in-situ stabilization, coal combustion residuals pond cap and close, dam and levee rehabilitation and other specialty civil construction. Remediation involves the containment, immobilization or removal of contamination from an environment through the use of any combination of isolation, treatment or exhumation techniques, including off-site disposal, based on the quantity and severity of the contamination. The environmental & infrastructure segment accounted for 9% of total revenues in the first three months of 2018.

The Company has two operating segments: dredging and environmental & infrastructure, which are also the Company's two reportable segments and reporting units.

Results of operations

The following tables set forth the components of net loss and Adjusted EBITDA from continuing operations, as defined below, as a percentage of contract revenues for the three months ended March 31, 2018 and 2017:

	Three Months Ended	
	March 31,	
	<u>2018</u>	<u>2017</u>
Contract revenues	100.0%	100.0%
Costs of contract revenues	(90.0)	(91.3)
Gross profit	10.0	8.7
General and administrative expenses	10.9	9.8
(Gain) loss on sale of assets—net	(0.1)	—
Operating loss	(0.8)	(1.1)
Interest expense—net	(5.9)	(3.3)
Other income (expense)	(2.0)	0.1
Loss from continuing operations before income taxes	(8.7)	(4.3)
Income tax benefit	2.2	1.6
Loss from continuing operations	(6.5)	(2.7)
Loss from discontinued operations, net of income taxes	—	(7.7)
Net loss	<u>(6.5)</u>	<u>(10.4)</u>
Adjusted EBITDA from continuing operations	<u>8.0%</u>	<u>6.9%</u>

Adjusted EBITDA from continuing operations, as provided herein, represents net income (loss), adjusted for net interest expense, income taxes, depreciation and amortization expense, debt extinguishment, accelerated maintenance expense for new international deployments, goodwill or asset impairments and gains on bargain purchase acquisitions. Adjusted EBITDA from continuing operations is not a measure derived in accordance with accounting principles generally accepted in the United States of America ("GAAP"). The Company presents Adjusted EBITDA from continuing operations as an additional measure by which to evaluate the Company's operating trends. The Company believes that Adjusted EBITDA from continuing operations is a measure frequently used to evaluate performance of companies with substantial leverage and that the Company's primary stakeholders (i.e., its stockholders, bondholders and banks) use Adjusted EBITDA from continuing operations to evaluate the Company's period to period performance. Additionally, management believes that Adjusted EBITDA from continuing operations provides a transparent measure of the Company's recurring operating performance and allows management to readily view operating trends, perform analytical comparisons and identify strategies to improve operating performance. For this reason, the Company uses a measure based upon Adjusted EBITDA from continuing operations to assess performance for purposes of determining compensation under the Company's incentive plan. Adjusted EBITDA from continuing operations should not be considered an alternative to, or more meaningful than, amounts determined in accordance with GAAP including: (a) operating income as an indicator of operating performance; or (b) cash flows from operations as a measure of liquidity. As such, the Company's use of Adjusted EBITDA from continuing operations, instead of a GAAP measure, has limitations as an analytical tool, including the inability to determine profitability or liquidity due to the exclusion of accelerated maintenance expense for new international deployments, goodwill or asset impairments, gains on bargain purchase acquisitions, interest and income tax expense and the associated significant cash requirements and the exclusion of depreciation and amortization, which represent significant and unavoidable operating costs given the level of indebtedness and capital expenditures needed to maintain the Company's business. For these reasons, the Company uses operating income to measure the Company's operating performance and uses Adjusted EBITDA from continuing operations only as a supplement. The following is a reconciliation of Adjusted EBITDA from continuing operations to net income (loss):

	Three Months Ended	
	March 31,	
	2018	2017
(in thousands)		
Net loss	\$ (9,321)	\$ (17,639)
Loss from discontinued operations, net of income taxes	—	(13,065)
Loss from continuing operations	(9,321)	(4,574)
Adjusted for:		
Interest expense—net	8,660	5,582
Income tax benefit	(3,295)	(2,793)
Depreciation and amortization	15,641	13,478
Adjusted EBITDA from continuing operations	<u>\$ 11,685</u>	<u>\$ 11,693</u>

The following table sets forth, by segment and type of work, the Company's contract revenues for each of the periods indicated:

Revenues (in thousands)	Three Months Ended		
	March 31,		
	2018	2017	Change
Dredging:			
Capital—U.S.	\$ 76,952	\$ 66,601	15.5%
Capital—foreign	5,523	19,154	(71.2)%
Coastal protection	41,861	40,335	3.8%
Maintenance	7,803	21,913	(64.4)%
Rivers & lakes	1,484	5,051	(70.6)%
Total dredging revenues	<u>133,623</u>	<u>153,054</u>	<u>(12.7)%</u>
Environmental & infrastructure	12,970	19,224	(32.5)%
Intersegment revenue	—	(1,692)	(100.0)%
Total revenues	<u>\$ 146,593</u>	<u>\$ 170,586</u>	<u>(14.1)%</u>

For the three months ended March 31, 2018, total revenue was \$146.6 million, down from revenue of \$170.6 million for the same period in the prior year, representing a decrease of \$24.0 million or 14%. For the three months ended March 31, 2018, the Company experienced an increase in domestic capital revenues. This increase was offset by decreases in all other types of work except for coastal protection, which was mostly in line with the prior year period.

Capital dredging consists primarily of port expansion projects, which involve the deepening of channels and berthing basins to allow access by larger, deeper draft ships and the provision of land fill used to expand port facilities. In addition to port work, capital projects also include coastal restoration and land reclamations, trench digging for pipelines, tunnels and cables, and other dredging related to the construction of breakwaters, jetties, canals and other marine structures. Domestic capital dredging for the three months ended March 31, 2018 was \$77.0 million compared to \$66.6 million for the same period in 2017, representing an increase of \$10.4 million, or 16%. For the three months ended March 31, 2018, the higher domestic capital dredging revenues were primarily related to a greater amount of revenue earned on coastal restoration projects during the first three months of 2018 as compared to the same period in the prior year. This increase was partially offset by a greater amount of revenue earned on a deepening project on the Delaware River and a liquefied natural gas (“LNG”) project in Texas during the first quarter of 2017. The Savannah Harbor deepening project and the Charleston entrance channel deepening project also contributed to revenue for the three months ended March 31, 2018.

Foreign capital projects typically involve land reclamations, channel deepening and port infrastructure development. For the three months ended March 31, 2018, foreign capital revenue was \$5.5 million which is \$13.7 million, or 71%, lower than revenue of \$19.2 million during the first three months of 2017. The decrease in revenue for the three months ended March 31, 2018 was mostly attributable to a greater amount of revenue earned on a project in Saudi Arabia during the first three months of 2017. During the first quarter of 2018, the Company substantially completed the closeout of its Brazil operations. The absence of projects in Brazil during the current year contributed to the change in revenue for the period. Two projects in Bahrain also contributed to revenue during the three months ended March 31, 2018.

Coastal protection projects involve moving sand from the ocean floor to shoreline locations where erosion threatens shoreline assets. Coastal protection revenue for the three months ended March 31, 2018 was \$41.9 million, up \$1.6 million or 4%, from \$40.3 million for the first three months of 2017. The slight increase in coastal protection revenue for the three months ended March 31, 2018 was mostly attributable to revenue earned on projects in South Carolina and Florida. This increase was mostly offset by a lower amount of revenue earned during the current year on large projects in New Jersey and New York for the repair of shorelines damaged as a result of Superstorm Sandy and winter storms as compared to the same period in 2017. Additionally, revenue for the first quarter of 2017 included a project in Virginia that did not repeat during the current year period.

Maintenance dredging consists of the re-dredging of previously deepened waterways and harbors to remove silt, sand and other accumulated sediments. Due to natural sedimentation, most channels generally require maintenance dredging every one to three years, thus creating a recurring source of dredging work that is typically non-deferrable if optimal navigability is to be maintained. In addition, severe weather such as hurricanes, flooding and droughts can also cause the accumulation of sediments and drive the need for maintenance dredging. Maintenance revenue for the first three months of 2018 was \$7.8 million, a decrease of \$14.1 million, or 64%, compared to \$21.9 million for the comparable period in the prior year. The decrease in maintenance dredging revenues for the first three months of 2018 was mostly attributable to a greater volume of projects worked during the first quarter of 2017. Maintenance projects in Delaware, Maryland and Virginia contributed to revenue during the first three months of 2018.

Rivers & lakes dredging and related operations typically consist of lake and river dredging, inland levee and construction dredging, environmental restoration and habitat improvement and other marine construction projects. Rivers & lakes revenue for the three months ended March 31, 2018 was \$1.5 million, down \$3.6 million, or 70%, from \$5.1 million in the first three months of 2017. The decrease in rivers & lakes revenue for the three months ended March 31, 2018 was driven by work on a greater volume of projects during the first three months of 2017. Work on projects in Mississippi and New Jersey contributed to revenue during the three months ended March 31, 2018.

The environmental & infrastructure segment provides environmental and geotechnical construction as well as soil, water and sediment environmental remediation. Environmental and geotechnical construction includes the creation, repair or stabilization of environmental barriers including slurry walls, in-situ stabilization, coal combustion residuals pond cap and close, dam and levee rehabilitation, deep soil mixing and other specialty civil construction. Remediation involves the containment, immobilization or removal of contamination from an environment through the use of any combination of isolation, treatment or exhumation techniques, including off-site disposal, based on the quantity and severity of the contamination. For the three months ended March 31, 2018, the environmental & infrastructure segment recorded revenues of \$13.0 million, a \$6.2 million, or 32%, decrease from \$19.2 million for the same prior year period. Environmental & infrastructure revenue for the first three months of 2018 included work on remediation projects in New Jersey and California and a geotechnical project in Texas. Revenue on these projects was offset by greater revenue earned in the prior year on remediation projects in Florida, Pennsylvania and Colorado in addition to emergency work that did not repeat during the current year.

Consolidated gross profit for the three months ended March 31, 2018 was \$14.7 million, down \$0.1 million, or 1%, compared to \$14.8 million in the same period of the prior year. Gross profit margin for the three months ended March 31, 2018 was up slightly to 10.0% from 8.7% in the first three months of 2017. The gross profit for the first quarter of 2018 includes \$4.3 million of restructuring charges related to asset retirements and the closeout of the Company’s Brazil operations. During the three months ended March 31, 2018, the

Company incurred lower plant costs when compared to the same period of the prior year resulting from the retirement of certain underperforming and underutilized assets. This change was partially offset by a major unplanned mechanical delay in the domestic fleet which negatively impacted the Company's gross profit for the three months ended March 31, 2018. Further, the Company experienced a lower margin in the environmental & infrastructure segment primarily attributable to a project loss and lower fixed cost coverage on plant due to lower volume of work during the first quarter of 2018.

General and administrative expenses for the three months ended March 31, 2018 and 2017 totaled \$15.9 million and \$16.8 million, respectively. The \$0.9 million decrease in general and administrative expenses for the first three months of 2018 was attributable to a \$0.5 million decrease in payroll and benefits expense associated with restructuring savings initiatives, a \$0.5 million decrease in technical and consulting fees and a \$0.3 million decrease in other office expenses, mostly offset by a \$0.6 million increase and legal and professional fees as compared to the same period in the prior year. The general and administrative expense during the first quarter of 2018 includes \$0.2 million of charges associated with restructuring.

For the three months ended March 31, 2018, the Company experienced an operating loss of \$1.0 million, a change of \$1.0 million, from an operating loss of \$2.0 million in the same prior year period. The change in operating loss for the first quarter of 2018 was a result of lower general and administrative expenses partially offset by lower gross profit compared to the same period in the prior year, as described above. Further, the Company recorded a gain on sale of assets of \$0.2 million which also contributed to the positive change in operating loss compared to the first quarter of 2017.

Net interest expense for the three months ended March 31, 2018 was \$8.7 million, up \$3.1 million, or 55%, from interest expense of \$5.6 million for the same period in the prior year. The increase in interest expense for the three months ended March 31, 2018 was primarily attributable to an increase in interest expense related to the higher principal on the Company's new senior notes and higher interest expense associated with the Company's senior secured revolving credit facility as compared to the same period in the prior year.

For the three months ended March 31, 2018 and 2017, the income tax benefit was \$3.3 million and \$2.8 million, respectively. The effective tax rate for the three months ended March 31, 2018 was 26.1%, lower than the effective tax rate of 37.9% for the same period of 2017. The change in effective tax rate is attributable to the recent Tax Cuts and Jobs Act enacted in the fourth quarter of 2017.

The Company experienced a net loss from continuing operations of \$9.3 million and a diluted loss per share attributable to continuing operations of \$0.15 for the three months ended March 31, 2018, compared to a net loss from continuing operations of \$4.6 million and a diluted loss per share attributable to continuing operations of \$0.07 for the same period of 2017. The change in net loss from continuing operations for the three months ended March 31, 2018 was driven by the increase in interest expense, as described above, as well as a \$2.0 million charge to other income (expense) for the reversal of a currency translation adjustment related to the closeout of the Company's Brazil operations during the current year. These items were partially offset by positive changes to operating loss and income tax benefit, as noted above, during the first three months of 2018 when compared to the same period in the prior year.

Adjusted EBITDA from continuing operations (as defined on page 24) for the three months ended March 31, 2018 was \$11.7 million in line with Adjusted EBITDA from continuing operations of \$11.7 million for the same prior year period. The change in Adjusted EBITDA from continuing operations during the first three months of 2018 was attributable to higher gross profit, excluding depreciation, mostly offset by the \$2.0 million charge to other income (expense), as described above.

Results by segment

Dredging

Dredging segment revenues for the three months ended March 31, 2018 were \$133.6 million, down \$19.5 million, or 13%, compared to revenues of \$153.1 million for the same prior year period. For the three months ended March 31, 2018, the dredging segment the experienced an increase in domestic capital revenues. This increase was offset by decreases in all other types of work except for coastal protection, which was mostly in line with the prior year period. This change in current year revenues was mostly attributable to a greater volume of maintenance projects worked during the first quarter of 2017 as well as a greater amount of revenue earned on a project in Saudi Arabia during the first three months of 2017 as compared to the current year period. These negative impacts to the change in revenue year over year were partially offset by higher domestic capital dredging revenues related to revenue earned on coastal restoration projects during the first three months of 2018.

For the three months ended March 31, 2018, the dredging segment gross profit was \$14.1 million, up from a gross profit of \$13.1 million in the same period of 2017. Further, dredging segment gross profit margin for the three months ended March 31, 2018 increased to 10.6% from gross profit margin of 8.6% for the three months of 2017. The increase in dredging segment gross profit for

the three months ended March 31, 2018 was attributable to lower spend on plant costs during the current year when compared to the same period of the prior year resulting from the retirement of certain underperforming and underutilized assets. This change was partially offset by a major unplanned mechanical delay in the domestic fleet which negatively impacted the Company's gross profit for the three months ended March 31, 2018.

Dredging segment operating income for the three months ended March 31, 2018 was \$2.2 million, a \$1.5 million increase from \$0.7 million in the first three months of 2017. The change in operating income for the three months ended March 31, 2018 is primarily attributable to higher gross profit, as described above. General and administrative expenses within the dredging segment declined slightly during the first quarter of 2018, mostly related to decreases in payroll and benefits expense of \$0.3 million resulting from restructuring savings initiatives. The Company recorded a gain on sale of assets of \$0.2 million during the first three months of 2018 which further contributed to the positive change in operating income compared to the first quarter of 2017.

Environmental & infrastructure

Environmental & infrastructure segment revenues for the three months ended March 31, 2018 were \$13.0 million, down \$6.2 million, or 32%, from revenue of \$19.2 million for the first three months of 2017. Environmental & infrastructure revenues for the first three months of 2018 included work on remediation projects in New Jersey and California and a geotechnical project in Texas. Revenue on these projects was offset by greater revenue earned in the prior year on remediation projects in Florida, Pennsylvania and Colorado in addition to emergency work that did not repeat during the current year.

The environmental & infrastructure segment experienced a gross profit of \$0.6 million and \$1.7 million for the three months ended March 31, 2018 and 2017, respectively. For the first three months of 2018, the environmental & infrastructure segment experienced a gross profit margin of 4.6% compared to 8.9% for the same period of the prior year. The change in gross profit during the three months ended March 31, 2018 was driven lower margin resulting from a project loss and lower fixed cost coverage on plant due to lower volume of work during the first quarter of 2018.

For the three months ended March 31, 2018, the environmental & infrastructure segment experienced an operating loss of \$3.2 million, a change of \$0.5 million compared to an operating loss of \$2.7 million for the same period of the prior year. The change in operating loss for the three months ended March 31, 2018 is mostly attributable to the decrease in gross profit, as described above, partially offset by a decrease in general and administrative expenses. The environmental & infrastructure segment experienced decreases in payroll and benefits expense of \$0.2 million resulting from restructuring savings initiatives and technical and consulting fees of \$0.1 million.

Bidding activity and backlog

The following table sets forth, by reporting segment and type of dredging work, the Company's backlog as of the dates indicated:

Backlog (in thousands)	March 31, 2018	December 31, 2017	March 31, 2017
Dredging:			
Capital - U.S.	\$ 383,132	\$ 383,577	\$ 262,609
Capital - foreign	6,225	8,575	20,009
Coastal protection	43,211	76,460	85,228
Maintenance	25,586	23,662	48,146
Rivers & lakes	16,734	19,046	40,591
Dredging Backlog	474,888	511,320	456,583
Environmental & infrastructure	38,111	35,357	59,707
Total Backlog	\$ 512,999	\$ 546,677	\$ 516,290

The Company's contract backlog represents its estimate of the revenues that will be realized under the portion of the contracts remaining to be performed. For dredging and environmental & infrastructure contracts these estimates are based on the time and remaining costs required to complete the project relative to total estimated project costs and project revenues agreed to with the customer. However, these estimates are necessarily subject to variances based upon actual circumstances. Because of these factors, as well as factors affecting the time required to complete each job, backlog is not always indicative of future revenues or profitability. Also, 89% of the Company's March 31, 2018 dredging backlog relates to federal government contracts, which can be canceled at any time without penalty to the government, subject to the Company's contractual right to recover the Company's actual committed costs and profit on work performed up to the date of cancellation. The Company's backlog may fluctuate significantly from quarter to quarter based upon the type and size of the projects the Company is awarded from the bid market. A quarterly increase or decrease of

the Company's backlog does not necessarily result in an improvement or a deterioration of the Company's business. The Company's backlog includes only those projects for which the Company has obtained a signed contract with the customer.

The domestic dredging bid market for the three months ended March 31, 2018 was \$332.6 million, an increase of \$124.6 million, compared to the first three months of 2017. Awards during the current year period included the Boston Harbor deepening project, the option on the Charleston entrance channel deepening project, maintenance work in Louisiana and on the West Coast, an LNG project in Texas, a coastal protection project in Florida and a project on the Ohio River. The bid market for the three months ended March 31, 2018 improved over the prior year due to higher amounts of capital, maintenance and rivers & lakes projects being bid offset by slightly lower coastal protection projects awarded. For the contracts awarded in the current year, the Company won 100%, or \$4.9 million, of the coastal protection projects, 35%, or \$65.1 million, of the domestic capital projects, 7%, or \$8.6 million, of the maintenance projects and no rivers & lakes projects through March 31, 2018. The Company won 24% of the overall domestic bid market for the first three months of 2018, which is below the Company's prior three year average of 46%. Variability in contract wins from quarter to quarter is not unusual and one quarter's win rate is generally not indicative of the win rate the Company is likely to achieve for a full year.

The Company's contracted dredging backlog was \$474.9 million at March 31, 2018 compared to \$511.3 million of backlog at December 31, 2017. These amounts do not reflect approximately \$151.4 million of domestic low bids pending formal award and additional phases ("options") pending on projects currently in backlog at March 31, 2018. At December 31, 2017 the amount of domestic low bids and options pending award was \$69.9 million.

Domestic capital dredging backlog at March 31, 2018 was \$0.4 million lower than at December 31, 2017. During the first three months of 2018, the Company was awarded the option on the Charleston entrance channel deepening project. For the three months ended March 31, 2018, the Company continued to earn revenue on several coastal restoration projects in Louisiana, the Savannah Harbor deepening project and an LNG project in Texas which were in backlog at December 31, 2017. The Company completed work on a multi-year deepening project on the Delaware River during the first quarter of 2018. The Panama Canal expansion was completed during the second quarter of 2016, which continues to put pressure on the ports on the East Coast to continue with their studies and plans to deepen and widen in anticipation of the post-Panamax vessels. Further, additional phases of Jacksonville continue to look promising to potentially bid in 2018. In April 2016, the federal court in New Orleans approved the October 2015 settlement, of approximately \$20 billion, between the United States, the five Gulf States and BP for damages from the Deepwater Horizon oil spill. Louisiana will receive a minimum of \$6.8 billion for claims related to natural resource damages under the Oil Pollution Act, Clean Water Act as civil penalties, and the State's various economic claims. Many of the Gulf States previously committed to spending a portion of the fines received to repair the natural resources impacted by the oil spill, including on coastal restoration projects that include dredging. Although the bulk of the fines are to be paid over the next decade, the Company expects several coastal restoration projects envisioned by the States to come to fruition in the next couple of years providing a new source of domestic capital dredging projects on which the Company will bid. Further, the Company is encouraged by the current administration's focus on repairing and rebuilding America's infrastructure, including our nation's ports and waterways.

Foreign capital dredging backlog at March 31, 2018 was \$2.4 million lower than at December 31, 2017. During the second quarter of 2017, the Company was the low bidder on a \$68 million project in Bahrain which the Company expects to be awarded by the second quarter of 2018. During the first three months of 2018, the Company continued to earn revenue on projects in the Middle East which were in backlog at December 31, 2017. During the first quarter of 2018, the Company completed work on a multi-year project in Saudi Arabia. Upcoming projects expected to be awarded are not being completed under the tight time constraints that were required on prior years' large infrastructure projects. As a result, anticipated margins in the current year are expected to be lower than margins experienced internationally over the past several years. The world's need for reclaimed land continues to expand to support global energy consumption, seaborne trade, population growth and tourism, all of which are expected to add nearly 400 viable dredging projects over the next six years.

Coastal protection dredging backlog at March 31, 2018 was \$33.2 million lower than at December 31, 2017. In the first three months of 2018, the Company was awarded a \$5 million coastal protection project in Georgia. During the first three months of 2018, the Company continued to earn revenue on coastal protection projects in New Jersey, South Carolina and Florida which were in backlog at December 31, 2017. Funding related to Northeastern U.S. beach replenishment continues to be released and the Company is anticipating these new dredging projects along the coast to continue throughout 2018. Federal and state government actions continue to support the repair and improvement of America's coastline through the completion of protective beaches and berms. During February 2018, the U.S. Senate Committee on Appropriations announced the supplemental appropriations for disaster relief and recovery which includes \$17.4 billion for the Corps to fund projects that will reduce the risk of future damage from flood and storm events. Although it is uncertain the impact that this will have on the dredging market, the Company believes it is a positive indicator for work in the coastal protection and restoration markets.

Maintenance dredging backlog was up \$1.9 million from December 31, 2017. During the first three months of 2018, the Company was awarded a maintenance project in Texas. During the first three months of 2018, the Company continued to earn revenue on projects in Maryland, Virginia and Delaware which were in backlog at December 31, 2017. In March 2018, Congress approved and the President signed an omnibus spending bill through fiscal year 2018. The spending bill continues the increases in the budget for the Corps and exceeds the increase in Harbor Maintenance Trust Fund (“HMTF”) spending for maintenance dredging as required by the 2014 Water Resources and Development Act. Further, the water resources development bill, rebranded as the Water Infrastructure Improvements for the Nation Act (“WIIN”) was enacted during the fourth quarter of 2016. WIIN emphasizes previous Water Resources Reform and Development Act (“WRRDA”) language which calls for full use of the HMTF for its intended purpose of maintaining future access to the waterways and ports that support our nation’s economy. Further, WIIN ensures that Harbor Maintenance Tax (“HMT”) funding targets will increase by three percent over the prior year, even if the HMT revenue estimates decrease, to continue annual progress towards full use of the HMT by 2025. Through the increased appropriation of HMTF monies, the Company anticipates an increase in harbor projects to be let for bid throughout 2018 and beyond.

Rivers & lakes backlog at March 31, 2018 was down by \$2.3 million from backlog at December 31, 2017. For the three months ended March 31, 2018, the Company continued to earn revenue on projects in New Jersey and Mississippi which were in backlog at December 31, 2017.

Environmental & infrastructure services backlog increased \$2.8 million from December 31, 2017. During the first three months of 2018, the Company was awarded four remediation projects and three geotechnical projects. For the three months ended March 31, 2018, the Company continued to earn revenue on remediation projects in New Jersey, California and Texas which were in backlog at December 31, 2017. As part of the environmental & infrastructure segment’s initiatives, the Company intends to focus on geographical expansion in the geotechnical services business. The Company anticipates an increase in levee work in 2018 due to the recent flooding in the Northwest. Additionally, the Company anticipates additional contracting opportunities arising from the transformation of the U.S. energy infrastructure, specifically related to the remediation requirements as mandated by the Environmental Protection Agency’s rule to regulate the disposal of coal combustion residuals from electric utilities promulgated in June 2015.

Liquidity and capital resources

The Company’s principal sources of liquidity are net cash flows provided by operating activities and proceeds from previous issuances of long term debt. The Company’s principal uses of cash are to meet debt service requirements, finance capital expenditures, provide working capital and other general corporate purposes.

The Company’s cash provided by (used in) operating activities of continuing operations for the three months ended March 31, 2018 and 2017 totaled \$4.6 million and \$(5.1) million, respectively. Normal increases or decreases in the level of working capital relative to the level of operational activity impact cash flow from operating activities. The increase in cash provided by operating activities of continuing operations in the first three months of 2018 compared to the same period in the prior year was driven by a greater investment in working capital during the prior year period. This increase was partially offset by a higher net income from continuing operations in the first quarter of 2017.

The Company’s cash flows used in investing activities for the first three months of 2018 and 2017 totaled \$2.5 million and \$17.2 million, respectively. Investing activities primarily relate to normal course upgrades and capital maintenance of the Company’s dredging fleet. During the three months ended March 31, 2018, the Company received \$4.5 million in cash proceeds from a sale-leaseback of a dredge. During the three months ended March 31, 2018, the Company spent \$1.6 million on the Company’s dual mode articulated tug/barge trailing suction hopper dredge, the *Ellis Island*, compared to \$13.4 million in the same period in the prior year.

The Company’s cash flows provided by (used in) financing activities for the three months ended March 31, 2018 and 2017 totaled \$(5.2) million and \$10.9 million, respectively. The decrease in cash provided by financing activities primarily relates to changes in the net borrowings on Company’s revolving credit facility. The Company had \$4 million of repayments on its revolving credit facility during the first quarter of 2018 compared to net borrowings of \$11.4 million during the same quarter of the prior year.

Credit agreement

On December 30, 2016, the Company, Great Lakes Dredge & Dock Company, LLC, NASDI Holdings, LLC, Great Lakes Dredge & Dock Environmental, Inc., Great Lakes Environmental & Infrastructure Solutions, LLC and Great Lakes Environmental & Infrastructure, LLC (collectively, the “Credit Parties”) entered into a revolving credit and security agreement, as subsequently amended, (the “Credit Agreement”) with certain financial institutions from time to time party thereto as lenders, PNC Bank, National Association, as Agent, PNC Capital Markets, The PrivateBank and Trust Company, Suntrust Robinson Humphrey, Inc., Capital One,

National Association and Bank of America, N.A., as Joint Lead Arrangers and Joint Bookrunners, Texas Capital Bank, National Association, as Syndication Agent and Woodforest National Bank, as Documentation Agent. The Credit Agreement, which replaced the Company's former revolving credit agreement, provides for a senior secured revolving credit facility in an aggregate principal amount of up to \$250 million, subfacilities for the issuance of standby letters of credit up to a \$250 million sublimit and swingline loans up to a \$25 million sublimit. The maximum borrowing capacity under the Credit Agreement is determined by a formula and may fluctuate depending on the value of the collateral included in such formula at the time of determination. The Credit Agreement also includes an increase option that will allow the Company to increase the senior secured revolving credit facility by an aggregate principal amount of up to \$100 million. This increase is subject to lenders providing incremental commitments for such increase, the Credit Parties having adequate borrowing capacity and that no default or event of default exists both before and after giving effect to such incremental commitment increase.

The Credit Agreement also provides for certain actions contemplated in the plan of restructuring with respect to the Company's 2017 and 2018 fiscal years including allowing up to an aggregate of \$20 million of expenses related to the buy-out of operating leases and allowing capital expenditures planned but not incurred by all Credit Parties in fiscal year 2017 to be carried forward to fiscal year 2018; provided further that, the aggregate amount of all capital expenditures incurred by all Credit Parties in fiscal years 2017 and 2018 does not exceed \$135 million. Additionally, the Credit Agreement contains acknowledgments and agreements from the Agent and the required lenders with respect to certain EBITDA add-backs for fiscal years 2017 and 2018 described therein. Refer to Note 8, Restructuring charges, in the company's financial statements.

The Credit Agreement contains customary representations and affirmative and negative covenants, including a springing financial covenant that requires the Credit Parties to maintain a fixed charge coverage ratio (ratio of earnings before income taxes, depreciation and amortization, net interest expenses, non-cash charges and losses and certain other non-recurring charges, minus capital expenditures, income and franchise taxes, to net cash interest expense plus scheduled cash principal payments with respect to debt plus restricted payments paid in cash) of not more than 1.10 to 1.00. The Company is required to maintain this ratio if its availability under the Credit Agreement falls below \$31.3 million for five consecutive days or \$25.0 million for one day. The Credit Parties are also restricted in the amount of capital expenditures they may make in each fiscal year. The Credit Agreement also contains customary events of default (including non-payment of principal or interest on any material debt and breaches of covenants) as well as events of default relating to certain actions by the Company's surety bonding providers. The obligations of the Credit Parties under the Credit Agreement will be unconditionally guaranteed, on a joint and several basis, by each existing and subsequently acquired or formed material direct and indirect domestic subsidiary of the Company. Borrowings under the Credit Agreement were or will be used to refinance existing indebtedness under the Company's former revolving credit agreement, refinance existing indebtedness under the Company's former term loan agreement, pay fees and expenses related to the Credit Agreement, finance acquisitions permitted under the Credit Agreement, finance ongoing working capital and for other general corporate purposes. The Credit Agreement matures on December 30, 2019.

The obligations under the Credit Agreement are secured by substantially all of the assets of the Credit Parties. The outstanding obligations thereunder shall be secured by a valid first priority perfected lien on substantially all of the vessels of the Credit Parties and a valid perfected lien on all domestic accounts receivable and substantially all other assets of the Credit Parties, subject to the permitted liens and interests of other parties (including the Company's surety bonding providers).

Interest on the senior secured revolving credit facility of the Credit Agreement is equal to either a base rate option or LIBOR option, at the Company's election. The base rate option is (1) the base commercial lending rate of PNC Bank, National Association, as publically announced plus (2)(a) an interest margin of 2.0% or (b) after the date on which a borrowing base certificate is required to be delivered under Section 9.2 of the Credit Agreement (commencing with the fiscal quarter ending December 31, 2017, the "Adjustment Date"), an interest margin ranging between 1.5% and 2.0% depending on the quarterly average undrawn availability on the senior secured revolving credit facility. The LIBOR option is the sum of (1) LIBOR and (2)(a) an interest margin of 3.0% or (b) after the Adjustment Date, an interest rate margin ranging between 2.5% to 3.0% per annum depending on the quarterly average undrawn availability on the senior secured revolving credit facility. The Credit Agreement is subject to an unused fee ranging from 0.25% to 0.375% per annum depending on the amount of average daily outstanding under the senior secured revolving credit facility.

As of March 31, 2018, the Company had \$91.0 million of borrowings on the revolver and \$31.2 million of letters of credit outstanding, resulting in \$77.1 million of availability under the Credit Agreement. The availability under the Credit Agreement is suppressed by \$50.7 million as of March 31, 2018 as a result of certain additional limitations set forth in the Credit Agreement.

Surety agreements

Performance and bid bonds are customarily required for dredging and marine construction projects, as well as some environmental & infrastructure projects. The Company has bonding agreements with Argonaut Insurance Company, Berkley Insurance Company, Chubb Surety and Liberty Mutual Insurance Company, under which the Company can obtain performance, bid and payment bonds.

The Company also has outstanding bonds with Travelers Casualty, Surety Company of America and Zurich American Insurance Company (“Zurich”). Bid bonds are generally obtained for a percentage of bid value and amounts outstanding typically range from \$1 million to \$10 million. At March 31, 2018, the Company had outstanding performance bonds totaling approximately \$1,211.6 million, of which \$41.1 million relates to projects from the Company’s historical environmental & infrastructure businesses. The revenue value remaining in backlog related to these projects totaled approximately \$474.9 million.

In connection with the sale of our historical demolition business, the Company was obligated to keep in place the surety bonds on pending demolition projects for the period required under the respective contract for a project and issued Zurich a letter of credit related to this exposure. In February 2017, the Company was notified by Zurich of an alleged default triggered on a historical demolition surety performance bond in the aggregate of approximately \$20 million for failure of the contractor to perform in accordance with the terms of a project. In May 2017, Zurich drew upon the letter of credit in the amount of \$20.9 million. In order to fund the draw on the letter of credit, the Company had to increase the borrowings on its revolving credit facility. As the outstanding letters of credit previously reduced our availability under the revolving credit facility, this draw down on our letter of credit does not impact our liquidity or capital availability.

Pursuant to the terms of sale of our historical demolition business, the Company received an indemnification from the buyer for losses resulting from the bonding arrangement. The Company intends to aggressively pursue enforcement of the indemnification provisions if the buyer of the historical demolition business is found to be in default of its obligations. The Company cannot estimate the amount or range of recoveries related to the indemnification or resolution of the Company’s responsibilities under the surety bond. The surety bond claim impact has been included in discontinued operations and is discussed in Note 11, Business dispositions, to the Company’s condensed consolidated financial statements.

Senior notes

In May 2017, the Company issued \$325 million in aggregate principal amount of its 8% senior notes (“8% Senior Notes”) due May 15, 2022. Approximately \$283 million of the net proceeds from the issuance of the 8% Senior Notes were used to prepay all of the Company’s 7.375% senior notes due February 2019, including a tender premium and accrued and unpaid interest. Interest on the 8% Senior Notes is payable semi-annually in arrears on May 15 and November 15 of each year, beginning on November 15, 2017. The 8% Senior Notes are senior unsecured obligations of the Company and will be guaranteed on a senior unsecured basis by the guarantors and any other subsidiary guarantors that from time to time become parties to the indenture. The terms of the indenture will, among other things, limit the ability of the Company and its restricted subsidiaries to (i) pay dividends, or make certain other restricted payments or investments; (ii) incur additional indebtedness and issue disqualified stock; (iii) create liens on their assets; (iv) transfer and sell assets; (v) enter into certain business combinations with third parties or into certain other transactions with affiliates; (vi) create restrictions on dividends or other payments by the Company’s restricted subsidiaries; and (vii) create guarantees of indebtedness by restricted subsidiaries. These covenants are subject to a number of important limitations and exceptions that are described in the indenture.

Other

The impact of changes in functional currency exchange rates against the U.S. dollar on non-U.S. dollar cash balances, primarily the Australian Dollar, is reflected in the cumulative translation adjustment—net within accumulated other comprehensive loss. Cash held in non-U.S. dollar currencies primarily is used for project-related and other operating costs in those currencies reducing the Company’s exposure to future realized exchange gains and losses.

The Company believes its cash and cash equivalents, its anticipated cash flows from operations and availability under its revolving credit facility will be sufficient to fund the Company’s operations, capital expenditures and the scheduled debt service requirements for the next twelve months. Beyond the next twelve months, the Company’s ability to fund its working capital needs, planned capital expenditures, scheduled debt payments and dividends, if any, and to comply with all the financial covenants under the Credit Agreement and bonding agreement, depends on its future operating performance and cash flows, which in turn, are subject to prevailing economic conditions and to financial, business and other factors, some of which are beyond the Company’s control.

Critical accounting policies and estimates

In preparing its consolidated financial statements, the Company follows GAAP, which is described in Note 1, Basis of presentation, to the Company’s December 31, 2017 Consolidated Financial Statements included on Form 10-K. The application of these principles requires significant judgments or an estimation process that can affect the results of operations, financial position and cash flows of the Company, as well as the related footnote disclosures. The Company continually reviews its accounting policies and financial information disclosures. Except as noted in Note 1, Basis of presentation, of the company’s financial statements, there have been no material changes in the Company’s critical accounting policies or estimates since December 31, 2017.

Item 3. Quantitative and Qualitative Disclosures about Market Risk.

The market risk of the Company's financial instruments as of March 31, 2018 has not materially changed since December 31, 2017. The market risk profile of the Company on December 31, 2017 is disclosed in Item 7A. "Quantitative and Qualitative Disclosures about Market Risk" of the Company's Annual Report on Form 10-K for the year ended December 31, 2017.

Item 4. Controls and Procedures.

a) Evaluation of disclosure controls and procedures.

Our management, with the participation of our Chief Executive Officer and Chief Financial Officer, evaluated the effectiveness of the Company's disclosure controls and procedures, as required by Rule 13a-15(b) and 15d-15(b) under the Securities Exchange Act of 1934 (the "Exchange Act") as of March 31, 2018. Our disclosure controls and procedures are designed to ensure that information required to be disclosed in the reports that we file or submit under the Exchange Act a) is accumulated and communicated to our management, including our Chief Executive Officer and Chief Financial Officer, as appropriate to allow timely decisions regarding disclosure and b) is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms.

Our Chief Executive Officer and Chief Financial Officer concluded that our disclosure controls and procedures were effective as of March 31, 2018 in providing such a reasonable assurance.

b) Changes in internal control over financial reporting.

There have been no changes in our internal control over financial reporting (as defined in Rule 13a-15(f) under the Exchange Act) during the fiscal quarter ended March 31, 2018 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II — Other Information

Item 1. Legal Proceedings.

See Note 9, Commitments and contingencies, in the Notes to Condensed Consolidated Financial Statements.

Item 1A. Risk Factors.

There have been no material changes, except for the following, during the three months ended March 31, 2018 to the risk factors previously disclosed in Item 1A. “Risk Factors” in the Company’s Annual Report on Form 10-K for the year ended December 31, 2017.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds.

None.

Item 3. Defaults Upon Senior Securities.

None.

Item 4. Mine Safety Disclosures.

Not applicable.

Item 5. Other Information

None.

Item 6. Exhibits

10.1	Restricted Stock Unit Award Notice pursuant to the Great Lakes Dredge & Dock Corporation 2017 Long-Term Incentive Plan. *†
10.2	Performance-Based Restricted Stock Unit Award Notice (Three Year Form) pursuant to the Great Lakes Dredge & Dock Corporation 2017 Long-Term Incentive Plan. *†
10.3	Performance-Based Restricted Stock Unit Award Notice (Two Year Form) pursuant to the Great Lakes Dredge & Dock Corporation 2017 Long-Term Incentive Plan. *†
10.4	Second Amended and Restated Employment Agreement between Great Lakes Dredge & Dock Corporation and Kathleen M. LaVoy, dated as of December 21, 2016. *†
18.1	Preferability Letter of Independent Registered Public Accounting Firm. *
31.1	Certification Pursuant to Rules 13a-14 and 15d-14 under the Securities Exchange Act of 1934, as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002. *
31.2	Certification Pursuant to Rules 13a-14 and 15d-14 under the Securities Exchange Act of 1934, as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002. *
32.1	Certification Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002. **
32.2	Certification Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002. **
101.INS	XBRL Instance Document. *
101.SCH	XBRL Taxonomy Extension Schema. *
101.CAL	XBRL Taxonomy Extension Calculation Linkbase. *
101.DEF	XBRL Taxonomy Extension Definition Linkbase. *
101.LAB	XBRL Taxonomy Extension Label Linkbase. *
101.PRE	XBRL Taxonomy Extension Presentation Linkbase. *

* Filed herewith

** Furnished herewith

† Compensatory plan or arrangement

[TIME-BASED RSU AGMT]

GREAT LAKES DREDGE & DOCK CORPORATION
2017 LONG-TERM INCENTIVE PLAN

Restricted Stock Unit Award Notice

[Participant Name]

You have been awarded a restricted stock unit award with respect to shares of common stock of Great Lakes Dredge & Dock Corporation, a Delaware corporation (the "Corporation"), pursuant to the terms and conditions of the Great Lakes Dredge & Dock Corporation 2017 Long-Term Incentive Plan (the "Plan") and the Restricted Stock Unit Award Agreement (together with this Award Notice, the "Agreement"). The Restricted Stock Unit Award Agreement is attached hereto and the Plan and the Restricted Stock Unit Award Agreement are available on Fidelity Investment's website at www.netbenefits.fidelity.com. Capitalized terms not defined herein shall have the meanings specified in the Plan or the Agreement.

Restricted Stock Units:

You have been awarded a restricted stock unit award with respect to *[Insert number of shares]* shares of Common Stock, subject to adjustment as provided in the Plan.

Grant Date:

[Grant Date]

Vesting Schedule:

Except as otherwise provided in the Plan, the Agreement or any other agreement between the Corporation or any of its Affiliates and Holder, the Award shall vest *[Insert Vesting Conditions]* subject thereto on the Grant Date, in each case, provided the Holder remains continuously employed by the Corporation through such date (each, a "Vesting Date").

GREAT LAKES DREDGE & DOCK CORPORATION

By: /s/ Lasse J. Petterson
Lasse J. Petterson
Chief Executive Officer

Acknowledgment, Acceptance and Agreement:

By accepting this grant on Fidelity Investment's website, I hereby accept the Performance-Based Restricted Stock Units granted to me and acknowledge and agree to be bound by the terms and conditions of this Award Notice, the Agreement and the Plan.

_Participant Name _____
«Participant_Name»

_Electronic Signature _____ Date ___ Acceptance Date _____
«Electronic_Signature

GREAT LAKES DREDGE & DOCK CORPORATION
2017 LONG-TERM INCENTIVE PLAN

RESTRICTED STOCK UNIT AWARD AGREEMENT

Great Lakes Dredge and Dock Corporation, a Delaware corporation (the “Corporation”), hereby grants to the individual (the “Holder”) named in the award notice attached hereto (the “Award Notice”) as of the date set forth in the Award Notice (the “Grant Date”), pursuant to the provisions of the Great Lakes Dredge & Dock Corporation 2017 Long-Term Incentive Plan (the “Plan”), a restricted stock unit award (the “Award”) with respect to the number of shares of the Corporation’s Common Stock, par value \$0.0001 per share (“Stock”), set forth in the Award Notice, upon and subject to the restrictions, terms and conditions set forth in the Plan and this agreement (the “Agreement”). Capitalized terms not defined herein shall have the meanings specified in the Plan.

1. Award Subject to Acceptance of Agreement. The Award shall be null and void unless the Holder accepts this Agreement by executing the Award Notice in the space provided therefor and returning an original execution copy of the Award Notice to the Corporation (or electronically accepting this Agreement within the Holder’s stock plan account with the Corporation’s stock plan administrator according to the procedures then in effect).

2. Rights as a Stockholder. The Holder shall not be entitled to any privileges of ownership with respect to the shares of Stock subject to the Award unless and until, and only to the extent, such shares become vested pursuant to Section 3 hereof and the Holder becomes a stockholder of record with respect to such shares. As of each date on which the Corporation pays a cash dividend to record owners of shares of Stock (a “Dividend Date”), then the number of shares subject to the Award shall increase by (i) the product of the total number of shares subject to the Award immediately prior to such Dividend Date multiplied by the dollar amount of the cash dividend paid per share of Stock by the Corporation on such Dividend Date, divided by (ii) the Fair Market Value of a share of Stock on such Dividend Date. Any such additional shares shall be subject to the same vesting conditions and payment terms set forth herein as the shares to which they relate.

3. Restriction Period and Vesting.

3.1. Vesting Conditions. The Award shall vest in accordance with the vesting schedule set forth in the Award Notice, provided the Holder remains continuously employed by the Corporation through the applicable vesting date or as otherwise provided for in an agreement between the Holder and the Company. The period of time prior to the vesting shall be referred to herein as the “Restriction Period.” In the event of the Holder’s termination, the portion of the Award that was not vested immediately prior to such termination, shall be immediately forfeited by the Holder and cancelled by the Company, except as otherwise set forth below.

3.2. Termination of Employment

(a) Death or Disability. Upon the Holder's Disability or death prior to the end of the Restriction Period, to the extent not previously forfeited, the Award shall be fully vested.

(b) Termination due to Retirement. Upon the Holder's termination of employment due to Retirement, to the extent not previously forfeited, the restricted stock units that are scheduled to vest on the next Vesting Date shall vest on such Vesting Date in an amount equal to the product of (i) the number of days beginning with the Grant Date or, if applicable, the prior Vesting Date (in the case of a termination due to Retirement after the first Vesting Date) and ending with the date of the Holder's termination due to Retirement divided by 365 times (ii) the number of restricted stock units that are scheduled to vest on the next Vesting Date. Any restricted stock units that do not vest in accordance with the formula shall be forfeited.

(c) Termination other than due to Retirement, Death or Disability. Subject to any employment or consulting agreement with the Holder that provides otherwise, if the Holder's employment with the Corporation terminates prior to the end of the Restriction Period by reason of (i) the Corporation's termination of the Holder's employment for any reason other than death or Disability or (ii) the Holder's resignation for any reason other than Retirement, then the Award shall be immediately forfeited by the Holder and cancelled by the Corporation.

3.3. Change in Control. Subject to the terms of the Plan relating to Replacement Awards, upon a Change in Control during the Restriction Period, the Committee may elect, in its sole discretion, to accelerate the vesting of some or all of the Award, provided, that no provision of this Agreement shall require the Committee to accelerate vesting pursuant to this sentence upon a Change in Control or any other event. In the event that the vesting of the Award is accelerated pursuant to this Section 3.3 or the terms of the Plan relating to Replacement Awards, then the Award shall be settled in cash within 70 days following the Change in Control; provided, however, if the Award is "non-qualified deferred compensation" subject to Section 409A of the Code and the "Change in Control" was not a "change in control event" within the meaning of Section 409A or to the extent such settlement would be prohibited under Section 409A of the Code, then the vested Award shall be settled in accordance with the normal vesting schedule or, if earlier, the Holder's death, Disability or next Vesting Date for a termination due to Retirement.

3.4. Definitions.

(a) "Disability" shall mean the Holder becoming unable to engage in any substantial gainful activity by reason of any medically determinable physical or mental impairment that can be expected to result in death or that has lasted or can be expected to last for a continuous period of not less than twelve (12) months.

(b) "Restrictive Covenant Agreement" shall mean an agreement between the Corporation or an Affiliate, in a form satisfactory to the Corporation or the Affiliate, governing confidentiality, non-solicitation of customers and/or employees, non-competition and/or similar matters, which may be a free-standing agreement or contained in an employment, consulting or other written agreement, and which may be entered into subsequent to the date of this

Agreement. In no event will any non-competition or non-solicitation provision contained within the Restrictive Covenant Agreement extend beyond the three-year anniversary of the Holder's termination due to Retirement.

(c) "Retirement" shall have the meaning set forth in any employment or consulting agreement between the Holder and the Corporation or an Affiliate; provided, however, if (1) a uniform definition of Retirement is not used either within a single agreement or across multiple employment or consulting agreements between the Holder and the Corporation or an Affiliate, (2) there is no such agreement, or (3) such agreement does not define Retirement, Retirement shall mean a Holder's termination of employment, other than for Cause, which meets all of the following criteria.

- (i) The sum of (x) the continuous full years of service by the Holder to the Corporation or an Affiliate and (y) the attained age in full years of the Holder on the date of the Holder's termination of employment total no less than 75 (the "Rule of 75"). A leave of absence which is agreed to between the Corporation and the Holder in writing for medical reasons or for military service shall not constitute a break in Service for this purpose.
- (ii) The Holder signs a Restrictive Covenant Agreement in anticipation of the Holder's Retirement, in the form provided to the Holder by the Corporation if the Corporation requests that the Holder do so, within the timeframe given to the Holder to sign by the Corporation.
- (iii) The Holder gives his or her direct supervisor, or in the case of the Chief Executive Officer, the Board, at least two months' prior written notice of his or her Retirement, or if the Holder is an officer of the Corporation, three months' prior written notice of his or her Retirement.

4. Issuance or Delivery of Shares. Subject to Section 7.12 and except as otherwise provided for herein, within 70 days after each Vesting Date (or, if earlier, a qualifying termination of employment or Change in Control, to the extent either event constitutes a settlement date for the Award), the Corporation shall issue or deliver, subject to the conditions of this Agreement, the vested shares of Stock to the Holder. Such issuance or delivery shall be evidenced by the appropriate entry on the books of the Corporation or of a duly authorized transfer agent of the Corporation. The Corporation shall pay all original issue or transfer taxes and all fees and expenses incident to such issuance or delivery, except as otherwise provided in Section 7. Prior to the issuance to the Holder of the shares of Stock subject to the Award, the Holder shall have no direct or secured claim in any specific assets of the Corporation or in such shares of Stock, and will have the status of a general unsecured creditor of the Corporation.

5. Recoupment. This award and any payment or shares of Stock delivered pursuant to this award may be subject to forfeiture, recovery by the Corporation or other action pursuant to any clawback or recoupment policy which the Corporation may adopt from time to time, including without limitation any such policy which the Corporation may be required to adopt under Section 304 of the Sarbanes-Oxley Act of 2002, the Dodd-Frank Wall Street Reform and

6. Transfer Restrictions and Investment Representation.

6.1. Nontransferability of Award. The Award may not be transferred by the Holder other than by will or the laws of descent and distribution. Except to the extent permitted by the foregoing sentence, the Award may not be sold, transferred, assigned, pledged, hypothecated, encumbered or otherwise disposed of (whether by operation of law or otherwise) or be subject to execution, attachment or similar process. Upon any attempt to so sell, transfer, assign, pledge, hypothecate, encumber or otherwise dispose of the Award, the Award and all rights hereunder shall immediately become null and void.

6.2. Investment Representation. The Holder hereby covenants that (a) any sale of any share of Stock acquired upon the vesting of the Award shall be made either pursuant to an effective registration statement under the Securities Act of 1933, as amended (the "Securities Act"), and any applicable state securities laws, or pursuant to an exemption from registration under the Securities Act and such state securities laws and (b) the Holder shall comply with all regulations and requirements of any regulatory authority having control of or supervision over the issuance of the shares and, in connection therewith, shall execute any documents which the Committee shall in its sole discretion deem necessary or advisable.

7. Additional Terms and Conditions of Award.

7.1. Withholding Taxes.

(a) As a condition precedent to the delivery to the Holder of any shares of Stock upon vesting of the Award, the Holder shall, upon request by the Corporation, pay to the Corporation such amount of cash as the Corporation may be required, under all applicable federal, state, local or other laws or regulations, to withhold and pay over as income or other withholding taxes (the "Required Tax Payments") with respect to the Award. If the Holder shall fail to advance the Required Tax Payments after request by the Corporation, the Corporation may, in its discretion, deduct any Required Tax Payments from any amount then or thereafter payable by the Corporation to the Holder or withhold shares of Stock.

(b) The Holder may elect to satisfy his or her obligation to advance the Required Tax Payments by any of the following means: (1) a cash payment to the Corporation; (2) delivery to the Corporation (either actual delivery or by attestation procedures established by the Corporation) of previously owned whole shares of Stock having a Fair Market Value, determined as of the date the obligation to withhold or pay taxes first arises in connection with the Award (the "Tax Date"), equal to the Required Tax Payments; (3) authorizing the Corporation to withhold from the shares otherwise to be delivered to the Holder pursuant to the Award, a number of whole Shares having a Fair Market Value, determined as of the Tax Date, equal to the Required Tax Payments; or (4) any combination of (1), (2) and (3). Shares to be delivered or withheld may not have a Fair Market Value in excess of the minimum amount of the Required Tax Payments. Any fraction of a share which would be required to satisfy such an

obligation shall be disregarded and the remaining amount due shall be paid in cash by the Holder. No shares shall be delivered until the Required Tax Payments have been satisfied in full.

7.2. Compliance with Applicable Law. The Award is subject to the condition that if the listing, registration or qualification of the shares of Stock subject to the Award upon any securities exchange or under any law, or the consent or approval of any governmental body, or the taking of any other action is necessary or desirable as a condition of, or in connection with, the delivery of shares hereunder, the shares of Stock subject to the Award shall not be delivered, in whole or in part, unless such listing, registration, qualification, consent, approval or other action shall have been effected or obtained, free of any conditions not acceptable to the Corporation. The Corporation agrees to use reasonable efforts to effect or obtain any such listing, registration, qualification, consent, approval or other action.

7.3. Award Confers No Rights to Continued Employment. In no event shall the granting of the Award or its acceptance by the Holder, or any provision of the Agreement or the Plan, give or be deemed to give the Holder any right to continued employment by the Corporation or any Affiliate or affect in any manner the right of the Corporation or any Affiliate to terminate the employment of any person at any time.

7.4. Decisions of Board or Committee. The Board or the Committee shall have the right to resolve all questions which may arise in connection with the Award. Any interpretation, determination or other action made or taken by the Board or the Committee regarding the Plan or this Agreement shall be final, binding and conclusive.

7.5. Successors. This Agreement shall be binding upon and inure to the benefit of any successor or successors of the Corporation and any person or persons who shall, upon the death of the Holder, acquire any rights hereunder in accordance with this Agreement or the Plan.

7.6. Notices. All notices, requests or other communications provided for in this Agreement shall be made, if to the Corporation, to Great Lakes Dredge & Dock Corporation, Attn: Chief Legal Officer, 2122 York Road, Oak Brook, IL 60523, and if to the Holder, to the last known mailing address of the Holder contained in the records of the Corporation. All notices, requests or other communications provided for in this Agreement shall be made in writing either (a) by personal delivery, (b) by facsimile or electronic mail with confirmation of receipt, (c) by mailing in the United States mails or (d) by express courier service. The notice, request or other communication shall be deemed to be received upon personal delivery, upon confirmation of receipt of facsimile or electronic mail transmission or upon receipt by the party entitled thereto if by United States mail or express courier service; provided, however, that if a notice, request or other communication sent to the Corporation is not received during regular business hours, it shall be deemed to be received on the next succeeding business day of the Corporation.

7.7. Governing Law. This Agreement, the Award and all determinations made and actions taken pursuant hereto and thereto, to the extent not governed by the laws of the United States, shall be governed by the laws of the State of Delaware and construed in accordance therewith without giving effect to principles of conflicts of laws.

7.8. Agreement Subject to the Plan. This Agreement is subject to the provisions of the Plan and shall be interpreted in accordance therewith. In the event that the provisions of this Agreement and the Plan conflict, the Plan shall control. The Holder hereby acknowledges receipt of a copy of the Plan.

7.9. Entire Agreement. This Agreement and the Plan constitute the entire agreement of the parties with respect to the subject matter hereof and supersede in their entirety all prior undertakings and agreements of the Corporation and the Holder with respect to the subject matter hereof, and may not be modified adversely to the Holder's interest except by means of a writing signed by the Corporation and the Holder.

7.10. Partial Invalidity. The invalidity or unenforceability of any particular provision of this Agreement shall not affect the other provisions hereof and this Agreement shall be construed in all respects as if such invalid or unenforceable provision was omitted.

7.11. Amendment and Waiver. The Corporation may amend the provisions of this Agreement at any time; provided that an amendment that would adversely affect the Holder's rights under this Agreement shall be subject to the written consent of the Holder. No course of conduct or failure or delay in enforcing the provisions of this Agreement shall affect the validity, binding effect or enforceability of this Agreement.

7.12. Compliance With Section 409A of the Code. This Award is intended to be exempt from or comply with Section 409A of the Code, and shall be interpreted and construed accordingly. To the extent this Agreement provides for the Award to become vested and be settled upon the Holder's termination of employment, the applicable shares of Stock shall be transferred to the Holder or his or her beneficiary upon the Holder's "separation from service," within the meaning of Section 409A of the Code; provided that if the Holder is a "specified employee," within the meaning of Section 409A of the Code, then to the extent the Award constitutes nonqualified deferred compensation, within the meaning of Section 409A of the Code, such shares of Stock shall be transferred to the Holder or his or her beneficiary upon the earlier to occur of (i) the six-month anniversary of such separation from service and (ii) the date of the Holder's death; provided, further, if the Holder is subject to another employment agreement or written arrangement in effect prior to the date hereof that requires a different time or form of payment of the Award, then this Agreement shall be governed by such other prior employment agreement or written arrangement to the extent required to comply with Section 409A of the Code. In the event the Holder satisfies the age and service requirements for Retirement and is subject to an employment agreement or written arrangement that provides for accelerated vesting upon a termination of employment following a Change in Control, the Award shall be settled upon such termination of employment to the extent that the "Change in Control" constitutes a "change in control event" within the meaning of Section 409A and such termination of employment occurs within two years following such Change in Control, otherwise the vested Award shall be settled upon the earlier to occur of the next Vesting Date, death, or Disability.

[PERFORMANCE-BASED RSU AGMT—THREE YEAR FORM]

**GREAT LAKES DREDGE & DOCK CORPORATION
2017 LONG-TERM INCENTIVE PLAN**

Performance-Based Restricted Stock Unit Award Notice

[Participant Name]

You have been awarded a performance-based restricted stock unit award with respect to shares of common stock of Great Lakes Dredge & Dock Corporation, a Delaware corporation (the "Corporation"), pursuant to the terms and conditions of the Great Lakes Dredge & Dock Corporation 2017 Long-Term Incentive Plan (the "Plan") and the Performance-Based Restricted Stock Unit Award Agreement (together with this Award Notice, the "Agreement"). The Performance-Based Restricted Stock Unit Award Agreement is attached hereto and the Plan and the Performance-Based Restricted Stock Unit Award Agreement are available on Fidelity Investment's website at www.netbenefits.fidelity.com. Capitalized terms not defined herein shall have the meanings specified in the Plan or the Agreement.

Restricted Stock Units:

You have been awarded a performance-based restricted stock unit award with respect to *[Insert number of shares]* shares of Common Stock, at target, subject to adjustment as provided in the Plan.

Grant Date:

[Grant Date]

Vesting Schedule:

Except as otherwise provided in the Plan, the Agreement or any other agreement between the Corporation or any of its Affiliates and Holder, the Award shall vest based on the achievement of the performance goals set forth in this Award Notice for each year during the January 1, 20__ through December 31, 20__ period (each year is referred to as the "Annual Performance Period" and, collectively, the Annual Performance Periods are referred to as the "Performance Period"), *[Insert Vesting Conditions]* (each, a "Vesting Date"). Any shares of Common Stock allocated to an Annual Performance Period that do not vest during such Annual Performance Period shall be forfeited.

Performance Conditions:

[Insert Performance Conditions]

GREAT LAKES DREDGE & DOCK CORPORATION

By: /s/ Lasse J. Petterson
Lasse J. Petterson
Chief Executive Officer

Acknowledgment, Acceptance and Agreement:

By accepting this grant on Fidelity Investment's website, I hereby accept the Performance-Based Restricted Stock Units granted to me and acknowledge and agree to be bound by the terms and conditions of this Award Notice, the Agreement and the Plan.

__ Participant Name _____

«Participant_Name»

__ Electronic Signature _____

Date __ Acceptance Date _____

«Electronic_Signature

GREAT LAKES DREDGE & DOCK CORPORATION
2017 LONG-TERM INCENTIVE PLAN

PERFORMANCE-BASED RESTRICTED STOCK UNIT AWARD AGREEMENT

Great Lakes Dredge and Dock Corporation, a Delaware corporation (the “Corporation”), hereby grants to the individual (the “Holder”) named in the award notice attached hereto (the “Award Notice”) as of the date set forth in the Award Notice (the “Grant Date”), pursuant to the provisions of the Great Lakes Dredge & Dock Corporation 2017 Long-Term Incentive Plan (the “Plan”), a performance-based restricted stock unit award (the “Award”) with respect to the number of shares of the Corporation’s Common Stock, par value \$0.0001 per share (“Stock”), set forth in the Award Notice, upon and subject to the restrictions, terms and conditions set forth in the Plan and this agreement (the “Agreement”). Capitalized terms not defined herein shall have the meanings specified in the Plan.

1. Award Subject to Acceptance of Agreement. The Award shall be null and void unless the Holder accepts this Agreement by executing the Award Notice in the space provided therefor and returning an original execution copy of the Award Notice to the Corporation (or electronically accepting this Agreement within the Holder’s stock plan account with the Corporation’s stock plan administrator according to the procedures then in effect).

2. Rights as a Stockholder. The Holder shall not be entitled to any privileges of ownership with respect to the shares of Stock subject to the Award unless and until, and only to the extent, such shares become vested pursuant to Section 3 hereof and the Holder becomes a stockholder of record with respect to such shares. As of each date on which the Corporation pays a cash dividend to record owners of shares of Stock (a “Dividend Date”), then the number of shares subject to the Award shall increase by (i) the product of the total number of shares subject to the Award immediately prior to such Dividend Date multiplied by the dollar amount of the cash dividend paid per share of Stock by the Corporation on such Dividend Date, divided by (ii) the Fair Market Value of a share of Stock on such Dividend Date. Any such additional shares shall be subject to the same vesting conditions and payment terms set forth herein as the shares to which they relate.

3. Restriction Period and Vesting.

3.1. Performance-Based Vesting Conditions. Subject to the remainder of this Section 3, the Stock shall vest pursuant to the terms of this Agreement and the Plan based on the achievement of the performance goals set forth in the Award Notice over the applicable performance period set forth in the Award Notice (each annual Performance Period is referred to as the “Annual Performance Period” and, collectively, the Annual Performance Periods are referred to as the “Performance Period”), provided that that the Holder remains in continuous employment with the Corporation through the applicable Vesting Date. Attainment of the performance goals shall be determined and certified by the Committee in writing prior to the settlement of the Award.

3.2. Termination of Employment

(a) Termination due to Death or Disability. If the Holder’s employment with the Corporation terminates prior to the end of the Performance Period by reason of the Holder’s death or a termination by the Corporation due to Disability, each Annual Performance Period shall continue through the last day thereof and the Holder shall be entitled to receive the number of shares earned at the end of each Annual Performance Period based on the actual performance during such Annual Performance

Period and the vested portion of the Award for such Annual Performance Period shall be settled within 70 days following the conclusion of such Annual Performance Period.

(b) Termination due to Retirement. If the Holder's employment with the Corporation terminates prior to the end of the Performance Period by reason of the Holder's Retirement, the Annual Performance Period in which the Retirement occurs shall continue through the last day thereof and the Holder shall be entitled to a prorated Award with respect to such Annual Performance Period. Such prorated Award shall be equal to the number of shares earned at the end of the Annual Performance Period based on the actual performance during such Annual Performance Period multiplied by a fraction, the numerator of which shall equal the number of days during the Annual Performance Period prior to the Holder's Retirement and the denominator of which shall equal the total number of days in such Annual Performance Period. The vested portion of the Award for such Annual Performance Period shall be settled within 70 days following the conclusion of such Annual Performance Period. In the event a Retirement, the Holder shall forfeit the portion of the Award relating to Annual Performance Periods commencing on or after the Holder's Retirement.

(c) Termination other than due to Retirement, Death or Disability. Subject to any employment or consulting agreement with the Holder that provides otherwise, if the Holder's employment with the Corporation terminates prior to the end of the Performance Period by reason of (i) the Corporation's termination of the Participant's employment for any reason other than death or Disability or (ii) the Participant's resignation for any reason other than Retirement, then the Award shall be immediately forfeited by the Holder and cancelled by the Corporation.

3.3. Change in Control. Upon a Change in Control during the Performance Period, (i) if the Award is not replaced with a Replacement Award (as determined by the Board or Committee), the Award shall vest as of the date of the Change in Control, based on the target performance level for any Annual Performance Period in which the Change in Control occurs or which is scheduled to commence following the Change in Control or (ii) the Committee may elect, in its sole discretion, to accelerate the vesting of some or all of the Award, provided, that this clause (ii) shall not require the Committee to accelerate vesting upon a Change in Control or any other event. In the event that the vesting of the Award is accelerated pursuant to this Section 3.3 or the terms of the Plan relating to Replacement Awards, then the Award shall be settled in cash within 70 days following the Change in Control; provided, however, if the Award is "non-qualified deferred compensation" subject to Section 409A of the Code and the "Change in Control" was not a "change in control event" within the meaning of Section 409A or to the extent such settlement would be prohibited under Section 409A of the Code, then the Award shall be settled in accordance with Section 4.

3.4. Definitions.

(a) "Disability" shall mean the Holder becoming unable to engage in any substantial gainful activity by reason of any medically determinable physical or mental impairment that can be expected to result in death or that has lasted or can be expected to last for a continuous period of not less than twelve (12) months.

(b) "Restrictive Covenant Agreement" shall mean an agreement between the Corporation or an Affiliate, in a form satisfactory to the Corporation or the Affiliate, governing confidentiality, non-solicitation of customers and/or employees, non-competition and/or similar matters, which may be a free-standing agreement or contained in an employment, consulting or other written agreement, and which may be entered into subsequent to the date of this Agreement. In no event will any non-competition or non-solicitation provision contained within

the Restrictive Covenant Agreement extend beyond the three-year anniversary of the Holder's termination due to Retirement.

(c) "Retirement" shall have the meaning set forth in any employment or consulting agreement between the Holder and the Corporation or an Affiliate; provided, however, if (1) a uniform definition of Retirement is not used either within a single agreement or across multiple employment or consulting agreements between the Holder and the Corporation or an Affiliate, (2) there is no such agreement, or (3) such agreement does not define Retirement, Retirement shall mean a Holder's termination of employment, other than for Cause, which meets all of the following criteria.

- (i) The sum of (x) the continuous full years of service by the Holder to the Corporation or an Affiliate and (y) the attained age in full years of the Holder on the date of the Holder's termination of employment total no less than 75 (the "Rule of 75"). A leave of absence which is agreed to between the Corporation and the Holder in writing for medical reasons or for military service shall not constitute a break in Service for this purpose.
- (ii) The Holder signs a Restrictive Covenant Agreement in anticipation of the Holder's Retirement, in the form provided to the Holder by the Corporation if the Corporation requests that the Holder do so, within the timeframe given to the Holder to sign by the Corporation.
- (iii) The Holder gives his or her direct supervisor, or in the case of the Chief Executive Officer, the Board, at least two months' prior written notice of his or her Retirement, or if the Holder is an officer of the Corporation, three months' prior written notice of his or her Retirement.

4. Issuance or Delivery of Shares. Subject to Section 7.12 and except as otherwise provided for herein, within 70 days after the vesting of the Award, the Corporation shall issue or deliver, subject to the conditions of this Agreement, the vested shares of Stock to the Holder. Such issuance or delivery shall be evidenced by the appropriate entry on the books of the Corporation or of a duly authorized transfer agent of the Corporation. The Corporation shall pay all original issue or transfer taxes and all fees and expenses incident to such issuance or delivery, except as otherwise provided in Section 7. Prior to the issuance to the Holder of the shares of Stock subject to the Award, the Holder shall have no direct or secured claim in any specific assets of the Corporation or in such shares of Stock, and will have the status of a general unsecured creditor of the Corporation.

5. Recoupment. The Holder acknowledges that the Holder is familiar with terms of the Corporation's *Statement of Policy Regarding Incentive Compensation Recoupment* (attached hereto as Exhibit A) (the "Policy"). The Holder further acknowledges that this Award is subject to the terms of the Policy, if and to the extent that the Policy, by its terms, applies to the Award and the Holder. The terms of the Policy (as it may be amended from time to time) are incorporated by reference herein and made a part of this Agreement.

6. Transfer Restrictions and Investment Representation.

6.1. Nontransferability of Award. The Award may not be transferred by the Holder other than by will or the laws of descent and distribution. Except to the extent permitted by the foregoing sentence, the Award may not be sold, transferred, assigned, pledged, hypothecated, encumbered or otherwise disposed of (whether by operation of law or otherwise) or be subject to execution, attachment or similar process. Upon any attempt to so sell, transfer, assign, pledge, hypothecate, encumber or otherwise dispose of the Award, the Award and all rights hereunder shall immediately become null and void.

6.2. Investment Representation. The Holder hereby covenants that (a) any sale of any share of Stock acquired upon the vesting of the Award shall be made either pursuant to an effective registration statement under the Securities Act of 1933, as amended (the "Securities Act"), and any applicable state securities laws, or pursuant to an exemption from registration under the Securities Act and such state securities laws and (b) the Holder shall comply with all regulations and requirements of any regulatory authority having control of or supervision over the issuance of the shares and, in connection therewith, shall execute any documents which the Committee shall in its sole discretion deem necessary or advisable.

7. Additional Terms and Conditions of Award.

7.1. Withholding Taxes.

(a) As a condition precedent to the delivery to the Holder of any shares of Stock upon vesting of the Award, the Holder shall, upon request by the Corporation, pay to the Corporation such amount of cash as the Corporation may be required, under all applicable federal, state, local or other laws or regulations, to withhold and pay over as income or other withholding taxes (the "Required Tax Payments") with respect to the Award. If the Holder shall fail to advance the Required Tax Payments after request by the Corporation, the Corporation may, in its discretion, deduct any Required Tax Payments from any amount then or thereafter payable by the Corporation to the Holder or withhold shares of Stock.

(b) The Holder may elect to satisfy his or her obligation to advance the Required Tax Payments by any of the following means: (1) a cash payment to the Corporation; (2) delivery to the Corporation (either actual delivery or by attestation procedures established by the Corporation) of previously owned whole shares of Stock having a Fair Market Value, determined as of the date the obligation to withhold or pay taxes first arises in connection with the Award (the "Tax Date"), equal to the Required Tax Payments; (3) authorizing the Corporation to withhold from the shares otherwise to be delivered to the Holder pursuant to the Award, a number of whole Shares having a Fair Market Value, determined as of the Tax Date, equal to the Required Tax Payments; or (4) any combination of (1), (2) and (3). Shares to be delivered or withheld may not have a Fair Market Value in excess of the minimum amount of the Required Tax Payments. Any fraction of a share which would be required to satisfy such an obligation shall be disregarded and the remaining amount due shall be paid in cash by the Holder. No shares shall be delivered until the Required Tax Payments have been satisfied in full.

7.2. Compliance with Applicable Law. The Award is subject to the condition that if the listing, registration or qualification of the shares of Stock subject to the Award upon any securities exchange or under any law, or the consent or approval of any governmental body, or the taking of any other action is necessary or desirable as a condition of, or in connection with, the delivery of shares hereunder, the shares of Stock subject to the Award shall not be delivered, in whole or in part, unless such listing, registration, qualification, consent, approval or other action shall have been effected or obtained, free of any conditions not acceptable to the Corporation. The Corporation agrees to use reasonable efforts to effect or obtain any such listing, registration, qualification, consent, approval or other action.

7.3. Award Confers No Rights to Continued Employment. In no event shall the granting of the Award or its acceptance by the Holder, or any provision of the Agreement or the Plan, give or be deemed to give the Holder any right to continued employment by the Corporation or any Affiliate or affect in any manner the right of the Corporation or any Affiliate to terminate the employment of any person at any time.

7.4. Decisions of Board or Committee. The Board or the Committee shall have the right to resolve all questions which may arise in connection with the Award. Any interpretation, determination or other action made or taken by the Board or the Committee regarding the Plan or this Agreement shall be final, binding and conclusive.

7.5. Successors. This Agreement shall be binding upon and inure to the benefit of any successor or successors of the Corporation and any person or persons who shall, upon the death of the Holder, acquire any rights hereunder in accordance with this Agreement or the Plan.

7.6. Notices. All notices, requests or other communications provided for in this Agreement shall be made, if to the Corporation, to Great Lakes Dredge & Dock Corporation, Attn: Chief Legal Officer, 2122 York Road, Oak Brook, IL 60523, and if to the Holder, to the last known mailing address of the Holder contained in the records of the Corporation. All notices, requests or other communications provided for in this Agreement shall be made in writing either (a) by personal delivery, (b) by facsimile or electronic mail with confirmation of receipt, (c) by mailing in the United States mails or (d) by express courier service. The notice, request or other communication shall be deemed to be received upon personal delivery, upon confirmation of receipt of facsimile or electronic mail transmission or upon receipt by the party entitled thereto if by United States mail or express courier service; provided, however, that if a notice, request or other communication sent to the Corporation is not received during regular business hours, it shall be deemed to be received on the next succeeding business day of the Corporation.

7.7. Governing Law. This Agreement, the Award and all determinations made and actions taken pursuant hereto and thereto, to the extent not governed by the laws of the United States, shall be governed by the laws of the State of Delaware and construed in accordance therewith without giving effect to principles of conflicts of laws.

7.8. Agreement Subject to the Plan. This Agreement is subject to the provisions of the Plan and shall be interpreted in accordance therewith. In the event that the

provisions of this Agreement and the Plan conflict, the Plan shall control. The Holder hereby acknowledges receipt of a copy of the Plan.

7.9. Entire Agreement. This Agreement and the Plan constitute the entire agreement of the parties with respect to the subject matter hereof and supersede in their entirety all prior undertakings and agreements of the Corporation and the Holder with respect to the subject matter hereof, and may not be modified adversely to the Holder's interest except by means of a writing signed by the Corporation and the Holder.

7.10. Partial Invalidity. The invalidity or unenforceability of any particular provision of this Agreement shall not affect the other provisions hereof and this Agreement shall be construed in all respects as if such invalid or unenforceable provision was omitted.

7.11. Amendment and Waiver. The Corporation may amend the provisions of this Agreement at any time; provided that an amendment that would adversely affect the Holder's rights under this Agreement shall be subject to the written consent of the Holder. No course of conduct or failure or delay in enforcing the provisions of this Agreement shall affect the validity, binding effect or enforceability of this Agreement.

7.12. Compliance With Section 409A of the Code. This Award is intended to be exempt from or comply with Section 409A of the Code, and shall be interpreted and construed accordingly. To the extent this Agreement provides for the Award to become vested and be settled upon the Holder's termination of employment, the applicable shares of Stock shall be transferred to the Holder or his or her beneficiary upon the Holder's "separation from service," within the meaning of Section 409A of the Code; provided that if the Holder is a "specified employee," within the meaning of Section 409A of the Code, then to the extent the Award constitutes nonqualified deferred compensation, within the meaning of Section 409A of the Code, such shares of Stock shall be transferred to the Holder or his or her beneficiary upon the earlier to occur of (i) the six-month anniversary of such separation from service and (ii) the date of the Holder's death; provided, further, if the Holder is subject to another employment agreement or written arrangement in effect prior to the date hereof that requires a different time or form of payment of the Award, then this Agreement shall be governed by such other prior employment agreement or written arrangement to the extent required to comply with Section 409A of the Code.

[PERFORMANCE-BASED RSU AGMT—TWO YEAR FORM]

GREAT LAKES DREDGE & DOCK CORPORATION
2017 LONG-TERM INCENTIVE PLAN**Performance-Based Restricted Stock Unit Award Notice****[Participant Name]**

You have been awarded a performance-based restricted stock unit award with respect to shares of common stock of Great Lakes Dredge & Dock Corporation, a Delaware corporation (the "Corporation"), pursuant to the terms and conditions of the Great Lakes Dredge & Dock Corporation 2017 Long-Term Incentive Plan (the "Plan") and the Performance-Based Restricted Stock Unit Award Agreement (together with this Award Notice, the "Agreement"). The Performance-Based Restricted Stock Unit Award Agreement is attached hereto and the Plan and the Performance-Based Restricted Stock Unit Award Agreement are available on Fidelity Investment's website at www.netbenefits.fidelity.com. Capitalized terms not defined herein shall have the meanings specified in the Plan or the Agreement.

Restricted Stock Units:

You have been awarded a performance-based restricted stock unit award with respect to *[Insert number of shares]* shares of Common Stock, at target, subject to adjustment as provided in the Plan.

Grant Date:

[Grant Date]

Vesting Schedule:

Except as otherwise provided in the Plan, the Agreement or any other agreement between the Corporation or any of its Affiliates and Holder, the Award shall vest based on the achievement of the performance goals set forth in this Award Notice for each year during the January 1, 20__ through December 31, 20__ period (each year is referred to as the "Annual Performance Period" and, collectively, the Annual Performance Periods are referred to as the "Performance Period"), with *[Insert Vesting Conditions]* (each, a "Vesting Date"). Any shares of Common Stock allocated to an Annual Performance Period that do not vest during such Annual Performance Period shall be forfeited.

Performance Conditions:

[Insert Performance Conditions]

GREAT LAKES DREDGE & DOCK CORPORATION

By: /s/ Lasse J. Petterson
Lasse J. Petterson
Chief Executive Officer

Acknowledgment, Acceptance and Agreement:

By accepting this grant on Fidelity Investments's website, I hereby accept the Performance-Based Restricted Stock Units granted to me and acknowledge and agree to be bound by the terms and conditions of this Award Notice, the Agreement and the Plan.

__ Participant Name _____

«Participant_Name»

__ Electronic Signature _____

Date _____ Acceptance Date _____

«Electronic_Signature»

GREAT LAKES DREDGE & DOCK CORPORATION
2017 LONG-TERM INCENTIVE PLAN

PERFORMANCE-BASED RESTRICTED STOCK UNIT AWARD AGREEMENT

Great Lakes Dredge and Dock Corporation, a Delaware corporation (the “Corporation”), hereby grants to the individual (the “Holder”) named in the award notice attached hereto (the “Award Notice”) as of the date set forth in the Award Notice (the “Grant Date”), pursuant to the provisions of the Great Lakes Dredge & Dock Corporation 2017 Long-Term Incentive Plan (the “Plan”), a performance-based restricted stock unit award (the “Award”) with respect to the number of shares of the Corporation’s Common Stock, par value \$0.0001 per share (“Stock”), set forth in the Award Notice, upon and subject to the restrictions, terms and conditions set forth in the Plan and this agreement (the “Agreement”). Capitalized terms not defined herein shall have the meanings specified in the Plan.

1. Award Subject to Acceptance of Agreement. The Award shall be null and void unless the Holder accepts this Agreement by executing the Award Notice in the space provided therefor and returning an original execution copy of the Award Notice to the Corporation (or electronically accepting this Agreement within the Holder’s stock plan account with the Corporation’s stock plan administrator according to the procedures then in effect).

2. Rights as a Stockholder. The Holder shall not be entitled to any privileges of ownership with respect to the shares of Stock subject to the Award unless and until, and only to the extent, such shares become vested pursuant to Section 3 hereof and the Holder becomes a stockholder of record with respect to such shares. As of each date on which the Corporation pays a cash dividend to record owners of shares of Stock (a “Dividend Date”), then the number of shares subject to the Award shall increase by (i) the product of the total number of shares subject to the Award immediately prior to such Dividend Date multiplied by the dollar amount of the cash dividend paid per share of Stock by the Corporation on such Dividend Date, divided by (ii) the Fair Market Value of a share of Stock on such Dividend Date. Any such additional shares shall be subject to the same vesting conditions and payment terms set forth herein as the shares to which they relate.

3. Restriction Period and Vesting.

3.1. Performance-Based Vesting Conditions. Subject to the remainder of this Section 3, the Stock shall vest pursuant to the terms of this Agreement and the Plan based on the achievement of the performance goals set forth in the Award Notice over the applicable performance period set forth in the Award Notice (each annual Performance Period is referred to as the “Annual Performance Period” and, collectively, the Annual Performance Periods are referred to as the “Performance Period”), provided that that the Holder remains in continuous employment with the Corporation through the applicable Vesting Date. Attainment of the performance goals shall be determined and certified by the Committee in writing prior to the settlement of the Award.

3.2. Termination of Employment

(a) Death or Disability. Upon the Holder’s death or Disability prior to the forfeiture of the Award for any reason prior to the Vesting Date, each Annual Performance Period shall continue through the last day of the Annual Performance Period and the Holder shall be entitled to receive the number of shares earned at the end of each Annual Performance Period based on the actual performance during such Annual Performance Period and the vested portion of the Award for such Annual

Performance Period shall be settled within 70 days following the conclusion of such Annual Performance Period (or, for Annual Performance Periods that concluded prior to the Holder's death or Disability, within 70 days following the Holder's death or Disability).

(b)Termination due to Retirement. If the Holder's employment with the Corporation terminates by reason of the Holder's Retirement, the Holder shall be entitled to receive the portion of the Award payable (i) with respect to any Annual Performance Period that concluded prior to such Retirement and (ii) with respect to the Annual Performance Period in which the Retirement occurs. For the Annual Performance Period in which the Retirement occurs, such Annual Performance Period shall continue through the last day thereof and the Holder shall be entitled to a prorated Award with respect to such Annual Performance Period. Such prorated Award shall be equal to the number of shares earned at the end of the Annual Performance Period based on the actual performance during such Annual Performance Period multiplied by a fraction, the numerator of which shall equal the number of days during the Annual Performance Period prior to the Holder's Retirement and the denominator of which shall equal the total number of days in such Annual Performance Period. The vested portion of the Award shall be settled within 70 days following the applicable Vesting Date. In the event a Retirement, the Holder shall forfeit the portion of the Award relating to Annual Performance Periods commencing on or after the Holder's Retirement.

(c)Termination other than due to Retirement, Death or Disability. Subject to any employment or consulting agreement with the Holder that provides otherwise, if the Holder's employment with the Corporation terminates prior to the end of the Performance Period by reason of (i) the Corporation's termination of the Holder's employment for any reason prior to the Holder's death or Disability or (ii) the Holder's resignation for any reason other than Retirement, then the Award shall be immediately forfeited by the Holder and cancelled by the Corporation.

3.3. Change in Control. Upon a Change in Control prior to the Vesting Date, (i) if the Award is not replaced with a Replacement Award (as determined by the Board or Committee), the Award shall vest as of the date of the Change in Control, based on (A) the target performance level for any Annual Performance Period in which the Change in Control occurs or which is scheduled to commence following the Change in Control and (B) actual performance for any Annual Performance Period that concluded prior to the Change in Control or (ii) the Committee may elect, in its sole discretion, to accelerate the vesting of some or all of the Award, provided, that this clause (ii) shall not require the Committee to accelerate vesting upon a Change in Control or any other event. The Award shall be settled in cash within 70 days following the Change in Control; provided, however, if the Award is "non-qualified deferred compensation" subject to Section 409A of the Code and the "Change in Control" was not a "change in control event" within the meaning of Section 409A or to the extent such settlement would be prohibited under Section 409A of the Code, then the vested Award shall be settled in accordance with Section 4 (or, if earlier, the Holder's death or Disability pursuant to Section 3.2(a)).

3.4. Definitions.

(a)"Disability" shall mean the Holder becoming unable to engage in any substantial gainful activity by reason of any medically determinable physical or mental impairment that can be expected to result in death or that has lasted or can be expected to last for a continuous period of not less than twelve (12) months.

(b)"Restrictive Covenant Agreement" shall mean an agreement between the Corporation or an Affiliate, in a form satisfactory to the Corporation or the Affiliate, governing

confidentiality, non-solicitation of customers and/or employees, non-competition and/or similar matters, which may be a free-standing agreement or contained in an employment, consulting or other written agreement, and which may be entered into subsequent to the date of this Agreement. In no event will any non-competition or non-solicitation provision contained within the Restrictive Covenant Agreement extend beyond the three-year anniversary of the Holder's termination due to Retirement.

(c) "Retirement" shall have the meaning set forth in any employment or consulting agreement between the Holder and the Corporation or an Affiliate; provided, however, if (1) a uniform definition of Retirement is not used either within a single agreement or across multiple employment or consulting agreements between the Holder and the Corporation or an Affiliate, (2) there is no such agreement, or (3) such agreement does not define Retirement, Retirement shall mean a Holder's termination of employment, other than for Cause, which meets all of the following criteria.

- (i) The sum of (x) the continuous full years of service by the Holder to the Corporation or an Affiliate and (y) the attained age in full years of the Holder on the date of the Holder's termination of employment total no less than 75 (the "Rule of 75"). A leave of absence which is agreed to between the Corporation and the Holder in writing for medical reasons or for military service shall not constitute a break in Service for this purpose.
- (ii) The Holder signs a Restrictive Covenant Agreement in anticipation of the Holder's Retirement, in the form provided to the Holder by the Corporation if the Corporation requests that the Holder do so, within the timeframe given to the Holder to sign by the Corporation.
- (iii) The Holder gives his or her direct supervisor, or in the case of the Chief Executive Officer, the Board, at least two months' prior written notice of his or her Retirement, or if the Holder is an officer of the Corporation, three months' prior written notice of his or her Retirement.

4. Issuance or Delivery of Shares. Subject to Section 7.12 and except as otherwise provided for herein, within 70 days after the Vesting Date, the Corporation shall issue or deliver, subject to the conditions of this Agreement, the vested shares of Stock to the Holder. Such issuance or delivery shall be evidenced by the appropriate entry on the books of the Corporation or of a duly authorized transfer agent of the Corporation. The Corporation shall pay all original issue or transfer taxes and all fees and expenses incident to such issuance or delivery, except as otherwise provided in Section 7. Prior to the issuance to the Holder of the shares of Stock subject to the Award, the Holder shall have no direct or secured claim in any specific assets of the Corporation or in such shares of Stock, and will have the status of a general unsecured creditor of the Corporation.

5. Recoupment. The Holder acknowledges that the Holder is familiar with terms of the Corporation's *Statement of Policy Regarding Incentive Compensation Recoupment* (attached hereto as Exhibit A) (the "Policy"). The Holder further acknowledges that this Award is subject to the terms of the Policy, if and to the extent that the Policy, by its terms, applies to

the Award and the Holder. The terms of the Policy (as it may be amended from time to time) are incorporated by reference herein and made a part of this Agreement.

6. Transfer Restrictions and Investment Representation.

6.1. Nontransferability of Award. The Award may not be transferred by the Holder other than by will or the laws of descent and distribution. Except to the extent permitted by the foregoing sentence, the Award may not be sold, transferred, assigned, pledged, hypothecated, encumbered or otherwise disposed of (whether by operation of law or otherwise) or be subject to execution, attachment or similar process. Upon any attempt to so sell, transfer, assign, pledge, hypothecate, encumber or otherwise dispose of the Award, the Award and all rights hereunder shall immediately become null and void.

6.2. Investment Representation. The Holder hereby covenants that (a) any sale of any share of Stock acquired upon the vesting of the Award shall be made either pursuant to an effective registration statement under the Securities Act of 1933, as amended (the "Securities Act"), and any applicable state securities laws, or pursuant to an exemption from registration under the Securities Act and such state securities laws and (b) the Holder shall comply with all regulations and requirements of any regulatory authority having control of or supervision over the issuance of the shares and, in connection therewith, shall execute any documents which the Committee shall in its sole discretion deem necessary or advisable.

7. Additional Terms and Conditions of Award.

7.1. Withholding Taxes.

(a) As a condition precedent to the delivery to the Holder of any shares of Stock upon vesting of the Award, the Holder shall, upon request by the Corporation, pay to the Corporation such amount of cash as the Corporation may be required, under all applicable federal, state, local or other laws or regulations, to withhold and pay over as income or other withholding taxes (the "Required Tax Payments") with respect to the Award. If the Holder shall fail to advance the Required Tax Payments after request by the Corporation, the Corporation may, in its discretion, deduct any Required Tax Payments from any amount then or thereafter payable by the Corporation to the Holder or withhold shares of Stock.

(b) The Holder may elect to satisfy his or her obligation to advance the Required Tax Payments by any of the following means: (1) a cash payment to the Corporation; (2) delivery to the Corporation (either actual delivery or by attestation procedures established by the Corporation) of previously owned whole shares of Stock having a Fair Market Value, determined as of the date the obligation to withhold or pay taxes first arises in connection with the Award (the "Tax Date"), equal to the Required Tax Payments; (3) authorizing the Corporation to withhold from the shares otherwise to be delivered to the Holder pursuant to the Award, a number of whole Shares having a Fair Market Value, determined as of the Tax Date, equal to the Required Tax Payments; or (4) any combination of (1), (2) and (3). Shares to be delivered or withheld may not have a Fair Market Value in excess of the minimum amount of the Required Tax Payments. Any fraction of a share which would be required to satisfy such an

obligation shall be disregarded and the remaining amount due shall be paid in cash by the Holder. No shares shall be delivered until the Required Tax Payments have been satisfied in full.

7.2. Compliance with Applicable Law. The Award is subject to the condition that if the listing, registration or qualification of the shares of Stock subject to the Award upon any securities exchange or under any law, or the consent or approval of any governmental body, or the taking of any other action is necessary or desirable as a condition of, or in connection with, the delivery of shares hereunder, the shares of Stock subject to the Award shall not be delivered, in whole or in part, unless such listing, registration, qualification, consent, approval or other action shall have been effected or obtained, free of any conditions not acceptable to the Corporation. The Corporation agrees to use reasonable efforts to effect or obtain any such listing, registration, qualification, consent, approval or other action.

7.3. Award Confers No Rights to Continued Employment. In no event shall the granting of the Award or its acceptance by the Holder, or any provision of the Agreement or the Plan, give or be deemed to give the Holder any right to continued employment by the Corporation or any Affiliate or affect in any manner the right of the Corporation or any Affiliate to terminate the employment of any person at any time.

7.4. Decisions of Board or Committee. The Board or the Committee shall have the right to resolve all questions which may arise in connection with the Award. Any interpretation, determination or other action made or taken by the Board or the Committee regarding the Plan or this Agreement shall be final, binding and conclusive.

7.5. Successors. This Agreement shall be binding upon and inure to the benefit of any successor or successors of the Corporation and any person or persons who shall, upon the death of the Holder, acquire any rights hereunder in accordance with this Agreement or the Plan.

7.6. Notices. All notices, requests or other communications provided for in this Agreement shall be made, if to the Corporation, to Great Lakes Dredge & Dock Corporation, Attn: Chief Legal Officer, 2122 York Road, Oak Brook, IL 60523, and if to the Holder, to the last known mailing address of the Holder contained in the records of the Corporation. All notices, requests or other communications provided for in this Agreement shall be made in writing either (a) by personal delivery, (b) by facsimile or electronic mail with confirmation of receipt, (c) by mailing in the United States mails or (d) by express courier service. The notice, request or other communication shall be deemed to be received upon personal delivery, upon confirmation of receipt of facsimile or electronic mail transmission or upon receipt by the party entitled thereto if by United States mail or express courier service; provided, however, that if a notice, request or other communication sent to the Corporation is not received during regular business hours, it shall be deemed to be received on the next succeeding business day of the Corporation.

7.7. Governing Law. This Agreement, the Award and all determinations made and actions taken pursuant hereto and thereto, to the extent not governed by the laws of the United States, shall be governed by the laws of the State of Delaware and construed in accordance therewith without giving effect to principles of conflicts of laws.

7.8. Agreement Subject to the Plan. This Agreement is subject to the provisions of the Plan and shall be interpreted in accordance therewith. In the event that the provisions of this Agreement and the Plan conflict, the Plan shall control. The Holder hereby acknowledges receipt of a copy of the Plan.

7.9. Entire Agreement. This Agreement and the Plan constitute the entire agreement of the parties with respect to the subject matter hereof and supersede in their entirety all prior undertakings and agreements of the Corporation and the Holder with respect to the subject matter hereof, and may not be modified adversely to the Holder's interest except by means of a writing signed by the Corporation and the Holder.

7.10. Partial Invalidity. The invalidity or unenforceability of any particular provision of this Agreement shall not affect the other provisions hereof and this Agreement shall be construed in all respects as if such invalid or unenforceable provision was omitted.

7.11. Amendment and Waiver. The Corporation may amend the provisions of this Agreement at any time; provided that an amendment that would adversely affect the Holder's rights under this Agreement shall be subject to the written consent of the Holder. No course of conduct or failure or delay in enforcing the provisions of this Agreement shall affect the validity, binding effect or enforceability of this Agreement.

7.12. Compliance With Section 409A of the Code. This Award is intended to be exempt from or comply with Section 409A of the Code, and shall be interpreted and construed accordingly. To the extent this Agreement provides for the Award to become vested and be settled upon the Holder's termination of employment, the applicable shares of Stock shall be transferred to the Holder or his or her beneficiary upon the Holder's "separation from service," within the meaning of Section 409A of the Code; provided that if the Holder is a "specified employee," within the meaning of Section 409A of the Code, then to the extent the Award constitutes nonqualified deferred compensation, within the meaning of Section 409A of the Code, such shares of Stock shall be transferred to the Holder or his or her beneficiary upon the earlier to occur of (i) the six-month anniversary of such separation from service and (ii) the date of the Holder's death; provided, further, if the Holder is subject to another employment agreement or written arrangement in effect prior to the date hereof that requires a different time or form of payment of the Award, then this Agreement shall be governed by such other prior employment agreement or written arrangement to the extent required to comply with Section 409A of the Code.

SECOND AMENDED AND RESTATED EMPLOYMENT AGREEMENT

This **SECOND AMENDED AND RESTATED EMPLOYMENT AGREEMENT** (the “**Agreement**”) is made as of this 21st day of December, 2016 (the “**Agreement Date**”), by and between Great Lakes Dredge & Dock Corporation (the “**Corporation**”), with and on behalf of its wholly-owned subsidiary, Great Lakes Dredge & Dock Company, LLC (“**GLDD LLC**”) (together, the “**Company**”), and Kathleen M. LaVoy (“**Executive**”).

RECITALS

WHEREAS, Executive is currently employed by the Company;

WHEREAS, Executive and the Company have previously agreed to and operated under the terms of an employment agreement dated July 20, 2012, which was subsequently amended and restated on May 8, 2014 (the “**Original Agreement**”); and

WHEREAS, in consideration of the continued service of Executive as the Interim Chief Legal Officer for an as-yet-to-be-determined period, Executive and the Company agree to amend and restate the Original Agreement in its entirety by setting forth the terms and conditions of their agreements and understandings in this Agreement, which shall replace and supersede all terms and conditions contained within the Original Agreement as of the Agreement Date.

NOW, THEREFORE, in consideration of the foregoing promises and the respective agreements of Executive and the Company set forth below, Executive and the Company, intending to be legally bound, agree as follows:

**ARTICLE I
EMPLOYMENT SERVICES****1.1 Term of Employment**

. Executive’s employment under this Agreement shall commence on the Agreement Date (“**Start Date**”) and continue for a period of 18 months, unless terminated earlier pursuant to **Article III** herein (the “**Initial Employment Term**”). The Employment Term shall be extended automatically for successive one-year periods unless, at least 60 days prior to expiration of the Employment Term, either party gives written notice to the other party that they do not wish to renew the Agreement (such one year extension(s) and the Initial Employment Term to be, collectively, the “**Employment Term**”). The last day of employment for which Executive is compensated as an active employee of the Company shall be referred to as the “**Termination Date.**”

1.2 Position and Duties

. During the Employment Term, Executive shall hold the position of Vice President and General Counsel - Dredging Division, and shall report to the Company’s Chief Legal Officer or President of the Dredging Division, in the sole discretion of the Company. Executive shall perform such duties and responsibilities as are consistent with Executive’s position and as may be reasonably assigned to Executive by the Company’s Chief Legal Officer or President of the Dredging Division from time to time. Executive shall devote Executive’s full business time, attention, skill, and energy to the business and affairs of the Company, and shall use Executive’s reasonable best efforts to perform such responsibilities in a

diligent, loyal and businesslike manner so as to advance the best interests of the Company. Executive shall act in conformity with Company's written and oral policies and within the limits, budgets and business plans set by the Company, and shall adhere to all rules and regulations in effect from time to time relating to the conduct of executives of the Company. Executive's office will be at the principal executive offices of the Company in Oak Brook, Illinois, and Executive will be expected to conduct Executive's activities from such office other than when traveling on behalf of the Company. Notwithstanding the foregoing, Executive shall be permitted to devote a reasonable amount of time and effort to civic and charitable organizations and managing personal investments; but only to the extent that such activities, individually or as a whole, do not materially interfere with the execution of Executive's duties hereunder, or otherwise violate any provision of this Agreement. Executive shall not become involved in the management of any corporation, partnership or other entity, including serving on the board of directors of any publicly traded company, without the written consent of the Corporation's Board of Directors (the "**Board**").

1.3 Service on Board

. The Company may require Executive to serve without additional compensation as a member of the board or as an officer or director of any of the Corporation's subsidiaries. Any compensation or other remuneration received from such service may be offset against the amounts due hereunder.

ARTICLE II COMPENSATION

2.1 Base Salary

. The Company shall pay Executive an annual base salary of \$240,000 ("**Base Salary**"), payable in accordance with the general payroll practices of the Company. The Board will review Executive's performance and Base Salary annually and may, in its sole discretion, increase Executive's Base Salary, or decrease it by up to 10 percent if there is a salary reduction affecting substantially all executive or managerial employees of the Company.

2.2 Incentive Compensation

. Executive will be eligible to participate in certain annual performance bonus plans and long-term incentive plans established and maintained by the Company for its senior executive officers, including, but not limited to, the Annual Bonus Plan or such similar or successor plans as the Company may establish. The target annual incentive compensation Executive may earn each year is equal to 30% of Executive's Base Salary, unless such amount is adjusted by the Compensation Committee of the Board in its sole discretion, and shall be paid in cash. Such bonus will be paid in accordance with the Company's standard practice, but in any event no later than 2.5 months after the end of the calendar year in which Executive earns such bonus.

2.3 Equity Compensation

. Executive will be eligible to participate in certain equity-based compensation plans established or maintained by the Company for its senior executive officers, including but not limited to the Company's 2007 Long-Term Incentive Plan and any successor thereto. The target annual equity compensation Executive may earn each year is equal to 35% of Executive's Base Salary, unless such amount is adjusted by the Compensation Committee of the Board in its sole discretion.

2.4 Employee Benefit Plans

. Executive will be eligible to participate in any certain employee benefit plans offered by the Company to its other senior executive officers, including, without limitation, the Company's Supplemental Savings Plan (or any successor thereto), medical, dental, short-term and long-term disability, life, pension, profit sharing and nonqualified deferred compensation arrangements. The Company reserves the right to unilaterally modify, suspend or discontinue any and all of the plans, practices, policies and programs at any time without recourse by Executive, so long as the Company takes such action generally with respect to other similarly situated officers of the dredging division.

2.5 Vacation

. Executive shall be subject to the Company's vacation policy as in effect from time-to-time and will be entitled to no less than twenty (20) days of paid vacation per calendar year. The Company may, at its discretion, increase (but not decrease) Employee's vacation entitlement.

2.6 Business Expenses

. The Company will reimburse Executive for all reasonable and necessary business expenses incurred in the performance of services with the Company, according to the Company's policies and upon Executive's presentation of an itemized written statement and such verification as the Company may require.

ARTICLE III TERMINATION OF EMPLOYMENT

3.1 Voluntary Resignation

. Executive may terminate Executive's employment for any reason by giving the Company 30 days' prior written notice of a voluntary resignation ("**Resignation Date**"). Upon receiving Executive's notice of intent to resign, the Company may require that Executive cease performing services for the Company at any time before the Resignation Date, so long as the Company continues Executive's Base Salary under **Section 2.1** and employee benefits under **Section 2.4** through the Resignation Date. Except as otherwise provided under law or the terms of any employee benefit plans in which Executive participates, Executive shall not be entitled to receive any compensation or benefits from the Company after the Resignation Date.

3.2 Termination by Company with Cause

. The Company may terminate Executive's employment for Cause (as defined below) by giving written notice to Executive designating an immediate or future Termination Date. In the event of a termination for Cause, the Company shall pay Executive his/her Base Salary under **Section 2.1** and employee benefits under **Section 2.4** through the Termination Date. Except as otherwise provided under law or the terms of any employee benefit plans in which Executive participates, Executive shall not be entitled to receive any compensation or benefits from the Company after the Termination Date.

For purposes of this Agreement, "**Cause**," as determined by the Company, means: (a) Executive materially breaches Executive's obligations under this Agreement or an established policy of the Company; (b) Executive commits an act constituting a felony or engages in unethical or immoral conduct that, in the reasonable judgment of the Board, could injure the integrity, character or reputation of the Company; (c) Executive fails, refuses or is unable to perform, or habitually neglects, Executive's duties and responsibilities hereunder, and continues

such failure, refusal, inability or neglect after having been given written notice by the Company that specifies what duties Executive failed to perform and an opportunity to cure of 15 days; (d) Executive commits an act of material dishonesty, misconduct or fraud in connection with Executive's job duties, engages in action or inaction causing the Company to issue a restatement of its earnings, or otherwise violates a fiduciary duty to the Company; or (e) Executive fails to reasonably cooperate with any audit or investigation involving the Company or its business practices after having been given written notice by the Company that specifies Executive's failure to cooperate and an opportunity to cure of 15 days.

3.3 Termination by Company without Cause

. The Company may, at its sole discretion, terminate Executive's employment without Cause by giving written notice to Executive designating an immediate or future Termination Date. Executive's voluntary resignation of employment due to a material diminution of Executive's authority, duties or responsibilities shall be treated as a termination by the Company without Cause; *provided that*, (a) such voluntary resignation occurs within 65 days following the initial occurrence of such diminution, (b) Executive provided written notice of such diminution to the Company's Chief Executive Officer or to the Board within 30 days of such diminution and (c) the Company failed to cure such diminution within 30 days of receipt of such written notice from Executive.

In the event of a termination without Cause, Executive shall receive from the Company his/her Base Salary under **Section 2.1** and employee benefits under **Section 2.4** through the termination date, and shall be eligible to receive the benefits described in **Sections 3.3(a)** and **(b)** below (collectively, "**Severance Pay**"), subject to the requirements set forth in **Section 3.6** and **Section 3.7**. The period over which the amounts in **Section 3.3(a)** are payable is referred to as the "**Severance Period**."

(a) If Executive is terminated without Cause, the Company will provide the following compensation and benefits to Executive:

(i) A payment equal to 15 months of Executive's then current Base Salary, less applicable withholdings. This amount will be paid in equal installments on each regularly scheduled payroll pay date during the 15-month period that begins on the first day immediately after the Release Effective Date, as described in **Section 3.6**.

(ii) The pro rata portion of the annual bonus and the Supplemental Savings Plan benefits earned through the termination date. Such amount will be paid when all other Company executives receive such payments, but in no event later than March 15 of the year following the termination date.

(iii) Continued coverage for Executive (and Executive's spouse and eligible dependents, to the extent they have been provided with coverage on the date immediately prior to the termination date and otherwise continue to be eligible for coverage under the terms of the applicable governing documents) pursuant to COBRA, during the Severance Period. During the Severance Period, the Company will reduce Executive's cash Severance Pay by Executive's share of

the cost of these benefits, which is fixed at the amount Executive had been paying for such coverage on the date immediately prior to the termination date. After the Severance Period, Executive (and Executive's spouse and eligible dependents, as applicable) may be eligible for continuation coverage under COBRA or other similar state statute at Executive's sole expense. Notwithstanding the foregoing, the Company may find alternate medical and dental plan coverage if, by law or other restrictions outside the control of the Company, continued coverage pursuant to COBRA is not permitted.

(b) If Employee is terminated without Cause, Employee will receive fifteen (15) months of age and vesting credit for any unvested equity or long term incentive awards measured from the date of Employee's termination of employment.

For avoidance of doubt, either party's provision of written notice to the other party of intent not to renew this Agreement pursuant to **Section 1.1**, above, shall *not* be deemed a termination without Cause under this section, and in such a case, Executive shall be entitled to receive no compensation or benefits from the Company after Executive's termination date except as otherwise provided in this paragraph, under law, or the terms of any employee benefit plans in which Executive participates. In the event the Company elects not to renew the Agreement and terminates Executive within twelve months of the end of the Employment Term, as defined in this Agreement, Executive will receive full vesting of any of Executive's outstanding equity or long term incentive awards.

3.4 Change in Control

. If, contemporaneous with or within twelve (12) months after a Change in Control (as defined below), the Company terminates Executive's employment other than for Cause, Executive will be eligible to receive, in lieu of those payments provided under **Section 3.3**: (a) one and one-quarter (1.25) times the sum of Executive's then-current Base Salary plus the average of Executive's target bonuses over the three (3) year period immediately preceding Executive's termination and (b) the pro rata portion of the annual bonus and the Supplemental Savings Plan benefits earned through the termination date, payable as described in **Section 3.3(a)(ii)** (together, the "**Change in Control Payment**"), subject to the requirements set forth in **Section 3.6**. The portion of the Change in Control Payment referenced above in subsection (a) of this Section, will be made in a lump sum cash payment as soon as practicable, but in no event more than 10 days after Executive's termination of employment (on or after the date of the Change in Control). In addition, Executive will be eligible for the COBRA continuation benefits described in **Section 3.3(a)(iii)** during the twelve (12) month period following Executive's termination under this **Section 3.4**, with Executive's share of such benefits to be paid in accordance with a procedure and schedule to be provided to Executive by the Company on or before the time such payments are to be made. Executive shall also receive full vesting credit, on the date of the applicable Change in Control, for any outstanding unvested equity or long term incentive awards (excluding performance-based equity awards, for which vesting credit may be awarded at the sole discretion of the Company's Compensation Committee), consistent with and subject to the limitations of **Section 3.6**.

For purposes of this Agreement, a “**Change in Control**” of the Corporation will be deemed to occur as of the first day that any one or more of the following conditions is satisfied:

(i) The “beneficial ownership” (as defined in Rule 13d-3 under the Securities Exchange Act of 1934, as amended (the “Exchange Act”)) of securities representing 30% or more of the combined voting power of the then outstanding voting securities of the Corporation entitled to vote generally in the election of directors (the “**Corporation Voting Securities**”) is accumulated, held or acquired by a Person (as defined in Section 3(a)(9) of the Exchange Act, as modified, and used in Sections 13(d) and 14(d) thereof) (other than the Corporation, any trustee or other fiduciary holding securities under an employee benefit plan of the Corporation, holders of capital stock of the Corporation as of the date hereof or an affiliate thereof, any corporation owned, directly or indirectly, by the Corporation’s stockholders in substantially the same proportions as their ownership of stock of the Corporation); *provided, however* that any acquisition from the Corporation or any acquisition pursuant to a transaction that complies with clauses (A), (B) and (C) of subparagraph (iii) of this paragraph will not be a Change in Control under this subparagraph (i), and *provided further*, that immediately prior to such accumulation, holding or acquisition, such Person was not a direct or indirect beneficial owner of 25% or more of the Corporation Voting Securities; or

(ii) Within any twelve (12) month period that includes or is after the Start Date, individuals who constitute the Board (the “**Incumbent Board**”) cease for any reason to constitute at least a majority of the Board; *provided, however*, that any individual becoming a director subsequent to the date hereof whose election, or nomination for election by the Corporation’s stockholders, was approved by a vote of at least a majority of the directors then comprising the Incumbent Board will be considered as though such individual were a member of the Incumbent Board, but excluding, for this purpose, any such individual whose initial assumption of office occurs as a result of an actual or threatened election contest with respect to the election or removal of directors or other actual or threatened solicitation of proxies or consents by or on behalf of a person other than the Board; or

(iii) Consummation by the Corporation of a reorganization, merger or consolidation, or sale or other disposition of all or substantially all of the assets of the Corporation or the acquisition of assets or stock of another entity (a “**Business Combination**”), in each case, unless immediately following such Business Combination: (A) more than 60% of the combined voting power of then outstanding voting securities entitled to vote generally in the election of directors of (x) the corporation resulting from such Business Combination (the “**Surviving Corporation**”), or (y) if applicable, a corporation that as a result of such transaction owns the Corporation or all or substantially all of the Corporation’s assets either directly or through one or more subsidiaries (the “**Parent Corporation**”), is represented, directly or indirectly by Corporation Voting

Securities outstanding immediately prior to such Business Combination (or, if applicable, is represented by shares into which such Corporation Voting Securities were converted pursuant to such Business Combination), and such voting power among the holders thereof is in substantially the same proportions as their ownership, immediately prior to such Business Combination, of the Corporation Voting Securities; (B) no Person (excluding any employee benefit plan (or related trust) of the Corporation or such corporation resulting from such Business Combination) beneficially owns, directly or indirectly, 20% or more of the combined voting power of the then outstanding voting securities eligible to elect directors of the Parent Corporation (or, if there is no Parent Corporation, the Surviving Corporation) except to the extent that such ownership of the Corporation existed prior to the Business Combination; and (C) at least a majority of the members of the board of directors of the Parent Corporation (or, if there is no Parent Corporation, the Surviving Corporation) were members of the Incumbent Board at the time of the execution of the initial agreement, or of the action of the Board, providing for such Business Combination; or

(iv) Approval by the Corporation's stockholders of a complete liquidation or dissolution of the Corporation.

However, in no event will a Change in Control be deemed to have occurred with respect to Executive if Executive is part of a purchasing group that consummates the Change in Control transaction. Executive will be deemed "part of a purchasing group" for purposes of the preceding sentence if Executive is an equity participant in the purchasing company or group (except: (a) passive ownership of less than two percent of the stock of the purchasing company; or (b) ownership of equity participation in the purchasing company or group that is otherwise not significant, as determined prior to the Change in Control by a majority of the nonemployee continuing Directors; *provided* that, for purposes of the foregoing, participation as a management investor in such purchasing company will not be deemed to be within the exceptions provided for in (a) and (b)).

Notwithstanding anything to contrary, a Change in Control will have occurred only if such change in ownership constitutes a change in control under Section 409A of the Internal Revenue Code of 1986, as amended (the "**Code**"), and the regulations and other guidance in effect thereunder ("**Section 409A**").

3.5 **Service as Interim Chief Legal Officer.** As consideration for service as the Corporation's Interim Chief Legal Officer, Executive shall receive the following:

(a) Base Salary

. During Executive's service as Interim Chief Legal Officer and beginning on January 1, 2017, the Company shall pay Executive an annual base salary of \$300,000 ("**Base Salary**"), payable in accordance with the general payroll practices of the Company. On an annual basis, the Board will review Executive's performance and Base Salary and may, in its sole discretion, increase Executive's Base Salary, or decrease it by up to 10 percent if there is a salary reduction affecting substantially all executive or managerial employees of the Company.

(b) Incentive Compensation

. Executive will be eligible to participate in certain annual performance bonus plans and long-term incentive plans established and maintained by the Company for its senior executive officers, including, but not limited to, the Key Executive Performance Bonus Program or such similar or successor plans as the Company may establish. The target annual incentive compensation Executive may earn each year is equal to 50% of Executive's Base Salary, unless such amount is adjusted by the Compensation Committee of the Board in its sole discretion, and shall be paid in cash.

(i) For the 2016 fiscal year, Executive's bonus pool funding shall be determined 60% on the dredging business unit results and 40% on Corporation results.

(c) Equity Compensation. In addition to Executive's regular long term incentive grant, which shall be calculated in accordance with Section 2.3, Executive shall be granted an additional annual grant of restricted share units ("RSUs") of \$60,000 (the "ICLO Grant"). The ICLO Grant shall vest in three equal annual portions if the Executive is continuously employed by the Company through such vesting date.

3.6 Execution of Separation Agreement

. As a condition to receiving the Severance Pay or the Change in Control Payment set forth in **Section 3.3** or **Section 3.4**, respectively, or the benefits described in **Section 3.5**, Executive must execute and return to the Company, and not revoke any part of, a separation agreement containing a general release and waiver of claims against the Company and its respective officers, directors, stockholders, employees and affiliates with respect to Executive's employment, and other customary terms, in a form and substance reasonably acceptable to the Company. Executive must deliver the executed separation agreement within 21 days after Executive receives the separation agreement from the Company (unless the agreement provides a 45-day signing window), and in no event later than 60 days following the date of Executive's termination of employment. Such release will become effective on the date the revocation period of the ADEA claims release expires without Executive revoking such claims (the "**Release Effective Date**"). Any obligation of the Company to provide the Severance Pay shall cease: (a) upon Executive's death; (b) if Executive materially breached or breaches Executive's contractual obligations to the Company, including those set forth in **Article IV** or **Article V** herein, or in the release agreement; or (c) if, after Executive's termination, the Company discovers facts and circumstances that would have justified a termination for Cause.

3.7 Section 409A

. The Company and Executive intend that any amounts or benefits payable or provided under this Agreement are exempt from or comply with the provisions of Section 409A and the treasury regulations relating thereto so as not to subject Executive to the payment of the tax, interest and any tax penalty which may be imposed under Section 409A. The provisions of this Agreement shall be interpreted in a manner consistent with such intent. In furtherance thereof, to the extent that any provision hereof would otherwise result in Executive being subject to payment of tax, interest and tax penalty under Section 409A, the Company and Executive agree to amend this Agreement in a manner that brings this Agreement into compliance with Section 409A and preserves to the maximum extent possible the economic value of the relevant payment or benefit under this Agreement to Executive. Further, if any

amounts or benefits paid or provided to Executive pursuant to this Agreement upon a termination of Executive's employment which are payable or to be provided to Executive prior to the date that is six (6) months following the date of such termination of employment and which would be subject to a penalty under Section 409A if paid at such time because Executive is a "specified employee" within the meaning of Section 409A(a)(2)(B)(i) of the Code at the time of termination, such payment or benefit will be delayed until a date which is the first regular payroll date that occurs following the six month anniversary of the date of Executive's termination of employment, at which point any such delayed payment or benefit will be provided to Executive or paid to Executive in a lump sum. For purpose of Section 409A, each installment of Severance Pay under Article III shall be treated as a right to a separate payment. A termination of employment under this Agreement shall only occur to the extent Executive has a "separation from service" from Company in accordance with Section 409A of the Code. Under Section 409A, a "separation from service" generally occurs when Executive and the Company reasonably anticipate that no further services will be performed by Executive after a certain date or that the level of bona fide services Executive would perform after such date (whether as an employee or as a consultant) would permanently decrease to no more than 20 percent of the average level of bona fide services performed by Executive over the immediately preceding 36-month period (or full period of service if the Executive has provided services for less than 36 months).

3.8 Excess Parachute Payments

. Notwithstanding any provision of this Agreement to the contrary, if any amount or benefit to be paid or provided under this Agreement would be an "Excess Parachute Payment" within the meaning of Code Section 280G but for the application of this sentence, then the payments and benefits to be paid or provided under this Agreement will be reduced to the minimum extent necessary (but in no event to less than zero) so that no portion of any such payment or benefit, as so reduced, constitutes an Excess Parachute Payment; *provided, however*, that the foregoing reduction will be made only if and to the extent that such reduction would result in an increase in the aggregate payment and benefits to be provided to Executive, determined on an after-tax basis (taking into account the excise tax imposed pursuant to Code Section 4999, any tax imposed by any comparable provision of state law, and any applicable federal, state and local income and employment taxes).

The fact that Executive's right to payments or benefits may be reduced by reason of the limitations contained in this **Section 3.8** will not of itself limit or otherwise affect any other rights of Executive other than pursuant to this Agreement. In the event that any payment or benefit intended to be provided under this Agreement is required to be reduced pursuant to this **Section 3.8**, the reduction shall be made in the following order: (a) first reducing, if any, those payments or benefits which have a higher Parachute Value than actual present value, (b) then, to the extent necessary, reducing cash payments or benefits; and (c) then, to the extent necessary, reducing those payments or benefits having the next highest ratio of Parachute Value to actual present value of such payments or benefits as of the date of the change of control (as defined under Code Section 280G). For purposes of this **Section 3.8**, present value shall be determined in accordance with Section 280G(d)(4) of the Code. For purposes of this **Section 3.8**, the "**Parachute Value**" of a payment or benefit means the present value as of the date of the change of control of the portion of such payment that constitutes a "parachute payment" under

Section 280G(b)(2) of the Code, as valued in accordance with Section 280G of the Code any interpretive guidance thereunder.

3.9 Removal from any Boards and Positions

. If Executive's employment is terminated for any reason under this Agreement, Executive will, immediately upon Executive's Termination Date, be deemed to have resigned from (a) if a member, the board of directors of any GLDD Entity (as defined below) or any other board to which Executive has been appointed or nominated by or on behalf of the Company, (b) any position with the Company or any GLDD Entity, including, but not limited to, as an officer of the Company or any GLDD Entity, and (c) any fiduciary positions with respect to the Company's benefit plans. In addition, and as a condition to receiving the Severance Pay described in **Section 3.3** or the Change in Control Payment described in **Section 3.4**, Executive shall take any and all necessary steps to effectuate Executive's resignation from such positions.

3.10 Subsequent Discovery of Cause

. In the event that the Company subsequently discovers facts or information that establish that Executive committed an act that would have constituted Cause, as defined under **Section 3.2**, then Executive shall forfeit and shall not be entitled to receive any further Severance Pay. Upon written notice from the Company detailing such facts and information supporting its determination of Cause, Executive shall repay to the Company all amounts paid to Executive as Severance Pay. Executive shall be entitled to dispute such finding of Cause in accordance with the provisions of **Sections 6.11** and **6.12**. Any repayment under this **Section 3.10** shall be in addition to any other remedies to which the Company may have under this Agreement or at law.

3.11 Recoupment of Incentive Compensation

. All incentive or equity compensation paid to Executive during the Employment Term or the Severance Period will be subject to the terms of the Company's recoupment policy in effect from time to time.

ARTICLE IV CONFIDENTIALITY AND RESTRICTIVE COVENANTS

4.1 Confidential Information

. Executive acknowledges and agrees that the Confidential Information (as defined below) of the Company and its subsidiaries and any other entity related to the Company (each, a "**GLDD Entity**") that Executive obtained during the course of Executive's employment by the Company is the property of the Company or such other GLDD Entity. Executive will never directly or indirectly, disclose, publish or use any Confidential Information of which Executive has become aware, whether or not such information was developed by Executive. All duties and obligations set forth in this Agreement regarding Confidential Information shall be in addition to those which exist under the Illinois Trade Secrets Act and at common law.

As used in this Agreement, "**Confidential Information**" means information that is not generally known to the public and that was or is used, developed or obtained by the Company or any other GLDD Entity, in connection with its businesses, including but not limited to:

- (a) products or services, unannounced products or services, or product or service development information (or other proprietary product or service information);
- (b) fees, costs, bids and pricing structures and quotations or proposals given to agents, customers, sureties, suppliers, or prospective customers, agents, sureties, or suppliers, or received from any such person or entity;
- (c) accounting or financial records;
- (d) strategic business plans;
- (e) information system applications or strategies;
- (f) customer and vendor lists and employee lists and directories;
- (g) marketing plans, bidding strategies and processes, and negotiation strategies, whether past, current, or future;
- (h) accounting and business methods;
- (i) legal advice and/or attorney work product;
- (j) trade secrets and other proprietary information;
- (k) information, analysis or strategies regarding acquisitions, mergers, other business combinations, divestitures, recapitalizations, or new ventures; and
- (l) nonpublic information that was acquired by Executive concerning the requirements and specifications of the Company's or any other GLDD Entity's agents, vendors, contractors, customers, or potential customers.

Notwithstanding anything to the contrary, Confidential Information does not include any information that: (i) is publicly disclosed by law or pursuant to, and to the extent required by, an order of a court of competent jurisdiction or governmental agency; (ii) becomes publicly available through no fault of Executive; or (iii) has been published in a form generally available to the public before Executive proposes to disclose, publish, or use such information.

4.2 Intentionally Deleted

.

4.3 Non-Solicitation

. During the Employment Term and for the 15-month period following the Termination Date (the "**Restricted Period**"), Executive shall not (other than in furtherance of Executive's legitimate job duties on behalf of Company), directly or indirectly, on Executive's own behalf or for any other person or entity: (a) solicit for employment, hire or engage, or attempt to solicit for employment, hire or engage, any person who is or was employed by the Company within the six (6) month period prior to the solicitation, hire or engagement or (b) otherwise interfere with the relationship between any such person and the Company.

4.4 Non-Interference with Business Relationships

. During the Restricted Period, Executive shall not (other than in furtherance of Executive's legitimate job duties on behalf of the Company), directly or indirectly, on Executive's own behalf or for any other person or entity: (a) solicit, for a purpose related to a competitive activity (*i.e.*, an activity prohibited by **Section 4.2**), any customer, vendor or agent of the Company that was doing business with the Company during the six month period prior to the solicitation or (b) induce, or attempt to induce, any customer, vendor or agent of the Company to reduce or cease doing business with the Company, or otherwise interfere with the relationship between such entity and the Company.

4.5 Equitable Modification

. If any court of competent jurisdiction shall deem any provision in this **Article IV** too restrictive, the other provisions shall stand, and the court shall modify the unduly restrictive provision to the point of greatest restriction permissible by law.

4.6 Remedies

. Executive acknowledges that the agreements and covenants contained in this **Article IV** are essential to protect the Company and its business and are a condition precedent to entering into this Agreement. Should Executive breach any covenants in this **Article IV**, then among other remedies, the duration of the covenant shall be extended by the period of any such breach. Executive agrees that irreparable harm would result from Executive's breach or threat to breach any provision of this **Article IV**, and that monetary damages alone would not provide adequate relief to the Company for the harm incurred. Executive agrees that in addition to money damages, the Company shall be entitled to seek and obtain temporary, preliminary, and permanent injunctive relief restraining Executive from committing or continuing any breach without being required to post a bond. Without limiting the foregoing, upon a breach by Executive of any provision of this **Article IV**, any outstanding Severance Pay or Change of Control Payments shall cease and be forfeited, and Executive shall immediately reimburse the Company for any Severance Pay or Change of Control Payment previously paid.

ARTICLE V POST-TERMINATION OBLIGATIONS

5.1 Return of Company Materials

. No later than three (3) business days following the termination of Executive's employment for any reason, Executive shall return to the Company all Company property that is then in Executive's possession, custody or control, including, without limitation, all keys, access cards, credit cards, computer hardware and software, documents, records, policies, marketing information, design information, specifications and plans, data base information and lists, and any other property or information that Executive has or had relating to the Company (whether those materials are in paper or computer-stored form), and including but not limited to any documents containing, summarizing, or describing any Confidential Information, and all passwords and/or access codes necessary to access such property or information. Employee shall be entitled to retain Executive's cellular telephone and cellular telephone number.

5.2 Executive Assistance

. During Executive's employment with the Company and for a period of 6 months after the termination, for whatever reason, of such employment, Executive shall, upon reasonable notice, furnish the Company with such information as may be in Executive's possession or control, and cooperate with the Company in any reasonable manner

that the Company may request, including without limitation conferring with the Company with regard to any litigation, claim or other dispute in which the Company is or may become a party. The Company shall reimburse Executive for all reasonable out-of-pocket expenses incurred by Executive in fulfilling Executive's obligations under this **Section 5.2**, provided that Executive furnishes the Company with adequate documentary evidence, consistent with Company policy, of such expenses no later than 30 days following the date on which the expense was incurred. Within 30 days of receiving such evidence, the Company will make any such reimbursement. Executive acknowledges and agrees that, aside from the expense reimbursement described above, Executive will not be entitled to any additional compensation for the assistance described in this **Section 5.2**.

ARTICLE VI MISCELLANEOUS

6.1 Notices

. Any and all notices, consents or other communications required or permitted to be sent or given hereunder shall be in writing and shall be deemed properly served if (a) delivered personally, in which case the date of such notice shall be the date of delivery; (b) delivered to a nationally recognized overnight courier service, in which case the date of delivery shall be the next business day; or (c) sent by facsimile transmission (with a copy sent by first-class mail), in which case the date of delivery shall be the date of transmission, or if after 5:00 P.M., the next business day. If not personally delivered, notice shall be sent using the addresses set forth below:

If to Employee, to the last address on file in the records of the Company.

If to the Company:

Great Lakes Dredge & Dock Corporation
2122 York Road
Oak Brook, IL 60523
Attn: Chief Financial Officer
Fax: (630) 574-3007
Email: mwmarrinko@gldd.com
Telephone: (630) 574-3000

Such notice, consent, document, or communication shall be deemed given upon personal delivery or receipt at the address of the party stated above or (or to such other address as the addressed party may have substituted by notice pursuant to this **Section 6.1**), except that if delivery is refused or cannot be made for any reason, then such notice shall be deemed given on the third day after it is sent.

6.2 Company Stock Retention

. Executive shall be subject to the Company's stock retention guidelines and policies in effect from time-to-time.

6.3 Withholding

. The Company may withhold from any payment that it is required to make under this Agreement amounts sufficient to satisfy applicable withholding requirements

under any federal, state or local law, or any other amounts due and owing to the Company from Executive.

6.4 Successors and Assigns

. This Agreement shall not be assignable by Executive without the Company's written consent. The Company may unilaterally assign this Agreement to any successor employer or corporation or entity that purchases substantially all of the assets of or succeeds to the business of the Company. Subject to the foregoing, this Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective heirs, personal representatives, successors, and assigns, and all references to "Corporation" or "Company" herein shall, as applicable, refer to the entity to which this Agreement has been assigned.

6.5 No Waiver

. No failure or delay by the Company or Executive in enforcing or exercising any right or remedy hereunder will operate as a waiver thereof. No modification, amendment or waiver of this Agreement or consent to any departure by Executive from any of the terms or conditions thereof, will be effective unless in writing and signed by the Chief Executive Officer. Any such waiver or consent will be effective only in the specific instance and for the purpose for which given. The Company shall not withhold, reduce, or delay any of the compensation set forth under this Agreement as a means to incentivize Executive to modify, amend or waive any terms of this Agreement.

6.6 Severability; Survivability

. If any term or provision of this Agreement shall be held to be invalid or unenforceable, the remaining terms and provisions hereof shall not be affected thereby and shall be enforced to the fullest extent permitted under law. Executive's obligations in **Articles IV** and **V** shall survive and continue in full force notwithstanding the termination of this Agreement or Executive's employment for any reason.

6.7 Execution in Counterparts

. This Agreement may be executed in one or more counterparts, each of which shall be considered an original instrument, but all of which together shall be considered one and the same agreement.

6.8 Governing Law; Consent to Jurisdiction; Waiver of Jury

. This Agreement shall be governed by and construed in accordance with the internal laws of the State of Illinois, without regard to its conflict of law principles. For the purposes of any suit, action, or other proceeding arising out of this Agreement or with respect to Executive's employment hereunder, the parties: (a) agree to submit to the exclusive jurisdiction of the federal or state courts located in DuPage County, Illinois; (b) waive any objection to personal jurisdiction or venue in such jurisdiction, and agree not to plead or claim forum non conveniens; and (c) waive their respective rights to a jury trial of any claims and causes of action, and agree to have any matter heard and decided solely by the court.

6.9 Construction

. The language used in this Agreement will be deemed to be the language chosen by Executive and the Company to express their mutual intent, and no rule of strict construction will be applied against Executive or the Company. The headings in this Agreement are for convenience of reference only and will not limit or otherwise affect the meaning of the provision.

6.10 **Entire Agreement; Amendments**

. This Agreement contains the entire understanding of the parties hereto with regard to the subject matter contained herein, and supersedes all prior agreements, understandings, offer letters, or letters of intent with regard to the subject matter contained herein between the parties hereto. This Agreement shall not be amended, modified or supplemented except by a written instrument signed by each of the parties hereto.

6.11 **Costs Relating to Disputes**

6.12 . In the event that a dispute arises out of this Agreement, if Executive is the prevailing party, Executive shall be entitled to an award of reasonable attorney fees and costs. If the Company is the prevailing party, then each party shall bear its own costs and expenses.

[SIGNATURES FOLLOW ON NEXT PAGE]

[This agreement consists of 16 pages, including the signature page.]

[SIGNATURE PAGE TO EMPLOYMENT AGREEMENT]

IN WITNESS WHEREOF, each of the parties hereto has duly executed this Employment Agreement as of the date first set forth above.

KATHLEEN M. LAVOY

/s/ Kathleen M. LaVoy

GREAT LAKES DREDGE & DOCK
CORPORATION

By: /s/ Jonathan W. Berger
Chief Executive Officer

Deloitte & Touche LLP

111 S. Wacker Drive
Chicago
USA

Tel: 312-486-2998

Fax: 312-247-2998

www.deloitte.com



March 29, 2018

Great Lakes Dredge & Dock Corporation
2122 York Road
Oak Brook, IL 60523

Dear Sirs/Madams:

At your request, we have read the description included in your Quarterly Report on Form 10-Q to the Securities and Exchange Commission for the quarter ended March 31, 2018, of the facts relating to the change in accounting policy from allocating annual fixed equipment-related costs to interim periods in proportion to revenues recognized over the year to expensing these costs as incurred. We believe, on the basis of the facts so set forth and other information furnished to us by appropriate officials of Great Lakes Dredge & Dock Corporation ("the Company"), that the accounting change described in your Form 10-Q is to an alternative accounting principle that is preferable under the circumstances.

We have not audited any consolidated financial statements of Company and its subsidiaries as of any date or for any period subsequent to December 31, 2017. Therefore, we are unable to express, and we do not express, an opinion on the facts set forth in the above-mentioned Form 10-Q, on the related information furnished to us by officials of the Company, or on the financial position, results of operations, or cash flows of the Company and its subsidiaries as of any date or for any period subsequent to December 31, 2017.

Yours truly,

/s/ Deloitte & Touche LLP

**CERTIFICATIONS PURSUANT TO
SECTION 302 OF
THE SARBANES-OXLEY ACT OF 2002**

CERTIFICATION

I, Lasse J. Petterson, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Great Lakes Dredge & Dock Corporation;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 4, 2018

/s/ LASSE J. PETTERSON

Lasse J. Petterson
Chief Executive Officer

**CERTIFICATIONS PURSUANT TO
SECTION 302 OF
THE SARBANES-OXLEY ACT OF 2002**

CERTIFICATION

I, Mark W. Marinko, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Great Lakes Dredge & Dock Corporation;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 4, 2018

/s/ MARK W. MARINKO

Mark W. Marinko

Senior Vice President and Chief Financial Officer

**CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Quarterly Report of Great Lakes Dredge & Dock Corporation (the "Company") on Form 10-Q for the period ended March 31, 2018, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Lasse J. Petterson, Chief Executive Officer of the Company, certify pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to my knowledge:

- (1) The Report fully complies with the requirements of Section 13(a) or Section 15(d) of the Securities Exchange Act of 1934, as amended; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

This certification accompanies the Report pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 and shall not, except to the extent required by the Sarbanes-Oxley Act of 2002, be deemed filed by Great Lakes Dredge & Dock Corporation for purposes of Section 18 of the Securities Exchange Act of 1934, as amended.

/s/ LASSE J. PETTERSON

Lasse J. Petterson
Chief Executive Officer

Date: May 4, 2018

A signed original of this written statement required by Section 906, or other document authenticating, acknowledging, or otherwise adopting the signature that appears in typed form within the electronic version of this written statement required by Section 906, has been provided to Great Lakes Dredge & Dock Corporation and will be retained by Great Lakes Dredge & Dock Corporation and furnished to the Securities and Exchange Commission or its staff upon request.

**CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Quarterly Report of Great Lakes Dredge & Dock Corporation (the "Company") on Form 10-Q for the period ended March 31, 2018, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Mark W. Marinko, Senior Vice President and Chief Financial Officer of the Company, certify pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to my knowledge:

- (1) The Report fully complies with the requirements of Section 13(a) or Section 15(d) of the Securities Exchange Act of 1934, as amended; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

This certification accompanies the Report pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 and shall not, except to the extent required by the Sarbanes-Oxley Act of 2002, be deemed filed by Great Lakes Dredge & Dock Corporation for purposes of Section 18 of the Securities Exchange Act of 1934, as amended.

/s/ MARK W. MARINKO

Mark W. Marinko

Senior Vice President and Chief Financial Officer

Date: May 4, 2018

A signed original of this written statement required by Section 906, or other document authenticating, acknowledging, or otherwise adopting the signature that appears in typed form within the electronic version of this written statement required by Section 906, has been provided to Great Lakes Dredge & Dock Corporation and will be retained by Great Lakes Dredge & Dock Corporation and furnished to the Securities and Exchange Commission or its staff upon request.