

UNITED STATES SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-K

(Mark One)

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

For the fiscal year ended December 31, 2016

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)

Securities registered pursuant to Section 12(b) of the Act:

Title of Class
Common Stock, (Par Value \$0.0001)

Name of each exchange on which registered
Nasdaq Stock Market, LLC

Securities registered pursuant to section 12(g) of the Act: None

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes [] No [X]

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes [] No [X]

Indicate by check mark whether the registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports) and (2) has been subject to such filing requirements for the past 90 days. Yes [X] No []

Indicate by check mark 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 during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes [X] No []

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K (§ 229.405 of this chapter) is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. [X]

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

Large accelerated filer [] Accelerated filer [X]
Non-accelerated filer [] (Do not check if a smaller reporting company) Smaller reporting company []

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

The aggregate market value of voting stock held by non-affiliates of the Registrant was \$258,357,084 at June 30, 2016. The aggregate market value was computed using the closing price of the common stock as of that date on the Nasdaq Stock Market. (For purposes of a calculating this amount only, all directors and executive officers of the registrant have been treated as affiliates.)

As of February 28, 2017, 60,962,105 shares of Registrant's Common Stock, par value \$.0001 per share, were outstanding.

DOCUMENTS INCORPORATED BY REFERENCE

Part of 10-K
Part III

Documents Incorporated by Reference
Portions of the Proxy Statement to be filed with the Securities and Exchange Commission in connection with the 2017 Annual Meeting of Stockholders.

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Cautionary Note Regarding Forward-Looking Statements

Certain statements in this Annual Report on Form 10-K 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 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. 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 this Annual Report on Form 10-K for the year ended December 31, 2016, and in other securities filings by Great Lakes with the SEC.

Although Great Lakes believes that our plans, intentions and expectations reflected in or suggested by such forward-looking statements are reasonable, actual results could differ materially from a projection or assumption in any 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 Annual Report on Form 10-K are made only as of the date hereof and we do 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.

Availability of Information

You may read and copy any materials Great Lakes files with the SEC, including without limitation the Company’s Annual Report on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K, and amendments to those reports at the SEC’s Public Reference Room at 100 F Street, N.E., Washington, D.C. 20549. Copies of such materials also can be obtained at the SEC’s website, www.sec.gov or by mail from the Public Reference Room of the SEC, at prescribed rates. Please call the SEC at 1-800-SEC-0330 for further information on the Public Reference Room. Great Lakes’ SEC filings are also available to the public, free of charge, on our corporate website, www.gldd.com, as soon as reasonably practicable after Great Lakes electronically files such material with, or furnishes it to, the SEC.

Item 1. Business

The terms “we,” “our,” “ours,” “us,” “Great Lakes” and “Company” refer to Great Lakes Dredge & Dock Corporation and its subsidiaries.

Organization

Great Lakes is the largest provider of dredging services in the United States and is the only U.S. dredging service provider with significant international operations. The Company was founded in 1890 as Lydon & Drews Partnership and performed its first project in Chicago, Illinois. The Company changed its name to Great Lakes Dredge & Dock Company in 1905 and was involved in a number of marine construction and landfill projects along the Chicago lakefront and in the surrounding Great Lakes region. Great Lakes now provides dredging services in the East, West, and Gulf Coasts of the United States and worldwide. The Company also owns specialty contracting service providers which primarily offer environmental, remediation and geotechnical services throughout the United States.

On November 4, 2014, the Company acquired the stock of Magnus Pacific Corporation, a leading provider of environmental remediation, geotechnical construction, demolition, and sediments and wetlands construction, headquartered outside of Sacramento, California, for an aggregate purchase price of approximately \$40 million.

The Company operates in two operating segments: dredging and environmental & infrastructure, previously referred to as environmental & remediation, which are also the Company’s reportable segments. The Company has determined that dredging, Terra Contracting, LLC (“Terra”) and Great Lakes Environmental & Infrastructure, LLC (“GLEI”), previously referred to as Magnus Pacific, LLC, are the Company’s three reporting units. Financial information about the Company’s reportable segments and operating revenues by geographic region is provided in Notes 10 and 17 to the Company’s consolidated financial statements included in Item 15 of this Annual Report on Form 10-K.

During the fourth quarter of 2016, the Company sold assets associated with certain service lines of the environmental & infrastructure segment’s business, excluding assets supporting the remediation service line.

Dredging Operations (83% of 2016 total revenues)

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 or other considerations. The Company experienced an average combined bid market share in the U.S. of 49% over the prior three years, including 66%, 44%, 32% and 58% of the domestic capital, coastal protection, maintenance and rivers & lakes sectors, respectively.

Over its 126 year history, the Company has grown to be a leader in capital, coastal protection and maintenance dredging in the U.S. and is one of the oldest and most experienced dredging companies in the United States. In addition, the Company is the only U.S. dredging service provider with significant international operations. Over the prior three years, foreign dredging operations accounted for an average of 21% of the Company’s dredging revenues. The Company’s foreign projects are typically categorized in the capital work type, but are not included in the aforementioned bid market.

Capital (domestic is 35% of 2016 dredging revenues). 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. Although capital work can be impacted by budgetary constraints and economic conditions, these projects typically generate an immediate economic benefit to the ports and surrounding communities.

Foreign (9% of 2016 dredging revenues). Foreign capital projects typically involve land reclamations, channel deepening and port infrastructure development. The Company targets foreign opportunities that are well suited to the Company’s equipment and where it faces reduced competition from its European competitors. Maintaining a presence in foreign markets has enabled the Company to diversify its customer base and take advantage of differences in global economic development. Over the last ten years, the Company has performed dredging work in the Middle East, Africa, India, Australia, the Caribbean and Central and South America. Most recently, the Company has focused its efforts on opportunities in the Middle East and South America.

Coastal protection (34% of 2016 dredging revenues). Coastal protection projects generally involve moving sand from the ocean floor to shoreline locations where erosion threatens shoreline assets. Beach erosion is a continuous problem that has intensified with the rise in coastal development and has become an important issue for state and local governments concerned with protecting beachfront tourism and real estate. Coastal protection via beach nourishment is often viewed as a better response to erosion than trapping sand through the use of sea walls and jetties, or relocating buildings and other assets away from the shoreline. Generally, coastal protection projects take place during the fall and winter months to minimize interference with bird and marine life migration and breeding patterns as well as coastal recreation activities.

Maintenance (14% of 2016 dredging revenues). 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, many channels require maintenance dredging every one to three years, thus creating a recurring source of dredging work that is typically non-deferrable if adequate commercial 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.

Rivers & lakes (8% of 2016 dredging revenues). Domestic rivers and 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. Although the Mississippi River has a large source of projects on which the Company bids, certain dredges used on these projects are more portable and able to be transported to take advantage of the fragmented market. More recently, there has been an increase in the need for dredging on marsh projects in Louisiana. In addition, many of our dredges can be transported to sites of waterway environmental remediation work to assist our environmental & infrastructure segment on projects. Generally, inland river and lake projects in the northern U.S. take place in non-winter months because frozen waterways significantly reduce contractors' ability to operate and transport its equipment in the relevant geographies.

Dredging Demand Drivers

The Company believes that the following factors are important drivers of the demand for its dredging services:

- *Deep port capital projects.* Most of the East Coast and Gulf ports have expansion plans that include deepening and widening in order to better compete for international trade. International trade, particularly in the intermodal container shipping business, is undergoing significant change as a result of the Panama Canal expansion, which was completed in 2016. Many shipping lines have announced plans to deploy larger ships which, due to the channel dimension requirements, currently would not be able to use many U.S. ports. Miami's port deepening project was completed in 2015 and its port channels are now able to accommodate larger vessels. Dredging began on the Savannah Harbor Expansion Project in 2015 and is expected to continue through 2018. These projects are expected to put more pressure on U.S. ports such as Jacksonville, Charleston and Boston to deepen in order to remain competitive. The Company anticipates that Jacksonville will likely be the next port that issues a request for proposals to perform deepening operations, potentially early in the second quarter of 2017. The ports of Los Angeles and Long Beach are resuming expansion efforts to remain competitive with deepened East Coast ports. In addition, the Water Resources Reform and Development Act ("WRRDA") signed in the second quarter of 2014, authorized the U.S. Army Corps of Engineers (the "Corps") to begin dredging to deepen the Savannah River channel, noted above, as well as initiate studies to deepen the ports of Jacksonville, Boston and others in the Gulf Coast. During the fourth quarter of 2016, the House and the Senate passed the water resources development bill, rebranded as the Water Infrastructure Improvements for the Nation Act ("WIIN"), which includes the Water Resources Development Act of 2016. The Company views the bill as a positive catalyst for the domestic dredging industry as it authorizes nearly \$16 billion in critical infrastructure improvements that are needed throughout the U.S. Further, the bill authorizes studies for future water resources improvements and makes modifications to previous authorizations. The Company is encouraged by the new administration's focus on repairing and rebuilding America's infrastructure, including our nation's ports and waterways. The Company believes that port deepening and expansion work authorized under current and anticipated future legislation will continue to provide significant opportunities for the domestic dredging industry.
- *Gulf coast restoration.* There has been continued focus on restoring the barrier islands and wetlands that provide natural protection from storms in the Gulf Coast area. Many restoration projects have commenced to repair coastal areas. Several additional projects are being planned by state and local governments to restore natural barriers. The State of Louisiana has completed a master plan calling for a \$50 billion investment in its coastal infrastructure, with a significant portion involving dredging. Additionally, during October 2015, BP plc settled the final Deepwater Horizon oil spill claims for approximately \$20 billion. This amount reflects the preliminary agreement which was reached in the second quarter of 2015 and includes \$5.5 billion related to Clean Water Act penalties. Several state and local governments have already reached agreements that resolve their claims in the disaster. 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 15 to 18 years, the Company expects several coastal restoration projects envisioned by the Gulf 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. The annual bid market for

domestic capital dredging, which includes deep port capital dredging and Gulf Coast restoration, averaged \$474 million over the prior three years. Subsequent to year-end, the Company was awarded an \$88 million coastal restoration project in the Gulf of Mexico. This project will commence dredging in 2017 and is expected to be completed in 2018.

- *Substantial need for coastal protection.* Beach erosion is a recurring problem due to the normal ebb and flow of coastlines as well as the effects of severe storm activity. Growing populations in coastal communities and vital beach tourism are drawing attention to the importance of protecting beachfront assets. Over the past few years, both the federal government and state and local entities have funded beach work recognizing the essential role these natural barriers play in absorbing storm energy and protecting public and private property. Superstorm Sandy highlighted the need for projects that clear the navigation channels, renourish damaged beaches and mitigate shore erosion from future storms. Since the beginning of 2013, the Corps has let for bid nearly \$1 billion in projects to repair shorelines in New York and New Jersey damaged as a result of Superstorm Sandy. The annual bid market for coastal protection over the prior three years averaged \$435 million.
- *Required maintenance of U.S. ports.* The channels and waterways leading to U.S. ports have stated depths on which shippers rely when entering those ports. Due to naturally occurring sedimentation and severe weather, active channels require maintenance dredging to ensure that stated depths are at authorized levels. Consequently, the need to maintain channel depth creates a recurring source of dredging work that is non-deferrable if optimal navigability is to be preserved. The Corps is responsible for federally funded projects related to navigation and flood control of U.S. waterways. The maritime industry, including the ports, has repeatedly advocated for congressional efforts to ensure that a fully funded, recurring maintenance program is in place. WIIN, previously mentioned, emphasizes previous WRRDA language which calls for full use of Harbor Maintenance Trust Fund (“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 3 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 2017 and beyond. The annual bid market for maintenance dredging over the prior three years averaged \$377 million.
- *Need to maintain safe navigability of the U.S. river system.* There are over twelve thousand miles of commercially navigable inland waterways that move more than 566 million tons of commercial goods annually. Transportation by barge requires less energy, and therefore is both better for the environment and costs less to move cargo than transportation by airplane, railcar or truck. Many industries rely on safe navigability of U.S. inland waterways as a primary means to transport goods and commodities such as coal, chemicals, petroleum, minerals, stones, metals and agricultural products. Natural sedimentation and other circumstances require that the inland waterway system be periodically dredged so that it can be used as intended. The Corps recognizes the need to maintain the safe navigability of U.S. waterways. The annual bid market for rivers and lakes dredging over the prior three years averaged \$75 million.
- *Domestic and international energy transportation.* The growth in demand for transportation of energy worldwide has driven the need for dredging to support new terminals, harbors, channels and pipelines. During 2014, Great Lakes completed dredging work on a project that will create a new shipping channel for a liquefied natural gas (“LNG”) terminal being developed to export abundant energy resources from the west coast of Australia. Also during 2014, the Company widened the Freeport Harbor Ship Channel in Texas, which was sponsored by Freeport LNG. The Company was awarded a contract with Corpus Christi Liquefaction, LLC (“CCL”) during 2015. CCL is developing an LNG export terminal at a site located on Corpus Christi Bay in Texas. Great Lakes' portion of the LNG project involves the dredging and slope protection of two LNG carrier ship berths, dredging of a material offloading and tug mooring basin, and expansion of an existing La Quinta Channel turning basin. The significant drop in crude oil prices in 2015 and 2016 may lead to a slowdown in the development of LNG export plants; however, the Company continues to expect that future global energy demand will necessitate improvements in the infrastructure base around sources of rich resources and in countries that import global energy.
- *Middle East market.* Over the past ten years, the Middle East has been a strong market for dredging services. With substantial income from oil revenues and significant real estate development, these countries have been undergoing extensive infrastructure expansion. Historically lower oil prices and the contraction in Middle East commercial and real estate development have slowed the rate of the region’s infrastructure development. During 2015, the Company completed the widening and deepening of a portion of the Suez Canal which expanded the seaborne cargo capacity of this important waterway.

Environmental & Infrastructure Operations (approximately 17% of 2016 total revenues)

The environmental & infrastructure segment provides construction services on soil, water and sediment for clients in both the public and private sectors in the United States. The segment’s services include 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, 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. The Company had historically provided certain remediation services in conjunction with its historical demolition business, which we divested in April 2014. The Company added additional environmental and remediation skillsets through its acquisition of Terra in December 2012 and Magnus Pacific in November 2014. During the fourth quarter of 2016, the Company sold assets associated with certain service lines of the environmental & infrastructure segment's business, excluding assets supporting the remediation service line. The environmental & infrastructure segment leverages the Company's long term history of successfully executing projects on water and to offer turnkey environmental and infrastructure solutions in water and upland.

Environmental & Infrastructure Demand Drivers

The Company believes that the following factors are important drivers of the demand for its environmental & infrastructure services:

- *Increasing requirements for environmental services.* Both the dredging and environmental & infrastructure businesses have experienced requests for handling contaminated sediments, soils and other media at project sites. The Environmental Protection Agency ("EPA") and several state agencies have begun to recognize the environmental hazards posed by stored industrial byproducts near waterways. The release of regulated pollutants into major waterways, inland lakes, groundwater and public and private lands requires the use of environmental remediation to remove the contaminated media.
- *Government mandated remediation.* The EPA mandates remediation initiatives that are paid for partially or in whole by responsible parties. The capability to provide the environmental clean-up of not only the waterway, but also the processing of the contaminated sediment or any contaminated soil from other brownfield sites as well as services related to new federal regulations over the storage and disposal of coal ash provides a targeted growth opportunity for Great Lakes. 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 EPA's rule to regulate the disposal of coal combustion residuals from electric utilities promulgated in June 2015.
- *Levee formation and repair.* Levees play a crucial role in protecting against widespread flood damage; however many levees throughout the U.S. are currently deficient and in need of repair. Approximately 100,000 miles of levees exist in the U.S. and the average age is 54 years. The impacts of climate change, including increased storms and flooding, will drive the need for levee repair. During 2015 and 2016, the Company worked on a large levee project in California. The Company will continue to work on this project throughout 2017. The Company believes that levee formation and repair will provide significant opportunities for the environmental & infrastructure segment over the next several years.

For additional details regarding Dredging Operations and Environmental & Infrastructure Operations, including financial information regarding our international and U.S. revenues and long-lived assets, see Item 7. "Management's Discussion and Analysis of Financial Condition and Results of Operations," and Item 8. "Financial Statements and Supplementary Data" in this Annual Report on Form 10-K, including Note 17 to the Company's consolidated financial statements.

Customers

Dredging

The dredging industry's customers include federal, state and local governments, foreign governments and both domestic and foreign private concerns, such as utilities, oil and other energy companies. Most dredging projects are competitively bid, with the award going to the lowest qualified bidder. Customers generally have few economical alternatives to dredging services. The Corps is the largest dredging customer in the U.S. and has responsibility for federally funded projects related to navigation and flood control. In addition, the U.S. Coast Guard and the U.S. Navy are responsible for awarding federal contracts with respect to their own facilities. In 2016, approximately 64% of the Company's dredging revenues were generated from 42 different contracts with federal agencies or third parties operating under contracts with federal agencies.

Environmental & infrastructure

Environmental & infrastructure customers include general contractors, corporations, Superfund potentially responsible parties, environmental engineering and construction firms that commission projects and federal as well as municipal government agencies. This segment benefits from key relationships with certain customers in the general contracting and environmental engineering industries. In 2016, two of the environmental & infrastructure segment's customers were responsible for approximately 36% and 10% of the environmental & infrastructure segment's annual revenues; however, the loss of either or both of these customers would not have a material adverse effect on Great Lakes as a whole.

Bidding Process

Dredging

Most of the Company's dredging contracts are obtained through competitive bidding on terms specified by the party inviting the bid. The types of equipment required to perform the specified service, project site conditions, the estimated project duration, seasonality, location and complexity of a project affect the cost of performing the contract and the price that dredging contractors will bid.

For contracts under its jurisdiction, the Corps typically prepares a fair and reasonable cost estimate based on the specifications of the project. To be successful, a bidder must be determined by the Corps to be a responsible bidder (i.e., a bidder that generally has the necessary equipment and experience to successfully complete the project as well as the ability to obtain a surety bid bond) and submit the lowest responsive bid that does not exceed 125% of the Corps' original estimate. Contracts for state and local governments are generally awarded to the lowest qualified bidder. Contracts for private customers are awarded based on the contractor's experience, equipment and schedule, as well as price. While substantially all of the Company's dredging contracts are competitively bid, some government contracts are awarded through a sole source procurement process involving negotiation between the contractor and the government, while other projects are bid by the Corps through a "request for proposal" process. The request for proposal process benefits both Great Lakes and its customers as customers can award contracts based on factors beyond price, including experience, skill and specialized equipment.

Environmental & infrastructure

The majority of the environmental & infrastructure segment's projects are secured through competitive bidding. When the environmental & infrastructure segment bids on a project, it evaluates the contract specifications and develops a cost estimate to which it adds an acceptable margin. While there are numerous competitors in the environmental & infrastructure services market, the Company benefits from its size, relationships and reputation. Therefore, there are occasions where the Company is not the lowest bidder on a contract, but is still awarded the project based on its reputation and qualifications.

Bonding and Foreign Project Guarantees

Dredging

For most domestic projects and some foreign projects, dredging service providers are required to obtain three types of bonds: bid bonds, performance bonds and payment bonds. These bonds are typically provided by large insurance companies. A bid bond is required to serve as a guarantee so that if a service provider's bid is chosen, the service provider will sign the contract. The amount of the bond is typically 20% of the service provider's bid, with a range generally between \$1 and \$10 million. After a contract is signed, the bid bond is replaced by a performance bond, the purpose of which is to guarantee that the job will be completed. If the service provider fails to complete a job, the bonding company would be required to complete the job and would be entitled to be paid the contract price directly by the customer. Additionally, the bonding company would be entitled to be paid by the service provider for any costs incurred in excess of the contract price. A service provider's ability to obtain performance bonds with respect to a particular contract depends upon the size of the contract, as well as the size of the service provider and its financial position. A payment bond is required to protect the service provider's suppliers and subcontractors in the event that the service provider cannot make timely payments. Payment bonds are generally written at 100% of the contract value.

The Company has a bonding agreement (the "Zurich Bonding Agreement") with Zurich American Insurance Company ("Zurich") under which the Company can obtain performance, bid and payment bonds. In April 2015, we entered into additional bonding agreements with Argonaut Insurance Company, Berkley Insurance Company, Chubb Surety and Liberty Mutual Insurance Company (collectively, the "Additional Sureties"). The bonding agreements with the Additional Sureties contain similar terms and conditions as the Zurich Bonding Agreement. The Company also has outstanding bonds with Travelers Casualty and Surety Company of America. Great Lakes has never experienced difficulty in obtaining bonding for any of its projects and Great Lakes has never failed to complete a marine project in its 126 year history. For most foreign dredging projects, letters of credit or bank guarantees issued by foreign banks are required as security for the bid, performance and, if applicable, advance payment guarantees. The Company obtains its letters of credit under the Credit Agreement (as defined below). Foreign bid guarantees are usually 2% to 5% of the service provider's bid. Foreign performance and advance payment guarantees are each typically 5% to 10% of the contract value.

Environmental & infrastructure

The environmental & infrastructure segment contracts with both private, non-governmental customers and governmental entities and may be required to secure bonding for projects with both governmental entities and non-governmental customers. Zurich and the Additional Sureties also provide bonds for the environmental & infrastructure segment.

Competition

Dredging

The U.S. dredging industry is highly fragmented with approximately 250 entities in the U.S. presently operating more than 850 dredges, primarily in maintenance dredging. Most of these dredges are smaller and service the inland, as opposed to coastal, waterways, and therefore do not generally compete with Great Lakes except in our rivers & lakes market. Competition is determined by the size and complexity of the job; equipment bonding and certification requirements; and government regulations. Competition on rivers & lakes projects is determined primarily based on geographic reach, project execution capability and price. Great Lakes and three other companies comprised approximately 83% of the Company's defined bid market related to domestic capital, coastal protection, maintenance and rivers & lakes over the prior three years. Within the Company's bid market, competition is determined primarily on the basis of price. In addition, the Foreign Dredge Act of 1906, or "Dredging Act," and Section 27 of the Merchant Marine Act of 1920, or "Jones Act," provide significant barriers to entry with respect to foreign competition. Together these two laws prohibit foreign-built, chartered or operated vessels from competing in the U.S. See "Business—Government Regulations" below.

Competition in the international market is dominated by four large European dredging companies all of which operate larger equipment and fleets that are more extensive than the Company's fleet. Recently, a large Chinese dredging company has emerged as a key player in the international market. In addition, there are several governmentally supported dredging companies that operate on a local or regional basis. The Company targets opportunities that are well suited to its equipment and where it can be most competitive. Most recently, the Company has focused on opportunities in the Middle East and Brazil where the Company has cultivated close customer relationships and has pursued contracts compatible with the size of the Company's vessels.

Environmental & infrastructure

The U.S. environmental & infrastructure and related services industry is highly fragmented and is comprised mostly of small regional companies. For larger projects, the Company will occasionally bid against larger engineering and construction firms. The environmental & infrastructure segment is able to perform both smaller and larger, more complex projects. The ability to deliver a wide range of interdisciplinary capabilities under a single project team is another competitive attribute.

Equipment

Dredging

Great Lakes' fleet of dredges, material barges and other specialized equipment is the largest and most diverse in the U.S. The Company operates three principal types of dredging equipment: hopper dredges, hydraulic dredges and mechanical dredges.

Hopper Dredges. Hopper dredges are typically self-propelled and have the general appearance of an ocean-going vessel. The dredge has hollow hulls, or "hoppers," into which material is suctioned hydraulically through drag-arms. Once the hoppers are filled, the dredge sails to the designated disposal site and either (i) bottom dumps the material or (ii) pumps the material from the hoppers through a pipeline to a designated site. Hopper dredges can operate in rough waters, are less likely than other types of dredges to interfere with ship traffic, and can be relocated quickly from one project to another. Hopper dredges primarily work on coastal protection and maintenance projects.

Hydraulic Dredges. Hydraulic dredges remove material using a revolving cutterhead which cuts and churns the sediment on the channel or ocean floor and hydraulically pumps the material by pipe to the disposal location. These dredges are very powerful and can dredge some types of rock. Certain dredged materials can be directly pumped for miles with the aid of multiple booster pumps. Hydraulic dredges work with an assortment of support equipment, which help with the positioning and movement of the dredge, handling of the pipelines and the placement of the dredged material. Great Lakes operates the only two large electric hydraulic dredges in the U.S., which makes the Company particularly competitive in markets with stringent emissions standards, such as California and Houston. Unlike hopper dredges, relocating hydraulic dredges and all their ancillary equipment requires specialized vessels and additional time, and their operations can be impacted by ship traffic and rough waters. There is a wide range of hydraulic dredges from our smaller rivers & lakes vessels that use pipe sizes ranging from 10" to 22" and operate at between 365 and 3,200 total horsepower, while the Company's other hydraulic dredges use pipe sizes ranging from 18" to 36" and operate at between 1,900 and 20,300 total horsepower.

Mechanical Dredges. There are two basic types of mechanical dredges: clamshell and backhoe. In both types, the dredge uses a bucket to excavate material from the channel or ocean floor. The dredged material is placed by the bucket into material barges, or "scows," for transport to the designated disposal area. The scows are emptied by bottom-dumping, direct pump-out or removal by a crane with a bucket. Mechanical dredges are capable of removing hard-packed sediments, blasted rock and debris and can work in tight areas such as along docks or terminals. Clamshell dredges with specialized buckets are ideally suited to handle material requiring

environmentally controlled disposal. Additionally, the Company owns an electric clamshell dredge which provides an advantage in those markets with stringent emissions standards.

Scows. The Company has the largest fleet of material barges in the domestic industry, which provides cost advantages when dredged material is required to be disposed far offshore or when material requires controlled disposal. The Company uses scows with its hydraulic dredges and mechanical dredges. Scows are an efficient and cost effective way to move material and increase dredging production. The Company has twelve scows in its fleet with a capacity ranging from 5,000 to 8,800 cubic yards.

In addition, the Company has numerous pieces of smaller equipment that support its dredging operations. Great Lakes' domestic dredging fleet is typically positioned on the East and Gulf Coasts, with a smaller number of vessels occasionally positioned on the West Coast, and with many of the rivers & lakes dredges on inland rivers and lakes. The mobility of the fleet enables the Company to move equipment in response to changes in demand. Great Lakes' fleet also includes vessels currently positioned in the Middle East and Brazil.

The Company continually assesses its need to upgrade and expand its dredging fleet to take advantage of improving technology and to address the changing needs of the dredging market. The Company is also committed to preventive maintenance, which it believes is reflected in the long lives of most of its equipment and its low level of unscheduled downtime on jobs. To the extent that market conditions warrant the expenditures, Great Lakes can prolong the useful life of its vessels. The Company has announced the construction of a dual mode articulated tug/barge trailing suction hopper dredge ("ATB") which is expected to be completed in the second quarter of 2017.

Certification of equipment by the U.S. Coast Guard and establishment of the permissible loading capacity by the American Bureau of Shipping ("A.B.S.") are important factors in the Company's dredging business. Many projects, such as coastal protection projects with offshore sand borrow sites and dredging projects in exposed entrance channels or with offshore disposal areas, are restricted by federal regulations to be performed only by dredges or scows that have U.S. Coast Guard certification and a load line established by A.B.S. The certifications indicate that the dredge is structurally capable of operating in open waters. The Company has more certified dredging vessels than any of the Company's domestic competitors and makes substantial investments to maintain these certifications.

Environmental & infrastructure

The environmental & infrastructure segment owns and operates specialized remediation equipment, including a fleet of tracked excavators, haul trucks, dozers, and other earth moving equipment commonly used for remediation earthwork. The group also owns a wide range of specialty equipment commonly used for geotechnical slurry wall construction including long-stick excavators, slurry batch plants, de-sanders, and jet shear mixers as well as a number of mixing augers utilized for in-situ stabilization. Specialty demolition attachments used to support facility remediation includes a limited number of shears, pulverizers, processors, grapples and hydraulic hammers that facilitate processing of construction and demolition debris for recycling, reclamation and disposal. The Company rents additional equipment on a project-by-project basis, which allows the Company flexibility to adjust costs to the level of project activity.

Seasonality

Seasonality generally does not have a significant impact on the Company's dredging operations. However, many East Coast coastal protection projects are limited by environmental windows that require work to be performed in winter months to protect wildlife habitats. The Company can mitigate the impact of these environmental restrictions to a certain extent because the Company has the flexibility to reposition its equipment to project sites, if available, that are not limited by these restrictions. In addition, rivers and lakes in the northern U.S. freeze during the winter, significantly reducing the Company's ability to operate and transport its equipment in the relevant geographies. Fish spawning and flooding can affect dredging operations as well.

The Company's environmental & infrastructure segment operates across a national footprint. Similar to the dredging segment, the environmental & infrastructure segment's projects are impacted by the freezing rivers and lakes in the northern climates during the winter and by the rainy season on the rivers and levees along the West Coast. The Company's broad spectrum capability and geographical footprint should increasingly allow it to pursue and execute work in the warmer southern climates, eventually diminishing the effects of weather related seasonality.

Weather

The Company's ability to perform its contracts may depend on weather conditions. Inclement or hazardous weather conditions can delay the completion of a project, can result in disruption or early termination of a project, unanticipated recovery costs or liability exposure and additional costs. As part of bidding on fixed price contracts, the Company makes allowances, consistent with historical

weather data, for project downtime due to adverse weather conditions. In the event that the Company experiences adverse weather beyond these allowances, a project may require additional days to complete, resulting in additional costs and decreased gross profit margins. Conversely, favorable weather can accelerate the completion of the project, resulting in cost savings and increased gross profit margins. Typically, Great Lakes is exposed to significant weather in the first and fourth quarters, and certain projects are required to be performed in environmental windows that occur during these periods. See “Business-Seasonality” above.

Weather is difficult to predict and historical records exist for only the last 100-125 years. Changes in weather patterns may cause a deviation from project weather allowances on a more frequent basis and consequently increase or decrease gross profit margin, as applicable, on a project-by-project basis. In a typical year, the Company works on many projects in multiple geographic locations and experiences both positive and negative deviations from project weather allowances. Accordingly, it is unlikely that future climate change will have a material adverse effect on the Company’s results of operations.

Backlog

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 contracts these estimates are based primarily upon the time and costs required to mobilize the necessary assets to and from the project site, the amount and type of material to be dredged and the expected production capabilities of the equipment performing the work. For 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 applicable 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. In addition, a significant amount of the Company’s dredging backlog relates to federal government contracts, which can be canceled at any time without penalty, subject to the Company’s right, in some cases, 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 components of the Company’s backlog including dollar amount and other related information are addressed in more detail in Item 7. “Management’s Discussion and Analysis of Financial Condition and Results of Operations—Bidding Activity and Backlog.”

Employees

Dredging

During 2016, the Company employed an average of 416 full-time salaried personnel in the U.S., including those in a corporate function. In addition, the Company employs U.S. hourly personnel, most of whom are unionized, on a project-by-project basis. Crews are generally available for hire on relatively short notice. During 2016, the Company employed a daily average of 685 hourly personnel to meet domestic project requirements.

At December 31, 2016, the Company employed 23 expatriates, 17 foreign nationals and 69 local staff to manage and administer its Middle East operations. During 2016, the Company also employed a daily average of 250 hourly personnel to meet project requirements in the Middle East.

In addition, the Company employed approximately 3 expatriates and foreign nationals and 44 local staff to manage the operations in Brazil at December 31, 2016. During 2016, the Company also employed a daily average of 16 local hourly personnel to meet requirements on the projects in Brazil.

Environmental & infrastructure

At December 31, 2016, the environmental & infrastructure segment employed approximately 110 full-time salaried administrative employees, in addition to an average of 255 hourly employees, some of whom are unionized. The hourly employees are hired on a project-by-project basis and are generally available for hire on relatively short notice.

Safety

Safety of its employees is one of the highest priorities of Great Lakes. The Company employs behavioral and system based programs, with both the dredging and the environmental & infrastructure segments utilizing an Incident & Injury Free® (IIF) approach. The Company's safety culture is committed to training, behavioral based awareness and mutual responsibility for the wellbeing of its employees. The Company's goal is sustainable safety excellence. Incident prevention in all areas have top priority in the Company's business planning, in the overall conduct of its business, and in the operation and maintenance of our equipment (marine and land) and facilities.

Unions

The Company is a party to numerous collective bargaining agreements in the U.S. that govern its relationships with its unionized hourly workforce. However, two unions represent a large majority of our dredging employees - the International Union of Operating Engineers ("IUOE"), Local 25 and the Seafarers International Union. The Company's contracts with IUOE, Local 25 expire in September 2018. Our agreements with Seafarers International Union expire in February 2018. The Company has not experienced any major labor disputes in the past five years and believes it has good relationships with the unions that represent a significant number of its hourly employees; however, there can be no assurances that the Company will not experience labor strikes or disturbances in the future.

Government Regulations

The Company is subject to government regulations pursuant to the Dredging Act, the Jones Act, the Shipping Act, 1916, or "Shipping Act," and the vessel documentation laws set forth in Chapter 121 of Title 46 of the United States Code. These statutes require vessels engaged in dredging in the navigable waters of the United States to be documented with a coastwise endorsement, to be owned and controlled by U.S. citizens, to be manned by U.S. crews, and to be built in the United States. The U.S. citizen ownership and control standards require the vessel-owning entity to be at least 75% U.S. citizen owned and prohibit the chartering of the vessel to any entity that does not meet the 75% U.S. citizen ownership test.

Environmental Matters

The Company's operations, facilities and vessels are subject to various environmental laws and regulations related to, among other things: dredging operations; the disposal of dredged material; protection of wetlands; storm water and waste water discharges; demolition activities; asbestos removal; transportation and disposal of wastes and materials; air emissions; and remediation of contaminated soil, sediments, surface water and groundwater. The Company is also subject to laws designed to protect certain marine species and habitats. Compliance with these statutes and regulations can delay appropriation and/or performance of particular projects and increase related project costs. Non-compliance can also result in fines, penalties and claims by third parties seeking damages for alleged personal injury, as well as damages to property and natural resources.

Certain environmental laws such as the U.S. Comprehensive Environmental Response, Compensation and Liability Act of 1980, and the Oil Pollution Act of 1990 impose strict and, under some circumstances joint and several, liability on owners and operators of facilities and vessels for investigation and remediation of releases and discharges of regulated materials, and also impose liability for related damages to natural resources. The Company's past and ongoing operations involve the use, and from time to time the release or discharge, of regulated materials which could result in liability under these and other environmental laws. The Company has remediated known releases and discharges as deemed necessary, but there can be no guarantee that additional costs will not be incurred if, for example, third party claims arise or new conditions are discovered.

The Company's projects may involve remediation, demolition, excavation, transportation, management and disposal of hazardous waste and other regulated materials. Various laws strictly regulate the removal, treatment and transportation of hazardous water and other regulated materials and impose liability for human health effects and environmental contamination caused by these materials. The Company takes steps to limit its potential liability by hiring qualified subcontractors from time to time to remove such materials from our projects, and some project contracts require the client to retain liability for hazardous waste generation.

Based on the Company's experience and available information, the Company believes that the future cost of compliance with existing environmental laws and regulations (and liability for known environmental conditions) will not have a material adverse effect on the Company's business, financial position, results of operations or cash flows. However, the Company cannot predict what environmental legislation or regulations will be enacted in the future, how existing or future laws or regulations will be enforced, administered or interpreted, or the amount of future expenditures that may be required to comply with these environmental or health and safety laws or regulations or to respond to newly discovered conditions, such as future cleanup matters or other environmental claims.

Executive Officers

The following table sets forth the names and ages of all of the Company's executive officers and the positions and offices presently held by them.

Name	Age	Position
Mark W. Marinko	55	Interim Chief Executive Officer and Senior Vice President, Chief Financial Officer
Kyle D. Johnson	55	Executive Vice President and Chief Operating Officer
David E. Simonelli	60	President—Dredging Division
Christopher P. Shea	54	President—Environmental & Infrastructure Division
Kathleen M. LaVoy	37	Vice President, Interim Chief Legal Officer and Corporate Secretary

Mark W. Marinko, Interim Chief Executive Officer and Senior Vice President, Chief Financial Officer

Mr. Marinko has served as our Interim Chief Executive Officer since January 2017 and Senior Vice President and Chief Financial Officer since June 2014. Mr. Marinko was most recently President of the Consumer Services division at TransUnion leading the direct to consumer and business market, customer service, consumer compliance and marketing for the credit information company. Prior to his position as President, Mr. Marinko has been in increasing accounting and financial roles as Controller and Vice President of Finance at TransUnion since 1996. Prior to TransUnion, Mr. Marinko served as controller of Official Airline Guides. In his over 30 years of professional experience, Mr. Marinko has held roles specializing in accounting, finance, sales, systems and business operations. Mr. Marinko earned a Bachelor of Arts degree in Accounting and Business Administration from Augustana College.

Kyle D. Johnson, Executive Vice President and Chief Operating Officer

Mr. Johnson was promoted to Executive Vice President and Chief Operating Officer in 2013. He had served the Company as a Senior Vice President of Operations from 2010. Previously, he held the position of Vice President and Chief Contract Manager since 2006. He joined the Company in 1983 as a Mechanical Engineer and has since held positions of increasing responsibility in domestic and international engineering, operations and management. Mr. Johnson was named Vice President in 2002. Mr. Johnson earned a Bachelor of Science degree in Engineering from Purdue University and a Master's of Science degree in Construction Engineering & Management from Stanford University.

David E. Simonelli, President—Dredging Division

Mr. Simonelli was named President—Dredging Division in April 2010. Mr. Simonelli has overall responsibility for the Dredging Division which includes safety, estimating, engineering, domestic and international operations and plant and equipment. He was named a Vice President of the Company in 2002 and Special Projects Manager in 1996. He joined the Company in 1978 as a Civil Engineer and has since held positions of increasing responsibility in domestic and international operations and project management. Mr. Simonelli earned a Bachelor of Science degree in Civil and Environmental Engineering from the University of Rhode Island. He is a member of the Hydrographic Society, the American Society of Civil Engineers and the Western Dredging Association.

Christopher P. Shea, President—Environmental & Infrastructure Division

Mr. Shea was named President—Environmental & Infrastructure Division in November 2015. Mr. Shea has overall responsibility for the Environmental & Infrastructure Division. He has over 25 years of experience in global engineering, environmental services and construction management services. Prior to joining Great Lakes, Mr. Shea was at CH2M Hill, Inc., a global environmental and engineering consulting services firm, where he was most recently President of the Environmental and Nuclear Business Group. Prior to his nine year tenure at CH2M Hill, Mr. Shea was employed by Envirocon, Inc. as Senior Vice President of Business Development and Strategic Planning. Mr. Shea started his career at Waste Management (formerly Chemical Waste Management) in 1986. He received a BS in Chemistry from the University of Arizona.

Kathleen M. LaVoy, Vice President, Interim Chief Legal Officer and Corporate Secretary

Ms. LaVoy has served as our Interim Chief Legal Officer and Corporate Secretary since November 2015. Ms. LaVoy was appointed Vice President and General Counsel, Dredging Operations in July 2012. She joined the Company in 2007 as Assistant General Counsel. Ms. LaVoy received her J.D. cum laude from Northwestern University School of Law and was an associate in the litigation department of the Chicago law firm Winston & Strawn LLP following graduation. Ms. LaVoy earned a Bachelor of Science degree with distinction in Business Administration from the University of North Carolina – Chapel Hill. She is a fourth generation dredger.

Item 1A. Risk Factors

The following risk factors address the material risks and uncertainties concerning our business. You should carefully consider the following risks and other information contained or incorporated by reference into this Annual Report on Form 10-K when evaluating our business and financial condition and an investment in our common stock. Should any of the following risks or uncertainties develop into actual events, such developments could have material adverse effects on our business, financial condition, cash flows or results of operations. We have grouped our Risk Factors under captions that we believe describe various categories of potential risk. For the reader's convenience, we have not duplicated risk factors that could be considered to be included in more than one category.

Risks Related to our Business

We depend on our ability to continue to obtain federal government dredging and other contracts, and are therefore impacted by the amount of government funding for dredging and other projects. A reduction in government funding for dredging or other contracts, or government cancellation of such contracts, could materially adversely affect our business operations, revenues and profits.

A substantial portion of our revenue is derived from federal government contracts, particularly dredging contracts. Revenues related to dredging contracts with federal agencies or companies operating under contracts with federal agencies and the percentage as a total of dredging revenue for the years ended December 31, 2016, 2015 and 2014 were as follows:

	Year Ended December 31,		
	2016	2015	2014
Federal government dredging revenue (in US \$1,000)	\$ 409,942	\$ 437,072	\$ 487,647
Percent of dredging revenue from federal government	64%	64%	70%

Amounts spent by the federal government on dredging and environmental and infrastructure are subject to the budgetary and legislative processes. We would expect the federal government to continue to improve and maintain ports as it has for many years, which will necessitate a certain level of federal spending. However, there can be no assurance that the federal government will allocate any particular amount or level of funds to be spent on dredging or environmental projects for any specified period.

In addition, potential contract cancellations, modifications, protests, suspensions or terminations may arise from resolution of these issues and could cause our revenues, profits and cash flows to be lower. Federal government contracts can be canceled at any time without penalty to the government, subject to, in most cases, our contractual right to recover our actual committed costs and profit on work performed up to the date of cancellation. Accordingly, there can be no assurance that the federal government will not cancel any federal government contracts that have been or are awarded to us. Even if a contract is not cancelled, the government may elect to not award further work pursuant to a contract. A significant reduction in government funding for dredging or remediation contracts, could materially adversely affect our business, operations, revenues and profits.

We depend on our ability to qualify as an eligible bidder under government contract criteria and to compete successfully against other qualified bidders in order to obtain government dredging and other contracts. Our inability to qualify or to compete successfully for certain contracts could materially adversely affect our business operations, revenues and profits.

The U.S. government and various state, local and foreign government agencies conduct rigorous competitive processes for awarding many contracts. Some contracts include multiple award task order contracts in which several contractors are selected as eligible bidders for future work. We will face strong competition and pricing pressures for any additional contract awards from the U.S. government and other domestic and foreign government agencies, and we may be required to qualify or continue to qualify under various multiple award task order contract criteria. Our inability to qualify as an eligible bidder under government contract criteria could preclude us from competing for certain government contract awards. In addition, our inability to qualify as an eligible bidder, or to compete successfully when bidding for certain government contracts and to win those contracts, could materially adversely affect our business, operations, revenues and profits.

The nature of our contracts, particularly those that are fixed-price, subjects us to risks associated with cost over-runs, operating cost inflation and potential claims for liquidated damages. If we are unable to accurately estimate our costs to complete our projects, our profitability could suffer.

We conduct our business under various types of contracts where costs are estimated in advance of our performance. Most dredging contracts are fixed-price contracts where the customer pays a fixed price per unit (e.g., cubic yard) of material dredged. In addition, most of our environmental and infrastructure contracts carry similar risks as compared to our fixed-price dredging contracts that may be increased due to the fact that environmental and infrastructure contracts may not involve projects where we have historical knowledge at the same location or specific prior experience to draw from when estimating cost. Fixed-price contracts carry inherent

risks, including risks of losses from underestimating costs, operational difficulties, and other changes that can occur over the contract period. If our estimates prove inaccurate, if there are errors or ambiguities as to contract specifications, or if circumstances change due to, among other things, unanticipated conditions or technical problems, difficulties in obtaining permits or approvals, changes in local laws or labor conditions, inclement or hazardous weather conditions, changes in cost of equipment or materials, or our suppliers' or subcontractor's inability to perform, then cost over-runs and delays in performance are likely to occur. We may not be able to obtain compensation for additional work performed or expenses incurred, or may be delayed in receiving necessary approvals or payments. Additionally, we may be required to pay liquidated damages upon our failure to meet schedule or performance requirements of our contracts. Our failure to accurately estimate the resources and time required for fixed-price contracts or our failure to perform our contractual obligations within the expected time frame and costs could result in reduced profits or, in certain cases, a loss for that contract. If we were to significantly underestimate the costs on one or more significant contracts, the resulting losses could have a material adverse effect on our business, operating results, cash flows or financial condition.

Our results of operations depend on the award of new contracts and the timing of the performance of these contracts. As a result, our quarterly operating results may vary significantly.

Our quarterly and annual results of operations have fluctuated from period to period in the past and may continue to fluctuate in the future. Accordingly, you should not rely on the results of any past quarter or quarters as an indication of future performance in our business operations or valuation of our stock. Our operating results could vary greatly from period to period due to factors such as:

- the timing of contract awards and the commencement or progress of work under awarded contracts;
- inclement or hazardous weather conditions that may result in underestimated delays in dredging or environmental, disruption or early termination of projects, unanticipated recovery costs or liability exposure, and additional contract expenses;
- planned and unplanned equipment downtime;
- our ability to recognize revenue from pending change orders, which is not recognized until the recovery is probable and collectability is reasonably assured;
- environmental restrictions requiring that certain projects be performed in winter months to protect wildlife habitats; and
- equipment mobilization to and from projects.

If our results of operations from quarter to quarter fail to meet the expectations of public market analysts and investors, our stock price could be negatively impacted. See "Management's Discussion and Analysis of Financial Condition and Results of Operations—Primary Factors that Determine Operating Profitability."

If we fail to comply with government contracting regulations, our revenue could suffer, and we could be subject to significant potential liabilities.

Our contracts with federal, state local and foreign governmental customers are subject to various procurement regulations and contract provisions. These regulations also subject us to examinations by government auditors and investigators, from time to time, to ensure compliance and to review costs. Violations of government contracting regulations could result in the imposition of civil and criminal penalties, which could include termination of contracts, forfeiture of profits, imposition of payments and fines and suspension or debarment from future government contracting. If we fail to continue to qualify for or are suspended from work under a government contract for any reason, we could suffer a material adverse effect on our business, operating results, cash flows or financial condition

In addition, we may be subject to litigation brought by private individuals on behalf of the government relating to our government contracts, referred to in this annual report as "*qui tam*" actions, which could include claims for up to treble damages. *Qui tam* actions are sealed by the court at the time of filing. The only parties privy to the information in the complaint are the complainant, the U.S. government and the court. Therefore, it is possible that *qui tam* actions have been filed against us and that we are not aware of such actions or have been ordered by the court not to discuss them until the seal is lifted. Thus, it is possible that we are subject to liability exposure arising out of *qui tam* actions.

We are subject to risks related to our international dredging operations.

Revenue from foreign contracts and its percentage to total dredging revenue for the years ended December 31, 2016, 2015 and 2014 were as follows:

	Year Ended December 31,		
	2016	2015	2014
Foreign revenue (in US \$1,000)	\$ 59,413	\$ 139,945	\$ 155,000
Percent of dredging revenue from foreign countries	9%	21%	22%

The international dredging market is highly competitive and competition in the international market is dominated by four large European dredging companies, all of which operate larger equipment and fleets that are more extensive than the Company's. In addition, there are several governmentally supported dredging companies that operate on a local or regional basis. Competing for international dredging projects requires a substantial investment of resources, skilled personnel and capital investment in equipment and technology, and may adversely affect our ability to deploy resources for domestic dredging projects.

International operations subject us to additional potential risks, including:

- uncertainties concerning import and export license requirements, tariffs and other trade barriers;
- political and economic instability and risks of terrorist activities;
- reduced demand as a result of fluctuations in the price of oil, the primary export in the Middle East;
- restrictions on repatriating foreign profits back to the United States;
- difficulties in enforcing contractual rights and agreements through certain foreign legal systems;
- requirements of, and changes in, foreign laws, policies and regulations;
- difficulties in staffing and managing international operations without additional expense;
- taxation issues;
- greater difficulty in accounts receivable collection and longer collection periods;
- compliance with the U.S. Foreign Corrupt Practices Act and international anticorruption laws;
- currency fluctuations;
- logistical and communication challenges; and
- inability to effectively insure against political, cultural and economic uncertainties, including acts of terrorism, civil unrest, war or other armed conflict.

In addition, our international operations are subject to U.S. and other laws and regulations regarding operations in foreign jurisdictions. These numerous and sometimes conflicting laws and regulations include anti-boycott laws, anti-competition laws, anti-corruption laws, tax laws, immigration laws, privacy laws and accounting requirements. There is a risk that some provisions may be breached, for example through inadvertence or mistake, fraudulent or negligent behavior of individual employees or of agents, or failure to comply with certain formal documentation requirements or otherwise. Violations of these laws and regulations could result in fines and penalties, criminal sanctions against us, our officers, or our employees, prohibitions on the conduct of our business and on our ability to operate in one or more countries, and could have a material adverse effect on our business, results of operations or financial condition. In addition, military action, terrorist activities or continued unrest in the Middle East could affect the safety of our personnel in the region and significantly increase the costs of, or disrupt our operations in, the region and could have a material adverse effect on our business, operating results, cash flows or financial condition.

A significant portion of our international revenue is earned from large, single customer contracts.

The Company earns significant revenue from governmental entities and private parties in the Middle East. Revenue from foreign projects has been concentrated in the Middle East which comprised 89%, 90% and 40% of our foreign dredging revenues in the years ended December 31, 2016, 2015 and 2014, respectively. A large, single customer contract represented 62% of the Company's foreign dredging revenue from all sources in the year ended December 31, 2016. The Company continues to maintain significant equipment in the Middle East region and continues to pursue additional contracts in the region.

Certain factors have occurred suggesting that future revenues from projects with governments in the Middle East could decrease. Historically lower oil prices and the contraction in Middle East commercial and real estate development have slowed the rate

of the region's infrastructure development. If either the diplomatic relationship of the United States or our commercial relationship with the government of Bahrain or Saudi Arabia is significantly negatively impacted or terminated, the Company's international revenues would be materially and adversely impacted. If the government of Bahrain or Saudi Arabia further curtails its infrastructure investment or diversifies its use of dredging vendors, our revenue from these customers could decline further.

Other Middle East governments have national dredging companies and may be incentivized to use the national dredging company of another Middle East government or have significant history with competitive dredging vendors other than the Company. The Company could lose future contracts for work in the Middle East to these competitors or could be forced to accept lower margins on contracts in order to utilize the equipment that is located in the Middle East. In addition, the Company may be forced to shrink the workforce in place or relocate dredging assets from this region in reaction to lower contract earnings. Lower utilization, workforce reductions or asset relocations could have a material adverse effect on our business, operating results, cash flows or financial condition.

Regional instability in the Middle East may adversely affect business conditions and may disrupt our operations.

Bahrain continues to experience civil unrest and political protests that could result in governmental instability. In response thereto, the government of Bahrain may institute measures, such as a national curfew, that may impact our ability to execute on projects in Bahrain. It is uncertain whether civil unrest will continue, whether the current protests and other activities may lead to any meaningful government changes, and what restrictions, if any, the Bahrain government may establish. In addition, such events may affect the Bahrain government's plans for infrastructure investment. If the government changes or significant restrictions are established, our Bahrain dredging operations, including the value of our assets related to such operations, may be adversely affected.

In addition, Saudi Arabia and other Middle East countries have experienced political turbulence. Political uprisings and conflicts, including armed hostilities and civil unrest, may affect the political stability of the region. Deterioration in the political, economic, and social conditions or other relevant policies of the government, such as changes in laws or regulations, export restrictions, expropriation of our assets or resource nationalization, could materially and adversely affect our business, financial condition, and results of operations. Similar civil unrest and political turbulence has occurred in other countries in the region.

Our use of the percentage-of-completion method of accounting could result in a change in previously recorded revenue and profit.

We recognize contract revenue using the percentage-of-completion method. The majority of our work is performed on a fixed-price basis. Contract revenue is accrued based on engineering estimates for the physical percent complete for dredging and estimates of remaining costs to complete for environmental and infrastructure. We use generally accepted accounting principles in the United States relating to the percentage-of-completion method, estimating costs, revenue recognition, combining and segmenting contracts and change order/claim recognition. Percentage-of-completion accounting relies on the use of estimates in the process of determining income earned. The cumulative impact of revisions to estimates is reflected in the period in which these changes are experienced or become known. Given the risks associated with the variables in these types of estimates, it is possible for actual costs to vary from estimates previously made, which may result in reductions or reversals of previously recorded net revenues and profits.

Our financial results include certain estimates and assumptions that may differ from actual results.

In preparing our consolidated financial statements in conformity with accounting principles generally accepted in the United States of America, a number of estimates and assumptions are made by management that affect the amounts reported in the financial statements. These estimates and assumptions must be made because certain information that is used in the preparation of our financial statements is either dependent on future events or cannot be calculated with a high degree of precision from available data. In some instances, these estimates are particularly uncertain and we must exercise significant judgment. Estimates are primarily used in our assessment of the recognition of revenue for costs and estimated earnings under the percentage of completion method of accounting as discussed above, the fair value of reporting units for goodwill impairment analysis, the assessment of impairment of intangibles and other long-lived assets, the purchase price allocations of businesses acquired, accrued insurance claims, income taxes, asset lives used in computing depreciation and amortization, stock-based compensation expense for performance-based stock awards, and accruals for contingencies, including legal matters. At the time they are made, we believe that such estimates are fair when considered in conjunction with our consolidated financial position and results of operations taken as a whole. However, actual results could differ from those estimates and such differences may be material to our financial statements.

Lapses in disclosure controls and procedures or internal control over financial reporting could materially and adversely affect our operations, profitability or reputation.

There can be no assurance that our disclosure controls and procedures will be effective in the future or that we will not experience a material weakness or significant deficiency in internal control over financial reporting. Any such lapses or deficiencies may materially and adversely affect our business, operating results, cash flows or financial condition, restrict our ability to access the capital markets, require us to expend significant resources to correct the lapses or deficiencies, expose us to regulatory or legal

proceedings, including litigation brought by private individuals, subject us to fines, penalties or judgments, harm our reputation, or otherwise cause a decline in investor confidence and our stock price.

Many of our contracts have penalties for late completion.

In many instances, including in our fixed-price contracts, we guarantee that we will complete a project by a scheduled date. If we subsequently fail to complete the project as scheduled, we may be liable for any customer losses resulting from such delay, generally in the form of contractually agreed-upon liquidated damages. In addition, failure to maintain a required schedule could cause us to default on our government contracts, giving rise to a variety of potential damages. To the extent that these events occur, the total costs of the project could exceed our original estimates, and we could experience reduced profits or, in some cases, a loss for that project.

Force majeure events, including natural disasters and terrorists' actions, could negatively impact our business, which may affect our business, operations, revenues, cash flows and profits.

Force majeure or extraordinary events beyond the control of the contracting parties, such as natural and man-made disasters, as well as terrorist actions, could negatively impact the economies in which we operate. We typically negotiate contract language where we are allowed certain relief from force majeure events in private client contracts and review and attempt to mitigate force majeure events in both public and private client contracts. We remain obligated to perform our services after most extraordinary events subject to relief that may be available pursuant to a force majeure clause.

If a contract contains a force majeure provision, we may be able to obtain an extension of time to complete our obligations under such contract, but we will still be subject to our other contractual obligations in the event of such an extraordinary event. Because we cannot predict the length, severity or location of any potential force majeure event, it is not possible to determine the specific effects any such event may have on us. Depending on the specific circumstances of any particular force majeure event, or if we are unable to react quickly to such an event, our operations may be affected significantly, our productivity may be affected, our ability to complete projects in accordance with our contractual obligations may be affected, our payments from customers may be delayed and we may incur increased labor and materials costs, which could have a negative impact on our financial condition, relationships with customers or suppliers, and our reputation.

The amount of our estimated backlog is subject to change and not necessarily indicative of future revenues.

Our contract backlog represents our estimate of the revenues that we will realize under the portion of the contracts remaining to be performed. For dredging contracts these estimates are based primarily upon the time and costs required to mobilize the necessary assets to and from the project site, the amount and type of material to be dredged and the expected production capabilities of the equipment performing the work. For environmental and 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. From time to time, changes in project scope may occur with respect to contracts reflected in our backlog and could reduce the dollar amount of our backlog and the timing of the revenue and profits that we actually earn. Projects may remain in our backlog for an extended period of time because of the nature of the project and the timing of the particular services or equipment required by the project.

Because of these factors, as well as factors affecting the time required to complete each job, backlog is not necessarily indicative of future revenues or profitability. In addition, a significant amount of our dredging backlog (58% in 2016) relates to federal government contracts, which can be canceled at any time without penalty to the government, subject, in most cases, to our contractual right to recover our actual committed costs and profit on work performed up to the date of cancellation.

Below is our dredging backlog from federal government contracts as of December 31, 2016, 2015, and 2014 and the percentage of those contracts to total backlog as of the same date.

	Year Ended December 31,		
	2016	2015	2014
Federal government dredging backlog (in US \$1,000)	\$ 269,362	\$ 357,619	\$ 357,650
Percentage of dredging backlog from federal government	58%	53%	60%

At times we may have backlog with foreign governments that use local laws and regulations to change terms of a contract in backlog or to limit our ability to receive payment on a timely basis. Other contracts in backlog are with state and local municipalities or private companies that may have funding constraints or impose restrictions on timing. The termination, modification or suspension of projects currently in backlog could have a material adverse effect on our business, operating results, cash flows or financial condition.

Our business would be adversely affected if we failed to comply with Section 27 of the Merchant Marine Act of 1920 (the “Jones Act”) provisions on coastwise trade, or if those provisions were modified or repealed.

We are subject to the Jones Act and other federal laws that restrict dredging in U.S. waters and maritime transportation between points in the United States to vessels operating under the U.S. flag, built in the United States, at least 75% owned and operated by U.S. citizens and manned by U.S. crews. We are responsible for monitoring the ownership of our common stock to ensure compliance with these laws. If we do not comply with these restrictions, we would be prohibited from operating our vessels in the U.S. market, and under certain circumstances we would be deemed to have undertaken an unapproved foreign transfer, resulting in severe penalties, including permanent loss of U.S. dredging rights for our vessels, fines or forfeiture of the vessels.

In the past, interest groups have unsuccessfully lobbied Congress to modify or repeal the Jones Act to facilitate foreign flag competition for trades and cargoes currently reserved for U.S. flag vessels under the Jones Act. We believe that continued efforts may be made to modify or repeal the Jones Act or other federal laws currently benefiting U.S. flag vessels. If these efforts are ever successful, it could result in significantly increased competition and have a material adverse effect on our business, results of operations, cash flows or financial condition.

Our dependence on petroleum-based products increases our costs as the prices of such products increase, which could adversely affect our business, operations, revenues and profits.

Fuel prices fluctuate based on market events outside of our control. We use diesel fuel and other petroleum-based products to operate our equipment used in our dredging and environmental and infrastructure contracts. Fluctuations in supplies relative to demand and other factors can cause unanticipated increases in their cost. Most of our contracts do not allow us to adjust our pricing for higher fuel costs during a contract term and we may be unable to secure price increases reflecting rising costs when renewing or bidding contracts. Future increases in the costs of fuel and other petroleum-based products used in our business, particularly if a bid has been submitted for a contract and the costs of those products have been estimated at amounts less than the actual costs thereof, could result in a lower profit, or even a loss, on one or more contracts.

If we are unable, in the future, to obtain bonding or letters of credit for our contracts, our ability to obtain future contracts will be limited, thereby adversely affecting our business, operating results, cash flows or financial condition.

We are generally required to post bonds in connection with our domestic dredging or environmental contracts and bonds or letters of credit with our foreign dredging contracts to ensure job completion if we ever fail to finish a project. We have entered into the Zurich Bonding Agreement with Zurich American Insurance Company (“Zurich”), pursuant to which Zurich acts as surety, issues bid bonds, performance bonds and payment bonds, and provides guarantees required by us in the day-to-day operations of our dredging business. However, under certain circumstances as specified in the agreement, Zurich is not obligated under the Zurich Bonding Agreement to issue future bonds for us. In April 2015, we entered into additional bonding agreements with Argonaut Insurance Company, Berkley Insurance Company, Chubb Surety and Liberty Mutual Insurance Company (collectively, the “Additional Sureties”). The bonding agreements with the Additional Sureties contain similar terms and conditions as the Zurich Bonding Agreement. Historically, we have had a strong bonding capacity, but surety companies issue bonds on a project-by-project basis and can decline to issue bonds at any time or require the posting of collateral as a condition to issuing any bonds. In addition to our bonds outstanding with Zurich and the Additional Sureties, we also have surety bonds outstanding with Travelers Casualty and Surety Company of America. With respect to our foreign dredging business, we generally obtain letters of credit under our Credit Agreement. However, access to our senior credit facility under our Credit Agreement may be limited by failure to meet certain levels of availability or other defined financial or other requirements. If we are unable to obtain bonds or letters of credit on terms reasonably acceptable to us, our ability to take on future work would be severely limited.

In connection with the sale of our historical demolition business, we were obligated to keep in place the surety bonds on pending demolition projects for the period required under the respective contract for a project. If there should be a default triggered under any of such surety bonds, it could have a material adverse effect on our ability to obtain bonds and on our business, results of operations, cash flows or financial condition.

Capital expenditures and other costs necessary to operate and maintain our vessels tend to increase with the age of the vessel and may also increase due to changes in governmental regulations, safety or other equipment standards, which could result in a decrease in our profits.

Capital expenditures and other costs necessary to operate and maintain our vessels tend to increase with the age of the vessel. Accordingly, it is likely that the operating costs of our vessels will increase.

The average age of our more significant vessels as of December 31, 2016, by equipment type, is as follows:

Type of Equipment	Quantity	Average Age in Years
Hydraulic Dredges	18	37
Hopper Dredges	5	32
Mechanical Dredges	5	41
Unloaders	1	32
Drillboats	2	40
Material and Other Barges	148	30
Total	179	35

Remaining economic life has not been presented because it is not reasonably quantifiable because, to the extent that market conditions warrant the expenditures, we can prolong the vessels' lives. In our domestic market, we operate in an industry where a significant portion of our competitors' equipment is of a similar age. It is common in the dredging industry to make maintenance and capital expenditures in order to extend the economic life of equipment.

In addition, changes in governmental regulations, safety or other equipment standards, as well as compliance with standards imposed by maritime self-regulatory organizations, standards imposed by vessel classification societies and customer requirements or competition, may require us to make additional expenditures. For example, if the U.S. Coast Guard enacts new standards, we may be required to incur expenditures for alterations or the addition of new equipment (e.g. more fuel efficient engines). Other new standard requirements could be significant. In order to satisfy any such requirement, we may need to take our vessels out of service for extended periods of time, with corresponding losses of revenues.

We may experience equipment or mechanical failures, which could increase costs, reduce revenues and result in penalties for failure to meet project completion requirements.

The successful performance of contracts requires a high degree of reliability of our vessels, barges and other equipment. The average age of our marine fleet as of December 31, 2016 was 35 years. Breakdowns not only add to the costs of executing a project, but they can also delay the completion of subsequent contracts, which are scheduled to utilize the same assets. We operate a scheduled maintenance program in order to keep all assets in good working order, but despite this, breakdowns can and do occur and may result in loss of revenue.

Our current business strategy may include acquisitions which present certain risks and uncertainties. There are integration and consolidation risks associated with acquisitions. Future acquisitions may result in significant transaction expenses, unexpected liabilities and risks associated with entering new markets, and we may be unable to profitably operate these businesses.

We may seek business acquisition activities as a means of broadening our offerings and capturing additional market opportunities by our business units. We may be exposed to certain additional risks resulting from these activities. Acquisitions may expose us to operational challenges and risks, including:

- the effects of valuation methodologies which may not accurately capture the value proposition;
- the failure to integrate acquired businesses into our operations, financial reporting and controls with the efficiency and effectiveness initially expected resulting in a potentially significant detriment to our financial results and our operations as a whole;
- the management of the growth resulting from acquisition activities;
- the inability to capitalize on expected synergies;
- the assumption of liabilities of an acquired business (for example, litigation, tax liabilities, environmental liabilities), including liabilities that were contingent or unknown at the time of the acquisition and that pose future risks to our working capital needs, cash flows and the profitability of related operations;
- the assumption of unprofitable projects that pose future risks to our working capital needs, cash flows and the profitability of related operations;
- the risks associated with entering new markets;
- diversion of management's attention from our existing business;
- failure to retain key personnel, customers or contracts of any acquired business;
- potential adverse effects on our ability to comply with covenants in our existing debt financing;

- potential impairment of acquired intangible assets; and
- additional debt financing, which may not be available on attractive terms.

We may not have the appropriate management, financial or other resources needed to integrate any businesses that we acquire. Any future acquisitions may result in significant transaction expenses and unexpected liabilities.

We may in the future incur liabilities in connection with the disposition of our historical demolition business.

On April 24, 2014, the Company announced that it had completed the sale of its historical demolition business. In connection with the sale, the Company retained responsibility for various pre-closing liabilities and obligations and may incur costs and expenses related to these items and asset recoveries. It is possible that claims, which could be material, could be made against the Company pursuant to the agreement pursuant to which the Company's historical demolition business was sold. In connection with the sale of our historical demolition business, we were obligated to keep in place the surety bonds on pending demolition projects for the period required under the respective contract for a project. If there should be a default triggered under any of such surety bonds, it could have a material adverse effect on our ability to obtain bonds and on our business, results of operations, cash flows or financial condition.

Our realignment, integration, and divestiture activities may not be sufficient to bring our environmental & infrastructure segment back to profitability and could affect our project resourcing capabilities.

We acquired Terra in December 2012 and Magnus in November 2014. In 2015, we initiated activities in the environmental & infrastructure segment to align costs with anticipated revenues and improve project execution. These realignment activities continued in 2016 and culminated in the divestiture of certain assets associated with the service lines of the Terra unit. There can be no assurance that we will meet our cost reduction goals, although we currently believe that we will, or that our goals were aggressive enough in the context of the segment's needs to reduce expenses. Moreover, we may lose key personnel during the process and that could have a negative impact on our ability to deliver projects and, consequently, on our results of operations. In addition, following the divestiture, the Company retained responsibility for various pre-closing liabilities and obligations and may incur costs and expenses related to these items. In connection with the divestiture, the Company retained responsibility for the collection of certain accounts receivable and work in progress that, if uncollected, may have a negative effect on the Company's cash flows or financial condition.

We continue to remain subject to risks and uncertainties associated with the environmental & infrastructure segment and the incurrence of additional indebtedness to fund the Magnus acquisition. There could be additional delays, disruptions or other unexpected challenges that arise in connection with our realignment activities which could make it difficult to realize the expected benefits of the acquisitions. We currently have a substantial amount of indebtedness, and if the environmental & infrastructure segment does not generate the earnings or cash flow we expect, our liquidity and ability to continue to service our indebtedness could be adversely impacted. There can be no assurance that we may not discover information that could affect our expectations of the environmental & infrastructure segment's ability to generate earnings and cash flow on a going forward basis. If the environmental & infrastructure segment's future results are different from the historical results provided to us during the acquisition process, our results of operations or liquidity could be adversely affected.

Moreover, although we completed the acquisitions because we believe that they will be beneficial to us and our stockholders, there is no assurance that we will be able to realign or integrate the operations of the environmental & infrastructure segment into our operations and achieve these benefits without encountering unexpected difficulties, including unanticipated costs, difficulty in retaining customers, challenges associated with information technology integration and failure to retain key employees.

We could face liabilities and/or damage to our reputation as a result of certain legal and regulatory proceedings.

From time to time, we are subject to legal and regulatory proceedings in the ordinary course of our business. These include proceedings relating to aspects of our businesses that are specific to us and proceedings that are typical in the businesses in which we operate. We are currently a defendant in a number of litigation matters, including those described in Item 3. "Legal Proceedings" of this Annual Report on Form 10-K. In certain of these matters, the plaintiffs are seeking large and/or indeterminate amounts of damages. 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. An adverse outcome in a legal or regulatory matter could, depending on the facts, have an adverse effect on our business, results of operations, cash flows or financial condition.

In addition to its potential financial impact, legal and regulatory matters can have a significant adverse reputational impact. Allegations of improper conduct made by private litigants or regulators, whether the ultimate outcome is favorable or unfavorable to us, as well as negative publicity and press speculation about us, whether valid or not, may harm our reputation, which may be damaging to our business, results of operations, cash flows or financial condition.

Our current business strategy includes the construction of new vessels. There are substantial uncertainties associated with such construction, including the possibility of unforeseen delays and cost overruns.

We have previously disclosed our plans to build new vessels, including an ATB trailing suction hopper dredge. Our future revenues and profitability will be impacted to some extent by our ability to complete the construction of new vessels, secure financing for them and bring them into service. The Company contracts with shipyards to build new vessels and currently has vessels under construction. Construction projects are subject to risks of delay and cost overruns, resulting from shortages of equipment, materials and skilled labor; lack of shipyard availability; unforeseen design and engineering problems; work stoppages; weather interference; unanticipated cost increases; unscheduled delays in the delivery of material and equipment; and financial and other difficulties at shipyards including labor disputes, shipyard insolvency and inability to obtain necessary certifications and approvals. A significant delay in the construction of new vessels or a shipyard's inability to perform under the construction contract could negatively impact the Company's ability to fulfill contract commitments and to realize timely revenues with respect to vessels under construction. Significant cost overruns or delays for vessels under construction could also adversely affect the Company's business, operating results, cash flows or financial condition. Changes in governmental regulations, safety or other equipment standards, as well as compliance with standards imposed by maritime self-regulatory organizations and customer requirements or competition, could substantially increase the cost of such construction beyond what we currently expect such costs to be.

Specifically, with regard to our new ATB trailing suction hopper dredge, we cannot predict whether and to what extent there may be additional unexpected costs associated with building this dredge or further unexpected delays in its completion.

We may become liable for the obligations of our joint ventures, partners and subcontractors.

Some of our projects are performed through joint ventures and similar arrangements with other parties. In addition to the usual liability of contractors for the completion of contracts and the warranty of our work, if work is performed through a joint venture or similar arrangement, we also have potential liability for the work performed by the joint venture or arrangement or a performance or payment default by another member of the joint venture or arrangement. In these projects, even if we satisfactorily complete our project responsibilities within budget, we may incur additional unforeseen costs due to the failure of the other party or parties to the arrangement to perform or complete work, fund expenditures, or make payments in accordance with contract specifications. In some joint ventures and similar arrangements, we may not be the controlling member. In these cases, we may have limited control over the actions of the joint venture. In addition, joint ventures or arrangements may not be subject to the same requirements regarding internal controls and internal control over financial reporting that we follow. To the extent the controlling member makes decisions that negatively impact the joint venture or arrangement or internal control problems arise within the joint venture or arrangement, it could have a material adverse impact on our business, results of operations, cash flows or financial condition.

Depending on the nature of work required to complete the project, we may choose to subcontract a portion of the project. In our industries, the prime contractor is often responsible for the performance of the entire contract, including subcontract work. Thus, we are subject to the risk associated with the failure of one or more subcontractors to perform as anticipated. In addition, in some cases, we pay our subcontractors before our customers pay us for the related services. If we choose, or are required, to pay our subcontractors for work performed for customers who fail to pay, or delay paying us for the related work, we could experience a material decrease in profitability and liquidity.

Environmental regulations could force us to incur capital and operational costs.

Our industries, and more specifically, our operations, facilities and vessels and equipment, are subject to various environmental laws and regulations relating to, among other things: dredging operations; the disposal of dredged material; protection of wetlands; storm water and waste water discharges; environmental and infrastructure activities; asbestos removal; transportation and disposal of hazardous wastes and other regulated materials; air emissions; and disposal or remediation of contaminated soil, sediments, surface water and groundwater. We are also subject to laws designed to protect certain marine or land species and habitats. Compliance with these statutes and regulations can delay permitting and/or performance of particular projects and increase related project costs. These delays and increased costs could have a material adverse effect on our business, results of operations, cash flows or financial condition. Non-compliance can also result in fines, penalties and claims by third parties seeking damages for alleged personal injury, as well as damages to property and natural resources.

Certain environmental laws such as the U.S. Comprehensive Environmental Response, Compensation and Liability Act of 1980 and the Oil Pollution Act of 1990 impose strict and, under some circumstances, joint and several, liability on owners and lessees of land and facilities as well as owners and operators of vessels. Such obligations may include investigation and remediation of releases and discharges of regulated materials, and also impose liability for related damages to natural resources. Our past and ongoing operations, particularly the environmental and remediation operations of Terra and Magnus, involve the use, and from time to time the release or discharge, of regulated materials which could result in liability under these and other environmental laws. We have remediated known releases and discharges as deemed necessary, but there can be no guarantee that additional costs will not be incurred if, for example, third party claims arise or new conditions are discovered.

Our projects may involve excavation, remediation, demolition, transportation, management and disposal of hazardous waste and other regulated materials. Various laws strictly regulate the removal, treatment and transportation of hazardous waste and other regulated materials and impose liability for human health effects and environmental contamination caused by these materials. Our environmental and infrastructure business conducted by Terra and Magnus, for example, requires us to transport and dispose of hazardous substances and other wastes, such as asbestos. Services rendered in connection with hazardous substance and material removal and site development may involve professional judgments by licensed experts about the nature of soil conditions and other physical conditions, including the extent to which hazardous substances and materials are present, and about the probable effect of procedures to mitigate problems or otherwise affect those conditions. If the judgments and the recommendations based upon those judgments are incorrect, we may be liable for resulting damages, which may be material. The failure of certain contractual protections to protect us from incurring such liability, such as staying out of the ownership chain for hazardous waste and other regulated materials and securing indemnification obligations from our customers or subcontractors, could have a material adverse effect on our business, results of operations, revenues or profits.

Environmental requirements have generally become more stringent over time, for example in the areas of air emissions controls for vessels and ballast treatment and handling. New or stricter enforcement of existing laws, the discovery of currently unknown conditions or accidental discharges of regulated materials in the future could cause us to incur additional costs for environmental matters which might be significant.

Uncertainty regarding fiscal, tax, immigration, and other policies of the new U.S. Presidential administration may adversely affect our business.

The new U.S. Presidential administration has called for changes to fiscal, tax, immigration and other policies, which may include comprehensive tax reform and changes to infrastructure spending. Policy changes regarding immigration may delay or prevent the individual selected as our new chief executive officer from obtaining his U.S. citizenship and if he does not obtain such citizenship he will not be eligible to become our chief executive officer. We cannot predict the impact, if any, of these changes to our business. Until we know what changes are enacted and when, we will not know whether in total we benefit from, or are negatively affected by, such changes.

Our business could suffer in the event of a work stoppage by our unionized labor force.

We are a party to numerous collective bargaining agreements in the U.S. that govern our industry's relationships with our unionized hourly workforce. However, two unions represent approximately 70% of our hourly dredging employees—the International Union of Operating Engineers (“IUOE”), Local 25 and the Seafarers International Union. The Company's contracts with IUOE, Local 25 expire in September 2018. Our agreements with Seafarers International Union expire in February 2018. The inability to successfully renegotiate contracts with these unions as they expire, or any future strikes, employee slowdowns or similar actions by one or more unions could have a material adverse effect on our ability to operate our business.

Our employees are covered by federal laws that may provide seagoing employees remedies for job-related claims in addition to those provided by state laws.

Substantially all of our maritime employees are covered by provisions of the Jones Act, the U.S. Longshore and Harbor Workers' Compensation Act, the Seaman's Wage Act and general maritime law. These laws typically operate to make liability limits established by state workers' compensation laws inapplicable to these employees and to permit these employees and their representatives to pursue actions against employers for job-related injuries in federal or state courts. Because we are not generally protected by the limits imposed by state workers' compensation statutes with respect to our seagoing employees, we have greater exposure for claims made by these employees as compared to industries whose employees are not covered by these provisions.

Our business is subject to significant operating risks and hazards that could result in damage or destruction to persons or property, which could result in losses or liabilities to us.

The dredging and environmental and infrastructure businesses are generally subject to a number of risks and hazards, including environmental hazards, industrial accidents, encountering unusual or unexpected geological formations, cave-ins below water levels, collisions, disruption of transportation services and flooding. These risks could result in personal injury, damage to, or destruction of, dredges, barges transportation vessels, other maritime vessels, other structures, buildings or equipment, environmental damage, performance delays, monetary losses or legal liability to third parties. We may also be exposed to disruption of our operations, early termination of projects, unanticipated recovery costs and loss of use of our equipment that may materially adversely affect our business, results of operations, cash flows or financial condition.

Our safety record is an important consideration for our customers. Some of our customers require that we maintain certain specified safety record guidelines to be eligible to bid for contracts with these customers. Furthermore, contract terms may provide for automatic termination or forfeiture of some of our contract revenue in the event that our safety record fails to adhere to agreed-upon

guidelines during performance of the contract. As a result, if serious accidents or fatalities occur or our safety record was to deteriorate, we may be ineligible to bid on certain work, and existing contracts could be terminated or less profitable than expected. Adverse experience with hazards and claims could have a negative effect on our reputation with our existing or potential new customers and our prospects for future work.

Our current insurance coverage may not be adequate, and we may not be able to obtain insurance at acceptable rates, or at all.

We maintain various insurance policies, including hull and machinery, pollution liability, general liability and personal injury. We partially self-insure risks covered by our policies. While we reserve for such self-insured exposures when appropriate for accounting purposes, we are not required to, and do not, specifically set aside funds for the self-insured portion of claims. We may not have insurance coverage or sufficient insurance coverage for all exposures potentially arising from a project. Furthermore, in situations where there is insurance coverage, if multiple policies are involved, we may be subject to a number of self-retention or deductible amounts which in the aggregate could have an adverse effect on our business, results of operations, cash flows or financial condition. At any given time, we are subject to Jones Act personal injury claims and claims from general contractors and other third parties for personal injuries. Our insurance policies may not be adequate to protect us from liabilities that we incur in our business. We may not be able to obtain similar levels of insurance on reasonable terms, or at all. Our inability to obtain such insurance coverage at acceptable rates or at all could have a material adverse effect on our business, results of operations, cash flows or financial condition.

We could face adverse consequences if we are unable to attract and retain key personnel and skilled labor.

Our ability to attract and retain reliable, qualified personnel is a significant factor that enables us to successfully bid for and profitably complete our work. This includes members of our board of directors, management, project managers, estimators, skilled engineers, supervisors, foremen, equipment operators and laborers. The loss of the services of any of our management could have a material adverse effect on us. If we do not succeed in retaining our current key employees and attracting, developing and retaining new highly-skilled employees, our reputation may be harmed and our operations and future earnings may be negatively impacted. We may not be able to maintain an adequate skilled labor force necessary to operate efficiently and to support our growth strategy. We have from time to time experienced, and may in the future experience, shortages of certain types of qualified equipment operating personnel. The supply of experienced engineers, project managers, field supervisors and other skilled workers may not be sufficient to meet current or expected demand. If we are unable to hire employees with the requisite skills, we may also be forced to incur significant training expenses. The occurrence of any of the foregoing could have an adverse effect on our business, results of operations, cash flows or financial condition.

In addition, any abrupt changes in our management or board of directors may lead to concerns regarding the direction or stability of our business, which may be exploited by our competitors, result in the loss of business opportunities, cause concern to our current or potential customers or suppliers, or make it more difficult to retain existing personnel or attract and retain new personnel. Changes in management or the board could be time-consuming, result in significant additional costs to us and could be disruptive of our operations and divert the time and attention of management and our employees away from our business operations and executing on our strategic plan. The unexpected loss of any additional members of our Board of Directors or senior management team could be disruptive to our operations, jeopardize our ability to raise additional funding and have an adverse effect on our business. The failure of our directors or any new members of management to perform effectively could have a significant negative impact on our business, financial condition and results of operations.

We rely on information technology systems to conduct our business and disruption, failure or security breaches of these systems could adversely affect our business and results of operations.

We rely on information technology (IT) systems in order to achieve our business objectives. Our portfolio of hardware and software products, solutions and services and our enterprise IT systems may be vulnerable to damage or disruption caused by circumstances beyond our control such as catastrophic events, power outages, natural disasters, computer system or network failures, computer viruses, cyber attacks or other malicious software programs. The failure or disruption of our IT systems to perform as anticipated for any reason could disrupt our business and result in decreased performance, significant remediation costs, transaction errors, loss of data, processing inefficiencies, downtime, failure to properly estimate the work or costs associated with projects, litigation and the loss of customers or suppliers. A significant disruption or failure could have a material adverse effect on our business, operating results, cash flows or financial condition. We are incurring costs associated with designing and implementing a new enterprise resource planning software system (ERP) with the objective of gradually migrating to the new system. Capital expenditures and expenses for the ERP for 2016 and beyond will depend upon the pace of conversion. If implementation is not executed successfully, this could result in business interruptions. If we do not complete the implementation of the ERP timely and successfully, we may incur additional costs associated with completing this project and a delay in our ability to improve existing operations, support future growth and enable us to take advantage of new engineering and other applications and technologies.

We may be affected by market or regulatory responses to climate change.

Increased concern about the potential impact of greenhouse gases (GHG), such as carbon dioxide resulting from combustion of fossil fuels, on climate change has resulted in efforts to regulate their emission. Legislation, international protocols, regulation or other restrictions on GHG emissions could also affect our customers. Such legislation or restrictions could increase the costs of projects for our customers or, in some cases, prevent a project from going forward, thereby potentially reducing the need for our services which could in turn have a material adverse effect on our operations and financial condition. Additionally, in our normal course of operations, we use a significant amount of fossil fuels. The costs of controlling our GHG emissions or obtaining required emissions allowances in response to any regulatory change in our industry could increase materially.

We may be unable to identify and contract with qualified Minority Business Enterprise (“MBE”) or Disadvantaged Business Enterprise (“DBE”) contractors to perform as subcontractors.

Certain of our government agency projects contain goals for minimum MBE and/or DBE participation clauses. If we subsequently fail to reach our goals for the minimum MBE and/or DBE participation, we may be held responsible for breach of contract, which may include restrictions on our ability to bid on future projects as well as monetary damages. To the extent we are responsible for monetary damages, the total costs of the project could exceed our original estimates, we could experience reduced profits or a loss for that project and there could be a material adverse impact to our financial position, results of operations, cash flows and liquidity.

Risks Related to our Financing

We have indebtedness, which makes us more vulnerable to adverse economic and competitive conditions.

We currently have a substantial amount of indebtedness. As of (i) December 31, 2016, we had indebtedness of \$379.1 million, consisting of \$275.0 million of our senior subordinated notes and \$104.1 million of borrowings on our revolving credit facility, in each case excluding approximately \$63.3 million of undrawn letters of credit and \$47.5 million of additional borrowing capacity under our revolving credit facility and excluding contingent obligations, including \$1.1 billion of performance bonds outstanding under the Company’s Zurich Bonding Agreement and agreements with the Additional Sureties. Our debt could:

- require us to dedicate a portion of our cash flow from operations to payments on our indebtedness, thereby reducing the availability of our cash flow to fund working capital and capital expenditures, pay dividends and other general corporate purposes;
- limit our flexibility in planning for, or reacting to, changes in our business and our industries;
- affect our competitiveness compared to our less leveraged competitors;
- increase our exposure to both general and industry-specific adverse economic conditions; and
- limit, among other things, our ability to borrow additional funds.

We and our subsidiaries also may be able to incur substantial additional indebtedness in the future. The terms of our revolving credit facility, the indenture under which our senior subordinated notes are issued, and our term loan facility limit, but do not prohibit, us or our subsidiaries from incurring additional indebtedness. If new indebtedness is added to our current debt levels, the related risks that we and our subsidiaries now face could intensify.

Covenants in our financing arrangements limit, and other future financing agreements may limit, our ability to operate our business.

The credit agreement governing our senior revolving credit facility, the indenture governing our senior subordinated notes and any of our other future financing agreements, may contain covenants imposing operating and financial restrictions on our business.

For example, the credit agreement governing our senior revolving credit facility requires us to satisfy certain net leverage and fixed charge coverage ratios. If we fail to meet or satisfy any of these covenants (after applicable cure periods), we would be in default and the lenders (through the administrative agent or collateral agent, as applicable) could elect to declare all amounts outstanding to be immediately due and payable, enforce their interests in the collateral pledged and restrict our ability to make additional borrowings, as applicable. The covenants and restrictions in the credit agreement, the indenture and the term loan facility, subject to specified exceptions and to varying degrees, restrict our ability to, among other things:

- incur additional indebtedness;
- create, incur, assume or permit to exist any liens;
- enter into sale and leaseback transactions;

- make investments, loans and advancements; merge or consolidate with, or dispose of all or substantially all assets to, a third party;
- sell assets;
- make acquisitions;
- pay dividends;
- enter into transactions with affiliates;
- make capital expenditures;
- prepay other indebtedness; and
- issue capital stock.

These restrictions may interfere with our ability to obtain financings or to engage in other business activities, which could have a material adverse effect on our results of operations, cash flows or financial condition.

Adverse capital and credit market conditions may affect our ability to meet liquidity needs, access to capital and cost of capital.

The domestic and worldwide capital and credit markets may experience significant volatility, disruptions and dislocations with respect to price and credit availability. Should we need additional funds or to refinance our existing indebtedness, we may not be able to obtain such additional funds.

We need liquidity to pay our operating expenses, interest on our debt and dividends on our capital stock. Without sufficient liquidity, we will be forced to curtail our operations, and our business will suffer. The principal sources of our liquidity are cash flow from operations and borrowings under our senior revolving credit facility. Earnings from our operations and our working capital requirements can vary significantly from period to period based primarily on the mix of our projects underway and the percentage of project work completed during the period. Capital expenditures may also vary significantly from period to period, including as a result of the construction costs associated with our new ATB trailing suction hopper dredge. While we manage cash requirements for working capital and capital expenditure needs, unpredictability in cash collections and payments has required us in the past and may require us to borrow on our line of credit from time to time to meet the needs of our operations.

In the event these resources do not satisfy our liquidity needs, we may have to seek additional financing. The availability of additional financing will depend on a variety of factors such as market conditions, the general availability of credit, the volume of trading activities, our credit ratings and credit capacity, as well as the possibility that customers or lenders could develop a negative perception of our long- or short-term financial prospects if the level of our business activity decreased due to a market downturn. If internal sources of liquidity prove to be insufficient, we may not be able to successfully obtain additional financing on favorable terms, or at all.

We may be unable to maintain or expand our credit capacity, which would adversely affect our operations and business.

We use credit facilities to support our working capital and acquisition needs. If we exhaust our borrowing capacity under our Credit Agreement, and cash flows from operations do not increase sufficiently, our ability to fund the working capital, capital expenditure and other needs of our existing operations could be constrained and our business and results of operations could be materially adversely affected. If we experience operational difficulties or our operating results do not improve, we may need to increase our available borrowing capacity or seek amendments to the terms of our Credit Agreement. There can be no assurance that we will be able to secure any additional capacity or amendment to our Credit Agreement or to do so on terms that are acceptable to us, in which case, our costs of borrowing could rise and our business and results of operations could be materially adversely affected.

The adoption and implementation of new statutory and regulatory requirements for derivative transactions could have an adverse impact on our ability to hedge risks associated with our business.

We may enter into interest rate swap agreements to manage the interest rate paid with respect to our fixed rate indebtedness, foreign exchange forward contracts to hedge currency risk and heating oil commodity swap contracts to hedge the risk that fluctuations in diesel fuel prices will have an adverse impact on cash flows associated with our domestic dredging contracts. The Dodd-Frank Wall Street Reform and Consumer Protection Act (the “Financial Reform Act”) provides for new statutory and regulatory requirements for derivative transactions, including foreign currency and other over-the-counter derivative hedging transactions. Several rulemaking requirements in the Financial Reform Act have not promulgated into final rules and the Company could be negatively impacted by future rulemaking. The rules currently adopted from the Financial Reform Act may significantly reduce our ability to execute strategic hedges to manage our interest expense, reduce our fuel commodity uncertainty and hedge our currency risk thus protecting our cash flows. In addition, the banks and other derivatives dealers who are our contractual counterparties are required

to comply with extensive new regulation under the Financial Reform Act. The cost of our counterparties' compliance will likely be passed on to customers such as ourselves, thus potentially decreasing the benefits to us of hedging transactions and potentially reducing our profitability.

We are subject to foreign exchange risks, and improper management of that risk could result in large cash losses.

We are exposed to market risk associated with changes in foreign currency exchange rates. The primary foreign currencies to which the Company has exposure are the Bahraini dinar and the Brazilian real. Our international contracts may be denominated in foreign currencies, which will result in additional risk of fluctuating currency values and exchange rates, hard currency shortages and controls on currency exchange. Changes in the value of foreign currencies could increase our U.S. dollar costs for, or reduce our U.S. dollar revenues from, our foreign operations. Any increased costs or reduced revenues as a result of foreign currency fluctuations could affect our profits. The value of the Bahraini dinar has historically been pegged to the value of the U.S. dollar, which has effectively eliminated the foreign currency risk with respect to that currency. However, if the dinar were no longer to be so pegged, whether due to civil unrest in Bahrain or otherwise, the Company could become subject to additional, and substantial, foreign currency risk.

Changes in macroeconomic indicators, the overall business climate, and other factors could lead to our goodwill and other intangible assets becoming impaired, which may require us to take significant non-cash charges against earnings.

Under current accounting guidelines, we must assess, at least annually and potentially more frequently, whether the value of our goodwill and other intangible assets have been impaired. Any impairment of goodwill or other intangible assets as a result of such analysis would result in a non-cash charge against earnings, which charge could materially adversely affect our business, operating results, cash flows or financial condition. We test goodwill annually for impairment in the third quarter of each year, or more frequently should circumstances dictate. A significant and sustained decline in our future cash flows, a significant adverse change in the economic environment, slower growth rates or our stock price falling below our net book value per share for a sustained period could result in the need to perform additional impairment analysis in future periods. If we were to conclude that a future write-down of goodwill or other intangible assets is necessary, then we would be required to record a non-cash charge against earnings, which, in turn, could have a material adverse effect on our business, results of operations, cash flows or financial condition.

We have made and may continue to make debt or equity investments in privately financed projects in, or may accept extended payment terms for, privately financed projects in which we could sustain significant losses.

We have participated and may continue to participate in privately financed projects that enable state and local governments and other customers to finance dredging, environmental and infrastructure projects, such as dredging of local navigable waterways and lakes, coastal protection and environmental and infrastructure projects. These projects typically include the facilitation of non-recourse financing and the provision of dredging, environmental, infrastructure, and related services. We may incur contractually reimbursable costs and may accept extended payment terms, extend debt financing and/or make an equity investment in an entity prior to, in connection with, or as part of project financing, and in some cases we may be the sole or primary source of the project financing. Project financing may also involve the use of real estate, environmental, wetlands or similar credits. If a project is unable to obtain other financing on terms acceptable to it in amounts sufficient to repay or redeem our investments, we could incur losses on our investments and any related contractual receivables. After completion of these projects, the return on our equity investments can be dependent on the operational success of the project and market factors or sale of the aforementioned credits, which may not be under our control. As a result, we could sustain a loss of part or all of our equity investments in such projects or have to recognize the value of the credits at a lower amount than expected in the contract bid.

Risks Related to our Stock

Our common stock is subject to restrictions on foreign ownership.

We are subject to government regulations pursuant to the Dredging Act, the Jones Act, the Shipping Act and the vessel documentation laws set forth in Chapter 121 of Title 46 of the United States Code. These statutes require vessels engaged in the transport of merchandise or passengers or dredging in the navigable waters of the U.S. to be owned and controlled by U.S. citizens. The U.S. citizenship ownership and control standards require the vessel-owning entity to be at least 75% U.S.-citizen owned. Our certificate of incorporation contains provisions limiting non-citizenship ownership of our capital stock. If our board of directors determines that persons who are not citizens of the U.S. own more than 22.5% of our outstanding capital stock or more than 22.5% of our voting power, we may redeem such stock. The required redemption price could be materially different from the current price of our common stock or the price at which the non-citizen acquired the common stock. If a non-citizen purchases our common stock, there can be no assurance that he will not be required to divest the shares and such divestiture could result in a material loss. Such restrictions and redemption rights may make our equity securities less attractive to potential investors, which may result in our common stock having a lower market price than it might have in the absence of such restrictions and redemption rights.

Delaware law and our charter documents may impede or discourage a takeover that you may consider favorable.

The provisions of our certificate of incorporation and bylaws may deter, delay or prevent a third-party from acquiring us. These provisions include:

- limitations on the ability of stockholders to amend our charter documents, including stockholder supermajority voting requirements;
- the inability of stockholders to call special meetings;
- a classified board of directors with staggered three-year terms;
- advance notice requirements for nominations for election to the board of directors and for stockholder proposals; and
- the authority of our board of directors to issue, without stockholder approval, up to 1,000,000 shares of preferred stock with such terms as the board of directors may determine and to issue additional shares of our common stock.

We are also subject to the protections of Section 203 of the Delaware General Corporation Law, which prevents us from engaging in a business combination with a person who acquires at least 15% of our common stock for a period of three years from the date such person acquired such common stock, unless board or stockholder approval was obtained.

These provisions could have the effect of delaying, deferring or preventing a change in control of our company, discourage others from making tender offers for our shares, lower the market price of our stock or impede the ability of our stockholders to change our management, even if such changes would be beneficial to our stockholders.

Our stockholders may not receive dividends because of restrictions in our debt agreements, Delaware law and state regulatory requirements.

Our ability to pay dividends is restricted by the agreements governing our debt, including our Credit Agreement, our bonding agreements and the indenture governing our senior unsecured notes. In addition, under Delaware law, our board of directors may not authorize payment of a dividend unless it is either paid out of our surplus, as calculated in accordance with the Delaware General Corporation Law, or, if we do not have a surplus, it is paid out of our net profits for the fiscal year in which the dividend is declared and/or the preceding fiscal year. To the extent we do not have adequate surplus or net profits, we will be prohibited from paying dividends.

The market price of our common stock may fluctuate significantly, and this may make it difficult for holders to resell our common stock when they want or at prices that they find attractive.

The price of our common stock on the NASDAQ Global Market constantly changes. We expect that the market price of our common stock will continue to fluctuate. The market price of our common stock may fluctuate as a result of a variety of factors, many of which are beyond our control. These factors include:

- changes in market conditions;
- quarterly variations in our operating results;
- operating results that vary from the expectations of management, securities analysts and investors;
- changes in expectations as to our future financial performance;
- announcements of strategic developments, significant contracts, acquisitions and other material events by us or our competitors;
- the operating and securities price performance of other companies that investors believe are comparable to us;
- future sales of our equity or equity-related securities;
- changes in the economy and the financial markets;
- departures of key personnel;
- changes in governmental regulations; and
- geopolitical conditions, such as acts or threats of terrorism, political instability, civil unrest or military conflicts.

In addition, in recent years, global stock markets have experienced extreme price and volume fluctuations. This volatility has had a significant effect on the market price of securities issued by many companies for reasons often unrelated to their operating

performance. These broad market fluctuations may adversely affect the market price of our common stock, regardless of our operating results.

Volatility in the financial markets could cause a decline in our stock price, which could trigger an impairment of the goodwill of individual reporting units that could be material to our consolidated financial statements. A significant drop in the price of our stock could also expose us to the risk of securities class action lawsuits, which could result in substantial costs and divert management's attention and resources, which could adversely affect our business. Additionally, volatility or a lack of positive performance in our stock price may adversely affect our ability to retain key employees, many of whom are awarded equity securities, the value of which is dependent on the performance of our stock price.

Item 1B. Unresolved Staff Comments

None.

Item 2. Properties

The Company owns or leases the properties described below. The Company believes that its existing facilities are adequate for its operations.

Dredging

The Company's headquarters are located at 2122 York Road, Oak Brook, Illinois 60523, with approximately 64,275 square feet of office space that it leases with a term expiring in 2019. As of December 31, 2016 the Company owns or leases the following additional facilities:

Dredging

Location	Type of Facility	Size		Leased or Owned
Staten Island, New York	Yard	4.4	Acres	Owned
Morgan City, Louisiana	Yard	6.4	Acres	Owned
Norfolk, Virginia	Yard	15.3	Acres	Owned
Chickasaw, AL	Yard	2.0	Acres	Leased
Kingwood, Texas	Office	750	Square feet	Leased
Cape Girardeau, Missouri	Office	726	Square feet	Owned
Cape Girardeau, Missouri	Storage	7,200	Square feet	Owned
Cape Girardeau, Missouri	Yard	18.4	Acres	Owned

Environmental & infrastructure

Location	Type of Facility	Size		Leased or Owned
Centennial, Colorado	Office	5,464	Square feet	Leased
Portage, Michigan	Office	1,344	Square feet	Leased
Kalkaska, Michigan	Office	8,200	Square feet	Leased
Kalkaska, Michigan	Yard	7.0	Acres	Leased
Rocklin, CA*	Office	12,623	Square feet	Leased
Rocklin, CA*	Yard	5.0	Acres	Leased
Rocklin, CA*	Storage	14,731	Square feet	Leased
Romulus, Michigan	Storage	35,250	Square feet	Leased
Roswell, Georgia	Office	1,494	Square feet	Leased
Cushing, Oklahoma	Office	1,200	Square feet	Leased
Cushing, Oklahoma	Yard	2.5	Acres	Leased
Denton, Texas	Office	3,766	Square feet	Leased
Brielle, New Jersey	Office	2,400	Square feet	Leased
San Antonio, Texas	Storage	6,000	Square feet	Leased

*The environmental & infrastructure segment leases the Rocklin, California facilities from the former shareholders of Magnus pursuant to leases expiring in 2019. See Note 16 to the Company's consolidated financial statements.

Item 3. Legal Proceedings

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. Except as described below, 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. Under the terms of the divestiture, the Company retained certain pre-closing liabilities relating to the disposed business. Certain of these liabilities and a legal action 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 \$5.3 million 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 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.

Item 4. Mine Safety Disclosures

Not applicable

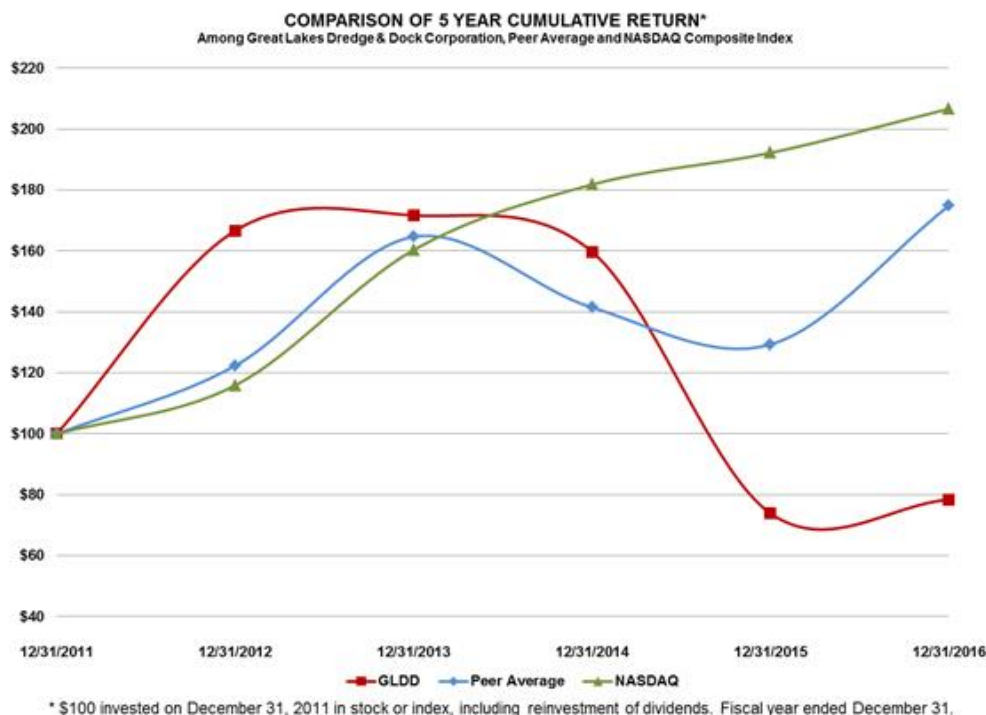
Item 5. Market for Registrant’s Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities

Market Information

Our common stock is traded under the symbol “GLDD” on the NASDAQ Global Market. The table below sets forth, for the calendar quarters indicated, the high and low sales prices of the common stock as reported by NASDAQ from January 1, 2015 through December 31, 2016.

	Common Stock	
	High	Low
First Quarter 2015	\$ 8.64	\$ 5.53
Second Quarter 2015	\$ 6.30	\$ 5.33
Third Quarter 2015	\$ 6.17	\$ 5.00
Fourth Quarter 2015	\$ 5.88	\$ 3.66

	Common Stock	
	High	Low
First Quarter 2016	\$ 3.92	\$ 2.96
Second Quarter 2016	\$ 4.50	\$ 3.42
Third Quarter 2016	\$ 4.97	\$ 3.49
Fourth Quarter 2016	\$ 5.00	\$ 3.05



	12/31/2011	12/31/2012	12/31/2013	12/31/2014	12/31/2015	12/31/2016
Great Lakes Dredge & Dock Corp	\$ 100.00	\$ 166.65	\$ 171.69	\$ 159.75	\$ 73.90	\$ 78.38
Peer Average (see below)	100.00	122.37	164.66	141.47	129.35	174.82
NASDAQ Composite Index	100.00	115.91	160.32	181.80	192.21	206.63

The graph above shows the cumulative total return to stockholders of the Company's common stock during a five year period ending December 31, 2016, the last trading day of our 2016 fiscal year, compared with the return on the NASDAQ Composite Index and a group of our peers which we use internally as a benchmark for our performance. The graph assumes initial investments of \$100 each on December 31, 2011, in GLDD stock (assuming reinvestment of all dividends paid during the period), the NASDAQ Composite Index and the peer group companies, collectively. The peer group is comprised of the following member companies:

Company	Ticker
Dycom Industries, Inc.	DY
Granite Construction Inc.	GVA
Aegion Corporation, successor to Insituform Technologies, Inc.	AEGN
Layne Christensen Company	LAYN
MasTec, Inc.	MTZ
Matrix Service Company	MTRX
MYR Group Inc.	MYRG
Orion Marine Group, Inc.	ORN
Pike Electric Corporation (prior to merger with Court Square Capital Partners on December 22, 2014)	PIKE
Primoris Services Corp	PRIM
Sterling Construction Company, Inc.	STRL
Team, Inc.	TISI
Willbros Group, Inc.	WG

Given the historical usage of this peer group for compensation purposes and the fact that each peer is a capital intensive business, the Company deems it appropriate to also use this peer group for showing the comparative cumulative total return to stockholders of Great Lakes.

Holders of Record

As of February 28, 2017, the Company had approximately 31 shareholders of record of the Company's common stock. A substantial number of holders of the Company's common stock are "street name" or beneficial holders, whose shares are held of record by banks, brokers and other financial institutions.

Dividends

The Company does not currently pay dividends to its common stockholders. The declaration and payment of future dividends will be at the discretion of Great Lakes' board of directors and depends on many factors, including general economic and business conditions, the Company's strategic plans, financial results and condition, legal requirements including restrictions and limitations contained in the Company's senior credit agreement, bonding agreements and the indenture relating to the senior unsecured notes and other factors the board of directors deems relevant. Accordingly, the Company cannot ensure the size of any such dividend or that the Company will pay any future dividend.

Issuer Purchases of Equity Securities

On September 11, 2015, the Company announced a share repurchase program approved by the Board of Directors of the Company, authorizing, but not obligating, the repurchase of up to an aggregate amount of \$15,000,000 of its common stock from time to time through December 31, 2016. No repurchases were made in 2016. As of December 31, 2016, the program is now expired.

Item 6. Selected Financial Data

The following table sets forth selected financial data and should be read in conjunction with Item 7. “Management’s Discussion and Analysis of Financial Condition and Results of Operations” and the Company’s audited consolidated financial statements and notes thereto included elsewhere in this annual report. The selected financial data presented below have been derived from the Company’s consolidated financial statements; items may not sum due to rounding.

	Year Ended December 31,				
	2016	2015	2014	2013	2012
	(in millions except shares in thousands and per share data)				
Contract revenues	\$ 767.6	\$ 856.9	\$ 806.8	\$ 731.4	\$ 588.4
Costs of contract revenues	681.2	761.0	714.3	631.1	510.3
Gross profit	86.4	95.9	92.5	100.3	78.2
General and administrative expenses	65.5	71.1	67.9	68.0	45.7
Proceeds from loss of use claim	—	—	—	(13.4)	—
Impairment of goodwill	—	2.8	—	—	—
(Gain) loss on sale of assets — net	6.2	(0.9)	0.7	(5.8)	(0.2)
Operating income	14.7	23.0	23.9	51.4	32.6
Interest expense — net	(22.9)	(24.4)	(20.0)	(21.9)	(20.9)
Equity in earnings (loss) of joint ventures	(2.4)	(6.1)	2.9	1.2	0.1
Gain on bargain purchase agreement	—	—	2.2	—	—
Other income (expense)	(3.4)	(1.2)	0.2	(0.4)	(0.0)
Income (loss) from continuing operations before income taxes	(14.0)	(8.7)	9.2	30.3	11.7
Income tax (provision) benefit	5.8	2.5	11.5	(10.5)	(5.4)
Income (loss) from continuing operations	(8.2)	(6.2)	20.7	19.9	6.3
Loss from discontinued operations, net of income taxes	—	—	(10.4)	(54.9)	(9.6)
Net income (loss)	(8.2)	(6.2)	10.3	(35.0)	(3.3)
Net loss attributable to noncontrolling interests	—	—	—	0.6	0.6
Net income (loss) attributable to common stockholders of Great Lakes Dredge & Dock Corporation	\$ (8.2)	\$ (6.2)	\$ 10.3	\$ (34.4)	\$ (2.7)
Basic earnings (loss) per share attributable to income from continuing operations (1)	\$ (0.13)	\$ (0.10)	\$ 0.35	\$ 0.33	\$ 0.11
Basic loss per share attributable to loss on discontinued operations, net of income taxes	—	—	(0.17)	(0.91)	(0.15)
Basic earnings (loss) per share attributable to common stockholders of Great Lakes Dredge & Dock Corporation	\$ (0.13)	\$ (0.10)	\$ 0.18	\$ (0.58)	\$ (0.04)
Basic weighted average shares	60,744	60,410	59,938	59,495	59,195
Diluted earnings (loss) per share attributable to income from continuing operations (1)	\$ (0.13)	\$ (0.10)	\$ 0.34	\$ 0.33	\$ 0.11
Diluted loss per share attributable to loss on discontinued operations, net of income taxes	—	—	(0.17)	(0.90)	(0.15)
Diluted earnings (loss) per share attributable to common stockholders of Great Lakes Dredge & Dock Corporation	\$ (0.13)	\$ (0.10)	\$ 0.17	\$ (0.57)	\$ (0.04)
Diluted weighted average shares	60,744	60,410	60,522	60,101	59,673

	Year Ended December 31,				
	2016	2015	2014	2013	2012
	(in millions)				
Other Data:					
Adjusted EBITDA from continuing operations (2)	\$ 72.0	\$ 83.0	\$ 77.1	\$ 98.9	\$ 74.7
Net cash flows from operating activities	38.2	29.1	48.8	74.8	(1.9)
Net cash flows from investing activities	(72.6)	(73.1)	(116.7)	(46.3)	(63.4)
Net cash flows from financing activities	31.3	15.9	35.1	22.5	(23.6)
Depreciation and amortization	63.0	64.6	50.1	46.6	37.4
Maintenance expense	57.1	55.6	57.4	49.5	51.8
Capital expenditures	85.2	89.3	92.1	62.0	76.3

- (1) Refer to Note 2 in the Company's consolidated financial statements for the years ended December 31, 2016, 2015 and 2014 and above information for additional details regarding these calculations.
- (2) See definition of Adjusted EBITDA from continuing operations in Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations.

	As of December 31,				
	2016	2015	2014	2013	2012
	(in millions)				
Balance Sheet Data:					
Cash and cash equivalents	\$ 11.2	\$ 14.2	\$ 42.4	\$ 75.3	\$ 24.4
Working capital	127.4	124.0	141.7	167.2	127.7
Total assets	893.6	898.1	888.7	848.8	822.0
Long term debt, promissory notes and subordinated notes	390.4	345.8	319.9	281.2	258.5
Total stockholder's equity	247.9	252.2	256.0	242.1	273.4

Overview

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 Company operates in two reportable segments: dredging and environmental & infrastructure, previously referred to as environmental & remediation.

Dredging generally involves the enhancement or preservation of the 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. 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. Coastal protection projects involve moving sand from the ocean floor to shoreline locations where erosion threatens shoreline assets. 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. 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. In 2016, dredging revenues accounted for 83% of the Company's revenue.

On November 4, 2014, the Company acquired the stock of Magnus Pacific Corporation, a leading provider of environmental remediation, geotechnical construction, demolition, and sediments and wetlands construction, headquartered outside of Sacramento, California, for an aggregate purchase price of approximately \$40 million. The environmental & infrastructure segment, previously referred to as environmental & remediation, is comprised of Great Lakes Environmental & Infrastructure, LLC ("GLEI"), previously referred to as Magnus Pacific, LLC, and Terra Contracting Services, LLC ("Terra"). The environment & 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, 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. In 2016, environmental & infrastructure revenues accounted for 17% of total revenue.

During the fourth quarter of 2016, the Company sold assets associated with certain service lines of the environmental & infrastructure segment's business, excluding assets supporting the remediation service line.

The Company's bid dredging 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 or other considerations ("bid market"). The Company experienced an average combined bid market share in the U.S. of 49% over the prior three years, including 66%, 44%, 32% and 58% of the domestic capital, coastal protection, maintenance and rivers & lakes sectors, respectively. The bid market for environmental & infrastructure work is highly fragmented and similar bid market statistics are not easily available.

The Company's fleet of 28 dredges, of which five are deployed internationally, 23 material transportation barges, two drillboats, and numerous other support vessels is the largest and most diverse fleet of any U.S. dredging company. For the dredging segment, the Company's fleet of dredging equipment can be utilized on one or many types of work and in various geographic locations. This flexible approach to the Company's fleet utilization, driven by the project scope and equipment, enables us to move equipment in response to changes in demand for dredging services to take advantage of the most attractive opportunities.

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. Multi-jurisdictional cost sharing arrangements are allowing the Corps to utilize funds from sources other than the federal budget to prioritize additional projects where waterway infrastructure improvements can have an impact to large regions. Although some of a project's funding may ultimately be derived from multiple sources, the Corps maintains the authority over the project and is the Company's customer. In 2016, 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 64% of dredging revenues, up slightly from the Company's prior three year average of 62%.

The Company and a New Jersey aggregates company each own 50% of Amboy Aggregates (“Amboy”) and 50% of Lower Main Street Development, LLC (“Lower Main”). Amboy was formed in December 1984 to mine sand from the entrance channel to New York Harbor to provide sand and aggregate for use in road and building construction and for clean land fill. Lower Main was organized in February 2003 to hold land for development or sale in conjunction with Amboy. Amboy sold its interest in a stone import business and Amboy and Lower Main sold their holdings in land during 2014 and are winding down operations. Lower Main ceased operations in 2016. Amboy and Lower Main are expected to be dissolved in 2017.

The Company and a European based remediation company each own 50% of TerraSea Environmental Solutions LLC (“TerraSea”), a remediation business. TerraSea provided water and land based environmental services in the area of clean up and remediation of sediments, soil and groundwater for both marine and land based projects. The Company has commenced the wind down of TerraSea with its joint venture partner. There are no remaining TerraSea projects at December 31, 2016.

On April 24, 2014, the Company announced that it had completed the sale of NASDI, LLC and Yankee Environmental Services, LLC, which together comprised the Company’s historical demolition business, to a privately owned demolition company for \$5.3 million plus retention of certain assets and preclosing liabilities. The historical demolition business has been retrospectively presented as discontinued operations and is no longer reflected in continuing operations. See Note 16 to our consolidated financial statements included in Item 15 of this Annual Report on Form 10-K.

Contract Revenues

Most of the Company’s contracts are obtained through competitive bidding on terms specified by the party inviting the bid. The types of equipment required to perform the specified service, project site conditions, the estimated project duration, seasonality, location and complexity of a project affect the cost of performing the contract and the price that contractors will bid.

The Company recognizes contract revenues under the percentage-of-completion method based on the Company’s engineering estimates of the physical percentage completed for dredging projects and based on costs incurred to date compared to total estimated costs for environmental & infrastructure projects. For dredging projects, costs of contract revenues are adjusted to reflect the gross profit percentage expected to be achieved upon ultimate completion of each dredging project. For environmental & infrastructure projects, contract revenues are adjusted to reflect the estimated gross profit percentage. Provisions for estimated losses on contracts in progress are made in the period in which such losses are determined. Change orders are not recognized in revenue until the recovery is probable and collectability is reasonably assured. Claims for additional compensation due to the Company are not recognized in contract revenues until such claims are settled. Billings on contracts are generally submitted after verification with the customers of physical progress and may 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. Contract modifications may be negotiated when a change from the original contract specifications is encountered, necessitating a change in project scope or performance methodology and/or material disposal. Significant expenditures incurred incidental to major contracts are deferred and recognized as contract costs based on contract performance over the duration of the related project. These expenditures are reported as prepaid expenses.

Costs and Expenses

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 generally is hired on a project-by-project basis. Project costs, excluding labor, have averaged approximately 21% of total costs of contract revenues over the prior three years. Much of our domestic dredging hourly labor force is represented by labor unions with collective bargaining agreements that expire at various dates during 2018, which historically have been extended without disruption. The environmental & infrastructure segment’s hourly labor force is made up of union and non-union employees.

During the year, both dredging equipment utilization and the timing of fixed cost expenditures fluctuate significantly. Accordingly, the Company allocates these fixed equipment costs to interim periods in proportion to dredging revenues recognized over the year to better match revenues and expenses. Specifically, at each interim reporting date the Company compares actual dredging revenues earned to date on the Company’s dredging contracts to expected annual revenues and recognizes dredging 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. As a result of this methodology, the recorded expense in any interim period may be higher or lower than the actual equipment costs incurred in that interim period.

For some environmental & infrastructure contracts, the Company has entered into unincorporated construction joint ventures under which certain portions of a larger project are performed. These investments are accounted for under the proportionate consolidation method for income statement reporting and under the equity method for balance sheet reporting. The Company’s interests in any profits and assets and proportionate share in any losses and liabilities are recognized based on the Company’s stated

percentage partnership interest in the project. For projects related to proportionately consolidated joint ventures, we include only the Company's percentage ownership of each joint venture's backlog.

Primary Factors that Determine Operating Profitability

Dredging. The Company's results of operations for its dredging segment for a calendar or quarterly period are generally determined by the following three factors:

- *Bid wins and dredge employment*—The Company's dredging segment generates revenues when the Company wins a bid for a dredging contract and starts that project. Although the Company's dredging equipment is subject to downtime for scheduled periodic maintenance and repair, the Company seeks to maximize its revenues by employing its dredging equipment on a full-time basis, allowing for scheduled down time and mobilization. If a dredge is idle (i.e., the dredge is not employed on a dredging project or undergoing scheduled periodic maintenance and repair), the Company does not earn revenue with respect to that dredge during the time period for which it is idle.
- *Project and dredge mix* —The Company's domestic dredging projects generally involve domestic capital, maintenance, coastal protection and rivers & lakes work and its foreign dredging projects generally involve capital work. In addition, the Company's dredging projects vary in duration and, in general, projects of longer duration result in less dredge downtime in a given period. Moreover, the Company's dredges have different physical capabilities and typically work on certain types of dredging projects. Accordingly, the Company's dredges have different daily revenue generating capacities.

The Company generally expects to achieve different levels of gross profit margin (i.e., gross profit divided by revenues) for work performed on the different types of dredging projects and for work performed by different types of dredges. The Company's expected gross margin for a project is based upon the Company's estimates at the time of the bid. Although the Company seeks to bid on and win projects that will maximize its gross margin, the Company cannot control the type of dredging projects that are available for bid from time to time, the type of dredge that is needed to complete these projects, the competitive landscape at the time of bid or the time schedule upon which these projects are required to be completed. As a result, in some quarters the Company works on a mix of dredging projects that, in the aggregate, have relatively high expected gross margins (based on project type and dredges employed) and in other quarters, the Company works on a mix of dredging projects that, in the aggregate, have relatively low expected gross margins (based on project type and dredges employed).

- *Project execution*—The Company seeks to execute all of its dredging projects consistent with or at a higher production than its as-bid project estimates. In general, the Company's ability to achieve its project estimates depends upon many factors including soil conditions, weather, variances from estimated project conditions, equipment mobilization time periods, unplanned equipment downtime or other events or circumstances beyond the Company's control. If the Company experiences any of these events and circumstances, the completion of a dredging project will often be accelerated or delayed, as applicable, and, consequently, the Company will experience project results that are better or worse than its estimates. The Company does its best to estimate for events and circumstances that are not within its control; however, these situations are inherent in dredging.

Environmental & infrastructure. The Company's environmental & infrastructure segment generates revenues when the Company is awarded a contract and starts the project. The Company's revenues from its environmental & infrastructure segment increase or decrease based upon market demand. Like the Company's dredging segment, results of operations for the Company's environmental & infrastructure segment fluctuate based upon project mix and the Company's ability to execute its projects consistent with its estimates. Environmental & infrastructure margins are based upon the specified service, the estimated project duration, seasonality, location and complexity of a project.

Critical Accounting Policies and Estimates

Our significant accounting policies are discussed in the Notes to our consolidated financial statements included in Item 15 of this Annual Report on Form 10-K. The application of certain of these policies requires significant judgments or an estimation process that can affect the Company's results of operations, financial position and cash flows, as well as the related footnote disclosures. The Company bases its estimates on historical experience and other assumptions that it believes are reasonable. If actual amounts are ultimately different from previous estimates, the revisions are included in the Company's results of operations for the period in which the actual amounts become known. The following accounting policies comprise those that management believes are the most critical to aid in fully understanding and evaluating the Company's reported financial results.

Percentage-of-completion method of revenue recognition—The Company's contract revenues are recognized under the percentage-of-completion method, which is by its nature based on an estimation process. For dredging projects, the Company uses engineering estimates of the physical percentage of completion. For environmental & infrastructure projects, the Company uses

estimates of costs incurred to date compared to total estimated costs to determine the percentage of project completion. In preparing estimates, the Company draws on its extensive experience in the dredging and environmental & infrastructure businesses. In its dredging segment, the Company utilizes its database of historical dredging information and technical computations to ensure that its estimates are as accurate as possible, given current circumstances. Provisions for estimated losses on contracts in progress are made in the period in which such losses are determined. Change orders are not recognized in revenue until the recovery is probable and collectability is reasonably assured. Claims for additional compensation are not recognized in contract revenues until such claims are settled. Cost and profit estimates are reviewed on a periodic basis to reflect changes in expected project performance.

The Company currently expects to adopt 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") as of January 1, 2018, under the modified retrospective method where the cumulative effect is recognized at the date of initial application. The Company's evaluation of ASC 606 is ongoing and not complete. The Company is currently evaluating the overall impacts that ASC 606 will have on the methods currently used to measure progress toward completion which affect the timing of recognition of revenue, the changes necessitated on our financial systems, existing internal controls and processes to comply with the guidance. The Financial Accounting Standards Board has issued and may issue in the future, interpretative guidance, which may cause the Company's evaluation to change in future periods prior to adoption. In addition, the ongoing assessment may be impacted by implementation guidance specific to the construction industry. Accordingly, the Company is still evaluating the effect of the adoption of ASC 606 on its consolidated financial statements.

Impairment of goodwill—Goodwill is tested for impairment at the reporting unit level on an annual basis and between annual tests if an event occurs or circumstances change that would more likely than not reduce the fair value of the reporting unit below its carrying value. The Company believes that this estimate is a critical accounting estimate because: (i) goodwill is a material asset and (ii) the impact of an impairment could be material to the consolidated balance sheet and consolidated statement of operations. The Company performs its annual impairment test as of July 1 each year. The Company has two operating segments: dredging and environmental & infrastructure, previously referred to as environmental & remediation, which are also the Company's two reportable segments. The Company has determined that dredging, Terra and GLEI are the Company's three reporting units.

The Company assesses the fair values of its reporting units using both a market-based approach and an income-based approach. Under the income approach, the fair value of the reporting unit is based on the present value of estimated future cash flows. The income approach is dependent on a number of factors, including estimates of future market growth trends, forecasted revenues and expenses, appropriate discount rates and other variables. The estimates are based on assumptions that the Company believes to be reasonable, but such assumptions are subject to unpredictability and uncertainty. Changes in these estimates and assumptions could materially affect the determination of fair value, and may result in the impairment of goodwill in the event that actual results differ from those estimates.

The market approach measures the value of a reporting unit through comparison to comparable companies. Under the market approach, the Company uses the guideline public company method by applying estimated market-based enterprise value multiples to the reporting unit's estimated revenue and Adjusted EBITDA. The Company analyzes companies that performed similar services or are considered peers. Due to the fact that there are no public companies that are direct competitors, the Company weighs the results of this approach less than the income approach.

The Company performed its annual goodwill impairment test as of July 1, 2016 with no indication of impairment as of the test date. As of the test date, the fair value of the reporting units was substantially in excess of their carrying values. The Company will perform its next scheduled annual test of goodwill in the third quarter of 2017 should no triggering events occur which would require a test prior to the next annual test. At December 31, 2016 and 2015, the dredging segment's goodwill was \$76.6 million. At December 31, 2016 and 2015, the environmental & infrastructure segment's goodwill was \$7.0 million.

Results of Operations—Fiscal Years Ended December 31, 2016, 2015 and 2014

The following table sets forth the components of net income attributable to common stockholders of Great Lakes Dredge & Dock Corporation and Adjusted EBITDA from continuing operations, as defined below, as a percentage of contract revenues for the years ended December 31:

	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contract revenues	100.0 %	100.0 %	100.0 %
Costs of contract revenues	<u>(88.7)</u>	<u>(88.8)</u>	<u>(88.5)</u>
Gross profit	11.3	11.2	11.5
General and administrative expenses	<u>(8.5)</u>	<u>(8.3)</u>	<u>(8.4)</u>
Impairment of goodwill	—	(0.3)	—
Gain (loss) on sale of assets—net	<u>(0.8)</u>	<u>0.1</u>	<u>(0.1)</u>
Operating income	2.0	2.7	3.0
Interest expense—net	<u>(3.0)</u>	<u>(2.9)</u>	<u>(2.5)</u>
Equity in earnings (loss) of joint ventures	<u>(0.3)</u>	<u>(0.7)</u>	<u>0.4</u>
Gain on bargain purchase acquisition	—	—	0.3
Other income (expense)	<u>(0.4)</u>	<u>(0.1)</u>	<u>—</u>
Income (loss) from continuing operations before income taxes	<u>(1.7)</u>	<u>(1.0)</u>	<u>1.2</u>
Income tax benefit	<u>0.8</u>	<u>0.3</u>	<u>1.4</u>
Income (loss) from continuing operations	<u>(0.9)</u>	<u>(0.7)</u>	<u>2.6</u>
Loss from discontinued operations, net of income taxes	—	—	(1.3)
Net income (loss)	<u>(0.9)</u>	<u>(0.7)</u>	<u>1.3</u>
Adjusted EBITDA from continuing operations	<u>9.4 %</u>	<u>9.7 %</u>	<u>9.6 %</u>

Adjusted EBITDA from continuing operations

Adjusted EBITDA from continuing operations, as provided herein, represents net income attributable to common stockholders of Great Lakes Dredge & Dock Corporation, adjusted for net interest expense, income taxes, depreciation and amortization expense, debt extinguishment and 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 attributable to common stockholders of Great Lakes Dredge & Dock Corporation:

	Year Ended December 31,		
	2016	2015	2014
Net income (loss)	\$ (8,177)	(6,189)	\$ 10,295
Loss from discontinued operations, net of income taxes	—	—	(10,423)
Net income (loss) from continuing operations	(8,177)	(6,189)	20,718
Adjusted for:			
Interest expense—net	22,907	24,365	19,967
Income tax benefit	(5,792)	(2,497)	(11,530)
Depreciation and amortization	63,023	64,585	50,129
Impairment of goodwill	—	2,750	—
Gain on bargain purchase acquisition	—	—	(2,197)
Adjusted EBITDA from continuing operations	\$ 71,961	\$ 83,014	\$ 77,087

Components of Contract Revenues

The following table sets forth, by segment and type of work, the Company’s contract revenues for the years ended December 31, (in thousands):

Revenues	2016	2015	2014
Dredging:			
Capital—U.S.	\$ 219,914	\$ 207,058	\$ 195,635
Capital—foreign	59,413	139,945	155,000
Coastal protection	215,041	184,060	194,219
Maintenance	92,274	120,055	123,923
Rivers & lakes	50,826	30,137	28,934
Total dredging revenues	637,468	681,255	697,711
Environmental & infrastructure*	133,637	181,710	114,412
Intersegment revenue	(3,520)	(6,087)	(5,292)
Total revenues	\$ 767,585	\$ 856,878	\$ 806,831

*Environmental & infrastructure revenue in 2014 includes GLEI which did not operate as part of the Company prior to November 4, 2014.

Year Ended December 31, 2016 Compared to Year Ended December 31, 2015

Total revenue was \$767.6 million in 2016, a decrease of \$89.3 million, or 10.4%, from 2015 total revenue of \$856.9 million. The decrease was largely attributable to lower foreign capital, environmental & infrastructure and maintenance revenues during the current year. These decreases were partially offset by increases in coastal protection, rivers & lakes and domestic capital revenues during the year ended December 31, 2016. The Company categorizes revenue by service type to understand the market in which the Company operates and to assess how the Company is performing on bidding work or projects and is generating revenue from backlog.

Domestic capital dredging revenues increased \$12.8 million, or 6.2%, to \$219.9 million in 2016 compared to 2015 revenues of \$207.1 million. The increase in domestic capital dredging revenue was primarily attributable to revenue earned on coastal restoration projects in Louisiana and the Savannah Harbor deepening project during 2016. The increased revenue from these projects was partially offset by revenue earned on the PortMiami deepening project during 2015 that did not repeat in the current year. Work on a deepening project on the Delaware River and a liquefied natural gas (“LNG”) project in Texas also contributed to revenues for the year ended December 31, 2016. In 2016, the Company earned 49% of its backlog carried forward from December 31, 2015.

Revenues from foreign dredging operations in 2016 totaled \$59.4 million, a decrease of \$80.5 million, or 57.5%, from 2015 revenues of \$139.9 million. Foreign dredging revenue in 2016 was driven by a project in Saudi Arabia, three projects in Bahrain, two projects in Brazil and the final stages of demobilization on the project to widen and deepen the Suez Canal project. In comparison, revenue for 2015 was driven by a significantly greater amount of revenue earned on the Suez Canal project. The Company earned 100% of its backlog carried forward from December 31, 2015.

Coastal protection revenues were \$215.0 million in 2016, an increase of \$30.9 million, or 16.8%, from \$184.1 million in 2015. For the year ended December 31, 2016, the increase in coastal protection revenue was attributable to a greater amount of revenue earned on large projects in New Jersey and New York for the repair of shorelines damaged as a result of Superstorm Sandy and recent winter storms. Work on projects in Florida and Delaware also contributed to revenue during 2016. The Company earned 100% of its backlog carried forward from December 31, 2015.

Revenues from maintenance dredging projects in 2016 were \$92.3 million, a decrease of \$27.8 million, or 23.2%, from \$120.1 million in 2015. The decrease in maintenance revenue during current year was mostly attributable to a greater amount of revenue earned on maintenance work in New York and New Jersey as well as harbor work in Texas and Delaware in 2015 that did not repeat during the current year. Maintenance work in Pennsylvania and harbor work in Maryland contributed to revenue during the year ended December 31, 2016. The Company earned 100% of its backlog from December 31, 2015.

Rivers & lakes revenues were \$50.8 million for 2016, an increase of \$20.7 million, or 68.7%, from \$30.1 million in 2015. The increase in revenue for the year ended December 31, 2016 was mostly attributable to revenue earned on a reservoir project in Kansas as well as on projects in Mississippi and New Jersey during the current year. Further, the Company continued to work on the large lake project in Illinois. The Company earned 61% of its backlog carried forward from December 31, 2015.

The environmental & infrastructure segment recorded revenues of \$133.6 million for the year ended December 31, 2016, down 26.5% compared to \$181.7 million for the year ended December 31, 2015. The decrease in revenue during the current year was attributable to lower revenue in the segment’s services lines of business. Additionally, a greater amount of revenue was earned on three geotechnical projects in California and a remediation project in Washington during the prior year. A large mine project in Washington and remediation projects in Michigan and Indiana also contributed to revenue during 2016. The Company earned 100% of its backlog carried forward from December 31, 2015.

Consolidated gross profit for the year ended December 31, 2016 decreased by \$9.5 million, or 9.9%, to \$86.4 million from \$95.9 million for the year ended December 31, 2015. Gross profit margin (gross profit divided by revenue) for the full year 2016 was 11.3%, in line with the prior year gross profit margin of 11.2%. The lower gross profit for 2016 was driven by the absence of the strong contract margin on the Suez Canal deepening project during the current year. This decrease was partially offset by strong margins on rivers & lakes projects and improved project execution in the environmental & infrastructure segment during the current year as compared to the prior year. In comparison, gross profit in the prior year was negatively impacted by unforeseen circumstances that led to project delays on two of the environmental & infrastructures segment’s largest projects in addition to losses on several other environmental & infrastructure projects during 2015.

General and administrative expenses totaled \$65.5 million for the year ended December 31, 2016, down from \$71.1 million for the year ended December 31, 2015. The decrease in general and administrative expense for the full year 2016 as compared to 2015 was driven by a decrease of \$5.2 million in amortization expense, mostly attributable to the environmental & infrastructure segment and a \$3.3 million decrease in payroll and benefits. These decreases were partially offset by an increase in legal and professional fees

of \$2.2 million as well as personnel and recruiting costs of \$0.6 million. Further, the Company reduced the remaining fair value of the GLEI contingent earnout by \$8.0 million to zero during the current year. Similarly, general and administrative expenses for 2015 include a reduction in the fair value of the GLEI seller note payable of \$7.0 million.

Operating income for the year ended December 31, 2016 was \$14.7 million compared to \$23.0 million for the year ended December 31, 2015. In addition to the decrease in gross profit partially offset by lower general and administrative expenses described above, the Company recorded a \$6.2 million loss on sale of assets during the current year. This loss was related to the sale of an underutilized asset during the current year as well as the sale of assets associated with certain service lines of the environmental & infrastructure segment in the fourth quarter of 2016. Further, operating income was negatively impacted by a \$2.7 million loss recorded to (gain) loss on the sale of assets for assets reclassified to assets held for sale, representing the fair value less cost to sell, during the fourth quarter of 2016. In comparison, the prior year includes a \$2.8 million goodwill impairment charge at the Terra reporting unit and a \$0.8 million gain on sale of underutilized assets.

Equity in loss of joint ventures for the year ended December 31, 2016 was \$2.4 million compared to equity in loss of joint ventures of \$6.1 million for the year ended December 31, 2015. During the fourth quarter of 2016, the Company accrued \$2.6 million for the estimated share of additional losses to be assumed from the TerraSea joint venture which negatively impacted equity in loss of joint ventures for the year ended December 31, 2016. In comparison, the Company experienced a \$3.9 million loss related to the TerraSea joint venture and a \$2.3 million loss related to the wind down of the Amboy joint venture during 2015.

The Company's net interest expense for 2016 totaled \$22.5 million compared with \$24.4 million in 2015. The decrease in interest expense was mostly attributable to the reversal of interest expense associated with the GLEI contingent earnout and lower interest expense associated with the Company's revolving credit facility during the current year.

Income tax benefit in 2016 was \$5.8 million, up from an income tax benefit of \$2.5 million in 2015. This \$3.3 million change is primarily attributable to a revision of the deferred state tax rate which provided an additional benefit in the current year.

For the year ended December 31, 2016, net loss from continuing operations was \$8.2 million compared to \$6.2 million for the year ended December 31, 2015. Net income from continuing operations was negatively impacted by a decrease in operating income during 2016, as described above, in addition to a \$2.1 million increase in other expense, mostly attributable to a contract incentive payment in 2015 which positively impacted the prior year. These items were offset by the losses incurred at the Company's joint ventures during the prior year and increased income tax benefit during the current year.

Adjusted EBITDA from continuing operations (as defined and reconciled on page 38) was \$72.0 million and \$83.0 million for the years ended December 31, 2016 and 2015, respectively. The decrease of \$11.0 million, or 13.3%, is mostly attributable the loss on sale of assets and the decrease in consolidated gross profit during the current year, as described above.

Results by segment

Dredging

Dredging revenues for the year ended December 31, 2016 were \$637.5 million a decrease of \$43.8 million, or 6.4%, compared to \$681.3 million for the year ended December 31, 2015. The decrease was largely attributable to lower foreign capital and maintenance revenues during the current year. These decreases were partially offset by increases in coastal protection, rivers & lakes and domestic capital revenues during the year ended December 31, 2016. The decrease in dredging revenue is mostly attributable to the significantly greater amount of revenue earned on the Suez Canal project during 2015 and revenue earned on the PortMiami project which did not repeat in the current year. Revenues for the year ended December 31, 2016 were driven by large coastal protection projects in New Jersey and New York for the repair of shorelines damaged as a result of Superstorm Sandy and recent winter storm events, a reservoir project in Kansas, maintenance work in Pennsylvania, harbor work in Maryland, coastal restoration projects in Louisiana and the Savannah Harbor deepening project.

Dredging segment gross profit in 2016 decreased 23.6% to \$85.3 million from \$111.7 million in 2015, and dredging segment gross profit margin (dredging gross profit divided by dredging revenue) was 13.4% in 2016, a decrease from 16.4% in 2015. The lower gross profit margin for 2016 was driven by the absence of the strong contract margin on the Suez Canal deepening project during the current year. This decrease was partially offset by strong margins on rivers & lakes projects during 2016.

Dredging segment operating income for 2016 decreased 46.8% to \$34.1 million, from \$64.1 million in 2015 as a result of the strong margins on the Suez Canal project in the prior year, as described above. Additionally, dredging segment operating income was negatively impacted by a loss on the sale of an underutilized asset during the current year as compared to a gain on the sale of assets in the prior year. Further, operating income was negatively impacted by a \$2.4 million loss recorded to (gain) loss on the sale of assets for assets reclassified to assets held for sale, representing the fair value less cost to sell, during the fourth quarter of 2016. Dredging general and administrative expenses were flat year over year.

The environmental & infrastructure segment recorded revenues in 2016 of \$133.6 million, a \$48.1 million, or 26.5%, decrease from \$181.7 million in 2015. The decrease in revenue during the current year was attributable to a greater amount of revenue earned within the segment's services lines of business during the prior year as well as a greater amount of revenue earned on three geotechnical projects in California and a remediation project in Washington during the prior year. A large mine project in Washington and remediation projects in Michigan and Indiana also contributed to revenue during 2016.

The environmental & infrastructure segment experienced gross profit of \$1.0 million for year ended December 31, 2016, up \$16.8 million from negative gross profit of \$15.8 million for the year ended December 31, 2015, with a gross profit margin of 0.8% and negative gross profit margin of 8.7%, respectively. This increase in gross profit was a result of improved project execution during the current year as compared to the prior year. In comparison, gross profit in the prior year was negatively impacted by unforeseen circumstances that led to project delays on two of the environmental & infrastructures segment's largest projects in addition to losses on several other projects during 2015.

Environmental & infrastructure segment operating loss was \$19.4 million for 2016, compared to \$41.1 million in 2015. The change in operating loss was mostly attributable to the higher segment gross profit described above and a \$5.1 million decrease in amortization expense during the current year. These positive impacts on operating income were partially offset by a \$2.8 million loss for the sale of assets associated with certain service lines of the environmental & infrastructure segment in the fourth quarter of 2016. In comparison, the prior year includes a \$2.8 million goodwill impairment charge at the Terra reporting unit. During the third quarter of 2016, the Company reduced the remaining fair value of the GLEI contingent earnout by \$8.0 million to zero. Similarly, general and administrative expenses in 2015 included a reduction in the value of the GLEI seller note payable of \$7.0 million.

Year Ended December 31, 2015 Compared to Year Ended December 31, 2014

Total revenue was \$856.9 million in 2015, an increase of \$50.1 million, or 6.2%, from 2014 total revenue of \$806.8 million. The increase was largely attributable to higher domestic capital dredging revenues and increases in rivers & lakes and environmental & infrastructure revenues. These increases were partially offset by declines in foreign capital, coastal protection and maintenance revenues. The Company categorizes revenue by service type to understand the market in which the Company operates and to assess how the Company is performing on bidding work or projects and is generating revenue from backlog.

Domestic capital dredging revenues increased \$11.5 million, or 5.9%, to \$207.1 million in 2015 compared to 2014 revenues of \$195.6 million. The increase in domestic capital dredging revenue was primarily attributable to work on the Savannah Harbor deepening project, a coastal restoration project in Louisiana and two LNG projects in Texas. These increases were partially offset by a greater portion of work performed on the PortMiami deepening project and on the Delaware River in the prior year. Deepening projects in New York and Maryland also contributed to revenues for the year ended December 31, 2015. In 2015, the Company earned 100% of its backlog carried forward from December 31, 2014.

Revenues from foreign dredging operations in 2015 totaled \$139.9 million, a decrease of \$15.1 million, or 9.7%, from 2014 revenues of \$155.0 million. Foreign dredging revenue was driven by a project to widen and deepen the Suez Canal, a large project in Bahrain and four projects in Brazil. These six projects in our foreign operations comprise approximately 99% of the foreign dredging revenue earned. In comparison, 2014 revenue was driven the Wheatstone LNG project in Western Australia, two large projects in the Middle East and a greater amount of revenue earned on projects in Brazil. The Company earned 98% of its backlog carried forward from December 31, 2014.

Coastal protection revenues were \$184.1 million in 2015, a decrease of \$10.1 million, or 5.2%, from \$194.2 million in 2014. For the year ended December 31, 2015, coastal protection revenue included a large number of projects in New York and New Jersey for the repair of shorelines damaged as a result of Superstorm Sandy as well as projects in Florida and Virginia. The increase in work related to Superstorm Sandy was offset by revenue earned on large coastal protection projects in North Carolina, South Carolina and Georgia for the year ended December 31, 2014 which did not repeat during the current year. The Company earned 67% of its backlog carried forward from December 31, 2014.

Revenues from maintenance dredging projects in 2015 were \$120.1 million, a decrease of \$3.8 million, or 3.1%, from \$123.9 million in 2014. The Company's maintenance revenues in 2015 were driven by work performed on large projects in Georgia, Texas and Louisiana as well as significant harbor work in Florida and North Carolina. These increases in maintenance revenue were offset by a greater amount of revenue earned on projects in New York in the prior year as well as revenue earned on projects in Tennessee and Mississippi that did not repeat during the year ended December 31, 2015. The Company earned 100% of its backlog from December 31, 2014.

Rivers & lakes revenues were \$30.1 million for 2015, an increase of \$1.2 million, or 4.2%, from \$28.9 million in 2014. Revenue for the year ended December 31, 2015 was driven by work on a large lake project in Illinois as well as projects in Iowa and Florida. These project increases were partially offset by revenue earned on a private company project in Florida which did not repeat during the current year. The Company earned 30% of its backlog carried forward from December 31, 2014.

The environmental & infrastructure segment recorded revenues of \$181.7 million for the year ended December 31, 2015, up 58.8% compared to \$114.4 million for the year ended December 31, 2014. The increase is mostly attributable to revenue earned by GLEI which did not become part of the Company until the fourth quarter of 2014. Environmental & infrastructure revenue included work on a mine project in Washington as well as a geotechnical slurry wall construction project in California. This increase was partially offset by the completion of a remediation project in Michigan that had been part of the Company's environmental & infrastructure business in 2014, but did not continue during the current year. The Company earned 80% of its backlog carried forward from December 31, 2014.

Consolidated gross profit for the year ended December 31, 2015 increased by \$3.4 million, or 3.7%, to \$95.9 million from \$92.5 million for the year ended December 31, 2014. Gross profit margin (gross profit divided by revenue) for the full year 2015 was 11.2%, slightly below the prior year gross profit margin of 11.5%. The lower gross profit margin for 2015 was driven by uncontrollable circumstances that led to project delays on two of the environmental & infrastructure segment's largest projects during the year. During the year ended December 31, 2015, the environmental & infrastructure segment experienced losses and delays on several projects, with one project accounting for \$6.9 million of the losses. A decline in the amount of work executed and increased operating overhead costs, including \$6.5 million of increased labor and benefits costs due to the inclusion of GLEI for the full year, in the environmental & infrastructure segment also negatively impacted the gross profit margin as compared to the same period in the prior year. The decreases were mostly offset by strong contract margins in the dredging segment, particularly on our Suez Canal project and domestic coastal protection work, and higher absorption of fixed costs due to improved utilization of our fleet, leading to strong margins in our dredging segment.

General and administrative expenses totaled \$71.1 million for the year ended December 31, 2015, up from \$67.9 million for the year ended December 31, 2014. The higher general and administrative expense for the full year 2015 is mostly attributable to increases in payroll and benefit expenses of \$6.5 million, increased amortization expense of \$5.0 million, primarily related to the Magnus acquisition and increases in state and local taxes of \$0.6 million. These increases were partially offset by a reduction in the value of the GLEI seller note payable of \$7.0 million as well as decreases in other office expenses of \$0.8 million, legal and professional fees of \$0.5 million and technical and consulting fees of \$0.4 million.

Operating income for the year ended December 31, 2015 was \$23.0 million compared to \$23.9 million for the year ended December 31, 2014. In addition to the increase in gross profit offset by higher general and administrative expenses described above, the Company recorded a \$2.8 million goodwill impairment charge at the Terra reporting unit which further added to the decline in operating income. The decrease in operating income was slightly offset by gains from sales of underutilized assets for the year ended December 31, 2015.

Equity in loss of joint ventures for the year ended December 31, 2015 was \$6.1 million compared to equity in earnings of joint ventures of \$2.9 million for the year ended December 31, 2014. The Company incurred a \$3.9 million loss related to the TerraSea joint venture and a \$2.3 million loss related to the wind down of the Amboy joint venture during 2015. In comparison, 2014 was driven by a \$15.1 million gain on sale of real estate owned jointly by our Amboy and Lower Main joint ventures, partially offset by a \$10.2 million loss related to the TerraSea joint venture.

The Company's net interest expense for 2015 totaled \$24.4 million compared with \$20.0 million in 2014. The increase is primarily due to interest expense associated with the additional senior notes issued in November 2014 and the senior secured term loan facility ("Term Loan Facility"). These expenses were slightly offset by lower interest expense related to the Company's revolving credit facility during the year ended December 31, 2015.

Income tax benefit in 2015 was \$2.5 million compared to \$11.5 million in 2014. This \$9.0 million change is attributable to a tax benefit related to liquidation of a domestic subsidiary which allowed the Company to claim a worthless stock deduction on its federal income tax return in the prior year. The Company utilized part of the benefit to offset income in 2014 and will carry forward the remainder as a net operating loss to offset future income. Accordingly, this benefit is characterized as a component of our continuing operations.

For the year ended December 31, 2015, net loss from continuing operations was \$6.2 million compared to net income from continuing operations of \$20.7 million for the year ended December 31, 2014. The decrease in net income from continuing operations was attributable to the decrease in operating income, the losses incurred at the Company's joint ventures and the income tax benefit in the prior year that did not repeat in the current year, as described above. Further, prior year income from continuing operations benefited from a \$2.2 million noncash bargain purchase gain recognized during the year.

Adjusted EBITDA from continuing operations (as defined and reconciled on page 38) was \$83.0 million and \$77.1 million for the years ended December 31, 2015 and 2014, respectively. The increase of \$5.9 million, or 7.7%, is largely attributable to higher depreciation and amortization expenses, increased interest expense and a lower tax benefit during 2015. The Company recorded \$64.6 million of depreciation and amortization expense that is included as a component of operating income, but is excluded for the purposes of calculating Adjusted EBITDA from continuing operations. The depreciation and amortization expense recorded in 2014 was \$50.1 million. These changes were slightly offset by the change in net loss from continuing operations, as described above.

Results by segment

Dredging

Dredging revenues for the year ended December 31, 2015 were \$681.3 million a decrease of \$16.4 million, or 2.4%, compared to \$697.7 million for the year ended December 31, 2014. The decrease was attributable to lower foreign capital, maintenance and coastal protection revenues as compared to the prior year. These decreases were partially offset by higher domestic capital revenues, which included work on the Savannah Harbor deepening project, a coastal restoration project in Louisiana, and two LNG projects in Texas, and an increase in rivers & lakes revenues. Dredging revenues for the year ended December 31, 2015 also included a project to widen and deepen the Suez Canal, several projects in New York and New Jersey for the repair of shorelines damaged as a result of Superstorm Sandy, large maintenance projects in Georgia, Texas and Louisiana as well as significant harbor work in Florida and North Carolina. Dredging revenue for the year ended December 31, 2014 was driven by a greater portion of work performed on the PortMiami deepening project, the Wheatstone LNG project in Western Australia, large coastal protection projects in North Carolina, South Carolina and Georgia and a greater amount of maintenance revenue earned on projects in New York as compared to the current year.

Dredging segment gross profit in 2015 increased 23.7% to \$111.7 million from \$90.3 million in 2014, and dredging segment gross profit margin (dredging gross profit divided by dredging revenue) was 16.4% in 2015, an increase from 12.9% in 2014. The increase in dredging segment gross profit was driven by strong contract margins, particularly on our Suez Canal project and domestic coastal protection work, and higher absorption of fixed costs due to improved utilization of our fleet, leading to strong margins on projects in the dredging segment. In comparison, dredging segment gross profit in 2014 was driven by completion of the Wheatstone LNG dredging project in Australia, which finished with strong contract margin commensurate with such a large and complex energy project. The strong margins on the Wheatstone LNG project in the second half of 2014 offset the negative margin impacts from our idle Middle East fleet during the first half of 2014.

Dredging segment operating income for 2015 increased 54.1% to \$64.1 million, from \$41.6 million in 2014 as a result of the strong margins, particularly on our Suez Canal project and domestic coastal protection work, as described above. Further, dredging segment operating income benefited from gains from sales of underutilized assets during the current year as compared to a loss on the sales of assets in the prior year.

Environmental & infrastructure

The environmental & infrastructure segment recorded revenues in 2015 of \$181.7 million, a \$67.3 million, or 58.8%, increase from \$114.4 million in 2014. The increase is attributable to revenue earned by GLEI which did not become part of the Company until the fourth quarter of 2014. Environmental & infrastructure revenue included work on a mine project in Washington as well as a geotechnical slurry wall construction project in California. This increase was partially offset by the completion of a remediation project in Michigan that had been part of the Company's environmental & infrastructure business in 2014 that did not continue during the current year.

The environmental & infrastructure segment experienced negative gross profit of \$15.8 million for year ended December 31, 2015, down \$18.0 million from gross profit of \$2.2 million in the year ended December 31, 2014, with a negative gross profit margin

of 8.7% and gross profit margin of 1.9%, respectively. During the year ended December 31, 2015, the environmental & infrastructure segment experienced losses and delays on several projects, with one project accounting for \$6.9 million of the losses. A decline in the amount of work executed and increased operating overhead costs, including \$6.5 million of increased labor and benefits costs due to the inclusion of GLEI for the full year, also negatively impacted the gross profit margin as compared to the prior year.

Environmental & infrastructure segment operating loss was \$41.1 million for 2015, compared to \$17.8 million in 2014. This operating loss was mostly attributable to the lower segment gross profit described above and additional amortization expense of \$5.0 million, primarily related to the Magnus acquisition. These negative impacts on operating income were partially offset by a reduction in the value of the GLEI seller note payable of \$7.0 million.

Bidding Activity and Backlog

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

Backlog	December 31,	December 31,	December 31,
	2016	2015	2014
Dredging:			
Capital - U.S.	\$ 234,575	\$ 411,506	\$ 135,801
Capital - foreign	22,025	1,750	131,489
Coastal protection	109,871	118,858	211,101
Maintenance	56,929	77,995	25,108
Rivers & lakes	44,298	67,589	90,708
Dredging Backlog	467,698	677,698	594,207
Environmental & infrastructure	37,645	73,349	75,349 *
Total Backlog	\$ 505,343	\$ 751,047	\$ 669,556

* December 31, 2014 environmental & infrastructure backlog includes backlog acquired by the Company on November 4, 2014 in connection with the Magnus Pacific Corporation acquisition.

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 contracts these estimates are based primarily upon the time and costs required to mobilize the necessary assets to and from the project site, the amount and type of material to be dredged and the expected production capabilities of the equipment performing the work. For 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, 58% of the Company's 2016 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.

Approximately 100% of the Company's backlog at December 31, 2016 is expected to be completed and converted to revenue in 2017.

Dredging

The 2016 domestic dredging bid market totaled \$971.6 million, a 24.5% decrease from the 2015 domestic dredging bid market of \$1,286.2 million. The 2016 bid market decrease from the prior year is primarily due to a smaller number of large projects being let for bid. The 2016 domestic bid market included coastal protection projects in Virginia, North Carolina, New York and New Jersey, coastal restoration projects in Louisiana and Texas and maintenance projects in Louisiana and Washington. In comparison, the 2015 domestic bid market included the Savannah Harbor deepening project, a deepening project on the Delaware River, a coastal protection project in New Jersey, an LNG project in Texas and two coastal restoration projects in Louisiana. The Company won 29% of the overall 2016 domestic bid market, down from its 57% win rate of the overall 2015 domestic bid market and the Company's prior three-year average win rate of 49%. One of our competitors was awarded the two largest projects let for bid in 2016 which drove our lower bid market win rate during the current year. Variability in contract wins from period to period is not unusual. The Company

believes trends in its win rate over the prior three year periods provide a historical background against which current year results can be compared.

The Company's December 31, 2016 contracted dredging backlog was \$467.7 million. This represents a decrease of \$210.0 million, or 31.0%, over the Company's December 31, 2015 dredging backlog of \$677.7 million. These amounts do not reflect approximately \$24.6 million of domestic low bids pending formal award and additional phases ("options") pending on projects currently in backlog. At December 31, 2015, the amount of domestic low bids pending award was \$82.8 million. Backlog at December 31, 2016 includes two coastal restoration projects in Louisiana totaling approximately \$110 million as well as approximately \$53 million for the Savannah Harbor deepening project which were awarded in the prior year and two coastal protection projects totaling approximately \$71 million which were awarded in 2016.

The Company won 22%, or \$27.2 million, of the domestic capital dredging projects awarded in 2016, a significant decrease from 94%, or \$501.4 million, in the prior year. During 2016, the Company was awarded a coastal restoration project in Louisiana which will continue into 2017. In comparison, the awards during the prior year included the Savannah Harbor deepening project and a deepening project on the Delaware River, along with a large LNG project in Texas and two coastal restoration projects in Louisiana, most of which will continue into 2017. Domestic capital dredging work made up \$234.6 million, or 50%, of the Company's December 31, 2016 contracted dredging backlog. Domestic capital dredging backlog at December 31, 2016 was \$176.9 million lower than the prior year. The Company expects about 66% of its domestic capital backlog at December 31, 2016 to be performed in 2017. Subsequent to year-end, the Company was awarded an \$88 million coastal restoration project in the Gulf of Mexico that will contribute to backlog in 2017. The Company is encouraged by the new administration's focus on repairing and rebuilding America's infrastructure, including our nation's ports and waterways. 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. The Company anticipates that Jacksonville will likely be the next port that issues a request for proposals to perform deepening operations, potentially early in the second quarter of 2017. Further, Charleston and Port Everglades continue to look promising to potentially commence their port deepening projects 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 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 15 to 18 years, 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.

Foreign capital dredging backlog increased to \$22.0 million at December 31, 2016 from \$1.8 million at the end of 2015. During 2016, the Company was awarded two land reclamation and development projects in the Middle East and a port project in Brazil. The Company expects about 100% of its foreign capital backlog at December 31, 2016 to be performed in 2017. 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. Besides the Middle East, the Company is working on projects and continues to pursue ancillary work in South America where we have positioned a clamshell dredge and operate as a reputable regional provider. The Company expects the additional opportunities globally to provide a continued source of future international dredging revenue.

The Company won 39%, or \$163.6 million, of the coastal protection projects awarded in 2016, an increase from 25%, or \$67.4 million, in the prior year. Coastal protection projects awarded during 2016 included large projects in Virginia and North Carolina as well as two projects in Florida and three Superstorm Sandy appropriated projects in New Jersey and New York. The Company has contracted dredging backlog related to coastal protection of \$109.9 million at December 31, 2016 compared to \$118.9 million at the end of 2015. The decrease in backlog at December 31, 2015 is due to revenue earned in 2016 on projects in backlog at December 31, 2015. The Company expects about 100% of its coastal protection backlog at December 31, 2016 to be performed in 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 extend through 2017. Federal and state government actions continue to support the repair and improvement of America's coastline through the completion of protective beaches and berms.

The Company won 23%, or \$68.0 million, of the maintenance dredging projects awarded in 2016 compared to 37%, or \$165.3 million, in 2015. During the year ended December 31, 2016, the Company was awarded and completed a maintenance project in Louisiana. Projects in Maryland, Massachusetts and Delaware were also awarded during the year with work expected to start in 2017. In comparison, awards in the prior year included harbor projects in Maryland, Florida and Texas totaling approximately \$86 million. The Company's contracted maintenance dredging backlog at December 31, 2016 of \$56.9 million is \$21.1 million lower than the backlog of \$78.0 million at December 31, 2015. The Company expects about 100% of its maintenance dredging backlog at December

31, 2016 to be performed in 2017. Although Congress has been unable to pass a budget bill for fiscal year 2017, the House and the Senate passed the water resources development bill, rebranded as the Water Infrastructure Improvements for the Nation Act (“WIIN”) during the fourth quarter of 2016. WIIN emphasizes previous Water Resources Reform and Development Act (“WRRDA”) language which calls for full use of Harbor Maintenance Trust Fund (“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 3 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 2017 and beyond.

The Company won 16%, or \$21.7 million, of the rivers & lakes projects in the markets where the group operates, compared to 11%, or \$4.2 million, in 2015. Rivers & lakes awards during the year include projects in New Jersey, Mississippi and Florida which will continue into 2017. The Company has contracted dredging backlog related to rivers & lakes of \$44.3 million at December 31, 2016 which is \$23.3 million lower than the backlog of \$67.6 million at December 31, 2015. The decrease at December 31, 2016 is the result of the Company continuing to earn revenue on its reservoir project in Kansas and large lake project in Illinois during 2016. The Company expects about 86% of its rivers & lakes backlog at December 31, 2016 to be performed in 2017. The Corps’ work plan for fiscal year 2017 includes several upper Mississippi River projects to open channels that are often clogged by silt and sediment from upstream, in addition to planned levee repair along the Mississippi River. Additionally, the Company’s rivers & lakes dredges are well suited for marsh projects in Louisiana that are expected to be let to bid through the Coastal Protection and Restoration Authority over the next year.

Environmental & infrastructure

Environmental & infrastructure segment backlog was \$37.6 million and \$73.3 million at December 31, 2016 and 2015, respectively, a decrease of \$35.7 million year over year. The decrease was driven by revenue earned on a large mine project in Washington, a remediation project in Indiana and a geotechnical project in California which were in backlog at December 31, 2015 that were not replaced during the current year. During the year ended December 31, 2016, the Company was awarded four remediation projects, five geotechnical projects and an underground infrastructure project. The Company expects about 100% of its environmental & infrastructure backlog at December 31, 2016 to be performed in 2017. As part of the environmental & infrastructure segment’s initiatives, the Company will focus on geographical expansion in the geotechnical services business. The Company anticipates an increase in levee work in 2017 due to the recent flooding in the Northwest. Further, 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 EPA’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, borrowings under the Company’s revolving credit facility and proceeds from issuances of long term debt. See Note 8 to our consolidated financial statements included in Item 15 of this Annual Report on Form 10-K. The Company’s principal uses of cash are to meet debt service requirements, finance capital expenditures, including the construction of a dual mode articulated tug/barge trailing suction hopper dredge (“ATB”), and provide working capital and other general corporate purposes.

The Company’s net cash provided by operating activities of continuing operations for the years ended December 31, 2016, 2015 and 2014 totaled \$38.7 million, \$29.1 million and \$67.2 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 change in net cash provided by operating activities of continuing operations in the current year was driven by the lower investment in working capital, specifically related to the final billings and collections on large projects completed late in 2015 but collected during the current year. Additionally, the Company recorded a reduction in the fair value of the GLEI earnout payment of \$8.9 million to zero during 2016. The decrease during the year ended December 31, 2015 as compared to 2014 was driven by a decline in net income during 2015 and additional accounts receivable for projects completed late in 2015, resulting in an increase in working capital. Further in 2015, the Company recorded a reduction in the fair value of the GLEI seller note payable of \$7.0 million to zero, in addition to reductions in interest and other contingent consideration. Further contributing to the change between 2015 and 2014, net cash provided by operating activities of continuing operations for the year ended December 31, 2014 included a \$20.0 million distribution from a joint venture.

The Company’s net cash flows used in investing activities of continuing operations for the years ended December 31, 2016, 2015 and 2014 totaled \$72.6 million, \$73.1 million and \$122.0 million, respectively. Investing activities in all periods primarily relate to normal course upgrades and capital maintenance of the Company’s dredging fleet. For the years ended December 31, 2016, 2015 and 2014, the Company spent \$53.9 million, \$34.5 million and \$44.3 million, respectively, on the construction of the ATB. For the year ended December 31, 2016, the Company received \$18.3 million in proceeds from the sale of underutilized equipment and the sale of assets associated with certain service lines of the environmental & infrastructure segment compared to \$1.3 million in proceeds in

2015. Further, in connection with the termination of Company's former revolving credit, the Company was required to issue cash collateral of \$7.0 million related to two letters of credit. During the year ended December 31, 2014, the Company acquired Magnus Pacific Corporation for which the Company paid \$25 million at closing.

The Company's net cash flows provided by financing activities of continuing operations for the years ended December 31, 2016, 2015 and 2014 totaled \$30.8 million, \$15.9 million and \$35.1 million, respectively. The changes in net cash flows provided by financing activities are primarily due to net borrowings on the Company's revolving credit facility. Net borrowings were \$84.1 million, \$20.0 million and (\$35.0) million for the years ended December 31, 2016, 2015 and 2014, respectively. During 2014, cash provided by financing activities was impacted by the Company's Term Loan Facility of \$47.7 million as well as the issuance of an additional \$25 million of the Company's 7.375% senior notes.

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 provided that no default or event of default exists both before and after giving effect to such incremental commitment increase.

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 Credit Parties are also restricted in the amount of capital expenditures they may make in each of the next three fiscal years. 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 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; provided that the maturity date shall be accelerated to November 3, 2018 if the Company fails to refinance its unsecured senior notes that mature February 1, 2019. The refinanced notes must have a maturity on or after March 31, 2020.

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 outstandings under the senior secured revolving credit facility.

The obligations of Great Lakes under the Credit Agreement are 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. During a year, the Company frequently borrows and repays amounts under its revolving credit facility. As of December 31, 2016, the Company had \$104.1 million of borrowings on the revolver and \$63.3 million of letters of credit outstanding, resulting in \$47.5 million of availability under the Credit Agreement.

Term loan facility

In conjunction with the Credit Agreement entered into on December 30, 2016, the Term Loan Facility was paid in full.

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 a bonding agreement (the “Zurich Bonding Agreement”) with Zurich American Insurance Company (“Zurich”) under which the Company can obtain performance, bid and payment bonds. In April 2015, we entered into additional bonding agreements with Argonaut Insurance Company, Berkley Insurance Company, Chubb Surety and Liberty Mutual Insurance Company (collectively, the “Additional Sureties”). The bonding agreements with the Additional Sureties contain similar terms and conditions as the Zurich Bonding Agreement. The Company also has outstanding bonds with Travelers Casualty and Surety Company of America. Bid bonds are generally obtained for a percentage of bid value and amounts outstanding typically range from \$1 million to \$10 million. At December 31, 2016, the Company had outstanding performance bonds valued at approximately \$1,185.9 million of which \$41.1 million relates to projects accounted for in discontinued operations. The revenue value remaining in backlog related to the projects of continuing operations totaled approximately \$404.9 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.

Senior notes

In January 2011, the Company issued \$250 million in aggregate principal amount of its 7.375% senior notes due February 1, 2019. Approximately \$180 million of the net proceeds from the original issuance of the senior notes was used to prepay all of the Company’s 7.75% senior subordinated notes due December 2013, including prepayment premiums and accrued and unpaid interest. In November 2014, the Company issued an additional \$25 million in aggregate principal amount of its 7.375% senior notes due February 1, 2019. The proceeds from this issuance were used to repay indebtedness incurred under our senior secured revolving credit facility in connection with the acquisition of Magnus Pacific Corporation, and for general corporate purposes. The indenture governing the senior notes, among other things, limits 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 its assets; (iv) transfer and sell assets; (v) merge, consolidate or sell all or substantially all of its assets; (vi) enter into certain transactions with affiliates; (vii) create restrictions on dividends or other payments by its restricted subsidiaries and (viii) 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 governing the senior notes.

Other

The future declaration and payment of dividends will be at the discretion of the Company’s board of directors and will depend on many factors, including general economic and business conditions, the Company’s strategic plans, its financial results and condition and legal requirements, including restrictions and limitations contained in the Credit Agreement, bonding agreement and the indenture relating to its senior notes. Accordingly, the Company cannot make any assurances as to the size of any such dividend or that it will pay any such dividend in future quarters.

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 and the Brazilian real, is reflected in the cumulative translation adjustment—net within accumulated other comprehensive income (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 required under the Credit 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.

Contractual Obligations

The following table summarizes the Company's contractual cash obligations at December 31, 2016. Additional information related to these obligations can be found in Note 8 and Note 13 to the Company's consolidated financial statements.

	Obligations coming due in year(s) ending:				
	Total (1)	2017	2018- 2020	2021- 2023	2024 and beyond
Equipment notes payable (2)	\$ 2.8	\$ 1.4	\$ 1.4	\$ —	\$ —
Senior notes (3)	337.6	20.3	317.3	—	—
Notes payable (4)	18.3	2.0	6.5	9.8	—
Unconditional purchase commitments (5)	25.1	25.1	—	—	—
Long term bank debt (6)	104.1	40.0	64.1	—	—
Operating lease commitments	73.8	23.4	35.8	14.6	—
Total	\$ 561.7	\$ 112.2	\$ 425.1	\$ 24.4	\$ —

- (1) Excluded from the above table are \$0.2 million in liabilities for uncertain tax positions for which the period of settlement is not determinable.
- (2) Represents principal and interest on nine capital equipment leases.
- (3) Includes cash interest payments calculated at stated fixed rate of 7.375%.
- (4) Represents the principal on one piece of vessel financing and all corresponding interest payments.
- (5) Includes payments for vessels being built to Company specifications and other contract related commitments.
- (6) Represents the Credit Agreement. At December 31, 2016, total outstanding on this facility was \$104.1 million. Includes cash interest payments calculated at variable rates between 4.00% and 5.75%.

Other Off-Balance Sheet and Contingent Obligations

The Company had outstanding letters of credit relating to foreign contract guarantees and insurance payment liabilities totaling \$63.3 million at December 31, 2016. The Company has granted liens on a substantial portion of its owned operating equipment as security for borrowings under its Credit Agreement and other indebtedness.

The Company finances certain key vessels, office space, and other equipment used in its operations with off-balance sheet operating lease arrangements with unrelated lessors, requiring annual rentals of \$23.4 million in 2017 which will decline to \$2.1 million over the next seven years subject to future lease arrangements. These off-balance sheet leases contain default provisions, which are triggered by an acceleration of debt maturity under the terms of the Company's Credit Agreement. Additionally, the leases typically contain provisions whereby the Company indemnifies the lessors for the tax treatment attributable to such leases based on the tax rules in place at lease inception. The tax indemnifications do not have a contractual dollar limit. To date, no lessors have asserted any claims against the Company under these tax indemnification provisions.

At December 31, 2016, the Company had outstanding performance bonds with a notional amount of \$1,185.9 million of which \$41.1 million relates to projects accounted for in discontinued operations. The revenue value remaining in backlog related to the projects of continuing operations totaled \$404.9 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.

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.

The Company considers it unlikely that it would have to perform under any of the aforementioned contingent obligations, other than operating leases.

Item 7A. Quantitative and Qualitative Disclosures about Market Risk

A significant portion of the Company's current dredging operations are conducted outside of the U.S., primarily in the Middle East and Brazil. It is the Company's policy to hedge foreign currency exchange risk on contracts denominated in currencies other than the U.S. dollar, if available. Currently, the majority of the Company's foreign dredging work is in the Middle East. The currency in Bahrain, the Bahraini Dinar, is linked to the U.S. dollar; therefore, there is no foreign currency exposure on these transactions. Additionally, on contracts in Brazil denominated in Brazilian real, the Company utilizes the currency received for local expenses to minimize foreign currency exposure. At December 31, 2016, the Company had no foreign exchange forward contracts outstanding.

At December 31, 2016, the Company had long-term senior notes outstanding with a recorded face value of \$275.0 million. The fair value of these existing notes, which bear interest at a fixed rate of 7.375%, was \$272.3 million at December 31, 2016 based on market prices. Assuming a 10% decrease in interest rates from the rates at December 31, 2016 the fair value of this fixed rate debt would have increased to \$277.2 million.

A significant operating cost for the Company is diesel fuel, which represents approximately 11% of the Company's costs of contract revenues. The Company uses fuel commodity forward contracts, typically with durations of less than one year, to reduce the impacts of changing fuel prices on operations. The Company does not purchase fuel hedges for trading purposes. Based on the Company's 2017 projected domestic fuel consumption, a 10% increase in the average price per gallon of fuel would have an immaterial effect on fuel expense, after the effect of fuel commodity contracts in place at December 31, 2016. At December 31, 2016 the Company had outstanding arrangements to hedge the price of a portion of its fuel purchases related to domestic dredging work in backlog, representing approximately 80% of its anticipated domestic fuel requirements through December 2017. As of December 31, 2016, there were 7.6 million gallons remaining on these contracts. Under these agreements, the Company will pay fixed prices ranging from \$1.25 to \$1.69 per gallon. At December 31, 2016, the fair value asset on these contracts was estimated to be \$2.3 million, based on quoted market prices and is recorded in other current assets. A 10% change in forward fuel prices would result in an immaterial change in the fair value of fuel hedges outstanding at December 31, 2016.

Item 8. Financial Statements and Supplementary Data

The consolidated financial statements (including financial statement schedules listed under Item 15 of this Report) of the Company called for by this Item, together with the Report of Independent Registered Public Accounting Firm dated February 28, 2017, are set forth on pages 58 to 96 inclusive, of this Report, and are hereby incorporated by reference into this Item. Financial statement schedules not included in this Report have been omitted because they are not applicable or because the information called for is shown in the consolidated financial statements or notes thereto.

Quarterly Results of Operations (Unaudited)

The following tables set forth our unaudited quarterly results of operations for 2016 and 2015. We have prepared this unaudited information on a basis consistent with the audited consolidated financial statements contained in this report and this unaudited information includes all adjustments, consisting only of normal recurring adjustments that we consider necessary for a fair presentation of our results of operations for the quarters presented. You should read this quarterly financial data along with the Condensed Consolidated Financial Statements and the related notes to those statements included in our Quarterly Reports on Form 10-Q filed with the Commission. The operating results for any quarter are not necessarily indicative of the results for the annual period or any future period.

	Quarter Ended			
	March 31,	June 30,	September 30,	December 31,
Unaudited				
(dollars in millions except shares in thousands and per share data)				
2016				
Contract revenues	\$ 163.1	\$ 192.2	\$ 198.9	\$ 213.4
Costs of contract revenues	(143.1)	(167.9)	(178.8)	(191.3)
Gross profit	20.0	24.3	20.0	22.1
General and administrative expenses	(20.1)	(19.8)	(7.2)	(18.5)
Loss on sale of assets — net	—	(0.7)	—	(5.5)
Operating income (loss)	(0.1)	3.8	12.9	(1.9)
Interest expense — net	(5.7)	(5.9)	(4.8)	(6.5)
Equity in earnings (loss) of joint ventures	(0.1)	0.1	—	(2.4)
Other expense	(0.8)	(0.5)	(0.6)	(1.5)
Income (loss) before income taxes	(6.7)	(2.5)	7.4	(12.2)
Income tax (provision) benefit	2.7	0.8	(2.9)	5.2
Net income (loss)	<u>\$ (4.0)</u>	<u>\$ (1.7)</u>	<u>\$ 4.6</u>	<u>\$ (7.0)</u>
Basic earnings (loss) per share	\$ (0.07)	\$ (0.03)	\$ 0.07	\$ (0.11)
Basic weighted average shares	60.5	60.7	60.8	60.9
Diluted earnings (loss) per share	\$ (0.07)	\$ (0.03)	\$ 0.07	\$ (0.11)
Diluted weighted average shares	60.5	60.7	61.5	60.9

	Quarter Ended			
	March 31,	June 30,	September 30,	December 31,
Unaudited				
(dollars in millions except shares in thousands and per share data)				
2015				
Contract revenues	\$ 174.6	\$ 238.9	\$ 220.8	\$ 222.6
Costs of contract revenues	(163.9)	(206.6)	(196.7)	(193.8)
Gross profit	10.7	32.3	24.1	28.8
General and administrative expenses	(18.0)	(15.5)	(15.3)	(22.3)
Impairment of goodwill	—	(2.8)	—	—
Gain on sale of assets — net	—	—	0.9	—
Operating income (loss)	(7.3)	14.0	9.7	6.5
Interest expense — net	(5.6)	(5.6)	(7.3)	(5.9)
Equity in loss of joint ventures	(1.1)	(2.6)	(2.1)	(0.3)
Other income (expense)	(0.4)	(0.6)	0.7	(0.9)
Income (loss) before income taxes	(14.4)	5.2	1.0	(0.6)
Income tax (provision) benefit	6.0	(2.5)	(0.7)	(0.3)
Net income (loss)	<u>\$ (8.4)</u>	<u>\$ 2.7</u>	<u>\$ 0.3</u>	<u>\$ (0.9)</u>
Basic earnings (loss) per share	\$ (0.14)	\$ 0.05	\$ —	\$ (0.01)
Basic weighted average shares	60.3	60.5	60.5	60.4
Diluted earnings (loss) per share	\$ (0.14)	\$ 0.05	\$ —	\$ (0.01)
Diluted weighted average shares	60.3	60.9	60.8	60.7

Note: Items may not sum due to rounding.

Item 9. Changes in and Disagreements With Accountants on Accounting and Financial Disclosure

None.

Item 9A. Controls and Procedures

Disclosure Controls and Procedures.

a) Evaluation of disclosure controls and procedures

Our management, with the participation of our Interim 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) under the Securities Exchange Act of 1934 (the "Exchange Act") as of December 31, 2016. 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 Interim 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 Securities and Exchange Commission's rules and forms.

Based on that evaluation, the Interim Chief Executive Officer and the Chief Financial Officer has concluded that the Company's disclosure controls and procedures, as designed and implemented, were effective as of December 31, 2016. Notwithstanding the foregoing, a control system, no matter how well designed, implemented and operated can provide only reasonable, not absolute, assurance that it will detect or uncover failures within the Company to disclose material information otherwise required to be set forth in the Company's periodic reports.

b) Changes in internal control over financial reporting

There were 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 December 31, 2016 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

c) Management's annual report on internal control over financial reporting

The management of Great Lakes Dredge & Dock Corporation, including its Interim Chief Executive Officer and Chief Financial Officer, is responsible for establishing and maintaining adequate internal control over financial reporting (as defined in Rules 13a-15(f), and 15d-15(f) under the Securities Exchange Act of 1934). Management has used the framework set forth in the report entitled *Internal Control—Integrated Framework* (2013) published by the Committee of Sponsoring Organizations of the Treadway Commission ("COSO") to evaluate the effectiveness of the Company's internal control over financial reporting.

The phrase internal control over financial reporting refers to the process designed by, or under the supervision of, our Interim Chief Executive Officer and Chief Financial Officer, and overseen by our Board of Directors, management and other personnel, 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, and includes those policies and procedures that:

- Pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company;
- Provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with general accepted accounting principles, and that receipts and expenditures of the Company are being made only in accordance with authorizations of management and directors of the Company; and
- Provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of the Company's assets that could have a material effect on the financial statements.

Neither internal control over financial reporting nor disclosure controls and procedures can provide absolute assurance of achieving financial reporting objectives because of their inherent limitations. Internal control over financial reporting and disclosure controls are processes that involve human diligence and compliance, and are subject to lapses in judgment and breakdowns resulting from human failures. Internal control over financial reporting and disclosure controls also can be circumvented by collusion or improper management override. Because of such limitations, there is a risk that material misstatements may not be prevented, detected or reported on a timely basis by internal control over financial reporting or disclosure controls. However, these inherent limitations are

known features of the financial reporting process. Therefore, it is possible to design safeguards for these processes that will reduce, although may not eliminate, these risks.

Our independent registered public accounting firm, Deloitte & Touche LLP, who audited Great Lakes' consolidated financial statements included in this Annual Report on Form 10-K, has issued a report on Great Lakes' internal control over financial reporting, which is included herein.

Management has concluded that our internal control over financial reporting was effective as of December 31, 2016.

/s/ MARK W. MARINKO

Mark W. Marinko

*Interim Chief Executive Officer and Senior Vice President, Chief
Financial Officer*

February 28, 2017

To the Board of Directors and Stockholders of
Great Lakes Dredge & Dock Corporation
Oak Brook, Illinois

We have audited the internal control over financial reporting of Great Lakes Dredge & Dock Corporation and subsidiaries (the "Company") as of December 31, 2016 based on criteria established in Internal Control – Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission. The Company's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Management's Annual Report on Internal Control over Financial Reporting. Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control bases on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

A company's internal control over financial reporting is a process designed by, or under the supervision of, the company's principal executive and principal financial officers, or persons performing similar functions, and effected by the company's board of directors, management, and other personnel 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. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of the inherent limitations of internal control over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may not be prevented or detected on a timely basis. Also, projections of any evaluation of the effectiveness of the internal control over financial reporting to future periods are subject to the risk that the controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

In our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2016, based on the criteria established in Internal Control – Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the consolidated financial statements and financial statement schedule as of, and for, the year ended December 31, 2016, of the Company. Our report dated February 28, 2017 expressed an unqualified opinion on those financial statements and financial statement schedule.

/s/ Deloitte & Touche LLP

Chicago, Illinois
February 28, 2017

Item 9B. Other Information

None.

Part III

Item 10. Directors, Executive Officers and Corporate Governance

Information regarding our executive officers is incorporated by reference herein from the discussion under *Item 1. Business—Executive Officers* in this Annual Report on Form 10-K.

Code of Ethics

The Company has adopted a written code of business conduct and ethics that applies to all of its employees, including its principal executive officer, principal financial officer, controller, and persons performing similar functions. The Company’s code of ethics can be found on its website at www.gldd.com. The Company will post on our website any amendments to or waivers of the code of business conduct and ethics for executive officers or directors, in accordance with applicable laws and regulations.

The remaining information called for by this Item 10 is incorporated by reference herein from the discussions under the headings “Election of Directors,” “Board of Directors and Corporate Governance” and “Security Ownership of Certain Beneficial Owners and Management” and “Section 16(a) Beneficial Ownership Reporting Compliance” in the definitive Proxy Statement for the 2017 Annual Meeting of Stockholders.

Item 11. Executive Compensation

The information required by Item 11 of Form 10-K is incorporated by reference herein from the discussions under the headings “Executive Compensation Tables” and “Compensation Discussion and Analysis” and “Board of Directors and Corporate Governance” in the definitive Proxy Statement for the 2017 Annual Meeting of Stockholders.

Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters

The information required by Item 12 of Form 10-K is incorporated by reference herein from the discussion under the heading “Security Ownership of Certain Beneficial Owners and Management” and “Equity Compensation Plan Information” in our definitive Proxy Statement for the 2017 Annual Meeting of Stockholders.

Item 13. Certain Relationships and Related Transactions, and Director Independence

The information required by Item 13 of Form 10-K is incorporated by reference herein from the discussions under the headings “Board of Directors and Corporate Governance” and “Change of Control of the Company” and “Certain Relationships and Related Transactions” in the definitive Proxy Statement for the 2017 Annual Meeting of Stockholders.

Item 14. Principal Accounting Fees and Services

The information required by Item 14 of Form 10-K is incorporated by reference herein from the discussion under the heading “Matters Related to Independent Registered Public Accounting Firm” in the definitive Proxy Statement for the 2017 Annual Meeting of Stockholders.

Item 15. Exhibits, Financial Statement Schedules

(a) Documents filed as part of this report

1. Financial Statements

The financial statements are set forth on pages 58 to 96 of this Report and are incorporated by reference in Item 8 of this Report.

2. Financial Statement Schedules

All other schedules, except Schedule II—Valuation and Qualifying Accounts on page 97, are omitted because they are not required or the required information is shown in the financial statements or notes thereto.

3. Exhibits

The exhibits required to be filed by Item 601 of Regulation S-K are listed in the “Exhibit Index” which is attached hereto and incorporated by reference herein.

Item 16. Form 10-K Summary

None.

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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Stockholders of
Great Lakes Dredge & Dock Corporation
Oak Brook, Illinois

We have audited the accompanying consolidated balance sheets of Great Lakes Dredge & Dock Corporation and subsidiaries (the "Company") as of December 31, 2016 and 2015, and the related consolidated statements of operations, comprehensive income (loss), equity, and cash flows for each of the three years in the period ended December 31, 2016. Our audits also included the financial statement schedule listed in the Index at Item 15. These financial statements and financial statement schedule are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements and financial statement schedule based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, such consolidated financial statements present fairly, in all material respects, the financial position of Great Lakes Dredge & Dock Corporation and subsidiaries as of December 31, 2016 and 2015, and the results of their operations and their cash flows for each of the three years in the period ended December 31, 2016, in conformity with accounting principles generally accepted in the United States of America. Also, in our opinion, such financial statement schedule, when considered in relation to the basic consolidated financial statements taken as a whole, presents fairly, in all materially respects, the information set forth therein.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the Company's internal control over financial reporting as of December 31, 2016, based on the criteria established in Internal Control – Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission and our report dated February 28, 2017 expressed an unqualified opinion on the Company's internal control over financial reporting.

/s/ Deloitte & Touche LLP

Chicago, Illinois
February 28, 2017

Great Lakes Dredge & Dock Corporation and Subsidiaries

**Consolidated Balance Sheets
As of December 31, 2016 and 2015
(in thousands, except per share amounts)**

	2016	2015
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	\$ 11,167	\$ 14,184
Accounts receivable—net	88,091	130,777
Contract revenues in excess of billings	95,012	81,195
Inventories	37,137	35,963
Prepaid expenses	12,407	7,924
Other current assets	63,412	59,690
Total current assets	<u>307,226</u>	<u>329,733</u>
PROPERTY AND EQUIPMENT—Net	413,008	430,210
GOODWILL	83,576	83,576
OTHER INTANGIBLE ASSETS — Net	1,499	2,428
INVENTORIES—Noncurrent	52,602	41,646
INVESTMENTS IN JOINT VENTURES	4,734	3,761
ASSETS HELD FOR SALE— Noncurrent	9,299	—
OTHER	21,644	6,770
TOTAL	<u>\$ 893,588</u>	<u>\$ 898,124</u>
LIABILITIES AND EQUITY		
CURRENT LIABILITIES:		
Accounts payable	\$ 103,185	\$ 118,846
Accrued expenses	69,043	72,277
Billings in excess of contract revenues	5,141	7,061
Current portion of long term debt	2,465	7,506
Total current liabilities	<u>179,834</u>	<u>205,690</u>
7 3/8% SENIOR NOTES	272,998	271,998
REVOLVING CREDIT FACILITY	104,111	20,000
NOTES PAYABLE	13,293	53,792
DEFERRED INCOME TAXES	68,449	74,006
OTHER	7,013	20,465
Total liabilities	<u>645,698</u>	<u>645,951</u>
COMMITMENTS AND CONTINGENCIES (Note 13)		
EQUITY:		
Common stock—\$.0001 par value; 90,000 authorized, 61,240 and 60,709 shares issued; 60,962 and 60,431 outstanding at December 31, 2016 and December 31, 2015, respectively.	6	6
Treasury stock, at cost	(1,433)	(1,433)
Additional paid-in capital	286,303	283,247
Accumulated deficit	(35,841)	(27,664)
Accumulated other comprehensive loss	(1,145)	(1,983)
Total equity	<u>247,890</u>	<u>252,173</u>
TOTAL	<u>\$ 893,588</u>	<u>\$ 898,124</u>

See notes to consolidated financial statements.

Great Lakes Dredge & Dock Corporation and Subsidiaries

**Consolidated Statements of Operations
For the Years Ended December 31, 2016, 2015 and 2014
(in thousands, except per share amounts)**

	<u>2016</u>	<u>2015</u>	<u>2014</u>
CONTRACT REVENUES	\$ 767,585	\$ 856,878	\$ 806,831
COSTS OF CONTRACT REVENUES	681,197	760,955	714,335
GROSS PROFIT	86,388	95,923	92,496
OPERATING EXPENSES:			
GENERAL AND ADMINISTRATIVE EXPENSES	65,533	71,069	67,911
IMPAIRMENT OF GOODWILL	—	2,750	—
(GAIN) LOSS ON SALE OF ASSETS—Net	6,175	(855)	732
Total operating income	14,680	22,959	23,853
OTHER EXPENSE:			
Interest expense—net	(22,907)	(24,365)	(19,967)
Equity in earnings (loss) of joint ventures	(2,365)	(6,051)	2,895
Gain on bargain purchase acquisition	—	—	2,197
Other income (expense)	(3,377)	(1,229)	210
Total other expense	(28,649)	(31,645)	(14,665)
INCOME (LOSS) FROM CONTINUING OPERATIONS BEFORE INCOME TAXES	(13,969)	(8,686)	9,188
INCOME TAX BENEFIT	5,792	2,497	11,530
INCOME (LOSS) FROM CONTINUING OPERATIONS	(8,177)	(6,189)	20,718
Loss from discontinued operations, net of income taxes	—	—	(10,423)
NET INCOME (LOSS)	\$ (8,177)	\$ (6,189)	\$ 10,295
Basic earnings (loss) per share attributable to income from continuing operations	\$ (0.13)	\$ (0.10)	\$ 0.35
Basic loss per share attributable to loss on discontinued operations, net of income taxes	—	—	(0.17)
Basic earnings (loss) per share	\$ (0.13)	\$ (0.10)	\$ 0.18
Basic weighted average shares	60,744	60,410	59,938
Diluted earnings (loss) per share attributable to income from continuing operations	\$ (0.13)	\$ (0.10)	\$ 0.34
Diluted loss per share attributable to loss on discontinued operations, net of income taxes	—	—	(0.17)
Diluted earnings (loss) per share	\$ (0.13)	\$ (0.10)	\$ 0.17
Diluted weighted average shares	60,744	60,410	60,522

See notes to consolidated financial statements.

Great Lakes Dredge & Dock Corporation and Subsidiaries
Consolidated Statements of Comprehensive Income (Loss)
For the Years Ended December 31, 2016, 2015 and 2014
(in thousands)

	<u>2016</u>	<u>2015</u>	<u>2014</u>
Net income (loss)	\$ (8,177)	\$ (6,189)	\$ 10,295
Currency translation adjustment—net of tax (1)	508	(1,249)	(62)
Net unrealized (gain) loss on derivatives—net of tax (2)	330	—	(199)
Other comprehensive income (loss)—net of tax	838	(1,249)	(261)
Comprehensive income (loss)	<u>\$ (7,339)</u>	<u>\$ (7,438)</u>	<u>\$ 10,034</u>

(1) Net of income tax (provision) benefit of \$(338), \$827 and \$41 for the years ended December 31, 2016, 2015 and 2014, respectively.

(2) Net of income tax (provision) benefit of \$216 and \$(132) for the years ended December 31, 2016 and 2014, respectively.

See notes to consolidated financial statements.

Great Lakes Dredge & Dock Corporation and Subsidiaries

**Consolidated Statements of Equity
For the Years Ended December 31, 2016, 2015 and 2014
(in thousands)**

	Great Lakes Dredge & Dock Corporation shareholders								
	Shares of Common Stock	Common Stock	Shares of Treasury Stock	Treasury Stock	Additional Paid-In Capital	Accumulated Deficit	Accumulated Other Comprehensive Loss	Noncontrolling Interest	Total
BALANCE—January 1, 2014	59,670	\$ 6	—	—	\$ 275,183	\$ (31,770)	\$ (473)	\$ (845)	\$ 242,101
Share-based compensation	118	—	—	—	2,694	—	—	—	2,694
Vesting of restricted stock units, including impact of shares withheld for taxes	111	—	—	—	(497)	—	—	—	(497)
Exercise of stock options and purchases from employee stock plans	271	—	—	—	1,568	—	—	—	1,568
Excess income tax benefit from share-based compensation	—	—	—	—	206	—	—	—	206
Purchase of noncontrolling interests	—	—	—	—	(988)	—	—	845	(143)
Net income	—	—	—	—	—	10,295	—	—	10,295
Other comprehensive loss—net of tax	—	—	—	—	—	—	(261)	—	(261)
BALANCE—December 31, 2014	60,170	\$ 6	—	\$ —	\$ 278,166	\$ (21,475)	\$ (734)	\$ —	\$ 255,963
Share-based compensation	154	—	—	—	4,040	—	—	—	4,040
Vesting of restricted stock units, including impact of shares withheld for taxes	115	—	—	—	(267)	—	—	—	(267)
Exercise of stock options and purchases from employee stock purchase plan	270	—	—	—	1,365	—	—	—	1,365
Excess income tax benefit from share-based compensation	—	—	—	—	(57)	—	—	—	(57)
Purchase of treasury stock	—	—	(278)	(1,433)	—	—	—	—	(1,433)
Net loss	—	—	—	—	—	(6,189)	—	—	(6,189)
Other comprehensive loss—net of tax	—	—	—	—	—	—	(1,249)	—	(1,249)
BALANCE—December 31, 2015	60,709	\$ 6	(278)	(1,433)	\$ 283,247	\$ (27,664)	\$ (1,983)	\$ —	\$ 252,173
Share-based compensation	148	—	—	—	2,455	—	—	—	2,455
Vesting of restricted stock units, including impact of shares withheld for taxes	74	—	—	—	(171)	—	—	—	(171)
Exercise of stock options and purchases from employee stock purchase plan	309	—	—	—	905	—	—	—	905
Excess income tax benefit from share-based compensation	—	—	—	—	(133)	—	—	—	(133)
Net loss	—	—	—	—	—	(8,177)	—	—	(8,177)
Other comprehensive income—net of tax	—	—	—	—	—	—	838	—	838
BALANCE—December 31, 2016	61,240	\$ 6	(278)	\$ (1,433)	\$ 286,303	\$ (35,841)	\$ (1,145)	\$ —	\$ 247,890

See notes to consolidated financial statements.

Great Lakes Dredge & Dock Corporation and Subsidiaries

**Consolidated Statements of Cash Flows
For the Years Ended December 31, 2016, 2015 and 2014
(in thousands)**

	2016	2015	2014
OPERATING ACTIVITIES:			
Net income (loss)	\$ (8,177)	\$ (6,189)	\$ 10,295
Loss from discontinued operations, net of income taxes	—	—	(10,423)
Income (loss) from continuing operations	(8,177)	(6,189)	20,718
Adjustments to reconcile net income (loss) to net cash flows used in operating activities:			
Depreciation and amortization	63,023	64,585	50,129
Equity in (earnings) loss of joint ventures	(4,494)	771	(2,895)
Cash distributions from joint ventures	5,129	8,384	19,955
Deferred income taxes	(6,109)	(2,689)	(14,504)
(Gain) loss on dispositions of property and equipment	6,175	(855)	732
Impairment of goodwill	—	2,750	—
Gain on adjustment of contingent consideration	(8,940)	(8,444)	(1,086)
Amortization of deferred financing fees	2,922	2,766	1,453
Gain on bargain purchase acquisition	—	—	(2,197)
Unrealized foreign currency (gain) loss	477	(1,054)	593
Unrealized net (gain) loss from mark-to-market valuations of derivatives	(6,135)	1,359	3,029
Share-based compensation expense	2,455	4,040	2,694
Excess income tax benefit from share-based compensation	133	57	(206)
Changes in assets and liabilities:			
Accounts receivable	41,274	(20,190)	11,012
Contract revenues in excess of billings	(13,554)	48	(5,677)
Inventories	(6,239)	(6,612)	120
Prepaid expenses and other current assets	(5,310)	(9,730)	1,780
Accounts payable and accrued expenses	(17,762)	306	(14,113)
Billings in excess of contract revenues	(2,002)	2,325	(2,624)
Other noncurrent assets and liabilities	(4,196)	(2,506)	(1,759)
Net cash flows provided by operating activities of continuing operations	38,670	29,122	67,154
Net cash flows used in operating activities of discontinued operations	—	—	(18,352)
Cash provided by operating activities	38,670	29,122	48,802
INVESTING ACTIVITIES:			
Purchases of property and equipment	(83,798)	(74,455)	(91,910)
Proceeds from dispositions of property and equipment	18,257	1,322	68
Changes in restricted cash	(7,035)	—	—
Payments on vendor performance obligations (Note 13)	—	—	(3,100)
Payments for acquisitions of businesses, net of cash acquired	—	—	(27,048)
Net cash flows used in investing activities of continuing operations	(72,576)	(73,133)	(121,990)
Net cash flows provided by investing activities of discontinued operations	—	—	5,275
Cash used in investing activities	(72,576)	(73,133)	(116,715)

	2016	2015	2014
FINANCING ACTIVITIES:			
Proceeds from term loan facility	—	2,640	47,360
Repayments of term loan facility	(44,582)	(5,000)	(417)
Proceeds from issuance of 7 3/8% senior notes	—	—	24,880
Deferred financing fees	(6,817)	(111)	(2,532)
Repayment of long term note payable	(1,079)	(443)	—
Taxes paid on settlement of vested share awards	(171)	(267)	(497)
Purchase of noncontrolling interest	—	—	(205)
Proceeds from equipment debt	—	410	—
Repayments of equipment debt	(1,424)	(1,201)	(235)
Exercise of stock options and purchases from employee stock plans	905	1,365	1,568
Excess income tax benefit from share-based compensation	(133)	(57)	206
Purchase of treasury stock	—	(1,433)	—
Borrowings under revolving loans	288,611	179,500	236,500
Repayments of revolving loans	(204,500)	(159,500)	(271,500)
Cash provided by financing activities	30,810	15,903	35,128
Effect of foreign currency exchange rates on cash and cash equivalents	79	(97)	(164)
Net decrease in cash and cash equivalents	(3,017)	(28,205)	(32,949)
Cash and cash equivalents at beginning of period	14,184	42,389	75,338
Cash and cash equivalents at end of period	<u>\$ 11,167</u>	<u>\$ 14,184</u>	<u>\$ 42,389</u>
Supplemental Cash Flow Information			
Cash paid for interest	<u>\$ 26,563</u>	<u>\$ 25,391</u>	<u>\$ 18,901</u>
Cash paid (refunded) for income taxes	<u>\$ 200</u>	<u>\$ 586</u>	<u>\$ (10,544)</u>
Non-cash Investing and Financing Activities			
Property and equipment purchased but not yet paid	<u>\$ 8,795</u>	<u>\$ 7,380</u>	<u>\$ 10,316</u>
Property and equipment purchased on capital leases and equipment notes	<u>\$ —</u>	<u>\$ 2,190</u>	<u>\$ 3,665</u>
Property & equipment purchased on notes payable	<u>\$ —</u>	<u>\$ 15,569</u>	<u>\$ —</u>
Purchase price of Magnus assets comprised of promissory notes and other liabilities	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 16,210</u>

See notes to consolidated financial statements.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

AS OF December 31, 2016 AND 2015 AND FOR THE

YEARS ENDED December 31, 2016, 2015 AND 2014

(In thousands, except per share amounts or as otherwise noted)

1. NATURE OF BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization—Great Lakes Dredge & Dock Corporation and its subsidiaries (the “Company” or “Great Lakes”) are in the business of marine construction, primarily dredging, and soil, water and sediment environmental and remediation services. The Company’s primary dredging customers are domestic and foreign government agencies, as well as private entities, and its environmental and remediation customers are general contractors, corporations, environmental engineering and construction firms that commission projects and local government and municipal agencies.

Principles of Consolidation and Basis of Presentation—The consolidated financial statements include the accounts of Great Lakes Dredge & Dock Corporation and its majority-owned subsidiaries. All intercompany accounts and transactions are eliminated in consolidation. The equity method of accounting is used for investments in unconsolidated investees in which the Company has significant influence, but not control. Other investments, if any, are carried at cost.

Use of Estimates—The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America (“GAAP”) requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Revenue and Cost Recognition on Contracts—Substantially all of the Company’s contracts for dredging services are fixed-price contracts, which provide for remeasurement based on actual quantities dredged. The majority of the Company’s environmental & infrastructure contracts, previously referred to as environmental & remediation, are also fixed-price contracts, with others performed on a time-and-materials basis. Contract revenues are recognized under the percentage-of-completion method based on the Company’s engineering estimates of the physical percentage completed for dredging projects and based on costs incurred to date compared to total estimated costs for fixed-price environmental & infrastructure projects. For dredging projects, costs of contract revenues are adjusted to reflect the gross profit percentage expected to be achieved upon ultimate completion. For environmental & infrastructure contracts, contract revenues are adjusted to reflect the estimated gross profit percentage. 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. Change orders are not recognized in revenue until the recovery is probable and collectability is reasonably assured. Claims for additional compensation due to the Company are not recognized in contract revenues until such claims are settled. Billings on contracts are generally submitted after verification with the customers of physical progress and may 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. Modifications may be negotiated when a change from the original contract specification is encountered, and a change in project scope, performance methodology and/or material disposal is necessary. Thus, the resulting modification is considered a change in the scope of the original project to which it relates. Significant expenditures incurred incidental to major contracts are deferred and recognized as contract costs based on contract performance over the duration of the related project. These expenditures are reported as prepaid expenses.

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. Project costs, excluding labor, have averaged approximately 21% of total costs of contract revenues over the prior three years. Hourly labor generally is hired on a project-by-project basis. Much of our domestic dredging hourly labor force is represented by labor unions with collective bargaining agreements that expire at various dates during 2018, which historically have been extended without disruption. The environmental & infrastructure segment’s hourly labor force is made up of union and non-union employees.

During the year, both dredging equipment utilization and the timing of fixed cost expenditures fluctuate significantly. Accordingly, the Company allocates these fixed equipment costs to interim periods in proportion to dredging revenues recognized over the year, to better match revenues and expenses. Specifically, at each interim reporting date the Company compares actual dredging revenues earned to date on the Company’s dredging contracts to expected annual revenues and recognizes dredging 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. As a result of this methodology, the recorded expense in any interim period may be higher or lower than the actual equipment costs incurred in that interim period.

For some environmental & infrastructure contracts, the Company has entered into unincorporated construction joint ventures under which certain portions of a larger project are performed. These investments are accounted for under the proportionate consolidation method for income statement reporting and under the equity method for balance sheet reporting. The Company's interests in any profits and assets and proportionate share in any losses and liabilities are recognized based on the Company's stated percentage partnership interest in the project. For projects related to proportionately consolidated joint ventures, we include only the Company's percentage ownership of each joint venture's backlog.

Classification of Current Assets and Liabilities—The Company includes in current assets and liabilities amounts realizable and payable in the normal course of contract completion, unless completion of such contracts extends significantly beyond one year.

Cash Equivalents—The Company considers all highly liquid investments with a maturity at purchase of three months or less to be cash equivalents.

Accounts Receivable—Accounts receivable represent amounts due or billable under the terms of contracts with customers, including amounts related to retainage. The Company anticipates collection of retainage generally within one year, and accordingly presents retainage as a current asset. The Company provides an allowance for estimated uncollectible accounts receivable when events or conditions indicate that amounts outstanding are not recoverable.

Inventories—Inventories consist of pipe and spare parts used in the Company's dredging operations. Pipe and spare parts are purchased in large quantities; therefore, a certain amount of pipe and spare part inventories is not anticipated to be used within the current year and is classified as long-term. Spare part inventories are stated at weighted average historical cost, and are charged to expense when used in operations. Pipe inventory is recorded at cost and amortized to expense over the period of its use.

Property and Equipment—Capital additions, improvements, and major renewals are classified as property and equipment and are carried at depreciated cost. Maintenance and repairs that do not significantly extend the useful lives of the assets or enhance the capabilities of such assets are charged to expenses as incurred. Depreciation is recorded over the estimated useful lives of property and equipment using the straight-line method and the mid-year depreciation convention. The estimated useful lives by class of assets are:

<u>Class</u>	<u>Useful Life (years)</u>
Buildings and improvements	10
Furniture and fixtures	5-10
Vehicles, dozers, and other light operating equipment and systems	3-5
Heavy operating equipment (dredges and barges)	10-30

Leasehold improvements are amortized over the shorter of their remaining useful lives or the remaining terms of the leases.

Goodwill and Other Intangible Assets—Goodwill represents the excess of acquisition cost over fair value of the net assets acquired. Other identifiable intangible assets mainly represent developed technology and databases, customer relationships, and customer contracts acquired in business combinations and are being amortized over a one to five-year period. Goodwill is tested annually for impairment in the third quarter of each year, or more frequently should circumstances dictate. GAAP requires that goodwill of a reporting unit be tested for impairment between annual tests if an event occurs or circumstances change that would more likely than not reduce the fair value of a reporting unit below its carrying amount.

The Company assesses the fair values of its reporting units using both a market-based approach and an income-based approach. Under the income approach, the fair value of the reporting unit is based on the present value of estimated future cash flows. The income approach is dependent on a number of factors, including estimates of future market growth trends, forecasted revenues and expenses, appropriate discount rates and other variables. The estimates are based on assumptions that the Company believes to be reasonable, but such assumptions are subject to unpredictability and uncertainty. Changes in these estimates and assumptions could materially affect the determination of fair value, and may result in the impairment of goodwill in the event that actual results differ from those estimates.

The market approach measures the value of a reporting unit through comparison to comparable companies. Under the market approach, the Company uses the guideline public company method by applying estimated market-based enterprise value multiples to the reporting unit's estimated revenue and Adjusted EBITDA. The Company analyzes companies that performed similar services or

are considered peers. Due to the fact that there are no public companies that are direct competitors, the Company weighs the results of this approach less than the income approach.

The Company has two operating segments: dredging and environmental & infrastructure, which are also the Company's two reportable segments. The historical demolition business has been retrospectively presented as discontinued operations and is no longer reflected in continuing operations. The Company has determined that dredging, Terra Contracting Services, LLC ("Terra") and Great Lakes Environmental & Infrastructure, LLC ("GLEI"), previously referred to as Magnus Pacific, LLC, are the Company's three reporting units.

Long-Lived Assets—Long-lived assets are comprised of property and equipment and intangible assets subject to amortization. Long-lived assets to be held and used are reviewed for possible impairment whenever events indicate that the carrying amount of such assets may not be recoverable by comparing the undiscounted cash flows associated with the assets to their carrying amounts. If such a review indicates an impairment, the carrying amount would be reduced to fair value. No triggering events were identified in 2016 or 2015. If long-lived assets are to be disposed, depreciation is discontinued, if applicable, and the assets are reclassified as held for sale at the lower of their carrying amounts or fair values less estimated costs to sell.

Self-insurance Reserves—The Company self-insures costs associated with its seagoing employees covered by the provisions of Jones Act, workers' compensation claims, hull and equipment liability, and general business liabilities up to certain limits. Insurance reserves are established for estimates of the loss that the Company may ultimately incur on reported claims, as well as estimates of claims that have been incurred but not yet reported. In determining its estimates, the Company considers historical loss experience and judgments about the present and expected levels of cost per claim. Trends in actual experience are a significant factor in the determination of such reserves.

Income Taxes—The provision for income taxes includes federal, foreign, and state income taxes currently payable and those deferred because of temporary differences between the financial statement and tax basis of assets and liabilities. Recorded deferred income tax assets and liabilities are based on the estimated future tax effects of differences between the financial and tax basis of assets and liabilities, given the effect of currently enacted tax laws. The Company's current policy is to repatriate all earnings from foreign subsidiaries' operations as generated and at this time no amounts are considered to be permanently reinvested in those operations.

Hedging Instruments—At times, the Company designates certain derivative contracts as a cash flow hedge as defined by GAAP. Accordingly, the Company formally documents, at the inception of each hedge, all relationships between hedging instruments and hedged items, as well as our risk-management objective and strategy for undertaking hedge transactions. This process includes linking all derivatives to highly-probable forecasted transactions.

The Company formally assesses, at inception and on an ongoing basis, the effectiveness of hedges in offsetting changes in the cash flows of hedged items. Hedge accounting treatment may be discontinued when (1) it is determined that the derivative is no longer highly effective in offsetting changes in the cash flows of a hedged item (including hedged items for forecasted future transactions), (2) the derivative expires or is sold, terminated or exercised, (3) it is no longer probable that the forecasted transaction will occur or (4) management determines that designating the derivative as a hedging instrument is no longer appropriate. If management elects to stop hedge accounting, it would be on a prospective basis and any hedges in place would be recognized in accumulated other comprehensive income (loss) until all the related forecasted transactions are completed or are probable of not occurring.

Foreign Currency Translation—The financial statements of the Company's foreign subsidiaries where the operations are primarily denominated in the foreign currency are translated into U.S. dollars for reporting. Balance sheet accounts are translated at the current foreign exchange rate at the end of each period and income statement accounts are translated at the average foreign exchange rate for each period. Gains and losses on foreign currency translations are reflected as a currency translation adjustment, net of tax, in accumulated other comprehensive income (loss). Foreign currency transaction gains and losses are included in other income (expense).

Noncontrolling Interest—On January 1, 2009 the Company acquired a 65% interest in Yankee Environmental Services, LLC ("Yankee"). On April 23, 2014, the Company entered into and completed the sale of NASDI, LLC and Yankee, its two former subsidiaries that comprised the historical demolition business. As a result of the sale, the Company purchased the noncontrolling interest related to the membership interest the Company did not own in Yankee.

Recent Accounting Pronouncements—In November 2016, the Financial Accounting Standards Board ("FASB") issued Accounting Standard Update No. 2016-18 ("ASU 2016-18"), *Statement of Cashflows (Topic 230): Restricted Cash*. 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 guidance is effective for fiscal years beginning after December 15, 2017. The Company is currently evaluating the impact of ASU 2016-18 on its consolidated financial statements.

In August 2016, the FASB issued Accounting Standard Update No. 2016-15 (“ASU 2016-15”), *Classification of Certain Cash Receipts and Cash Payments* which amends FASB’s standards for reporting cash flows in general-purpose financial statements. The amendments address the diversity in practice related to the classification of certain cash receipts and payments. The guidance is effective for fiscal years beginning after December 15, 2017. The Company is currently evaluating the impact of ASU 2016-15 on its consolidated financial statements.

In March 2016, the FASB issued Accounting Standards Update No. 2016-09 (“ASU 2016-09”), *Compensation – Stock Compensation (Topic 718)*. ASU 2016-09 identifies areas for simplification involving several aspects of accounting for share-based payment transactions, including the income tax consequences, classification of awards as either equity or liabilities, an option to recognize gross stock compensation expense with actual forfeitures recognized as they occur, as well as certain classifications on the statement of cash flows. The guidance is effective for fiscal years beginning after December 15, 2016, and interim periods within those annual periods. The Company has evaluated the impact of ASU 2016-09 and does not believe it will have a significant impact on its consolidated financial statements.

In February 2016, the FASB issued Accounting Standard Update No. 2016-02 (“ASU 2016-02”), *Leases (Topic 842)*. The Board 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.

In November 2015, the FASB issued Accounting Standard Update No. 2015-17 (“ASU 2015-17”), *Income Taxes: Balance Sheet Classifications of Deferred Taxes (Topic 740)* which simplifies the presentation of deferred income taxes by requiring that deferred tax liabilities and assets be classified as noncurrent in the balance sheet. The update is effective for public companies for fiscal years beginning after December 15, 2016, including interim periods within that reporting period. The guidance may be adopted prospectively or retrospectively and early adoption is permitted. As of December 31, 2015, the Company has elected to early adopt this ASU 2015-17 on a prospective basis and therefore, prior years were not retrospectively adjusted. See Note 10 for additional information.

In April 2015, the FASB issued Accounting Standard Update No. 2015-03 (“ASU 2015-03”), *Interest - Imputation of Interest: Simplifying the Presentation of Debt Issuance Costs* which requires that debt issuance costs related to a recognized debt liability be presented in the balance sheet as a direct deduction from the carrying amount of that debt liability, consistent with debt discounts. This update is effective for fiscal years beginning after December 15, 2015, and is required to be applied retrospectively. The Company adopted this standard in the first quarter of 2016 on a retrospective basis. As a result, the Company presented \$3,502 of unamortized debt issuance costs that had been included in other assets in the consolidated balance sheet as of December 31, 2015 as direct deductions from the carrying amounts of the related debt liabilities.

In May 2014, the FASB issued 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”) which supersedes the existing revenue recognition requirements. ASC 606 is based on the principle that revenue is recognized to depict the transfer of goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. ASC 606 has been deferred to be effective for fiscal years beginning after December 15, 2017, including interim periods within that reporting period, which will be our first quarter of fiscal 2018. Early adoption is permitted in fiscal 2017. The Company currently expects to adopt ASC 606 as of January 1, 2018, under the modified retrospective method where the cumulative effect is recognized at the date of initial application. The Company’s evaluation of ASC 606 is ongoing and not complete. The Company is currently evaluating the overall impacts that ASC 606 will have on the methods currently used to measure progress toward completion which affect the timing of recognition of revenue, the changes necessitated on our financial systems, existing internal controls and processes to comply with the guidance. The FASB has issued and may issue in the future, interpretative guidance, which may cause the Company’s evaluation to change in future periods prior to adoption. In addition, the ongoing assessment may be impacted by implementation guidance specific to the construction industry. Accordingly, the Company is still evaluating the effect of the adoption of ASC 606 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 similar to 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 years ended December 31, 2016 and 2015, the dilutive effect of 623 and 431 stock options (“NQSO”) and restricted stock units (“RSU”), respectively, were excluded from the diluted weighted-average common shares outstanding as the Company incurred a loss during these periods. For the years ended December 31, 2016, 2015 and 2014 1,594, 1,179 and 540 NQSOs and RSUs, respectively, were excluded from the calculation of diluted earnings per share based on the application of the treasury stock method, as such NQSOs and RSUs were determined to be anti-dilutive.

The computations for basic and diluted earnings per share for the years ended December 31, 2016, 2015 and 2014 are as follows:

(shares in thousands)	2016	2015	2014
Income (loss) from continuing operations	\$ (8,177)	\$ (6,189)	\$ 20,718
Loss on discontinued operations, net of income taxes, attributable to Great Lakes Dredge & Dock Corporation	—	—	(10,423)
Net income (loss) attributable to common stockholders of Great Lakes Dredge & Dock Corporation	\$ (8,177)	\$ (6,189)	\$ 10,295
Weighted-average common shares outstanding — basic	60,744	60,410	59,938
Effect of stock options and restricted stock units	—	—	584
Weighted-average common shares outstanding — diluted	60,744	60,410	60,522
Earnings (loss) per share from continuing operations — basic	\$ (0.13)	\$ (0.10)	\$ 0.35
Earnings (loss) per share from continuing operations — diluted	\$ (0.13)	\$ (0.10)	\$ 0.34

3. RESTRICTED AND ESCROWED CASH

At December 31, 2016, the Company had restricted cash of \$10,777, of which \$8,535 was included in other noncurrent assets and \$2,242 was included in other current assets. Restricted cash included in other noncurrent assets relates to \$7,035 of cash collateral issued for two letters of credit in connection with the termination of the Company’s former revolving credit agreement and \$1,500 relates to cash held in escrow as security for the Company’s lease rental obligation under a long-term equipment operating lease. Restricted cash included in other current assets relates to cash held in escrow related to an outstanding lawsuit at our historical demolition business.

At December 31, 2015, the Company had restricted cash of \$3,742 of which \$1,500 was included in other noncurrent assets and \$2,242 was included in other current assets. Restricted cash included in other noncurrent assets relates to cash held in escrow as security for the Company’s lease rental obligation under a long-term equipment operating lease. Restricted cash included in other current assets relates to cash held in escrow related to an outstanding lawsuit at our historical demolition business.

4. ACCOUNTS RECEIVABLE AND CONTRACTS IN PROGRESS

Accounts receivable at December 31, 2016 and 2015 are as follows:

	2016	2015
Completed contracts	\$ 18,727	\$ 37,111
Contracts in progress	53,137	70,787
Retainage	21,399	27,203
	93,263	135,101
Allowance for doubtful accounts	(747)	(754)
Total accounts receivable—net	\$ 92,516	\$ 134,347
Current portion of accounts receivable—net	\$ 88,091	\$ 130,777
Long-term accounts receivable and retainage	4,425	3,570
Total accounts receivable—net	\$ 92,516	\$ 134,347

The components of contracts in progress at December 31, 2016 and 2015 are as follows:

	<u>2016</u>	<u>2015</u>
Costs and earnings in excess of billings:		
Costs and earnings for contracts in progress	\$ 587,371	\$ 230,159
Amounts billed	<u>(511,548)</u>	<u>(176,283)</u>
Costs and earnings in excess of billings for contracts in progress	75,823	53,876
Costs and earnings in excess of billings for completed contracts		
	<u>19,189</u>	<u>27,319</u>
Total contract revenues in excess of billings	<u>\$ 95,012</u>	<u>\$ 81,195</u>
Billings in excess of costs and earnings:		
Amounts billed	\$ (268,754)	\$ (207,550)
Costs and earnings for contracts in progress	<u>263,613</u>	<u>200,489</u>
Total billings in excess of contract revenues	<u>\$ (5,141)</u>	<u>\$ (7,061)</u>

The Company has \$17,910 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.

5. PROPERTY AND EQUIPMENT

Property and equipment at December 31, 2016 and 2015 are as follows:

	<u>2016</u>	<u>2015</u>
Land	\$ 9,992	\$ 9,864
Buildings and improvements	5,133	5,896
Furniture and fixtures	11,998	10,587
Operating equipment	<u>788,989</u>	<u>783,732</u>
Total property and equipment	<u>816,112</u>	<u>810,079</u>
Accumulated depreciation	<u>(403,104)</u>	<u>(379,869)</u>
Property and equipment — net	<u>\$ 413,008</u>	<u>\$ 430,210</u>

Operating equipment of \$9,299 was classified as held for sale, excluded from property and equipment, as of December 31, 2016. A \$2,744 loss was recorded to (gain) loss on sale of assets—net for held for sale assets reclassified from property and equipment representing the fair value less cost to sell.

Depreciation expense was \$61,694, \$58,050 and \$48,569, for the years ended December 31, 2016, 2015 and 2014, respectively.

6. GOODWILL AND OTHER INTANGIBLE ASSETS

The Company's annual goodwill impairment test is conducted in the third quarter of each year and interim evaluations are performed when the Company determines that a triggering event has occurred that would more likely than not reduce the fair value of goodwill below its carrying value. The Company performed its annual goodwill impairment test as of July 1, 2016 with no indication of impairment. As of the test date, the fair value of the remaining reporting units was in excess of their carrying values. The Company will perform its next scheduled annual test of goodwill in the third quarter of 2017 should no triggering events occur which would require a test prior to the next annual test.

During 2015, due to a decline in the overall financial performance and declining cash flows in the Terra reporting unit, the Company concluded there was a triggering event that required an interim goodwill impairment test for the reporting unit. The Company performed step one of the goodwill impairment test as of June 30, 2015, which compared the fair value of the Terra reporting unit against its carrying amount, including goodwill. In deriving the fair value of the Terra reporting unit, the Company used both a market-based approach and an income-based approach. Under the income approach, the fair value of the reporting unit is based on the present value of estimated future cash flows. Under the market approach, the Company uses the guideline public company method by applying estimated market-based enterprise value multiples to the reporting unit's estimated revenue and Adjusted EBITDA from continuing operations. Based on the first step analysis, management concluded that the fair value of the Terra reporting unit was less than its carrying value; therefore, the Company performed step two of the goodwill impairment analysis.

Step two of the goodwill impairment analysis measures the impairment charge by allocating the reporting unit's fair value to all of the assets and liabilities of the reporting unit in a hypothetical analysis that calculates implied fair value of goodwill in the same manner as if the reporting unit was being acquired in a business combination. Any excess of the carrying value of the reporting unit's goodwill over the implied fair value of the reporting unit's goodwill is recorded as a loss on impairment of goodwill.

Management determined that the Terra reporting unit's implied fair value of goodwill was below the carrying value as of June 30, 2015. As a result, the Company recorded an impairment charge of \$2,750 in the second quarter of 2015.

The change in the carrying amount of goodwill during the years ended December 31, 2016 and 2015 is as follows:

	Dredging Segment	Environmental & Infrastructure Segment	Total
Balance - January 1, 2015	\$ 76,576	\$ 9,750	\$ 86,326
Impairment of goodwill	—	(2,750)	(2,750)
Balance - December 31, 2015	76,576	7,000	83,576
Balance - December 31, 2016	<u>\$ 76,576</u>	<u>\$ 7,000</u>	<u>\$ 83,576</u>

At December 31, 2016 and 2015, the net book value of identifiable intangible assets was as follows:

<u>As of December 31, 2016</u>	Cost	Accumulated Amortization	Net
Non-compete agreements	\$ 2,377	\$ 1,317	\$ 1,060
Other	781	342	439
	<u>\$ 3,158</u>	<u>\$ 1,659</u>	<u>\$ 1,499</u>
<u>As of December 31, 2015</u>			
Non-compete agreements	\$ 3,085	\$ 1,625	\$ 1,460
Trade names	1,037	873	164
Other	1,306	502	804
	<u>\$ 5,428</u>	<u>\$ 3,000</u>	<u>\$ 2,428</u>

Amortization expense was \$1,329, \$6,535 and \$1,560, for the years ended December 31, 2016, 2015 and 2014, respectively, and is included as a component of general and administrative expenses. Amortization expense related to intangible assets is estimated to be \$591 in 2017, \$534 in 2018, \$214 in 2019 and \$80 in 2020.

7. ACCRUED EXPENSES

Accrued expenses at December 31, 2016 and 2015 are as follows:

	2016	2015
Insurance	\$ 18,114	\$ 16,291
Accumulated deficit in joint venture	17,016	15,408
Payroll and employee benefits	10,028	13,317
Interest	8,660	8,743
Percentage of completion adjustment	3,322	2,837
Income and other taxes	3,208	3,726
Fuel hedge contracts	—	4,388
Other	8,695	7,567
Total accrued expenses	<u>\$ 69,043</u>	<u>\$ 72,277</u>

8. LONG-TERM DEBT

Long-term debt at December 31, 2016 and 2015 is as follows:

	2016	2015
Revolving credit facility	\$ 104,111	\$ 20,000
Equipment notes payable	2,680	3,972
Notes payable	14,438	60,005
7.375% senior notes	272,998	271,998
Subtotal	<u>394,227</u>	<u>355,975</u>
Current portion of equipment note payable	(1,320)	(1,293)
Current portion of note payable	(1,145)	(6,213)
Capital leases (included in other long term liabilities)	(1,360)	(2,679)
Total	<u>\$ 390,402</u>	<u>\$ 345,790</u>

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 provided that no default or event of default exists both before and after giving effect to such incremental commitment increase.

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 Credit Parties are also restricted in the amount of capital expenditures they may make in each of the next three fiscal years. 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 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; provided that the maturity date shall be accelerated to November 3, 2018 if the Company fails to refinance its unsecured senior notes that mature February 1, 2019. The refinanced notes must have a maturity on or after March 31, 2020.

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 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 outstandings under the senior secured revolving credit facility.

As of December 31, 2016, the Company had \$104,111 of borrowings on the revolver and \$63,339 of letters of credit outstanding, resulting in \$47,522 of availability under the Credit Agreement.

Prior revolving credit agreement and term loan facility

In conjunction with the Credit Agreement entered into on December 30, 2016, the senior revolving credit agreement with an aggregate principal amount of up to \$199,000 and the senior secured term loan facility consisting of a term loan in an aggregate principal amount of \$50,000 was paid in full. Depending on the Company's consolidated leverage ratio, previous borrowings under the revolving credit facility bore interest at the option of the Company at either a LIBOR rate plus a margin of between 1.50% to 2.50% per annum or a base rate plus a margin of between 0.50% to 1.50% per annum. The previous borrowings under the Term Loan Facility bore interest at a fixed rate of 4.655% per annum.

Senior notes

The Company has outstanding \$275,000 of 7.375% senior notes due March 2020. In January 2011, the Company issued \$250,000 of senior notes and in November 2014 added \$25,000 of senior notes. The balance sheet reflects senior notes, at December 31, 2016 of \$272,998, which includes the balance outstanding, unamortized deferred financing fees and the debt discount on the November 2014 notes. As of February 1, 2015, there is an optional redemption on all notes. The redemption prices are 103.7% in 2015, 101.8% in 2016 and 100% in any year following, until the notes mature in 2019. Interest is paid semi-annually and principal is due at maturity.

Other

The Company enters into note arrangements to finance certain vessels and ancillary equipment. During the first quarter of 2015, the Company financed the \$15,569 acquisition of a vessel previously under an operating lease with a note bearing interest at 5.75% to maturity in 2023.

The scheduled principal payments through the maturity date of the Company's long-term debt, excluding equipment notes and capital leases, at December 31, 2016, are as follows:

Years Ending December 31	
2017	\$ 41,145
2018	1,212
2019	340,613
2020	1,815
2021	1,922
Thereafter	6,878
Total	\$ 393,585

The Company incurred amortization of deferred financing fees for its long term debt of \$2,438, \$1,729 and \$1,453 for each of the years ended December 31, 2016, 2015 and 2014. Such amortization is recorded as a component of interest expense.

9. 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 December 31, 2016	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	\$ 2,293	\$ —	\$ 2,293	\$ —

Description	At December 31, 2015	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	\$ 4,388	\$ —	\$ 4,388	\$ —

Foreign exchange contracts

The Company has various exposures to foreign currencies that fluctuate in relation to the U.S. dollar. The Company periodically enters into foreign exchange forward contracts to hedge this risk. At December 31, 2016 and 2015 there were no outstanding contracts.

Fuel hedge contracts

The Company is exposed to certain market risks, primarily commodity price risk as it relates to the 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 will have an adverse impact on cash flows associated with its domestic dredging contracts. The Company's goal is to hedge approximately 80% of the eligible fuel requirements for work in domestic backlog.

As of December 31, 2016, 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 December 2017. As of December 31, 2016, there were 7.6 million gallons remaining on these contracts which represent approximately 80% of the Company's forecasted domestic fuel purchases through December 2017. Under these swap agreements, the Company will pay fixed prices ranging from \$1.25 to \$1.69 per gallon.

At December 31, 2016, the fair value asset of the fuel hedge contracts was estimated to be \$2,293, and is recorded in other current assets. At December 31 2015, the fair value liability of the fuel hedge contracts was estimated to be \$4,388, and is recorded in

accrued expenses. 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 year ended December 31, 2016 were \$30. The remaining gains and losses included in the accumulated other comprehensive loss at December 31, 2016 will be reclassified into earnings over the next twelve 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 value of fuel hedges are corroborated using inputs that are readily observable in public markets; therefore, the Company determines fair values 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 December 31, 2016 and 2015 is as follows:

	<u>Balance Sheet Location</u>	<u>Fair Value at December 31,</u>	
		<u>2016</u>	<u>2015</u>
Asset derivatives:			
Derivatives designated as hedging instruments			
Fuel hedge contracts	Other current assets	546	—
Derivatives not designated as hedging instruments			
Fuel hedge contracts	Other current assets	1,747	—
Total asset derivatives		<u>\$ 2,293</u>	<u>\$ —</u>
Liability derivatives:			
Derivatives not designated as hedging instruments			
Fuel hedge contracts	Accrued expenses	<u>\$ —</u>	<u>\$ 4,388</u>

Assets and liabilities measured at fair value on a nonrecurring basis

All other nonfinancial assets and liabilities measured at fair value in the financial statements on a nonrecurring basis are subject to fair value measurements and disclosures. Nonfinancial assets and liabilities included in our consolidated balance sheets and measured on a nonrecurring basis consist of goodwill and long-lived assets, including other acquired intangibles. Goodwill and long-lived assets are measured at fair value to test for and measure impairment, if any, at least annually for goodwill or when necessary for both goodwill and long-lived assets.

In the prior year, the Company estimated the fair value of our Terra reporting unit for our goodwill impairment test by using both a market-based approach and an income-based approach. The income approach is dependent on a number of factors, including estimates of future market growth trends, forecasted revenues and expenses based upon historical operating data, appropriate discount rates and other variables. The market approach measures the value of a reporting unit through comparison to comparable companies. Under the market approach, the Company uses the guideline public company method by applying estimated market-based enterprise value multiples to the reporting unit's estimated revenue and Adjusted EBITDA from continuing operations. The Company analyzed companies that performed similar services or are considered peers.

An impairment of goodwill was recorded in the amount of \$2,750 in the second quarter of 2015. The fair value of goodwill was determined using quantitative models that contained significant unobservable inputs and accordingly is a Level 3 fair value measurement. See Note 6.

	<u>Fair Value Measurements Using Significant Unobservable Inputs (Level 3)</u>	
Goodwill		
Balance at January 1,	\$	86,326
Impairment of goodwill		(2,750)
Balance at December 31, 2015	<u>\$</u>	<u>83,576</u>

Accumulated other comprehensive income (loss)

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

	2016	2015	2014
Cumulative translation adjustments—net of tax	\$ 508	\$ (1,249)	\$ (62)
Derivatives:			
Reclassification of derivative losses (gains) to earnings—net of tax	30	—	(332)
Change in fair value of derivatives—net of tax	300	—	133
Net unrealized (gain) loss on derivatives—net of tax	330	—	(199)
Total other comprehensive income (loss)	\$ 838	\$ (1,249)	\$ (261)

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

	Statement of Operations Location	2016	2015	2014
Derivatives:				
Fuel hedge contracts	Costs of contract revenues	\$ 50	\$ —	\$ (286)
	Income tax (provision) benefit	20	—	(46)
		\$ 30	\$ —	\$ (332)

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 senior revolving credit agreement approximates fair value. In January 2011 and again in November 2014, the Company issued a total of \$275,000 of 7.375% senior notes due February 1, 2019, which were outstanding at December 31, 2016 (See Note 8). The senior notes are senior unsecured obligations of the Company and its subsidiaries that guarantee the senior notes. The fair value of the senior notes was \$272,250 at December 31, 2016, 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.

10. INCOME TAXES

The Company's income tax benefit from continuing and discontinued operations for the years ended December 31, 2016, 2015 and 2014 is as follows:

	2016	2015	2014
Income tax benefit from continuing operations	\$ 5,792	\$ 2,497	\$ 11,530
Income tax benefit from discontinued operations	—	—	8,744
Income tax benefit	\$ 5,792	\$ 2,497	\$ 20,274

The Company's income (loss) from continuing operations before income tax from domestic and foreign continuing operations for the years ended December 31, 2016, 2015 and 2014 is as follows:

	2016	2015	2014
Domestic operations	\$ (2,295)	\$ (35,996)	\$ (20,823)
Foreign operations	(11,674)	27,310	30,011
Total income (loss) from continuing operations before income tax	\$ (13,969)	\$ (8,686)	\$ 9,188

The benefit for income taxes from continuing operations as of December 31, 2016, 2015 and 2014 is as follows:

	2016	2015	2014
Federal:			
Current	\$ 260	\$ —	\$ (174)
Deferred	(5,098)	(2,355)	(9,531)
State:			
Current	54	115	277
Deferred	(1,153)	(673)	(3,577)
Foreign:			
Current	146	416	1,475
Deferred	—	—	—
Total	<u>\$ (5,791)</u>	<u>\$ (2,497)</u>	<u>\$ (11,530)</u>

The Company's income tax benefit from continuing operations reconciles to the provision at the statutory U.S. federal income tax rate of 35% for the years ended December 31, 2016, 2015 and 2014 as follows:

	2016	2015	2014
Tax provision at statutory U.S. federal income tax rate	\$ (4,889)	\$ (3,040)	\$ 3,214
State income tax — net of federal income tax benefit	(1,118)	(676)	(2,726)
Worthless stock deduction	—	—	(9,631)
Charitable contributions	—	(469)	(1,764)
Adjustment to deferred tax depreciation	—	1,135	(1,670)
Change in deferred state tax rate	(1,082)	—	(811)
Research and development tax credits	(253)	(286)	(691)
Purchase price adjustment	—	393	(393)
Changes in unrecognized tax benefits	10	(186)	127
Changes in valuation allowance	1,031	270	2,246
Other	510	362	569
Income tax benefit	<u>\$ (5,791)</u>	<u>\$ (2,497)</u>	<u>\$ (11,530)</u>

During the fourth quarter of 2014, the Company liquidated one of its domestic subsidiaries which allowed it to claim a worthless stock deduction on its federal income tax return. The Company recorded an income tax benefit of \$9,631 related to the worthless stock deduction. The Company utilized part of the benefit to offset income in the year and carried forward the remainder as a net operating loss to potentially offset future income. Accordingly, this benefit is characterized as a component of our continuing operations.

In 2014, an entity 50% owned by the Company sold property to a third party and as part of the transaction donated adjacent property to a municipality. The fair market value of the donated property in excess of cost resulted in a benefit of \$1,764 to the Company in 2014. In 2015, additional property was donated to the same municipality and the fair market value of the donated property in excess of the cost resulted in a benefit of \$469 to the Company.

At December 31, 2016 and 2015, the Company had loss carryforwards for federal income tax purposes of \$51,158 and \$70,534 respectively, which expire between 2034 and 2036.

At December 31, 2016 and 2015, the Company had gross net operating loss carryforwards for state income tax purposes totaling \$128,066 and \$128,460, respectively, which expire between 2023 and 2035. Due to changes in state tax law enacted during the year in a certain state, a valuation allowance in the amount of \$767 was established in 2016 for state net operating loss carryforwards.

The Company also has foreign gross net operating loss carryforwards of approximately \$12,165 and \$11,507 as of December 31, 2016 and 2015, which expire between 2017 and 2036. At December 31, 2016 and 2015, a full valuation allowance has been established for the deferred tax asset of \$3,795 and \$3,586 related to foreign net operating loss carryforwards, respectively, as the Company believes it is more likely than not that the net operating loss carryforwards will not be realized.

As of December 31, 2016 and 2015, the Company had \$157 in unrecognized tax benefits, the recognition of which would have an impact of \$102 on the effective tax rate.

The Company does not expect that total unrecognized tax benefits will significantly increase or decrease within the next 12 months. Below is a tabular reconciliation of the total amounts of unrecognized tax benefits at the beginning and end of each period.

	2016	2015	2014
Unrecognized tax benefits — January 1	\$ 157	\$ 442	\$ 253
Gross increases — tax positions in prior period	—	—	—
Gross increases — current period tax positions	—	—	270
Gross decreases — expirations	—	—	(65)
Gross decreases — tax positions in prior period	—	(285)	(16)
Unrecognized tax benefits — December 31,	<u>\$ 157</u>	<u>\$ 157</u>	<u>\$ 442</u>

The Company's policy is to recognize interest and penalties related to income tax matters in income tax expense. As of December 31, 2016 and 2015, the Company had approximately \$37 and \$23, respectively, of interest and penalties recorded.

The Company files income tax returns at the U.S. federal level and in various state and foreign jurisdictions. U.S. federal income tax years prior to 2013 are closed and no longer subject to examination. In 2016, the Internal Revenue Service completed an examination of the Company's 2011 and 2012 U.S. federal income tax returns. The examinations did not result in any material adjustments. With few exceptions, the statute of limitations in state taxing jurisdictions in which the Company operates has expired for all years prior to 2012. In foreign jurisdictions in which the Company operates, years prior to 2011 are closed and are no longer subject to examination.

The Company's deferred tax assets (liabilities) at December 31, 2016 and 2015 are as follows:

	2016	2015
Deferred tax assets:		
Accrued liabilities	\$ 16,194	\$ 17,841
Federal NOLs	17,905	24,687
Foreign NOLs	3,795	3,586
State NOLs	5,989	6,008
Tax credit carryforwards	5,970	5,374
Charitable contribution	1,883	2,233
Valuation allowance	(7,133)	(6,102)
Total deferred tax assets	<u>44,603</u>	<u>53,627</u>
Deferred tax liabilities:		
Depreciation and amortization	(111,793)	(126,174)
Other liabilities	(1,259)	(1,459)
Total deferred tax liabilities	<u>(113,052)</u>	<u>(127,633)</u>
Net noncurrent deferred tax liabilities	<u>\$ (68,449)</u>	<u>\$ (74,006)</u>

Deferred tax assets relate primarily to reserves and other liabilities for costs and expenses not currently deductible for tax purposes as well as net operating loss and other carryforwards. Deferred tax liabilities relate primarily to the cumulative difference between book depreciation and amounts deducted for tax purposes. The Company believes that it is more likely than not that the deferred income tax assets will ultimately be realized. However, valuation allowances have been recorded for foreign net operating loss carryforwards, foreign tax credits and certain state net operating loss carryforwards to reduce the balance of these deferred tax assets at December 31, 2016, or December 31, 2015.

As discussed in Note 1, in 2015, the Company elected to early adopt guidance which requires that deferred tax liabilities and assets be classified as noncurrent in the balance sheet on a prospective basis.

11. SHARE-BASED COMPENSATION

The Company's 2007 Long-Term Incentive Plan ("Incentive Plan") permits the granting of stock options, stock appreciation rights, restricted stock and restricted stock units to its employees and directors for up to 5,800 shares of common stock. The Company also issues share-based compensation as inducement awards to new employees upon approval of the Board of Directors.

Compensation cost charged to expense related to share-based compensation arrangements was \$2,455, \$4,040 and \$2,694, for the years ended December 31, 2016, 2015 and 2014, respectively.

Non-qualified stock options

The NQSO awards were granted with an exercise price equal to the market price of the Company's common stock at the date of grant. The option awards generally vest in three equal annual installments commencing on the first anniversary of the grant date, and have ten year exercise periods.

The fair value of the NQSOs was determined at the grant date using a Black-Scholes option pricing model, which requires the Company to make several assumptions. The risk-free interest rate is based on the U.S. Treasury yield curve in effect for the expected term of the option at the time of grant. The annual dividend yield on the Company's common stock is based on estimates of future dividends during the expected term of the NQSOs. The expected life of the NQSOs was determined from historical exercise data providing a reasonable basis upon which to estimate the expected life. For grants issued in 2014, the volatility assumptions were based on historical volatility of Great Lakes. There is not an active market for options on the Company's common stock and, as such, implied volatility for the Company's stock was not considered. Additionally, the Company's general policy is to issue new shares of registered common stock to satisfy stock option exercises or grants of restricted stock. No NQSO awards were granted in 2016 and 2015.

The weighted-average grant-date fair value of options granted during the year ended December 31, 2014 was \$4.23. The fair value of each option was estimated using the following assumptions:

	2014
Expected volatility	53.9%
Expected dividends	0.0%
Expected term (in years)	7.0
Risk free rate	1.9%

A summary of stock option activity under the Incentive Plan as of December 31, 2016, and changes during the year ended December 31, 2016, is presented below:

Options	Shares	Weighted Average Exercise Price	Weighted-Average Remaining Contract Term (yrs)	Aggregate Intrinsic Value (\$000's)
Outstanding as of January 1, 2016	1,726	\$ 6.32		
Granted	—	—		
Exercised	—	—		
Forfeited or Expired	(27)	6.43		
Outstanding as of December 31, 2016	1,699	\$ 6.32	3.7	\$ 45
Vested at December 31, 2016	1,610	\$ 6.24	3.6	\$ 45
Vested or expected to vest at December 31, 2016	1,698	\$ 6.32	3.7	\$ 45

Restricted stock units

RSUs can either vest in equal portions over the three year vesting period or vest in one installment on the third anniversary of the grant date. The fair value of RSUs was based upon the Company's stock price on the date of grant. A summary of the status of the Company's non-vested RSUs as of December 31, 2016, and changes during the year ended December 31, 2016, is presented below:

Nonvested Restricted Stock Units	Shares	Weighted-Average Grant-Date Fair Value
Outstanding as of January 1, 2016	2,196	\$ 6.57
Granted	716	3.58
Vested	(112)	7.52
Forfeited	(268)	6.69
Outstanding as of December 31, 2016	2,532	\$ 5.23
Expected to vest at December 31, 2016	1,191	\$ 4.53

As of December 31, 2016, there was \$2,102 of total unrecognized compensation cost related to non-vested NQSOs and RSUs granted under the Plan. That cost for non-vested NQSOs and RSUs is expected to be recognized over a weighted-average period of 0.4 years and 1.9 years, respectively.

The Incentive Plan permits the employee to use vested shares from RSUs to satisfy the grantee's U.S. federal income tax liability resulting from the issuance of the shares through the Company's retention of that number of common shares having a market value as of the vesting date equal to such tax obligation up to the minimum statutory withholding requirements. The amount related to shares used for such tax withholding obligations was approximately \$171 and \$267 for the years ended December 31, 2016 and 2015, respectively.

Director compensation

The Company uses a combination of cash and share-based compensation to attract and retain qualified candidates to serve on our Board of Directors. Compensation is paid to non-employee directors. Directors who are employees receive no additional compensation for services as members of the Board or any of its committees. Share-based compensation is paid pursuant to the Incentive Plan. Each non-employee director of the Company receives an annual retainer of \$155, payable quarterly in arrears, and is paid 50% in cash and 50% in common stock of the Company. In 2016, the Chairman of the Board received an additional \$100 of annual compensation, paid 50% in cash and 50% in common stock.

In the years ended December 31, 2016, 2015 and 2014, 86 thousand, 112 thousand and 99 thousand shares, respectively, of the Company's common stock were issued to non-employee directors under the Incentive Plan.

12. RETIREMENT PLANS

The Company sponsors four 401(k) savings plans, one covering substantially all non-union salaried employees ("Salaried Plan"), a second covering its hourly employees ("Hourly Plan"), a third plan specifically for its employees that are members of a tugboat union and a fourth for the salary and non-union employees of certain subsidiaries ("Affiliated Plan"). Under the Salaried Plan, the Hourly Plan and the Affiliated Plan, individual employees may contribute a percentage of compensation and the Company will match a portion of the employees' contributions. The Salaried Plan and Affiliated Plan also include a discretionary profit-sharing component, permitting the Company to make discretionary employer contributions to all eligible employees of these plans. Additionally, the Company sponsors a Supplemental Savings Plan in which the Company makes contributions for certain key executives. The Company's expense for matching, discretionary and Supplemental Savings Plan contributions for 2016, 2015 and 2014, was \$3,705, \$6,772 and \$5,256, respectively.

The Company also contributes to various multiemployer pension plans pursuant to collective bargaining agreements. In 2016, 2015 and 2014, the Company contributed \$6,298, \$4,990 and \$4,383 respectively to all of the multiemployer plans that provide pension benefits in our continuing operations. The information available to the Company about the multiemployer plans in which it participates, whether via request to the plan or publicly available, is generally dated due to the nature of the reporting cycle of multiemployer plans and legal requirements under the Employee Retirement Income Security Act ("ERISA") as amended by the Multiemployer Pension Plan Amendments Act ("MPPAA"). Based upon these plans' most recently available annual reports, the Company's contributions to these plans were less than 5% of each plan's total contributions for all but one plan. Information on significant multiemployer pension plans in which the Company participates is included in the table below:

Pension Plan Legal Name	Federal Identification Number	Pension Protection Act of 2006 Certified Zone Status at December 31,		Expiration of Collective Bargaining Arrangement with the Company	Company's Contributions		
		2016	2015		2016	2015	2014
Seafarers Pension Trust	13-6100329 001	Green	Green	February 28, 2018	\$ 1,102	\$ 1,005	\$ 828

The Company does not expect any future increased contributions to have a material negative impact on its financial position, results of operations or cash flows for future years. The risks of participating in multiemployer plans are different from single employer plans as assets contributed are available to provide benefits to employees of other employers and unfunded obligations from an employer that discontinues contributions are the responsibility of all remaining employers. In addition, in the event of a plan's termination or the Company's withdrawal from a plan, the Company may be liable for a portion of the plan's unfunded vested

benefits. However, information from the plans' administrators is not available to permit the Company to determine its share, if any, of unfunded vested benefits.

13. 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 a bonding agreement with Zurich American Insurance Company ("Zurich") under which the Company can obtain performance, bid and payment bonds. In April 2015, we entered into additional bonding agreements with Argonaut Insurance Company, Berkley Insurance Company, Chubb Surety and Liberty Mutual Insurance Company (collectively, the "Additional Sureties"). The bonding agreements with the Additional Sureties contain similar terms and conditions as the Zurich bonding agreement. The Company also has outstanding bonds with Travelers Casualty and Surety Company of America. Bid bonds are generally obtained for a percentage of bid value and amounts outstanding typically range from \$1,000 to \$10,000. At December 31, 2016, the Company had outstanding performance bonds with a notional amount of approximately \$1,185,875, of which \$41,082 relates to projects from the Company's historical demolition business. The revenue value remaining in backlog related to the projects of continuing operations totaled approximately \$404,924.

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 \$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 believes its remaining exposure on the project is less than the amount of the letter of credit, but given the recent nature of the claim, the Company cannot estimate the amount or range of potential loss that could result.

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. Under the terms of the divestiture, the Company retained certain pre-closing liabilities relating to the disposed business. Certain of these liabilities and a legal action 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 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.

In 2012, the Company contracted with a shipyard to perform the functional design drawings, detailed design drawings and follow on construction of a new Articulated Tug & Barge (“ATB”) Trailing Suction Hopper Dredge. In April 2013, the Company terminated the contract with the shipyard for default and the counterparty sent the Company a notice requesting arbitration under the contract with respect to the Company’s termination for default, including but not limited to the Company’s right to draw on letters of credit that had been issued by the shipyard as financial security required by the contract. In May 2013, the Company drew upon the shipyard’s letters of credit related to the contract and received \$13,600. Arbitration proceedings were initiated. In January 2014, the Company and the shipyard executed a settlement agreement pursuant to which the Company retained \$10,500 of the proceeds of the financial security and remitted \$3,100 of those funds to the shipyard, all other claims were released, and the arbitration was dismissed with prejudice.

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.

Lease obligations

The Company leases certain operating equipment and office facilities under long-term operating leases expiring at various dates through 2023. The equipment leases contain renewal or purchase options that specify prices at the then fair value upon the expiration of the lease terms. The leases also contain default provisions that are triggered by an acceleration of debt maturity under the terms of the Company’s Credit Agreement, or, in certain instances, cross default to other equipment leases and certain lease arrangements require that the Company maintain certain financial ratios comparable to those required by its Credit Agreement. Additionally, the leases typically contain provisions whereby the Company indemnifies the lessors for the tax treatment attributable to such leases based on the tax rules in place at lease inception. The tax indemnifications do not have a contractual dollar limit. To date, no lessors have asserted any claims against the Company under these tax indemnification provisions.

Future minimum operating lease payments at December 31, 2016, are as follows:

2017	\$	23,394
2018		15,517
2019		11,991
2020		8,273
2021		7,557
Thereafter		7,018
Total minimum operating lease payments	\$	<u>73,750</u>

Total rent expense under long-term operating lease arrangements for the years ended December 31, 2016, 2015 and 2014 was \$21,061, \$21,697 and \$25,318, respectively. This excludes expenses for equipment and facilities rented on a short-term, as-needed basis.

14. INVESTMENTS

Amboy Aggregates

The Company and a New Jersey aggregates company each own 50% of Amboy Aggregates (“Amboy”). Amboy was formed in December 1984 to mine sand from the entrance channel to New York Harbor to provide sand and aggregate for use in road and building construction and for clean land fill. Amboy sold its interest in a stone import business and its holdings in land during 2014 and is winding down operations. The land owned in conjunction with Lower Main Street Development, LLC (“Lower Main”) was sold for a combined gain of \$29,729.

The Company accounts for this investment under the equity method. The following is summarized financial information for this entity:

	2016	2015	2014
Revenue	\$ —	\$ 139	\$ 13,784
Gross profit (loss)	758	(1,363)	(118)
Income (loss) from continuing operations	758	(3,152)	11,326
Net income (loss)	758	(3,152)	9,527

Lower Main Street Development

The Company and a New Jersey aggregates company each own 50% of Lower Main. Lower Main was organized in February 2003 to hold land for development or sale. This land owned in conjunction with Amboy Aggregates was sold in 2014. Lower Main ceased operations in 2016.

The Company accounts for this investment under the equity method. The following is summarized financial information for this entity:

	2015	2014
Revenue	\$ —	\$ 180
Gross profit	—	180
Net income	28	14,803

TerraSea Environmental Solutions

The Company owns 50% of TerraSea Environmental Solutions (“TerraSea”) as a joint venture. TerraSea is engaged in the environmental services business through its ability to remediate contaminated soil and dredged sediment treatment. At December 31, 2016 and December 31, 2015, the Company had net advances to TerraSea of \$24,696 and \$27,592, respectively, which are recorded in other current assets. The Company has an accumulated deficit in joint ventures, which represents losses recognized to date in excess of our investment in TerraSea, of \$17,016 and \$14,271 at December 31, 2016 and 2015, respectively, which is presented in accrued expenses. The Company has commenced the wind down of TerraSea with its joint venture partner. The Company believes its remaining net advances to TerraSea are ultimately recoverable as an obligation of our joint venture partner. The Company accrued \$2,634 and \$1,983 for the years ended December 31, 2016 and 2015, respectively, representing the estimated share of additional losses to be assumed from the joint venture. The joint venture partner and the Company have discussed resolution of the remaining net advances through additional funding of the joint venture. If those discussions do not lead to a resolution satisfactory to both parties, the joint venture partner and the Company will go to binding arbitration as stipulated by the TerraSea operating agreement. To the extent that net advances are not fully recoverable, additional losses may result in future periods. There are no remaining TerraSea projects at December 31, 2016.

The Company accounts for this investment under the equity method. The following is summarized financial information for this entity:

	2016	2015	2014
Revenue	\$ —	\$ 6,960	\$ 11,278
Gross loss	(183)	(3,800)	(19,153)
Net loss	(183)	(3,800)	(19,856)

15. RELATED-PARTY TRANSACTIONS

The historical demolition business was operated out of a building owned by a former minority interest owner in Yankee and prior to 2011, a profits interest owner in NASDI. In 2014, NASDI and Yankee paid the minority interest owner \$375 for rent and property taxes. In conjunction with the sale of NASDI and Yankee (See Note 16), the lease was terminated as of October 31, 2014, and the Company also paid \$490 in lease termination fees. There were no rents paid related to this building in 2016 and 2015.

Our Terra business operates out of two facilities owned by the former owner of Terra Contracting, LLC. The Company paid \$195 for rent on these two properties in 2016 and \$243 in each of 2015 and 2014. In connection with the sale of assets associated with certain service lines of the environmental & infrastructure segment’s business, the lease was terminated as of November 11, 2016.

Our GLEI business operates out of two facilities owned by Magnus Real Estate Group, LLC, which is owned by the formers owners of GLEI. In 2016, 2015 and 2014, the Company paid rent of \$506, \$402 and \$46, respectively, for these two properties.

16. BUSINESS COMBINATIONS AND DISPOSITIONS

Discontinued operations

On April 23, 2014, the Company entered into an agreement and completed the sale of NASDI, LLC and Yankee Environmental Services, LLC, its two former subsidiaries that comprised the 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, and net of future payments of accounts payable existing at the date of close, including any future

payments of obligations associated with outstanding claims. In the fourth quarter of 2013, the Company recorded a preliminary loss on disposal of assets held for sale in discontinued operations. The loss on disposal is subject to change based on the value of additional proceeds received on the working capital existing at the date of disposition. The amount and timing of the working capital settlement and the amount and timing of the realization of additional net proceeds may be impacted by the litigation with the buyer of the historical demolition business (see Note 13). 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.

The results of the businesses have been reported in discontinued operations as follows:

	<u>2014</u>
Revenue	\$ 14,803
Loss before income taxes from discontinued operations	\$ (19,167)
Loss on disposal of assets held for sale	—
Income tax benefit	8,744
Loss from discontinued operations, net of income taxes	<u>\$ (10,423)</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. Magnus Pacific Corporation is engaged in the business of environmental remediation, geotechnical construction, demolition, and sediments and wetlands construction.

Under the terms of the acquisition, the aggregate purchase price is satisfied by payment of \$25,000 paid at closing, the issuance of a promissory note and an earnout payment. In the event Magnus did not achieve minimum earnings before interest, taxes, depreciation and amortization, as adjusted in the 2015 fiscal year, the principal amount of the promissory note would be reduced. Magnus did not reach the minimum EBITDA threshold for 2015 designated in the secured promissory note; therefore, during the second quarter of 2015, the Company reduced the remaining fair value by \$7,013 to zero and the corresponding change was reflected in general and administrative expenses.

Under the terms of the acquisition, the maximum potential aggregate earnout payment is \$11,400 (the "Earnout Payment") and will be determined based on the attainment of combined Adjusted EBITDA targets of Magnus and Terra, a wholly-owned subsidiary of the Company for the year ending December 31, 2019. During the third quarter of 2016, the Company signed an amendment to the Magnus, now referred to as GLEI, share purchase agreement which modified the terms of the Earnout Payment. The Earnout payment remains at \$11,400 and will be determined based on the attainment of an average Adjusted EBITDA target of GLEI 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 projections at September 30, 2016, GLEI is not expected to reach the minimum Adjusted EBITDA threshold designated in the amended share purchase agreement; therefore, during the third quarter 2016, the Company reduced the remaining fair value of \$8,940 to zero and the corresponding change is reflected in general and administrative expenses and interest expense.

The purchase price has been allocated to the assets acquired and liabilities assumed using estimated fair values as of the acquisition date. Tangible assets acquired of \$57,303 primarily were receivables and contract revenues in excess of billings of \$41,067 and property and equipment of \$11,573. Finite-lived intangible assets acquired of \$8,422 were primarily related to acquired backlog and also include a non-compete agreement, patents and trade names. The acquired backlog was amortized on a straight-line basis over one year while all other finite-lived intangible assets are being amortized on a straight-line basis over five years. Liabilities assumed of \$27,586, includes primarily \$20,732 of accounts payable. Goodwill of \$7,000 represents the excess of cost over the fair value of the net tangible and intangible assets acquired and is included in the environmental & infrastructure segment.

Concurrent with the closing of the acquisition of Magnus Pacific Corporation, the Company granted restricted stock unit awards to the shareholders representing the right to receive, in aggregate, up to 1,500 shares of Great Lakes' common stock. Each award vests on March 31, 2020, subject to the applicable employee's continuous employment with Great Lakes through such date and satisfaction of certain business milestones.

The following unaudited pro forma financial information presents the consolidated results of operations of the Company as they may have appeared had the acquisition described above occurred as of January 1, 2013 for purposes of the unaudited pro forma consolidated statements of operations.

The unaudited pro forma consolidated financial information are provided for illustrative purposes only and do not purport to present what the actual results of operations would have been had the transaction actually occurred on the date indicated, nor does it purport to represent results of operations for any future period. The information does not reflect any cost savings or benefits that may be obtained through synergies among the operations of the Company.

	<u>2014</u>
	<u>(Unaudited)</u>
Revenue as reported	\$ 806,831
Revenue of purchased businesses for the period prior to the acquisition	106,723
Pro forma revenue	<u>\$ 913,554</u>
Net income attributable to common stockholders of Great Lakes Dredge & Dock Corporation	\$ 10,295
Net income of Magnus including net income prior to acquisition and pro forma acquisition accounting adjustments	6,328
Pro forma net income attributable to common stockholders of Great Lakes Dredge & Dock Corporation	<u>\$ 16,623</u>

The pro forma adjustments to net income represent amortization of intangibles established in purchase accounting, interest on the debt used to purchase Magnus and taxes on net income at the Company's effective tax rate, all applied to the period prior to acquisition.

Other

During the fourth quarter of 2016, the Company sold assets associated with certain service lines of the environmental & infrastructure segment's business, excluding assets supporting the remediation service line. In connection with the sale, the Company recorded a \$2,758 loss to (gain) loss on sale of assets—net for the year ended December 31, 2016.

The Company recorded a \$2,197 noncash bargain purchase gain on a small asset acquisition in 2014.

17. 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 2016, 2015 and 2014, is provided as follows:

	2016	2015	2014
Dredging:			
Contract revenues	\$ 637,468	\$ 681,255	\$ 697,711
Operating income	34,108	64,073	41,620
Depreciation and amortization	54,826	50,556	43,620
Total assets	912,880	872,297	812,181
Property and equipment—net	399,479	397,468	366,027
Goodwill	76,576	76,576	76,576
Investment in joint ventures	381	1	2,114
Capital expenditures	84,263	82,000	79,186
Environmental & infrastructure:			
Contract revenues	133,637	181,710	114,412
Operating loss	(19,428)	(41,114)	(17,767)
Depreciation and amortization	8,197	14,029	6,509
Total assets	81,166	127,907	134,324
Property and equipment—net	13,529	32,742	33,418
Goodwill	7,000	7,000	9,750
Investment in joint ventures	4,353	3,760	5,775
Capital expenditures	949	7,279	12,892
Intersegment:			
Contract revenues	(3,520)	(6,087)	(5,292)
Total assets	(100,458)	(102,080)	(56,773)
Total:			
Contract revenues	767,585	856,878	806,831
Operating income	14,680	22,959	23,853
Depreciation and amortization	63,023	64,585	50,129
Total assets	893,588	898,124	889,732
Property and equipment—net	413,008	430,210	399,445
Goodwill	83,576	83,576	86,326
Investment in joint ventures	4,734	3,761	7,889
Capital expenditures	85,212	89,279	92,078

The Company classifies the revenue related to its dredging projects into the following types of work:

	2016	2015	2014
Capital dredging — U.S.	\$ 219,914	\$ 207,058	\$ 195,635
Capital dredging — foreign	59,413	139,945	155,000
Coastal protection dredging	215,041	184,060	194,219
Maintenance dredging	92,274	120,055	123,923
Rivers & lakes	50,826	30,137	28,934
Total dredging	<u>\$ 637,468</u>	<u>\$ 681,255</u>	<u>\$ 697,711</u>

The Company derived revenues and gross profit from foreign project operations for the years ended December 31, 2016, 2015, and 2014, as follows:

	2016	2015	2014
Contract revenues	\$ 59,413	\$ 139,945	\$ 155,000
Costs of contract revenues	(66,729)	(105,951)	(118,682)
Gross profit	<u>\$ (7,316)</u>	<u>\$ 33,994</u>	<u>\$ 36,318</u>

In 2016 and 2015, foreign revenues were primarily from work done in the Middle East and Brazil. In 2014 the majority of the Company's foreign revenue came from the Wheatstone LNG project in Western Australia and from projects in the Middle East. The majority of the Company's long-lived assets are marine vessels and related equipment. At any point in time, the Company may employ certain assets outside of the U.S., as needed, to perform work on the Company's foreign projects. As of December 31, 2016 and 2015, long-lived assets with a net book value of \$63,729 and \$83,397, respectively, were located outside of the U.S.

The Company's primary customer is the U.S. Army Corps of Engineers (the "Corps"), which has responsibility for federally funded projects related to waterway navigation and flood control. In 2016, 2015 and 2014, 53.4%, 51.0% and 60.4%, respectively, of contract revenues were earned from contracts with federal government agencies, including the Corps, as well as other federal entities such as the U.S. Coast Guard and U.S. Navy. At December 31, 2016 and 2015, approximately 39.9% and 24.9%, respectively, of accounts receivable, including contract revenues in excess of billings and retainage, were due on contracts with federal government agencies. The Company depends on its ability to continue to obtain federal government contracts, and indirectly, on the amount of federal funding for new and current government dredging projects. Therefore, the Company's operations can be influenced by the level and timing of federal funding.

The Company recognized an overall loss on a remediation project of \$7,260 which if applied to the initial year of the contract would have decreased gross profit by nearly the entire amount of the loss in the year ended December 31, 2015. The Company recognized a loss on a landfill project of \$7,446 on which the change in estimate to the gross profit percentage in the year resulted in a cumulative net impact on the project margin, which decreased gross profit by extensively the entire amount of the loss in the year ended December 31, 2015. The project was completed in 2016. In 2014, the Company earned significant revenue from a large, single customer foreign contract. A revision to the estimated gross profit percentage was recognized in the year resulting in a cumulative net impact on the project margin, which increased gross profit by \$22,418 for the year ended December 31, 2014, including an increase in gross profit of \$7,645 during the fourth quarter. The project was completed in 2014.

Revenue from foreign projects has been concentrated in the Middle East which comprised less than 10% and 14.7% of total revenue in 2016 and 2015, respectively. At December 31, 2016 and 2015, approximately 13.0% and 24.6%, respectively, of total accounts receivable, including retainage and contract revenues in excess of billings, were due on contracts in the Middle East. There is a dependence on future projects in the Middle East, as vessels are currently located there. However, some of the vessels located in Middle East can be moved back to the U.S. or all can be moved to other international markets as opportunities arise.

18. SUBSIDIARY GUARANTORS

The Company's long-term debt at December 31, 2016 includes \$275,000 of 7.375% senior notes due February 1, 2019. The Company's obligations under these senior unsecured notes are guaranteed by the Company's 100% owned domestic subsidiaries. Such guarantees are full, unconditional and joint and several.

The following supplemental financial information sets forth for the Company's subsidiary guarantors (on a combined basis), the Company's non-guarantor subsidiaries (on a combined basis) and Great Lakes Dredge & Dock Corporation, exclusive of its subsidiaries ("GLDD Corporation"):

- (i) balance sheets as of December 31, 2016 and 2015;
- (ii) statements of operations and comprehensive income (loss) for the years ended December 31, 2016, 2015 and 2014; and
- (iii) statements of cash flows for the years ended December 31, 2016, 2015 and 2014.

GREAT LAKES DREDGE & DOCK CORPORATION AND SUBSIDIARIES
CONDENSED CONSOLIDATING BALANCE SHEET
AS OF DECEMBER 31, 2016
(In thousands)

ASSETS	Subsidiary Guarantors	Non-Guarantor Subsidiaries	GLDD Corporation	Eliminations	Consolidated Totals
CURRENT ASSETS:					
Cash and cash equivalents	\$ 11,037	\$ 128	\$ 2	\$ —	\$ 11,167
Accounts receivable — net	86,690	1,401	—	—	88,091
Contract revenues in excess of billings	94,731	281	—	—	95,012
Inventories	37,137	—	—	—	37,137
Prepaid expenses	12,407	—	—	—	12,407
Other current assets	63,089	323	—	—	63,412
Total current assets	305,091	2,133	2	—	307,226
PROPERTY AND EQUIPMENT—Net	413,002	6	—	—	413,008
GOODWILL	83,576	—	—	—	83,576
OTHER INTANGIBLE ASSETS—Net	1,499	—	—	—	1,499
INVENTORIES — Noncurrent	52,602	—	—	—	52,602
INVESTMENTS IN JOINT VENTURES	4,734	—	—	—	4,734
ASSETS HELD FOR SALE— Noncurrent	9,299	—	—	—	9,299
RECEIVABLES FROM AFFILIATES	11,524	6,883	82,340	(100,747)	—
INVESTMENTS IN SUBSIDIARIES	3,695	—	636,216	(639,911)	—
OTHER	14,692	1	6,951	—	21,644
TOTAL	\$ 899,714	\$ 9,023	\$ 725,509	\$ (740,658)	\$ 893,588
LIABILITIES AND EQUITY					
CURRENT LIABILITIES:					
Accounts payable	\$ 102,654	\$ 514	\$ 17	\$ —	\$ 103,185
Accrued expenses	58,192	970	9,881	—	69,043
Billings in excess of contract revenues	4,963	178	—	—	5,141
Current portion of long term debt	1,320	—	1,145	—	2,465
Total current liabilities	167,129	1,662	11,043	—	179,834
7 3/8% SENIOR NOTES	—	—	272,998	—	272,998
REVOLVING CREDIT FACILITY	—	—	104,111	—	104,111
NOTE PAYABLE	—	—	13,293	—	13,293
DEFERRED INCOME TAXES	(1,833)	—	70,282	—	68,449
PAYABLES TO AFFILIATES	88,573	6,433	5,741	(100,747)	—
OTHER	6,862	—	151	—	7,013
Total liabilities	260,731	8,095	477,619	(100,747)	645,698
TOTAL EQUITY	638,983	928	247,890	(639,911)	247,890
TOTAL	\$ 899,714	\$ 9,023	\$ 725,509	\$ (740,658)	\$ 893,588

GREAT LAKES DREDGE & DOCK CORPORATION AND SUBSIDIARIES
CONDENSED CONSOLIDATING BALANCE SHEET
AS OF DECEMBER 31, 2015
(In thousands)

ASSETS	Subsidiary Guarantors	Non-Guarantor Subsidiaries	GLDD Corporation	Eliminations	Consolidated Totals
CURRENT ASSETS:					
Cash and cash equivalents	\$ 12,035	\$ 2,147	\$ 2	\$ —	\$ 14,184
Accounts receivable — net	129,978	799	—	—	130,777
Contract revenues in excess of billings	79,477	1,718	—	—	81,195
Inventories	35,963	—	—	—	35,963
Prepaid expenses	7,924	—	—	—	7,924
Other current assets	58,995	218	477	—	59,690
Total current assets	<u>324,372</u>	<u>4,882</u>	<u>479</u>	<u>—</u>	<u>329,733</u>
PROPERTY AND EQUIPMENT—Net	430,192	18	—	—	430,210
GOODWILL	83,576	—	—	—	83,576
OTHER INTANGIBLE ASSETS—Net	2,428	—	—	—	2,428
INVENTORIES — Noncurrent	41,646	—	—	—	41,646
INVESTMENTS IN JOINT VENTURES	3,761	—	—	—	3,761
RECEIVABLES FROM AFFILIATES	18,326	6,009	70,738	(95,073)	—
INVESTMENTS IN SUBSIDIARIES	3,706	—	621,984	(625,690)	—
OTHER	6,702	3	65	—	6,770
TOTAL	<u>\$ 914,709</u>	<u>\$ 10,912</u>	<u>\$ 693,266</u>	<u>\$ (720,763)</u>	<u>\$ 898,124</u>
LIABILITIES AND EQUITY					
CURRENT LIABILITIES:					
Accounts payable	\$ 118,619	\$ 227	\$ —	\$ —	\$ 118,846
Accrued expenses	62,861	509	8,907	—	72,277
Billings in excess of contract revenues	6,964	97	—	—	7,061
Current portion of long term debt	1,424	—	6,082	—	7,506
Total current liabilities	<u>189,868</u>	<u>833</u>	<u>14,989</u>	<u>—</u>	<u>205,690</u>
7 3/8% SENIOR NOTES	—	—	271,998	—	271,998
REVOLVING CREDIT FACILITY	—	—	20,000	—	20,000
NOTE PAYABLE	323	—	53,469	—	53,792
DEFERRED INCOME TAXES	(783)	—	74,789	—	74,006
PAYABLES TO AFFILIATES	85,859	3,505	5,709	(95,073)	—
OTHER	20,326	—	139	—	20,465
Total liabilities	<u>295,593</u>	<u>4,338</u>	<u>441,093</u>	<u>(95,073)</u>	<u>645,951</u>
TOTAL EQUITY	<u>619,116</u>	<u>6,574</u>	<u>252,173</u>	<u>(625,690)</u>	<u>252,173</u>
TOTAL	<u>\$ 914,709</u>	<u>\$ 10,912</u>	<u>\$ 693,266</u>	<u>\$ (720,763)</u>	<u>\$ 898,124</u>

GREAT LAKES DREDGE & DOCK CORPORATION AND SUBSIDIARIES
CONDENSED CONSOLIDATING STATEMENT OF OPERATIONS AND COMPREHENSIVE INCOME
FOR THE YEAR ENDED DECEMBER 31, 2016
(In thousands)

	Subsidiary Guarantors	Non-Guarantor Subsidiaries	GLDD Corporation	Eliminations	Consolidated Totals
Contract revenues	\$ 767,723	\$ 1,959	\$ —	\$ (2,097)	\$ 767,585
Costs of contract revenues	(675,844)	(7,450)	—	2,097	(681,197)
Gross profit	91,879	(5,491)	—	—	86,388
OPERATING EXPENSES:					
General and administrative expenses	65,578	4	(49)	—	65,533
Loss on sale of assets—net	6,175	—	—	—	6,175
Operating income (loss)	20,126	(5,495)	49	—	14,680
Interest income (expense)—net	488	—	(23,395)	—	(22,907)
Equity in earnings (loss) of subsidiaries	(10)	—	10,313	(10,303)	—
Equity in loss of joint ventures	(2,365)	—	—	—	(2,365)
Other expense	(3,369)	(8)	—	—	(3,377)
Income (loss) before income taxes	14,870	(5,503)	(13,033)	(10,303)	(13,969)
Income tax (provision) benefit	1,079	(143)	4,856	—	5,792
Net income (loss)	<u>\$ 15,949</u>	<u>\$ (5,646)</u>	<u>\$ (8,177)</u>	<u>\$ (10,303)</u>	<u>\$ (8,177)</u>
Comprehensive income (loss)	<u>\$ 16,279</u>	<u>\$ (5,138)</u>	<u>\$ (7,339)</u>	<u>\$ (11,141)</u>	<u>\$ (7,339)</u>

GREAT LAKES DREDGE & DOCK CORPORATION AND SUBSIDIARIES
CONDENSED CONSOLIDATING STATEMENT OF OPERATIONS AND COMPREHENSIVE INCOME
FOR THE YEAR ENDED DECEMBER 31, 2015
(In thousands)

	<u>Subsidiary Guarantors</u>	<u>Non-Guarantor Subsidiaries</u>	<u>GLDD Corporation</u>	<u>Eliminations</u>	<u>Consolidated Totals</u>
Contract revenues	\$ 845,889	\$ 13,698	\$ —	\$ (2,709)	\$ 856,878
Costs of contract revenues	(750,509)	(13,155)	—	2,709	(760,955)
Gross profit	95,380	543	—	—	95,923
OPERATING EXPENSES:					
General and administrative expenses	71,069	—	—	—	71,069
Impairment of goodwill	2,750	—	—	—	2,750
Gain on sale of assets—net	(855)	—	—	—	(855)
Operating income	22,416	543	—	—	22,959
Interest expense—net	(526)	—	(23,839)	—	(24,365)
Equity in earnings of subsidiaries	8	—	16,282	(16,290)	—
Equity in loss of joint ventures	(6,051)	—	—	—	(6,051)
Other expense	(1,222)	(7)	—	—	(1,229)
Income (loss) before income taxes	14,625	536	(7,557)	(16,290)	(8,686)
Income tax (provision) benefit	1,505	(376)	1,368	—	2,497
Net income (loss)	<u>16,130</u>	<u>160</u>	<u>\$ (6,189)</u>	<u>\$ (16,290)</u>	<u>\$ (6,189)</u>
Comprehensive income (loss)	<u>\$ 16,130</u>	<u>\$ (1,089)</u>	<u>\$ (7,438)</u>	<u>\$ (15,041)</u>	<u>\$ (7,438)</u>

GREAT LAKES DREDGE & DOCK CORPORATION AND SUBSIDIARIES
CONDENSED CONSOLIDATING STATEMENT OF OPERATIONS AND COMPREHENSIVE INCOME
FOR THE YEAR ENDED DECEMBER 31, 2014

(In thousands)

	Subsidiary Guarantors	Non-Guarantor Subsidiaries	GLDD Corporation	Eliminations	Consolidated Totals
Contract revenues	\$ 799,579	\$ 26,282	\$ —	\$ (19,030)	\$ 806,831
Costs of contract revenues	(707,474)	(25,891)	—	19,030	(714,335)
Gross profit	92,105	391	—	—	92,496
OPERATING EXPENSES:					
General and administrative expenses	67,905	6	—	—	67,911
Loss on sale of assets—net	732	—	—	—	732
Operating income	23,468	385	—	—	23,853
Interest income (expense)—net	61	(261)	(19,767)	—	(19,967)
Equity in earnings of subsidiaries	20	—	10,373	(10,393)	—
Equity in earnings of joint ventures	2,895	—	—	—	2,895
Gain on bargain purchase acquisition	2,197	—	—	—	2,197
Other income	203	7	—	—	210
Income (loss) before income taxes	28,844	131	(9,394)	(10,393)	9,188
Income tax (provision) benefit	(18,173)	(409)	30,112	—	11,530
Income (loss) from continuing operations	10,671	(278)	20,718	(10,393)	20,718
Loss from discontinued operations, net of income taxes	(10,423)	(1,343)	(10,423)	11,766	(10,423)
Net income (loss)	248	(1,621)	10,295	1,373	10,295
Comprehensive income (loss)	<u>\$ 49</u>	<u>\$ (1,683)</u>	<u>\$ 10,034</u>	<u>\$ 1,634</u>	<u>\$ 10,034</u>

GREAT LAKES DREDGE & DOCK CORPORATION AND SUBSIDIARIES
CONDENSED CONSOLIDATING STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2016
(In thousands)

	<u>Subsidiary Guarantors</u>	<u>Non-Guarantor Subsidiaries</u>	<u>GLDD Corporation</u>	<u>Eliminations</u>	<u>Consolidated Totals</u>
OPERATING ACTIVITIES:					
Cash provided by (used in) operating activities	\$ 61,518	\$ (3,786)	\$ (19,062)	\$ —	\$ 38,670
INVESTING ACTIVITIES:					
Purchases of property and equipment	(83,798)	—	—	—	(83,798)
Proceeds from dispositions of property and equipment	18,257	—	—	—	18,257
Changes in restricted cash	(7,035)	—	—	—	(7,035)
Net change in accounts with affiliates	—	—	(36,172)	36,172	—
Transfer to parent	—	—	23,000	(23,000)	—
Cash used in investing activities	(72,576)	—	(13,172)	13,172	(72,576)
FINANCING ACTIVITIES:					
Repayments of term loan facility	—	—	(44,582)	—	(44,582)
Deferred financing fees	—	—	(6,817)	—	(6,817)
Repayment of long term note payable	—	—	(1,079)	—	(1,079)
Taxes paid on settlement of vested share awards	—	—	(171)	—	(171)
Net change in accounts with affiliates	34,484	1,688	—	(36,172)	—
Transfer to parent	(23,000)	—	—	23,000	—
Repayments of equipment debt	(1,424)	—	—	—	(1,424)
Exercise of stock options and purchases from employee stock plans	—	—	905	—	905
Excess income tax benefit from share-based compensation	—	—	(133)	—	(133)
Borrowings under revolving loans	—	—	288,611	—	288,611
Repayments of revolving loans	—	—	(204,500)	—	(204,500)
Cash provided by financing activities	10,060	1,688	32,234	(13,172)	30,810
Effect of foreign currency exchange rates on cash and cash equivalents	—	79	—	—	79
Net decrease in cash and cash equivalents	(998)	(2,019)	—	—	(3,017)
Cash and cash equivalents at beginning of period	12,035	2,147	2	—	14,184
Cash and cash equivalents at end of period	<u>\$ 11,037</u>	<u>\$ 128</u>	<u>\$ 2</u>	<u>\$ —</u>	<u>\$ 11,167</u>

GREAT LAKES DREDGE & DOCK CORPORATION AND SUBSIDIARIES
CONDENSED CONSOLIDATING STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2015
(In thousands)

	<u>Subsidiary Guarantors</u>	<u>Non-Guarantor Subsidiaries</u>	<u>GLDD Corporation</u>	<u>Eliminations</u>	<u>Consolidated Totals</u>
OPERATING ACTIVITIES:					
Cash provided by (used in) operating activities	52,498	312	(23,688)	—	29,122
INVESTING ACTIVITIES:					
Purchases of property and equipment	(74,455)	—	—	—	(74,455)
Proceeds from dispositions of property and equipment	1,322	—	—	—	1,322
Net change in accounts with affiliates	(29,402)	—	(12,222)	41,624	—
Cash used in investing activities	(102,535)	—	(12,222)	41,624	(73,133)
FINANCING ACTIVITIES:					
Proceeds from term loan facility	—	—	2,640	—	2,640
Repayments of term loan facility	—	—	(5,000)	—	(5,000)
Deferred financing fees	—	—	(111)	—	(111)
Repayment of long term note payable	—	—	(443)	—	(443)
Taxes paid on settlement of vested share awards	—	—	(267)	—	(267)
Net change in accounts with affiliates	4,291	1,269	36,064	(41,624)	—
Transfer from parent	17,258	—	(17,258)	—	—
Proceeds from equipment debt	—	—	410	—	410
Repayments of equipment debt	(1,201)	—	—	—	(1,201)
Exercise of stock options and purchases from employee stock plans	—	—	1,365	—	1,365
Excess income tax benefit from share-based compensation	—	—	(57)	—	(57)
Purchase of treasury stock	—	—	(1,433)	—	(1,433)
Borrowings under revolving loans	—	—	179,500	—	179,500
Repayments of revolving loans	—	—	(159,500)	—	(159,500)
Cash provided by financing activities	20,348	1,269	35,910	(41,624)	15,903
Effect of foreign currency exchange rates on cash and cash equivalents	—	(97)	—	—	(97)
Net increase (decrease) in cash and cash equivalents	(29,689)	1,484	—	—	(28,205)
Cash and cash equivalents at beginning of period	41,724	663	2	—	42,389
Cash and cash equivalents at end of period	<u>\$ 12,035</u>	<u>\$ 2,147</u>	<u>\$ 2</u>	<u>\$ —</u>	<u>\$ 14,184</u>

GREAT LAKES DREDGE & DOCK CORPORATION AND SUBSIDIARIES
CONDENSED CONSOLIDATING STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2014
(In thousands)

	<u>Subsidiary Guarantors</u>	<u>Non-Guarantor Subsidiaries</u>	<u>GLDD Corporation</u>	<u>Eliminations</u>	<u>Consolidated Totals</u>
OPERATING ACTIVITIES:					
Net cash flows provided by (used in) operating activities of continuing operations	\$ 63,276	\$ 999	\$ 2,879	\$ —	\$ 67,154
Net cash flows used in operating activities of discontinued operations	(17,328)	(1,024)	—	—	(18,352)
Cash provided by (used in) operating activities	45,948	(25)	2,879	—	48,802
INVESTING ACTIVITIES:					
Purchases of property and equipment	(91,910)	—	—	—	(91,910)
Proceeds from dispositions of property and equipment	68	—	—	—	68
Payments for acquisitions of businesses	(2,048)	—	(25,000)	—	(27,048)
Payments on vendor performance obligations	(3,100)	—	—	—	(3,100)
Net change in accounts with affiliates	68,187	—	—	(68,187)	—
Net cash flows used in investing activities of continuing operations	(28,803)	—	(25,000)	(68,187)	(121,990)
Net cash flows used in investing activities of discontinued operations	5,275	—	—	—	5,275
Cash used in investing activities	(23,528)	—	(25,000)	(68,187)	(116,715)
FINANCING ACTIVITIES:					
Proceeds from term loan facility	—	—	47,360	—	47,360
Repayments of term loan facility	—	—	(417)	—	(417)
Proceeds from issuance of 7 3/8% senior notes	—	—	24,880	—	24,880
Deferred financing fees	—	—	(2,532)	—	(2,532)
Taxes paid on settlement of vested share awards	—	—	(497)	—	(497)
Purchase of noncontrolling interest	—	—	(205)	—	(205)
Net change in accounts with affiliates	—	(2,547)	(65,640)	68,187	—
Transfer to parent	(52,400)	—	52,400	—	—
Repayments of equipment debt	(235)	—	—	—	(235)
Exercise of stock options and purchases from employee stock plans	—	—	1,568	—	1,568
Excess income tax benefit from share-based compensation	—	—	206	—	206
Borrowings under revolving loans	—	—	236,500	—	236,500
Repayments of revolving loans	—	—	(271,500)	—	(271,500)
Cash provided by (used in) financing activities	(52,635)	(2,547)	22,123	68,187	35,128
Effect of foreign currency exchange rates on cash and cash equivalents	—	(164)	—	—	(164)
Net decrease in cash and cash equivalents	(30,215)	(2,736)	2	—	(32,949)
Cash and cash equivalents at beginning of period	71,939	3,399	—	—	75,338
Cash and cash equivalents at end of period	<u>\$ 41,724</u>	<u>\$ 663</u>	<u>\$ 2</u>	<u>\$ —</u>	<u>\$ 42,389</u>

Great Lakes Dredge & Dock Corporation
Schedule II—Valuation and Qualifying Accounts
For the Years Ended December 31, 2016, 2015 and 2014
(In thousands)

Description	Beginning Balance	Additions		Deductions	Ending balance
		Charged to costs and expenses	Charged to other accounts		
Year ended December 31, 2014					
Allowances deducted from assets to which they apply:					
Allowances for doubtful accounts	\$ 1,529	\$ 100	\$ —	\$ (1,051)	\$ 578
Valuation allowance for deferred tax assets	2,505	4,074			6,579
Total	<u>\$ 4,034</u>	<u>\$ 4,174</u>	<u>\$ —</u>	<u>\$ (1,051)</u>	<u>\$ 7,157</u>
Year ended December 31, 2015					
Allowances deducted from assets to which they apply:					
Allowances for doubtful accounts	\$ 578	\$ 176	\$ —	\$ —	\$ 754
Valuation allowance for deferred tax assets	6,579	270		(748)	6,101
Total	<u>\$ 7,157</u>	<u>\$ 446</u>	<u>\$ —</u>	<u>\$ (748)</u>	<u>\$ 6,855</u>
Year ended December 31, 2016					
Allowances deducted from assets to which they apply:					
Allowances for doubtful accounts	\$ 754	\$ 389	\$ —	\$ (396)	\$ 747
Valuation allowance for deferred tax assets	6,101	1,032			7,133
Total	<u>\$ 6,855</u>	<u>\$ 1,421</u>	<u>\$ —</u>	<u>\$ (396)</u>	<u>\$ 7,880</u>

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

Great Lakes Dredge & Dock Corporation
(registrant)

By: /s/ MARK W. MARINKO
Mark W. Marinko
Interim Chief Executive Officer and Senior Vice President, Chief Financial Officer
(Principal Financial and Accounting Officer and Duly Authorized Officer)

Date: February 28, 2017

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capabilities and on the dates indicated.

<u>Signature</u>	<u>Date</u>	<u>Title</u>
<u> /s/ Mark W. Marinko </u> Mark W. Marinko	February 28, 2017	Interim Chief Executive Officer & Chief Financial Officer (Principal Executive Officer, Principal Financial Officer and Principal Accounting Officer)
<u> /s/ Carl A. Albert </u> Carl A. Albert	February 28, 2017	Director
<u> /s/ Peter R. Deutsch </u> Peter R. Deutsch	February 28, 2017	Director
<u> /s/ Lawrence R. Dickerson </u> Lawrence R. Dickerson	February 28, 2017	Director
<u> /s/ Ryan J. Levenson </u> Ryan J. Levenson	February 28, 2017	Director
<u> /s/ Lasse J. Petterson </u> Lasse J. Petterson	February 28, 2017	Director
<u> /s/ D. Michael Steuert </u> D. Michael Steuert	February 28, 2017	Director
<u> /s/ Robert B. Uhler </u> Robert B. Uhler	February 28, 2017	Director
<u> /s/ Michael J. Walsh </u> Michael J. Walsh	February 28, 2017	Director
<u> /s/ Jason G. Weiss </u> Jason G. Weiss	February 28, 2017	Director

I. EXHIBIT INDEX

<u>Number</u>	<u>Document Description</u>
2.1	Amended and Restated Agreement and Plan of Merger dated as of December 22, 2003, among Great Lakes Dredge & Dock Corporation, GLDD Acquisitions Corp., GLDD Merger Sub, Inc. and Vectura Holding Company LLC. (1)
2.2	Agreement and Plan of Merger by and among GLDD Acquisitions Corp., Aldabra Acquisition Corporation, and certain shareholders of Aldabra Acquisition Corporation and GLDD Acquisitions Corp., dated as of June 20, 2006. (2)
2.3	Agreement and Plan of Merger, dated as of August 21, 2006, among Great Lakes Dredge & Dock Holdings Corp., Aldabra Acquisition Corporation, and GLH Merger Sub, L.L.C. (3)
3.1	Amended and Restated Certificate of Incorporation of Great Lakes Dredge & Dock Holdings Corp., effective December 26, 2006 (now renamed Great Lakes Dredge & Dock Corporation). (4)
3.2	Amended and Restated Bylaws of Great Lakes Dredge & Dock Corporation, dated as of May 14, 2015. (5)
3.3	Certificate of Ownership and Merger of Great Lakes Dredge & Dock Corporation with and into Great Lakes Dredge & Dock Holdings Corp. (6)
4.1	Indenture, dated January 28, 2011, by and among the Company, certain subsidiary guarantors named therein and Wells Fargo Bank, National Association, as trustee. (7)
4.2	Supplemental Indenture, dated May 6, 2011, among NASDI, LLC, a Delaware limited liability company (the "New Guarantor"), a subsidiary of Great Lakes Dredge & Dock Corporation, as issuer (the "Company"), the Company, the existing Guarantors, and Wells Fargo Bank, National Association, as trustee (21)
4.3	Supplemental Indenture, dated January 15, 2013, among Terra Contracting Services, LLC, a Delaware limited liability company, a subsidiary of Great Lakes Dredge & Dock Corporation, as issuer, the Company, the existing Guarantors, and Wells Fargo Bank, National Association, as trustee (22)
4.4	Third Supplemental Indenture, dated November 19, 2014, among Terra Fluid Management, LLC, a Delaware limited liability company, Great Lakes Environmental & Infrastructure Solutions, LLC, a Delaware limited liability company, Magnus Pacific Corporation, a California corporation, the Company, the existing guarantors and Wells Fargo Bank, National Association, as trustee. (17)
4.5	Form of 7.375% Senior Note due 2019 (filed as <u>Exhibit A</u> to the Indenture, dated January 28, 2011, by and among the Company, certain subsidiary guarantors named therein and Wells Fargo Bank, National Association, as trustee). (7)
4.6	Specimen Common Stock Certificate for Great Lakes Dredge & Dock Corporation. (9)
10.1	Agreement of Indemnity, dated as of April 7, 2015, by and among Great Lakes Dredge & Dock Corporation, Great Lakes Dredge & Dock Company, LLC, Great Lakes Environmental & Infrastructure Solutions, LLC, Magnus Pacific, LLC, Terra Contracting, LLC, Terra Fluid Management, LLC and Liberty Mutual Insurance Company and its subsidiaries and affiliates. (25)
10.2	Agreement of Indemnity, dated as of April 13, 2015, by and among Great Lakes Dredge & Dock Corporation, Great Lakes Dredge & Dock Company, LLC, Great Lakes Environmental & Infrastructure Solutions, LLC, Magnus Pacific, LLC, Terra Contracting, LLC, Terra Fluid Management, LLC and Berkley Insurance Company and/or Berkley Regional Insurance Company. (25)
10.3	Agreement of Indemnity, dated as of April 7, 2015, by and among Great Lakes Dredge & Dock Corporation, Great Lakes Dredge & Dock Company, LLC, Great Lakes Environmental & Infrastructure Solutions, LLC, Magnus Pacific, LLC, Terra Contracting, LLC, Terra Fluid Management, LLC and Argonaut Insurance Company. (25)

- 10.4 Agreement of Indemnity, dated as of April 7, 2015, by and among Great Lakes Dredge & Dock Corporation, Great Lakes Dredge & Dock Company, LLC, Great Lakes Environmental & Infrastructure Solutions, LLC, Magnus Pacific, LLC, Terra Contracting, LLC, Terra Fluid Management, LLC and Westchester Fire Insurance Company or any of its affiliates, including any other company that is part of or added to ACE Holdings, Inc. (25)
- 10.5 Fourth Amendment to Third Amended and Restated Underwriting and Continuing Indemnity Agreement dated as of June 12, 2007, by and among Great Lakes Dredge & Dock Corporation, certain of its subsidiaries, Travelers Casualty and Surety Company of America. (14)
- 10.6 Fifth Amendment to Third Amended and Restated Underwriting and Continuing Indemnity Agreement dated as of April 27, 2009, by and among Great Lakes Dredge & Dock Corporation, certain of its subsidiaries, Travelers Casualty and Surety Company of America. (11)
- 10.7 Sixth Amendment to Third Amended and Restated Underwriting and Continuing Indemnity Agreement, dated January 24, 2011, by and among the Company, the subsidiaries of the Company party thereto, Travelers Casualty and Surety Company and Travelers Casualty and Surety Company of America. (7)
- 10.8 Seventh Amendment to Third Amended and Restated Underwriting and Continuing Indemnity Agreement, dated as of November 11, 2011, by and among Great Lakes Dredge & Dock Corporation, certain of its subsidiaries, Travelers Casualty and Surety Company and Travelers Casualty and Surety Company of America. (20)
- 10.9 Reaffirmation, Ratification and Assumption Agreement dated December 26, 2006, by and between Great Lakes Dredge & Dock Corporation (formerly named Great Lakes Dredge & Dock Holdings Corp.) and Wells Fargo Bank, National Association, as successor by merger to Wells Fargo HSBC Trade Bank, as amended (the "International Letter of Credit Facility"). (6)
- 10.10 Amended and Restated Management Equity Agreement dated December 26, 2006 by and among Aldabra Acquisition Corporation, Great Lakes Dredge & Dock Holdings Corp. and each of the other persons identified on the signature pages thereto. †(6)
- 10.11 Employment Agreement between the Company and Jonathan W. Berger. †(10)
- 10.12 Amended and Restated Employment Agreement between Great Lakes Dredge & Dock Corporation and David E. Simonelli, dated as of May 8, 2014. †(26)
- 10.13 Amended and Restated Employment Agreement between Great Lakes Dredge & Dock Corporation and Kyle D. Johnson, dated as of May 8, 2014. †(26)
- 10.14 Amended and Restated Employment Agreement with Jonathan W. Berger, dated as of May 8, 2014. †(24)
- 10.15 Employment Agreement between Great Lakes Dredge & Dock Corporation and Christopher P. Shea. †*
- 10.16 Separation Agreement, dated January 18, 2017, between Great Lakes Dredge & Dock Corporation at Jonathan W. Berger. †*
- 10.17 Second Amended and Restated Great Lakes Dredge & Dock Company, LLC Annual Bonus Plan effective as of January 1, 2012. †(19)
- 10.18 401(k) Savings Plan. †(15)
- 10.19 401(k) Lost Benefit Plan. †(9)
- 10.20 Amended and Restated Great Lakes Dredge & Dock Corporation Supplemental Savings Plan effective January 1, 2014. †(13)

- 10.21 Form of Investor Rights Agreement among Aldabra Acquisition Corporation, Great Lakes Dredge & Dock Holdings Corp., Madison Dearborn Capital Partners IV, L.P., certain stockholders of Aldabra Acquisition Corporation and certain stockholders of GLDD Acquisitions Corp. (3)
- 10.22 Great Lakes Dredge & Dock Corporation 2007 Long-Term Incentive Plan. †(23)
- 10.23 Form of Great Lakes Dredge & Dock Corporation Non-Qualified Stock Option Agreement pursuant to the Great Lakes Dredge & Dock Corporation 2007 Long-Term Incentive Plan. †(16)
- 10.24 Form of Great Lakes Dredge & Dock Corporation Restricted Stock Unit Award Agreement pursuant to the Great Lakes Dredge & Dock Corporation 2007 Long-Term Incentive Plan. †(16)
- 10.25 Form of Great Lakes Dredge & Dock Corporation Performance Vesting RSU Award Agreement pursuant to the Great Lakes Dredge & Dock Corporation 2007 Long-Term Incentive Plan. †(16)
- 10.26 Form of Great Lakes Dredge & Dock Corporation Restricted Stock Unit Award Agreement pursuant to the Great Lakes Dredge & Dock Corporation 2007 Long-Term Incentive Plan. †(28)
- 10.27 Form of Great Lakes Dredge & Dock Corporation Performance Vesting RSU Award Agreement pursuant to the Great Lakes Dredge & Dock Corporation 2007 Long-Term Incentive Plan. †(28)
- 10.28 Form of Great Lakes Dredge & Dock Corporation Cash Performance Award Agreement pursuant to the Great Lakes Dredge & Dock Corporation 2007 Long-Term Incentive Plan. †(28)
- 10.29 Restricted Stock Unit Award Agreement, dated as of March 9, 2016, by and between Great Lakes Dredge & Dock Corporation and Jonathan W. Berger. †(28)
- 10.30 Performance Vesting RSU Award Agreement, dated as of March 9, 2016, by and between Great Lakes Dredge & Dock Corporation and Jonathan W. Berger. †(28)
- 10.31 Cash Performance Award Agreement, dated as of March 9, 2016, by and between Great Lakes Dredge & Dock Corporation and Jonathan W. Berger. †(28)
- 10.32 Asset Purchase Agreement dated as of December 31, 2010 among Great Lakes Dredge & Dock Corporation, L.W. Matteson, Inc., Lawrence W. Matteson and Larry W. Matteson. (8)
- 10.33 Share Purchase Agreement dated November 4, 2014 among Great Lakes Environmental and Infrastructure Solutions, LLC and Magnus Pacific Corporation. ##(27)
- 10.34 Amendment to the Share Purchase Agreement, dated as of September 8, 2016, by and among Magnus Pacific Corporation, now known as Great Lakes Environmental and Infrastructure, LLC and Great Lakes Environmental and Infrastructure Solutions, LLC. ##(29)
- 10.35 Purchase Agreement, dated November 19, 2014, by and among the Company, certain subsidiary guarantors named therein and Deutsche Bank Securities Inc., as the initial purchaser. (17)
- 10.36 Registration Rights Agreement, dated January 28, 2011, by and among the Company, certain subsidiary guarantors named therein and the initial purchasers named therein. (7)
- 10.37 Registration Rights Agreement, dated November 24, 2014, by and among the Company, certain subsidiary guarantors named therein and Deutsche Bank Securities Inc., as the initial purchaser. (17)

- 10.38 Revolving Credit and Security Agreement dated as of December 30, 2016 by and among Great Lakes Dredge & Dock Corporation, as Borrower, each other Credit Party party hereto from time to time, the financial institutions which are now or which hereafter become a party hereto as lenders, PNC Capital Markets, The PrivateBank and Trust Company, Capital One, National Association, Suntrust Robinson Humphrey, Inc., and Bank of America, N.A., as joint lead arrangers and joint bookrunners, Texas Capital Bank, National Association, as syndication agent, Woodforest Nation Bank, as documentation agent, and PNC Bank, National Association, as agent for lenders. #*
- 10.39 Waiver and Amendment No. 1 to the Revolving Credit and Security Agreement, dated as of February 27, 2017, by and among Great Lakes Dredge & Dock Corporation, as Borrower, each other Credit Party party hereto from time to time, the financial institutions which are now or which hereafter become a party hereto as lenders, PNC Capital Markets, The PrivateBank and Trust Company, Capital One, National Association, Suntrust Robinson Humphrey, Inc., and Bank of America, N.A., as joint lead arrangers and joint bookrunners, Texas Capital Bank, National Association, as syndication agent, Woodforest Nation Bank, as documentation agent, and PNC Bank, National Association, as agent for lenders. *
- 10.40 Lender-Surety Priority Agreement, dated as of June 4, 2012, by and between Wells Fargo Bank, National Association and Zurich American Insurance Company and its subsidiaries and affiliates. (22)
- 10.41 Agreement of Indemnity, dated as of September 7, 2011, by and among Great Lakes Dredge & Dock Corporation, Great Lakes Dredge & Dock Company, LLC, Lydon Dredging and Construction Company, Ltd., Fifty-Three Dredging Corporation, Dawson Marine Services Company, Great Lakes Dredge & Dock Environmental, Inc. f/k/a Great Lakes Caribbean Dredging, Inc., NASDI, LLC, NASDI Holdings Corporation, Yankee Environmental Services, LLC, Great Lakes Dredge & Dock (Bahamas) Ltd. and Zurich American Insurance Company and its subsidiaries and affiliates. (22)
- 10.42 First Rider to the General Agreement of Indemnity, dated as of June 4, 2012, by and among Great Lakes Dredge & Dock Corporation, Great Lakes Dredge & Dock Company, LLC, Lydon Dredging and Construction Company, Ltd., Fifty-Three Dredging Corporation, Dawson Marine Services Company, Great Lakes Dredge & Dock Environmental, Inc. f/k/a Great Lakes Caribbean Dredging, Inc., Great Lakes Dredge & Dock (Bahamas) Ltd. and Zurich American Insurance Company and its subsidiaries and affiliates. (26)
- 10.43 Loan Agreement dated as of November 4, 2014 by and among Great Lakes Dredge & Dock Corporation, as Borrower, the Lenders from time to time party hereto and Bank of America, N.A., as Administrative Agent. ##(27)
- 10.44 Vessel Construction Agreement, dated January 10, 2014 by and between Eastern Shipbuilding Group, Inc. and Great Lakes Dredge & Dock Company, LLC. ##(12)
- 10.45 Amendment to Vessel Construction Agreement, dated December 23, 2016 by and between Eastern Shipbuilding Group, Inc. and Great Lakes Dredge & Dock Company, LLC. #*
- 10.46 Agreement dated December 27, 2016. (30)
- 12.1 Ratio of Earnings to Fixed Charges. *
- 14.1 Code of Business Conduct and Ethics. (18)
- 21.1 Subsidiaries of Great Lakes Dredge & Dock Corporation. *
- 23.1 Consent of Deloitte & Touche LLP. *
- 23.2 Consent of CohnReznick LLP. *
- 23.3 Consent of CohnReznick LLP. *
- 23.4 Consent of WithumSmith+Brown.PC. *

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. *
32.1	Certification Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002. *
99.1	Financial Statements of TerraSea Environmental Solutions, LLC as of December 31, 2016 and 2015, and for the Years Ended December 31, 2016, 2015 and 2014. *
99.2	Financial Statements of Amboy Aggregates Joint Venture and Subsidiaries as of December 31, 2016 and 2015 and for the Year Ended December 31, 2016 and for Periods from January 1, 2015 to June 30, 2015 and from July 1, 2015 to December 31, 2015 and for the Year Ended December 31, 2014. *
99.3	Financial Statements of Lower Main Street Development, LLC as of December 31, 2015 (unaudited) and 2014 and for the Periods from January 1, 2015 to June 30, 2015 (unaudited) and from July 1, 2015 to December 31, 2015 (unaudited) and for the Year Ended December 31, 2014. *
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. *

- (1) Incorporated by reference to Great Lakes Dredge & Dock Corporation's Current Report on Form 8-K filed with the Commission on January 6, 2004 (Commission file no. 333-64687).
- (2) Incorporated by reference to Great Lakes Dredge & Dock Corporation's Current Report on Form 8-K filed with the Commission on June 22, 2006 (Commission file no. 333-64687).
- (3) Incorporated by reference to Great Lakes Dredge & Dock Holding Corp.'s Registration Statement on Form S-4 filed with the Commission on August 24, 2006 (Commission file no. 333-136861-01).
- (4) Incorporated by reference to Great Lakes Dredge & Dock Corporation's Registration Statement on Form 8-A filed with the Commission on December 26, 2006 (Commission file no. 001-33225).
- (5) Incorporated by reference to Great Lakes Dredge & Dock Corporation's Current Report on Form 8-K filed with the Commission on May 20, 2015 (Commission file no. 001-33225).
- (6) Incorporated by reference to Great Lakes Dredge & Dock Corporation's Current Report on Form 8-K filed with the Commission on December 29, 2006 (Commission file no. 001-33225).
- (7) Incorporated by reference to Great Lakes Dredge & Dock Corporation's Current Report on Form 8-K filed with the Commission on January 28, 2011 (Commission file no. 001-33225).
- (8) Incorporated by reference to Great Lakes Dredge & Dock Corporation's Current Report on Form 8-K filed with the Commission on January 3, 2011 (Commission file no. 001-33225).
- (9) Incorporated by reference to Great Lakes Dredge & Dock Corporation's Annual Report on Form 10-K filed with the Commission on March 22, 2007 (Commission file no. 001-33225).
- (10) Incorporated by reference to Great Lakes Dredge & Dock Corporation's Current Report on Form 8-K filed with the Commission on September 8, 2010 (Commission file no. 001-33225).
- (11) Incorporated by reference to Great Lakes Dredge & Dock Corporation's Current Report on Form 8-K filed with the Commission on April 29, 2009 (Commission file no. 001-33225).
- (12) Incorporated by reference to Great Lakes Dredge & Dock Corporation's Current Report on Form 8-K filed with the Commission on September 12, 2014 (Commission file no. 001-33225).
- (13) Incorporated by reference to Great Lakes Dredge & Dock Corporation's Annual Report on Form 10-K filed with the Commission on March 11, 2014 (Commission file no. 001-33225).
- (14) Incorporated by reference to Great Lakes Dredge & Dock Corporation's Current Report on Form 8-K/A filed with the Commission on August 17, 2010 (Commission file no. 001-33225).
- (15) Incorporated by reference to Great Lakes Dredge & Dock Corporation's Annual Report on Form 10-K filed with the Commission on March 30, 2005 (Commission file no. 333-64687).
- (16) Incorporated by reference to Great Lakes Dredge & Dock Corporation's Current Report on Form 8-K filed with the Commission on July 1, 2011 (Commission file no. 001-33225).
- (17) Incorporated by reference to Great Lakes Dredge & Dock Corporation's Current Report on Form 8-K filed with the Commission on November 24, 2014 (Commission file no. 001-33225).
- (18) Incorporated by reference to Great Lakes Dredge & Dock Corporation's Current Report on Form 8-K filed with the Commission on May 18, 2016 (Commission file no. 001-33225).
- (19) Incorporated by reference to Great Lakes Dredge & Dock Corporation's Current Report on Form 8-K filed with the Commission on January 17, 2012 (Commission file no. 001-33225).
- (20) Incorporated by reference to Great Lakes Dredge & Dock Corporation's Current Report on Form 8-K filed with the Commission on November 16, 2011 (Commission file no. 001-33225).
- (21) Incorporated by reference to Great Lakes Dredge & Dock Corporation's Current Report on Form 8-K filed with the Commission on May 9, 2011 (Commission file no. 001-33225).
- (22) Incorporated by reference to Great Lakes Dredge & Dock Corporation's Annual Report on Form 10-K filed with the Commission on March 29, 2013 (Commission file no. 001-33225).
- (23) Incorporated by reference to Great Lakes Dredge & Dock Corporation's Definitive Proxy Statement on Schedule 14A, filed with the Commission on April 4, 2012 (Commission file no. 001-33225).
- (24) Incorporated by reference to Great Lakes Dredge & Dock Corporation's Current Report on Form 8-K filed with the Commission on May 13, 2014 (Commission file no. 001-33225).
- (25) Incorporated by reference to Great Lakes Dredge & Dock Corporation's Quarterly Report on Form 10-Q filed with the Commission on May 6, 2015 (Commission file no. 001-33225).
- (26) Incorporated by reference to Great Lakes Dredge & Dock Corporation's Quarterly Report on Form 10-Q filed with the Commission on August 4, 2015 (Commission file no. 001-33225).
- (27) Incorporated by reference to Great Lakes Dredge & Dock Corporation's Annual Report on Form 10-K/A filed with the Commission on September 24, 2015 (Commission file no. 001-33225).
- (28) Incorporated by reference to Great Lakes Dredge & Dock Corporation's Quarterly Report on Form 10-Q filed with the Commission on May 3, 2016 (Commission file no. 001-33225).
- (29) Incorporated by reference to Great Lakes Dredge & Dock Corporation's Quarterly Report on Form 10-Q filed with the Commission on November 2, 2016 (Commission file no. 001-33225).

(30) Incorporated by reference to Great Lakes Dredge & Dock Corporation's Current Report on Form 8-K filed with the Commission on December 30, 2016 (Commission file no. 001-33225).

* Filed herewith

† Compensatory plan or arrangement

Portions of this exhibit have been omitted pending a determination by the Securities and Exchange Commission as to whether these portions should be granted confidential treatment.

Portions of this exhibit have been previously granted confidential treatment by the Securities and Exchange Commission.

EMPLOYMENT AGREEMENT

This **EMPLOYMENT AGREEMENT** (the “**Agreement**”) is made as of the 2nd day of November, 2015 (the “**Agreement Date**”), by and between Great Lakes Dredge & Dock Corporation (the “**Corporation**”), with and on behalf of its wholly-owned subsidiary, Great Lakes Environmental & Infrastructure Solutions, LLC (the “**Company**”), and Christopher P. Shea (“**Executive**”).

ARTICLE I EMPLOYMENT SERVICES

1.1 Term of Employment

. Executive’s employment under this Agreement shall commence on November 2, 2015 (“**Start Date**”) and continue until the third annual anniversary of such date, 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 90 days prior to expiration of the Employment Term, either party gives written notice to the other party that he/it does 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 President of the Environmental & Remediation Division and shall report to the Company’s Chief Executive Officer. Executive shall perform such duties and responsibilities as are consistent with Executive’s position and as may be reasonably assigned to Executive by the Chief Executive Officer 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 offices of the Company or its subsidiaries in or near Denver, Colorado, and Executive will be expected to conduct his activities from such office other than when traveling on behalf of the Company. The Corporation may require, in its sole discretion, that the Executive transfer to the principal executive offices of the Corporation in or near Oak Brook, Illinois, and the exercise of such requirement shall not be deemed a material diminution under **Section 3.3**. 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, other than serving on the board of directors of one publicly traded company, without the consent of the Company’s Chief Executive Officer.

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

Company'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 Three Hundred Fifty Thousand Dollars (\$350,000) ("**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 senior executive officers of the Company.

(a) On or prior to the below-listed dates, Executive shall receive one-time non-incentive based "ramp-up" salary bonuses in the amounts set forth below:

- (i) March 15, 2016 – Seventy Thousand Dollars (\$70,000)
- (ii) March 15, 2017 – Fifty Thousand Dollars (\$50,000)
- (iii) March 15, 2018 – Twenty-Five Thousand Dollars (\$25,000)

2.2 Incentive Compensation

(a) Executive will be eligible to participate in any 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 forty percent (40%) of Executive's Base Salary, unless such amount is adjusted by the Compensation Committee of the Board in its sole discretion. Such bonus will be paid in accordance with the terms of the Annual Bonus Plan or similar or successor plan.

(b) Notwithstanding the foregoing, for the 2016 fiscal year, Executive will be provided with a minimum guaranteed bonus of \$200,000. For each of the 2016 and 2017 fiscal years, Executive's incentive compensation shall be determined as follows:

- (i) In the event the EBITDA of the E&R Division (as defined below) for each of the 2016 or 2017 calendar year equals \$12,000,000 for such calendar year, the Company shall pay Executive cash incentive compensation of \$300,000;
- (ii) In the event the EBITDA of the E&R Division (as defined below) for each of the 2016 or 2017 calendar year equals \$15,000,000 for such calendar year, the Company shall pay Executive cash incentive compensation of \$600,000; and

(iii) In the event the EBITDA of the E&R Division (as defined below) for each of the 2016 or 2017 calendar year exceeds \$15,000,000 for such calendar year, the Company shall pay Executive cash incentive compensation of an additional 1.5% of EBITDA above \$15,000,000.

Amounts list in sub-sections (i) through (iii) above are not cumulative. If EBITDA is greater than \$12,000,000 but less than \$15,000,000, the cash incentive compensation paid to Executive shall be interpolated between \$300,000 and \$600,000.

(c) For purpose of this Section, the following terms shall have the meaning set forth below:

(i) **“EBITDA of the E&R Division”** shall mean the combined EBITDA from both Terra Contracting Services, LLC and Magnus Pacific, LLC (**“Magnus”**).

(ii) **“EBITDA”** shall be calculated in accordance with Schedule B to the Share Purchase Agreement dated November 4, 2014 by and among Great Lakes Environmental & Infrastructure Solutions, LLC, the Corporation, Magnus and certain other individuals (the **“Purchase Agreement”**). The **“Earnout Periods”** described in Schedule B shall correspond to the periods set forth in **Section 2.2(b)(i-iii)**. Schedule B has been provided to Executive for convenience and shall not be used for any other purpose other than pursuant to this **Section 2.2(b)**. Capitalized terms in Schedule B shall have the meaning set forth in the Purchase Agreement.

All determinations pursuant to this Section shall be made by the Corporation’s compensation committee in its sole discretion.

2.3 Equity Compensation

. Executive will be eligible to participate in any 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 forty percent (40%) 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 on substantially the same basis as the Company’s other senior executive officers in any employee benefit plans offered by the Company, 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 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 senior executive officers.

2.5 Vacation

. Executive will be entitled to twenty days of paid vacation per calendar year, subject to the Company's vacation policy as in effect from time-to-time. The Company may, at its discretion, increase (but not decrease) Executive's vacation entitlement. Executive shall be entitled to six days of paid vacation for the 2015 fiscal year.

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 his 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 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 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 30 days; (d) Executive commits an act of material dishonesty, misconduct or fraud in connection with his job duties, 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 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 150 days following the initial occurrence of such diminution, (b) Executive provided written notice of such diminution to the CEO or Board within 90 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 Base Salary under **Section 2.1**, pro rata portion (based on days elapsed in the calendar year) of Executive's annual bonus at the target level under **Section 2.2** and the Supplemental Savings Plan benefits, 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 payable in **Section 3.3(a)(i)** or **(a)(ii)**, as applicable, 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 12 months of Executive's Base Pay, less applicable withholdings. This amount will be paid in equal installments on each regularly scheduled Company pay date during the 12-month period that begins on the first day immediately after the Release Effective Date, as described in **Section 3.6**.

(ii) A payment equal to 1.0 times the average of the Executive's actual annual bonus (on an annualized basis) and the Supplemental Savings Plan benefits over the three years (or shorter period) immediately preceding the Executive's termination, less applicable withholdings. Such amount will be paid when all other Company executives receive such payments, if any, but in no event later than March 15 of the year following the Termination Date.

(iii) Continued coverage for Executive (and his 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) under the Company's medical and dental plans for up to 12 months following the Termination Date. During the Severance Period, the Company will reduce Executive's cash Severance Pay by his 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 his spouse and eligible dependents, as applicable) will be eligible for continuation coverage under COBRA or other similar state statute.

Notwithstanding the foregoing, the Company may find an alternate way of providing medical and dental plan coverage if, by law or other restrictions outside the control of the Company, continued coverage under the Company's health plans is not permitted.

(b) If Executive is terminated without Cause at any time during the Employment Term, Executive will receive 12 months of age and vesting credit for any unvested equity awards, measured from 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 additional compensation or benefits from the Company after the Termination Date.

3.4 Change in Control

. If, contemporaneous with or within 18 months after a Change in Control (as defined below), the Company or its successor 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)(i)**: (a) a payment equal to 2.0 times his then current Base Salary plus the average of Executive's annual bonus over the three (3) year period (or average of shorter period, as applicable; if employment is terminated during the first full fiscal year, a \$300,000 bonus shall be used for purposes of calculating Executive's average bonus) immediately preceding Executive's termination and (b) the pro rata portion (based on days elapsed in the calendar year) of Executive's annual bonus at the target level under **Section 2.2** (if employment is terminated during the first full fiscal year, a \$300,000 bonus shall be used as Executive's annual bonus at the target level) and the Supplemental Savings Plan benefits earned through the Termination Date as described in **Section 3.3(a)(ii)** (together, the "**Change in Control Payment**"), subject to the requirements set forth in **Section 3.6**. Subject to **Section 3.7**, the Change in Control Payment will be made in a lump sum cash payment on the Company's first regularly scheduled payroll date immediately following the Release Effective Date or, where Release Effective Date could occur in either of two taxable years, on the first regularly scheduled payroll date after the Release Effective Date which occurs in the later calendar year. In addition, Executive (and his spouse and eligible dependents) will be eligible for the continued health plan coverage described in **Section 3.3(a)(iii)** for 24 months (followed by eligibility for COBRA) and will receive full vesting credit for all outstanding equity awards consistent with and subject to the limitations of **Section 3.8**.

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

(a) 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 Company entitled to vote generally in the election of directors (the "**Company 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 Company; any trustee or other fiduciary holding securities under an employee benefit plan of the Company; holders of capital stock of the Company as of the date

hereof or an affiliate thereof; or any corporation owned, directly or indirectly, by the Company's stockholders in substantially the same proportions as their ownership of stock of the Company); *provided, however* that any acquisition from the Company or any acquisition pursuant to a transaction that complies with clauses (i), (ii) and (iii) of subparagraph (c) of this paragraph will not be a Change in Control under this subparagraph (a), 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 Company Voting Securities; or

(b) 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 Company'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

(c) Consummation by the Company of a reorganization, merger or consolidation, or sale or other disposition of all or substantially all of the assets of the Company or the acquisition of assets or stock of another entity (a "**Business Combination**"), in each case, unless immediately following such Business Combination: (i) 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 Company or all or substantially all of the Company's assets either directly or through one or more subsidiaries (the "**Parent Corporation**"), is represented, directly or indirectly by Company Voting Securities outstanding immediately prior to such Business Combination (or, if applicable, is represented by shares into which such Company 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 Company Voting Securities, (ii) no Person (excluding any employee benefit plan (or related trust) of the Company 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 Company existed prior to the Business Combination and (iii) 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

(d) Approval by the Company's stockholders of a complete liquidation or dissolution of the Company.

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 members of the Board; *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 event 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 **Additional Vesting**

. In addition to any amounts otherwise payable to Executive upon a separation from service, if Executive incurs any of the events below, he will be granted additional vesting, as described below:

(a) **Death or Disability**. If Executive dies or becomes permanently disabled (as determined under the Company's long-term disability plan in which Executive participates), Executive will receive additional vesting credit under each of the Company's employee benefit plans and outstanding equity awards that have vesting requirements. Such additional vesting credit shall begin with the date of death or disability period, as applicable, and will equal full vesting credit.

(b) **Retirement**. Upon Executive's Retirement from the Company, Executive will receive vesting of any of his outstanding equity awards according to the terms and conditions of each individual equity award. If the term "Retirement" is not defined within a particular equity award, or if the award agreement defers to the definition of "Retirement" contained within an employment agreement, then for purposes of that award, "**Retirement**" shall mean Executive's termination of employment, other than for Cause (as defined in **Section 3.2**, above), upon or after having attained age 65 years. Executive must strictly comply with the following requirements to obtain the benefits of this sub-section:

(i) Executive signs a Restrictive Covenant Agreement, in a form satisfactory to the Company, in anticipation of his Retirement, if the Company requests that he do so, within the timeframe given to Executive to sign by the Company; and

(ii) Executive gives the Chief Executive Officer, or Executive's direct supervisor at the time, at least three months' prior notice of his Retirement.

(c) Termination by the Company without Cause. As set forth in **Section 3.3.**

(d) Change in Control. As set forth in **Section 3.4.**

(e) Non-Renewal. In the event the Company elects not to renew the Agreement and terminates Executive within one year of the end of the Employment Term, Executive will receive full vesting of all of his outstanding equity awards.

If the Company determines that Executive cannot receive such additional vesting credit under the terms of any such employee benefit plan because, for example, Executive is not actually providing any services to the Company, the Company shall provide the value of such additional vesting under an alternate arrangement, such as through the purchase of an individual insurance policy that provides similar benefits or, if applicable, through a nonqualified pension or profit sharing plan.

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, Executive must execute and return to the Company, within sixty (60) days of Executive's last day of employment with 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. Such release will become effective on the date the revocation period specified in the separation agreement expires without Executive revoking the separation agreement (the "**Release Effective Date**"). Any obligation of the Company to provide the Severance Pay shall cease: (a) upon Executive's material breach of his contractual obligations to the Company, including those set forth in **Article IV** or **Article V** herein, or in the separation agreement; or (b) if, after Executive's termination, the Company discovers facts and circumstances that would have justified a termination for Cause.

3.7 Section 409A

. While the parties acknowledge that any payments and benefits provided under **Article III** of this Agreement are intended to be exempt from Section 409A, to the extent (a) further guidance or interpretation is issued by the IRS after the date of this Agreement which would indicate that the payments do not qualify for such exemption or the amount of payments due under **Article III** increases in a manner to cause certain payments to exceed the limitation available for exempt separation payment and (b) Executive is a "specified employee" within the meaning of Code Section 409A(a)(2)(B)(i) upon the date of Executive's termination of employment, such payments or benefits which are not exempt and would otherwise be payable to Executive prior to the date that is six (6) months following the date of such termination of employment shall be delayed and instead shall be paid to Executive on the first regular payroll date that occurs after the six (6) month anniversary of such date of termination. For purposes of Section 409A, each installment of Severance Pay under **Article III** shall be treated as a right to a separate payment.

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 as well as the board of directors of any GLDD Entity (as defined below) or any other board to which he 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 his resignation from such positions.

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 he obtained during the course of his 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 him.

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 Non-Competition

. During the Employment Term and for the 12-month period following the Termination Date (the “**Restricted Period**”), Executive will not, on behalf of himself or any other entity, have an ownership interest in or become employed or engaged by, or

otherwise participate in or render services to, any business or enterprise (including, without limitation, any division, group or franchise of a larger organization) within the Geographical Area (as defined below) that engages in any dredging, environmental or remediation or any other business engaged in by the Company; *provided, however*, that this restriction shall not prohibit Executive from (a) passive beneficial ownership of less than three percent of any class of securities of a publicly-held corporation whose stock is traded on a U.S. national securities exchange or traded in the over-the-counter market or (b) Executive's employment or engagement with an entity in any position where Executive would not be providing any services of the type provided by Executive to the Company in the 12 months immediately preceding the termination of the Employment Term. For the purpose of this provision, "**Geographical Area**" means North America, Central America, South America, the Caribbean, the Middle East, Africa, India, Australia, and Asia. Notwithstanding anything in this **Article IV** to the contrary, Executive may, at any time during the Restricted Period, provide written notice to the Company that (i) describes a particular business or employment opportunity that he is interested in pursuing or in which he may wish to engage, and (ii) request that the Company agree that the opportunity so described would not violate this **Section 4.2**. Within a reasonable time, the Company will send Executive a written response, indicating whether or not the Company consents to Executive engaging in the opportunity described in his notice. In the event the Employment Term is not renewed in accordance with **Section 1.1**, the Executive shall not be bound by this **Section 4.2** unless the Company pays Executive severance compensation or salary continuation.

4.3 Non-Solicitation

. During 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 shall cease and be forfeited, and Executive shall immediately reimburse the Company for any Severance Pay 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.

5.2 Executive Assistance

. During Executive's employment with the Company and for a period of 12 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.

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 Executive:

Christopher P. Shea
XXXXXXXXXXXXXXXXXX
XXXXXXXXXXXXXXXXXX
Email: XXXXXXXXXXXXXXXXXXXX
Telephone: XXXXXXXXXXXXXXXXXXXX

If to the Company:

Great Lakes Dredge & Dock Corporation
2122 York Road
Oak Brook, IL 60523
Attn: Chief Executive Officer
Fax: (630) 574-3007
Email: JWBerger@gldd.com
Telephone: (630) 574-3485

with a copy to:

Great Lakes Dredge & Dock Corporation
2122 York Road
Oak Brook, IL 60523
Attn: Chief Legal Officer
Fax: (630) 574-3007
Email: kmlavoy@gldd.com
Telephone: (630) 574-3468

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.

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 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 Company's Chief

Executive Officer. Any such waiver or consent will be effective only in the specific instance and for the purpose for which given.

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; 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 disputes to the exclusive jurisdiction of the federal or state courts located in Cook County, Illinois; and (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 ANY 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.

[SIGNATURES FOLLOW ON NEXT 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.

CHRISTOPHER P. SHEA

/s/ Christopher P. Shea

GREAT LAKES DREDGE & DOCK
CORPORATION

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

SEPARATION AGREEMENT

This Separation Agreement (the “Agreement”) is made by and between Jonathan W. Berger (the “Executive”) and Great Lakes Dredge & Dock Corporation, a Delaware corporation (the “Company”), pursuant to the Amended and Restated Employment Agreement between the Executive and the Company dated May 8, 2014 (the “Employment Agreement”), to fully settle and resolve any and all issues and disputes arising out of the Executive’s employment with and separation from the Company.

WHEREAS, the Executive voluntarily resigned from his position with the Company effective January 3, 2017 (the “Separation Date”), by reason of Retirement, as that term is defined in Section 3.5(b) of the Employment Agreement;

WHEREAS, as a result of Executive’s Retirement, the Company and the Executive agree that Executive is entitled to receive the benefits outlined in Section 3.5(b) of the Employment Agreement; and

WHEREAS, in exchange for Executive’s undertakings hereunder, the Company shall provide Executive certain additional benefits outlined below.

NOW, THEREFORE, in consideration of the mutual covenants and promises herein, the receipt and sufficiency of which is hereby acknowledged by each party, the Executive and the Company agree as follows:

1. **Termination of Employment.** The Executive agrees that his employment with the Company shall terminate on the Separation Date, and further agrees his involvement with the Company in any of the capacities listed in Sections 3.9 (a), (b) or (c) of the Employment Agreement shall also terminate on the Separation Date.
 2. **Unconditional Benefits.** The Executive acknowledges that the Company will provide him with certain Unconditional Assistance Benefits whether or not he chooses to sign the Agreement. Such benefits are described in greater detail in Appendix A, which is attached and incorporated herein.
 3. **Consideration.** In consideration for the Executive’s execution of this Agreement and its attached Release (defined below), and provided the Executive complies with his obligations under this Agreement and does not revoke his acceptance of the Release, the Company will provide the Executive with a Conditional Assistance Benefit, which is described in greater detail in Appendix A, and which the Executive acknowledges represents full consideration for entering into the Agreement.
 4. **Benefits.** Except as otherwise specifically provided in the Agreement, including Appendix A, the Executive’s eligibility to participate in the Company’s employee benefit plans and programs (including the Company’s life insurance and short-term disability benefit programs) shall end on the Separation Date.
 5. **General Release and Waiver of Claims.** As part of the Executive’s consideration for the Conditional Assistance Benefit described in Appendix A, the Executive agrees to execute
-

and comply with the General Release and Waiver of Claims attached as Appendix B to this Agreement (the “Release”).

6. Confidentiality and Restrictive Covenants. The Executive acknowledges and agrees that he remains bound by any and all post-employment restrictions set forth in the Employment Agreement, including but not limited to those contained within Article IV of the Employment Agreement. Notwithstanding any provision in the Employment Agreement or this Agreement to the contrary, nothing shall prohibit the Executive from reporting possible violations of federal law or regulation to any governmental agency or entity or making other disclosures that are protected under the whistleblower provisions of federal, state, or local law or regulation.

7. Cooperation and Assistance. The Executive acknowledges and agrees that, as a condition to receiving the benefits described herein, the Executive shall provide assistance to the Company as described in Section 5.2 of the Employment Agreement.

8. Representation of Disclosure. The Executive represents and warrants that he has not withheld any information from the Company through its directors, officers, or CEO that may give rise to allegations threatening material liability of the Company or any of its subsidiaries or affiliates. The Executive acknowledges and agrees that this representation is a material term of the Agreement and any breach of this representation shall require the Executive to reimburse the Company for the value of any Conditional Assistance Benefit received.

9. No Admission. The Agreement is not an admission by any of the Released Parties (as defined in Appendix B) or by the Executive of any wrongdoing or liability, or that any action (or failure to take action) undertaken by any of the Released Parties or by the Executive was wrongful; unlawful; in violation of any local, state or federal law, statute or regulation; or capable of inflicting any damages or injury on any of the Released Parties or the Executive. The Company and the Executive each specifically deny any such wrongdoing, unlawfulness, violation, or damages.

10. Mutual Non-Disparagement. The Executive agrees, on behalf of himself and his agents, representatives, attorneys, assigns, heirs, executors, and administrators, not to make any oral or written statement to any third party that disparages the Company or its officers and directors; provided that the provisions of this Paragraph 10 shall not apply to testimony as a witness, compliance with other legal obligations, or assertion of or defense against any claim of breach of the Agreement, and shall not require the Executive to make false statements or disclosures. The Company agrees that its officers and directors will not make any oral or written statement to any third party that disparages the Executive or his job performance; provided that the provisions of this Paragraph 10 shall not apply to testimony as a witness, compliance with other legal obligations, or assertion of or defense against any claim of breach of the Agreement, and shall not require the Company’s officers or directors to make false statements or disclosures. Notwithstanding any provision in the Employment Agreement or this Agreement to the contrary, nothing shall prohibit the Executive, the Company, or any of its officers and directors from reporting possible violations of federal law or regulation to any governmental agency or entity or making other disclosures that are protected under the whistleblower provisions of federal, state, or local law or regulation.

11. Entire Agreement. The Agreement (including the Appendices hereto) contains

the entire agreement and understanding between the Executive and the Company with respect to any of the matters described herein and therein. To the extent any term of this Agreement is deemed by a court of competent jurisdiction to be inconsistent with a term of any other agreement between Executive and the Company, this Agreement shall control with respect to any such inconsistency. The terms of the Agreement cannot be changed except in a later document signed by the Executive and an authorized officer of the Company.

12. Governing Law; Venue. The Agreement shall be governed by the laws of the State of Illinois, without giving effect to any principles regarding conflicts of laws. The parties will bring and pursue any legal or equitable proceeding relating to or arising under the Agreement only in the courts of DuPage County, Illinois or the United States District Court for the Northern District of Illinois. Each party consents to and agrees never to challenge the personal jurisdiction or venue of those courts, and agrees that they are a fair and convenient place to conduct any such proceeding.

13. Partial Invalidity. If any part of this Agreement is held to be unenforceable, invalid or void, then the balance of this Agreement shall nonetheless remain in full force and effect to the extent permitted by law.

14. No Presumption. The Agreement shall be interpreted and construed as if all of its provisions were drafted jointly by the parties, and no party is entitled to the benefit of any rule of construction with respect to the interpretation of any term, condition or provision in favor of or against any drafter of the Agreement. The Agreement shall be interpreted and construed in accordance with the plain meaning of its terms and not strictly for or against either party.

15. Headings. The headings in the Agreement are for the convenience of the parties and shall not affect its meaning or interpretation.

16. Notice and Other Communications. With the exception of the acceptance of this Agreement, its attached Release (Appendix B), and the revocation of claims contained within it, which shall be governed by Paragraph 20, below, as applicable, all notices given under the Agreement shall be in writing and shall be delivered by mail, hand, facsimile, e-mail (in .pdf format), or by a nationally known, reputable overnight delivery service addressed as follows:

If to the Executive:

Jonathan W. Berger
At the address and e-mail address previously provided in writing to the Company

If to the Company:

Great Lakes Dredge & Dock Corporation
2122 York Road
Oak Brook, IL 60523
Attn: Chief Executive Officer
Fax: (630) 574-3007

With a copy to:

Godfrey & Kahn, S.C.
One East Main Street, Suite 500
Madison, WI 53703
Attn: Eric C. Wilson
Fax: (608) 257-0609
ewilson@gklaw.com

or to such other address as either party will have furnished to the other in writing in accordance herewith. Notice shall be considered effective when actually received by the addressee.

17. Taxes. The Company may withhold from any amount payable under the Agreement such federal, state or local taxes as must be withheld pursuant to any applicable law or regulation.
18. No Waiver. Either party's failure to insist upon strict compliance with any part of the Agreement, or its failure to assert any right it may have hereunder, will not be considered a waiver of that or any other part of or right under the Agreement unless the waiver is in writing and signed by the party that is waiving its rights.
19. Binding. The terms of the Agreement shall be binding upon and inure to the benefit of the heirs, estates, predecessors, affiliates, assigns, attorneys, officers, directors, employees, agents, and representatives of the parties. In the event that any amounts under the Agreement are due following the Executive's death, such amounts will be payable to a trust or trusts designated by the Executive in writing to the Company, so long as (i) such trust information is provided by Executive to the Company in advance of Executive's death and (ii) such trust or trusts is/are in existence at the time payments are to be made. Otherwise, payment shall be made to the Executive's estate. In each case, payments shall be made subject to applicable law, deductions and withholdings and the terms and conditions of applicable employee benefit plans.
20. Acceptance and Revocation Procedures.
 - a. Acceptance of Agreement and Release: The Executive acknowledges and agrees that he may agree to the terms of the Agreement and Release by signing and dating it and returning the signed and dated Agreement via mail, email (in .pdf format), hand delivery, or overnight delivery, so that it is received by Eric J. Wilson, Godfrey & Kahn, S.C., One East Main Street, Suite 500, Madison, WI 53703, E-Mail: ewilson@gklaw.com, on or before 5:00 p.m. Central Time on January 30, 2017.
 - b. By executing the Agreement and Release, the Executive acknowledges and agrees that:
 - c. The Executive has carefully read all parts of the Agreement (including the Release) and fully understands the meaning of the terms and conditions contained herein;
 - d. The Company has advised the Executive, and is hereby advising him in writing, to consult with an attorney of his choosing prior to signing the Agreement;

e. The Release includes a release of all claims under the Age Discrimination in Employment Act (“ADEA”);

f. The Agreement and Release were originally presented to the Executive on January 6, 2017. The Executive acknowledges and agrees that he has had the opportunity to take more than 21 days after receiving the Release, to decide whether to sign it;

g. The Executive understands that he has seven (7) days after signing the Release within which to revoke his acceptance thereof (“Revocation Period”), and such revocation will not be effective unless written notice of the revocation is, via mail, e-mail (in .pdf format), hand delivery, or overnight delivery, directed to and received by Eric J. Wilson, Godfrey & Kahn, S.C., One East Main Street, Suite 500, Madison, WI 53703, E-mail: ewilson@gklaw.com, on or before 5:00 p.m. Central Time on the first business day following the end of the Revocation Period;

h. The Executive is signing the Agreement knowingly, voluntarily and without any coercion or duress;

i. The only consideration the Executive is receiving for signing the Agreement is described in the Agreement itself, and no other promises or representations of any kind have been made to cause him to sign it; and

j. If the Executive chooses not to execute the Release in the manner set forth in Paragraph 20(a), above, or revokes his acceptance thereof in accordance with Paragraph 20(g), above, this entire Agreement shall be deemed null and void, and the respective rights and responsibilities of the Executive and the Company under the Employment Agreement shall apply.

21. Remedies. Upon the material violation or breach by the Executive or the Company of any of the terms of the Agreement, and his/its failure to cure such breach within five (5) business days of written notice, and in addition to any other remedies available to the wronged party, the wronged party shall be entitled to suspend indefinitely further performance or obligations (including additional payments due) under the Agreement and recover any damages suffered as a result of such breach, including recoupment of any payments made under the Agreement, as well as any reasonable attorneys’ fees and costs incurred in remedying such breach. In addition, either party may seek injunctive or equitable relief.

22. No Mitigation. The Executive shall not be required to mitigate the amount of any payment provided for in the Agreement by seeking other employment or otherwise.

23. Section 409A. Notwithstanding any provision of the Agreement to the contrary, the Agreement is intended to be exempt from or, in the alternative, comply with Section 409A of the Internal Revenue Code of 1986, as amended, and the interpretive guidance thereunder (the “Code”), including the exceptions for short-term deferrals, separation pay arrangements, reimbursements, and in-kind distributions. The Agreement shall be construed and interpreted in accordance with such intent. Each payment under the Agreement or any Company benefit plans is intended to be treated as one of a series of separate payments for purposes of Code Section 409A.

24. Counterparts. The Agreement may be executed in one or more counterparts, and

each such counterpart shall be deemed an original, but all such counterparts together shall constitute but one agreement. In the event that any signature to the Agreement is delivered by facsimile transmission or by e-mail delivery of a “.pdf” format data file, such signature shall create a valid and binding obligation of the party executing (or on whose behalf such signature is executed) with the same force and effect as if such facsimile or “.pdf” signature page were an original

25. Indemnification and Directors and Officers Liability Insurance Coverage. Notwithstanding anything herein to the contrary, nothing in this Agreement shall impact in any way the Company’s obligations to indemnify and advance expenses on behalf of the Executive after the Separation Date pursuant to the Company’s Amended and Restated Bylaws (the “Bylaws”) as in effect on the Separation Date, or other policies or pursuant to Delaware law. It is understood that the Company’s obligation to indemnify and advance expenses shall continue as stated in Article V of the Bylaws whether or not that Article may be subsequently revoked, modified, or amended. For a minimum of six (6) years after the Separation Date, the Company shall continue to provide directors and officers liability insurance coverage for the Executive with respect to claims arising out of or in connection with the Executive’s employment.

[Signatures to follow on next page]

SIGNATURE PAGE TO SEPARATION AGREEMENT

EXECUTIVE

GREAT LAKES DREDGE & DOCK
CORPORATION

/s/ Jonathan W. Berger

/s/ Mark Marinko

Jonathan W. Berger

Mark Marinko
Its: Interim Chief Executive Officer

Date: 01/18/2017
01/18/2017

Date:

APPENDIX A TO SEPARATION AGREEMENT
POST-TERMINATION PAYMENTS AND BENEFITS

Unconditional Assistance Benefits.

Whether or not the Executive chooses to sign the Agreement or revoke his release of claims as described in Paragraph 20(g) of the Agreement, the Company and the Executive acknowledge that the Executive will receive the following Unconditional Assistance Benefits, to extent that such benefits have not already been provided to the Executive as of the date of this Agreement:

- The Executive shall be paid his Base Salary through April 13, 2017.
- The Executive shall be paid for all accrued and unused vacation earned through the Separation Date.
- The Executive shall receive his 2016 annual bonus, should the Company award 2016 bonuses to other eligible Company employees. Payment of such bonus shall be made at the same time and in the same manner as all other 2016 bonus recipients. Executive shall not be eligible to receive any 2017 annual bonus payment(s).
- The Executive shall receive any and all benefits under the Company's Supplemental Savings Plan and employee benefits plans through April 13, 2017. The Company shall reduce the Executive's Base Salary payments by Executive's share of the cost of these benefits, which shall be fixed at the amount the Executive had been paying for such coverage on the date immediately prior to the Separation Date. The Company shall be responsible for the employer contribution through April 13, 2017.
- The Executive shall receive full vesting of any of his outstanding Company equity awards. Vesting shall occur in accordance with the normal vesting schedule for such awards, irrespective of the fact that Executive's employment with the Company has ended.
- The Executive shall remain eligible to receive the "Award" described in the March 9, 2016 Cash Performance Award Agreement between the Executive and the Company.
- The Company will reimburse the Executive for any and all reasonable business expenses he incurred on or prior to the Separation Date, in accordance with the Company's expense reimbursement policy.
- The Company will provide the Executive with the right to participate, at his own expense, in the Company's group health insurance plan, in accordance with the mandates of the Consolidated Omnibus Budget Reconciliation Act of 1985, as amended ("COBRA").
- The Executive will be provided all appropriate information concerning his rights and obligations under the Company's 401(k) Savings Plan.

Conditional Assistance Benefit.

As consideration for the Executive's execution of the Agreement (including the Release in Appendix B), and provided that the Executive complies with his obligations under the

Agreement and the Employment Agreement, then following the expiration of the Revocation Period (as defined in Paragraph 20(g) of the Agreement), the Company will provide the Executive with the following Conditional Assistance Benefit:

- The Company will reimburse executive for up to Ten Thousand Dollars (\$10,000.00) in moving expenses associated with his Retirement from the Company. Expenses eligible for this benefit must be submitted to the Company, in writing and with documentation sufficient to establish that such expense has actually been incurred by Executive, no later than ninety (90) days immediately following the date on which such expense is incurred by Executive. Reimbursement shall occur within thirty (30) days of the Company's receipt of such documentation.

The Company and the Executive agree that because the Conditional Assistance Benefit detailed above is being provided to the Executive, in part, to ensure that the Executive has no incentive to initiate litigation against the Company for claims arising on or before the date of this Agreement, if the Executive files any action against the Company in any court of competent jurisdiction, and such action includes any claim or claims arising on or before the date of this Agreement, then the value of such benefit shall become a debt immediately owed to the Company, and the Company shall have right to recover such amounts owed to the Company through any means permitted by law.

By signing this Agreement, the Executive acknowledges and agrees that nothing in the Agreement, including this Appendix A, is intended to be tax advice and that the Company recommends that the Executive discuss his personal tax situation with his tax advisor.

APPENDIX B TO SEPARATION AGREEMENT
GENERAL RELEASE AND WAIVER OF CLAIMS

1. Released Parties. As used in the Agreement to which this Appendix is attached and in this Appendix B (the “Release”), “Released Parties” means: (a) the Company; (b) all of the Company’s subsidiaries and affiliates; and (c) all past and present officers, directors, agents, employees, employee benefit plans (and their sponsors, fiduciaries and administrators), insurers, and attorneys of any of the entities described in the immediately preceding clauses (a) and (b).
2. Release and Waiver of Claims.
 - a. In return for the consideration from the Company described in the Agreement, the Executive, on behalf of himself and his agents, representatives, attorneys, assigns, heirs, executors, and administrators, releases each of the Released Parties from, and agrees not to bring any action, suit or proceeding against any of the Released Parties regarding, any and all liability, claims, demands, actions, causes of action, suits, grievances, debts, sums of money, agreements, promises, damages, back and front pay, costs, expenses, attorneys’ fees, and remedies of any type (collectively, “Claims”), relating to any act, failure to act or event that occurred up to and including the date on which the Executive signs the Agreement, including without limitation, all Claims arising out of or in connection with the Executive’s employment or separation of employment with the Company, and including but not limited to:
 - i. The Age Discrimination in Employment Act of 1967, as amended (“ADEA”);
 - ii. Any and all Claims arising out of any federal, state or local law, including but not limited to Title VII of the Civil Rights Act of 1964, the Civil Rights Act of 1866 (42 U.S.C. § 1981), the Americans with Disabilities Act, the Employee Retirement Income Security Act, the False Claims Act, the Worker Adjustment and Retraining Notification Act, the Family and Medical Leave Act, and the Illinois Human Rights Act;
 - iii. Any and all Claims for wrongful or retaliatory discharge of employment, termination in violation of public policy, discrimination, breach of contract (both express and implied), breach of a covenant of good faith and fair dealing (both express and implied), promissory estoppel, negligent or intentional infliction of emotional distress, negligent or intentional misrepresentation or fraud, negligent or intentional interference with contract or prospective economic advantage, defamation, negligence, personal injury, invasion of privacy, false imprisonment, conversion, or any other remuneration; and/or any other contract or tort claim;
 - iv. Any and all Claims arising out of any constitutional provision, statute, law, ordinance, executive order, or regulation relating to employment, termination of employment or discrimination or retaliation in employment;
 - v. Any and all Claims arising out of any written or unwritten contract, agreement, policy, benefit plan, retirement or pension plan, option plan, severance plan,

covenant of any kind, or failure to pay wages, bonuses, employee benefits, other compensation, damages, or any other remuneration; and/or

vi. Any and all Claims for attorneys' fees and costs.

b. This Release does not apply to or affect Claims that cannot be released or waived under applicable law, Claims for benefits under applicable worker's compensation laws, Claims for benefits arising under the Agreement, Claims for benefits under any applicable Company director and officer liability insurance policy, Claims for indemnification or advancement of expenses under Article V of the Amended and Restated Bylaws of the Company, or Claims for benefits in accordance with the terms of the Company's health and dental benefit plans, as modified by COBRA, or Claims under the Company's 401(k) or Supplemental Savings Plans. This Release shall not limit or restrict the Executive's right under the ADEA to challenge the validity of the Agreement in a court of law, including the Executive's right to file a charge or complaint with a government agency (including, without limitation, the Equal Employment Opportunity Commission) or participate in an investigation or proceeding initiated or conducted by a government agency concerning that charge or complaint; provided, however, this Release does prevent the Executive from making any personal recovery against the Company or the Released Parties, including the recovery of money damages, as a result of filing an ADEA charge or complaint with a government agency against the Company and/or any of the Released Parties. Likewise, by signing this Release, the Executive acknowledges and agrees that if he brings any claim or claims against the Company under the Illinois Wage Payment and Collection Act, any recovery he receives shall be offset by any amounts he has received for the Severance Payment and Bonus/SSP Payment as provided in Appendix A.

c. The Executive affirms that as of the time he signed the Agreement and Release, no Claim, action or proceeding covered by Paragraph 2(a) of this Release was or is pending against any of the Released Parties. The Executive further acknowledges that he is the sole and lawful owner of all rights, title and interest in and to all matters released under this Paragraph 2, and that he has not assigned or transferred, or purported to assign or transfer, any of such released matters to any other person or entity.

3. Governing Law. This Release and its interpretation shall be governed and construed in accordance with the laws of the state of Illinois, and shall be binding upon the parties hereto and the Company's and the Executive's respective successors and assigns.

4. Voluntary Acceptance Procedures. As detailed in Paragraph 20 of the Agreement, the Executive, by signing this Release below, acknowledges and agrees to the following:

a. The Executive has been (and is hereby) advised by the Company to consult with an attorney before signing this Release;

b. The Agreement, including the Release, were originally presented to the Executive on January 6, 2017, and the Executive has had the opportunity to take more than twenty-one (21) days after receiving this Release to decide whether to sign it, has carefully read and fully understands the terms of this Release and accepts such terms knowingly and voluntarily;

- c. The Executive understands that this Release includes a general release of claims, including a release of all claims under the ADEA;
 - d. The Executive understands that he may accept this Release at any time after the Separation Date by signing and dating in the space indicated below and returning the signed and dated Release and Agreement, via mail, e-mail (in .pdf format), hand delivery, or overnight delivery, so that it is received by Eric J. Wilson, Godfrey & Kahn, S.C., One East Main Street, Suite 500, Madison, WI 53703, E-mail: ewilson@gklaw.com, on or before 5:00 p.m. Central Time no later than January 30, 2017; and
 - e. The Executive understands that, with regard to the release of claims contained above, he has seven (7) days after signing the Agreement and the Release within which to revoke his acceptance of the release of such claims (“Revocation Period”), and such revocation will not be effective unless written notice of the revocation is, via mail, e-mail (in .pdf format), hand delivery, or overnight delivery, directed to and received by Eric J. Wilson, Godfrey & Kahn, S.C., One East Main Street, Suite 500, Madison, WI 53703, E-mail: ewilson@gklaw.com, on or before 5:00 p.m. Central Time on the first business day following the end of the Revocation Period.
5. Partial Invalidity of Release. If any part of this Release is held to be unenforceable, invalid or void, then the balance of this Release shall nonetheless remain in full force and effect to the extent permitted by law.
6. Headings. The headings and subheadings in this Release are inserted for convenience and reference only, and are not to be used in construing the Release.

EXECUTED THIS 18th DAY OF JANUARY, 2017.

/s/ Jonathan W. Berger

JONATHAN W. BERGER

Exhibit 10.38

**REVOLVING CREDIT
AND
SECURITY AGREEMENT**

**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)**

**WOODFOREST NATIONAL BANK
(AS DOCUMENTATION AGENT)**

**PNC BANK, NATIONAL ASSOCIATION
(AS LENDER AND AS AGENT)**

**GREAT LAKES DREDGE & DOCK CORPORATION
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
(BORROWERS)**

**AND
THE OTHER CREDIT PARTIES THAT
ARE PARTY HERETO**

December 30, 2016

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**REVOLVING CREDIT
AND
SECURITY AGREEMENT**

Revolving Credit and Security Agreement dated as of December 30, 2016 among GREAT LAKES DREDGE & DOCK CORPORATION, a Delaware corporation ("GLDD"), GREAT LAKES DREDGE & DOCK COMPANY, LLC, a Delaware limited liability company ("GLDD LLC"), NASDI HOLDINGS, LLC, a Delaware limited liability company ("NASDI"), GREAT LAKES DREDGE & DOCK ENVIRONMENTAL, INC., a Delaware corporation ("Environmental"), GREAT LAKES ENVIRONMENTAL & INFRASTRUCTURE SOLUTIONS, LLC, a Delaware limited liability company ("Solutions"), and GREAT LAKES ENVIRONMENTAL & INFRASTRUCTURE, LLC, a Delaware limited liability company ("Infrastructure") (GLDD, GLDD LLC, NASDI, Environmental, Solutions and Infrastructure and each Person joined hereto as a borrower from time to time, collectively, the "Borrowers", and each a "Borrower"), each other Credit Party party hereto from time to time, the financial institutions which are now or which hereafter become a party hereto (collectively, the "Lenders" and each individually a "Lender"), PNC CAPITAL MARKETS, THE PRIVATEBANK AND TRUST COMPANY, CAPITAL ONE, NATIONAL ASSOCIATION, SUNTRUST ROBINSON HUMPHREY, INC., AND BANK OF AMERICA, N.A., as joint lead arrangers and joint bookrunners, TEXAS CAPITAL BANK, NATIONAL ASSOCIATION, as syndication agent, WOODFOREST NATIONAL BANK, as documentation agent, and PNC BANK, NATIONAL ASSOCIATION ("PNC"), as agent for Lenders (PNC, in such capacity, the "Agent").

IN CONSIDERATION of the mutual covenants and undertakings herein contained, Borrowers, the other Credit Parties party hereto, Lenders and Agent hereby agree as follows:

I. DEFINITIONS.

Accounting Terms

. As used in this Agreement, the Other Documents or any certificate, report or other document made or delivered pursuant to this Agreement, accounting terms not defined in Section 1.2 or elsewhere in this Agreement and accounting terms partly defined in Section 1.2 to the extent not defined shall have the respective meanings given to them under GAAP; provided, however that, whenever such accounting terms are used for the purposes of determining compliance with financial covenants in this Agreement, such accounting terms shall be defined in accordance with GAAP as applied in preparation of the audited financial statements of GLDD for the fiscal year ended December 31, 2015. If there occurs after December 31, 2015 any change in GAAP that affects in any respect the calculation of any covenant contained in this Agreement or the definition of any term defined under GAAP used in such calculations, Agent, Lenders and Borrowers shall negotiate in good faith to amend the provisions of this Agreement that relate to the calculation of such covenants with the intent of having the respective positions of Agent, Lenders and Borrowers after such change in GAAP conform as nearly as possible to their respective positions as of the Closing Date, provided, that, until any such amendments have been agreed upon, the covenants in this Agreement shall be calculated as if no such change in GAAP had occurred and Borrowers shall provide additional

financial statements or supplements thereto, attachments to Compliance Certificates and/or calculations regarding financial covenants as Agent may reasonably require in order to provide the appropriate financial information required hereunder both reflecting any applicable changes in GAAP and as necessary to demonstrate compliance with the financial covenants before giving effect to the applicable changes in GAAP.

General Terms

. For purposes of this Agreement the following terms shall have the following meanings:

"Acceptable Appraisal" shall mean, as of any date of determination, with respect to an appraisal of Equipment, the most recent appraisal of such Equipment received by Agent as of such date of determination, to determine the Net Orderly Liquidation Value thereof (i) from an Approved Appraiser and (ii) the scope and methodology of which are reasonably satisfactory to Agent.

"Accountants" shall have the meaning set forth in Section 9.7 hereof.

"Advance Rates" shall have the meaning set forth in Section 2.1(a)(z)(iii) hereof.

"Advances" shall mean and include the Revolving Advances (including Protective Advances and Intentional Overadvances), Letters of Credit, Letter of Credit Borrowings and the Swing Loans.

"Affected Lender" shall have the meaning set forth in Section 3.11 hereof.

"Affiliate" of any Person shall mean (a) any Person which, directly or indirectly, is in control of, is controlled by, or is under common control with such Person, or (b) any Person who is a director, manager, member, managing member, general partner or officer (i) of such Person, (ii) of any Subsidiary of such Person or (iii) of any Person described in clause (a) above. For purposes of this definition, control of a Person shall mean the power, direct or indirect, (x) to vote ten percent (10%) or more of the Equity Interests having ordinary voting power for the election of directors of such Person or other Persons performing similar functions for any such Person, or (y) to direct or cause the direction of the management and policies of such Person whether by ownership of Equity Interests, contract or otherwise.

"Agent" shall have the meaning set forth in the preamble to this Agreement and shall include its successors and assigns.

"Agreement" shall mean this Revolving Credit and Security Agreement, as the same may be amended, restated, supplemented or otherwise modified from time to time.

"Agreement Currency" shall have the meaning set forth in Section 16.20.

"Alternate Base Rate" shall mean, for any day, a rate per annum equal to the highest of (a) the Base Rate in effect on such day, (b) the sum of the Federal Funds Open Rate in effect on such day plus one-half of one percent (0.5%), and (c) the sum of the Daily LIBOR Rate in effect

on such day plus one percent (1.00%), so long as a Daily LIBOR Rate is offered, ascertainable and not unlawful.

"Alternate Source" shall have the meaning set forth in the definition of Federal Funds Open Rate.

"Anti-Terrorism Laws" shall mean any Laws relating to terrorism, trade sanctions programs and embargoes, import/export licensing, money laundering, corruption or bribery, and any regulation, order, or directive promulgated, issued or enforced pursuant to such Laws, including without limitation the United States Foreign Corrupt Practices Act of 1977, the Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism (USA Patriot Act of 2001), and the Trading with the Enemy Act and each of the foreign assets control regulations of the United States Treasury Department (31 CFR, Subtitle B, Chapter V), all as amended, supplemented or replaced from time to time.

"Applicable Law" shall mean all laws, rules and regulations applicable to the Person, conduct, transaction, covenant, this Agreement, Other Document or contract in question, including all applicable common law and equitable principles, all provisions of all applicable state, federal and foreign constitutions, statutes, rules, regulations, treaties, directives and orders of any Governmental Body, and all orders, judgments and decrees of all courts and arbitrators.

"Applicable Margin" shall mean for Advances as of the Closing Date and through and including the date immediately prior to the first Adjustment Date (as defined below), the applicable percentage specified below:

APPLICABLE MARGINS FOR DOMESTIC RATE LOANS	APPLICABLE MARGINS FOR LIBOR RATE LOANS
Advances	Advances
2.00%	3.00%

Effective as of the date on which the Borrowing Base Certificate is required to be delivered under Section 9.2 for the most recently completed fiscal quarter (commencing with the fiscal quarter ending December 31, 2017) (each day on which such delivery is due, an "Adjustment Date"), the Applicable Margin for each type of Advance shall be adjusted, if necessary, to the applicable percent per annum set forth in the pricing table below corresponding to the average daily Undrawn Availability for the most recently completed fiscal quarter prior to the applicable Adjustment Date:

QUARTERLY AVERAGE UNDRAWN AVAILABILITY	APPLICABLE MARGINS FOR DOMESTIC RATE LOANS	APPLICABLE MARGINS FOR LIBOR RATE LOANS
	Advances	Advances
Greater than 66.67% of the Maximum Revolving Advance Amount	1.50%	2.50%

Less than or equal to 66.67% of the Maximum Revolving Advance Amount but greater than 33.33% of the Maximum Revolving Advance Amount	1.75%	2.75%
Less than or equal to 33.33% of the Maximum Revolving Advance Amount	2.00%	3.00%

If Borrowers shall fail to deliver the Borrowing Base Certificate and/or other information required under Section 9.2 by the date required pursuant to such section, each Applicable Margin shall be conclusively presumed to equal the highest Applicable Margin specified in the pricing table set forth above until the date of delivery of such Borrowing Base Certificate and/or other information, at which time the rate will be adjusted based upon the Borrowing Base Certificate then delivered.

"Application Date" shall have the meaning set forth in Section 2.8(b) hereof.

"Application Event" shall mean the occurrence of (a) a failure by Borrowers to repay all of the Obligations in full on the Maturity Date or if sooner, the date the Obligations are declared due and payable pursuant to the terms hereof, or (b) an Event of Default and the election by Agent or the Required Lenders to require that payments and proceeds of Collateral be applied pursuant to Section 11.5 of this Agreement.

"Approved Appraiser" means, with respect to an appraisal of Fleet Assets, North American Marine Consultants, LLC, or such other appraiser reasonably satisfactory to Agent, and with respect to an appraisal of any assets other than Fleet Assets, an appraiser reasonably satisfactory to Agent.

"Approved Electronic Communication" shall mean each notice, demand, communication, information, document and other material transmitted, posted or otherwise made or communicated by e-mail, E-Fax, the StuckyNet System©, or any other equivalent electronic service agreed to by Agent, whether owned, operated or hosted by Agent, any Lender, any of their Affiliates or any other Person, that any party is obligated to, or otherwise chooses to, provide to Agent pursuant to this Agreement or any Other Document, including any financial statement, financial and other report, notice, request, certificate and other information material; provided that Approved Electronic Communications shall not include any notice, demand, communication, information, document or other material that Agent specifically instructs a Person to deliver in physical form.

"Argonaut" shall mean Argonaut Insurance Company.

"Argonaut Agreement" shall mean that certain General Indemnity Agreement dated as of April 7, 2015 by and among certain of the Borrowers, Argonaut and the other parties thereto from time to time.

"Assignment of Claims Act" shall mean the Assignment of Claims Act of 1940, as amended (31 U.S.C. Sub-Section 3727 et seq. and 41 U.S.C. Sub-Section 15 et seq.).

"Assignment of Earnings and Charters" shall mean any assignment of earnings and charters by GLDD LLC in favor of Agent, in form and substance satisfactory to Agent.

"Assignment of Insurances" shall mean any assignment of insurances by GLDD LLC in favor of Agent, in form and substance satisfactory to Agent.

"ATB Assets" shall mean the dual mode articulated tug/barge trailing suction hopper dredge, which as of the Closing Date is under construction pursuant to the terms of the ATB Contract.

"ATB Contract" shall mean that certain Vessel Construction Agreement dated as of January 10, 2014 (as amended through the Closing Date, including as amended by the ATB Settlement Agreement) by and between Eastern and GLDD LLC.

"ATB Note" shall mean that certain Loan and Security Agreement dated as of November 4, 2014, among GLDD, GLDD LLC, the lenders from time to time party thereto, and Bank of America, N.A., as administrative agent.

"ATB Settlement Agreement" shall mean that certain Settlement, Release and VCA Amendment Agreement dated as of December 20, 2016 by and between Eastern and GLDD LLC.

"Availability" shall mean, as of any date of determination, an amount equal to the Gross Amount, less the Availability Block, less the Preferred Maritime Availability Block and less such reserves against the Gross Amount, including without limitation the Equipment Utilization Agreement Reserve, the Currency Reserve, the Settlement Payment Reserve and reserves related to Cash Management Liabilities and Hedge Liabilities, as Agent may reasonably deem proper and necessary in its Permitted Discretion as of such date of determination.

"Availability Block" shall mean an amount equal to \$20,000,000; provided that such amount will reduce to \$0 on the date of delivery to Agent of financial statements pursuant to Section 9.9 for the first twelve (12) month period ending on or after December 31, 2017 for which EBITDA is at least \$[*].

"Bail-In Action" shall mean the exercise of any Write-Down and Conversion Powers by the applicable EEA Resolution Authority in respect of any liability of an EEA Financial Institution.

"Bail-In Legislation" shall mean, with respect to any EEA Member Country implementing Article 55 of Directive 2014/59/EU of the European Parliament and of the Council of the European Union, the implementing law for such EEA Member Country from time to time which is described in the EU Bail-In Legislation Schedule.

"Bankruptcy Code" shall mean Title 11 of the United States Code, as amended.

"Base Rate" shall mean the base commercial lending rate of PNC as publicly announced to be in effect from time to time, such rate to be adjusted automatically, without notice, on the

effective date of any change in such rate. This rate of interest is determined from time to time by PNC as a means of pricing some loans to its customers and is neither tied to any external rate of interest or index nor does it necessarily reflect the lowest rate of interest actually charged by PNC to any particular class or category of customers of PNC.

"Benefited Lender" shall have the meaning set forth in Section 2.6(e) hereof.

"Berkley" shall mean Berkley Regional Insurance Company.

"Berkley Agreement" shall mean that certain General Agreement of Indemnity dated as of April 13, 2015 by and among certain of the Borrowers, Berkley and the other parties thereto from time to time.

"Bonding Agreement" shall mean, collectively, the Argonaut Agreement and any supplement thereto or replacement thereof, the Berkley Agreement and any supplement thereto or replacement thereof, the Chubb Agreement and any supplement thereto or replacement thereof, the Liberty Agreement and any supplement thereto or replacement thereof, the Zurich Agreement and any supplement thereto or replacement thereof, and any similar contractual arrangement entered into by GLDD or any of its Subsidiaries with providers of bid, performance or payment bonds.

"Bonding Obligations" shall mean (a) obligations incurred by GLDD and its Subsidiaries (including guaranties thereof) with respect to bid, payment, performance, surety, appeal or similar bonds and completion guaranties in the Ordinary Course of Business and (b) obligations incurred by GLDD and its Subsidiaries (including guaranties thereof) under any Bonding Agreement.

"Borrower" or "Borrowers" shall have the meaning set forth in the preamble to this Agreement and shall extend to all permitted successors and assigns of such Persons.

"Borrowers' Account" shall have the meaning set forth in Section 2.10 hereof.

"Borrowing Agent" shall mean GLDD.

"Borrowing Base Certificate" shall mean a certificate in substantially the form of Exhibit 1.2 hereto duly executed by a Responsible Officer of the Borrowing Agent and delivered to Agent, appropriately completed, by which such Responsible Officer shall certify to Agent the Gross Amount and calculation thereof as of the date of such certificate.

"Business Day" shall mean any day other than Saturday or Sunday or a legal holiday on which commercial banks are authorized or required by law to be closed for business in East Brunswick, New Jersey or Chicago, Illinois and, if the applicable Business Day relates to any LIBOR Rate Loans, such day must also be a day on which dealings are carried on in the London interbank market.

"Capital Expenditures" shall mean, with respect to GLDD on a Consolidated Basis, expenditures made or liabilities incurred for the acquisition of any fixed assets or improvements

(or of any replacements or substitutions thereof or additions thereto) which have a useful life of more than one year and which, in accordance with GAAP, would be classified as capital expenditures. Capital Expenditures shall include the total principal portion of Capitalized Lease Obligations.

"Capitalized Lease Obligation" shall mean with respect to GLDD on a Consolidated Basis, any Indebtedness of any Borrower represented by obligations under a lease that is required to be capitalized for financial reporting purposes in accordance with GAAP. Notwithstanding the foregoing, any obligations of a Person under a lease (whether existing now or entered into in the future) that is not (or would not be) a Capital Lease under GAAP as in effect on December 31, 2015, shall not be treated as a Capital Lease solely as a result of the adoption of changes in GAAP after December 31, 2015.

"Cash Collateralization" or "Cash Collateralize" shall mean to pledge and deposit with or deliver to Agent, for the benefit of one or more of the Issuer or the Lenders, as collateral for the Maximum Undrawn Amount of any Letter of Credit, (a) cash or deposit account balances in the currency in which such Letter of Credit is denominated in an amount equal to 105% of the Maximum Undrawn Amount of such Letter of Credit (or with respect to any Letter of Credit denominated in an Optional Currency, 110% of the Maximum Undrawn Amount of such Letter of Credit), (b) backstop letters of credit entered into on terms and from issuers satisfactory to Agent and Issuer denominated in the currency in which such Letter of Credit is denominated and in an amount equal to 105% of the Maximum Undrawn Amount of such Letter of Credit (or with respect to any Letter of Credit denominated in an Optional Currency, 110% of the Maximum Undrawn Amount of such Letter of Credit), and/or (c) if Agent and Issuer shall agree, in their sole discretion, other credit support, in each case, in the currency in which such Letter of Credit is denominated and pursuant to documentation in form and substance satisfactory to Agent and Issuer. "Cash Collateral" shall have a meaning correlative to the foregoing and shall include the proceeds of such Cash Collateral and other credit support.

"Cash Dominion Period" shall mean the period commencing after the occurrence of a Cash Dominion Trigger Event and continuing until the date when (a) no Event of Default shall exist and be continuing and (b) Undrawn Availability is greater than twelve and one-half percent (12.5%) (or if the Availability Block has been reduced to zero, fifteen percent (15%)) of the Maximum Revolving Advance Amount for thirty (30) consecutive days; provided, that if a Cash Dominion Period has commenced solely as a result of clause (d) of the definition of Cash Dominion Trigger Event, such Cash Dominion Period shall end on the first anniversary of the Closing Date unless a Cash Dominion Trigger Event under clause (a), (b) or (c) then exists.

"Cash Dominion Trigger Event" shall mean the occurrence of any of the following: (a) the occurrence and continuance of any Event of Default, (b) Undrawn Availability is less than twelve and one-half percent (12.5%) (or if the Availability Block has been reduced to zero, fifteen percent (15%)) for five (5) consecutive days, (c) Undrawn Availability is less than \$25,000,000 (or if the Availability Block has been reduced to zero, \$31,250,000) on any day, or (d) at any time on or prior to the first anniversary of Closing Date, upon written notice by Agent to Borrowing Agent of Agent's election to commence a Cash Dominion Period.

"Cash Equivalents" shall mean, at any time, Investments of GLDD or any of its Subsidiaries in (a) any obligation, maturing not more than one hundred twenty (120) days from the date of creation thereof, which is issued or guaranteed by the United States Government or issued by an agency thereof and backed by the full faith and credit of the United States; (b) commercial paper, maturing not more than one hundred twenty (120) days from the date of creation thereof, which is issued by (i) a corporation (other than an Affiliate of any Credit Party) organized under the laws of any state of the United States or of the District of Columbia which has a short-term credit rating of at least A-1 by S&P and P-1 by Moody's, or (ii) any Lender (or its holding company) having a long-term credit rating of at least A by S&P and A2 by Moody's; (c) any certificate of deposit, time or demand deposit (including Eurodollar time deposits) or bankers acceptance, maturing not more than one hundred twenty (120) days from the date of creation thereof, which is issued by either (i) a commercial banking institution organized under the laws of the United States or any State thereof or the District of Columbia that has a combined capital, surplus and undivided profits of not less than \$500,000,000 and has a long-term credit rating of at least A by S&P and A2 by Moody's, (ii) any Lender with a long-term credit rating of at least A by S&P and A2 by Moody's, or (iii) (A) any branch of any Lender having a long-term credit rating of at least A by S&P and A2 by Moody's, (B) any commercial banking institution organized under the laws of the United States or any State thereof or any Organization for Economic Co-operation and Development country which has a combined capital, surplus and undivided profits of not less than \$500,000,000 and has a long-term credit rating of at least A by S&P and A2 by Moody's, or (C) any financial institution organized under the laws of a country where GLDD or any of its Subsidiaries is engaged in a dredging or construction project to the extent such certificates of deposit, time or demand deposits (including Eurodollar time deposits) or bankers acceptances are reasonably necessary in connection with such dredging or construction project with a long-term credit rating of at least A by S&P and A2 by Moody's; (d) fully collateralized repurchase agreements with a term of not more than 30 days for underlying securities of the type described in clause (a) above, entered into with any institution meeting the qualifications specified in clause (c) above; (e) short-term asset management accounts offered by any Lender for the purpose of investing in notes issued by a corporation (other than an Affiliate of any Credit Party) organized under the laws of any state of the United States or of the District of Columbia and having a short-term credit rating of at least A-1 by S&P and P-1 by Moody's; (f) Dollars or money in other currencies received in the Ordinary Course of Business; or (g) money market funds at least ninety-five percent (95%) of the assets of which constitute Cash Equivalents of the kinds described in clauses (a), (b), (c) and (f) of this definition.

"Cash Management Products and Services" shall mean agreements or other arrangements under which Agent or any Lender or any Affiliate of Agent or a Lender provides any of the following products or services to any Credit Party: (a) credit cards; (b) credit card processing services; (c) debit cards and stored value cards; (d) commercial cards; (e) ACH transactions; and (f) cash management and treasury management services and products, including without limitation controlled disbursement accounts or services, lockboxes, automated clearinghouse transactions, overdrafts, interstate depository network services. The indebtedness, obligations and liabilities of any Credit Party to the provider of any Cash Management Products and Services (including all obligations and liabilities owing to such provider in respect of any returned items deposited with such provider) (the "Cash Management Liabilities") shall be

"Obligations" and otherwise treated as Obligations for purposes of this Agreement and each of the Other Documents, but only so long as such provider (if not PNC or an Affiliate of PNC) has notified Agent in writing of such Cash Management Products and Services within ten (10) days of entering into such agreement or arrangement.

"Cash Management Liabilities" shall have the meaning provided in the definition of "Cash Management Products and Services."

"CEA" shall mean the Commodity Exchange Act (7 U.S.C. §1 et seq.), as amended from time to time, and any successor statute.

"CERCLA" shall mean the Comprehensive Environmental Response, Compensation and Liability Act of 1980, as amended, 42 U.S.C. §§9601 et seq.

"CFC" means a "controlled foreign corporation" within the meaning of Section 957 of the Code, in which any Credit Party is a "United States shareholder" within the meaning of Section 951(b) of the Code.

"CFC Entity" shall mean, (a) any CFC that has not guaranteed or pledged any of its assets or suffered a pledge of more than sixty-five percent (65%) of its voting stock, to secure, directly or indirectly, any indebtedness of any Credit Party, and (b) any Subsidiary of a Credit Party all or substantially all of the assets of which consist of stock of one or more CFCs that has not guaranteed or pledged any of its assets or suffered a pledge of more than sixty-five percent (65%) of its voting stock, to secure, directly or indirectly, any indebtedness of any Credit Party.

"CFTC" shall mean the Commodity Futures Trading Commission.

"Change in Law" shall mean the occurrence, after the Closing Date, of any of the following: (a) the adoption or taking effect of any Applicable Law; (b) any change in any Applicable Law or in the administration, implementation, interpretation or application thereof by any Governmental Body; or (c) the making or issuance of any request, rule, guideline or directive (whether or not having the force of law) by any Governmental Body; provided that notwithstanding anything herein to the contrary, (x) the Dodd-Frank Wall Street Reform and Consumer Protection Act and all requests, rules, regulations, guidelines, interpretations or directives thereunder or issued in connection therewith (whether or not having the force of Applicable Law) and (y) all requests, rules, regulations, guidelines, interpretations or directives promulgated by the Bank for International Settlements, the Basel Committee on Banking Supervision (or any successor or similar authority) or the United States or foreign regulatory authorities (whether or not having the force of law), in each case pursuant to Basel III, shall in each case be deemed to be a Change in Law regardless of the date enacted, adopted, issued, promulgated or implemented.

"Change of Control" shall mean:

(a) any "person" or "group" (as such terms are used in Sections 13(d) and 14(d) of the Exchange Act, but excluding any employee benefit plan of such person or its Subsidiaries, and any person or entity acting in its capacity as trustee, agent or other fiduciary or

administrator of any such plan) becomes the "beneficial owner" (as defined in Rules 13d-3 and 13d-5 under the Exchange Act, except that a "person" or "group" shall be deemed to have "beneficial ownership" of all Equity Interest that such "person" or "group" has the right to acquire, whether such right is exercisable immediately or only after the passage of time (such right, an "option right")), directly or indirectly, of more than thirty-five percent (35%) of the Equity Interests of GLDD entitled to vote in the election of members of the board of directors (or equivalent governing body) of GLDD; or

(b) any "Change of Control" (or any similar or comparable definition or provision) occurs under any agreement governing Note Indenture Obligations; or

(c) a majority of the members of the board of directors (or other equivalent governing body) of GLDD are not Continuing Directors.

"Chubb" shall mean Westchester Fire Insurance Company or any of its affiliates, including, but not limited to FEDERAL INSURANCE COMPANY, its successors and assigns.

"Chubb Agreement" shall mean that certain General Agreement of Indemnity dated as of April 7, 2015 by and among certain of the Borrowers, Chubb and the other parties thereto from time to time.

"CIP Regulations" shall have the meaning set forth in Section 14.12 hereof.

"Closing Date" shall mean December 30, 2016.

"Closing Date Marshall Islands Ship Mortgage" shall mean the First Preferred Fleet Mortgage dated as of the date hereof, executed by GLDD LLC in favor of Agent and Security Trustee, as such agreement may be amended or modified from time to time.

"Closing Date St. Kitts Ship Mortgage" shall mean the shall mean the statutory form of mortgage (Form A8) prescribed by the St. Christopher & Nevis Merchant Shipping Act, Chapter 7.05 of the laws of St. Christopher and Nevis and the First Preferred Fleet Mortgage Deed, each dated as of the date hereof, executed by GLDD LLC in favor of Agent and Security Trustee, as such agreements may be amended or modified from time to time.

"Closing Date US Ship Mortgage" shall mean the First Preferred Fleet Mortgage dated as of the date hereof, executed by GLDD LLC in favor of Agent and Security Trustee, as such agreement may be amended or modified from time to time.

"Code" shall mean the Internal Revenue Code of 1986, as the same may be amended or supplemented from time to time, and any successor statute of similar import, and the rules and regulations thereunder, as from time to time in effect.

"Collateral" shall mean all right, title and interest of each Credit Party in all of the following property and assets of such Credit Party, in each case whether now existing or hereafter arising or created and whether now owned or hereafter acquired and wherever located:

- (a) all Receivables and all supporting obligations relating thereto;
- (b) all Equipment (including, without limitation, Fleet Assets and ATB Assets) and fixtures;
- (c) all general intangibles (including all payment intangibles and all software) and all supporting obligations related thereto;
- (d) all Inventory;
- (e) securities, financial assets and investment property (including all Equity Interests issued by a Subsidiary to such Credit Party);
- (f) all Real Property to the extent subject to Mortgages;
- (g) all contract rights, rights of payment which have been earned under a contract rights, chattel paper (including electronic chattel paper and tangible chattel paper), commercial tort claims (whether now existing or hereafter arising); documents (including all warehouse receipts and bills of lading), deposit accounts, goods, instruments (including promissory notes), letters of credit (whether or not the respective letter of credit is evidenced by a writing) and letter-of-credit rights, cash, certificates of deposit, insurance proceeds (including hazard, flood and credit insurance), security agreements, eminent domain proceeds, condemnation proceeds, tort claim proceeds and all supporting obligations;
- (h) all ledger sheets, ledger cards, files, correspondence, records, books of account, business papers, computers, computer software (owned by any Credit Party or in which it has an interest), computer programs, tapes, disks and documents, including all of such property relating to the property described in clauses (a) through (g) of this definition; and
- (i) all proceeds and products of the property described in clauses (a) through (h) of this definition, in whatever form.

Notwithstanding the forgoing, Collateral shall not include any Excluded Property.

"Collateral Trigger Event" shall mean as of any date of determination, (a) the existence of an Event of Default or (b) any date Borrowers shall have Undrawn Availability of less than ten percent (10%) of the Maximum Revolving Advance Amount for five (5) consecutive days.

"Collection Account" shall mean a deposit account of a Credit Party maintained at the Primary Depository Institution which is used exclusively for deposits of collections and proceeds of Collateral and not as a disbursement or operating account upon which checks or other drafts may be drawn.

"Commitment Transfer Supplement" shall mean a document in the form of Exhibit 16.3 hereto, properly completed and otherwise in form and substance satisfactory to Agent by which the Purchasing Lender purchases and assumes a portion of the obligation of a Lender to make Advances under this Agreement.

"Compliance Certificate" shall mean a compliance certificate substantially in the form of Exhibit 1.2(a) hereto to be signed by a Responsible Officer of Borrowing Agent.

"Computation Date" shall have the meaning set forth in Section 2.25 hereof.

"Connection Income Taxes" shall mean Other Connection Taxes that are imposed on or measured by net income (however denominated) or that are franchise Taxes or branch profits Taxes.

"Consents" shall mean all licenses, permits, consents, approvals, authorizations, qualifications and orders of Governmental Bodies and other third parties, domestic or foreign, necessary to carry on any Credit Party's business or necessary (including to avoid a conflict or breach under any agreement, instrument, other document, license, permit or other authorization) for the execution, delivery or performance of this Agreement and the Other Documents.

"Continuing Directors" shall mean the directors of GLDD on the Closing Date and each other director of GLDD, if, in each case, such other director's nomination for election to the board of directors (or equivalent governing body) of GLDD is recommended by at least 51% of the then Continuing Directors.

"Contract Rate" shall have the meaning set forth in Section 3.1 hereof.

"Controlled Account Bank" shall have the meaning set forth in Section 4.8(h) hereof.

"Controlled Accounts" shall have the meaning set forth in Section 4.8(h) hereof.

"Covenant Testing Period" shall mean a period (a) commencing on the last day of the fiscal month of GLDD most recently ended prior to a Covenant Trigger Date for which Borrowers have delivered to Agent financial statements pursuant to Section 9.9, and (b) continuing through and including the first day after such Covenant Trigger Date that Undrawn Availability has equaled or exceeded twelve and one-half percent (12.5%) (or if the Availability Block has been reduced to zero, fifteen percent (15%)) of the Maximum Revolving Advance Amount for thirty (30) consecutive days.

"Covenant Trigger Date" shall mean any date Undrawn Availability is less than twelve and one-half percent (12.5%) (or if the Availability Block has been reduced to zero, fifteen percent (15%)) of the Maximum Revolving Advance Amount for five (5) consecutive days or any date Undrawn Availability is less than \$25,000,000 (or if the Availability Block has been reduced to zero, \$31,250,000).

"Covered Entity" shall mean (a) each Credit Party, each of Credit Party's Subsidiaries and all pledgors of Collateral and (b) each Person that, directly or indirectly, is in control of a Person described in clause (a) above. For purposes of this definition, (A) control of a Person (other than GLDD) shall mean the direct or indirect (x) ownership of, or power to vote, twenty-five percent (25%) or more of the issued and outstanding equity interests having ordinary voting power for the election of directors of such Person or other Persons performing similar functions for such Person, or (y) power to direct or cause the direction of the management and policies of such

Person whether by ownership of equity interests, contract or otherwise and (B) control of GLDD shall mean the direct or indirect power to direct or cause the direction of the management and policies of such Person whether by ownership of equity interests, contract or otherwise.

"Credit Party" means each Borrower and each Guarantor; and "Credit Parties" means all such Persons, collectively.

"Currency Losses" shall have the meaning set forth in Section 2.14(f) hereof.

"Currency Reserve" shall mean, with respect to any Letter of Credit denominated in an Optional Currency, an amount equal to the Dollar Equivalent of such amount as Agent determines in its Permitted Discretion for potential currency fluctuations; provided, that Agent shall in its determination of the amount of such reserve take into account whether such Optional Currency is pegged to the Dollar.

"Customer" shall mean the account debtor with respect to any Receivable and/or the prospective purchaser of goods, services or both with respect to any contract or contract right, and/or any party who enters into or proposes to enter into any contract or other arrangement with any Credit Party, pursuant to which such Credit Party is to deliver any personal property or perform any services.

"Daily LIBOR Rate" shall mean, for any day, the rate per annum determined by Agent by dividing (x) the Published Rate by (y) a number equal to 1.00 minus the Reserve Percentage on such day. Notwithstanding the foregoing, if the Daily LIBOR Rate as determined above would be less than zero (0.00), such rate shall be deemed to be zero (0.00) for purposes of this Agreement.

"Debt Payments" shall mean for any period, with respect to GLDD on a Consolidated Basis, all cash actually expended to make: (a) interest payments on any Advances or other Indebtedness, plus (b) scheduled principal payments on Indebtedness, plus (c) payments for all fees, commissions and charges set forth herein or with respect to Indebtedness, plus (d) scheduled payments on Capitalized Lease Obligations.

"Default" shall mean an event, circumstance or condition which, with the giving of notice or passage of time or both, would constitute an Event of Default.

"Default Rate" shall have the meaning set forth in Section 3.1 hereof.

"Defaulting Lender" shall mean any Lender that: (a) has failed, within two (2) Business Days of the date required, to (i) fund any portion of its Revolving Commitment Percentage of Advances, (ii) if applicable, fund any portion of its Participation Commitment in Letters of Credit or Swing Loans or (iii) pay over to Agent, Issuer, Swing Loan Lender or any Lender any other amount required to be paid by it hereunder, unless, in the case of clause (i) above, such Lender notifies Agent in writing that such failure is the result of such Lender's good faith determination that a condition precedent to funding (specifically identified and including a particular Default or Event of Default, if any) has not been satisfied; (b) has notified Borrowers or Agent in writing, or has made a public statement to the effect, that it does not intend or expect

to comply with any of its funding obligations under this Agreement (unless such writing or public statement indicates that such position is based on such Lender's good faith determination that a condition precedent (specifically identified and including a particular Default or Event of Default, if any) to funding a loan under this Agreement cannot be satisfied) or generally under other agreements in which it commits to extend credit; (c) has failed, within two (2) Business Days after request by Agent or the Borrowers, acting in good faith, to provide a certification in writing from an authorized officer of such Lender that it will comply with its obligations (and is financially able to meet such obligations) to fund prospective Advances and, if applicable, participations in then outstanding Letters of Credit and Swing Loans under this Agreement, provided that such Lender shall cease to be a Defaulting Lender pursuant to this clause (c) upon Agent's and the Borrowers' receipt of such certification in form and substance satisfactory to Agent and the Borrowers; (d) has become, or has a direct or indirect parent company that has become, the subject of an Insolvency Event; (e) has failed at any time to comply with the provisions of Section 2.6(e) with respect to purchasing participations from the other Lenders, whereby such Lender's share of any payment received, whether by setoff or otherwise, is in excess of its pro rata share of such payments due and payable to all of the Lenders; or (f) has become the subject of a Bail-In Action. Any determination by Agent that a Lender is a Defaulting Lender under any one or more of clauses (a) through (f) above shall be conclusive and binding absent manifest error, and such Lender shall be deemed to be a Defaulting Lender (subject to Section 2.22(e)) upon delivery of written notice of such determination to the Borrowers and each Lender.

"Designated Lender" shall have the meaning set forth in Section 16.2(d) hereof.

"Disqualified Equity Interests" shall mean any Equity Interest that, by its terms (or by the terms of any security or other Equity Interest into which it is convertible or for which it is exchangeable) or upon the happening of any event or condition, (a) matures or is mandatorily redeemable (other than solely for Equity Interests that are not Disqualified Equity Interests), pursuant to a sinking fund obligation or otherwise (except as a result of a change of control or asset sale so long as any rights of the holders thereof upon the occurrence of a change of control or asset sale event shall be subject to the prior repayment in full of the Obligations that are accrued and payable), (b) is redeemable at the option of the holder thereof (other than solely for Equity Interests that are not Disqualified Equity Interests) (except as a result of a change of control or asset sale so long as any rights of the holders thereof upon the occurrence of a change of control or asset sale event shall be subject to the prior repayment in full of the Obligations that are accrued and payable), in whole or in part, (c) provides for the scheduled payment of dividends in cash or (d) is or becomes convertible into or exchangeable for Indebtedness or any other Equity Interest that would constitute Disqualified Equity Interests, in each case for clauses (a) through (d) above, prior to the date that is ninety-one (91) days after the Maturity Date; provided, that if such Equity Interest is issued pursuant to a plan for the benefit of GLDD or its Subsidiaries or by any such plan to such employees, such Equity Interests shall not constitute Disqualified Equity Interest solely because it may be required to be repurchased by GLDD or its Subsidiaries in order to satisfy applicable statutory or regulatory obligations.

"Document" shall have the meaning given to the term "document" in the Uniform Commercial Code.

"Documented Vessels" shall mean the Fleet Assets of a Credit Party subject to a certificate of documentation or certificate of registry, official name and official number, including, without limitation, the vessels listed on Schedule 1.3 and identified as Documented Vessels therein.

"Dollar" and the sign "\$" shall mean lawful money of the United States of America.

"Dollar Equivalent" shall mean, as of any Computation Date, (a) with respect to any amount denominated in Dollars, such amount, and (b) with respect to any amount denominated in another currency, the equivalent amount thereof in Dollars as determined by Agent, at such time on the basis of the Spot Rate (determined in respect of the most recent Computation Date or such other date determined by Agent) for the purchase of Dollars with such currency.

"Domestic Rate Loan" shall mean any Advance that bears interest based upon the Alternate Base Rate.

"Drawing Date" shall have the meaning set forth in Section 2.14(b) hereof.

"Eastern" shall mean Eastern Shipbuilding Group, Inc.

"EBITDA" shall mean, for any period, with respect to GLDD on a Consolidated Basis, the sum of the following, without duplication, in accordance with GAAP: (a) Net Income for such period plus (b) the sum of the following, without duplication, to the extent deducted in determining Net Income for such period: (i) federal, state, local and foreign income and franchise taxes, (ii) total interest expense (net of interest income) for such period, (iii) depreciation, depletion and amortization expense (including amortization of intangible assets (including goodwill)), (iv) non-cash charges and losses (excluding any such non-cash charges or losses to the extent, (x) there were cash charges with respect to such charges and losses in past accounting periods, (y) there is a reasonable expectation that there will be cash charges with respect to such charges and losses in future accounting periods, or (z) they consist of write downs of accounts receivable that exceed \$1,000,000 in the aggregate during any fiscal year), (v) Transaction Costs (other than Transaction Costs incurred in connection with (x) the Transactions occurring on the Closing Date to the extent such Transaction Costs exceed \$6,000,000 in the aggregate or (y) any Permitted Acquisition (or any proposed Permitted Acquisition not consummated) or the amendment, consent or waiver of this Agreement or any of the Other Documents or otherwise unrelated to the Transactions to the extent such Transaction Costs exceed \$1,000,000 in the aggregate during any fiscal year), (vi) any amounts included in the calculation of Net Income for amortization or non-cash charges for the write-off or impairment of goodwill, intangibles or other purchase accounting adjustments related to the accounting for the Transactions or other acquisitions under GAAP (including Financial Accounting Standards Codification 350 and 805), (vii) (A) losses or non-recurring restructuring charges or reserves and business optimization expenses related to the sale of the business of Terra Contracting Services, LLC and incurred within the period from December 1, 2016 through March 31, 2017 in an aggregate amount not to exceed \$500,000, and (B) other non-recurring restructuring charges or reserves and business optimization expense (including any non-recurring restructuring costs and integration costs incurred in connection with Permitted Acquisitions after

the Closing Date), costs related to the closure or consolidation of facilities, relocation and severance expenses, systems establishment costs and conversion costs to the extent factually supportable, verifiable, and certified as such by a Responsible Officer of Borrowing Agent and approved by Agent in its Permitted Discretion, provided that the aggregate amount of add-backs made pursuant to this subclause (vii)(B), shall not exceed \$4,000,000 during any fiscal year, and (viii) fees and expenses incurred in connection with the negotiation or entering into of any Bonding Agreement or any amendment, restatement, supplement or other modification of any Bonding Agreement in each case to the extent not in the Ordinary Course of Business, provided that the aggregate amount of add-backs made pursuant to this clause (viii), shall not exceed \$100,000 during any fiscal year, plus (c) cash distributions received by GLDD and any of its wholly-owned Subsidiaries during such period from any non-wholly owned Subsidiary of GLDD or other equity joint venture to the extent the net income attributable to such non-wholly owned Subsidiary or equity joint venture is excluded from Net Income. Solely for purposes of determining compliance with Section 8.2(c) and for purposes of calculating the Gross Amount (and not for purposes of determining Fixed Charge Coverage Ratio) in calculating EBITDA for any period of twelve (12) consecutive months (each, a "Reference Period") to be used to make the calculation required by Section 8.2(c) or the definition of Gross Amount for such Reference Period, if at any time during such Reference Period (and on or after the Closing Date), any Credit Party or any of its Subsidiaries shall have consummated a Permitted Acquisition, EBITDA for such Reference Period shall be calculated after giving pro forma effect to adjustments arising out of events which are directly attributable to such Permitted Acquisition, are factually supportable and certified as such by a Responsible Officer of Borrowing Agent, and are expected to have a continuing impact, in each case to be mutually and reasonably agreed upon by Borrowing Agent and Agent as if any such Permitted Acquisition or adjustment occurred on the first day of such Reference Period.

For purpose of calculating EBITDA for any period ending on or prior to September 30, 2017, EBITDA for each fiscal month set forth below shall be deemed to be the amount set forth below opposite such fiscal month.

<u>Fiscal Month</u>	<u>EBITDA</u>
December 2015	\$[*]
January 2016	\$[*]
February 2016	\$[*]
March 2016	\$[*]
April 2016	\$[*]
May 2016	\$[*]
June 2016	\$[*]
July 2016	\$[*]
August 2016	\$[*]
September 2016	\$[*]
October 2016	\$[*]

"EEA Financial Institution" shall mean (a) any credit institution or investment firm established in any EEA Member Country which is subject to the supervision of an EEA

Resolution Authority, (b) any entity established in an EEA Member Country which is a parent of an institution described in clause (a) of this definition, or (c) any financial institution established in an EEA Member Country which is a subsidiary of an institution described in clauses (a) or (b) of this definition and is subject to consolidated supervision with its parent.

"EEA Member Country." shall mean any of the member states of the European Union, Iceland, Liechtenstein, and Norway.

"EEA Resolution Authority." shall mean any public administrative authority or any person entrusted with public administrative authority of any EEA Member Country (including any deluge) having responsibility for the resolution of any EEA Financial Institution.

"EU Bail-In Legislation Schedule" shall mean the EU Bail-In Legislation Schedule published by the Loan Market Association (or any successor person), as in effect from time to time.

"Effective Date" shall mean, with respect to a Swap, the date indicated in a document or agreement to be the date on which such document or agreement becomes effective, or, if there is no such indication, the date of execution of such document or agreement.

"Eligible Contract Participant" shall mean an "eligible contract participant" as defined in the CEA and regulations thereunder.

"Eligibility Date" shall mean, with respect to each Borrower and Guarantor and each Swap, the date on which this Agreement or any Other Document becomes effective with respect to such Swap (for the avoidance of doubt, the Eligibility Date shall be the Effective Date of such Swap if this Agreement or any Other Document is then in effect with respect to such Borrower or Guarantor, and otherwise it shall be the Effective Date of this Agreement and/or such Other Document(s) to which such Borrower or Guarantor is a party).

"Eligible Equipment" shall mean Equipment of a Credit Party which Agent, in its Permitted Discretion, shall deem Eligible Equipment, based on such considerations as Agent may from time to time deem appropriate. Equipment shall not be Eligible Equipment if: (a) it is not subject to a perfected first priority security interest in favor of Agent or is subject to any other Lien (other than a Permitted Encumbrance); (b) a Credit Party does not have good, valid, and marketable title thereto; (c) it is not located in the continental United States; (d) it is in-transit other than in the Ordinary Course of Business; (e) it is situated at a location not owned by a Credit Party unless the owner or occupier of such location has executed in favor of Agent a Lien Waiver Agreement (or, if Agent has not received a Lien Waiver Agreement with respect to such location, Agent shall establish a reserve against the Gross Amount with respect thereto as Agent shall deem appropriate in its Permitted Discretion); (f) it is not in good working order and marketable condition (ordinary wear and tear excepted); (g) it is worn out, obsolete, damaged or defective Equipment; (h) it consists of computer hardware; (i) it consists of fixtures, or, unless Agent otherwise agrees, it consists of Equipment that is not readily removable from the real property upon which it is located without causing physical damage to such real property; (j) it is leased to a Credit Party or by a Credit Party; (k) it consists of Equipment acquired in a Permitted

Acquisition, unless and until Agent has completed a collateral audit and appraisal with respect thereto; (l) it is not covered by an Acceptable Appraisal; (m) it consists of Fleet Assets; or (n) it was acquired from a Sanctioned Person.

"Eligible Fleet Assets" shall mean Fleet Assets of a Credit Party which Agent, in its Permitted Discretion, shall deem Eligible Fleet Assets, based on such considerations as Agent may from time to time deem appropriate. A Fleet Asset shall not be an Eligible Fleet Asset if: (a) it is not subject to a perfected first priority security interest in favor of Agent, (b) it is subject to any Lien other than a Permitted Encumbrance; (c) it is not owned by a Credit Party with good, valid, and marketable title thereto; (d) it is not located in the continental United States (other than the Specified Foreign Location Vessels); (e) it is in-transit other than in the Ordinary Course of Business; (f) it is not in good working order and marketable condition (ordinary wear and tear excepted); (g) it is worn out, obsolete, damaged or defective; (h) it is leased by a Credit Party except in a Permitted Disposition or it is leased to a Credit Party; (i) it is a Documented Vessel with respect to which Credit Parties have failed to comply with Section 4.12; (j) it is not covered by an Acceptable Appraisal; (k) it is in lay-up status or out of class; (l) it is eligible to be a Documented Vessel (as determined by Agent in its Permitted Discretion) but is not a Documented Vessel; (l) it is not flagged in the United States or The Republic of the Marshall Islands; (n) it is a Fleet Asset acquired in a Permitted Acquisition, with respect to which Agent has not completed a collateral audit and appraisal; or (o) it is seized by or forfeited to a Governmental Body.

"Eligible New Fleet Assets" shall mean any New Fleet Asset which satisfies all of the criteria of an Eligible Fleet Asset, except it is not covered by an Acceptable Appraisal.

"Eligible Receivables" shall mean each Receivable constituting an account of a Credit Party arising in the Ordinary Course of Business and which Agent, in its Permitted Discretion, shall deem to be an Eligible Receivable, based on such considerations as Agent may from time to time deem appropriate. In addition, no Receivable shall be an Eligible Receivable if:

- (a) it is not subject to Agent's first priority perfected security interest and no other Lien (other than Permitted Encumbrances), or is not evidenced by an invoice or other documentary evidence satisfactory to Agent;
- (b) it arises out of a sale made by any Credit Party to an Affiliate of any Credit Party or to a Person controlled by an Affiliate of any Credit Party;
- (c) it is due or unpaid more than ninety (90) days after the original invoice date or sixty (60) days after the original due date or has selling terms in excess of thirty (30) days;
- (d) any covenant, representation or warranty contained in this Agreement with respect to such Receivable has been breached and remains uncured;
- (e) fifty percent (50%) or more of the Receivables from such Customer are not deemed Eligible Receivables hereunder;

(f) an Insolvency Event shall have occurred with respect to such Customer;

(g) the sale is to a Customer outside the continental United States of America or a province of Canada, unless the sale is on letter of credit, guaranty or acceptance terms, in each case acceptable to Agent;

(h) the sale to the Customer is on a bill-and-hold, guaranteed sale, sale-and-return, sale on approval, consignment or any other repurchase or return basis or is evidenced by chattel paper;

(i) [*Intentionally Omitted*];

(j) the Customer is the United States of America, any state or any department, agency or instrumentality of any of them, unless the applicable Credit Party assigns its right to payment of such Receivable to Agent pursuant to the Assignment of Claims Act or has otherwise complied with other applicable statutes or ordinances;

(k) the goods giving rise to such Receivable have not been delivered to and accepted by the Customer or the services giving rise to such Receivable have not been performed by the applicable Credit Party and accepted by the Customer or the Receivable otherwise does not represent a final sale;

(l) the Receivable is subject to any offset, deduction, defense, dispute, credits or counterclaim (but such Receivable shall only be ineligible to the extent of such offset, deduction, defense, credit or counterclaim), the Customer is also a creditor or supplier of a Credit Party or the Receivable is contingent in any respect or for any reason;

(m) the applicable Credit Party has made any agreement with any Customer for any deduction therefrom, except for discounts or allowances made in the Ordinary Course of Business for prompt payment, all of which discounts or allowances are reflected in the calculation of the face value of each respective invoice related thereto;

(n) any return, rejection or repossession of the merchandise has occurred or the rendition of services has been disputed;

(o) such Receivable is not payable to a Credit Party in Dollars;

(p) such Receivable arises from a transaction that is subject to a performance bond, bid bond, customs bond, appeal bond, surety bond, performance guarantee, completion guarantee or similar obligation;

(q) such Receivables were acquired in connection with a Permitted Acquisition, unless Agent has completed a collateral audit with respect thereto;

(r) the Customer is a Sanctioned Person; or

(s) such Receivable is not otherwise satisfactory to Agent as determined by Agent in its Permitted Discretion.

"Employee Benefit Plan" shall mean any employee benefit plan within the meaning of Section 3(3) of ERISA that is maintained for employees of any Credit Party or any ERISA Affiliate including any Pension Plan that has at any time within the preceding six (6) years been maintained, funded or administered for the employees of any Credit Party or any current or former ERISA Affiliate.

"Environmental Claim" shall mean any and all administrative, regulatory or judicial actions, suits, demands, demand letters, claims, liens, notices of violation, investigations (other than internal reports prepared by any Person in the Ordinary Course of Business and not in response to any Governmental Body) or proceedings relating in any way to any actual or alleged violation of or liability under any Environmental Law or relating to any permit issued, under any such Environmental Law, including, without limitation, any and all orders by Governmental Bodies for enforcement, cleanup, removal, response, remedial or other actions, contribution, cost recovery, compensation or injunctive relief resulting from any release of Hazardous Materials giving rise to any alleged injury or threat of injury to human health or the environment.

"Environmental Laws" shall mean any and all federal, foreign, state, provincial and local laws, statutes, ordinances, codes, rules, standards and regulations, permits, licenses and orders of courts or Governmental Bodies, relating to the protection of human health or the environment, including, but not limited to, requirements pertaining to the manufacture, processing, distribution, use, treatment, storage, disposal, transportation, handling, reporting, licensing, permitting, investigation or remediation of Hazardous Materials.

"Equipment" shall mean equipment as defined in the Uniform Commercial Code and includes, without limitation, the Fleet Assets.

"Equipment / Fleet Assets Advance Rate" shall mean eighty-five percent (85%); provided that such amount shall be reduced by (i) one-half (0.50) percentage point on April 1, 2017 and (ii) one (1.00) percentage point on July 1, 2017 and on the first day of each calendar quarter thereafter until reduced to sixty percent (60%).

"Equipment Utilization Agreement (Argonaut)" shall mean that certain Equipment Utilization Agreement dated as of December 30, 2016 by and among the Borrowers, Agent, Argonaut and the other parties from time to time party thereto, as the same may be may be amended, restated, supplemented or otherwise modified from time to time.

"Equipment Utilization Agreement (Chubb)" shall mean that certain Equipment Utilization Agreement dated as of December 30, 2016 by and among the Borrowers, Agent, Chubb and the other parties from time to time party thereto, as the same may be may be amended, restated, supplemented or otherwise modified from time to time.

"Equipment Utilization Agreement (Multi-Surety)" shall mean that certain Equipment Utilization Agreement dated as of December 30, 2016 by and among the Borrowers, Agent,

Zurich, Liberty and the other parties from time to time party thereto, as the same may be may be amended, restated, supplemented or otherwise modified from time to time.

"Equipment Utilization Agreements" shall mean the Equipment Utilization Agreement (Argonaut), the Equipment Utilization Agreement (Chubb) and the Equipment Utilization Agreement (Multi-Surety).

"Equipment Utilization Agreement Reserve" shall mean a reserve in the amount of the Applicable Monthly Access Fees (as defined in each Equipment Utilization Agreement) paid to Agent pursuant to the Equipment Utilization Agreements.

"Equity Interests" shall mean, with respect to any Person, any and all shares, rights to purchase, options, warrants, general, limited or limited liability partnership interests, member interests, participation or other equivalents of or interest in (regardless of how designated) equity of such Person, whether voting or nonvoting, including common stock, preferred stock, convertible securities or any other "equity security" (as such term is defined in Rule 3a11-1 of the General Rules and Regulations promulgated by the SEC under the Exchange Act), including in each case all of the following rights relating to such Equity Interests, whether arising under the Organizational Documents of the Person issuing such Equity Interests (the "issuer") or under the applicable laws of such issuer's jurisdiction of organization relating to the formation, existence and governance of corporations, limited liability companies or partnerships or business trusts or other legal entities, as the case may be: (i) all economic rights (including all rights to receive dividends and distributions) relating to such Equity Interests; (ii) all voting rights and rights to consent to any particular action(s) by the applicable issuer; (iii) all management rights with respect to such issuer; (iv) in the case of any Equity Interests consisting of a general partner interest in a partnership, all powers and rights as a general partner with respect to the management, operations and control of the business and affairs of the applicable issuer; (v) in the case of any Equity Interests consisting of the membership/limited liability company interests of a managing member in a limited liability company, all powers and rights as a managing member with respect to the management, operations and control of the business and affairs of the applicable issuer; (vi) all rights to designate or appoint or vote for or remove any officers, directors, manager(s), general partner(s) or managing member(s) of such issuer and/or any members of any board of members/managers/partners/directors that may at any time have any rights to manage and direct the business and affairs of the applicable issuer under its Organizational Documents as in effect from time to time or under Applicable Law; (vii) all rights to amend the Organizational Documents of such issuer, (viii) in the case of any Equity Interests in a partnership or limited liability company, the status of the holder of such Equity Interests as a "partner", general or limited, or "member" (as applicable) under the applicable Organizational Documents and/or Applicable Law; and (ix) all certificates evidencing such Equity Interests.

"ERISA" shall mean the Employee Retirement Income Security Act of 1974 and the rules and regulations thereunder, each as may be amended or supplemented from time to time.

"ERISA Affiliate" shall mean any Person who together with any Credit Party or any of its Subsidiaries is treated as a single employer within the meaning of Section 414(b), (c), (m) or (o) of the Code or Section 4001(b) of ERISA.

"Event of Default" shall have the meaning set forth in Article X hereof.

"Exchange Act" shall mean the Securities Exchange Act of 1934, as amended.

"Excluded Deposit Account" shall mean a deposit account of the Credit Parties that is (i) a payroll account, (ii) a withholding tax or fiduciary account, (iii) deposit account No. 1001401106 of the Loan Parties maintained at Pacific Western Bank to the extent the aggregate balance in such account (A) does not exceed \$500,000 at any time and (B) constitutes cash collateral securing the Indebtedness and obligations of GLDD LLC under that certain Bareboat Charter Agreement, dated December 10, 2015, as amended, between GLDD LLC and Pacific Western Bank for the vessel Lake Michigan, (iv) deposit account No. 4653644823 of the Loan Parties maintained at Wells Fargo Bank, National Association to the extent the aggregate balance in such account (A) does not exceed \$7,035,000 at any time and (B) constitutes cash collateral for letter of credit obligations owing to Wells Fargo Bank, National Association and described on Schedule 1.4, (v) deposit account No. 86661-01364 of GLDD LLC maintained at Bank of America, N.A. so long as such account is used only as a disbursement account, (vi) deposit account No. 000120917745 of Infrastructure maintained at Bank of America, N.A. so long as such account is used only as a disbursement account, (vii) a deposit account located outside of the United States to the extent the aggregate balance in all such accounts does not exceed \$5,000,000 at any time and such accounts are used only to fund projects in the Ordinary Course of Business, and (viii) any other domestic account to the extent the aggregate balance in all such accounts does not exceed \$750,000 at any time.

"Excluded Equity Issuance" shall mean (a) in the event that GLDD or any of its Subsidiaries forms any Subsidiary in accordance with this Agreement, the issuance by such Subsidiary of Equity Interests to GLDD or such Subsidiary, as applicable, (b) the issuance of Equity Interests by GLDD in order to finance the purchase consideration (or a portion thereof) in connection with a Permitted Acquisition (including the issuance of Equity Interests by GLDD to the seller in a Permitted Acquisition) or to finance any Capital Expenditures to the extent permitted under this Agreement, (c) the issuance of Equity Interests by GLDD (i) pursuant to the exercise of options or warrants, (ii) pursuant to the conversion of any debt securities to equity or the conversion of any class of equity securities to any other class of equity securities, (iii) issued, sold or granted in lieu of paying management fees or consulting fees in cash, or (iv) to any member of management, officer, independent director or employee of any Credit Party, (d) the issuance of any director's qualifying shares, and (e) the issuance of Equity Interests that is a Permitted Restricted Payment.

"Excluded Hedge Liability or Liabilities" shall mean, with respect to each Borrower and Guarantor, each of its Swap Obligations if, and only to the extent that, all or any portion of this Agreement or any Other Document that relates to such Swap Obligation is or becomes illegal under the CEA, or any rule, regulation or order of the CFTC, solely by virtue of such Borrower's and/or Guarantor's failure to qualify as an Eligible Contract Participant on the Eligibility Date for such Swap. Notwithstanding anything to the contrary contained in the foregoing or in any other provision of this Agreement or any Other Document, the foregoing is subject to the following provisos: (a) if a Swap Obligation arises under a master agreement governing more than one Swap, this definition shall apply only to the portion of such Swap Obligation that is attributable

to Swaps for which such guaranty or security interest is or becomes illegal under the CEA, or any rule, regulations or order of the CFTC, solely as a result of the failure by such Borrower or Guarantor for any reason to qualify as an Eligible Contract Participant on the Eligibility Date for such Swap; (b) if a guarantee of a Swap Obligation would cause such obligation to be an Excluded Hedge Liability but the grant of a security interest would not cause such obligation to be an Excluded Hedge Liability, such Swap Obligation shall constitute an Excluded Hedge Liability for purposes of the guaranty but not for purposes of the grant of the security interest; and (c) if there is more than one Borrower or Guarantor executing this Agreement or the Other Documents and a Swap Obligation would be an Excluded Hedge Liability with respect to one or more of such Persons, but not all of them, the definition of Excluded Hedge Liability or Liabilities with respect to each such Person shall only be deemed applicable to (i) the particular Swap Obligations that constitute Excluded Hedge Liabilities with respect to such Person, and (ii) the particular Person with respect to which such Swap Obligations constitute Excluded Hedge Liabilities.

"Excluded Property," shall mean (i) voting Equity Interests of any CFC, to the extent that such Equity Interests represent more than sixty-five percent (65%) of the outstanding voting Equity Interests of such Subsidiary or voting Equity Interests of any other CFC Entity (other than a CFC); (ii) any rights or interest in any General Intangible, contract, lease, permit, license, or license agreement of any Credit Party, if under the terms of such General Intangible, contract, lease, permit, license, or license agreement, or applicable law with respect thereto, the grant of a security interest or lien therein is prohibited as a matter of law or under the terms of such General Intangible, contract, lease, permit, license, or license agreement (or the grant of a security interest or lien therein would invalidate such General Intangible, contract, lease, permit, license, or license agreement or breach, default or create a right of termination in favor of any other party thereto) and such prohibition or restriction has not been waived or the consent of the other party to such General Intangible, contract, lease, permit, license, or license agreement has not been obtained (provided, that, (A) the foregoing exclusions of this paragraph shall in no way be construed (1) to apply to the extent that any described prohibition or restriction is ineffective under Section 9-406, 9-407, 9-408, or 9-409 of the Uniform Commercial Code or other applicable law, or (2) to apply to the extent that any consent or waiver has been obtained that would permit Agent's security interest or lien to attach notwithstanding the prohibition or restriction on the pledge of such General Intangible, contract, lease, permit, license, or license agreement, and (B) the foregoing exclusions of this subclause (ii) shall in no way be construed to limit, impair, or otherwise affect any of Agent's continuing security interests in and liens upon any rights or interests of any Credit Party in or to (1) Receivables or monies due or to become due under or in connection with any described General Intangible, contract, lease, permit, license, license agreement, or (2) any proceeds from the sale, license, lease, or other dispositions of any such General Intangible, contract, lease, permit, license, license agreement (including any Equity Interests)); (iii) any United States intent-to-use trademark applications for which an amendment to allege use or a statement of use has not been filed and accepted by the Patent and Trademark Office, to the extent that, and solely during the period in which, the grant of a security interest therein would impair the validity or enforceability of such intent-to-use trademark applications under applicable federal law, provided that upon submission and acceptance by the Patent and Trademark Office of an amendment to allege use or a statement of use pursuant to 15 U.S.C. Section 1051(c) or (d) (or any successor provision), such intent-to-use

trademark application shall be considered Collateral; (iv) any Equipment of a Credit Party that is subject to a perfected Lien that constitutes a Permitted Encumbrance under clause (g) of the definition of "Permitted Encumbrance" if and for so long as the grant of a security interest therein to Agent in such Equipment shall constitute or result in a breach or termination pursuant to the terms of, or a default under, the agreement entered into in connection with such Permitted Encumbrance on such Equipment, provided however that such security interest shall attach immediately at such time as the term restricting the attachment of a security interest in such Equipment is no longer operative or the attachment of a security interest in such Equipment would not constitute or result in a breach or termination pursuant to the terms of, or a default under, such agreement; (v) any Excluded Deposit Account; (vi) Fleet Assets flagged in Bahrain as of the Closing Date; (vii) Real Property unless a Collateral Trigger Event has occurred; or (viii) any foreign Intellectual Property registered in a jurisdiction outside the United States unless a Collateral Trigger Event has occurred.

"Excluded Taxes" shall mean, with respect to Agent, any Lender, Participant, Swing Loan Lender, Issuer or any other recipient of any payment to be made by or on account of any Obligations, (a) taxes imposed on or measured by its overall net income (however denominated), and franchise taxes imposed on it (in lieu of net income taxes), by the jurisdiction (or any political subdivision thereof) under the laws of which such recipient is organized or in which its principal office or applicable lending office is located or, in the case of any Lender, Participant, Swing Loan Lender or Issuer, in which its applicable lending office is located or that are Other Connection Taxes, (b) any branch profits taxes imposed by the United States of America or any similar tax imposed by any other jurisdiction in which any Borrower is located, (c) in the case of a Foreign Lender, any U.S. federal withholding tax that is imposed on amounts payable to such Foreign Lender at the time such Foreign Lender becomes a party hereto (or designates a new lending office other than a designation change made at the request of any Credit Party) or is attributable to such Foreign Lender's failure or inability (other than as a result of a Change in Law) to comply with Section 3.10(e), except to the extent that such Foreign Lender or Participant (or its assignor or seller of a participation, if any) was entitled, at the time of designation of a new lending office (or assignment or sale of a participation), to receive additional amounts from Borrowers with respect to such withholding tax pursuant to Section 3.10(a), or (d) any U.S. federal withholding Taxes imposed under FATCA.

"Existing Letters of Credit" shall mean the letters of credit listed on Schedule 2.11.

"Existing Revolving Credit Facility" shall mean that certain Credit Agreement, dated June 4, 2012, by and among GLDD, the other Credit Parties (as defined therein), the Lenders (as defined therein) and Wells Fargo Bank, National Association, as Administrative Agent.

"Extraordinary Receipts" shall mean any cash received by GLDD or any of its Subsidiaries consisting of (a) foreign, United States, state or local tax refunds, (b) pension plan reversions, (c) judgments, proceeds of settlements or other consideration of any kind in connection with any cause of action, (d) indemnity payments (other than to the extent such indemnity payments are (i) immediately payable to a Person that is not an Affiliate of GLDD or any of its Subsidiaries or (ii) received by GLDD or any of its Subsidiaries as reimbursement for any costs previously incurred or any payment previously made by such Person) and (e) any

purchase price adjustment received in connection with any purchase agreement, other than any working capital adjustment in connection with any Permitted Acquisition.

"Facility Fee" shall have the meaning set forth in Section 3.3 hereof.

"FATCA" shall mean Sections 1471 through 1474 of the Code, as of the date of this Agreement (or any amended or successor version that is substantively comparable and not materially more onerous to comply with) and any current or future regulations thereunder or official interpretations thereof and any agreement entered into pursuant to Section 1471(b)(1) of the Code.

"Federal Funds Effective Rate" shall mean for any day the rate per annum (based on a year of 360 days and actual days elapsed and rounded upward to the nearest 1/100 of 1%) announced by the Federal Reserve Bank of New York (or any successor) on such day as being the weighted average of the rates on overnight federal funds transactions on the previous trading day, as computed and announced by such Federal Reserve Bank (or any successor) in substantially the same manner as such Federal Reserve Bank computes and announces the weighted average it refers to as the "Federal Funds Effective Rate" as of the date of this Agreement; provided, if such Federal Reserve Bank (or its successor) does not announce such rate on any day, the "Federal Funds Effective Rate" for such day shall be the Federal Funds Effective Rate for the last day on which such rate was announced. Notwithstanding the foregoing, if the Federal Funds Effective Rate as determined under the method above would be less than zero (0.00), such rate shall be deemed to be zero (0.00) for purposes of this Agreement.

"Federal Funds Open Rate" shall mean for any day the rate per annum (based on a year of 360 days and actual days elapsed) which is the daily federal funds open rate as quoted by ICAP North America, Inc. (or any successor) as set forth on the Bloomberg Screen BTMM for that day opposite the caption "OPEN" (or on such other substitute Bloomberg Screen that displays such rate), or as set forth on such other recognized electronic source used for the purpose of displaying such rate as selected by PNC (an "Alternate Source") (or if such rate for such day does not appear on the Bloomberg Screen BTMM (or any substitute screen) or on any Alternate Source, or if there shall at any time, for any reason, no longer exist a Bloomberg Screen BTMM (or any substitute screen) or any Alternate Source, a comparable replacement rate determined by PNC at such time (which determination shall be conclusive absent manifest error); provided however, that if such day is not a Business Day, the Federal Funds Open Rate for such day shall be the "open" rate on the immediately preceding Business Day. If and when the Federal Funds Open Rate changes, the rate of interest with respect to any advance to which the Federal Funds Open Rate applies will change automatically without notice to Borrowers, effective on the date of any such change.

"Fee Letter" shall mean the fee letter dated the Closing Date among Borrowers and PNC.

"Fixed Charge Coverage Ratio" shall mean, with respect to GLDD on a Consolidated Basis for any fiscal period, the ratio of (a) EBITDA for such fiscal period, minus Unfinanced Capital Expenditures made during such period, minus cash federal, state, local and foreign income and franchise taxes paid during such period, to (b) the sum of all Debt Payments made

during such period plus all Restricted Payments of a Credit Party paid in cash during such period. For purposes of calculating the Fixed Charge Coverage Ratio for any period ending on or prior to September 30, 2017, Unfinanced Capital Expenditures, cash federal, state, local and foreign income and franchise taxes paid, Debt Payments and Restricted Payments for each fiscal month set forth below shall be deemed to be the amount set forth below opposite such item and fiscal month.

<u>Fiscal Month</u>	<u>Unfinanced Capital Expenditures</u>	<u>Federal, state, local and foreign income and franchise taxes paid</u>	<u>Debt Payments</u>	<u>Restricted Payments</u>
December 2015	\$[*]	\$[*]	\$[*]	\$[*]
January 2016	\$[*]	\$[*]	\$[*]	\$[*]
February 2016	\$[*]	\$[*]	\$[*]	\$[*]
March 2016	\$[*]	\$[*]	\$[*]	\$[*]
April 2016	\$[*]	\$[*]	\$[*]	\$[*]
May 2016	\$[*]	\$[*]	\$[*]	\$[*]
June 2016	\$[*]	\$[*]	\$[*]	\$[*]
July 2016	\$[*]	\$[*]	\$[*]	\$[*]
August 2016	\$[*]	\$[*]	\$[*]	\$[*]
September 2016	\$[*]	\$[*]	\$[*]	\$[*]
October 2016	\$[*]	\$[*]	\$[*]	\$[*]

"Fleet Assets" shall mean the vessels owned by the Credit Parties, including dredges, scows, barges, tugs and miscellaneous watercraft, and shall include, without limitation, the ATB Assets.

"Flood Laws" shall mean all Applicable Laws relating to policies and procedures that address requirements placed on federally regulated lenders under the National Flood Insurance Reform Act of 1994 and other Applicable Laws related thereto.

"Foreign Currency/Commodity Hedge" shall mean (i) any foreign exchange transaction, including spot and forward foreign currency purchases and sales, listed or over-the-counter options on foreign currencies, non-deliverable forwards and options, foreign currency swap agreements or currency exchange rate price hedging arrangements, and any other similar transaction providing for the purchase of one currency in exchange for the sale of another currency entered into by any Borrower, Guarantor and/or any of their respective Subsidiaries, and (ii) any swap, forward or derivative transaction in respect of commodities and any arrangement or other similar transaction hedging commodities that is entered into by any Borrower, Guarantor and/or any of their respective Subsidiaries.

"Foreign Currency/Commodity Hedge Liabilities" shall have the meaning assigned in the definition of Lender-Provided Foreign Currency/Commodity Hedge.

"Foreign Lender" shall mean any Lender that is organized under the laws of a jurisdiction other than that in which Borrowers are resident for tax purposes. For purposes of this definition, the United States of America, each State thereof and the District of Columbia shall be deemed to constitute a single jurisdiction.

"Foreign Location Release Conditions" shall mean, with respect to a request for a release of Agent's Lien on a Release Eligible Specified Foreign Location Vessel, each of the following conditions: (a) the ATB Assets shall be Eligible Fleet Assets (for the avoidance of doubt, the ATB Assets shall be covered by an Acceptable Appraisal) and have been deployed in revenue producing activities for at least one hundred eighty (180) days, (b) after giving effect to any release, Undrawn Availability exceeds \$60,000,000, (c) pro forma Undrawn Availability exceeds \$60,000,000 at all times during the thirty (30) day period prior to such release (calculated as if such release occurred on the first day of such period), (d) the Fixed Charge Coverage Ratio shall be at least 1.10 to 1.00 for the most recently ended fiscal month for which Agent has received financial statements required under Section 9.9, (e) no Default or Event of Default exists or would be caused thereby, and (f) the aggregate Net Orderly Liquidation Value of all Release Eligible Specified Foreign Location Vessels with respect to which Liens have been released does not exceed \$86,700,000.

"Foreign Location Sublimit" shall mean (a) during the period commencing on the date hereof and ending on the earlier of (i) the first anniversary of the date hereof and (ii) the date the ATB Assets are a Documented Vessel free and clear of all Liens (other than Permitted Encumbrances) and are operational and in class, an amount equal to \$75,000,000 and (b) at all other times an amount equal to \$25,000,000.

"Foreign Subsidiary" shall mean any Subsidiary of any Person that is not organized or incorporated in the United States, any State or territory thereof or the District of Columbia.

"Formula Amount" shall have the meaning set forth in Section 2.1(a) hereof.

"GAAP" shall mean generally accepted accounting principles in the United States of America in effect from time to time.

"GLDD on a Consolidated Basis" shall mean the consolidation in accordance with GAAP of the accounts or other items of GLDD and its Subsidiaries.

"Governmental Acts" shall mean any act or omission, whether rightful or wrongful, of any present or future de jure or de facto Governmental Body.

"Governmental Body" shall mean any nation or government, any state or other political subdivision thereof or any entity, authority, agency, division or department exercising the executive, legislative, judicial, taxing, regulatory or administrative powers or functions of or pertaining to a government (including any supra-national bodies such as the European Union or the European Central Bank) and any group or body charged with setting financial accounting or regulatory capital rules or standards (including, without limitation, the Financial Accounting

Standards Board, the Bank for International Settlements or the Basel Committee on Banking Supervision or any successor or similar authority to any of the foregoing).

"Gross Amount" shall have the meaning set forth in Section 2.1(a) hereof.

"Guarantor" shall mean any Person who may hereafter guarantee payment or performance of the whole or any part of the Obligations and "Guarantors" means collectively all such Persons.

"Guaranty" shall mean any guaranty of the Obligations executed by a Guarantor in favor of Agent for its benefit and for the ratable benefit of Lenders, in form and substance satisfactory to Agent.

"Guaranty Obligation" shall mean, with respect to GLDD and its Subsidiaries, without duplication, any obligation, contingent or otherwise, of any such Person pursuant to which such Person has directly or indirectly guaranteed any Indebtedness or other obligation of any other Person and, without limiting the generality of the foregoing, any obligation, direct or indirect, contingent or otherwise, of any such Person (a) to purchase or pay (or advance or supply funds for the purchase or payment of) such Indebtedness or other obligation (whether arising by virtue of partnership arrangements, by agreement to keep well, to purchase assets, goods, securities or services, to take-or-pay, or to maintain financial statement condition or otherwise) or (b) entered into for the purpose of assuring in any other manner the obligee of such Indebtedness or other obligation of the payment thereof or to protect such obligee against loss in respect thereof (in whole or in part); provided, that the term Guaranty Obligation shall not include endorsements for collection or deposit in the Ordinary Course of Business.

"Hazardous Materials" shall mean any substances or materials (a) which are or become defined as hazardous wastes, hazardous substances, pollutants, contaminants, chemical substances or mixtures or toxic substances under any Environmental Law, (b) which are toxic, explosive, corrosive, flammable, infectious, radioactive, carcinogenic, mutagenic or otherwise harmful to human health or the environment and are or become regulated by any Governmental Body, (c) the presence of which require investigation or remediation under any Environmental Law, (d) the discharge or emission or release of which requires a permit under any Environmental Law, or (e) which are or contain, without limitation, asbestos, polychlorinated biphenyls, urea formaldehyde, petroleum hydrocarbons, petroleum derived substances or waste, crude oil, natural gas or synthetic gas.

"Hedge Liabilities" shall mean collectively, the Foreign Currency/Commodity Hedge Liabilities and the Interest Rate Hedge Liabilities.

"Immaterial Subsidiary" shall mean each of Dawson Marine Services Company, a Delaware corporation, Terra Contracting Services, LLC, a Delaware limited liability company, Terra Fluid Services, LLC, a Delaware limited liability company, and Fifty-Three Dredging Corporation, a New Jersey corporation.

"Indebtedness" shall mean, as to any Person at any time, any and all indebtedness, obligations or liabilities (whether matured or unmatured, liquidated or unliquidated, direct or indirect, absolute or contingent, or joint or several) of such Person for or in respect of: (a) borrowed money; (b) amounts received under or liabilities in respect of any note purchase or acceptance credit facility, and all obligations of such Person evidenced by bonds, debentures, notes or other similar instruments; (c) all Capitalized Lease Obligations; (d) reimbursement obligations (contingent or otherwise) under any letter of credit agreement, banker's acceptance agreement or similar arrangement; (e) obligations under any Interest Rate Hedge, Foreign Currency/Commodity Hedge, or other interest rate management device, foreign currency exchange agreement, currency swap agreement, commodity price protection agreement or other interest or currency exchange rate or commodity price hedging arrangement; (f) any other advances of credit made to or on behalf of such Person or other transaction (including forward sale or purchase agreements, capitalized leases and conditional sales agreements) having the commercial effect of a borrowing of money entered into by such Person to finance its operations or capital requirements including to finance the purchase price of property or services and all obligations of such Person to pay the deferred purchase price of property or services (but not including trade payables and accrued expenses incurred in the Ordinary Course of Business which are not represented by a promissory note or other evidence of indebtedness); (g) all Equity Interests of such Person subject to mandatory repurchase or redemption rights or obligations (excluding repurchases or redemptions at the sole option of such Person); (h) all indebtedness, obligations or liabilities constituting Indebtedness of a third party secured by a Lien on any asset of such Person, whether or not such indebtedness, obligations or liabilities are otherwise an obligation of such Person; (i) all obligations of such Person for "earn outs", purchase price adjustments, profit sharing arrangements, deferred purchase money amounts and similar payment obligations or continuing obligations of any nature of such Person arising out of purchase and sale contracts; (j) Bonding Obligations; (k) obligations arising under bonus, deferred compensation, incentive compensation or similar arrangements, other than those arising in the Ordinary Course of Business; and (l) any guaranty of any indebtedness, obligations or liabilities of a type described in the foregoing clauses (a) through (k).

"Indemnified Taxes" shall mean (a) Taxes, other than Excluded Taxes, imposed on or with respect to any payment made by, or on account of, any obligation of a Credit Party under this Agreement or Other Document and (b) to the extent not otherwise described in (a), Other Taxes.

"Ineligible Security" shall mean any security which may not be underwritten or dealt in by member banks of the Federal Reserve System under Section 16 of the Banking Act of 1933 (12 U.S.C. Section 24, Seventh), as amended.

"Insolvency Event" shall mean, with respect to any Person, including without limitation any Lender, such Person or such Person's direct or indirect parent company (a) becomes the subject of a bankruptcy or insolvency proceeding (including any proceeding under the Bankruptcy Code), or regulatory restrictions, (b) has had a receiver, conservator, trustee, administrator, custodian, assignee for the benefit of creditors or similar Person charged with the reorganization or liquidation of its business appointed for it or has called a meeting of its creditors, (c) admits in writing its inability, or be generally unable, to pay its debts as they

become due or cease operations of its present business, (d) with respect to a Lender, such Lender is unable to perform hereunder due to the application of Applicable Law, or (e) in the good faith determination of Agent, has taken any action in furtherance of, or indicating its consent to, approval of, or acquiescence in, any such proceeding or appointment of a type described in clauses (a) or (b), provided that an Insolvency Event shall not result solely by virtue of any ownership interest, or the acquisition of any ownership interest, in such Person or such Person's direct or indirect parent company by a Governmental Body or instrumentality thereof if, and only if, such ownership interest does not result in or provide such Person with immunity from the jurisdiction of courts within the United States or from the enforcement of judgments or writs of attachment on its assets or permit such Person (or such Governmental Body or instrumentality) to reject, repudiate, disavow or disaffirm any contracts or agreements made by such Person.

"Intellectual Property" shall mean property constituting a patent, copyright, trademark (or any application in respect of the foregoing), service mark, copyright, copyright application, trade name, mask work, trade secrets, design right, assumed name or license or other right to use any of the foregoing under Applicable Law.

"Intentional Overadvances" shall have the meaning set forth in Section 16.2(e) hereof.

"Intercompany Subordination Agreement" shall mean the Intercompany Subordination Agreement of even date herewith among Credit Parties, certain Affiliates of Credit Parties and Agent.

"Intercreditor Agreement (Argonaut)" shall mean that certain Intercreditor Agreement dated as of even date herewith by and among the Borrowers, Agent, Argonaut and the other parties from time to time party thereto, as the same may be may be amended, restated, supplemented or otherwise modified from time to time.

"Intercreditor Agreement (Chubb)" shall mean that certain Intercreditor Agreement dated as of even date herewith by and among the Borrowers, Agent, Chubb and the other parties from time to time party thereto, as the same may be may be amended, restated, supplemented or otherwise modified from time to time.

"Intercreditor Agreement (Liberty)" shall mean that certain Intercreditor Agreement dated as of even date herewith by and among the Borrowers, Agent, Liberty and the other parties from time to time party thereto, as the same may be may be amended, restated, supplemented or otherwise modified from time to time.

"Intercreditor Agreement (Zurich)" shall mean that certain Intercreditor Agreement dated as of even date herewith by and among the Borrowers, Agent, Zurich and the other parties from time to time party thereto, as the same may be may be amended, restated, supplemented or otherwise modified from time to time.

"Intercreditor Agreements" shall mean the Intercreditor Agreement (Argonaut), the Intercreditor Agreement (Chubb), the Intercreditor Agreement (Liberty) and the Intercreditor Agreement (Zurich).

"Interest Period" shall mean the period provided for any LIBOR Rate Loan pursuant to Section 2.2(b) hereof.

"Interest Rate Hedge" shall mean an interest rate exchange, collar, cap, swap, floor, adjustable strike cap, adjustable strike corridor, cross-currency swap or similar agreements entered into by any Borrower, Guarantor and/or their respective Subsidiaries in order to provide protection to, or minimize the impact upon, such Borrower, any Guarantor and/or their respective Subsidiaries of increasing floating rates of interest applicable to Indebtedness.

"Interest Rate Hedge Liabilities" shall have the meaning assigned in the definition of Lender-Provided Interest Rate Hedge.

"Inventory" shall mean as to each Credit Party all of such Credit Party's inventory (as defined in Article 9 of the Uniform Commercial Code) and all of such Credit Party's goods, merchandise and other personal property, wherever located, to be furnished under any consignment arrangement, contract of service or held for sale or lease, all raw materials, work in process, finished goods and materials and supplies of any kind, nature or description which are or might be used or consumed in such Credit Party's business or used in selling or furnishing such goods, merchandise and other personal property, and all Documents.

"Investment" shall mean, as to any Person, any direct or indirect acquisition or investment by such Person, whether by means of (a) the purchase or other acquisition of Equity Interests or debt or other securities of another Person, (b) a loan, advance or capital contribution to, guaranty or assumption of debt of, or purchase or other acquisition of any other debt or equity participation or interest in, another Person, including any partnership or joint venture interest in such other Person and any arrangement pursuant to which the investor incurs Guaranty Obligations, or (c) the purchase or other acquisition (in one transaction or a series of transactions) of all or substantially all of the property and assets or business of another Person or assets constituting a business unit, line of business or division of such Person.

"Issuer" shall mean (i) PNC in its capacity as the issuer of Letters of Credit under this Agreement and (ii) any other Lender that, at the request of Borrowing Agent and with the consent of Agent, agrees, in such Lender's sole discretion, to become an Issuer for the purpose of issuing any particular Letter of Credit under this Agreement in place of PNC as issuer (provided that any such Lender may resign as Issuer in its sole discretion at any time). Bank of America, N.A. shall be an Issuer with respect to the Existing Letters of Credit but shall not be an Issuer with respect to any other Letter of Credit unless agreed to between Bank of America, N.A. and Borrowing Agent and consented to by Agent.

"Judgment Currency" shall have the meaning set forth in Section 16.20.

"Law(s)" shall mean any law(s) (including common law), constitution, statute, treaty, regulation, rule, ordinance, opinion, issued guidance, release, ruling, order, executive order, injunction, writ, decree, bond, judgment, authorization or approval, lien or award of or any settlement arrangement, by agreement, consent or otherwise, with any Governmental Body, foreign or domestic.

"Lender" and "Lenders" shall have the meaning ascribed to such term in the preamble to this Agreement and shall include each Person which becomes a transferee, successor or assign of any Lender. For the purpose of provision of this Agreement or any Other Document which provides for the granting of a security interest or other Lien to Agent for the benefit of Lenders as security for the Obligations, "Lenders" shall include any Affiliate of a Lender to which such Obligation (specifically including any Hedge Liabilities and any Cash Management Liabilities) is owed.

"Lender-Provided Foreign Currency/Commodity Hedge" shall mean a Foreign Currency/Commodity Hedge which is provided by any Lender and for which such Lender confirms to Agent in writing prior to the execution thereof that it: (a) is documented in a standard International Swap Dealers Association, Inc. Master Agreement or another reasonable and customary manner; (b) provides for the method of calculating the reimbursable amount of the provider's credit exposure in a reasonable and customary manner; and (c) is entered into for hedging (rather than speculative) purposes. The liabilities owing to the provider of any Lender-Provided Foreign Currency/Commodity Hedge (the "Foreign Currency/Commodity Hedge Liabilities") by any Borrower or any Guarantor that is party to such Lender-Provided Foreign Currency/Commodity Hedge shall, for purposes of this Agreement and all Other Documents be Obligations hereunder, and otherwise treated as Obligations for purposes of the Other Documents (except to the extent constituting Excluded Hedge Liabilities of such Person), but only so long as such provider (if not PNC or an Affiliate of PNC) has notified Agent in writing of such Lender-Provided Foreign Currency/Commodity Hedge within ten (10) days of such agreement or arrangement.

"Lender-Provided Interest Rate Hedge" shall mean an Interest Rate Hedge which is provided by any Lender and with respect to which such Lender confirms to Agent in writing prior to the execution thereof that it: (a) is documented in a standard International Swap Dealers Association, Inc. Master Agreement or another reasonable and customary manner; (b) provides for the method of calculating the reimbursable amount of the provider's credit exposure in a reasonable and customary manner; and (c) is entered into for hedging (rather than speculative) purposes. The liabilities owing to the provider of any Lender-Provided Interest Rate Hedge (the "Interest Rate Hedge Liabilities") by any Borrower or any Guarantor that is party to such Lender-Provided Interest Rate Hedge shall, for purposes of this Agreement and all Other Documents be Obligations hereunder, and otherwise treated as Obligations for purposes of the Other Documents (except to the extent constituting Excluded Hedge Liabilities of such Person), but only so long as such provider (if not PNC or an Affiliate of PNC) has notified Agent in writing of such Lender-Provided Interest Rate Hedge within ten (10) days of such agreement or arrangement.

"Letter of Credit Application" shall have the meaning set forth in Section 2.12(a) hereof.

"Letter of Credit Borrowing" shall have the meaning set forth in Section 2.14(d) hereof.

"Letter of Credit Fees" shall have the meaning set forth in Section 3.2 hereof.

"Letter of Credit Sublimit" shall mean \$250,000,000.

"Letters of Credit" shall have the meaning set forth in Section 2.11 hereof.

"Liberty" shall mean Liberty Mutual Insurance Company.

"Liberty Agreement" shall mean that certain General Agreement of Indemnity dated as of April 7, 2015 among Liberty, the Borrowers and the other parties thereto.

"LIBOR Alternate Source" shall have the meaning set forth in the definition of LIBOR Rate.

"LIBOR Rate" shall mean, with respect to the Advances to which the LIBOR Rate applies for any Interest Period, the interest rate per annum determined by Agent by dividing (the resulting quotient rounded upwards, if necessary, to the nearest 1/100th of one percent (1%) per annum) (i) the rate which appears on the Bloomberg Page BBAM1 (or on such other substitute Bloomberg page that displays rates at which US dollar deposits are offered by leading banks in the London interbank deposit market), or the rate which is quoted by another source selected by Agent as an authorized information vendor for the purpose of displaying rates at which US dollar deposits are offered by leading banks in the London interbank deposit market (for purposes of this definition, a "LIBOR Alternate Source"), at approximately 11:00 a.m., London time, two (2) Business Days prior to the commencement of such Interest Period as the London interbank offered rate for Dollars for an amount comparable to such LIBOR Rate Loan and having a borrowing date and a maturity comparable to such Interest Period (or if there shall at any time, for any reason, no longer exist a Bloomberg Page BBAM1 (or any substitute page) or any LIBOR Alternate Source, a comparable replacement rate determined by Agent at such time (which determination shall be conclusive absent manifest error)), by (ii) a number equal to 1.00 minus the Reserve Percentage. Notwithstanding the foregoing, if the LIBOR Rate as determined under any method above would be less than zero (0.00), such rate shall be deemed to be zero (0.00) for purposes of this Agreement.

The LIBOR Rate shall be adjusted with respect to any Advance to which the LIBOR Rate applies that is outstanding on the effective date of any change in the Reserve Percentage as of such effective date. Agent shall give prompt notice to Borrowing Agent of the LIBOR Rate as determined or adjusted in accordance herewith, which determination shall be conclusive absent manifest error.

"LIBOR Rate Loan" shall mean any Advance that bears interest based on the LIBOR Rate.

"Lien" shall mean any mortgage, deed of trust, pledge, hypothecation, assignment, security interest, lien (whether statutory or otherwise), charge, claim or encumbrance, or preference, priority or other security agreement or preferential arrangement held or asserted in respect of any asset of any kind or nature whatsoever including any conditional sale or other title retention agreement, any lease having substantially the same economic effect as any of the foregoing, and the filing of, or agreement to give, any financing statement under the Uniform Commercial Code or comparable law of any jurisdiction.

"Lien Waiver Agreement" shall mean an agreement which is executed in favor of Agent by a Person who owns or occupies premises at which any Collateral may be located from time to time in form and substance satisfactory to Agent.

"Magnus Earnout" shall mean shall mean the obligation of Solutions to pay aggregate contingent purchase price consideration to the former shareholders of Magnus Pacific Corporation (now known as Infrastructure) not to exceed \$11,400,000 payable, at the option of Solutions, either in cash or with common shares of GLDD stock, in each case on March 31, 2020.

"Maritime Reserves" shall mean reserves established by Agent for preferred maritime liens, obligations owing to subcontractors for work performed on Fleet Assets and liens for crew wages, repairs, fuel, maintenance, dockage and other necessities that may have priority over Agent's Lien on the Collateral

"Maritime Security Documents" shall mean the Ship Mortgages, the Assignment of Earnings and Charters, and the Assignment of Insurances.

"Material Adverse Effect" shall mean, with respect to GLDD and its Subsidiaries, (a) a material adverse effect on the properties, business, operations, assets, liabilities or condition (financial or otherwise) of such Persons, taken as a whole; (b) a material impairment of the rights and remedies of Agent or any Lender under this Agreement or any Other Document; or (c) a material impairment of the legality, validity, binding effect or enforceability against any Credit Party of this Agreement or any Other Document to which it is a party.

"Material Contract" shall mean any contract, agreement, instrument, permit, lease or license, written or oral, of any Credit Party, which would constitute a "material definitive agreement". For the purposes of this definition a "material definitive agreement" shall mean an agreement that provides for obligations that are material to and enforceable against the applicable Credit Party, or rights that are material to the applicable Credit Party and enforceable by the applicable Credit Party against one or more other parties to the agreement, in each case whether or not subject to conditions.

"Maturity Date" shall mean December 30, 2019; provided, that notwithstanding the forgoing, the Maturity Date shall mean November 3, 2018 unless prior to such date the maturity date of the Note Indenture Obligations has been extended (whether by amendment or pursuant to a Permitted Notes Refinancing) to a date occurring on or after March 31, 2020.

"Maximum Swing Loan Advance Amount" shall mean \$25,000,000; provided that, upon the effective date of each increase in the Maximum Revolving Advance Amount in accordance with Section 2.24, the Maximum Swing Loan Advance Amount shall increase by an amount equal to ten percent (10%) of the amount of such increase in the Maximum Revolving Advance Amount.

"Maximum Revolving Advance Amount" shall mean \$250,000,000 plus any increases in accordance with Section 2.24.

"Maximum Undrawn Amount" shall mean, with respect to any outstanding Letter of Credit as of any date, the amount of such Letter of Credit that is or may become available to be drawn, including all automatic increases provided for in such Letter of Credit, whether or not any such automatic increase has become effective.

"Modified Commitment Transfer Supplement" shall have the meaning set forth in Section 16.3(d) hereof.

"Modified Undrawn Availability" shall mean as of any date of determination Undrawn Availability calculated as if the Availability Block is \$0.

"Mortgage" shall mean any mortgage on the Real Property securing the Obligations.

"Multiemployer Plan" shall mean a "multiemployer plan" as defined in Section 4001(a)(3) of ERISA to which any Credit Party or any ERISA Affiliate is making, or is accruing an obligation to make, or has accrued an obligation to make contributions within the preceding six (6) years.

"Negotiable Document" shall mean a Document that is "negotiable" within the meaning of Article 7 of the Uniform Commercial Code.

"Net Cash Proceeds" shall mean, with respect to, any issuance or incurrence of any Indebtedness, any issuance of Equity Interests, any disposition of assets or the receipt of any Extraordinary Receipts by GLDD or any of its Subsidiaries, the aggregate amount of cash received (directly or indirectly) from time to time (whether as initial consideration or through the payment or disposition of deferred consideration) by or on behalf of such Person or such Subsidiary, in connection therewith after deducting therefrom only (a) in the case of any disposition of assets, the amount of any Permitted Indebtedness secured by any Permitted Encumbrance on such assets if such Permitted Encumbrance is senior to the Lien of Agent securing the Obligations and is required to be, and is, repaid in connection therewith (other than Indebtedness under this Agreement), (b) reasonable expenses, transaction fees, underwriting fees and similar fees, related thereto incurred by such Person or such Subsidiary in connection therewith, (c) transfer taxes paid to any taxing authorities by such Person or such Subsidiary in connection therewith, and (d) net income taxes (or a reasonable reserve therefor) to be paid in connection therewith (after taking into account any tax credits or deductions available under applicable law, including by way of being a member of a consolidated, combined or unitary group), in each case, to the extent, but only to the extent, that the amounts so deducted are (i) actually paid to a Person that, except in the case of payments permitted under Section 7.10 hereof, reasonable out-of-pocket expenses or taxes, is not an Affiliate of such Person or any of its Subsidiaries and (ii) properly attributable to such transaction or to the asset that is the subject thereof.

"Net Income" shall mean, for any period, with respect to GLDD on a Consolidated Basis, the net income (or loss) for such period, determined on a Consolidated basis, without duplication, in accordance with GAAP (exclusive of (i) interest income, (ii) net income attributable to any Subsidiary of GLDD that is not a Credit Party and not wholly-owned directly

or indirectly by GLDD, (iii) gains from the sale of assets, and (iv) all amounts in respect of any extraordinary or non-recurring gains).

"Net Orderly Liquidation Value" shall mean, as of any date of determination, with respect to Eligible Equipment or Eligible Fleet Assets, the value of such Eligible Equipment or Eligible Fleet Assets that is estimated to be recoverable in an orderly liquidation of such Eligible Equipment or Eligible Fleet Assets, net of all associated costs and expenses of such liquidation, as determined based upon an Acceptable Appraisal; provided, that with respect to any particular item of Eligible Equipment or Eligible Fleet Asset, costs and expenses of liquidation will be such amount as reasonably determined by Agent.

"New Fleet Asset" shall mean (a) any Fleet Asset not subject to an Acceptable Appraisal acquired by a Credit Party in the Ordinary Course of Business in an arm's length transaction after the Closing Date or (b) any Fleet Asset constructed by a Credit Party but only if such Fleet Asset shall be a Documented Vessel free and clear of all Liens (other than Permitted Encumbrances) and operational and in class and is not subject to an Acceptable Appraisal. Any Fleet Asset shall cease to be a New Fleet Asset if after such Fleet Asset has become a New Fleet Asset, Agent receives an Acceptable Appraisal.

"Non-Defaulting Lender" shall mean, at any time, any Lender holding a Revolving Commitment that is not a Defaulting Lender at such time.

"Non-Qualifying Party" shall mean any Borrower or any Guarantor that on the Eligibility Date fails for any reason to qualify as an Eligible Contract Participant.

"Note" shall mean collectively, the Revolving Credit Notes and the Swing Loan Note.

"Note Indenture" shall mean that certain Indenture, dated as of January 28, 2011, between Wells Fargo, as trustee, and GLDD and the Subsidiary Guarantors party thereto, as the same may be amended, restated, supplemented or otherwise modified from time to time, including, without limitation, by the (i) First Supplemental Indenture, dated as of May 6, 2011, among NASDI, GLDD, the existing Guarantors party thereto, and Wells Fargo, as trustee, (ii) Second Supplemental Indenture, dated as of January 15, 2014, among Terra Contracting Services, LLC, GLDD, the existing Guarantors party thereto, and Wells Fargo, as trustee, and (iii) Third Supplemental Indenture, dated as of November 19, 2014, among Terra Fluid Management, LLC, Solutions, Magnus Pacific Corporation, GLDD, the existing Guarantors party thereto, and Wells Fargo, as trustee.

"Note Indenture Obligations" shall mean all of (a) GLDD's obligations under and with respect to the Note Indenture, including, without limitation, all obligations to pay principal in an aggregate principal amount not to exceed \$250,000,000 under its 7-3/8% Senior Notes due 2019, and additional senior notes issued under the Note Indenture in an aggregate principal amount not to exceed \$50,000,000 on terms and conditions which would satisfy each of the requirement of clauses (i) through (iv) of the proviso below in this definition as if the issuance of such additional notes constituted a refinancing of existing notes under the Note Indenture, and all interest, premium, fees, charges, expenses and indemnities with respect thereto, and all obligations to

effect redemptions, repurchases and prepayments with respect thereto, in any case, whether fixed, contingent, matured or unmatured, and (b) GLDD's obligations under and with respect to such other unsecured Indebtedness the net proceeds of which are, in whole or in part, designated to be used, and are used reasonably promptly after the incurrence thereof, to refinance in whole or in part the then existing Note Indenture Obligations (including any subsequent refinancing thereof from time to time which constitutes a Permitted Note Refinancing); provided, that (i) the aggregate principal amount of such refinancing Indebtedness and any remaining Indebtedness under the Note Indenture (and any Permitted Note Refinancing thereof) does not exceed the principal amount of \$300,000,000, (ii) immediately after giving effect to the incurrence of such refinancing Indebtedness and the application of proceeds thereof, GLDD and its Subsidiaries will be in pro forma compliance (giving effect to such refinancing as if it occurred as of the first day of the relevant period of calculation) with each financial covenant ratio set forth in Section 6.5 as of the most recently ended fiscal quarter for which financial statements (and the related compliance certificate) have been delivered pursuant to Section 9.9 (it being understood and agreed that GLDD shall provide a certification of such pro forma compliance but shall not be required to provide a Responsible Officer's Compliance Certificate), (iii) such refinancing Indebtedness has a final maturity more than 180 days after the Maturity Date and requires no scheduled payment of principal in cash prior to such date, and (iv) the terms of such refinancing Indebtedness, including the covenants, events of default and other terms and provisions (including quantities thereof), are reasonably acceptable to Agent, such acceptance not to be unreasonably withheld so long as such terms are no more restrictive, when taken as a whole, to GLDD and its Subsidiaries than are (x) in the case of any public issuance (including through a 144A or other similar issuance) of Indebtedness by GLDD, customary at the time of such refinancing of such type for issuers with a debt rating similar to that of GLDD and (y) in the case of any private issuance of Indebtedness by GLDD, as set forth in the Note Indenture (any such refinancing as described in this clause (b), a "Permitted Note Refinancing").

"Obligations" shall mean (i) any and all loans (including without limitation, all Advances and Swing Loans), advances, debts, liabilities, obligations (including without limitation all reimbursement obligations and Cash Collateralization obligations with respect to Letters of Credit issued hereunder), covenants and duties owing by any Borrower or any Guarantor to Issuer, Swing Loan Lender, Lenders or Agent (or to any other direct or indirect subsidiary or affiliate of Issuer, Swing Loan Lender, any Lender or Agent) of any kind or nature, present or future (including any interest or other amounts accruing thereon, any fees accruing under or in connection therewith, any costs and expenses of any Person payable by any Credit Party and any indemnification obligations payable by any Credit Party arising or payable after maturity, or after the filing of any petition in bankruptcy, or the commencement of any insolvency, reorganization or like proceeding relating to any Credit Party, whether or not a claim for post-filing or post-petition interest, fees or other amounts is allowable or allowed in such proceeding), whether or not for the payment of money, whether arising by reason of an extension of credit, opening or issuance of a letter of credit, loan, equipment lease, establishment of any commercial card or similar facility or guarantee, under any interest or currency swap, future, option or other similar agreement, or in any other manner, whether arising out of overdrafts or deposit or other accounts or electronic funds transfers (whether through automated clearing houses or otherwise) or out of Agent's or any Lender's non-receipt of or inability to collect funds or otherwise not being made whole in connection with depository transfer check or other similar arrangements, whether direct

or indirect (including those acquired by assignment or participation), absolute or contingent, joint or several, due or to become due, now existing or hereafter arising, contractual or tortious, liquidated or unliquidated, in each case arising under or pursuant to this Agreement, the Other Documents and any amendments, extensions, renewals or increases thereto, including all costs and expenses of Agent, Issuer, Swing Loan Lender and any Lender incurred in the documentation, negotiation, modification, enforcement, collection or otherwise in connection with any of the foregoing, including but not limited to reasonable attorneys' fees and expenses and all obligations of any Credit Party to Agent, Issuer, Swing Loan Lender or Lenders to perform acts or refrain from taking any action, (ii) all Hedge Liabilities and (iii) all Cash Management Liabilities. Notwithstanding anything to the contrary contained in the foregoing, the Obligations shall not include any Excluded Hedge Liabilities.

"Optional Currency" shall mean the following lawful currencies: BHD (Bahrain), QAR (Qatar), AED (United Arab Emirates), KWD (Kuwait), SAR (Saudi Arabia), EGP (Egypt), BRL (Brazil), INR (India), EUR (Europe), GBP (UK), AUD (Australia), ILS (Israel), and any other currency approved in writing by Agent.

"Ordinary Course of Business" shall mean, with respect to any Credit Party, the ordinary course of such Credit Party's business as conducted on the Closing Date and reasonable extensions thereof.

"Organizational Documents" shall mean, with respect to any Person, any charter, articles or certificate of incorporation, certificate of organization, registration or formation, certificate of partnership or limited partnership, bylaws, operating agreement, limited liability company agreement, or partnership agreement of such Person and any and all other applicable documents relating to such Person's formation, organization or entity governance matters (including any shareholders' or equity holders' agreement or voting trust agreement) and specifically includes, without limitation, any certificates of designation for preferred stock or other forms of preferred equity.

"Other Connection Taxes" shall mean, with respect to Agent, any Lender, Participant, Swing Loan Lender, Issuer or any other recipient of any payment to be made by or on account of any Obligations, Taxes imposed as a result of a present or former connection between such recipient and the jurisdiction imposing such Tax (other than connections arising from such recipient having executed, delivered, become a party to, performed its obligations under, received payments under, received or perfected a security interest under, engaged in any other transaction pursuant to or enforced this Agreement or any Other Document, or sold or assigned an interest in any Advance, this Agreement or Other Document).

"Other Documents" shall mean any Mortgage, the Note, the Perfection Certificates, the Fee Letter, any Guaranty, the Intercompany Subordination Agreement, any Pledge Agreement, any Lender-Provided Interest Rate Hedge any Lender-Provided Foreign Currency/Commodity Hedge, Maritime Security Documents and any and all other agreements, instruments and documents, including intercreditor agreements, guaranties, pledges, powers of attorney, consents, interest or currency swap agreements or other similar agreements and all other writings heretofore, now or hereafter executed by any Borrower or any Guarantor and/or delivered to

Agent or any Lender in respect of the transactions contemplated by this Agreement, in each case together with all extensions, renewals, amendments, supplements, modifications, substitutions and replacements thereto and thereof.

"Other Taxes" shall mean, with respect to Agent, any Lender, Participant, Swing Loan Lender, Issuer or any other recipient of any payment to be made by or on account of any obligations of a Credit Party under this Agreement or Other Document all present or future stamp or documentary taxes or any other excise or property taxes, charges or similar levies arising from any payment made hereunder or under any Other Document or from the execution, delivery or enforcement of, or otherwise with respect to, this Agreement or any Other Document, except any such Taxes that are Other Connection Taxes imposed with respect to an assignment (other than an assignment made at the request of a Credit Party or following an Event of Default described in Section 10.1, 10.7, 10.9 or 10.12).

"Out-of-Formula Loans" shall mean any Advances in excess of the amount permitted under Section 2.1(a).

"Participant" shall mean each Person (other than a natural Person) who shall be granted the right by any Lender to participate in any of the Advances and who shall have entered into a participation agreement in form and substance satisfactory to such Lender.

"Participant Register" shall have the meaning set forth in Section 16.3(b) hereof.

"Participation Advance" shall have the meaning set forth in Section 2.14(d) hereof.

"Participation Commitment" shall mean the obligation hereunder of each Lender holding a Revolving Commitment to buy a participation equal to its Revolving Commitment Percentage (subject to any reallocation pursuant to Section 2.22(b)(iii) hereof) in the Swing Loans made by Swing Loan Lender hereunder as provided for in Section 2.4(c) hereof and in the Letters of Credit issued hereunder as provided for in Section 2.14(a) hereof.

"Payment Conditions" shall mean, with respect to any proposed Investment, acquisition, loan, prepayment, Restricted Payment or other payment (each, a "Proposed Payment") each of the following conditions:

(a) no Default or Event of Default shall have occurred and be continuing without being waived or would result from the making of the Proposed Payment;

(b) (x) for each day during the thirty (30) calendar days prior to the date of the Proposed Payment, Undrawn Availability has been greater than the sum of twenty-five percent (25%) of the Maximum Revolving Advance Amount and the amount of the Proposed Payment, (y) after giving effect to the Proposed Payment, Undrawn Availability is greater than twenty-five percent (25%) of the Maximum Revolving Advance Amount, and (z) the Fixed Charge Coverage Ratio for to the most recently completed four (4) fiscal quarter period for which Agent has received financial statements pursuant to Section 9.9 is at least 1.10 to 1.00 (calculated as if such Proposed Payment was made on the last day of such four (4) fiscal quarter period and constitutes a Fixed Charge); and

(c) Borrowing Agent has delivered a certificate to Agent certifying that all conditions set forth in clauses (a) and (b) above have been satisfied after giving effect to the Proposed Payment.

"Payment Office" shall mean initially Two Tower Center Boulevard, East Brunswick, New Jersey 08816; thereafter, such other office of Agent, if any, which it may designate by notice to Borrowing Agent and to each Lender to be the Payment Office.

"PBGC" shall mean the Pension Benefit Guaranty Corporation established pursuant to Subtitle A of Title IV of ERISA or any successor agency.

"Pension Plan" shall mean any Employee Benefit Plan, other than a Multiemployer Plan, which is subject to the provisions of Title IV of ERISA or Section 412 of the Code and which (a) is maintained, funded or administered for the employees of any Credit Party or any ERISA Affiliate or (b) has at any time within the preceding six (6) years been maintained, funded or administered for the employees of any Credit Party or any current or former ERISA Affiliates.

"Perfection Certificates" shall mean, collectively, the information questionnaires and the responses thereto provided by each Credit Party and delivered to Agent.

"Permitted Acquisitions" shall mean (i) the purchase or acquisition of all or substantially all of the property and assets or business of, any Person or of assets constituting a business unit, a line of business or division of such Person, or of all of the Equity Interests in a Person that, upon the consummation thereof, will be a Subsidiary that is wholly owned directly by GLDD or one or more of its wholly owned Subsidiaries (including, without limitation, as a result of a merger or consolidation), which is made solely with the net cash proceeds of any substantially concurrent sale or issuance of any Equity Interests (other than Disqualified Equity Interests of GLDD); provided, that the aggregate consideration paid by GLDD or any Subsidiary for all such acquisitions made pursuant to this subclause (i) on and after the Closing Date shall not exceed \$30,000,000, or (ii) the purchase or other acquisition of all or substantially all of the property and assets or business of, any Person or of assets constituting a business unit, a line of business or division of such Person, or of all of the Equity Interest in a Person that, upon the consummation thereof, will be a Subsidiary that is wholly owned directly by GLDD or one or more of its wholly owned Subsidiaries (including, without limitation, as a result of a merger or consolidation); provided, that any single acquisition may be effected through a combination of cash and non-cash consideration permitted under subclauses (i) and (ii) hereunder, provided, further, that with respect to each purchase or other acquisition:

(a) each newly created or acquired Subsidiary shall have complied with the requirements of Section 6.11 and Section 7.12 or made arrangements reasonably satisfactory to Agent for compliance within ten (10) Business Days after the effectiveness of such Permitted Acquisition;

(b) Borrowing Agent shall have provided at least ten (10) days prior written notice of such acquisition to Agent and shall have delivered to Agent a standard due diligence

package, including historical financial statements and projections, and a quality of earnings report, satisfactory to Agent,

(c) Borrowing Agent shall have certified on or before the closing date of such acquisition in writing and in a form reasonably acceptable to Agent, that such acquisition has been approved by the board of directors (or equivalent governing body) of the Person to be acquired (to the extent such approval is necessary);

(d) solely in the case and to the extent of purchases and acquisitions made pursuant to clause (ii) of this definition, the total cash and noncash consideration (including, without limitation, the fair market value of all Equity Interests issued or transferred to the sellers thereof, the amount (calculated in accordance with GAAP at the time contracted for) of earn-outs and other contingent payment obligations (except to the extent the payment obligations with respect to any such earn-out or other contingent obligation has been terminated or expired) to such sellers and all assumptions of Indebtedness in connection therewith) paid by GLDD and its Subsidiaries for any such purchase or other acquisition when aggregated with the total cash and noncash consideration paid by GLDD and its Subsidiaries for all other Permitted Acquisitions consummated after the Closing Date pursuant to clause (ii) of this definition does not exceed \$30,000,000;

(e) no later than two (2) Business Days (or such shorter period as may be acceptable to Agent) prior to the proposed closing date of such acquisition, Borrowing Agent shall have delivered to Agent a Responsible Officer's certificate therewith certifying that on a pro forma basis (based on the financial statements for the most recently ended fiscal month which have been secured by Agent and after giving effect to the Permitted Acquisition) the Fixed Charge Coverage Ratio of the end of each fiscal month ending during the one (1) year period following the closing of such acquisition is at least 1.10 to 1.00;

(f) no later than ten (10) Business Days (or such later time as may be reasonably acceptable to Agent) after the proposed closing date or such acquisition, GLDD, to the extent requested by Agent, shall have delivered to Agent promptly upon the finalization thereof copies of the final Permitted Acquisition documents;

(g) the Payment Conditions shall be satisfied;

(h) the assets being acquired (other than a de minimis amount of assets in relation to the assets being acquired) are located within the United States and the Person whose Equity Interests are being acquired is organized in a jurisdiction located within the United States; and

(i) Borrowing Agent shall have delivered to Agent at least one (1) Business Day (or such later time as may be reasonably acceptable to Agent) prior to the date on which any such Permitted Acquisition is to be consummated, a certificate of an officer, in form and substance reasonably satisfactory to Agent, certifying that all of the requirements set forth in this definition of Permitted Acquisition have been satisfied or will be satisfied on or prior to the consummation of such Permitted Acquisition. No assets acquired in any such transaction(s) shall

be included in the Formula Amount until Agent has received a collateral audit and appraisal of such assets, in form and substance reasonably acceptable to Agent. For the purposes of calculating Undrawn Availability under this definition, any assets being acquired in the proposed acquisition shall not be included in the Formula Amount.

"Permitted Argonaut Guaranty Obligations" shall mean Guaranty Obligations of GLDD to Argonaut under the Argonaut Agreement.

"Permitted Assignees" shall mean: (a) Agent, any Lender or any of their direct or indirect Affiliates; (b) any fund that is administered or managed by Agent or any Lender, an Affiliate of Agent or any Lender or a related entity; and (c) any Person to whom Agent or any Lender assigns its rights and obligations under this Agreement as part of an assignment and transfer of such Agent's or Lender's rights in and to a material portion of such Agent's or Lender's portfolio of asset-based credit facilities.

"Permitted Berkley Guaranty Obligations" shall mean Guaranty Obligations of GLDD to Berkley under the Berkley Agreement.

"Permitted Chubb Guaranty Obligations" shall mean Guaranty Obligations of GLDD to Chubb under the Chubb Agreement.

"Permitted Discretion" shall mean a determination made in good faith and in the exercise (from the perspective of a secured asset-based lender) of commercially reasonable business judgment.

"Permitted Dispositions" shall mean: (a) the sale of Inventory in the Ordinary Course of Business; (b) in the Ordinary Course of Business, the granting of (i) non-exclusive intellectual property licenses, (ii) leases, licenses, subleases or sublicenses of real property, (iii) bareboat charters of vessels with Agent's prior written consent, (iv) sub-bareboat charters of vessels, which (A) are not owned by Credit Parties and (B) are subject to bareboat charters in favor of Credit Parties, to Credit Parties or Affiliates, and (v) time charters of vessels to other Credit Parties, Affiliates or customers; provided that, with respect to subclauses (iii), (iv) and (v), the Credit Party entering into such charter shall cause the Liens on any Fleet Asset created under such charter or sub-charter to be subordinate to the Liens of Agent created under the Ship Mortgage (if any) covering such Fleet Asset; (c) the lapse or abandonment of registrations of immaterial intellectual property not necessary to the operation of Credit Parties' business; (d) intercompany dispositions of assets from a Credit Party to another Credit Party; (e) usage of cash or Cash Equivalents in the Ordinary Course of Business for purposes not prohibited under this Agreement; (f) issuances of Equity Interests to the extent not otherwise prohibited hereby; (g) Permitted Encumbrances; (h) transfers of assets as a result of an involuntary loss (including any eminent domain proceedings), damage or other casualty event; (i) the disposition of obsolete, worn-out or surplus Equipment (other than any Specified Fleet Asset) in the Ordinary Course of Business, including without limitation, in connection with an exchange for credit against the purchase price of similar replacement property; (j) the sale of Noon Island, so long as (i) no Default or Event of Default has occurred and is continuing or will result from such disposition, (ii) the Net Cash Proceeds received for such disposition are at least equal to \$[*],

(iii) the disposition is made on arm's length terms, and (iv) such disposition occurs on or before the December 31, 2017; (k) the sale of Sugar Island, so long as (i) no Default or Event of Default has occurred and is continuing or will result from such disposition, (ii) the terms (including the sales price) and conditions of such disposition are reasonably satisfactory to Agent, (iii) the disposition is made on arm's length terms, and (iv) such disposition occurs on or before the December 31, 2017; (l) dispositions of Fleet Assets, if all of the following conditions are met: (i) no Default or Event of Default has occurred and is continuing or will result from such disposition, (ii) the aggregate Net Orderly Liquidation Value of Fleet Assets of GLDD and its Subsidiaries sold or otherwise disposed of in any fiscal year does not exceed \$5,000,000, (iii) the consideration received for any such disposition is at least equal to the fair market value of the applicable assets and the disposition is otherwise made on arm's length terms, and (iv) at least eighty-five percent (85%) of the consideration received for any such disposition is cash or cash equivalents; and (m) other dispositions of Equipment (other than any Specified Fleet Asset) and Real Property, if all of the following conditions are met: (i) no Default or Event of Default has occurred and is continuing or will result from such disposition, (ii) the fair market value of Equipment and Real Property of GLDD and its Subsidiaries sold or otherwise disposed of in any fiscal year does not exceed \$2,000,000; provided, that an additional \$2,500,000 of Equipment and Real Property in the aggregate may be sold or otherwise disposed of under this subclause (m) in connection with the sale of Terra Contracting Services, LLC, (iii) the consideration received for any such disposition is at least equal to the fair market value of the applicable assets and the disposition is otherwise made on arm's length terms, and (iv) at least eighty-five percent (85%) of the consideration received for any such disposition is cash or cash equivalents.

"Permitted Encumbrances" shall mean: (a) Liens in favor of Agent for the benefit of Agent and Lenders, including without limitation, Liens securing Hedge Liabilities and Cash Management Liabilities; (b) Liens for taxes, assessments or other governmental charges not delinquent or being Properly Contested; (c) deposits to secure obligations under worker's compensation, social security or similar laws, or under unemployment insurance; (d) deposits to secure bids, tenders, contracts (other than contracts for the payment of money), leases, licenses, statutory obligations, surety, performance, litigation and appeal bonds and other obligations of like nature arising in the Ordinary Course of Business; (e) Liens arising by virtue of the rendition, entry or issuance against any Credit Party or any Subsidiary, or any property of any Credit Party or any Subsidiary, of any judgment, writ, order, or decree to the extent the rendition, entry, issuance or continued existence of such judgment, writ, order or decree (or any event or circumstance relating thereto) has not resulted in the occurrence of an Event of Default under Section 10.6 hereof; (f) landlords', warehousemen's, carriers', repairmen's, mechanics', suppliers' workers', materialmen's, maritime or other like Liens and privileges, in each case, arising in the Ordinary Course of Business with respect to obligations which are not due or which are being Properly Contested; (g) Liens placed upon fixed assets acquired after the Closing Date to secure a portion of the purchase price thereof (including Capitalized Lease Obligations), including any Lien on any fixed assets acquired in a Permitted Acquisition, provided that (I) any such Lien shall not encumber any other property of any Credit Party and (II) the aggregate amount of Indebtedness secured by such Liens does not at any time exceed the amount of Permitted Indebtedness outstanding pursuant to clause (e) of the definition thereof; (h) Liens solely on earnest money deposits made by any Credit Party or any Subsidiary in connection with a letter of intent or purchase agreement with respect to a Permitted Acquisition, (i) Liens in favor of

customs and revenue authorities arising as a matter of law which secure payment of customs duties in connection with the importation of goods in the Ordinary Course of Business, (j) zoning restrictions, easements, licenses, rights-of-way or other restrictions or encumbrances on the use of any real property or other minor irregularities in title (including leasehold title) thereto, so long as the same do not materially impair the use, value, or marketability of such real property; (k) precautionary Uniform Commercial Code financing statement filings regarding operating leases; (l) leases or subleases of real or personal property (other than Specified Fleet Assets where such lease constitutes a Permitted Disposition) granted to other Persons (as lessee thereof) not materially interfering with the conduct of the business of any Credit Party or any Subsidiary of a Credit Party; (m) Liens on deposit accounts granted or arising in the Ordinary Course of Business in favor of depository banks maintaining such deposit accounts solely to secure customary account fees and charges payable in respect of such deposit accounts and overdrafts not in violation of this Agreement; (n) Liens on the unearned portion of insurance premiums in favor of insurers (or other Persons financing the payment of insurance premiums) securing the premiums payable in respect of insurance policies issued by such insurers; provided that such Liens attach solely to returned premiums in respect of such insurance policies and the proceeds of such policies; (o) Liens disclosed on Schedule 1.2; provided that such Liens shall secure only those obligations which they secure on the Closing Date (and extensions, renewals and refinancing of such obligations permitted by Section 7.8 hereof) and shall not subsequently apply to any other property or assets of any Credit Party other than the property and assets to which they apply as of the Closing Date; (p) Liens on Release Eligible Specified Foreign Location Vessels for which Agent has released its Lien in accordance with the Foreign Location Release Conditions to secure Indebtedness permitted under clause (t) of the definition of Permitted Indebtedness; (q) Liens in favor of Argonaut, Chubb, Liberty and Zurich to secure obligations of Borrowers to Argonaut, Chubb, Liberty and Zurich arising in connection with Bonded Obligations so long as such liens are subordinate to Agent's Liens pursuant to the applicable Intercreditor Agreement, and (r) other non-consensual Liens not described above securing obligations, provided the aggregate outstanding amount of the obligations secured thereby does not exceed \$1,000,000 at any one time.

"Permitted Indebtedness" shall mean:

(a) the Obligations;

(b) Indebtedness in respect of Hedge Liabilities entered into in order to manage existing or anticipated interest rate, exchange rate or commodity price risks and not for speculative purposes;

(c) Indebtedness existing on the Closing Date and listed on Schedule 1.4 (other than Note Indenture Obligations), and any refinancings, refundings, renewals, replacements, exchanges or extensions thereof; provided that (i) the principal amount of such Indebtedness is not increased at the time of such refinancing, refunding, renewal, replacement, exchange or extension except by an amount equal to accrued and unpaid interest and a reasonable premium plus other reasonable amounts paid, and fees and expenses reasonably incurred, in connection with such refinancing and by an amount equal to any existing commitments unutilized thereunder, and (ii) the final maturity date and weighted average life of

such refinancing, refunding, renewal or extension shall not be prior to or shorter than that applicable to the Indebtedness prior to such refinancing, refunding, renewal or extension;

(d) Capitalized Lease Obligations and purchase money Indebtedness incurred by GLDD or any of its Subsidiaries to any Person to finance the acquisition, construction, maintenance, repair or improvement of assets, including any such Indebtedness incurred after the acquisition, construction, maintenance, repair or improvement of such assets, so long as in each case, the amount of such Indebtedness does not exceed one hundred percent (100%) of the purchase price, construction cost, maintenance cost, repair cost or improvement cost of the assets acquired, constructed, repaired or improved with the proceeds thereof and, in the case of Indebtedness incurred after the acquisition, construction, repair or improvement of the assets to be financed, such Indebtedness is incurred no later than one hundred twenty (120) days after such assets are acquired, constructed, repaired or improved; provided, that the aggregate principal amount of Indebtedness under this clause (d) shall not exceed \$20,000,000 at any time;

(e) Indebtedness of a Person consisting of Capitalized Lease Obligations and purchase money financing existing at the time such Person became a Subsidiary or assets were acquired from such Person in connection with a Permitted Acquisition, to the extent that (i) such Indebtedness was not incurred in connection with, or in contemplation of, such Person becoming a Subsidiary or the acquisition of such assets, (ii) neither GLDD nor any Subsidiary thereof (other than such Person or any other Person that such Person merges with or that acquires the assets of such Person) shall have any liability or other obligation with respect to such Indebtedness, and (iii) the aggregate outstanding principal amount of such Indebtedness does not exceed \$20,000,000 at any time outstanding;

(f) Guaranty Obligations with respect to Indebtedness permitted pursuant to this definition (other than in the case of the Magnus Earnout, which Indebtedness may not be guaranteed by any Person);

(g) Indebtedness arising from Permitted Intercompany Investments;

(h) Indebtedness incurred in the Ordinary Course of Business in respect of netting services, overdraft protections, employee credit card programs, automatic clearinghouse arrangements and similar arrangements in each case in connection with deposit accounts and Indebtedness arising from the honoring by a bank or other financial institution of a check, draft or other similar instrument drawn against insufficient funds in the Ordinary Course of Business;

(i) Subordinated Indebtedness of GLDD and its Subsidiaries; provided, that in the case of each incurrence of such Subordinated Indebtedness, (i) no Default or Event of Default shall have occurred and be continuing or would result by the incurrence of such Subordinated Indebtedness, (ii) the aggregate amount of Subordinated Indebtedness outstanding at any time does not exceed \$20,000,000, and (iii) Agent shall have received satisfactory written evidence that Borrowers would be in compliance with the financial covenants set forth in Section 6.5 on a pro forma basis after giving effect to the issuance of any such Subordinated Indebtedness;

(j) Indebtedness constituting Bonding Obligations;

(k) Unsecured Indebtedness consisting of promissory notes issued to current or former officers, directors and employees (or their respective family members, estates or trusts or other entities for the benefit of any of the foregoing) of GLDD or its Subsidiaries to purchase or redeem Equity Interests permitted hereunder; provided that the aggregate principal amount of all such Indebtedness shall not exceed \$5,000,000 at any time outstanding;

(l) Indebtedness constituting Note Indenture Obligations;

(m) Indebtedness incurred in the Ordinary Course of Business of GLDD and its Subsidiaries in the nature of open accounts (extended by suppliers on normal trade terms in connection with purchases of goods and services), accrued liabilities and deferred income, taxes and judgments or orders for the payment of money to the extent such judgments or orders do not result in any Event of Default or result in any Liens prohibited by Section 10.6;

(n) Indebtedness in respect of taxes, assessments, governmental charges and claims for labor, materials or supplies, to the extent that payment thereof is not required pursuant to Section 6.4;

(o) Indebtedness representing deferred compensation or stock-based compensation to employees of GLDD and its Subsidiaries;

(p) Indebtedness consisting of obligations of GLDD and its Subsidiaries under deferred consideration (including earn-outs, indemnifications, incentive non-competes, purchase price adjustments and other contingent obligations) or other similar arrangements incurred by such Person in connection with any Permitted Acquisitions, asset dispositions and any other Investments permitted under this Agreement; provided that the aggregate principal amount of all such Indebtedness shall not exceed \$10,000,000 in the aggregate at any time outstanding (calculated to include such amounts to the extent required to be included as liabilities in accordance with GAAP) and such Indebtedness shall be subordinated to the Obligations on terms reasonably satisfactory to Agent;

(q) Indebtedness consisting of the financing of insurance premiums in the Ordinary Course of Business;

(r) Unsecured Indebtedness of any Credit Party or any Subsidiary thereof in an aggregate principal amount not to exceed \$15,000,000;

(s) Permitted Argonaut Guaranty Obligations, Permitted Berkley Guaranty Obligations, Permitted Chubb Guaranty Obligations, Permitted Liberty Guaranty Obligations and Permitted Zurich Guaranty Obligations;

(t) secured Indebtedness financing (other than any Indebtedness incurred pursuant to clause (d)) but only so long as such secured Indebtedness is secured only by Release Eligible Specified Foreign Location Vessels with respect to which Agent has released its Lien in

accordance with the Foreign Location Release Conditions provided, that the aggregate principal amount of Indebtedness under this clause (t) shall not exceed \$30,000,000 at any time;

(u) Indebtedness consisting of the Magnus Earnout; and

(v) all premiums (if any), interest (including post-petition interest), fees, expenses, indemnities, charges and additional or contingent interest on obligations described in clauses (a) through (t) of this definition.

"Permitted Intercompany Investments" shall mean loans and other Investments made by:

(a) a Credit Party to another Credit Party;

(b) a Subsidiary of GLDD that is not a Credit Party to a Credit Party or a Subsidiary of a Credit Party so long as such Subsidiary is a party to the Intercompany Subordination Agreement if such loan or Investment is to a Credit Party; and

(c) a Credit Party to a Subsidiary of GLDD that is not a Credit Party consisting of loans and Investments so long as the aggregate amount of all such loans and other Investments (by type, not by the borrower) does not exceed \$5,000,000 (or such higher amount as Agent may agree to in its sole discretion) outstanding at any one time; provided, that notwithstanding the forgoing, a Credit Party may make loans and other Investments in a Subsidiary of GLDD that is not a Credit Party without limitation so long as the Payment Conditions have been satisfied.

"Permitted Investments" shall mean:

(a) Investments existing on the Closing Date, as set forth on Schedule 1.5;

(b) Investments in cash and Cash Equivalents;

(c) Investments existing on the Closing Date in Subsidiaries of GLDD existing on the Closing Date;

(d) Investments in the form of Capital Expenditures;

(e) deposits made in the Ordinary Course of Business to secure the performance of leases or other obligations so long as such deposits constitute Permitted Encumbrances;

(f) Hedge Liabilities permitted pursuant to clause (b) of the definition of Permitted Indebtedness;

(g) purchases of assets in the Ordinary Course of Business;

(h) (i) Investments in the form of loans and advances to officers, directors and employees in the Ordinary Course of Business in an aggregate amount not to exceed at any time

outstanding \$2,500,000 and (ii) Investments constituting loans to employees of GLDD and its Subsidiaries to purchase Equity Interests of GLDD not exceeding in the aggregate \$5,000,000 at any time outstanding;

(i) Investments constituting Permitted Intercompany Investments;

(j) Guaranty Obligations permitted pursuant to clause (f) of the definition of Permitted

Indebtedness;

(k) Investments in the form of accounts receivable arising, and trade credit granted, in the Ordinary Course of Business and any securities received in satisfaction or partial satisfaction thereof from financially troubled account debtors to the extent reasonably necessary in order to prevent or limit loss;

(l) Investments received in connection with the bankruptcy or reorganization of, or settlement of delinquent accounts and disputes with customers and suppliers, in each case in the Ordinary Course of Business;

(m) promissory notes and other non-cash consideration received in connection with dispositions permitted by clause (m) of the definition of Permitted Dispositions;

(n) Investments of any Person existing at the time such Person becomes a Subsidiary or consolidates or merges with any Credit Party or any of its Subsidiaries so long as such Investments were not made in contemplation of such Person becoming a Subsidiary or of such consolidation or merger;

(o) Permitted Acquisitions; and

(p) other Investments (including equity Investments in joint ventures and partnerships) in an aggregate amount not to exceed \$10,000,000 unless the Payment Conditions have been satisfied with respect to such Investment; provided, that (i) the aggregate amount of Investments under this clause (p) shall not exceed \$20,000,000 in the aggregate, and (ii) no equity Investments in joint ventures and partnerships shall be made without the prior written consent of the Required Lenders.

For purposes of determining the amount of any Investment outstanding for purposes of this Agreement, such amount shall be deemed to be the amount of such Investment when made or acquired (without adjustment for subsequent increases or decreases in the value of such Investment) less any amount realized in respect of such Investment upon the sale, collection, distribution, return of capital or repayment of principal (not to exceed the original amount invested).

"Permitted Liberty Guaranty Obligations" shall mean Guaranty Obligations of GLDD to Liberty under the Liberty Agreement.

"Permitted Restricted Payments" shall mean:

(a) each Subsidiary of GLDD may make Restricted Payments to GLDD and any Subsidiary of GLDD that is a Credit Party (and, in the case of a Restricted Payment by a non-wholly-owned Subsidiary of GLDD, to GLDD, any Subsidiary of GLDD that is a Credit Party and to each other owner of Equity Interests of such Subsidiary based on their relative ownership interests);

(b) GLDD and each Subsidiary of GLDD may declare and make dividend payments or other distributions payable solely in the Equity Interests (other than Disqualified Equity Interests) of such Person;

(c) GLDD may make Restricted Payments with the net cash proceeds from any substantially concurrent sale or issuance of Equity Interests (other than Disqualified Equity Interests) of GLDD;

(d) to the extent constituting Restricted Payments, GLDD and its Subsidiaries may enter into transactions expressly permitted as a Permitted Investment or by Section 7.1;

(e) GLDD may make Restricted Payments to redeem, retire or otherwise acquire Equity Interests or options or other equity or phantom equity in respect of Equity Interests from present and former directors, employees or members of management of GLDD or any Subsidiary of GLDD (or their estate, family members, spouse and/or former spouse) in connection with the resignation, termination, death or disability of any such director, employee or member of management, in an aggregate amount not to exceed (i) \$3,000,000 in any fiscal year and (ii) \$6,000,000 for all such Restricted Payments made after the Closing Date; provided that the amount set forth in this clause (e) may be further increased by the cash proceeds of any key-man life insurance maintained by GLDD or any of its Subsidiaries;

(f) to the extent constituting Restricted Payments, repurchases of Equity Interests of GLDD deemed to occur upon the non-cash exercise of stock options and warrants or similar equity incentive awards;

(g) GLDD may declare and make Restricted Payments in an aggregate amount during any fiscal year not to exceed an aggregate amount equal to \$7,500,000 so long as after giving effect to such Restricted Payment, the Payment Conditions are satisfied;

(h) GLDD or any Subsidiary of GLDD may (i) pay cash in lieu of fractional shares in connection with any dividend, split or combination thereof or any Permitted Acquisition and (ii) honor any conversion request by a holder of convertible Indebtedness and make cash payments in lieu of fractional shares in connection with any such conversion;

(i) GLDD or any Subsidiary of GLDD may refinance, refund, renew, extend or exchange any Subordinated Indebtedness permitted by clause (i) of the definition of Permitted Indebtedness and by any subordination agreement applicable thereto; and

(j) GLDD or any Subsidiary of GLDD may pay interest, expenses and indemnities in respect of Subordinated Indebtedness permitted by clause (i) of the definition of Permitted Indebtedness (other than any such payments prohibited by the subordination provisions thereof).

"Permitted Zurich Guaranty Obligations" shall mean Guaranty Obligations of GLDD to Zurich under that certain Guarantee and Indemnity Agreement dated as of April 23, 2014, executed by GLDD in favor of Zurich.

"Person" shall mean any individual, sole proprietorship, partnership, corporation, business trust, joint stock company, trust, unincorporated organization, association, limited liability company, limited liability partnership, institution, public benefit corporation, joint venture, entity or Governmental Body (whether federal, state, county, city, municipal or otherwise, including any instrumentality, division, agency, body or department thereof).

"Pledge Agreement" shall mean that certain Pledge Agreement executed by GLDD, GLDD LLC, Environmental and Solutions in favor of Agent dated as of the Closing Date and any other pledge agreements executed subsequent to the Closing Date by any other Person to secure the Obligations.

"PNC" shall have the meaning set forth in the preamble to this Agreement and shall extend to all of its successors and assigns.

"Preferred Maritime Availability Block" shall mean an amount equal to the greater of (i) \$5,000,000 and (ii) the aggregate amount of the Maritime Reserves.

"Primary Depository Institution" shall mean Bank of America, N.A. or any other Lender which Agent in its discretion shall approve.

"Pro Forma Balance Sheet" shall have the meaning set forth in Section 5.5(a) hereof.

"Pro Forma Financial Statements" shall have the meaning set forth in Section 5.5(b) hereof.

"Projections" shall have the meaning set forth in Section 5.5(b) hereof.

"Properly Contested" shall mean, in the case of any Indebtedness, Lien or Taxes, as applicable, of any Person that are not paid as and when due or payable by reason of such Person's bona fide dispute concerning its liability to pay the same or concerning the amount thereof: (a) such Indebtedness, Lien or Taxes, as applicable, are being properly contested in good faith by appropriate proceedings promptly instituted and diligently conducted; (b) such Person has established appropriate reserves as shall be required in conformity with GAAP; (c) the non-payment of such Indebtedness or Taxes will not have a Material Adverse Effect or will not result

in the forfeiture of any assets of such Person; (d) no Lien is imposed upon any of such Person's assets with respect to such Indebtedness or taxes unless enforcement of such Lien is stayed during the period prior to the final resolution or disposition of such dispute; and (e) if such Indebtedness or Lien, as applicable, results from, or is determined by the entry, rendition or issuance against a Person or any of its assets of a judgment, writ, order or decree, enforcement of such judgment, writ, order or decree is stayed pending a timely appeal or other judicial review.

"Protective Advances" shall have the meaning set forth in Section 16.2(f) hereof.

"Published Rate" shall mean the rate of interest published each Business Day in the Wall Street Journal "Money Rates" listing under the caption "London Interbank Offered Rates" for a one month period (or, if no such rate is published therein for any reason, then the Published Rate shall be the LIBOR Rate for a one month period as published in another publication selected by Agent).

"Purchasing CLO" shall have the meaning set forth in Section 16.3(d) hereof.

"Purchasing Lender" shall have the meaning set forth in Section 16.3(c) hereof.

"Qualified ECP Loan Party" shall mean each Borrower or Guarantor that on the Eligibility Date is (a) a corporation, partnership, proprietorship, organization, trust, or other entity other than a "commodity pool" as defined in Section 1a(10) of the CEA and CFTC regulations thereunder that has total assets exceeding \$10,000,000 or (b) an Eligible Contract Participant that can cause another person to qualify as an Eligible Contract Participant on the Eligibility Date under Section 1a(18)(A)(v)(II) of the CEA by entering into or otherwise providing a "letter of credit or keepwell, support, or other agreement" for purposes of Section 1a(18)(A)(v)(II) of the CEA.

"Real Property" shall mean all of the owned or leased premises of any Credit Party identified on Schedule 4.4 hereto and all of the hereafter owned or leased premises of any Credit Party.

"Real Estate Collateral Requirements" shall mean, with respect to the owned Real Property of the Credit Parties, Agent shall have received, after satisfaction of the requirements set forth below, a Mortgage for such Real Property in form and substance reasonably acceptable to Agent and suitable for recording or filing, together with (to the Agent and each Lender), no later than thirty (30) Business Days prior to the delivery of such Mortgage, the following documents and instruments, in order to comply with all Flood Laws: (a) a completed standard flood hazard determination form and (b) if the improvement(s) to the improved real property is located in a special flood hazard area, a notification to Borrowing Agent ("Borrower Notice") and, if applicable, notification to Borrowing Agent that flood insurance coverage under the National Flood Insurance Program ("NFIP") is not available because the community does not participate in the NFIP, documentation evidencing Borrowing Agent's receipt of the Borrower Notice, (c) if the Borrower Notice is required to be given and flood insurance is available in the community in which the property is located, a copy of the flood insurance policy, Borrowing Agent's application for a flood insurance policy plus proof of premium payment, a declaration

page confirming that flood insurance has been issued, or such other evidence of flood insurance satisfactory to Agent and each Lender, and (d) such other documentation and information as Agent or any Lender shall request to comply with the Flood Laws; provided that no mortgage shall be executed with respect to any owned Real Property unless and until each Lender has confirmed in writing its satisfaction with flood insurance due diligence and compliance.

"Receivables" shall mean and include, as to each Credit Party, all of such Credit Party's accounts (as defined in Article 9 of the Uniform Commercial Code) and all of such Credit Party's contract rights, instruments (including those evidencing indebtedness owed to such Credit Party by its Affiliates), documents, chattel paper (including electronic chattel paper), general intangibles relating to accounts, contract rights, instruments, documents and chattel paper, and drafts and acceptances, credit card receivables and all other forms of obligations owing to such Credit Party arising out of or in connection with the sale or lease of Inventory or the rendition of services, all supporting obligations, guarantees and other security therefor, whether secured or unsecured, now existing or hereafter created, and whether or not specifically sold or assigned to Agent hereunder.

"Receivables Advance Rate" shall have the meaning set forth in Section 2.1(a)(z)(i) hereof.

"Release Eligible Specified Foreign Location Vessels" shall mean the six Documented Vessels identified on Schedule 1.3 as Release Eligible Specified Foreign Location Vessels as of the Closing Date. For the avoidance of doubt, any Fleet Asset designated as a Specified Foreign Location Vessel after the Closing Date shall not be a Release Eligible Specified Foreign Location Vessel.

"Register" shall have the meaning set forth in Section 16.3(e) hereof.

"Reimbursement Obligation" shall have the meaning set forth in Section 2.14(b) hereof.

"Reportable Compliance Event" shall mean that any Covered Entity becomes a Sanctioned Person, or is charged by indictment, criminal complaint or similar charging instrument, arraigned, or custodially detained in connection with any Anti-Terrorism Law or any predicate crime to any Anti-Terrorism Law, or has knowledge of facts or circumstances to the effect that it is reasonably likely that any aspect of its operations is in actual or probable violation of any Anti-Terrorism Law.

"Required Lenders" shall mean Lenders (not including Swing Loan Lender (in its capacity as such Swing Loan Lender) or any Defaulting Lender) holding at least fifty and one-tenth percent (50.1%) of either (a) the aggregate of the Revolving Commitment Amounts of all Lenders (excluding any Defaulting Lender), or (b) after the termination of all commitments of Lenders hereunder, the sum of (x) the outstanding Revolving Advances and Swing Loans, plus the Dollar Equivalent of the Maximum Undrawn Amount of all outstanding Letters of Credit; provided, however, if there are two (2) or more Lenders (who are not Affiliates of one another), Required Lenders must include at least two (2) Lenders (who are not Affiliates of one another).

"Reserve Percentage" shall mean as of any day the maximum effective percentage in effect on such day as prescribed by the Board of Governors of the Federal Reserve System (or any successor) for determining the reserve requirements (including supplemental, marginal and emergency reserve requirements) with respect to eurocurrency funding (currently referred to as "Eurocurrency Liabilities").

"Responsible Officer" shall mean the chief executive officer, president, chief financial officer, controller, treasurer, assistant treasurer or similar officer of a Credit Party and, as to any document delivered on the Closing Date, any secretary or assistant secretary. Any document delivered hereunder or under any Other Document that is signed by a Responsible Officer of a Person shall be conclusively presumed to have been authorized by all necessary corporate, partnership and/or other action on the part of such Person and such Responsible Officer shall be conclusively presumed to have acted on behalf of such Person.

"Restricted Payments" shall mean (a) any payment or other distribution on account of, or purchase, redeem, retire or otherwise acquire (directly or indirectly), or set apart assets for a sinking or other analogous fund for the purchase, redemption, retirement or other acquisition of, any class of Equity Interests of any Credit Party or any Subsidiary thereof, (b) any distribution of cash, property or assets to the holders of shares of any Equity Interests of any Credit Party or any Subsidiary thereof, or (c) any voluntary or mandatory redemption, repurchase, retirement, sinking fund payment or other payment of principal with respect to any Subordinated Indebtedness, or the Note Indenture Obligations (other than in connection with a Permitted Note Refinancing), or any voluntary prepayment of interest with respect to any Subordinated Indebtedness or the Note Indenture Obligations (other than in connection with a Permitted Note Refinancing).

"Revolving Advances" shall mean Advances other than Letters of Credit and the Swing Loans.

"Revolving Commitment" shall mean, as to any Lender, the obligation of such Lender (if applicable), to make Revolving Advances and participate in Swing Loans and Letters of Credit, in an aggregate principal and/or face amount not to exceed the Revolving Commitment Amount (if any) of such Lender.

"Revolving Commitment Amount" shall mean, as to any Lender, the Revolving Commitment amount (if any) set forth below such Lender's name on the signature page hereto (as such amount may be adjusted pursuant to Section 2.20(a) and Section 2.24 or, in the case of any Lender that became party to this Agreement after the Closing Date pursuant to Section 16.3(c) or (d) hereof, the Revolving Commitment amount (if any) of such Lender as set forth in the applicable Commitment Transfer Supplement as such amount may be adjusted pursuant to Section 2.20(a) and Section 2.24).

"Revolving Commitment Percentage" shall mean, as to any Lender, the Revolving Commitment Percentage (if any) set forth below such Lender's name on the signature page hereof (as such percentage may be adjusted pursuant to Section 2.24 or, in the case of any Lender that became party to this Agreement after the Closing Date pursuant to Section 16.3(c) or

(d) hereof, the Revolving Commitment Percentage (if any) of such Lender as set forth in the applicable Commitment Transfer Supplement as such percentage may be adjusted pursuant to Section 2.24).

"Revolving Credit Note" shall mean, collectively, the promissory notes referred to in Section 2.1(a) hereof.

"Revolving Interest Rate" shall mean (a) with respect to Revolving Advances that are Domestic Rate Loans and Swing Loans, an interest rate per annum equal to the sum of the Applicable Margin plus the Alternate Base Rate and (b) with respect to LIBOR Rate Loans, the sum of the Applicable Margin plus the LIBOR Rate.

"Sanctioned Country" shall mean a country subject to a sanctions program maintained under any Anti-Terrorism Law.

"Sanctioned Person" shall mean any individual person, group, regime, entity or thing listed or otherwise recognized as a specially designated, prohibited, sanctioned or debarred person, group, regime, entity or thing, or subject to any limitations or prohibitions (including but not limited to the blocking of property or rejection of transactions), under any Anti-Terrorism Law.

"SEC" shall mean the Securities and Exchange Commission or any successor thereto.

"Secured Parties" shall mean, collectively, Agent, Issuer, Swing Loan Lender and Lenders, together with any Affiliates of Agent or any Lender to whom any Hedge Liabilities or Cash Management Liabilities are owed and with each other holder of any of the Obligations, and the respective successors and assigns of each of them.

"Securities Act" shall mean the Securities Act of 1933, as amended.

"Settlement" shall have the meaning set forth in Section 2.6(d) hereof.

"Settlement Date" shall have the meaning set forth in Section 2.6(d) hereof.

"Settlement Payment Reserve" an amount equal to the aggregate outstanding payment obligations of GLDD LLC described in Section 7 of the ATB Settlement Agreement, which amount for the avoidance of doubt, shall reduce at such times and in such amounts as each payment under the ATB Settlement Agreement is made by GLDD LLC.

"Ship Mortgages" shall mean (a) with respect to Documented Vessels flagged in the United States, the Closing Date US Ship Mortgage and any first preferred fleet mortgage in substantially the same form as the Closing Date US Ship Mortgage, (b) with respect to Documented Vessels flagged in The Republic of the Marshall Islands, the Closing Date Marshall Islands Ship Mortgage and any first preferred fleet mortgage in substantially the same form as the Closing Date Marshall Islands Ship Mortgage, and (c) with respect to Documented Vessels flagged in St. Kitts, the Closing Date St. Kitts Ship Mortgage and any statutory form of mortgage (Form A8) prescribed by the St. Christopher & Nevis Merchant Shipping Act, Chapter 7.05 of

the laws of St. Christopher and Nevis and any first preferred fleet mortgage deed in substantially the same form as the Closing Date St. Kitts Ship Mortgage.

"Specified Fleet Asset" shall mean any Documented Vessel, the ATB Assets, any New Fleet Asset acquired for a purchase price in excess of \$250,000, and any other Fleet Asset subject to an Acceptable Appraisal with a Net Orderly Liquidation Value in excess of \$250,000.

"Specified Foreign Location Vessels" shall mean the Documented Vessels identified on Schedule 1.3 as Specified Foreign Location Vessels and any other Fleet Assets designated by Agent in writing after the Closing Date as Specified Foreign Location Vessels.

"Specified Secured Debt" shall mean, as of any date of determination, Permitted Indebtedness under clauses (c) (to the extent such Indebtedness is secured), (d), (e) and (t) of the definition thereof on such date and other secured Indebtedness (other than the Advances).

"Spot Rate" shall mean, for a currency, the rate determined by Agent to be the rate quoted by PNC acting in such capacity as the spot rate for the purchase by PNC of such currency with another currency through its principal foreign exchange trading office at approximately 11:00 a.m. (New York time) on the date two Business Days prior to the date as of which the foreign exchange computation is made; provided, that Agent may obtain such spot rate from another financial institution designated by Agent if PNC acting in such capacity does not have as of the date of determination a spot buying rate for any such currency.

"Subordinated Indebtedness" shall mean the collective reference to any Indebtedness incurred by GLDD or any of its Subsidiaries that is expressly subordinated in right and time of payment to the Obligations on terms and conditions satisfactory to Agent.

"Subsidiary" shall mean of any Person a corporation or other entity of whose Equity Interests having ordinary voting power (other than Equity Interests having such power only by reason of the happening of a contingency) to elect a majority of the directors of such corporation, or other Persons performing similar functions for such entity, are owned, directly or indirectly, by such Person.

"Supermajority Lenders" shall mean Lenders (not including Swing Loan Lender (in its capacity as such Swing Loan Lender) or any Defaulting Lender) holding at least sixty-six and two-thirds percent (66.66%) of either (a) the aggregate of the Revolving Commitment Amounts of all Lenders (excluding any Defaulting Lender), or (b) after the termination of all commitments of Lenders hereunder, the sum of the outstanding Revolving Advances and Swing Loans, plus the Dollar Equivalent of the Maximum Undrawn Amount of all outstanding Letters of Credit; provided, however, if there are two (2) or more Lenders (who are not Affiliates of one another), Supermajority Lenders must include at least two (2) Lenders (who are not Affiliates of one another).

"Surety" shall mean, collectively, (a) Argonaut, (b) Berkley, (c) Chubb, (d) Liberty, (e) Zurich and (f) any other surety party to a Bonding Agreement.

"Swap" shall mean any "swap" as defined in Section 1a(47) of the CEA and regulations thereunder, other than (a) a swap entered into, or subject to the rules of, a board of trade designated as a contract market under Section 5 of the CEA, or (b) a commodity option entered into pursuant to CFTC Regulation 32.3(a).

"Swap Obligation" shall mean any obligation to pay or perform under any agreement, contract or transaction that constitutes a Swap which is also a Lender-Provided Interest Rate Hedge, or a Lender-Provided Foreign Currency/Commodity Hedge.

"Swing Loan Lender" shall mean PNC, in its capacity as lender of the Swing Loans.

"Swing Loan Note" shall mean the promissory note described in Section 2.4(a) hereof.

"Swing Loans" shall mean the Advances made pursuant to Section 2.4 hereof.

"Taxes" shall mean all present or future taxes, levies, imposts, duties, deductions, withholdings, assessments, fees or other charges imposed by any Governmental Body, including any interest, additions to tax or penalties applicable thereto.

"Term" shall mean the period commencing on the date hereof and ending on the Maturity Date.

"Termination Event" shall mean the occurrence of any of the following which, individually or in the aggregate, has resulted or would, individually or in the aggregate, reasonably be expected to result in liability of GLDD in an aggregate amount in excess of the Threshold Amount: (a) a "Reportable Event" described in Section 4043 of ERISA for which the thirty (30) day notice requirement has not been waived by the PBGC, or (b) the withdrawal of any Credit Party or any ERISA Affiliate from a Pension Plan during a plan year in which it was a "substantial employer" as defined in Section 4001(a)(2) of ERISA or a cessation of operations that is treated as such a withdrawal under Section 4062(e) of ERISA, or (c) the termination of a Pension Plan, the filing of a notice of intent to terminate a Pension Plan or the treatment of a Pension Plan amendment as a termination, under Section 4041 of ERISA, if the plan assets are not sufficient to pay all plan liabilities, or (d) the institution of proceedings to terminate, or the appointment of a trustee with respect to, any Pension Plan by the PBGC, or (e) any other event or condition which would constitute grounds under Section 4042(a) of ERISA for the termination of, or the appointment of a trustee to administer, any Pension Plan, or (f) the imposition of a Lien pursuant to Section 430(k) of the Code or Section 303 of ERISA, or (g) the determination that any Pension Plan or Multiemployer Plan is considered an at-risk plan or plan in endangered or critical status with the meaning of Sections 430, 431 or 432 of the Code or Sections 303, 304 or 305 of ERISA or (h) the partial or complete withdrawal of any Credit Party or any ERISA Affiliate from a Multiemployer Plan if withdrawal liability is asserted by such plan, or (i) any event or condition which results in the insolvency of a Multiemployer Plan, or (j) any event or condition which results in the termination of a Multiemployer Plan under Section 4041A of ERISA or the institution by PBGC of proceedings to terminate a Multiemployer Plan under Section 4042 of ERISA, or (k) the imposition of any liability under Title IV of ERISA, other

than for PBGC premiums due but not delinquent under Section 4007 of ERISA, upon any Credit Party or any ERISA Affiliate.

"TerraSea Matter" shall mean the dispute between GLDD and Environmental Remediation Holdings related to the TerraSea Environmental Solutions joint venture.

"Threshold Amount" shall mean \$10,000,000.

"Toxic Substance" shall mean and include any material present on the Real Property which has been shown to have significant adverse effect on human health or which is subject to regulation under the Toxic Substances Control Act (TSCA), 15 U.S.C. §§ 2601 et seq., applicable state law, or any other applicable Federal or state laws now in force or hereafter enacted relating to toxic substances. "Toxic Substance" includes but is not limited to asbestos, polychlorinated biphenyls (PCBs) and lead-based paints.

"Transaction Costs" shall mean all fees, expenses, costs, and other amounts related to (i) the Transactions, (ii) any amendments, consents or waivers of this Agreement and the Other Documents (including all such fees, expenses, costs and other amounts incurred during any workout, restructuring or negotiations in respect thereof), in each case, whether or not consummated, and (iii) any Permitted Acquisitions, whether or not consummated (including, without limitation, any financing fees, merger and acquisition fees, legal fees and expenses, due diligence fees, appraisal fees or any other fees and expenses in connection therewith), in each case to the extent paid within one hundred eighty (180) days of either the Closing Date, such amendment, consent or waiver of this Agreement and the Other Documents, or such Permitted Acquisition, as applicable.

"Transactions" shall have the meaning set forth in Section 5.5(a) hereof.

"Transferee" shall have the meaning set forth in Section 16.3(d) hereof.

"Undrawn Availability" at a particular date shall mean an amount equal to (a) Availability, minus (b) the sum of the outstanding amount of Advances.

"Unfinanced Capital Expenditures" shall mean, with respect to GLDD on a Consolidated Basis, Capital Expenditures funded (a) from such internally generated cash flow of GLDD on a Consolidated Basis or (b) with the proceeds of a Revolving Advance or Swing Loan.

"Uniform Commercial Code" shall have the meaning set forth in Section 1.3 hereof.

"Unused Line Fee" shall mean, for any calendar month, (a) three-eighths of one percent (0.375%) per annum if the average daily Advances for such month, are less than fifty percent (50%) of the Maximum Revolving Advance Amount, and (b) one-quarter of one percent (0.25%) per annum if the average daily Advances for such month are equal to or greater than fifty percent (50%) of the Maximum Revolving Advance Amount.

"USA PATRIOT Act" shall mean the Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism Act of 2001, Public Law 107-56, as the same has been, or shall hereafter be, renewed, extended, amended or replaced.

"U.S. Person" means a "United States Person" as defined in Section 7701(a)(30) of the Code.

"Write-Down and Conversion Powers" shall mean, with respect to any EEA Resolution Authority, the write-down and conversion powers of such EEA Resolution Authority from time to time under the Bail-In Legislation for the applicable EEA Member Country, which write-down and conversion powers are described in the EU Bail-In Legislation Schedule.

"Zurich" shall mean Zurich American Insurance Company.

"Zurich Agreement" shall mean that certain Agreement of Indemnity dated as of September 7, 2011 by and among the Borrowers, Zurich and the other parties thereto from time to time, as amended by that certain First Rider to General Agreement of Indemnity dated as of Mary 31, 2012 by and among the Borrowers, Zurich and the other parties thereto.

Uniform Commercial Code Terms

. All terms used herein and defined in the Uniform Commercial Code as adopted in the State of New York from time to time (the "Uniform Commercial Code") shall have the meaning given therein unless otherwise defined herein. Without limiting the foregoing, the terms "accounts", "chattel paper" (and "electronic chattel paper" and "tangible chattel paper"), "commercial tort claims", "deposit accounts", "documents", "equipment", "financial asset", "fixtures", "general intangibles", "goods", "instruments", "inventory", "investment property", "letter-of-credit rights", "payment intangibles", "proceeds", "promissory note" "securities", "software" and "supporting obligations" as and when used in the description of Collateral shall have the meanings given to such terms in Articles 8 or 9 of the Uniform Commercial Code. To the extent the definition of any category or type of collateral is expanded by any amendment, modification or revision to the Uniform Commercial Code, such expanded definition will apply automatically as of the date of such amendment, modification or revision.

Certain Matters of Construction

. The terms "herein", "hereof" and "hereunder" and other words of similar import refer to this Agreement as a whole and not to any particular section, paragraph or subdivision. All references herein to Articles, Sections, Exhibits and Schedules shall be construed to refer to Articles and Sections of, and Exhibits and Schedules to, this Agreement. Any pronoun used shall be deemed to cover all genders. Wherever appropriate in the context, terms used herein in the singular also include the plural and vice versa. All references to statutes and related regulations shall include any amendments of same and any successor statutes and regulations. Unless otherwise provided, all references to any instruments or agreements to which Agent is a party, including references to any of the Other Documents, shall include any and all modifications, supplements or amendments thereto, any and all restatements or replacements thereof and any and all extensions or renewals thereof. All references herein to the time of day shall mean the time in New York, New York. Unless otherwise provided, all financial calculations shall be performed with Inventory valued on a first-

in, first-out basis. Whenever the words "including" or "include" shall be used, such words shall be understood to mean "including, without limitation" or "include, without limitation". A Default or an Event of Default shall be deemed to exist at all times during the period commencing on the date that such Default or Event of Default occurs to the date on which such Default or Event of Default is waived in writing pursuant to this Agreement or, in the case of a Default, is cured within any period of cure expressly provided for in this Agreement; and an Event of Default shall "continue" or be "continuing" until such Event of Default has been waived in writing by Required Lenders. Any Lien referred to in this Agreement or any of the Other Documents as having been created in favor of Agent, any agreement entered into by Agent pursuant to this Agreement or any of the Other Documents, any payment made by or to or funds received by Agent pursuant to or as contemplated by this Agreement or any of the Other Documents, or any act taken or omitted to be taken by Agent, shall, unless otherwise expressly provided, be created, entered into, made or received, or taken or omitted, for the benefit or account of Agent and Lenders. Wherever the phrase "to the best of Borrowers' knowledge" or words of similar import relating to the knowledge or the awareness of any Borrower are used in this Agreement or Other Documents, such phrase shall mean and refer to (i) the actual knowledge of a Responsible Officer of any Borrower or (ii) the knowledge that a Responsible Officer would have obtained if he/she had engaged in a good faith and diligent performance of his/her duties, including the making of such reasonably specific inquiries as may be necessary of the employees or agents of such Borrower and a good faith attempt to ascertain the existence or accuracy of the matter to which such phrase relates. All covenants hereunder shall be given independent effect so that if a particular action or condition is not permitted by any of such covenants, the fact that it would be permitted by an exception to, or otherwise within the limitations of, another covenant shall not avoid the occurrence of a default if such action is taken or condition exists. In addition, all representations and warranties hereunder shall be given independent effect so that if a particular representation or warranty proves to be incorrect or is breached, the fact that another representation or warranty concerning the same or similar subject matter is correct or is not breached will not affect the incorrectness of a breach of a representation or warranty hereunder. Any reference herein or in any Other Document to the satisfaction, repayment, or payment in full of the Obligations shall mean (a) the payment or repayment in full in immediately available funds of (i) the principal amount of, and interest accrued and unpaid with respect to, all outstanding Advances, together with the payment of any premium applicable to the repayment of the Advances, (ii) all expenses to which Agent, any Lender or Issuer is entitled to reimbursement hereunder or under any Other Document that have accrued and are unpaid regardless of whether demand has been made therefor, (iii) all fees or charges that have accrued hereunder or under any Other Document (including the Letter of Credit fees) and are unpaid, (b) in the case of contingent reimbursement obligations with respect to Letters of Credit, providing Cash Collateralization of the Letters of Credit in accordance herewith, (c) in the case of Cash Management Liabilities, providing cash collateralization in an amount equal to the credit exposure (as reasonably determined by Agent) with respect thereto, (d) the receipt by Agent of cash collateral in order to secure any other contingent Obligations for which a claim or demand for payment has been made on or prior to such time or in respect of matters or circumstances known to Agent or a Lender at such time that are reasonably expected to result in any loss, cost, damage, or expense (including attorneys' fees and legal expenses), such cash collateral to be in such amount as Agent reasonably determines is appropriate to secure

such contingent Obligations, (e) the payment or repayment in full in immediately available funds of all other outstanding Obligations (including the payment of any termination amount then applicable (or which would or could become applicable as a result of the repayment of the other Obligations) with respect to Hedge Liabilities) other than (i) unasserted contingent indemnification Obligations for which there is no reasonable basis to assume a claim will be asserted, (ii) any Cash Management Liabilities that, at such time, are allowed by the applicable Lender (or Affiliate) to remain outstanding without being required to be repaid or cash collateralized, and (iii) any Hedge Liabilities that, at such time, are allowed by the applicable Lender (or Affiliate) to remain outstanding without being required to be repaid, and (f) the termination of all of the Revolving Commitments of the Lenders.

II. ADVANCES, PAYMENTS.

2.1 Revolving Advances.

(a) Amount of Revolving Advances. Subject to the terms and conditions set forth in this Agreement specifically including Section 2.1(b), each Lender with a Revolving Commitment, severally and not jointly, will make Revolving Advances to Borrowers in aggregate amounts outstanding at any time equal to such Lender's Revolving Commitment Percentage of the amount by which Availability exceeds the sum of the aggregate Dollar Equivalent of the Maximum Undrawn Amount of all outstanding Letters of Credit and the outstanding amount of Swing Loans. For purposes hereof, the "Gross Amount" shall mean as of any date of determination the least of (x) the Maximum Revolving Advance Amount, (y) the product of EBITDA for the most recently ended twelve month period for which financial statements have been delivered pursuant to Section 9.9 multiplied by 3.75; provided that such multiple shall be reduced by 0.25 on January 1, 2018 and on the first day of each fiscal year thereafter until reduced to 3.00, less Specified Secured Debt, or (z) an amount equal to the sum of:

(i) the sum of up to eighty-five percent (85%) (the "Receivables Advance Rate") of Eligible Receivables, plus

(ii) up to the Equipment / Fleet Assets Advance Rate in effect as of such date multiplied by the Net Orderly Liquidation Value (as evidenced by the most recent Acceptable Appraisal) of Eligible Equipment and Eligible Fleet Assets, plus

(iii) up to one hundred percent (100%) of the invoice cost (net of freight, taxes, delivery, installation and other "soft costs") of Eligible New Fleet Assets (the "New Fleet Assets Advance Rate"; the New Fleet Assets Advance Rate, together with the Receivables Advance Rate, the Equipment/ Fleet Assets Advance Rate, collectively, the "Advance Rates");

provided, that (A) availability attributable to Eligible Fleet Assets and Eligible New Fleet Assets located in foreign jurisdictions shall not at any time exceed the Foreign Location Sublimit, (B) availability attributable to Eligible New Fleet Assets (other than the ATB Assets) shall not at any time exceed \$50,000,000 and (C) Agent may establish reserves (including without limitation

reserves related to Cash Management Liabilities and Hedge Liabilities) against the Formula Amount as Agent may reasonably deem proper and necessary in its Permitted Discretion from time to time but such reserves shall not be duplicative of any reserves established against the Gross Amount. The amount derived in Section 2.1(a)(z) at any time and from time to time shall be referred to as the "Formula Amount". The Revolving Advances shall be evidenced by one or more secured promissory notes (collectively, the "Revolving Credit Note") substantially in the form attached hereto as Exhibit 2.1(a). Notwithstanding anything to the contrary contained in the foregoing or otherwise in this Agreement, the sum of the aggregate Dollar Equivalent of the Maximum Undrawn Amount of all outstanding Letters of Credit, the outstanding aggregate principal amount of Swing Loans and the Revolving Advances at any one time outstanding shall not exceed an amount equal to the Availability at such time.

(b) Discretionary Rights. The Advance Rates may be adjusted by Agent at any time and from time to time in the exercise of its Permitted Discretion; provided, that at no time may any Advance Rate be increased by Agent to an amount in excess of such Advance Rate as of the Closing Date. Each Borrower consents to any such adjustments and acknowledges that adjusting the Advance Rates or increasing or imposing reserves may limit or restrict Advances requested by Borrowing Agent.

2.2 Procedures for Requesting Revolving Advances.

(a) Borrowing Agent on behalf of any Borrower may notify Agent prior to 1:00 p.m. on a Business Day of a Borrower's request to incur, on that day, a Revolving Advance hereunder. Should any amount required to be paid as interest hereunder, or as fees or other charges under this Agreement or any other agreement with Agent or Lenders, or with respect to any other Obligation under this Agreement, become due, same shall be deemed a request for a Revolving Advance maintained as a Domestic Rate Loan as of the date such payment is due, in the amount required to pay in full such interest, fee, charge or Obligation, and such request shall be irrevocable.

(b) Notwithstanding the provisions of subsection (a) above, in the event any Borrower desires to obtain a LIBOR Rate Loan for any Advance (other than a Swing Loan), Borrowing Agent shall give Agent written notice by no later than 1:00 p.m. on the day which is three (3) Business Days prior to the date such LIBOR Rate Loan is to be borrowed, specifying (i) the date of the proposed borrowing (which shall be a Business Day), (ii) the type of borrowing and the amount of such Advance to be borrowed, which amount shall be in a minimum amount of \$1,000,000 and in integral multiples of \$500,000 thereafter, and (iii) the duration of the first Interest Period therefor. Interest Periods for LIBOR Rate Loans shall be for one, two, three or six months; provided that, if an Interest Period would end on a day that is not a Business Day, it shall end on the next succeeding Business Day unless such day falls in the next succeeding calendar month in which case the Interest Period shall end on the next preceding Business Day. At the election of Required Lenders, no LIBOR Rate Loan shall be made available to any Borrower during the continuance of a Default or an Event of Default. After giving effect to each requested LIBOR Rate Loan, including those which are converted from a Domestic Rate Loan under Section 2.2(e), there shall not be outstanding more than ten (10) LIBOR Rate Loans, in the aggregate.

(c) Each Interest Period of a LIBOR Rate Loan shall commence on the date such LIBOR Rate Loan is made and shall end on such date as Borrowing Agent may elect as set forth in subsection (b)(iii) above, provided that the exact length of each Interest Period shall be determined in accordance with the practice of the interbank market for offshore Dollar deposits and no Interest Period shall end after the last day of the Term.

(d) Borrowing Agent shall elect the initial Interest Period applicable to a LIBOR Rate Loan by its notice of borrowing given to Agent pursuant to Section 2.2(b) or by its notice of conversion given to Agent pursuant to Section 2.2(e), as the case may be. Borrowing Agent shall elect the duration of each succeeding Interest Period by giving irrevocable written notice to Agent of such duration not later than 1:00 p.m. on the day which is three (3) Business Days prior to the last day of the then current Interest Period applicable to such LIBOR Rate Loan. If Agent does not receive timely notice of the Interest Period elected by Borrowing Agent, Borrowing Agent shall be deemed to have elected to convert such LIBOR Rate Loan to a Domestic Rate Loan subject to Section 2.2(e) below.

(e) Subject to Section 2.2(b) and the other provisions hereof, Borrowing Agent may, on the last Business Day of the then current Interest Period applicable to any outstanding LIBOR Rate Loan, or on any Business Day with respect to Domestic Rate Loans, convert any such loan into a loan of another type in the same aggregate principal amount provided that any conversion of a LIBOR Rate Loan shall be made only on the last Business Day of the then current Interest Period applicable to such LIBOR Rate Loan. If Borrowing Agent desires to convert a loan, Borrowing Agent shall give Agent written notice by no later than 1:00 p.m. (i) on the day which is three (3) Business Days prior to the date on which such conversion is to occur with respect to a conversion from a Domestic Rate Loan to a LIBOR Rate Loan, or (ii) on the day which is one (1) Business Day prior to the date on which such conversion is to occur (which date shall be the last Business Day of the Interest Period for the applicable LIBOR Rate Loan) with respect to a conversion from a LIBOR Rate Loan to a Domestic Rate Loan, specifying, in each case, the date of such conversion, the loans to be converted and if the conversion is to a LIBOR Rate Loan, the duration of the first Interest Period therefor.

(f) At its option and upon written notice given prior to 1:00 p.m. at least three (3) Business Days prior to the date of such prepayment, any Borrower may, subject to Section 2.2(g) hereof, prepay the LIBOR Rate Loans in whole at any time or in part from time to time with accrued interest on the principal being prepaid to the date of such repayment. Such Borrower shall specify the date of prepayment of Advances which are LIBOR Rate Loans and the amount of such prepayment. In the event that any prepayment of a LIBOR Rate Loan is required or permitted on a date other than the last Business Day of the then current Interest Period with respect thereto, such Borrower shall indemnify Agent and Lenders therefor in accordance with Section 2.2(g) hereof.

(g) Each Borrower shall indemnify Agent and Lenders and hold Agent and Lenders harmless from and against any and all losses or expenses that Agent and Lenders may sustain or incur as a consequence of any prepayment, conversion of or any default by any Borrower in the payment of the principal of or interest on any LIBOR Rate Loan or failure by any Borrower to complete a borrowing of, a prepayment of or conversion of or to a LIBOR Rate

Loan after notice thereof has been given, including, but not limited to, any interest payable by Agent or Lenders to lenders of funds obtained by it in order to make or maintain its LIBOR Rate Loans hereunder. A certificate as to any additional amounts payable pursuant to the foregoing sentence submitted by Agent or any Lender to Borrowing Agent shall be conclusive absent manifest error.

(h) Notwithstanding any other provision hereof, if any Applicable Law, treaty, regulation or directive, or any change therein or in the interpretation or application thereof, including without limitation any Change in Law, shall make it unlawful for Lenders or any Lender (for purposes of this subsection (h), the term "Lender" shall include any Lender and the office or branch where any Lender or any Person controlling such Lender makes or maintains any LIBOR Rate Loans) to make or maintain its LIBOR Rate Loans, the obligation of Lenders (or such affected Lender) to make LIBOR Rate Loans hereunder shall forthwith be cancelled and Borrowers shall, if any affected LIBOR Rate Loans are then outstanding, promptly upon request from Agent, either pay all such affected LIBOR Rate Loans or convert such affected LIBOR Rate Loans into loans of another type. If any such payment or conversion of any LIBOR Rate Loan is made on a day that is not the last day of the Interest Period applicable to such LIBOR Rate Loan, Borrowers shall pay Agent, upon Agent's request, such amount or amounts set forth in clause (g) above. A certificate as to any additional amounts payable pursuant to the foregoing sentence submitted by Lenders to Borrowing Agent shall be conclusive absent manifest error.

2.3 [Intentionally Omitted].

2.4 Swing Loans.

(a) Subject to the terms and conditions set forth in this Agreement, and in order to minimize the transfer of funds between Lenders and Agent for administrative convenience, Agent, Lenders holding Revolving Commitments and Swing Loan Lender agree that in order to facilitate the administration of this Agreement, Swing Loan Lender may, at its election and option made in its sole discretion cancelable at any time for any reason whatsoever, make swing loan advances ("Swing Loans") available to Borrowers as provided for in this Section 2.4 at any time or from time to time after the date hereof to, but not including, the expiration of the Term, in an aggregate principal amount up to but not in excess of the Maximum Swing Loan Advance Amount, provided that the sum of the aggregate Dollar Equivalent of the Maximum Undrawn Amount of all outstanding Letters of Credit, the outstanding aggregate principal amount of Swing Loans and the Revolving Advances at any one time outstanding shall not exceed an amount equal to the Availability at such time. All Swing Loans shall be Domestic Rate Loans only. Borrowers may borrow (at the option and election of Swing Loan Lender), repay and reborrow (at the option and election of Swing Loan Lender) Swing Loans and Swing Loan Lender may make Swing Loans as provided in this Section 2.4 during the period between Settlement Dates. All Swing Loans shall be evidenced by a secured promissory note (the "Swing Loan Note") substantially in the form attached hereto as Exhibit 2.4(a). Swing Loan Lender's agreement to make Swing Loans under this Agreement is cancelable at any time for any reason whatsoever and the making of Swing Loans by Swing Loan Lender from time to time shall not create any duty or obligation, or establish any course of conduct, pursuant to which Swing Loan Lender shall thereafter be obligated to make Swing Loans in the future.

(b) Upon either (i) any request by Borrowing Agent for a Revolving Advance made pursuant to Section 2.2(a) hereof or (ii) the occurrence of any deemed request by Borrowers for a Revolving Advance pursuant to the provisions of the last sentence of Section 2.2(a) hereof, Swing Loan Lender may elect, in its sole discretion, to have such request or deemed request treated as a request for a Swing Loan, and may advance same day funds to Borrowers as a Swing Loan; provided that notwithstanding anything to the contrary provided for herein, Swing Loan Lender may not make Swing Loan Advances if (x) Borrowing Agent has requested a LIBOR Rate Loan or (y) Swing Loan Lender has been notified by Agent or by Required Lenders that one or more of the applicable conditions set forth in Section 8.2 of this Agreement have not been satisfied or the Revolving Commitments have been terminated for any reason.

(c) Upon the making of a Swing Loan (whether before or after the occurrence of a Default or an Event of Default and regardless of whether a Settlement has been requested with respect to such Swing Loan), each Lender holding a Revolving Commitment shall be deemed, without further action by any party hereto, to have unconditionally and irrevocably purchased from Swing Loan Lender, without recourse or warranty, an undivided interest and participation in such Swing Loan in proportion to its Revolving Commitment Percentage. Swing Loan Lender or Agent may, at any time, require the Lenders holding Revolving Commitments to fund such participations by means of a Settlement as provided for in Section 2.6(d) below. From and after the date, if any, on which any Lender holding a Revolving Commitment is required to fund, and funds, its participation in any Swing Loans purchased hereunder, Agent shall promptly distribute to such Lender its Revolving Commitment Percentage of all payments of principal and interest and all proceeds of Collateral received by Agent in respect of such Swing Loan; provided that no Lender holding a Revolving Commitment shall be obligated in any event to make Revolving Advances in an amount in excess of its Revolving Commitment Amount minus its Participation Commitment (taking into account any reallocations under Section 2.22) of the Dollar Equivalent of the Maximum Undrawn Amount of all outstanding Letters of Credit.

Disbursement of Advance Proceeds

. All Advances shall be disbursed from whichever office or other place Agent may designate from time to time and, together with any and all other Obligations of Borrowers to Agent or Lenders, shall be charged to Borrowers' Account on Agent's books. The proceeds of each Revolving Advance or Swing Loan requested by Borrowing Agent on behalf of any Borrower or deemed to have been requested by any Borrower under Sections 2.2(a), 2.6(b) or 2.14 hereof shall, (i) with respect to requested Revolving Advances, to the extent Lenders make such Revolving Advances in accordance with Section 2.2(a), 2.6(b) or 2.14 hereof, and with respect to Swing Loans made upon any request by Borrowing Agent for a Revolving Advance to the extent Swing Loan Lender makes such Swing Loan in accordance with Section 2.4(b) hereof, be made available to the applicable Borrower on the day so requested by way of credit to such Borrower's operating account at PNC, or such other bank as Borrowing Agent may designate following notification to Agent so long as Agent has agreed to such other account, in immediately available federal funds or other immediately available funds or, (ii) with respect to Revolving Advances deemed to have been requested by any Borrower or Swing Loans made upon any deemed request for a Revolving Advance by any Borrower, be disbursed to Agent to be applied to the outstanding Obligations giving rise to such deemed request. During the Term, Borrowers may use the Revolving Advances and Swing

Loans by borrowing, prepaying and reborrowing, all in accordance with the terms and conditions hereof.

2.6 Making and Settlement of Advances.

(a) Each borrowing of Revolving Advances shall be in Dollars and advanced according to the applicable Revolving Commitment Percentages of Lenders holding the Revolving Commitments (subject to any contrary terms of Section 2.22). Each borrowing of Swing Loans shall be in Dollars and advanced by Swing Loan Lender alone.

(b) Promptly after receipt by Agent of a request or a deemed request for a Revolving Advance pursuant to Section 2.2(a) and, with respect to Revolving Advances, to the extent Agent elects not to provide a Swing Loan or the making of a Swing Loan would result in the aggregate amount of all outstanding Swing Loans exceeding the maximum amount permitted in Section 2.4(a), Agent shall notify Lenders holding the Revolving Commitments of its receipt of such request specifying the information provided by Borrowing Agent and the apportionment among Lenders of the requested Revolving Advance as determined by Agent in accordance with the terms hereof. Each Lender shall remit the principal amount of each Revolving Advance to Agent (such that Agent is able to, and Agent shall, to the extent the applicable Lenders have made funds available to it for such purpose and subject to Section 8.2, fund such Revolving Advance to Borrowers in Dollars and immediately available funds) at the Payment Office prior to the close of business, on the applicable borrowing date; provided that if any applicable Lender fails to remit such funds to Agent in a timely manner, Agent may elect in its sole discretion to fund with its own funds the Revolving Advance of such Lender on such borrowing date, and such Lender shall be subject to the repayment obligation in Section 2.6(c) hereof.

(c) Unless Agent shall have been notified by telephone, confirmed in writing, by any Lender holding a Revolving Commitment that such Lender will not make the amount which would constitute its applicable Revolving Commitment Percentage of the requested Revolving Advance available to Agent, Agent may (but shall not be obligated to) assume that such Lender has made such amount available to Agent on such date in accordance with Section 2.6(b) and may, in reliance upon such assumption, make available to Borrowers a corresponding amount. In such event, if a Lender has not in fact made its applicable Revolving Commitment Percentage of the requested Revolving Advance available to Agent, then the applicable Lender and Borrowers severally agree to pay to Agent on demand such corresponding amount with interest thereon, for each day from and including the date such amount is made available to Borrowers through but excluding the date of payment to Agent, at (i) in the case of a payment to be made by such Lender, the greater of (A) (x) the daily average Federal Funds Effective Rate (computed on the basis of a year of 360 days) during such period as quoted by Agent, times (y) such amount or (B) a rate determined by Agent in accordance with banking industry rules on interbank compensation, and (ii) in the case of a payment to be made by Borrower, the Revolving Interest Rate for Revolving Advances that are Domestic Rate Loans. If such Lender pays its share of the applicable Revolving Advance to Agent, then the amount so paid shall constitute such Lender's Revolving Advance. Any payment by Borrowers shall be without prejudice to any claim Borrowers may have against a Lender holding a Revolving Commitment that shall have failed to make such payment to Agent. A certificate of Agent

submitted to any Lender or Borrower with respect to any amounts owing under this paragraph (c) shall be conclusive, in the absence of manifest error.

(d) Agent, on behalf of Swing Loan Lender, shall demand settlement (a "Settlement") of all or any Swing Loans with Lenders holding the Revolving Commitments on at least a weekly basis, or on any more frequent date that Agent elects or that Swing Loan Lender at its option exercisable for any reason whatsoever may request, by notifying Lenders holding the Revolving Commitments of such requested Settlement by facsimile, telephonic or electronic transmission no later than 3:00 p.m. on the date of such requested Settlement (the "Settlement Date"). Subject to any contrary provisions of Section 2.22, each Lender holding a Revolving Commitment shall transfer the amount of such Lender's Revolving Commitment Percentage of the outstanding principal amount (plus interest accrued thereon to the extent requested by Agent) of the applicable Swing Loan with respect to which Settlement is requested by Agent, to such account of Agent as Agent may designate not later than 5:00 p.m. on such Settlement Date if requested by Agent by 3:00 p.m., otherwise not later than 5:00 p.m. on the next Business Day. Settlements may occur at any time notwithstanding that the conditions precedent to making Revolving Advances set forth in Section 8.2 have not been satisfied or the Revolving Commitments shall have otherwise been terminated at such time. All amounts so transferred to Agent shall be applied against the amount of outstanding Swing Loans and, when so applied shall constitute Revolving Advances of such Lenders accruing interest as Domestic Rate Loans. If any such amount is not transferred to Agent by any Lender holding a Revolving Commitment on such Settlement Date, Agent shall be entitled to recover such amount on demand from such Lender together with interest thereon as specified in Section 2.6(c).

(e) If any Lender or Participant (a "Benefited Lender") shall at any time receive any payment of all or part of its Advances, or interest thereon, or receive any Collateral in respect thereof (whether voluntarily or involuntarily or by set-off) in a greater proportion than any such payment to and Collateral received by any other Lender, if any, in respect of such other Lender's Advances, or interest thereon, and such greater proportionate payment or receipt of Collateral is not expressly permitted hereunder, such Benefited Lender shall purchase for cash from the other Lenders a participation in such portion of each such other Lender's Advances, or shall provide such other Lender with the benefits of any such Collateral, or the proceeds thereof, as shall be necessary to cause such Benefited Lender to share the excess payment or benefits of such Collateral or proceeds ratably with each of the other Lenders; provided, however, that if all or any portion of such excess payment or benefits is thereafter recovered from such Benefited Lender, such purchase shall be rescinded, and the purchase price and benefits returned, to the extent of such recovery, but without interest. Each Borrower consents to the foregoing and agrees, to the extent it may effectively do so under Applicable Law, that each Lender so purchasing a portion of another Lender's Advances may exercise all rights of payment (including rights of set-off) with respect to such portion as fully as if such Lender were the direct holder of such portion, and the obligations owing to each such purchasing Lender in respect of such participation and such purchased portion of any other Lender's Advances shall be part of the Obligations secured by the Collateral, and the obligations owing to each such purchasing Lender in respect of such participation and such purchased portion of any other Lender's Advances shall be part of the Obligations secured by the Collateral.

Maximum Advances

. The aggregate balance of the sum of the aggregate Dollar Equivalent of the Maximum Undrawn Amount of all outstanding Letters of Credit, the Revolving Advances, and the Swing Loans outstanding at any time shall not exceed the Availability at such time.

2.8 Manner and Repayment of Advances.

(a) The Revolving Advances and Swing Loans shall be due and payable in full on the last day of the Term subject to earlier prepayment as herein provided. Notwithstanding the foregoing, all Advances shall be subject to earlier repayment upon (x) acceleration upon the occurrence of an Event of Default under this Agreement or (y) termination of this Agreement. Each payment (including each prepayment) by any Borrower on account of the principal of and interest on the Advances shall be applied, first to the outstanding Swing Loans and next, pro rata according to the applicable Revolving Commitment Percentages of Lenders, to the outstanding Revolving Advances (subject to any contrary provisions of Section 2.22).

(b) Each Borrower recognizes that the amounts evidenced by checks, notes, drafts or any other items of payment relating to and/or proceeds of Collateral may not be collectible by Agent on the date received by Agent. Agent shall conditionally credit Borrowers' Account for each item of payment on the next Business Day after the Business Day on which such item of payment is received by Agent (and the Business Day on which each such item of payment is so credited shall be referred to, with respect to such item, as the "Application Date") Agent is not, however, required to credit Borrowers' Account for the amount of any item of payment which is unsatisfactory to Agent and Agent may charge Borrowers' Account for the amount of any item of payment which is returned, for any reason whatsoever, to Agent unpaid. Subject to the foregoing, Borrowers agree that for purposes of computing the interest charges under this Agreement, each item of payment received by Agent shall be deemed applied by Agent on account of the Obligations on its respective Application Date. Borrowers further agree that there is a monthly float charge payable to Agent for Agent's sole benefit, in an amount equal to (y) the face amount of all items of payment received during the prior month (including items of payment received by Agent as a wire transfer or electronic depository check) multiplied by (z) the Revolving Interest Rate with respect to Domestic Rate Loans for one (1) Business Day. All proceeds received by Agent shall be applied to the Obligations in accordance with Section 4.8(h).

(c) All payments of principal, interest and other amounts payable hereunder, or under any of the Other Documents shall be made to Agent at the Payment Office not later than 1:00 p.m. on the due date therefor in Dollars in federal funds or other funds immediately available to Agent. Agent shall have the right to effectuate payment of any and all Obligations due and owing hereunder by charging Borrowers' Account or by making Advances as provided in Section 2.2 hereof.

(d) Except as expressly provided herein, all payments (including prepayments) to be made by any Borrower on account of principal, interest, fees and other amounts payable hereunder shall be made without deduction, setoff or counterclaim and shall be

made to Agent on behalf of Lenders to the Payment Office, in each case on or prior to 1:00 p.m., in Dollars and in immediately available funds.

Repayment of Excess Advances

. If at any time the aggregate balance of outstanding Revolving Advances, Swing Loans and/or Advances taken as a whole exceeds the maximum amount of such type of Advances and/or Advances taken as a whole (as applicable) permitted hereunder, such excess Advances shall be immediately due and payable without the necessity of any demand, at the Payment Office, whether or not a Default or an Event of Default has occurred.

Statement of Account

. Agent shall maintain, in accordance with its customary procedures, a loan account ("Borrowers' Account") in the name of Borrowers in which shall be recorded the date and amount of each Advance made by Agent or Lenders and the date and amount of each payment in respect thereof; provided, however, the failure by Agent to record the date and amount of any Advance shall not adversely affect Agent or any Lender. Each month, Agent shall send to Borrowing Agent a statement showing the accounting for the Advances made, payments made or credited in respect thereof, and other transactions between Agent, Lenders and Borrowers during such month. The monthly statements shall be deemed correct and binding upon Borrowers in the absence of manifest error and shall constitute an account stated between Lenders and Borrowers unless Agent receives a written statement of Borrowers' specific exceptions thereto within thirty (30) days after such statement is received by Borrowing Agent. The records of Agent with respect to Borrowers' Account shall be conclusive evidence absent manifest error of the amounts of Advances and other charges thereto and of payments applicable thereto.

2.11 Letters of Credit.

(a) Subject to the terms and conditions hereof, Issuer shall issue or cause the issuance of standby letters of credit denominated in either Dollars or an Optional Currency ("Letters of Credit") for the account of any Borrower except to the extent that the issuance thereof would then cause the sum of (i) the outstanding Revolving Advances plus (ii) the outstanding Swing Loans, plus (iii) the Dollar Equivalent of the Maximum Undrawn Amount of all outstanding Letters of Credit, plus (iv) the Dollar Equivalent of the Maximum Undrawn Amount of the Letter of Credit to be issued to exceed the Availability at such time. The Dollar Equivalent of the Maximum Undrawn Amount of all outstanding Letters of Credit shall not exceed in the aggregate at any time the Letter of Credit Sublimit. All disbursements or payments related to Letters of Credit shall be deemed to be Domestic Rate Loans consisting of Revolving Advances and shall bear interest at the Revolving Interest Rate for Domestic Rate Loans (and if such disbursement or payment was made in an Optional Currency, the amount of such Revolving Advance shall be the Dollar Equivalent of such disbursement or payment). Letters of Credit that have not been drawn upon shall not bear interest (but fees shall accrue in respect of outstanding Letters of Credit as provided in Section 3.2 hereof).

(b) Notwithstanding any provision of this Agreement, Issuer shall not be under any obligation to issue any Letter of Credit if (i) any order, judgment or decree of any Governmental Body or arbitrator shall by its terms purport to enjoin or restrain Issuer from

issuing any Letter of Credit, or any Law applicable to Issuer or any request or directive (whether or not having the force of law) from any Governmental Body with jurisdiction over Issuer shall prohibit, or request that Issuer refrain from, the issuance of letters of credit generally or the Letter of Credit in particular or shall impose upon Issuer with respect to the Letter of Credit any restriction, reserve or capital requirement (for which Issuer is not otherwise compensated hereunder) not in effect on the date of this Agreement, or shall impose upon Issuer any unreimbursed loss, cost or expense which was not applicable on the date of this Agreement, and which Issuer in good faith deems material to it, or (ii) the issuance of the Letter of Credit would violate one or more policies of Issuer applicable to letters of credit generally. Borrowers and the Lenders hereby acknowledge and agree that all Existing Letters of Credit shall constitute Letters of Credit under this Agreement on and after the Closing Date with the same effect as if such Existing Letters of Credit were issued by Issuer at the request of Borrowers on the Closing Date. The aggregate undrawn face amount of the Existing Letters of Credit on the Closing Date does not exceed \$65,000,000, and Bank of America, N.A. shall under no circumstances issue Letters of Credit which would result in the aggregate undrawn face amount of the Letters of Credit issued by Bank of America, N.A. exceeding a sublimit of \$65,000,000. On or before June 30, 2017, Borrowers agree to replace all or some of the Existing Letters of Credit with Letters of Credit issued by PNC such that the aggregate undrawn face amount of the Existing Letters of Credit on June 30, 2017 does not exceed \$25,000,000.

2.12 Issuance of Letters of Credit.

(a) Borrowing Agent, on behalf of any Borrower, may request Issuer to issue or cause the issuance of a Letter of Credit by delivering to Issuer, with a copy to Agent at the Payment Office, prior to 1:00 p.m., at least five (5) Business Days prior to the proposed date of issuance, such Issuer's form of Letter of Credit Application (the "Letter of Credit Application") completed to the satisfaction of Agent and Issuer; and, such other certificates, documents and other papers and information as Agent or Issuer may reasonably request. Issuer shall not issue any requested Letter of Credit if such Issuer has received notice from Agent that one or more of the applicable conditions set forth in Section 8.2 of this Agreement have not been satisfied or the commitments of Lenders to make Revolving Advances hereunder have been terminated for any reason.

(b) Each Letter of Credit shall, among other things, (i) provide for the payment of sight drafts or other written demands for payment, and (ii) have an expiry date not later than the last day of the Term unless prior to the last day of such Term, Borrowers provide Cash Collateralization for such Letter of Credit. Any Letter of Credit may provide for renewal thereof for additional one-year periods. Each standby Letter of Credit shall be subject to the International Standby Practices (International Chamber of Commerce Publication Number 590) (the "ISP98 Rules"), or any subsequent revision thereof at the time a standby Letter of Credit is issued, as determined by Issuer.

(c) Agent shall use its reasonable efforts to notify Lenders of the request by Borrowing Agent for a Letter of Credit hereunder.

Requirements For Issuance of Letters of Credit

. Borrowing Agent shall authorize and direct any Issuer to name the applicable Borrower as the "Applicant" or "Account Party" of each Letter of Credit. If PNC is not the Issuer of any Letter of Credit, Borrowing Agent shall authorize and direct Issuer to deliver to Agent all instruments, documents, and other writings and property received by Issuer pursuant to the Letter of Credit and to accept and rely upon Agent's instructions and agreements with respect to all matters arising in connection with the Letter of Credit, the application therefor.

2.14 Disbursements, Reimbursement.

(a) Immediately upon the issuance of each Letter of Credit, each Lender holding a Revolving Commitment shall be deemed to, and hereby irrevocably and unconditionally agrees to, purchase from Issuer a participation in each Letter of Credit and each drawing thereunder in an amount equal to such Lender's Revolving Commitment Percentage of the Maximum Undrawn Amount of such Letter of Credit (as in effect from time to time) and the amount of such drawing, respectively.

(b) In the event of any request for a drawing under a Letter of Credit by the beneficiary or transferee thereof, Issuer will promptly notify Agent and Borrowing Agent. Borrowers shall reimburse (such obligation to reimburse Issuer shall sometimes be referred to as a "Reimbursement Obligation") Issuer prior to 12:00 Noon, on or before the first Business Day after an amount is paid by Issuer under any Letter of Credit (each such date, a "Drawing Date") in an amount equal to the amount so paid by Issuer and in the currency in which such Letter of Credit is denominated (it being understood that any amount not paid by Borrowers prior to 12:00 Noon on the date payment is made by Issuer shall bear interest at the rate applicable to Domestic Rate Loans). In the event Borrowers fail to reimburse Issuer for the full amount of any drawing under any Letter of Credit by 12:00 Noon, on the Drawing Date, Issuer will promptly notify Agent and each Lender holding a Revolving Commitment thereof, and Borrowers shall be automatically deemed to have requested that a Revolving Advance maintained as a Domestic Rate Loan (and, if the Letter of Credit was denominated in an Optional Currency, in the Dollar Equivalent amount paid by the Issuing Lender in such other currency on the Drawing Date thereof) be made by Lenders to be disbursed on the Drawing Date under such Letter of Credit, and Lenders holding the Revolving Commitments shall be unconditionally obligated to fund such Revolving Advance (all whether or not the conditions specified in Section 8.2 are then satisfied or the commitments of Lenders to make Revolving Advances hereunder have been terminated for any reason) as provided for in Section 2.14(c) immediately below. Any notice given by Issuer pursuant to this Section 2.14(b) may be oral if promptly confirmed in writing; provided that the lack of such a confirmation shall not affect the conclusiveness or binding effect of such notice.

(c) Each Lender holding a Revolving Commitment shall upon any notice pursuant to Section 2.14(b) make available to Issuer through Agent at the Payment Office an amount in immediately available funds equal to its Revolving Commitment Percentage (subject to any contrary provisions of Section 2.22) of the amount of the drawing (and, if the Letter of Credit was denominated in an Optional Currency, in the Dollar Equivalent amount paid by the Issuing Lender in such other currency on the Drawing Date thereof), whereupon the participating

Lenders shall (subject to Section 2.14(d)) each be deemed to have made a Revolving Advance maintained as a Domestic Rate Loan to Borrowers in that amount. If any Lender holding a Revolving Commitment so notified fails to make available to Agent, for the benefit of Issuer, the amount of such Lender's Revolving Commitment Percentage of such amount by 2:00 p.m. on the Drawing Date, then interest shall accrue on such Lender's obligation to make such payment, from the Drawing Date to the date on which such Lender makes such payment (i) at a rate per annum equal to the Federal Funds Effective Rate during the first three (3) days following the Drawing Date and (ii) at a rate per annum equal to the rate applicable to Revolving Advances maintained as a Domestic Rate Loan on and after the fourth day following the Drawing Date. Agent and Issuer will promptly give notice of the occurrence of the Drawing Date, but failure of Agent or Issuer to give any such notice on the Drawing Date or in sufficient time to enable any Lender holding a Revolving Commitment to effect such payment on such date shall not relieve such Lender from its obligations under this Section 2.14(c), provided that such Lender shall not be obligated to pay interest as provided in Section 2.14(c)(i) and (ii) until and commencing from the date of receipt of notice from Agent or Issuer of a drawing.

(d) With respect to any unreimbursed drawing that is not converted into a Revolving Advance maintained as a Domestic Rate Loan to Borrowers in whole or in part as contemplated by Section 2.14(b), because of Borrowers' failure to satisfy the conditions set forth in Section 8.2 hereof (other than any notice requirements) or for any other reason, Borrowers shall be deemed to have incurred from Agent a borrowing (each a "Letter of Credit Borrowing") in the amount of such drawing (and, if the Letter of Credit was denominated in an Optional Currency, in the Dollar Equivalent amount paid by the Issuing Lender in such other currency on the Drawing Date thereof). Such Letter of Credit Borrowing shall be due and payable on demand (together with interest) and shall bear interest at the rate per annum applicable to a Revolving Advance maintained as a Domestic Rate Loan. Each applicable Lender's payment to Agent pursuant to Section 2.14(c) shall be deemed to be a payment in respect of its participation in such Letter of Credit Borrowing and shall constitute a "Participation Advance" from such Lender in satisfaction of its Participation Commitment in respect of the applicable Letter of Credit under this Section 2.14.

(e) Each applicable Lender's Participation Commitment in respect of the Letters of Credit shall continue until the last to occur of any of the following events: (x) Issuer ceases to be obligated to issue or cause to be issued Letters of Credit hereunder; (y) no Letter of Credit issued or created hereunder remains outstanding and uncanceled; and (z) all Persons (other than Borrowers) have been fully reimbursed for all payments made under or relating to Letters of Credit.

(f) Notwithstanding anything contained herein to the contrary, any Revolving Advance made to fund a payment or disbursement with respect to any Letter of Credit denominated in an Optional Currency will be in Dollars. Borrowers hereby indemnify Issuer for any losses, costs, expenses and damages (the "Currency Losses") that Issuer suffers as a result of the failure of Borrowers to reimburse Issuer in the applicable Optional Currency as required pursuant to Section 2.14(b) for any payment or disbursement made by Issuer in such Optional Currency. Without limiting the foregoing, all Currency Losses shall include interest on any

unreimbursed payment or distribution by Issuer in an Optional Currency at a rate reasonably determined by Issuer as a rate comparable to the current rate on Domestic Rate Loans.

2.15 Repayment of Participation Advances.

(a) Upon (and only upon) receipt by Agent for the account of Issuer of immediately available funds in Dollars from Borrowers (i) in reimbursement of any payment made by Issuer or Agent under the Letter of Credit with respect to which any Lender has made a Participation Advance to Agent, or (ii) in payment of interest on such a payment made by Issuer or Agent under such a Letter of Credit, Agent will pay to each Lender holding a Revolving Commitment, in the same funds as those received by Agent, the amount of such Lender's Revolving Commitment Percentage of such funds, except Agent shall retain the amount of the Revolving Commitment Percentage of such funds of any Lender holding a Revolving Commitment that did not make a Participation Advance in respect of such payment by Agent (and, to the extent that any of the other Lender(s) holding the Revolving Commitment have funded any portion such Defaulting Lender's Participation Advance in accordance with the provisions of Section 2.22, Agent will pay over to such Non-Defaulting Lenders a pro rata portion of the funds so withheld from such Defaulting Lender).

(b) If Issuer or Agent is required at any time to return to any Borrower, or to a trustee, receiver, liquidator, custodian, or any official in any insolvency proceeding, any portion of the payments made by Borrowers to Issuer or Agent pursuant to Section 2.15(a) in reimbursement of a payment made under the Letter of Credit or interest or fee thereon, each applicable Lender shall, on demand of Agent, forthwith return to Issuer or Agent the amount of its Revolving Commitment Percentage of the Dollar Equivalent of any amounts so returned by Issuer or Agent plus interest at the Federal Funds Effective Rate.

Documentation

. Each Borrower agrees to be bound by the terms of the Letter of Credit Application and by Issuer's interpretations of any Letter of Credit issued on behalf of such Borrower and by Issuer's written regulations and customary practices relating to letters of credit, though Issuer's interpretations may be different from such Borrower's own. In the event of a conflict between the Letter of Credit Application and this Agreement, this Agreement shall govern. It is understood and agreed that, except in the case of gross negligence, bad faith or willful misconduct (as determined by a court of competent jurisdiction in a final non-appealable judgment), Issuer shall not be liable for any error, negligence and/or mistakes, whether of omission or commission, in following Borrowing Agent's or any Borrower's instructions or those contained in the Letters of Credit or any modifications, amendments or supplements thereto.

Determination to Honor Drawing Request

. In determining whether to honor any request for drawing under any Letter of Credit by the beneficiary thereof, Issuer shall be responsible only to determine that the documents and certificates required to be delivered under such Letter of Credit have been delivered and that they comply on their face with the requirements of such Letter of Credit and that any other drawing condition appearing on the face of such Letter of Credit has been satisfied in the manner so set forth.

Nature of Participation and Reimbursement Obligations

. The obligation of each Lender holding a Revolving Commitment in accordance with this Agreement to make the Revolving Advances or Participation Advances as a result of a drawing under a Letter of Credit, and the obligations of Borrowers to reimburse Issuer upon a draw under a Letter of Credit, shall be absolute, unconditional and irrevocable, and shall be performed strictly in accordance with the terms of this Section 2.18 under all circumstances, including the following circumstances:

(i) any set-off, counterclaim, recoupment, defense or other right which such Lender or any Borrower, as the case may be, may have against Issuer, Agent, any Borrower or Lender, as the case may be, or any other Person for any reason whatsoever;

(ii) the failure of any Borrower or any other Person to comply, in connection with a Letter of Credit Borrowing, with the conditions set forth in this Agreement for the making of a Revolving Advance, it being acknowledged that such conditions are not required for the making of a Letter of Credit Borrowing and the obligation of Lenders to make Participation Advances under Section 2.14;

(iii) any lack of validity or enforceability of any Letter of Credit;

(iv) any claim of breach of warranty that might be made by any Borrower, Agent, Issuer or any Lender against the beneficiary of a Letter of Credit, or the existence of any claim, set-off, recoupment, counterclaim, cross-claim, defense or other right which any Borrower, Agent, Issuer or any Lender may have at any time against a beneficiary, any successor beneficiary or any transferee of any Letter of Credit or assignee of the proceeds thereof (or any Persons for whom any such transferee or assignee may be acting), Issuer, Agent or any Lender or any other Person, whether in connection with this Agreement, the transactions contemplated herein or any unrelated transaction (including any underlying transaction between any Borrower or any Subsidiaries of such Borrower and the beneficiary for which any Letter of Credit was procured);

(v) the lack of power or authority of any signer of (or any defect in or forgery of any signature or endorsement on) or the form of or lack of validity, sufficiency, accuracy, enforceability or genuineness of any draft, demand, instrument, certificate or other document presented under or in connection with any Letter of Credit, or any fraud or alleged fraud in connection with any Letter of Credit, or the transport of any property or provision of services relating to a Letter of Credit, in each case even if Issuer or any of Issuer's Affiliates has been notified thereof;

(vi) payment by Issuer under any Letter of Credit against presentation of a demand, draft or certificate or other document which is forged or does not fully comply with the terms of such Letter of Credit (provided that the foregoing shall not excuse Issuer from any obligation under the terms of any applicable Letter of Credit to require the presentation of documents that on their face appear to satisfy any applicable requirements for drawing under such Letter of Credit prior to honoring or paying any such draw);

- (vii) the solvency of, or any acts or omissions by, any beneficiary of any Letter of Credit, or any other Person having a role in any transaction or obligation relating to a Letter of Credit, or the existence, nature, quality, quantity, condition, value or other characteristic of any property or services relating to a Letter of Credit;
- (viii) any failure by Issuer or any of Issuer's Affiliates to issue any Letter of Credit in the form requested by Borrowing Agent, unless Agent and Issuer have each received written notice from Borrowing Agent of such failure within three (3) Business Days after Issuer shall have furnished Agent and Borrowing Agent a copy of such Letter of Credit and such error is material and no drawing has been made thereon prior to receipt of such notice;
- (ix) the occurrence of any Material Adverse Effect;
- (x) any breach of this Agreement or any Other Document by any party thereto;
- (xi) the occurrence or continuance of an insolvency proceeding with respect to any Borrower or any Guarantor;
- (xii) the fact that a Default or an Event of Default shall have occurred and be continuing;
- (xiii) the fact that the Term shall have expired or this Agreement or the obligations of Lenders to make Advances have been terminated; and
- (xiv) any other circumstance or happening whatsoever, whether or not similar to any of the foregoing.

2.19 Liability for Acts and Omissions.

(a) As between Borrowers and Issuer, Swing Loan Lender, Agent and Lenders, each Borrower assumes all risks of the acts and omissions of, or misuse of the Letters of Credit by, the respective beneficiaries of such Letters of Credit. In furtherance and not in limitation of the foregoing, Issuer shall not be responsible for: (i) the form, validity, sufficiency, accuracy, genuineness or legal effect of any document submitted by any party in connection with the application for an issuance of any such Letter of Credit, even if it should in fact prove to be in any or all respects invalid, insufficient, inaccurate, fraudulent or forged (even if Issuer or any of its Affiliates shall have been notified thereof); (ii) the validity or sufficiency of any instrument transferring or assigning or purporting to transfer or assign any such Letter of Credit or the rights or benefits thereunder or proceeds thereof, in whole or in part, which may prove to be invalid or ineffective for any reason; (iii) the failure of the beneficiary of any such Letter of Credit, or any other party to which such Letter of Credit may be transferred, to comply fully with any conditions required in order to draw upon such Letter of Credit or any other claim of any Borrower against any beneficiary of such Letter of Credit, or any such transferee, or any dispute between or among any Borrower and any beneficiary of any Letter of Credit or any such transferee; (iv) errors, omissions, interruptions or delays in transmission or delivery of any messages, by mail, cable, facsimile, telex or otherwise, whether or not they be in cipher;

(v) errors in interpretation of technical terms; (vi) any loss or delay in the transmission or otherwise of any document required in order to make a drawing under any such Letter of Credit or of the proceeds thereof; (vii) the misapplication by the beneficiary of any such Letter of Credit of the proceeds of any drawing under such Letter of Credit; or (viii) any consequences arising from causes beyond the control of Issuer, including any Governmental Acts, and none of the above shall affect or impair, or prevent the vesting of, any of Issuer's rights or powers hereunder. Nothing in the preceding sentence shall relieve Issuer from liability for Issuer's gross negligence, bad faith or willful misconduct (as determined by a court of competent jurisdiction in a final non-appealable judgment) in connection with actions or omissions described in such clauses (i) through (viii) of such sentence. In no event shall Issuer or Issuer's Affiliates be liable to any Borrower for any indirect, consequential, incidental, punitive, exemplary or special damages or expenses (including without limitation attorneys' fees), or for any damages resulting from any change in the value of any property relating to a Letter of Credit.

(b) Without limiting the generality of the foregoing, Issuer and each of its Affiliates: (i) may rely on any oral or other communication believed in good faith by Issuer or such Affiliate to have been authorized or given by or on behalf of the applicant for a Letter of Credit; (ii) may honor any presentation if the documents presented appear on their face substantially to comply with the terms and conditions of the relevant Letter of Credit; (iii) may honor a previously dishonored presentation under a Letter of Credit, whether such dishonor was pursuant to a court order, to settle or compromise any claim of wrongful dishonor, or otherwise, and shall be entitled to reimbursement to the same extent as if such presentation had initially been honored, together with any interest paid by Issuer or its Affiliates; (iv) may honor any drawing that is payable upon presentation of a statement advising negotiation or payment, upon receipt of such statement (even if such statement indicates that a draft or other document is being delivered separately), and shall not be liable for any failure of any such draft or other document to arrive, or to conform in any way with the relevant Letter of Credit; (v) may pay any paying or negotiating bank claiming that it rightfully honored under the laws or practices of the place where such bank is located; and (vi) may settle or adjust any claim or demand made on Issuer or its Affiliate in any way related to any order issued at the applicant's request to an air carrier, a letter of guarantee or of indemnity issued to a steamship agent or carrier or any document or instrument of like import (each an "Order") and honor any drawing in connection with any Letter of Credit that is the subject of such Order, notwithstanding that any drafts or other documents presented in connection with such Letter of Credit fail to conform in any way with such Letter of Credit.

(c) In furtherance and extension and not in limitation of the specific provisions set forth above, any action taken or omitted by Issuer under or in connection with the Letters of Credit issued by it or any documents and certificates delivered thereunder, if taken or omitted in good faith and without gross negligence (as determined by a court of competent jurisdiction in a final non-appealable judgment), shall not put Issuer under any resulting liability to any Borrower, Agent or any Lender.

2.20 Voluntary and Mandatory Prepayments.

(a) Borrowers may prepay the Revolving Loans at any time in whole or in part. Borrowers may permanently reduce the Revolving Commitments (with a corresponding reduction in the Maximum Revolving Advance Amount) at any time; provided, that (i) Borrowing Agent shall provide at least three (3) Business Days prior written notice of such reduction, (ii) such reduction shall be in increments of \$10,000,000, (iii) such reduction shall be permanent and pro rata among the Lenders, and (iv) in no event shall the Revolving Commitments be reduced below \$200,000,000.

(b) Mandatory Prepayment.

(i) If on any Computation Date, the aggregate balance of Revolving Advances plus Swing Loans plus the Dollar Equivalent of the Maximum Undrawn Amount of all outstanding Letters of Credit exceeds Availability, then Agent shall notify Borrower of the same. The Borrowers shall pay or prepay one (1) Business Day after receiving such notice such that the aggregate balance of Revolving Advances plus Swing Loans plus the Dollar Equivalent of the Maximum Undrawn Amount of all outstanding Letters of Credit does not exceed Availability after giving effect to such payments or prepayments.

(ii) Promptly upon any voluntary or involuntary disposition (including as a result of a casualty or condemnation but excluding dispositions under clauses (a) through (g) and (i) of the definition of Permitted Dispositions) by GLDD or any other Credit Party, Borrowers shall prepay the outstanding principal amount of the Obligations in accordance with clause (c) below in an amount equal to one hundred percent (100%) of the Net Cash Proceeds received by such Person in connection with such disposition. Nothing contained in this Section 2.20(b) shall permit GLDD or any of its Subsidiaries to make a disposition of any property other than in accordance with Section 7.1.

(iii) Promptly upon the issuance or incurrence by GLDD or any other Credit Party of any Indebtedness (other than Permitted Indebtedness), or upon an issuance of Equity interests by GLDD or any other Credit Party (other than any Excluded Equity Issuance), Borrowers shall prepay the outstanding principal amount of the Obligations in accordance with clause (c) below in an amount equal to one hundred percent (100%) of the Net Cash Proceeds received by such Person in connection therewith. The provisions of this Section 2.20(b) shall not be deemed to be implied consent to any such issuance, incurrence or sale otherwise prohibited by the terms and conditions of this Agreement.

(iv) Promptly upon the receipt by GLDD or any other Credit Party of any Extraordinary Receipts, Borrowers shall prepay the outstanding principal of the Obligations in accordance with clause (c) below in an amount equal to one hundred percent (100%) of the Net Cash Proceeds received by such Person in connection therewith.

(v) Notwithstanding the foregoing, with respect to Net Cash Proceeds received by GLDD or any other Credit Party in connection with a disposition (including as a result of a casualty or condemnation) that are otherwise required to be used to prepay the

Obligations pursuant to Section 2.20(b)(ii), up to \$10,000,000 in the aggregate in any fiscal year of the Net Cash Proceeds from all such dispositions shall not be required to be so used to prepay the Obligations to the extent that such Net Cash Proceeds are used to replace, repair or restore properties or assets that were the subject of such disposition with like assets, provided that, (A) no Default or Event of Default has occurred and is continuing on the date such Person receives such Net Cash Proceeds, (B) Borrowing Agent delivers a certificate to Agent within ten (10) days after such disposition stating that such Net Cash Proceeds shall be used to so replace, repair or restore properties or assets as provided above within a period not to exceed three hundred sixty five days (365) days after the date of receipt of such Net Cash Proceeds (which certificate shall set forth estimates of the Net Cash Proceeds to be so expended), (C) if a Cash Dominion Period is in effect, such Net Cash Proceeds are deposited and maintained in a Controlled Account and (D) upon the earlier of (1) the expiration of the three hundred sixty five (365) day period pursuant to clause (B) above or (2) the occurrence and during the continuance of a Default or an Event of Default, such Net Cash Proceeds, if not theretofore so used, shall be used to prepay the Obligations in accordance with Section 2.20(b)(ii).

(c) Each prepayment pursuant to Section 2.20(b)(ii), (iii) and (iv) shall be applied, first, to the Swing Loans and Revolving Advances, until paid in full (with, if an Event of Default exists and the Required Lenders so elect, a corresponding permanent reduction in the Revolving Commitments (and corresponding reduction in the Maximum Revolving Advance Amount)), until paid in full, and second, to Cash Collateralize the Letters of Credit (with, if an Event of Default exists and the Required Revolving Lenders so elect, a corresponding permanent reduction in the Revolving Commitments (and corresponding reduction in the Maximum Revolving Advance Amount)); provided, that if an Application Event has occurred and is continuing and funds are to be applied pursuant to Section 11.5, such payments shall be applied in respect of the Obligations in accordance with Section 11.5.

2.21 Use of Proceeds.

(a) Borrowers shall apply the proceeds of Advances to (i) repay the Indebtedness under the Existing Revolving Credit Facility and the ATB Note, (ii) pay fees and expenses relating to this transaction, (iii) finance Permitted Acquisitions, and (iv) provide for its working capital needs, general corporate purposes and reimburse drawings under Letters of Credit.

(b) Without limiting the generality of Section 2.21(a) above, neither Borrowers, Guarantors nor any other Person which may in the future become party to this Agreement or the Other Documents as a Borrower or Guarantor, intends to use nor shall they use any portion of the proceeds of the Advances, directly or indirectly, for any purpose in violation of Applicable Law.

2.22 Defaulting Lender.

(a) Notwithstanding anything to the contrary contained herein, in the event any Lender is a Defaulting Lender, all rights and obligations hereunder of such Defaulting

Lender and of the other parties hereto shall be modified to the extent of the express provisions of this Section 2.22 so long as such Lender is a Defaulting Lender.

(b) (i) Except as otherwise expressly provided for in this Section 2.22, Revolving Advances shall be made pro rata from Lenders holding Revolving Commitments which are not Defaulting Lenders based on their respective Revolving Commitment Percentages, and no Revolving Commitment Percentage of any Lender or any pro rata share of any Revolving Advances required to be advanced by any Lender shall be increased as a result of any Lender being a Defaulting Lender. Amounts received in respect of principal of any type of Revolving Advances shall be applied to reduce such type of Revolving Advances of each Lender (other than any Defaulting Lender) holding a Revolving Commitment in accordance with their Revolving Commitment Percentages; provided, that, Agent shall not be obligated to transfer to a Defaulting Lender any payments received by Agent for Defaulting Lender's benefit, nor shall a Defaulting Lender be entitled to the sharing of any payments hereunder (including any principal, interest or fees). Amounts payable to a Defaulting Lender shall instead be paid to or retained by Agent. Agent may hold and, in its discretion, re-lend to a Borrower the amount of such payments received or retained by it for the account of such Defaulting Lender.

(ii) Fees pursuant to Section 3.3 hereof shall cease to accrue in favor of such Defaulting Lender.

(iii) If any Swing Loans are outstanding or any Letters of Credit (or drawings under any Letter of Credit for which Issuer has not been reimbursed) are outstanding or exist at the time any such Lender holding a Revolving Commitment becomes a Defaulting Lender, then:

(A) Defaulting Lender's Participation Commitment in the outstanding Swing Loans and of the Maximum Undrawn Amount of all outstanding Letters of Credit shall be reallocated among Non-Defaulting Lenders holding Revolving Commitments in proportion to the respective Revolving Commitment Percentages of such Non-Defaulting Lenders to the extent (but only to the extent) that (x) such reallocation does not cause the aggregate sum of outstanding Revolving Advances made by any such Non-Defaulting Lender holding a Revolving Commitment plus such Lender's reallocated Participation Commitment in the outstanding Swing Loans plus such Lender's reallocated Participation Commitment in the aggregate Maximum Undrawn Amount of all outstanding Letters of Credit to exceed the Revolving Commitment Amount of any such Non-Defaulting Lender, and (y) no Default or Event of Default has occurred and is continuing at such time;

(B) if the reallocation described in clause (A) above cannot, or can only partially, be effected, Borrowers shall within one Business Day following notice by Agent (x) first, prepay any outstanding Swing Loans that cannot be reallocated, and (y) second, Cash Collateralize for the benefit of Issuer, Borrowers' obligations corresponding to such Defaulting Lender's Participation Commitment in the Maximum Undrawn Amount of all Letters of Credit (after giving effect to any partial reallocation

pursuant to clause (A) above) in accordance with Section 3.2(b) for so long as such Obligations are outstanding;

(C) if Borrowers Cash Collateralize any portion of such Defaulting Lender's Participation Commitment in the Maximum Undrawn Amount of all Letters of Credit pursuant to clause (B) above, Borrowers shall not be required to pay any fees to such Defaulting Lender pursuant to Section 3.2(a) with respect to such Defaulting Lender's Revolving Commitment Percentage of Maximum Undrawn Amount of all Letters of Credit during the period such Defaulting Lender's Participation Commitment in the Maximum Undrawn Amount of all Letters of Credit are Cash Collateralized;

(D) if Defaulting Lender's Participation Commitment in the Maximum Undrawn Amount of all Letters of Credit is reallocated pursuant to clause (A) above, then the fees payable to Lenders holding Revolving Commitments pursuant to Section 3.2(a) shall be adjusted and reallocated to Non-Defaulting Lenders holding Revolving Commitments in accordance with such reallocation; and

(E) if all or any portion of such Defaulting Lender's Participation Commitment in the Maximum Undrawn Amount of all Letters of Credit is neither reallocated nor Cash Collateralized pursuant to clauses (A) or (B) above, then, without prejudice to any rights or remedies of Issuer or any other Lender hereunder, all Letter of Credit Fees payable under Section 3.2(a) with respect to such Defaulting Lender's Revolving Commitment Percentage of the Maximum Undrawn Amount of all Letters of Credit shall be payable to the Issuer (and not to such Defaulting Lender) until (and then only to the extent that) such Participation Commitment in the Maximum Undrawn Amount of all Letters of Credit is reallocated and/or Cash Collateralized; and

(iv) so long as any Lender holding a Revolving Commitment is a Defaulting Lender, Swing Loan Lender shall not be required to fund any Swing Loans and Issuer shall not be required to issue, amend or increase any Letter of Credit, unless such Issuer is satisfied that the related exposure and Defaulting Lender's Participation Commitment in the Maximum Undrawn Amount of all Letters of Credit and all Swing Loans (after giving effect to any such issuance, amendment, increase or funding) will be fully allocated to Non-Defaulting Lenders holding Revolving Commitments and/or such Letters of Credit will be Cash Collateralized by Borrowers in accordance with clause (A) and (B) above, and participating interests in any newly made Swing Loan or any newly issued or increased Letter of Credit shall be allocated among Non-Defaulting Lenders in a manner consistent with Section 2.22(b)(iii)(A) above (and such Defaulting Lender shall not participate therein).

(c) Except in respect of the matters set forth in Sections 16.2(b)(i), (ii), (iii) or (v), a Defaulting Lender shall not be entitled to give instructions to Agent or to approve, disapprove, consent to or vote on any matters relating to this Agreement and the Other Documents, and all amendments, waivers and other modifications of this Agreement and the Other Documents may be made without regard to a Defaulting Lender and, for purposes of the definition of "Required Lenders", a Defaulting Lender shall not be deemed to be a Lender, to have any outstanding Advances or a Revolving Commitment Percentage.

(d) Other than as expressly set forth in this Section 2.22, the rights and obligations of a Defaulting Lender (including the obligation to indemnify Agent) and the other parties hereto shall remain unchanged. Nothing in this Section 2.22 shall be deemed to release any Defaulting Lender from its obligations under this Agreement and the Other Documents, shall alter such obligations, shall operate as a waiver of any default by such Defaulting Lender hereunder, or shall prejudice any rights which any Borrower, Agent or any Lender may have against any Defaulting Lender as a result of any default by such Defaulting Lender hereunder.

(e) In the event that Agent, Borrowers, Swing Loan Lender and Issuer agree in writing that a Defaulting Lender has adequately remedied all matters that caused such Lender to be a Defaulting Lender, then Agent will so notify the parties hereto, and, if such cured Defaulting Lender is a Lender holding a Revolving Commitment, then Participation Commitments of Lenders holding Revolving Commitments (including such cured Defaulting Lender) of the Swing Loans and Maximum Undrawn Amount of all outstanding Letters of Credit shall be reallocated to reflect the inclusion of such Lender's Revolving Commitment, and on such date such Lender shall purchase at par such of the Revolving Advances of the other Lenders as Agent shall determine may be necessary in order for such Lender to hold such Revolving Advances in accordance with its Revolving Commitment Percentage; provided that no adjustments will be made retroactively with respect to fees accrued or payments made by or on behalf of the Borrowers while that Lender was a Defaulting Lender; and provided, further, that except to the extent otherwise expressly agreed by the affected parties, no change hereunder from Defaulting Lender to Lender will constitute a waiver or release of any claim of any party hereunder arising from that Lender's having been a Defaulting Lender.

(f) If Swing Loan Lender or Issuer has a good faith belief that any Lender holding a Revolving Commitment has defaulted in fulfilling its obligations under one or more other agreements in which such Lender commits to extend credit, Swing Loan Lender shall not be required to fund any Swing Loans and Issuer shall not be required to issue, amend or increase any Letter of Credit, unless Swing Loan Lender or Issuer, as the case may be, shall have entered into arrangements with Borrowers or such Lender, satisfactory to Swing Loan Lender or Issuer, as the case may be, to defease any risk to it in respect of such Lender hereunder.

Payment of Obligations

. Agent may charge to Borrowers' Account as a Revolving Advance or, at the discretion of Swing Loan Lender, as a Swing Loan (i) all payments with respect to any of the Obligations required hereunder (including without limitation principal payments, payments of interest, payments of Letter of Credit Fees and all other fees provided for hereunder and payments under Sections 16.5 and 16.9) as and when each such payment shall become due and payable (whether as regularly scheduled, upon or after acceleration, upon maturity or otherwise), (ii) without limiting the generality of the foregoing clause (i), (a) all amounts expended by Agent or any Lender pursuant to Sections 4.2 or 4.3 hereof and (b) all expenses which Agent incurs in connection with the forwarding of Advance proceeds and the establishment and maintenance of any Controlled Accounts as provided for in Section 4.8(h), and (iii) any sums expended by Agent or any Lender due to any Credit Party's failure to perform or comply with its obligations under this Agreement or any Other Document including any Credit Party's obligations under Sections 3.3, 3.4, 4.4, 4.7, 6.4, 6.6 and 6.7 hereof, and all amounts so charged shall be added to the Obligations and shall be secured by the Collateral. To

the extent Revolving Advances are not actually funded by the other Lenders in respect of any such amounts so charged, all such amounts so charged shall be deemed to be Revolving Advances made by and owing to Agent and Agent shall be entitled to all rights (including accrual of interest) and remedies of a Lender under this Agreement and the Other Documents with respect to such Revolving Advances.

2.24 Accordion.

(a) At any time Borrowing Agent may by written notice to Agent elect to request the establishment of one or more increases in the Revolving Commitment (with a corresponding increase in the Maximum Revolving Advance Amount) (each such increase, an "Incremental Commitment Increase" and, all such increases, collectively, the "Incremental Commitment Increases") to make incremental Revolving Advances (any such incremental Revolving Advance, an "Incremental Loan"); provided that (1) the total aggregate amount for all such Incremental Commitment Increases shall not (as of any date of incurrence thereof) exceed the amount of \$100,000,000 and (2) the total aggregate amount for each Incremental Commitment Increase (and the Incremental Loans made thereunder) shall not be less than the amount of \$10,000,000 or, if less, the remaining amount permitted pursuant to the foregoing clause (1). Each such notice shall specify the date (each, an "Increased Amount Date") on which Borrowers propose that any Incremental Commitment Increase shall be effective, which shall be a date not less than ten (10) Business Days after the date on which such notice is delivered to Agent. Borrowers shall invite each Lender and may invite any other Person reasonably satisfactory to Agent, to provide an Incremental Commitment Increase (any such Person, an "Incremental Lender"). Any Lender offered or approached to provide all or a portion of any Incremental Commitment Increase may elect or decline, in its sole discretion, to provide such Incremental Commitment Increase. In the event the Incremental Commitment Increases agreed to be provided by Lenders and such other Persons exceed the Incremental Commitment Increase request, Agent shall allocate such Incremental Commitment Increase as determined by Agent. Any Incremental Commitment Increase shall become effective as of such Increased Amount Date; provided that:

(i) no Default or Event of Default shall exist on such Increased Amount Date before or after giving effect to any Incremental Commitment Increase;

(ii) each Incremental Commitment Increase (and the Incremental Loans made thereunder) shall constitute Obligations of Borrowers and be on the same terms (including, without limitation, interest rate, fees, voting rights and maturity date) as the existing Revolving Commitments and shall be permitted under the Note Indenture;

(iii) to the extent that such Incremental Commitment Increase is being provided by an Incremental Lender that is not a Lender hereunder at the time of such increase, such Incremental Commitment Increase shall be effected pursuant to one or more agreements joining such Lender to this Agreement executed and delivered by Borrowers, Agent and the applicable Incremental Lenders (which Lender joinder agreement may, without the consent of any other Lenders, effect such amendments to this Agreement and the Other Documents as may

be necessary or appropriate, in the opinion of Agent, to effect the provisions of this Section 2.24);

(iv) to the extent Agent has received a Mortgage on any Real Property, Credit Parties shall deliver a completed standard flood hazard determination form and such other flood insurance documentation and information as Agent or any Lender shall reasonably request.

(v) Credit Parties shall execute and deliver additional Other Documents (including, without limitation, such opinions, resolutions, certificates and other instruments related thereto) as may be reasonably requested by Agent to effectuate the foregoing;

(vi) GLDD shall deliver or cause to be delivered any customary legal opinions or other documents reasonably requested by Agent in connection with any such transaction.

(b) The Incremental Lenders shall be included in any determination of the Required Lenders, and the Incremental Lenders will not constitute a separate voting class for any purposes under this Agreement.

(c) On any Increased Amount Date on which any Incremental Commitment Increase becomes effective, subject to the foregoing terms and conditions, each Incremental Lender providing an Incremental Commitment Increase shall become a Lender hereunder with respect to such Incremental Commitment Increase.

Utilization of Commitments in Optional Currencies

. For purposes of determining utilization of the Revolving Commitments, Agent will determine the Dollar Equivalent amount of (i) the outstanding and proposed Letters of Credit to be denominated in an Optional Currency as of the requested date of issuance, and (ii) the Maximum Undrawn Amount of the outstanding Letters of Credit denominated in an Optional Currency as of the last Business Day of each month (each such date under clauses (i) through (ii), and any other date on which Agent determines it is necessary or advisable to make such computation, in its sole discretion, is referred to as a "Computation Date"). Unless otherwise provided in this Agreement or agreed to by Agent, each Reimbursement Obligation shall be repaid or prepaid in the same currency in which the Reimbursement Obligation was made.

III. INTEREST AND FEES.

Interest

. Interest on Advances shall be payable in arrears on the first day of each month with respect to Domestic Rate Loans and, with respect to LIBOR Rate Loans, at (a) the end of each Interest Period, and (b) for LIBOR Rate Loans with an Interest Period in excess of three months, at the end of each three month period during such Interest Period, provided further that all accrued and unpaid interest shall be due and payable at the end of the Term. Interest charges shall be computed on the actual principal amount of Advances outstanding during the month at a rate per annum equal to (i) with respect to Revolving Advances, the applicable Revolving Interest Rate and (ii) with respect to Swing Loans, the Revolving Interest Rate for Domestic Rate Loans (as applicable, the "Contract Rate"). Except as expressly provided

otherwise in this Agreement, any Obligations other than the Advances that are not paid when due shall accrue interest at the Revolving Interest Rate for Domestic Rate Loans, subject to the provision of the final sentence of this Section 3.1 regarding the Default Rate. Whenever, subsequent to the date of this Agreement, the Alternate Base Rate is increased or decreased, the applicable Contract Rate shall be similarly changed without notice or demand of any kind by an amount equal to the amount of such change in the Alternate Base Rate during the time such change or changes remain in effect. The LIBOR Rate shall be adjusted with respect to LIBOR Rate Loans without notice or demand of any kind on the effective date of any change in the Reserve Percentage as of such effective date. Upon and after the occurrence of an Event of Default, and during the continuation thereof, at the direction of Required Lenders (or, in the case of any Event of Default under Section 10.7, immediately and automatically upon the occurrence of any such Event of Default without the requirement of any affirmative action by any party), the Obligations shall bear interest at the applicable Contract Rate plus two percent (2%) per annum (the "Default Rate").

3.2 Letter of Credit Fees.

(a) Borrowers shall pay (x) to Agent, for the ratable benefit of Lenders holding Revolving Commitments, fees for each Letter of Credit for the period from and excluding the date of issuance of same to and including the date of expiration or termination, equal to the average daily face amount of each outstanding Letter of Credit multiplied by the Applicable Margin for Revolving Advances consisting of LIBOR Rate Loans, such fees to be calculated on the basis of a 360-day year for the actual number of days elapsed and to be payable quarterly in arrears on the first day of each calendar quarter and on the last day of the Term, and (y) to Issuer, a fronting fee of one-quarter of one percent (0.250%) (or such other amount as is agreed to by Issuer and Borrower and approved by Agent) per annum times the average daily face amount of each outstanding Letter of Credit for the period from and excluding the date of issuance of same to and including the date of expiration or termination, to be payable quarterly in arrears on the first day of each calendar quarter and on the last day of the Term (all of the foregoing fees, the "Letter of Credit Fees"). In addition, Borrowers shall pay to Agent, for the benefit of Issuer, any and all administrative, issuance, amendment, payment and negotiation charges with respect to Letters of Credit and all fees and expenses as agreed upon by Issuer and the Borrowing Agent in connection with any Letter of Credit, including in connection with the opening, amendment or renewal of any such Letter of Credit and any acceptances created thereunder, all such charges, fees and expenses, if any, to be payable on demand. All such charges shall be deemed earned in full on the date when the same are due and payable hereunder and shall not be subject to rebate or pro-ration upon the termination of this Agreement for any reason. Any such charge in effect at the time of a particular transaction shall be the charge for that transaction, notwithstanding any subsequent change in Issuer's prevailing charges for that type of transaction. Upon and after the occurrence of an Event of Default, and during the continuation thereof, at the direction of Required Lenders (or, in the case of any Event of Default under Section 10.7, immediately and automatically upon the occurrence of any such Event of Default without the requirement of any affirmative action by any party), the Letter of Credit Fees described in clause (x) of this Section 3.2(a) shall be increased by an additional two percent (2.00%) per annum.

(b) At any time following the occurrence of an Event of Default, at the direction of Required Lenders (or, in the case of any Event of Default under Section 10.7, immediately and automatically upon the occurrence of such Event of Default, without the requirement of any affirmative action by any party), or upon the expiration of the Term or any other termination of this Agreement (and also, if applicable, in connection with any mandatory prepayment under Section 2.20), Borrowers shall Cash Collateralize all outstanding Letters of Credit, and each Borrower hereby irrevocably authorizes Agent, in its discretion, on such Borrower's behalf and in such Borrower's name, to open such an account and to make and maintain deposits therein, or in an account opened by such Borrower, in the amounts required to be made by such Borrower, out of the proceeds of Receivables or other Collateral or out of any other funds of such Borrower coming into any Lender's possession at any time. Agent may, in its discretion, invest such Cash Collateral (less applicable reserves) in such short-term money-market items as to which Agent and such Borrower mutually agree (or, in the absence of such agreement, as Agent may reasonably select) and the net return on such investments shall be credited to such account and constitute additional Cash Collateral, or Agent may (notwithstanding the foregoing) establish the account provided for under this Section 3.2(b) as a non-interest bearing account and in such case Agent shall have no obligation (and Borrowers hereby waive any claim) under Article 9 of the Uniform Commercial Code or under any other Applicable Law to pay interest on such Cash Collateral being held by Agent. No Borrower may withdraw amounts credited to any such account except upon the occurrence of (1) the cure or waiver of all Events of Default which resulted in the requirement to Cash Collateralize, or (2) all of the following: (x) payment and performance in full of all Obligations; (y) expiration of all Letters of Credit; and (z) termination of this Agreement. Borrowers hereby assign, pledge and grant to Agent, for its benefit and the ratable benefit of Issuer, Lenders and each other Secured Party, a continuing security interest in and to and Lien on any such Cash Collateral and any right, title and interest of Borrowers in any deposit account, securities account or investment account into which such Cash Collateral may be deposited from time to time to secure the Obligations, specifically including all Obligations with respect to any Letters of Credit. Borrowers agree that upon the coming due of any Reimbursement Obligations (or any other Obligations, including Obligations for Letter of Credit Fees) with respect to the Letters of Credit, Agent may use such Cash Collateral to pay and satisfy such Obligations.

Facility Fee

. If, for any month during the Term, the average daily unpaid balance of the sum of Revolving Advances plus Swing Loans plus the Dollar Equivalent of the Maximum Undrawn Amount of all outstanding Letters of Credit for each day of such month does not equal the Maximum Revolving Advance Amount, then Borrowers shall pay to Agent, for the ratable benefit of Lenders holding the Revolving Commitments based on their Revolving Commitment Percentages, a fee at a rate equal to the Unused Line Fee on the amount by which the Maximum Revolving Advance Amount exceeds such average daily unpaid balance (the "Facility Fee"). Such Facility Fee shall be payable to Agent in arrears on the first day of each month with respect to the previous month.

3.4 Collateral Evaluation Fee and Fee Letter.

(a) Borrowers shall pay to Agent (solely for its account and not the account of any Lenders) promptly at the conclusion of any collateral evaluation performed by or for the

benefit of Agent – namely any field examination, collateral analysis or other business analysis, the need for which is to be determined by Agent and which evaluation is undertaken by Agent or for Agent's benefit - a collateral evaluation fee in an amount equal to \$1,000 (or such other amount customarily charged by Agent to its customers) per day for each person employed to perform such evaluation, plus a per examination manager review fee (whether such examination is performed by Agent's employees or by a third party retained by agent) in the amount of \$1,300 (or such other amount customarily charged by Agent to its customers), plus all costs and disbursements incurred by Agent in the performance of such examination or analysis, and further provided that if third parties are retained to perform such collateral evaluations by Agent, then such fees charged by such third parties plus all costs and disbursements incurred by such third party, shall be the responsibility of Borrowers and shall not be subject to the foregoing limits; provided, that so long as no Event of Default shall have occurred during a calendar year, Borrowers shall not be obligated to reimburse Agent for more than one (1) field examination in such calendar year (increasing to two (2) field examinations in a calendar year if at any time during such calendar year Modified Undrawn Availability is less than twenty-two and one-half percent (22.5%) of the Maximum Revolving Advance Amount for five (5) consecutive days or Modified Undrawn Availability is less than \$50,000,000 on any day), except for field examinations conducted in connection with a proposed Permitted Acquisition (whether or not consummated).

(b) Borrowers shall pay the amounts required to be paid in the Fee Letter in the manner and at the times required by the Fee Letter.

(c) All of the fees and out-of-pocket costs and expenses of any appraisals conducted pursuant to Section 4.7 hereof shall be paid for when due, in full and without deduction, off-set or counterclaim by Borrowers.

Computation of Interest and Fees

. Interest and fees hereunder shall be computed on the basis of a year of 360 days and for the actual number of days elapsed. If any payment to be made hereunder becomes due and payable on a day other than a Business Day, the due date thereof shall be extended to the next succeeding Business Day and interest thereon shall be payable at the applicable Contract Rate during such extension.

Maximum Charges

. In no event whatsoever shall interest and other charges charged hereunder exceed the highest rate permissible under Applicable Law. In the event interest and other charges as computed hereunder would otherwise exceed the highest rate permitted under Applicable Law: (i) the interest rates hereunder will be reduced to the maximum rate permitted under Applicable Law; (ii) such excess amount shall be first applied to any unpaid principal balance owed by Borrowers; and (iii) if the then remaining excess amount is greater than the previously unpaid principal balance, Lenders shall promptly refund such excess amount to Borrowers and the provisions hereof shall be deemed amended to provide for such permissible rate.

Increased Costs

. In the event that any Applicable Law or any Change in Law or compliance by any Lender (for purposes of this Section 3.7, the term "Lender" shall include Agent, Swing Loan Lender, any Issuer or Lender and any corporation or bank controlling Agent,

Swing Loan Lender, any Lender or Issuer and the office or branch where Agent, Swing Loan Lender, any Lender or Issuer (as so defined) makes or maintains any LIBOR Rate Loans) with any request or directive (whether or not having the force of law) from any central bank or other financial, monetary or other authority, shall:

(a) subject Agent, Swing Loan Lender, any Lender or Issuer to any tax of any kind whatsoever with respect to this Agreement, any Letter of Credit, any participation in a Letter of Credit or any LIBOR Rate Loan, or change the basis of taxation of payments to Agent, Swing Loan Lender, such Lender or Issuer in respect thereof (except for Connection Income Taxes or Indemnified Taxes or Other Taxes covered by Section 3.10 and the imposition of, or any change in the rate of, any Excluded Taxes payable by Agent, Swing Loan Lender, such Lender or the Issuer);

(b) impose, modify or deem applicable any reserve, special deposit, assessment, special deposit, compulsory loan, insurance charge or similar requirement against assets held by, or deposits in or for the account of, advances or loans by, or other credit extended by, any office of Agent, Swing Loan Lender, Issuer or any Lender, including pursuant to Regulation D of the Board of Governors of the Federal Reserve System; or

(c) impose on Agent, Swing Loan Lender, any Lender or Issuer or the London interbank LIBOR market any other condition, loss or expense (other than Taxes) affecting this Agreement or any Other Document or any Advance made by any Lender, or any Letter of Credit or participation therein;

and the result of any of the foregoing is to increase the cost to Agent, Swing Loan Lender, any Lender or Issuer of making, converting to, continuing, renewing or maintaining its Advances hereunder by an amount that Agent, Swing Loan Lender, such Lender or Issuer deems to be material or to reduce the amount of any payment (whether of principal, interest or otherwise) in respect of any of the Advances by an amount that Agent, Swing Loan Lender or such Lender or Issuer deems to be material, then, in any case Borrowers shall pay Agent, Swing Loan Lender, such Lender or Issuer, within ten (10) days after receipt of a certificate from Agent, Swing Loan Lender, such Lender or Issuer, such additional amount as will compensate Agent, Swing Loan Lender or such Lender or Issuer for such additional cost or such reduction, as the case may be, provided that the foregoing shall not apply to increased costs which are reflected in the LIBOR Rate, as the case may be. Agent, Swing Loan Lender, such Lender or Issuer shall certify the amount of such additional cost or reduced amount to Borrowing Agent, and such certification shall be conclusive absent manifest error.

Failure or delay on the part of Agent, Swing Loan Lender, such Lender or Issuer to demand compensation pursuant to this Section shall not constitute a waiver of Agent's, Swing Loan Lender's, such Lender's or Issuer's right to demand such compensation; provided that the Borrowers shall not be required to compensate Agent, Swing Loan Lender, such Lender or Issuer pursuant to this Section for any increased costs incurred or reductions suffered more than one hundred eighty (180) days prior to the date that Agent, Swing Loan Lender, such Lender or Issuer, as the case may be, notifies the Borrowers of the event or Change in Law giving rise to such increased costs or reductions, and of such Agent's, Swing Loan Lender's, such Lender's or

Issuer’s intention to claim compensation therefor (except that, if the Change in Law giving rise to such increased costs or reductions is retroactive, then the one hundred eighty (180) day period referred to above shall be extended to include the period of retroactive effect thereof).

Basis For Determining Interest Rate Inadequate or Unfair

. In the event that Agent or any Lender shall have determined that:

(a) reasonable means do not exist for ascertaining the LIBOR Rate applicable pursuant to Section 2.2 hereof for any Interest Period; or

(b) Dollar deposits in the relevant amount and for the relevant maturity are not available in the London interbank LIBOR market, with respect to an outstanding LIBOR Rate Loan, a proposed LIBOR Rate Loan, or a proposed conversion of a Domestic Rate Loan into a LIBOR Rate Loan; or

(c) the making, maintenance or funding of any LIBOR Rate Loan has been made impracticable or unlawful by compliance by Agent or such Lender in good faith with any Applicable Law or any interpretation or application thereof by any Governmental Body or with any request or directive of any such Governmental Body (whether or not having the force of law), or

(d) the LIBOR Rate will not adequately and fairly reflect the cost to such Lender of the establishment or maintenance of any LIBOR Rate Loan,

then Agent shall give Borrowing Agent prompt written or telephonic notice of such determination. If such notice is given, (i) any such requested LIBOR Rate Loan shall be made as a Domestic Rate Loan, unless Borrowing Agent shall notify Agent no later than 1:00 p.m. two (2) Business Days prior to the date of such proposed borrowing, that its request for such borrowing shall be cancelled or made as an unaffected type of LIBOR Rate Loan, (ii) any Domestic Rate Loan or LIBOR Rate Loan which was to have been converted to an affected type of LIBOR Rate Loan shall be continued as or converted into a Domestic Rate Loan, or, if Borrowing Agent shall notify Agent, no later than 1:00 p.m. two (2) Business Days prior to the proposed conversion, shall be maintained as an unaffected type of LIBOR Rate Loan, and (iii) any outstanding affected LIBOR Rate Loans shall be converted into a Domestic Rate Loan, or, if Borrowing Agent shall notify Agent, no later than 1:00 p.m. two (2) Business Days prior to the last Business Day of the then current Interest Period applicable to such affected LIBOR Rate Loan, shall be converted into an unaffected type of LIBOR Rate Loan, on the last Business Day of the then current Interest Period for such affected LIBOR Rate Loans (or sooner, if any Lender cannot continue to lawfully maintain such affected LIBOR Rate Loan). Until such notice has been withdrawn, Lenders shall have no obligation to make an affected type of LIBOR Rate Loan or maintain outstanding affected LIBOR Rate Loans and no Borrower shall have the right to convert a Domestic Rate Loan or an unaffected type of LIBOR Rate Loan into an affected type of LIBOR Rate Loan.

3.9 Capital Adequacy.

(a) In the event that Agent, Swing Loan Lender or any Lender shall have determined that any Applicable Law or guideline regarding liquidity or capital adequacy, or any Change in Law or any change in the interpretation or administration thereof by any Governmental Body, central bank or comparable agency charged with the interpretation or administration thereof, or compliance by Agent, Swing Loan Lender, Issuer or any Lender (for purposes of this Section 3.9, the term "Lender" shall include Agent, Swing Loan Lender, Issuer or any Lender and any corporation or bank controlling Agent, Swing Loan Lender or any Lender and the office or branch where Agent, Swing Loan Lender or any Lender (as so defined) makes or maintains any LIBOR Rate Loans) with any request or directive regarding liquidity or capital adequacy (whether or not having the force of law) of any such authority, central bank or comparable agency, has or would have the effect of reducing the rate of return on Agent, Swing Loan Lender or any Lender's capital as a consequence of its obligations hereunder (including the making of any Swing Loans) to a level below that which Agent, Swing Loan Lender or such Lender could have achieved but for such adoption, change or compliance (taking into consideration Agent's, Swing Loan Lender's and each Lender's policies with respect to liquidity or capital adequacy) by an amount deemed by Agent, Swing Loan Lender or any Lender to be material, then, from time to time, Borrowers shall pay, within ten (10) days after receipt of a certificate pursuant to Section 3.9(b), to Agent, Swing Loan Lender or such Lender such additional amount or amounts as will compensate Agent, Swing Loan Lender or such Lender for such reduction. In determining such amount or amounts, Agent, Swing Loan Lender or such Lender may use any reasonable averaging or attribution methods. The protection of this Section 3.9 shall be available to Agent, Swing Loan Lender and each Lender regardless of any possible contention of invalidity or inapplicability with respect to the Applicable Law, rule, regulation, guideline or condition.

(b) A certificate of Agent, Swing Loan Lender or such Lender setting forth such amount or amounts as shall be necessary to compensate Agent, Swing Loan Lender or such Lender with respect to Section 3.9(a) hereof when delivered to Borrowing Agent shall be conclusive absent manifest error.

(c) Failure or delay on the part of Agent, Swing Loan Lender or such Lender to demand compensation pursuant to this Section shall not constitute a waiver of Agent's, Swing Loan Lender's or such Lender's right to demand such compensation; provided that the Borrowers shall not be required to compensate Agent, Swing Loan Lender or such Lender pursuant to this Section for any increased costs incurred or reductions suffered more than one hundred eighty (180) days prior to the date that Agent, Swing Loan Lender or such Lender, as the case may be, notifies the Borrowers of the event or Change in Law giving rise to such increased costs or reductions, and of such Agent's, Swing Loan Lender's or such Lender's intention to claim compensation therefor (except that, if the Change in Law giving rise to such increased costs or reductions is retroactive, then the one hundred eighty (180) day period referred to above shall be extended to include the period of retroactive effect thereof).

3.10 Taxes.

(a) Any and all payments by or on account of any Obligations hereunder or under any Other Document shall be made free and clear of and without reduction or withholding for any Indemnified Taxes or Other Taxes; provided that if Credit Parties shall be required by Applicable Law to deduct any Indemnified Taxes (including any Other Taxes) from such payments, then (i) the sum payable shall be increased as necessary so that after making all required deductions (including deductions applicable to additional sums payable under this Section) Agent, Swing Loan Lender, Lender, Issuer or Participant, as the case may be, receives an amount equal to the sum it would have received had no such deductions been made, (ii) the Credit Parties shall make such deductions and (iii) the Credit Parties shall timely pay the full amount deducted to the relevant Governmental Body in accordance with Applicable Law.

(b) Without limiting the provisions of Section 3.10(a) above, Borrowers shall timely pay any Other Taxes to the relevant Governmental Body in accordance with Applicable Law.

(c) The Credit Parties shall jointly and severally indemnify Agent, Swing Loan Lender, each Lender, Issuer and any Participant, within ten (10) days after demand therefor, for the full amount of any Indemnified Taxes or Other Taxes (including Indemnified Taxes or Other Taxes imposed or asserted on or attributable to amounts payable under this Section) paid by Agent, Swing Loan Lender, such Lender, Issuer, or such Participant, as the case may be, and any penalties, interest and reasonable expenses arising therefrom or with respect thereto, whether or not such Indemnified Taxes or Other Taxes were correctly or legally imposed or asserted by the relevant Governmental Body. A certificate as to the amount of such payment or liability delivered to Borrowers by any Lender, Swing Loan Lender, Participant, or Issuer (with a copy to Agent), or by Agent on its own behalf or on behalf of Swing Loan Lender, a Lender or Issuer, shall be conclusive absent manifest error.

(d) As soon as practicable after any payment of Indemnified Taxes or Other Taxes by any Borrower to a Governmental Body, Borrowers shall deliver to Agent the original or a certified copy of a receipt issued by such Governmental Body evidencing such payment, a copy of the return reporting such payment or other evidence of such payment reasonably satisfactory to Agent.

(e) (i) Any Lender that is entitled to an exemption from or reduction of withholding Tax with respect to payments made hereunder or under any Other Document shall deliver to the Borrowing Agent and the Agent, at the time or times reasonably requested by the Borrowing Agent or the Agent, such properly completed and executed documentation reasonably requested by the Borrowing Agent or the Agent as will permit such payments to be made without withholding or at a reduced rate of withholding. In addition, any Lender, if reasonably requested by the Borrowing Agent or the Agent, shall deliver such other documentation prescribed by applicable law or reasonably requested by the Borrowing Agent or the Administrative Agent as will enable the Borrowing Agent or the Agent to determine whether or not such Lender is subject to backup withholding or information reporting requirements. Notwithstanding anything to the contrary in the preceding two sentences, the completion, execution and submission of such

documentation (other than such documentation set forth in Section 3.10(e)(ii)(A), (ii)(B), and (ii)(C) and Section 3.10(f) below) shall not be required if in the Lender's reasonable judgment such completion, execution or submission would subject such Lender to any material unreimbursed cost or expense or would materially prejudice the legal or commercial position of such Lender or its Affiliates. Each Lender agrees that if any form or certification it previously delivered expires or becomes obsolete or inaccurate in any respect, it shall update such form or certification or promptly notify Borrowers and Agent in writing of its legal inability to do so.

(ii) Without limiting the generality of the foregoing, in the event that any Borrower is a U.S. Person:

A. any Lender that is a U.S. Person shall deliver to the Borrowing Agent and the Agent on or prior to the date on which such Lender becomes a Lender under this Agreement (and from time to time thereafter upon the reasonable request of any Borrower or the Agent), executed copies of IRS Form W-9 certifying that such Lender is exempt from U.S. federal backup withholding tax;

B. any Foreign Lender shall, to the extent it is legally entitled to do so, deliver to the Borrowing Agent and the Agent (in such number of copies as shall be requested by the recipient) on or prior to the date on which such Foreign Lender becomes a Lender under this Agreement (and from time to time thereafter upon the reasonable request of any Borrower or the Agent), whichever of the following is applicable: (1) in the case of a Foreign Lender claiming the benefits of an income tax treaty to which the United States is a party (x) with respect to payments of interest under this Agreement and any Other Document, executed copies of IRS Form W-8BEN-E (or IRS Form W-8BEN, as applicable), establishing an exemption from, or reduction of, U.S. federal withholding Tax pursuant to the "interest" article of such tax treaty and (y) with respect to any other applicable payments hereunder or any Other Document, IRS Form W-8BEN-E (or IRS Form W-8BEN, as applicable) establishing an exemption from, or reduction of, U.S. federal withholding Tax pursuant to the "business profits" or "other income" article of such tax treaty; (2) executed copies of IRS Form W-8ECI; (3) in the case of a Foreign Lender claiming the benefits of the exemption for portfolio interest under Section 881(c) of the Code, (x) a certificate to the effect that such Foreign Lender is not (A) a "bank" within the meaning of section 881(c)(3)(A) of the Code, (B) a "10 percent shareholder" of Borrowers within the meaning of section 881(c)(3)(B) of the Code, or (C) a "controlled foreign corporation" described in section 881(c)(3)(C) of the Code and (y) two duly completed valid originals of IRS Form W-8BEN-E (or W-8BEN, if applicable); or (4) to the extent a Foreign Lender is not the beneficial owner, executed originals of IRS Form W-8IMY, accompanied by IRS Form W-8ECI, IRS Form W-8BEN-E, (or IRS Form W-8BEN, as applicable), a certificate meeting the requirements of Section 3.10(e)(ii)(3), IRS Form W-9, and/or other certification documents from each beneficial owner, as applicable.

C. any Foreign Lender shall, to the extent it is legally entitled to do so, deliver to the Borrowing Agent and the Agent (in such number of copies as shall be requested by the recipient) on or prior to the date on which such Foreign Lender becomes a Lender under this Agreement (and from time to time thereafter upon the reasonable request of the Borrower or the Administrative Agent), executed copies of any other form prescribed by applicable law as a basis for claiming exemption from or a reduction in U.S. federal withholding Tax, duly completed, together with such supplementary documentation as may be prescribed by applicable law to permit the Borrowers or the Agent to determine the withholding or deduction required to be made.

(iii) Notwithstanding the submission of such documentation claiming a reduced rate of or exemption from U.S. withholding Tax, Agent shall be entitled to withhold United States federal income taxes at the full thirty percent (30%) withholding rate if in its reasonable judgment it is required to do so under the due diligence requirements imposed upon a withholding agent under § 1.1441-7(b) of the United States Income Tax Regulations or other Applicable Law. Further, Agent is indemnified under § 1.1461-1(e) of the United States Income Tax Regulations against any claims and demands of any Lender, Issuer or assignee or participant of a Lender or Issuer for the amount of any tax it deducts and withholds in accordance with regulations under § 1441 of the Code.

(iv) For the purposes of applying this Section 3.10(e), the term Lender shall include any Lender, Swing Loan Lender, Issuer, and Participant.

Each Lender agrees that if any form or certification it previously delivered expires or becomes obsolete or inaccurate in any respect, it shall update such form or certification or promptly notify Borrowers and Agent in writing of its legal inability to do so.

(f) If a payment made to a Lender, Swing Loan Lender, Participant, Issuer, or Agent under this Agreement or any Other Document would be subject to U.S. Federal withholding Tax imposed by FATCA if such Person fails to comply with the applicable reporting requirements of FATCA (including those contained in Section 1471(b) or 1472(b) of the Code, as applicable), such Lender, Swing Loan Lender, Participant, Issuer, or Agent shall deliver to Agent (in the case of Swing Loan Lender, a Lender, Participant or Issuer) and Borrowers (A) a certification signed by the chief financial officer, principal accounting officer, treasurer or controller of such Person, and (B) other documentation reasonably requested by Agent or any Borrower sufficient for Agent and Borrowers to comply with their obligations under FATCA and to determine that Swing Loan Lender, such Lender, Participant, Issuer, or Agent has complied with such applicable reporting requirements.

(g) If Agent, Swing Loan Lender, a Lender, a Participant or Issuer determines, in its sole discretion, that it has received a refund of any Indemnified Taxes or Other Taxes as to which it has been indemnified by Borrowers or with respect to which Borrowers have paid additional amounts pursuant to this Section, it shall pay to Borrowers an amount equal to such refund (but only to the extent of indemnity payments made, or additional amounts paid, by Borrowers under this Section with respect to the Indemnified Taxes or Other Taxes giving rise to

such refund); net of all out-of-pocket expenses of Agent, Swing Loan Lender, such Lender, Participant, or the Issuer, as the case may be, and without interest (other than any interest paid by the relevant Governmental Body with respect to such refund), provided that Borrowers, upon the request of Agent, Swing Loan Lender, such Lender, Participant, or Issuer, agrees to repay the amount paid over to Borrowers (plus any penalties, interest or other charges imposed by the relevant Governmental Body) to Agent, Swing Loan Lender, such Lender, Participant or the Issuer in the event Agent, Swing Loan Lender, such Lender, Participant or the Issuer is required to repay such refund to such Governmental Body. This Section shall not be construed to require Agent, Swing Loan Lender, any Lender, Participant, or Issuer to (i) make available its tax returns (or any other information relating to its taxes that it deems confidential) to Borrowers or any other Person or (ii) pay any amount under this Section 3.10(g) which would place the it or its Affiliates in a less favorable net after-Tax position than it and its Affiliates would have been in if the Tax subject to indemnification and giving rise to such refund had not been deducted, withheld or otherwise imposed and the indemnification payments or additional amounts with respect to such Tax had never been paid.

Mitigation Obligations; Replacement of Lenders

(a) Designation of a Different Lending Office. If any Lender requests compensation under Section 3.7 or 3.9, or requires the Borrowers to pay any Indemnified Taxes or additional amounts to any Lender or any Governmental Body for the account of any Lender pursuant to Section 3.10, then such Lender shall (at the request of the Borrowers) use reasonable efforts to designate a different lending office for funding or booking its Advances to the Borrowers hereunder or to assign its rights and obligations hereunder to another of its offices, branches or affiliates, if, in the judgment of such Lender, such designation or assignment (i) would eliminate or reduce amounts payable pursuant to Section 3.7, 3.9 or 3.10, as the case may be, in the future, and (ii) would not subject such Lender to any unreimbursed cost or expense and would not otherwise be disadvantageous to such Lender. The Borrowers hereby agree to pay all reasonable costs and expenses incurred by any Lender in connection with any such designation or assignment.

(b) Replacement of Lenders. If any Lender (an "Affected Lender") (a) makes demand upon Borrowers for (or if Borrowers are otherwise required to pay) amounts pursuant to Section 3.7, 3.9 or 3.10 hereof, (b) is unable to make or maintain LIBOR Rate Loans as a result of a condition described in Section 2.2(h) hereof, (c) is a Defaulting Lender, or (d) denies any consent requested by Agent pursuant to Section 16.2(b) hereof agreed to by Required Lenders, Borrowers may, within ninety (90) days of receipt of such demand, notice (or the occurrence of such other event causing Borrowers to be required to pay such compensation or causing Section 2.2(h) hereof to be applicable), or such Lender becoming a Defaulting Lender or denial of a request by Agent pursuant to Section 16.2(b) hereof, as the case may be, by notice in writing to Agent and such Affected Lender (i) request the Affected Lender to cooperate with Borrowers in obtaining a replacement Lender satisfactory to Agent and Borrowers (the "Replacement Lender"); (ii) request the non-Affected Lenders to acquire and assume all of the Affected Lender's Advances and its Revolving Commitment Percentage, as provided herein, but none of such Lenders shall be under any obligation to do so; or (iii) propose a Replacement Lender subject to approval by Agent. If any satisfactory Replacement Lender shall be obtained, and/or

if any one or more of the non-Affected Lenders shall agree to acquire and assume all of the Affected Lender's Advances and its Revolving Commitment Percentage, then such Affected Lender shall assign, in accordance with Section 16.3 hereof, all of its Advances and its Revolving Commitment Percentage, and other rights and obligations under this Loan Agreement and the Other Documents to such Replacement Lender or non-Affected Lenders, as the case may be, in exchange for payment of the principal amount so assigned and all interest and fees accrued on the amount so assigned, plus all other Obligations then due and payable to the Affected Lender. Nothing contained in this Section 3.11 shall limit Agent's and Borrowing Agent's right to replace a Lender pursuant to Section 16.2(d)0.

IV. COLLATERAL: GENERAL TERMS

Security Interest in the Collateral

. To secure the prompt payment and performance to Agent, Issuer, Swing Loan Lender, each Lender and each other Secured Party (and each other holder of any Obligations) of the Obligations, each Credit Party hereby assigns, pledges and grants to Agent for its benefit and for the ratable benefit of each Secured Party, a continuing security interest in and to and Lien on all of its Collateral, whether now owned or existing or hereafter created, acquired or arising and wheresoever located. Each Credit Party shall mark its books and records as may be necessary or appropriate to evidence, protect and perfect Agent's security interest and shall cause its financial statements to reflect such security interest. Each Credit Party shall provide Agent with written notice of all commercial tort claims for which the amount of damages sought exceeds \$500,000 promptly upon such claim having been asserted in judicial proceedings, mediation, arbitration or other formal or informal dispute resolution forums, such notice to contain a brief description of the claim(s), the events out of which such claim(s) arose and the parties against which such claims may be asserted and, if applicable in any case where legal proceedings regarding such claim(s) have been commenced, the case title together with the applicable court and docket number.

Perfection of Security Interest

. Each Credit Party shall take all action that may be necessary or desirable, or that Agent may request, so as at all times to maintain the validity, perfection, enforceability and priority of Agent's security interest in and Lien on the Collateral or to enable Agent to protect, exercise or enforce its rights hereunder and in the Collateral, including, but not limited to, (i) immediately discharging all Liens other than Permitted Encumbrances, (ii) delivering to Agent, endorsements of, instruments of assignment as Agent may specify with respect to, and stamping or marking in such manner as Agent may specify, any and all chattel paper, instruments and advices thereof and documents evidencing or forming a part of the Collateral, (iii) executing and delivering pledges of the Equity Interests of each of its Subsidiaries (solely to the extent such Equity Interests do not constitute Excluded Property) (iv) executing and delivering Ship Mortgages with respect to Documented Vessels (including without limitation Documented Vessels acquired or constructed after the Closing Date) as well as evidence satisfactory to Agent that such Ship Mortgages have been duly recorded with each such Documented Vessel's flag state registry, and (v) executing and delivering financing statements, control agreements, instruments of pledge, mortgages (and satisfying the Real Estate Collateral Requirements), notices and assignments, in each case in form and substance reasonably satisfactory to Agent, relating to the creation, validity, perfection, maintenance or continuation of Agent's security interest and Lien under the Uniform Commercial Code or other Applicable Law.

By its signature hereto, each Credit Party hereby authorizes Agent to file against such Credit Party, one or more financing, continuation or amendment statements pursuant to the Uniform Commercial Code in form and substance satisfactory to Agent (which statements may have a description of collateral which is broader than that set forth herein, including without limitation a description of Collateral as "all assets" and/or "all personal property" of any Credit Party). All charges, expenses and fees Agent may incur in doing any of the foregoing, and any local taxes relating thereto, shall be charged to Borrowers' Account as a Revolving Advance of a Domestic Rate Loan and added to the Obligations. Notwithstanding the foregoing, unless an Event of Default has occurred and is continuing, the Credit Parties shall not be obligated to perfect a security interest in (a) motor vehicles and other assets subject to certificates of title with an aggregate fair market value not to exceed \$500,000, (b) letter of credit rights (other than those that constitute supporting obligations as to other Collateral) with a value of less than \$500,000, (c) deliver to Agent possession of any items of Collateral with a value of less than \$500,000, or (d) deliver a Mortgage on Real Property with a fair market value of less than \$500,000 when a Collateral Trigger Event has occurred. In furtherance of the foregoing, after a Collateral Trigger Event has occurred, the Credit Parties shall deliver such documentation (including, without limitation, opinions of counsel and authorizing resolutions and with respect to Mortgages on Real Property, flood insurance documentation and other Real Estate Collateral Requirements) as Agent shall reasonably request.

Preservation of Collateral

. Following the occurrence and during the continuation of an Event of Default and in addition to the rights and remedies set forth in Section 11.1 hereof, Agent: (a) may at any time take such steps as Agent deems necessary to protect Agent's interest in and to preserve the Collateral, including the hiring of security guards or the placing of other security protection measures as Agent may deem appropriate; (b) may employ and maintain at any of any Credit Party's premises a custodian who shall have full authority to do all acts necessary to protect Agent's interests in the Collateral; (c) may lease warehouse facilities to which Agent may move all or part of the Collateral; and (d) shall have, and is hereby granted, a right of ingress and egress to the places where the Collateral is located, and may proceed over and through any of Credit Parties' owned or leased property. Each Credit Party shall cooperate fully with all of Agent's efforts to preserve the Collateral and will take such actions to preserve the Collateral as Agent may direct. All of Agent's expenses of preserving the Collateral, including any expenses relating to the bonding of a custodian, shall be charged to Borrowers' Account as a Revolving Advance maintained as a Domestic Rate Loan and added to the Obligations.

4.4 Ownership and Location of Collateral.

(a) With respect to the Collateral, at the time the Collateral becomes subject to Agent's security interest: (i) each Credit Party shall be the sole owner of or have rights or an interest in, and be fully authorized and able to sell, transfer, pledge and/or grant a first priority security interest in each and every item of its respective Collateral to Agent, subject to Permitted Encumbrances; and, except for Permitted Encumbrances the Collateral shall be free and clear of all Liens whatsoever; (ii) each document and agreement executed by each Credit Party or delivered to Agent or any Lender in connection with this Agreement shall be true and correct in all material respects; (iii) all signatures and endorsements of each Credit Party that appear on

such documents and agreements shall be genuine and each Credit Party shall have full capacity to execute same; and (iv) each Credit Party's Equipment and Inventory shall be located as set forth on Schedule 4.4 (unless such Equipment or Inventory is being utilized for a project and at a customer's location, provided; that in any event such Equipment and Inventory shall be located within the United States), or at such other locations as a Credit Party may from time to time notify Agent.

(b) Schedule 4.4 hereto sets forth a correct and complete list as of the Closing Date of (A) each place of business of each Credit Party, (B) the chief executive office of each Credit Party; (C) the location of any Inventory or Equipment of a Credit Party (unless such Equipment or Inventory is being utilized for a project and at a customer's location, provided; that in any event such Equipment and Inventory shall be located within the United States), and (D) the location, by state and street address, of all Real Property owned or leased by each Credit Party, identifying which properties are owned and which are leased, together with the names and addresses of any landlords.

Defense of Agent's and Lenders' Interests

. Until (a) payment and performance in full of all of the Obligations and (b) termination of this Agreement, Agent's interests in the Collateral shall continue in full force and effect. Each Credit Party shall defend Agent's interests in the Collateral against any and all Persons whatsoever. At any time following demand by Agent for payment of all Obligations after the occurrence and during the continuance of an Event of Default, Agent shall have the right to take possession of the indicia of the Collateral and the Collateral in whatever physical form contained, including: labels, stationery, documents, instruments and advertising materials. If Agent exercises this right to take possession of the Collateral, each Credit Party shall, upon demand, assemble it in a manner reasonably requested by Agent and make it available to Agent at a place reasonably convenient to Agent. In addition, with respect to all Collateral, Agent and Lenders shall be entitled to all of the rights and remedies set forth herein and further provided by the Uniform Commercial Code or other Applicable Law. If an Event of Default has occurred and is continuing, at Agent's request, each Credit Party shall, and Agent may, at its option, instruct all suppliers, carriers, forwarders, warehousemen or others receiving or holding cash, checks, Inventory, documents or instruments in which Agent holds a security interest to deliver same to Agent and/or subject to Agent's order and if they shall come into any Credit Party's possession, they, and each of them, shall be held by such Credit Party in trust as Agent's trustee, and such Credit Party will immediately deliver them to Agent in their original form together with any necessary endorsement.

Inspection of Premises

. During normal business hours, Agent shall have full access to and the right to audit, check, inspect and make abstracts and copies from each Credit Party's books, records, audits, correspondence and all other papers relating to the Collateral and the operation of each Credit Party's business. Agent and its agents may enter upon any premises of any Credit Party upon reasonable notice at any time during business hours, for the purpose of inspecting the Collateral and any and all records pertaining thereto and the operation of such Credit Party's business. Borrowers' obligation to pay fees to Agent in respect of collateral evaluations provided for under this Section 4.6 shall be limited to the extent set forth in Section 3.4.

Appraisals

. Agent may in its Permitted Discretion (and shall at the written direction of Required Lenders but only to the extent Borrowers are obligated to reimburse Agent pursuant to the terms of this Section 4.7), at any time after the Closing Date and from time to time, engage the services of an Approved Appraiser, for the purpose of appraising Credit Parties' assets; provided, that so long as no Event of Default shall have occurred during a calendar year, Agent shall not conduct more than one (1) appraisal of the Equipment (including Fleet Assets) in such calendar year (increasing to two (2) appraisals of Equipment (including Fleet Assets) in a calendar year if at any time during such calendar year Modified Undrawn Availability is less than twenty-two and one-half percent (22.5%) of the Maximum Revolving Advance Amount for five (5) consecutive days or Modified Undrawn Availability is less than \$50,000,000 on any day), except for appraisals conducted in connection with a proposed Permitted Acquisition (whether or not consummated). Absent the occurrence and continuance of an Event of Default at such time, Agent shall consult with Borrowing Agent as to the identity of any such Approved Appraiser. Borrowers shall reimburse Agent for the costs, expenses and charges incurred by Agent in respect of any appraisal; provided, that so long as no Event of Default shall have occurred during a calendar year, Borrowers shall not be obligated to reimburse Agent for more than one (1) appraisal of the Equipment (including Fleet Assets) in such calendar year (increasing to two (2) appraisals of Equipment (including Fleet Assets) in a calendar year if at any time during such calendar year Modified Undrawn Availability is less than twenty-two and one-half percent (22.5%) of the Maximum Revolving Advance Amount for five (5) consecutive days or Modified Undrawn Availability is less than \$50,000,000 on any day), except for appraisals conducted in connection with a proposed Permitted Acquisition (whether or not consummated).

4.8 Receivables; Deposit Accounts and Securities Accounts.

(a) Each of the Receivables shall be a bona fide and valid account representing a bona fide indebtedness incurred by the Customer therein named, for a fixed sum as set forth in the invoice relating thereto (provided immaterial or unintentional invoice errors shall not be deemed to be a breach hereof) with respect to an absolute sale or lease and delivery of goods upon stated terms of a Credit Party, or work, labor or services theretofore rendered by a Credit Party as of the date each Receivable is created. Same shall be due and owing in accordance with the applicable Credit Party's terms of sale with the Customer, without dispute, setoff or counterclaim except as may be stated on the accounts receivable schedules delivered by Credit Parties to Agent.

(b) Each Customer, to the best of each Credit Party's knowledge, as of the date each Receivable is created, is and will be solvent and able to pay all Receivables on which the Customer is obligated in full when due. With respect to such Customers of any Credit Party who are not solvent, such Credit Party has set up on its books and in its financial records bad debt reserves adequate to cover such Receivables.

(c) Each Credit Party's chief executive office is located as set forth on Schedule 4.4. Until written notice is given to Agent by Borrowing Agent of any other office at which any Credit Party keeps its records pertaining to Receivables, all such records shall be kept at such executive office.

(d) Credit Parties shall instruct their Customers to deliver all remittances upon Receivables (whether paid by check or by wire transfer of funds) to such Collection Account(s) (and any associated lockboxes) as contemplated by Section 4.8(h). Notwithstanding the foregoing, to the extent any Credit Party directly receives any remittances upon Receivables, such Credit Party shall promptly deposit such remittances in a Collection Account, and shall as soon as possible and in any event no later than one (1) Business Day after the receipt thereof (i) in the case of remittances paid by check, deposit all such remittances in their original form (after supplying any necessary endorsements) and (ii) in the case of remittances paid by wire transfer of funds, transfer all such remittances, in each case, into such Collection Accounts(s). Each Credit Party shall deposit in the Collection Account or, upon request by Agent after the occurrence and during the continuance of an Event of Default, deliver to Agent, in original form and on the date of receipt thereof, all checks, drafts, notes, money orders, acceptances, cash and other evidences of Indebtedness.

(e) *[Intentionally Omitted]*.

(f) At any time following the occurrence and during the continuation of an Event of Default, Agent shall have the right to receive, endorse, assign and/or deliver in the name of Agent or any Credit Party any and all checks, drafts and other instruments for the payment of money relating to the Receivables, and each Credit Party hereby waives notice of presentment, protest and non-payment of any instrument so endorsed. Each Credit Party hereby constitutes Agent or Agent's designee as such Credit Party's attorney with power at any time: following the occurrence and during the continuation of an Event of Default: (i) to endorse such Credit Party's name upon any notes, acceptances, checks, drafts, money orders or other evidences of payment or Collateral; (ii) to sign such Credit Party's name on all financing statements or any other documents or instruments deemed necessary or appropriate by Agent to preserve, protect, or perfect Agent's interest in the Collateral and to file same; (iii) to receive, open and dispose of all mail addressed to any Credit Party at any post office box/lockbox maintained by Agent for Credit Parties or at any other business premises of Agent; (iv) to sign such Credit Party's name on any invoice or bill of lading relating to any of the Receivables, drafts against Customers, assignments and verifications of Receivables, (v) to demand payment of the Receivables; (vi) to enforce payment of the Receivables by legal proceedings or otherwise; (vii) to exercise all of such Credit Party's rights and remedies with respect to the collection of the Receivables and any other Collateral; (viii) to sue upon or otherwise collect, extend the time of payment of, settle, adjust, compromise, extend or renew the Receivables; (ix) to settle, adjust or compromise any legal proceedings brought to collect Receivables; (x) to prepare, file and sign such Credit Party's name on a proof of claim in bankruptcy or similar document against any Customer; (xi) to prepare, file and sign such Credit Party's name on any notice of Lien, assignment or satisfaction of Lien or similar document in connection with the Receivables; (xii) to accept the return of goods represented by any of the Receivables; (xiii) to change the address for delivery of mail addressed to any Credit Party to such address as Agent may designate; and (xiv) to do all other acts and things necessary to carry out this Agreement. All acts of said attorney or designee are hereby ratified and approved, and said attorney or designee shall not be liable for any acts of omission or commission nor for any error of judgment or mistake of fact or of law, unless done maliciously or with gross (not mere) negligence, bad faith or willful misconduct (as determined

by a court of competent jurisdiction in a final non-appealable judgment); this power being coupled with an interest is irrevocable while any of the Obligations remain unpaid.

(g) Neither Agent nor any Lender shall, under any circumstances or in any event whatsoever, have any liability for any error or omission or delay of any kind occurring in the settlement, collection or payment of any of the Receivables or any instrument received in payment thereof, or for any damage resulting therefrom.

(h) Credit Parties shall (i) establish and maintain their primary depository and treasury management relationships and all Collection Accounts with the Primary Depository Institution and (ii) deposit or cause to be deposited promptly, and in any event no later than the first Business Day after the date of receipt thereof, all of their collections and proceeds of Collateral into a Collection Account of a Credit Party (or into a lockbox from which collections received therein are deposited into a Collection Account of a Credit Party). Each Collection Account and each other deposit or securities account of a Credit Party (each such Collection Account, deposit account or securities account, other than an Excluded Deposit Account, a "Controlled Account") shall be subject to a deposit account control agreement with the applicable bank, financial or securities intermediary (each, a "Controlled Account Bank") in form and substance reasonably satisfactory to Agent and shall provide (unless Agent otherwise agrees), among other things, that (A) the applicable Controlled Account Bank will comply with any instructions originated by Agent directing the disposition of the funds in such Controlled Account without further consent by the applicable Credit Party, (B) the applicable Controlled Account Bank waives, subordinates, or agrees not to exercise any rights of setoff or recoupment or any other claim against the applicable Controlled Account other than for payment of its service fees and other charges directly related to the administration of such Controlled Account and for returned checks or other items of payment, and (C) upon the instruction of Agent (an "Activation Instruction"), the applicable Controlled Account Bank will forward by daily sweep all amounts in the applicable Controlled Account as identified by Agent in such Activation Instruction to the appropriate account of Agent. Agent agrees not to issue an Activation Instruction with respect to any Controlled Account unless a Cash Dominion Period has commenced. If a Cash Dominion Trigger Event occurs, Agent may (and at the written direction of Required Lenders shall) issue an Activation Instruction. Agent agrees to use commercially reasonable efforts to rescind an Activation Instruction at such time as the Cash Dominion Period with respect to such Cash Dominion Triggering Event has terminated. Agent shall apply all funds received by it from the Controlled Accounts to the Revolving Advances; provided, that if an Application Event has occurred and is continuing and funds are to be applied pursuant to Section 11.5, such funds are to be applied in respect of the obligations in accordance with Section 11.5 to the satisfaction of the Obligations (including the Cash Collateralization of the Letters of Credit) in the manner provided in this Agreement; provided further that, in the absence of any Event of Default, Agent shall apply all such funds representing collection of Receivables first to the prepayment of the principal amount of the Swing Loans, if any, and then to the Revolving Advances.

(i) If an Event of Default has occurred and is continuing, no Credit Party will, without Agent's consent, compromise or adjust any Receivables (or extend the time for payment thereof) or accept any material returns of merchandise or grant any additional discounts,

allowances or credits thereon except for those compromises, adjustments, returns, discounts, credits and allowances as have been heretofore customary in the Ordinary Course of Business of such Credit Party.

(j) All deposit accounts, securities accounts and investment accounts of each Credit Party and its Subsidiaries as of the Closing Date are set forth on Schedule 4.8(j). No Credit Party shall open any new deposit account, securities account or investment account unless (i) Borrowers shall have given at least ten (10) days prior written notice to PNC and (ii) if such account is to be maintained with a bank, depository institution or securities intermediary that is not Agent, such bank, depository institution or securities intermediary, each applicable Credit Party and Agent shall first have entered into an account control agreement in form and substance satisfactory to Agent sufficient to give Agent "control" (for purposes of Articles 8 and 9 of the Uniform Commercial Code) over such account. Notwithstanding anything herein to the contrary, this Section 4.8(j) shall not apply to Excluded Deposit Accounts.

Inventory

. To the extent Inventory held for sale or lease has been produced by any Credit Party, it has been and will be produced by such Credit Party in accordance with the Federal Fair Labor Standards Act of 1938, as amended, and all rules, regulations and orders thereunder.

Maintenance of Equipment

. The Equipment shall be maintained in good operating condition and repair (reasonable wear and tear excepted) and all necessary replacements of and repairs thereto shall be made so that the value and operating efficiency of the Equipment shall be maintained and preserved, except where the failure to do so would not have a Material Adverse Effect. No Credit Party shall use or operate the Equipment in violation of any law, statute, ordinance, code, rule or regulation except to the extent such violations would not have a Material Adverse Effect.

Exculpation of Liability

. Nothing herein contained shall be construed to constitute Agent or any Lender as any Credit Party's agent for any purpose whatsoever, nor shall Agent or any Lender be responsible or liable for any shortage, discrepancy, damage, loss or destruction of any part of the Collateral wherever the same may be located and regardless of the cause thereof unless caused maliciously or with gross (not mere) negligence, bad faith or willful misconduct (as determined by a court of competent jurisdiction in a final non-appealable judgment). Neither Agent nor any Lender, whether by anything herein or in any assignment or otherwise, assume any of any Credit Party's obligations under any contract or agreement assigned to Agent or such Lender, and neither Agent nor any Lender shall be responsible in any way for the performance by any Credit Party of any of the terms and conditions thereof.

Maritime Representations and Covenants

. Each Credit Party:

(a) represents and warrants that as of the Closing Date (i) all Fleet Assets are listed on Schedule 1.3 and (ii) all of the Fleet Assets that constitute Specified Foreign Location Vessels are identified on Schedule 1.3 and the locations of such Specified Foreign Location Vessels are identified on Schedule 1.3;

(b) will not transfer or change the flag of, or change the name or vessel number of, any of the Documented Vessels without the prior written consent of Agent; provided, further, that any such consent, once obtained shall not be construed to be a waiver of this provision with respect to any subsequent proposed transfer or change of flag, or change in the name or vessel number of such vessel, or any other Documented Vessels;

(c) will not permit any Documented Vessel to be (i) flagged in any jurisdiction other than the United States or the Republic of the Marshall Islands except for the Documented Vessels listed on Schedule 1.3 and flagged in Bahrain or St. Kitts, or (ii) located outside of the United States except (y) for the Specified Foreign Location Vessels and Documented Vessels flagged in St. Kitts listed on Schedule 1.3 which shall be located at the jurisdictions identified on Schedule 1.3, (x) Fleet Assets designated by Agent as Specified Foreign Location Vessels after the Closing Date which shall be located in the jurisdictions approved by Agent in connection with such designation, (y) as may be permitted by Section 4.12(i), or (z) as otherwise may be agreed in writing by Agent;

(d) will not (i) cause or permit any Documented Vessel to be operated in any manner contrary to law; (ii) engage in any unlawful trade or violate any law or expose any Documented Vessel to penalty or forfeiture, except where any such operation, engagement, violation or exposure could not reasonably be expected to have a Material Adverse Effect; or (iii) do, or suffer or permit to be done, anything which can or may injuriously affect, in any material respect, the registration, documentation or trade endorsement of a Documented Vessel under the laws and regulations of the United States, the Republic of the Marshall Islands, St. Kitts or such other jurisdiction governing the documentation or registration of such Documented Vessel;

(e) shall promptly notify Agent in writing of any arrest or threatened arrest of any Documented Vessel in which any Lien is asserted against such Documented Vessel for loss, damage or expense which is covered by insurance required hereunder, and it is necessary for such Credit Party to obtain a bond or supply other security to prevent arrest of such Documented Vessel or to release the Documented Vessel from arrest on account of such claim or lien, and within thirty (30) days, cause such Documented Vessel to be released by posting security or otherwise;

(f) will not (i) do or permit or willingly allow to be done any act to cause any insurance required by the terms of this Agreement or any Ship Mortgage to be suspended, impaired or cancelled, and (ii) permit or allow any Documented Vessel to undertake any voyage or run any risk or transport any cargo or passengers which may not be permitted by the policies in force, without having first insured such Documented Vessel by additional coverage for such voyages, risks, passengers or cargos;

(g) shall promptly notify Agent of the actual or constructive total loss of a Documented Vessel or the agreed or compromised total loss of a Documented Vessel, or the arrest capture, condemnation, confiscation, registration, seizure or forfeiture of a Documented Vessel;

(h) shall cause each Documented Vessel to remain subject to a certificate of documentation or certificate of registry, official name and official number, and prior to causing any Fleet Asset to be a Documented Vessel, Credit Parties shall provide at least 30 day prior written notice to Agent;

(i) shall not move any Fleet Asset that is an Eligible Fleet Asset outside of the continental United States, unless (i) pursuant to a binding contract for a project, and (ii) having first delivered to Agent a Borrowing Base Certificate calculated as of such date to reflect that such Fleet Asset will not constitute an Eligible Fleet Asset except to the extent such Fleet Asset constitutes a Specified Foreign Location Vessel and a certificate duly executed by a Responsible Officer of the Borrowing Agent that describes the intended geographic location of the Fleet Asset and duration of the project.

Release of Liens on Release Eligible Specified Foreign Location Vessels

. At the written request of Borrowing Agent, Agent shall release its Lien on any Release Eligible Specified Foreign Location Vessel so long as the Foreign Location Release Conditions are satisfied after giving effect to such release.

Real Property Collateral

. If a Collateral Trigger Event occurs and Agent provides written notice to Borrowing Agent (with a copy to Lenders) directing Borrowers to satisfy the Real Estate Collateral Requirements, Borrowers shall within 60 days of such notice satisfy the Real Estate Collateral Requirements in a manner satisfactory to Agent.

V. REPRESENTATIONS AND WARRANTIES.

Each Credit Party represents and warrants, as to itself and each of its Subsidiaries, as follows:

Authority

. Each Credit Party has full power, authority and legal right to enter into this Agreement and the Other Documents to which it is a party and to perform all its respective Obligations hereunder and thereunder. This Agreement and the Other Documents to which it is a party have been duly executed and delivered by each Credit Party, and this Agreement and the Other Documents to which it is a party constitute the legal, valid and binding obligation of such Credit Party enforceable in accordance with their terms, except as such enforceability may be limited by any applicable bankruptcy, insolvency, moratorium or similar laws affecting creditors' rights generally. The execution, delivery and performance of this Agreement and of the Other Documents to which it is a party (a) are within such Credit Party's corporate or company powers, as applicable, have been duly authorized by all necessary corporate or company action, as applicable, are not in contravention of law or the terms of such Credit Party's Organizational Documents or to the conduct of such Credit Party's business or of any Material Contract or undertaking to which such Credit Party is a party or by which such Credit Party is bound, (b) will not conflict with or violate any law or regulation, or any judgment, order or decree of any Governmental Body, (c) will not require the Consent of any Governmental Body, any party to a Material Contract or any other Person, except (i) those Consents set forth on Schedule 5.1 hereto, all of which will have been duly obtained, made or compiled prior to the Closing Date and which are in full force and effect, and (ii) where the failure to obtain such Consents would not

reasonably be expected to result in a Material Adverse Effect, and (d) will not conflict with, nor result in any breach in any of the provisions of or constitute a default under or result in the creation of any Lien except Permitted Encumbrances upon any asset of such Credit Party under the provisions of any agreement, instrument, or other document to which such Credit Party is a party or by which it or its property is a party or by which it may be bound.

5.2 Formation and Qualification.

(a) Each Credit Party is duly incorporated or formed, as applicable, and in good standing under the laws of the state listed on Schedule 5.2(a) and is qualified to do business and is in good standing in the states listed on Schedule 5.2(a) which constitute all states in which qualification and good standing are necessary for such Credit Party to conduct its business and own its property and where the failure to so qualify could reasonably be expected to have a Material Adverse Effect. Each Credit Party has delivered to Agent true and complete copies of its Organizational Documents as of the Closing Date and will promptly notify Agent of any amendment or changes thereto.

(b) The only Subsidiaries of GLDD and each other Credit Party as of the Closing Date are listed on Schedule 5.2(b).

Survival of Representations and Warranties

. All representations and warranties of such Credit Party contained in this Agreement and the Other Documents to which it is a party shall be true and correct in all material respects (except that such materiality qualifier shall not be applicable to any representations and warranties that already are qualified or modified by materiality in the text thereof) at the time of such Credit Party's execution of this Agreement and the Other Documents to which it is a party and true and correct in all in all material respects (except that such materiality qualifier shall not be applicable to any representations and warranties that already are qualified or modified by materiality in the text thereof) as of the time of any request for an Advance (except to the extent such representations and warranties expressly relate to an earlier date, in which case they shall be true and correct in all material respects (except that such materiality qualifier shall not be applicable to any representations and warranties that already are qualified or modified by materiality in the text thereof) as of such earlier date).

Tax Returns

. Each Credit Party's federal tax identification number is set forth on Schedule 5.4. Each Credit Party has filed all federal, state and local tax returns and other reports each is required by law to file and has paid all taxes, assessments, fees and other governmental charges that are due and payable, except to the extent that they are being Properly Contested. The provision for taxes on the books of each Credit Party is adequate for all years not closed by applicable statute, and for its current fiscal year, and no Credit Party has any knowledge of any deficiency or additional assessment in connection therewith not provided for on its books.

5.5 Financial Statements; No Material Adverse Effect.

(a) The pro forma balance sheet of GLDD on a Consolidated Basis (the "Pro Forma Balance Sheet") furnished to Agent on the Closing Date reflects the consummation of the

transactions contemplated under this Agreement (collectively, the "Transactions") and is accurate, complete and correct and fairly reflects the financial condition of GLDD on a Consolidated Basis as of the Closing Date after giving effect to the Transactions, and has been prepared in accordance with GAAP, consistently applied. The Pro Forma Balance Sheet has been certified as accurate, complete and correct in all material respects by a Responsible Officer of Borrowing Agent. All financial statements referred to in this subsection 5.5(a), including the related schedules and notes thereto, have been prepared in accordance with GAAP, except as may be disclosed in such financial statements.

(b) The twelve (12) month cash flow and balance sheet projections of GLDD on a Consolidated Basis, copies of which are annexed hereto as Exhibit 5.5(b) (the "Projections") were approved by a Responsible Officer of GLDD, are based on underlying assumptions which provide a reasonable basis for the projections contained therein and reflect Borrowers' judgment based on present circumstances of the most likely set of conditions and course of action for the projected period (it being recognized by Agent and the Lenders that such projected financial information is not to be viewed as fact and is subject to significant uncertainties and contingencies many of which are beyond the Borrowers' control, that no assurance can be given that any particular financial projections will be realized, and that actual results may vary materially from such projected financial information). The cash flow Projections together with the Pro Forma Balance Sheet are referred to as the "Pro Forma Financial Statements".

(c)The consolidated balance sheets of GLDD and its Subsidiaries, and such other Persons described therein, as of October 31, 2016, and the related statements of income, changes in stockholder's equity, and changes in cash flow for the period ended on such date, all accompanied by reports thereon containing opinions without qualification by independent certified public accountants, copies of which have been delivered to Agent, have been prepared in accordance with GAAP, consistently applied (except for changes in application to which such accountants concur) and present fairly the financial position of GLDD and its Subsidiaries at such date and the results of their operations for such period. Without limiting any of Agent's or Lenders' rights as a result of a breach of the forgoing representation and warranty, in the event the financial statements of GLDD and its Subsidiaries for any of the months of December, 2015 through October, 2016 are restated or otherwise adjusted after the Closing Date, stipulated EBIDTA for any such month shall be reduced to reflect such restatement or adjustment.

(d)Since December 31, 2015, there has not occurred any event, condition or state of facts which has resulted in, or could reasonably be expected to result in, a Material Adverse Effect.

Entity Names

. Except as set forth on Schedule 5.6, no Credit Party has been known by any other company or corporate name, as applicable, in the past five (5) years and has not provided services or sold Inventory under any other name, nor has any Credit Party been the surviving corporation or company, as applicable, of a merger or consolidation or acquired all or substantially all of the assets of any Person or a business of a Person during the preceding five (5) years.

5.7 Environmental Compliance; Flood Insurance.

(a) The properties owned, leased or operated by each Credit Party and each Subsidiary thereof do not contain, and to their knowledge have not previously contained, any Hazardous Materials in quantities or conditions that could reasonably be expected to give rise to liability on the part of any Credit Party or any Subsidiary thereof or which constitute or constituted a violation of applicable Environmental Laws, except for such liability or violation that could not reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect.

(b) All operations conducted by each Credit Party and each Subsidiary thereof are in compliance, and have been in compliance, with all applicable Environmental Laws, except for any noncompliance which could not reasonably be expected, individually or in the aggregate, to have a Material Adverse Effect.

(c) No Credit Party nor any Subsidiary thereof has received any written notice of any Environmental Claim, nor does any Credit Party or any Subsidiary thereof have knowledge or reason to believe that any such notice will be received or is being threatened which, in either case, could reasonably be expected, individually or in the aggregate, to have a Material Adverse Effect.

(d) Hazardous Materials have not been transported off-site or disposed of at, on or from the properties owned, leased or operated by any Credit Party or any Subsidiary thereof in violation of, or which could give rise to liability under, Environmental Laws, nor have any Hazardous Materials been generated, treated, stored or disposed of at, on or under any of such properties in violation of, or in a manner that could give rise to liability under, any applicable Environmental Laws, except for any liability or violation which could not reasonably be expected, individually or in the aggregate, to have a Material Adverse Effect.

(e) No Environmental Claim is pending, or, to the knowledge of any Credit Party or any Subsidiary thereof, threatened, under any Environmental Law to which any Credit Party or any Subsidiary thereof is or will be named as a potentially responsible party, nor are there any consent decrees or other decrees, consent orders, administrative orders or other orders, or other administrative or judicial requirements outstanding under any Environmental Law with respect to any Credit Party or any Subsidiary thereof that, in any such case, could reasonably be expected, individually or in the aggregate, to have a Material Adverse Effect.

(f) All Real Property owned by Credit Parties and subject to a Mortgage is insured pursuant to policies and other bonds which are valid and in full force and effect and which provide adequate coverage from reputable and financially sound insurers in amounts sufficient to insure the assets and risks of each such Credit Party in accordance with prudent business practice in the industry of such Credit Party. Each Credit Party has taken all actions required under the Flood Laws and/or requested by Agent (for further delivery to each Lender) or any Lender to assist in ensuring that each Lender is in compliance with the Flood Laws applicable to the Collateral, including, but not limited to, providing Agent with the address and/or GPS coordinates of each structure located upon any Real Property that will be subject to a

Mortgage in favor of Agent, for the benefit of Lenders, and, to the extent required, obtaining flood insurance in compliance with Flood Laws for such property, structures and contents prior to such property, structures and contents becoming Collateral.

5.8 Solvency; No Litigation, Violation, Indebtedness or Default; ERISA Compliance.

(a) (i) After giving effect to the Transactions, each Credit Party is solvent, able to pay its debts as they mature, has capital sufficient to carry on its business and all businesses in which it is about to engage, (ii) as of the Closing Date, the fair present saleable value of its assets, calculated on a going concern basis, is in excess of the amount of its liabilities (actual, contingent or otherwise), and (iii) subsequent to the Closing Date, the fair saleable value of its assets (calculated on a going concern basis) will be in excess of the amount of its liabilities.

(b) Except as disclosed in Schedule 5.8(b), no Credit Party or any Subsidiary of a Credit Party has any pending or threatened litigation, arbitration, actions or proceedings in excess of \$[*]. No Credit Party or any Subsidiary of a Credit Party has any outstanding Indebtedness other than Permitted Indebtedness.

(c) As of the Closing Date, no Credit Party nor any ERISA Affiliate maintains or contributes to, or has any obligation under, pension or Multiemployer Plans other than those identified on Schedule 5.8(c).

(d) Each Credit Party and each ERISA Affiliate is in compliance with all applicable provisions of ERISA, the Code and the regulations and published interpretations thereunder with respect to all Employee Benefit Plans except for any required amendments for which the remedial amendment period as defined in Section 401(b) of the Code has not yet expired and except where a failure to so comply could not reasonably be expected to have a Material Adverse Effect. Each Employee Benefit Plan that is intended to be qualified under Section 401(a) of the Code has been determined by the IRS to be so qualified, and each trust related to such plan has been determined to be exempt under Section 501(a) of the Code except for such plans that have not yet received determination letters but for which the remedial amendment period for submitting a determination letter has not yet expired. No liability has been incurred by any Credit Party or any ERISA Affiliate which remains unsatisfied for any taxes or penalties assessed with respect to any Employee Benefit Plan or any Multiemployer Plan except for a liability that could not reasonably be expected to have a Material Adverse Effect.

(e) As of the Closing Date, no funding waiver from the IRS been received or requested with respect to any Pension Plan, nor has any Credit Party or any ERISA Affiliate failed to make any contributions or to pay any amounts due and owing as required by Sections 412 or 430 of the Code, Section 302 of ERISA or the terms of any Pension Plan prior to the due dates of such contributions under Sections 412 or 430 of the Code or Section 302 of ERISA, nor has there been any event requiring any disclosure under Section 4041(c)(3)(C) or 4063(a) of ERISA with respect to any Pension Plan.

(f) Except where the failure of any of the following representations to be correct could not reasonably be expected to have a Material Adverse Effect, no Credit Party nor

any ERISA Affiliate has: (i) engaged in a nonexempt prohibited transaction described in Section 406 of the ERISA or Section 4975 of the Code, (ii) incurred any liability to the PBGC which remains outstanding other than the payment of premiums and there are no premium payments which are due and unpaid, (iii) failed to make a required contribution or payment to a Multiemployer Plan, or (iv) failed to make a required installment or other required payment under Sections 412 or 430 of the Code.

(g) No Termination Event has occurred or is reasonably expected to occur.

Patents, Trademarks, Copyrights and Licenses

. All Intellectual Property owned or utilized by any Credit Party (other than off-the-shelf Intellectual Property that is generally commercially available which a Credit Party has a license to use): (i) as of the Closing Date is set forth on Schedule 5.9; (ii) if owned by a Credit Party, is valid and has been duly registered or filed with all appropriate Governmental Bodies; and (iii) constitutes all of the intellectual property rights which are reasonably necessary for the operation of its business. There is no objection to, pending challenge to the validity of, or proceeding by any Governmental Body to suspend, revoke, terminate or adversely modify, any such Intellectual Property and no Credit Party is aware of any challenge or proceedings, except as set forth in Schedule 5.9 hereto. All Intellectual Property owned or held by any Credit Party consists of original material or property developed by such Credit Party or to the knowledge of such Credit Party was lawfully acquired by such Credit Party from the proper and lawful owner thereof. Each of such items has been maintained in a manner reasonably determined by such Credit Party so as to preserve the value thereof from the date of creation or acquisition thereof unless a Credit Party has determined that an item is no longer necessary for its business.

Licenses and Permits

. Except as set forth in Schedule 5.10, each Credit Party (a) is in compliance with and (b) has procured and is now in possession of, all material licenses or permits required by any applicable federal, state or local law, rule or regulation and any international laws or conventions applicable to Documented Vessels either documented or operated outside of the United States for the operation of its business in each jurisdiction wherein it is now conducting or proposes to conduct business and where the failure to be so in compliance or to procure such licenses or permits could reasonably be expected to have a Material Adverse Effect.

Default of Indebtedness

. No Default or Event of Default exists as a result of (i) a Credit Party being in default in the payment of the principal of or interest on any Indebtedness or under any instrument or agreement under or subject to which any Indebtedness has been issued or (ii) an event that has occurred under the provisions of any such instrument or agreement which with or without the lapse of time or the giving of notice, or both, constitutes or would constitute an event of default thereunder.

No Default

. No Default or Event of Default has occurred and is continuing.

No Burdensome Restrictions

. No Credit Party is party to any contract or agreement the performance of which could reasonably be expected to have a Material Adverse Effect. Each Credit Party has heretofore delivered to Agent true and complete copies of all

Material Contracts to which it is a party or to which it or any of its properties is subject. No Credit Party has agreed or consented to cause or permit in the future (upon the happening of a contingency or otherwise) any of its property, whether now owned or hereafter acquired, to be subject to a Lien which is not a Permitted Encumbrance.

No Labor Disputes

. No Credit Party is involved in any labor dispute; there are no strikes or walkouts or union organization of any Credit Party's employees threatened or in existence and no labor contract is scheduled to expire during the Term other than as set forth on Schedule 5.14 hereto.

Margin Regulations

. No Credit Party is engaged, nor will it engage, principally or as one of its important activities, in the business of extending credit for the purpose of "purchasing" or "carrying" any "margin stock" within the respective meanings of each of the quoted terms under Regulation U of the Board of Governors of the Federal Reserve System as now and from time to time hereafter in effect. No part of the proceeds of any Advance will be used for "purchasing" or "carrying" "margin stock" as defined in Regulation U of such Board of Governors.

Investment Company Act

. No Credit Party is an "investment company" registered or required to be registered under the Investment Company Act of 1940, as amended, nor is it controlled by such a company.

Disclosure

. No representation or warranty made by any Credit Party in this Agreement, or in any financial statement, report, certificate or any other document furnished in connection herewith contains any untrue statement of a material fact or omits to state any material fact necessary to make the statements herein or therein, in light of the circumstances in which it is made, not misleading. There is no fact known to any Credit Party or which reasonably should be known to such Credit Party which such Credit Party has not disclosed to Agent in writing with respect to the transactions contemplated by this Agreement which could reasonably be expected to have a Material Adverse Effect.

Immaterial Subsidiaries

. No Immaterial Subsidiary (a) owns any assets (other than assets of a de minimis value and nature and not used in the operation of the business of the Credit Parties), (b) has any liabilities (other than liabilities of a de minimis nature), or (c) engages in any business activity. Notwithstanding the foregoing, Terra Contracting Services, LLC (x) may own assets on the Closing Date with an aggregate value that is not de minimis so long as in connection with the wind down of such business such assets are liquidated or transferred to a Credit Party and no material assets are acquired after the Closing Date, and (y) has liabilities associated with the investigation and related mediation and potential claims related to item number three identified on Schedule 5.8(b).

5.19 Charters. As of the Closing Date, no Fleet Asset owned by a Credit Party is subject to a bareboat charter or a time charter.

5.20 [*Intentionally Omitted*].

Business and Property of Credit Parties

. Upon and after the Closing Date, Credit Parties do not propose to engage in any business other than the business described in the Borrower's most recently filed Form 10K as of the Closing Date and any business activities related or incidental thereto. On the Closing Date, each Credit Party will own all the property and possess all of the rights and Consents necessary for the conduct of the business of such Credit Party.

Ineligible Securities

. Borrowers do not intend to use and shall not use any portion of the proceeds of the Advances, directly or indirectly, to purchase during the underwriting period, or for thirty (30) days thereafter, Ineligible Securities being underwritten by a securities Affiliate of Agent or any Lender.

5.23 *[Intentionally Omitted]*.

Equity Interests

. The authorized and outstanding Equity Interests of each Credit Party, and each legal and beneficial holder thereof as of the Closing Date (other than with respect to GLDD), are as set forth on Schedule 5.24(a) hereto. All of the Equity Interests of each Credit Party have been duly and validly authorized and issued and are fully paid and non-assessable and have been sold and delivered to the holders hereof in compliance with, or under valid exemption from, all federal and state laws and the rules and regulations of each Governmental Body governing the sale and delivery of securities. Except for the rights and obligations set forth on Schedule 5.24(b), there are no subscriptions, warrants, options, calls, commitments, rights or agreement by which any Credit Party or any of the shareholders of any Credit Party is bound relating to the issuance, transfer, voting or redemption of shares of its Equity Interests or any pre-emptive rights held by any Person with respect to the Equity Interests of Credit Parties. Except as set forth on Schedule 5.24(c), Credit Parties have not issued any securities convertible into or exchangeable for shares of its Equity Interests or any options, warrants or other rights to acquire such shares or securities convertible into or exchangeable for such shares.

Commercial Tort Claims

. No Credit Party has any commercial tort claims for which such claim has been asserted in judicial proceedings, mediation, arbitration or other formal or informal dispute resolution forums and for which the amount of damages sought exceeds \$500,000 except as set forth on Schedule 5.25 hereto.

Letter of Credit Rights

. No Credit Party has any letter of credit rights except as set forth on Schedule 5.26 hereto.

Material Contracts

. Schedule 5.27 sets forth all Material Contracts of the Credit Parties. All Material Contracts are in full force and effect and, to the knowledge of any Credit Party, there are no material defaults currently existing thereunder.

VI. AFFIRMATIVE COVENANTS.

Each Credit Party shall, and shall cause each of its Subsidiaries to, until payment in full of the Obligations and termination of this Agreement:

Compliance with Laws

. Comply in all material respects with all Applicable Laws with respect to the Collateral or any part thereof or to the operation of such Credit Party's business the non-compliance with which could reasonably be expected to have a Material Adverse Effect (except to the extent any separate provision of this Agreement shall expressly require compliance with any particular Applicable Law(s) pursuant to another standard).

Conduct of Business and Maintenance of Existence and Assets

. (a) Conduct continuously and operate actively its business according to good business practices and maintain all of its properties useful or necessary in its business in good working order and condition (reasonable wear and tear excepted and except as may be disposed of in accordance with the terms of this Agreement), including all Intellectual Property and take all actions necessary to enforce and protect the validity of any intellectual property right or other right included in the Collateral; (b) keep in full force and effect its existence; and comply in all material respects with the laws and regulations governing the conduct of its business where the failure to do so could reasonably be expected to have a Material Adverse Effect; and (c) make all such reports and pay all such franchise and other taxes and license fees and do all such other acts and things as may be lawfully required to maintain its rights, licenses, leases, powers and franchises under the laws of the United States or any political subdivision thereof where the failure to do so could reasonably be expected to have a Material Adverse Effect.

Books and Records

. Keep proper books of record and account in which full, true and correct entries will be made of all dealings or transactions of or in relation to its business and affairs (including without limitation accruals for taxes, assessments, charges, levies and claims, allowances against doubtful Receivables and accruals for depreciation, obsolescence or amortization of assets), all in accordance with, or as required by, GAAP consistently applied in the opinion of such independent public accountant as shall then be regularly engaged by Borrowers.

Payment of Taxes

. Pay, when due, all taxes, assessments and other charges lawfully levied or assessed upon such Credit Party or any of the Collateral, including real and personal property taxes, assessments and charges and all franchise, income, employment, social security benefits, withholding, and sales taxes, except where the same are being Properly Contested or the failure to make such payment could not reasonably be expected to result in a liability to any Credit Party in excess of \$500,000. If any tax by any Governmental Body is or may be imposed on or as a result of any transaction between any Credit Party and Agent or any Lender which Agent or any Lender may be required to withhold or pay (and for which a Credit Party is liable under Applicable Law) or if any taxes, assessments, or other charges of a Governmental Body (for which a Credit Party is liable under Applicable Law) remain unpaid after the date fixed for their payment, or if any claim shall be made which, in Agent's reasonable opinion, may possibly create a valid Lien on the Collateral, Agent may, without notice to the Credit Parties, make a Protective Advance as provided in Section 16.2(f) to pay the taxes, assessments or other charges and each Credit Party hereby indemnifies and holds Agent and each Lender harmless in respect thereof.

6.5 Financial Covenants.

(a) Fixed Charge Coverage Ratio. During a Covenant Testing Period (including the first and last day thereof), cause to be maintained as of the end of each fiscal month (commencing with the fiscal month ending December 31, 2016) for the 12 month period then ending, a Fixed Charge Coverage Ratio of not less than 1.10 to 1.00.

6.6 Insurance.

(a) (i) Keep all its insurable properties and properties in which such Credit Party has an interest insured against the hazards of fire, flood, sprinkler leakage, those hazards covered by extended coverage insurance and such other hazards, and for such amounts, as is customary in the case of companies engaged in businesses similar to such Credit Party's; in the absence of more specific provisions in any Maritime Security Documents, such insurance to include, without limitation, the following:

(A) Marine General Liability (or Commercial General Liability) insurance (including coverage for bodily injury and property damage, products and completed operations, premises and operations, sudden and accidental pollution liability, contractual liability, and actions over indemnification) in an amount equal to a limit of not less than \$1,000,000 per occurrence and an aggregate amount equal to a limit of not less than \$2,000,000;

(B) Hull and Machinery insurance (including excess risks) with typical standard coverage covering the Fleet Assets in an amount equal to the aggregate value of all such Fleet Assets under such Hull and Machinery policy with a claim deductible of not more than \$500,000 and, as of the Closing Date, an aggregate limit with respect to the Documented Vessels of an amount not less than \$300,000,000;

(C) War Risk and Confiscation insurance with respect to each Documented Vessel operated in a country outside of the United States, in an amount equal to the value of the assets under the Hull and Machinery policy unless (y) Borrowing Agent shall have notified Agent that it has determined, in good faith, that such insurance with respect to such contract is not available at a reasonable economic cost or not available from a reputable insurer, or the property or assets to be used in connection with such contract is not subject to a material risk of asset seizure in such country and (z) Agent shall have concurred with such conclusion in writing (which concurrence shall not be unreasonably withheld or delayed);

(D) Vessel Pollution Liability insurance coverage in an amount equal to a limit of not less than \$5,000,000; and

(E) Umbrella Liability insurance in an amount of at least \$75,000,000 in addition to the limits within the Marine General Liability (or Commercial General Liability), Protection and Indemnity, Employer's Liability, War Risk and Confiscation and Vessel Pollution Liability insurance policies listed above;

(ii) in the cases of the Insurances referred to in sub-sections with respect to sub-sections (i)(B) and (C) above, (x) with first class insurance companies or underwriters as shall from time to time be approved by Agent in the reasonable exercise of its judgment (hereinafter called the "Hull and Machinery and War Risks Insurers"), (y) in such amounts as shall be at least equivalent to the market value of such Fleet Assets, but not less than one hundred twenty five percent (125%) of the unpaid principal amount of the indebtedness evidenced by the Note, multiplied by a fraction, the numerator of which is the fair market value of such Fleet Assets and the denominator of which is the aggregate fair market value of all the Fleet Assets then mortgaged to Agent pursuant to the Credit Agreement, and all such insurance shall be payable in lawful money of the United States of America, (iii) in the case of the protection and indemnity Insurances referred to in subsection (i)(E) above with a recognized protection and indemnity club that is a member of the International Group Agreement or any insurer rated at least B++ by A.M. Best Company, or the equivalent thereof provided by a rating service whose ratings of insurance companies are internationally recognized or any insurer acceptable to Agent (together with the Hull and Machinery and War Risks Insurers, the "Insurers") and payable in lawful money of the United States of America, (iv) maintain a bond in such amounts as is customary in the case of companies engaged in businesses similar to such Credit Party insuring against larceny, embezzlement or other criminal misappropriation by insured's officers and employees who may either singly or jointly with others at any time have access to the assets or funds of such Credit Party either directly or through authority to draw upon such funds or to direct generally the disposition of such assets; (v) maintain public and product liability insurance against claims for personal injury, death or property damage suffered by others for such amounts, as is customary in the case of companies engaged in businesses similar to such Credit Party's; (vi) maintain all such worker's compensation or similar insurance as may be required under the laws of any state or jurisdiction in which such Credit Party is engaged in business; and (vii) furnish Agent with (A) copies of all policies and evidence of the maintenance of such policies by the renewal thereof at least thirty (30) days before any expiration date, and (B) appropriate endorsements (including loss payable endorsements) in form and substance reasonably satisfactory to Agent, naming Agent as an additional insured and Agent as mortgagee and/or lender loss payee (as applicable) as its interests may appear with respect to all insurance coverage referred to in clauses (i), and (v) above, and providing (I) that all proceeds thereunder shall be payable to Agent, except as provided in the Assignment of Insurances, (II) no such insurance shall be affected by any act or neglect of the insured or owner of the property described in such policy, and (III) that such policy and loss payable clauses may not be cancelled, amended or terminated unless at least thirty (30) days prior written notice is given to Agent (or in the case of non-payment, at least ten (10) days prior written notice) (except War Risks which shall be seven (7) days unless terminated automatically in accordance with the provisions of the Automatic Termination and Cancellation Clauses). In the event of any loss thereunder, the carriers named therein hereby are directed by Agent and the applicable Credit Party to make payment for such loss to Agent and not to such Credit Party and Agent jointly. If any insurance losses are paid by check, draft or

other instrument payable to any Credit Party and Agent jointly, Agent may endorse such Credit Party's name thereon and do such other things as Agent may deem advisable to reduce the same to cash.

(b) Each Credit Party shall take all actions required under the Flood Laws and/or reasonably requested by Agent or any Lender to assist in ensuring that each Lender is in compliance with the Flood Laws applicable to the Collateral, including, but not limited to, providing Agent (for delivery to each Lender) with the address and/or GPS coordinates of each structure on any real property that will be subject to a mortgage in favor of Agent, for the benefit of Lenders, and, to the extent required, obtaining flood insurance for such property, structures and contents prior to such property, structures and contents becoming Collateral, and thereafter maintaining such flood insurance in full force and effect for so long as required by the Flood Laws.

(c) If an Event of Default has occurred and is continuing, Agent is hereby authorized to adjust and compromise claims under insurance coverage referred to in Sections 6.6(a) and 6.6(b) above. Except as provided in Section 2.20(c) all loss recoveries received by Agent under any such insurance may be applied to the Obligations in the manner provided in this Agreement. Any surplus shall be paid by Agent to Borrowers or applied as may be otherwise required by Applicable Law. Any deficiency thereon shall be paid by the Credit Parties to Agent, on demand. If any Credit Party fails to obtain insurance as hereinabove provided, or to keep the same in force, Agent, if Agent so elects, may obtain such insurance and pay the premium therefor on behalf of such Credit Party, which payments shall be charged to Borrowers' Account and constitute part of the obligations.

Payment of Indebtedness and Leasehold Obligations

. Pay, discharge or otherwise satisfy (i) at or before maturity (subject, where applicable, to specified grace periods) all its Indebtedness, except when the failure to do so could not reasonably be expected to have a Material Adverse Effect or when the amount or validity thereof is currently being Properly Contested, subject at all times to any applicable subordination arrangement in favor of Lenders and (ii) when due its rental obligations under all leases under which it is a tenant, and shall otherwise comply, in all material respects, with all other terms of such leases and keep them in full force and effect except where failure to do so could not reasonably be expected to result in a Material Adverse Effect or when the amount or validity thereof is being Properly Contested.

Environmental Matters

. In addition to and without limiting the generality of Section 6.1 and Section 16.5, (a) comply with all applicable Environmental Laws and obtain and comply with any and all licenses or permits required by applicable Environmental Laws, (b) complete all investigations, studies, sampling and testing and all remedial, removal and other actions required under Environmental Laws, and timely comply with all lawful orders and directives of any Governmental Body regarding Environmental Laws, and (c) defend, indemnify and hold harmless Agent and the Lenders, and their respective parents, Subsidiaries, Affiliates, employees, agents, officers and directors, from and against any claims, demands, penalties, fines, liabilities, settlements, damages, costs and expenses of whatever kind or nature known or unknown, contingent or otherwise, arising out of, or in any way relating to the presence of Hazardous Materials, or the violation of, noncompliance with or liability under any

Environmental Laws applicable to the operations of GLDD or any such Subsidiary, or any orders, requirements or demands of Governmental Bodies related thereto, including, without limitation, reasonable attorney's and consultant's fees, investigation and laboratory fees, response costs, court costs and litigation expenses, except to the extent that any of the foregoing directly result from the gross negligence, bad faith or willful misconduct of the party seeking indemnification therefor, as determined by a court of competent jurisdiction by final nonappealable judgment.

Standards of Financial Statements

. Cause all financial statements referred to in Sections 9.7, 9.8, 9.9, 9.10, 9.11, 9.12, and 9.13 as to which GAAP is applicable to be complete and correct in all material respects (subject, in the case of interim financial statements, to normal year-end audit adjustments) and to be prepared in reasonable detail and in accordance with GAAP applied consistently throughout the periods reflected therein (except as disclosed therein and agreed to by such reporting accountants or officer, as applicable).

Immaterial Subsidiaries

. Cause each Immaterial Subsidiary to be dissolved on or prior to the date which is eighteen months following the Closing Date (or such later date as may be agreed to by Agent in its sole discretion) on terms and conditions reasonably satisfactory to Agent, and to deliver to Agent evidence, in form and substance reasonably satisfactory to Agent, of such dissolution.

Execution of Supplemental Instruments

. Execute and deliver to Agent from time to time, upon demand, such supplemental agreements, statements, assignments and transfers, or instructions or documents relating to the Collateral, and such other instruments as Agent may request, in order that the full intent of this Agreement may be carried into effect. Without limiting the foregoing, Credit Parties shall take such actions as are necessary or as Agent or the Required Lenders may reasonably request from time to time to ensure that the Obligations are secured by substantially all of the Collateral of Borrowers and each Credit Party and guaranteed by each Subsidiary other than CFC Entities and the Immaterial Subsidiaries, in each case as Agent may determine, including (i) the execution and delivery of guaranties, security agreements, pledge agreements, mortgages, financing statements and other documents, and the filing or recording of any of the foregoing, (ii) the delivery of opinions of counsel, and (iii) the delivery of certificated securities and other Collateral with respect to which perfection is obtained by possession.

Compliance with ERISA

. In addition to and without limiting the generality of Section 6.1, except where the failure to so comply would not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect, (a) comply with applicable provisions of ERISA, the Code and the regulations and published interpretations thereunder with respect to all Employee Benefit Plans, (b) not take any action or fail to take action the result of which could reasonably be expected to result in a liability to the PBGC or to a Multiemployer Plan, and (c) not participate in any prohibited transaction that could result in any civil penalty under ERISA or Tax under the Code.

Government Receivables

. Take all steps necessary to protect Agent's interest in the Collateral under the Uniform Commercial Code and all other applicable state or local statutes

or ordinances, and if an Event of Default exists under the Assignment of Claims Act, and deliver to Agent appropriately endorsed, any instrument or chattel paper connected with any Receivable arising out of any contract between any Credit Party and the United States, any state or any department, agency or instrumentality of any of them.

6.14 [Intentionally Omitted].

Keepwell

. If it is a Qualified ECP Loan Party, then jointly and severally, together with each other Qualified ECP Loan Party, hereby absolutely unconditionally and irrevocably (a) guarantees the prompt payment and performance of all Swap Obligations owing by each Non-Qualifying Party (it being understood and agreed that this guarantee is a guaranty of payment and not of collection), and (b) undertakes to provide such funds or other support as may be needed from time to time by any Non-Qualifying Party to honor all of such Non-Qualifying Party's obligations under this Agreement or any Other Document in respect of Swap Obligations (provided, however, that each Qualified ECP Loan Party shall only be liable under this Section 6.15 for the maximum amount of such liability that can be hereby incurred without rendering its obligations under this Section 6.15, or otherwise under this Agreement or any Other Document, voidable under applicable law, including applicable law relating to fraudulent conveyance or fraudulent transfer, and not for any greater amount). The obligations of each Qualified ECP Loan Party under this Section 6.15 shall remain in full force and effect until payment in full of the Obligations and termination of this Agreement and the Other Documents. Each Qualified ECP Loan Party intends that this Section 6.15 constitute, and this Section 6.15 shall be deemed to constitute, a guarantee of the obligations of, and a "keepwell, support, or other agreement" for the benefit of each other Borrower and Guarantor for all purposes of Section 1a(18(A)(v)(II) of the CEA.

Post-Closing Covenants.

Covenants and agrees to fulfill the obligations set forth on Schedule 6.16.

VII. NEGATIVE COVENANTS.

No Credit Party shall, or shall permit any Subsidiary to, until payment in full of the Obligations and termination of this Agreement:

7.1 Merger, Consolidation, Acquisition and Sale of Assets.

(a) Enter into any merger, consolidation or other reorganization with or into any other Person or acquire all or a substantial portion of the assets or Equity Interests of any Person or permit any other Person to consolidate with or merge with it, except (i) any Borrower may merge, consolidate or reorganize with another Credit Party (provided that such Borrower is the surviving entity of such merger, consolidation or reorganization) or a Borrower may acquire the assets or Equity Interest of another Credit Party so long as such Borrower provides Agent with ten (10) days prior written notice of such merger, consolidation or reorganization and delivers all of the relevant documents evidencing such merger, consolidation or reorganization and takes all necessary actions to redocument the Documented Vessels if necessary as a result of such merger, consolidation or reorganization, (ii) any Subsidiary of a Borrower that is not a

Credit Party may merge or consolidate with a Credit Party if such Credit Party is the surviving entity, (iii) Permitted Acquisitions., (iv) Permitted Dispositions, and (v) any Subsidiary of GLDD may be dissolved or liquidated in the Ordinary Course of Business if it is no longer used or useful in the business.

(b) Sell, lease, transfer or otherwise dispose of any of its properties or assets, except Permitted Dispositions.

Creation of Liens

. Create or suffer to exist any Lien or transfer upon or against any of its property or assets now owned or hereafter created or acquired, except Permitted Encumbrances.

Immaterial Subsidiaries

. Permit any Immaterial Subsidiary to (a) own any assets (other than assets of a de minimis value and nature and not used in the operation of the business of the Credit Parties), (b) have any liabilities (other than liabilities of a de minimis nature), or (c) engage in any business activity. Notwithstanding the foregoing, Terra Contracting Services, LLC (x) may own assets on the Closing Date with an aggregate value that is not de minimis so long as in connection with the wind down of such business such assets are liquidated or transferred to a Credit Party and no material assets are acquired after the Closing Date, and (y) has liabilities associated with the investigation and related mediation and potential claims related to item number three identified on Schedule 5.8(b).

Investments

. Purchase or acquire obligations or Equity Interests of, or any other interest in, any Person, other than Permitted Investments.

7.5 [Intentionally Omitted].

Capital Expenditures

. Contract for, purchase or make any expenditure or commitments for Capital Expenditures in any fiscal year set forth below in an aggregate amount for all Credit Parties in excess of the amount set forth opposite such fiscal year:

<u>Fiscal Year</u>	<u>Amount</u>
2016	\$[*]
2017	\$[*]
2018	\$[*]
2019 and each fiscal year thereafter	\$[*]

Restricted Payments

. Declare, pay or make any Restricted Payment except Permitted Restricted Payments.

Indebtedness

. Create, incur, assume or suffer to exist any Indebtedness other than Permitted Indebtedness.

Nature of Business

. Substantially change the nature of the business in which it is presently engaged, nor except as specifically permitted hereby or businesses related or incidental thereto, purchase or invest, directly or indirectly, in any assets or property other than in the Ordinary Course of Business for assets or property which are useful in, necessary for and are to be used in its business as presently conducted.

Transactions with Affiliates

. Directly or indirectly enter into any transaction, including, without limitation, any purchase, sale, lease or exchange of Property, the rendering of any service or the payment of any management, advisory or similar fees, with any officer or other Affiliate of, GLDD or any of its Subsidiaries, other than:

- (a) any transaction among the Credit Parties;
- (b) transactions permitted by Sections 7.1, 7.4, 7.7, 7.8 and 7.11;
- (c) transactions existing on the Closing Date and described on Schedule 7.10;

(d) other transactions in the Ordinary Course of Business on terms as favorable as would be obtained by it on a comparable arm's-length transaction with an independent, unrelated third party; provided, that, in the case of any such transaction involving aggregate consideration or property having a fair market value in excess of the Threshold Amount, such transaction shall have been determined in good faith by the board of directors (or equivalent governing body) of GLDD as having satisfied the standard described in this clause (d);

(e) any employment or severance agreement, compensation, employee benefit arrangements and incentive arrangements or indemnification agreement or arrangement with any officer, director, member or employee entered into by GLDD or any of its Subsidiaries in the Ordinary Course of Business;

(f) payment of reasonable directors fees and customary indemnification agreements with directors, members, officers and employees of GLDD and its Subsidiaries and reasonable out-of-pocket costs of such Persons may be reimbursed;

(g) loans and advances to officers, directors and employees of the GLDD any Subsidiary for travel, entertainment, moving and other relocation expenses, in each case made in the Ordinary Course of Business;

(h) any transaction between Subsidiaries that are not Credit Parties; and

(i) transactions between GLDD or any of its Subsidiaries and any Person that is an Affiliate solely due to the fact that a director of such Person is also a director of GLDD, provided that such director abstains from voting as a director of GLDD on any matter involving such other Person.

Notwithstanding anything contained in this Agreement or any of the Other Documents to the contrary, no Credit Party shall make an Investment in, sell, lease, license, assign, contribute or

otherwise transfer any assets to, make any distributions or payments to, or otherwise engage in, or enter into, any transaction with, any Immaterial Subsidiary, which involves in excess of \$100,000 in any fiscal year for all such Investments, transfers, distributions, payments and transactions with all Immaterial Subsidiaries; provided, that with respect to Terra Contracting Services, LLC such Investments, transfers, distributions, payments and transactions shall not exceed \$500,000 in the fiscal year ending December 31, 2017.

Lease Obligations

. Enter into any operating lease with respect to any real or personal property (or any interest therein), except (i) operating leases which, together with all other such arrangements (excluding those described in clauses (ii) and (iii) below) which shall then be in effect, will not require the payment of an aggregate amount of rentals by GLDD and its Subsidiaries (determined on a consolidated basis) in excess of \$25,000,000, (ii) operating leases with a term of not more than eighteen (18) months, and (iii) operating leases in connection with the performance of specific projects for the period of such projects; provided, however, that any calculation made for purposes of this section shall exclude any amounts required to be expended for maintenance, repairs, insurance, taxes, assessments, and other similar charges. For the avoidance of doubt, synthetic leases shall be treated as operating leases for purposes of determining compliance with this Section 7.11.

Subsidiaries

. Form any Domestic Subsidiary or acquire any Domestic Subsidiary unless (i) in the case of an acquisition, such acquisition is a Permitted Acquisition, and (ii) in each case, such Domestic Subsidiary expressly joins in this Agreement as a borrower and becomes jointly and severally liable for the Obligations of Borrowers hereunder. Borrowers shall provide all documents, including without limitation, legal opinions and appraisals as Agent may reasonably require to establish compliance with each of the foregoing conditions in connection therewith.

Fiscal Year and Accounting Changes

. Change its fiscal year from December 31 or make any significant change (i) in accounting treatment and reporting practices except as required or permitted by GAAP or (ii) in tax reporting treatment except as required by law.

Pledge of Credit

. Now or hereafter pledge Agent's or any Lender's credit on any purchases, commitments or contracts or for any purpose whatsoever or use any portion of any Advance in or for any business other than such Credit Party's business operations as permitted by this Agreement.

Amendment of Organizational Documents

. (i) Change its legal name, (ii) change its form of legal entity (e.g., converting from a corporation to a limited liability company or vice versa), (iii) change its jurisdiction of organization or become (or attempt or purport to become) organized in more than one jurisdiction, or (iv) otherwise amend, modify or waive any term or material provision of its Organizational Documents in a manner adverse to Lenders unless required by law, in any such case without (x) giving at least ten (10) days prior written notice of such intended change to Agent, (y) having received from Agent confirmation that Agent has taken all steps necessary for Agent to continue the perfection of and protect the enforceability and priority of its Liens in the Collateral belonging to such Credit Party and in the Equity

Interests of such Credit Party and (z) in any case under clause (iv), having received the prior written consent of Required Lenders to such amendment, modification or waiver.

Deposit Accounts

. At any time, permit the aggregate balance in deposit accounts of the Credit Parties that are located outside of the United States to exceed \$5,000,000.

Prepayment of Indebtedness

. At any time, directly or indirectly, prepay any Indebtedness, or repurchase, redeem, retire or otherwise acquire any Indebtedness of any Credit Party; provided, that Credit Parties and their Subsidiaries may prepay any Indebtedness so long as after giving effect thereto the Payment Conditions are satisfied and such prepayment does not constitute a Restricted Payment; and provided further, that Credit Parties and their Subsidiaries may prepay any Note Indenture Obligations in connection with a Permitted Note Refinancing so long as such prepayment does not constitute a Restricted Payment.

Magnus Earnout

. At any time, make any payment in respect of the Mangus Earnout in cash, unless after giving effect to such payment the Payment Conditions are satisfied.

VIII. CONDITIONS PRECEDENT.

Conditions to Initial Advances

. The agreement of Lenders to make the initial Advances requested to be made on the Closing Date is subject to the satisfaction, or waiver by Lenders, immediately prior to or concurrently with the making of such Advances, of the following conditions precedent:

(a) Note. Agent shall have received the Notes duly executed and delivered by an authorized officer of each Borrower;

(b) Other Documents. Agent shall have received each of the executed Other Documents, as applicable;

(c) ATB Assets Litigation. Agent shall have received an executed settlement of the lawsuit (on terms satisfactory to Agent) on file against GLDD LLC regarding the construction of the ATB Assets.

(d) Financial Condition Certificates. Agent shall have received an executed Financial Condition Certificate in the form of Exhibit 8.1(d).

(e) Closing Certificate. Agent shall have received a closing certificate signed by a Responsible Officer of each Borrower dated as of the date hereof, stating that (i) all representations and warranties set forth in this Agreement and the Other Documents are true and correct on and as of such date, and (ii) on such date no Default or Event of Default has occurred or is continuing;

(f) Undrawn Availability. After giving effect to the initial Advances hereunder and deducting all amounts due and owing to trade creditors of GLDD and its Subsidiaries more than sixty (60) days past due, Borrowers shall have Undrawn Availability of at least \$40,000,000;

(g) Minimum EBITDA. EBITDA for the most recently ended 12 month period for which Agent has received financial statements of GLDD shall be at least \$[*].

(h) Controlled Accounts. Agent shall have received duly executed deposit account control agreements with respect to the Controlled Accounts in form and substance satisfactory to Agent;

(i) Filings, Registrations and Recordings. Each document (including any Uniform Commercial Code financing statement) required by this Agreement, any related agreement or under law or reasonably requested by Agent to be filed, registered or recorded in order to create, in favor of Agent, a perfected security interest in or lien upon the Collateral shall have been properly filed, registered or recorded (or authorized to file, register or record), or Agent has received authorization to file, register or record, in each jurisdiction in which the filing, registration or recordation thereof is so required or requested;

(j) Fleet Assets Deliveries. With respect to the Eligible Fleet Assets:

(i) Each Documented Vessel shall be duly registered with the vessel's flag state, titled in the name of a Credit Party, and free of all liens of record other than Permitted Encumbrances, as evidenced by a certificate issued by the flag state registry, such as a Certificate of Ownership (CG-1330) or Abstract of Title for U.S. documented vessels or a Certificate of Ownership and Encumbrance for Marshall Islands or St. Kitts registered vessels, each issued not more than 25 days prior to the Closing Date;

(ii) Each Documented Vessel shall be subject to a Ship Mortgage granted in favor of Agent and duly recorded with such vessel's flag state registry;

(iii) Each Documented Vessel documented under the U.S. flag that is subject to Coast Guard inspection shall hold a valid U.S. Coast Guard Certificate of Inspection with no outstanding inspection requirements preventing the vessel from operating;

(iv) Each Documented Vessel shall hold all certificates required by the Vessel's flag state, such certificates to be valid and in effect; and

(v) Each Documented Vessel subject to classification shall be classified at the highest level available for such Documented Vessel with no material outstanding recommendations as evidenced by a Confirmation of Class issued by the vessel's class society not more than 21 days prior to the Closing Date.

(k) Secretary's Certificates, Authorizing Resolutions and Good Standings of Borrowers. Agent shall have received a certificate of the Secretary or Assistant Secretary (or other equivalent officer, partner or manager) of each Borrower in form and substance satisfactory to Agent dated as of the Closing Date which shall certify (i) copies of resolutions in form and substance reasonably satisfactory to Agent, of the board of directors (or other equivalent governing body, member or partner) of such Borrower authorizing (x) the execution, delivery and performance of this Agreement, the Notes and each Other Document to which such Borrower is a party (including authorization of the incurrence of indebtedness, borrowing of

Revolving Advances and Swing Loans and requesting of Letters of Credit on a joint and several basis with all Borrowers as provided for herein), and (y) the granting by such Borrower of the security interests in and liens upon the Collateral to secure all of the joint and several Obligations of Borrowers (and such certificate shall state that such resolutions have not been amended, modified, revoked or rescinded as of the date of such certificate), (ii) the incumbency and signature of the officers of such Borrower authorized to execute this Agreement and the Other Documents, (iii) copies of the Organizational Documents of such Borrower as in effect on such date, complete with all amendments thereto, and (iv) the good standing (or equivalent status) of such Borrower in its jurisdiction of organization and each applicable jurisdiction where the conduct of such Borrower's business activities or the ownership of its properties necessitates qualification, as evidenced by good standing certificate(s) (or the equivalent thereof issued by any applicable jurisdiction) dated not more than ten (10) days prior to the Closing Date, issued by the Secretary of State or other appropriate official of each such jurisdiction;

(l) Disposition of Terra Contracting Services, LLC Business. A substantial portion of the business of Terra Contracting Services, LLC shall have been sold on or prior to the Closing Date and Agent shall be satisfied that, other than liabilities associated with the investigation and related mediation and potential claims related to item number three identified on Schedule 5.8(b), substantially all of the liabilities of Terra Contracting Services, LLC have been satisfied as of the Closing Date or will be satisfied in a manner satisfactory to Agent within 90 days following the Closing Date.

(m) Legal Opinion. Agent shall have received the executed legal opinion of Jones Walker LLP in form and substance satisfactory to Agent which shall cover such matters incident to the transactions contemplated by this Agreement, the Notes, the Other Documents, and related agreements as Agent may reasonably require and each Borrower hereby authorizes and directs such counsel to deliver such opinions to Agent and Lenders;

(n) No Litigation. No litigation, investigation or proceeding before or by any arbitrator or Governmental Body shall be continuing or threatened against any Borrower or against the officers or directors of any Borrower (A) in connection with this Agreement, the Other Documents or any of the transactions contemplated thereby and which, in the reasonable opinion of Agent, is deemed material or (B) which could, in the reasonable opinion of Agent, have a Material Adverse Effect; and (ii) no injunction, writ, restraining order or other order of any nature materially adverse to any Borrower or the conduct of its business or inconsistent with the due consummation of the Transactions shall have been issued by any Governmental Body;

(o) Collateral Examination. Agent shall have completed Collateral examinations and received appraisals, the results of which shall be reasonably satisfactory in form and substance to Agent, of the Receivables, Inventory and Equipment of each Borrower and all books and records in connection therewith;

(p) Fees. Agent shall have received all fees payable to Agent and Lenders on or prior to the Closing Date hereunder, including pursuant to Article III hereof and the Fee Letter;

(q) Pro Forma Financial Statements. Agent shall have received a copy of the Pro Forma Financial Statements which shall be satisfactory in all respects to Agent;

(r) Insurance. Agent shall have received in form and substance satisfactory to Agent, (i) evidence that adequate insurance, including without limitation, casualty and liability insurance, required to be maintained under this Agreement and the Ship Mortgage is in full force and effect, (ii) insurance certificates issued by Borrowers' insurance broker containing such information regarding Borrowers' casualty and liability insurance policies as Agent shall request and naming Agent as an additional insured, lenders loss payee and/or mortgagee, as applicable, and (iii) loss payable endorsements issued by Borrowers' insurer naming Agent as lenders loss payee and mortgagee, as applicable;

(s) Payment Instructions. Agent shall have received written instructions from Borrowing Agent directing the application of proceeds of the initial Advances made pursuant to this Agreement;

(t) Consents. Agent shall have received any and all Consents necessary to permit the effectuation of the transactions contemplated by this Agreement and the Other Documents; and, Agent shall have received such Consents and waivers of such third parties as might assert claims with respect to the Collateral, as Agent and its counsel shall deem necessary;

(u) No Adverse Material Change. (i) Since December 31, 2015, there shall not have occurred any event, condition or state of facts which could reasonably be expected to have a Material Adverse Effect and (ii) no representations made or information supplied to Agent or Lenders shall have been proven to be inaccurate or misleading in any material respect;

(v) Contract Review. Agent shall have received and reviewed all Material Contracts of Borrowers including leases, union contracts, labor contracts, vendor supply contracts, license agreements and distributorship agreements;

(w) Compliance with Laws. Agent shall be reasonably satisfied that each Borrower is in material compliance with all pertinent federal, state, local or territorial regulations, including those with respect to the Federal Occupational Safety and Health Act, the Environmental Protection Act, ERISA and the Anti-Terrorism Laws; and

(x) Refinancing of Existing Indebtedness. Credit Parties shall have paid in full all of the obligations owing under the Existing Revolving Credit Facility and ATB Note and obtain a release of all of the Liens existing in favor of Wells Fargo Bank, National Association and Bank of America, N.A. in and to the assets of GLDD and its Subsidiaries, together with termination statements and other documentation evidencing the termination by Wells Fargo Bank, National Association and Bank of America, N.A. of their Liens in and to the properties and assets of GLDD and its Subsidiaries.

(y) Other. All corporate and other proceedings, and all documents, instruments and other legal matters in connection with the Transactions shall be satisfactory in form and substance to Agent and its counsel.

Conditions to Each Advance

. The agreement of Lenders to make any Advance requested to be made on any date (including the initial Advance), is subject to the satisfaction of the following conditions precedent as of the date such Advance is made:

(a) Representations and Warranties. Each of the representations and warranties made by any Credit Party in or pursuant to this Agreement, the Other Documents and any related agreements to which it is a party, and each of the representations and warranties contained in any certificate, document or financial or other statement furnished at any time under or in connection with this Agreement, the Other Documents or any related agreement shall be true and correct in all material respects (except that such materiality qualifier shall not be applicable to any representations and warranties that already are qualified or modified by materiality in the text thereof) on and as of such date as if made on and as of such date (except to the extent such representations and warranties expressly relate to an earlier date, in which case they shall be true and correct in all material respects (except that such materiality qualifier shall not be applicable to any representations and warranties that already are qualified or modified by materiality in the text thereof) as of such earlier date);

(b) No Default. No Event of Default or Default shall have occurred and be continuing on such date, or would exist after giving effect to the Advances requested to be made, on such date; and

(c) Senior Leverage Ratio. After giving effect to the requested Advance, the aggregate balance of Revolving Advances plus Swing Loans outstanding shall not exceed the product of EBITDA for the most recently ended twelve month period for which financial statements have been delivered pursuant to Section 9.9 multiplied by 3.75; provided that such multiple shall be reduced by 0.25 on January 1, 2018 and on the first day of each fiscal year thereafter until reduced to 3.00, less Specified Secured Debt (calculated as of the date of the requested Advance), less the aggregate Dollar Equivalent of the Maximum Undrawn Amount of all outstanding Letters of Credit, less the Availability Block, less the Preferred Maritime Availability Block, less such reserves, including without limitation the Equipment Utilization Agreement Reserve, the Currency Reserve, and the Settlement Payment Reserve, as Agent may reasonably deem proper and necessary in its Permitted Discretion from time to time.

(d) Maximum Advances. In the case of any type of Advance requested to be made, after giving effect thereto, the aggregate amount of such type of Advance shall not exceed the maximum amount of such type of Advance permitted under this Agreement.

(e) Optional Currency. In the case of any Letter of Credit to be denominated in an Optional Currency, there shall not have occurred any change in national or international financial, political or economic conditions or currency exchange rates or exchange controls which in the reasonable opinion of the Agent, the Required Lenders (in the case of any Loans to be denominated in an Optional Currency) or the Issuing Lender (in the case of any Letter of Credit to be denominated in an Optional Currency) would make unlawful or not administratively feasible for such Loan or Letter of Credit to be denominated in the relevant Optional Currency.

Each request for an Advance by any Borrower hereunder shall constitute a representation and warranty by each Borrower as of the date of such Advance that the conditions contained in this subsection shall have been satisfied.

Notwithstanding anything contained herein to the contrary, at the direction of Required Lenders, Lenders with a Revolving Commitment shall continue to make Revolving Advances notwithstanding whether the foregoing conditions precedent have been satisfied.

IX. INFORMATION AS TO BORROWERS.

Each Borrower shall, or (except with respect to Section 9.11) shall cause Borrowing Agent on its behalf to, until satisfaction in full of the Obligations and the termination of this Agreement:

Disclosure of Material Matters

. Immediately upon learning thereof, report to Agent all matters materially affecting the value, enforceability or collectability of any portion of the Collateral, including any Borrower's reclamation or repossession of, or the return to any Borrower of, a material amount of goods or claims or disputes asserted by any Customer or other obligor.

Schedules

. Deliver to Agent (for further delivery to each Lender) on or before the twenty-fifth (25th) day of each month (or such later date as Agent shall agree to in its sole discretion) as and for the prior month (or weekly on Wednesday of each week (or such later date (not to exceed five days) as Agent shall agree to in its sole discretion) for the prior week, if (A) an Event of Default exists and Agent elects to require weekly reporting or (B) at any time Modified Undrawn Availability is less than fifteen percent (15%) of the Maximum Revolving Advance Amount for five (5) consecutive days or Modified Undrawn Availability is less than \$31,250,000 on any day, until Modified Undrawn Availability exceeds fifteen percent (15%) of the Maximum Revolving Advance Amount for at least 30 consecutive calendar days and no Event of Default exists) (a) accounts receivable ageings inclusive of reconciliations to the general ledger, (b) accounts payable schedules inclusive of reconciliations to the general ledger, (c) a list of Equipment acquired or disposed of, (d) a certificate of an officer of GLDD listing all Documented Vessels and the geographic location of such Documented Vessels of a recent date, and (e) a Borrowing Base Certificate in form and substance satisfactory to Agent (which shall be calculated as of the last day of the prior month and which shall not be binding upon Agent or restrictive of Agent's rights under this Agreement). On a monthly basis, until such time as a settlement agreement has been reached, Borrowing Agent shall deliver to Agent a certificate, in form and substance reasonably satisfactory to Agent, describing the status of the planned settlement related to the TerraSea Matter. On a monthly basis, until such time as the ATB Assets are operational, Borrowing Agent shall deliver to Agent a certificate, in form and substance reasonably satisfactory to Agent, (A) describing the status of the construction of the ATB Assets, (B) stating whether any event, condition or circumstance has occurred which will delay, or could reasonably be expected to delay, reaching any Milestone (as defined in the ATB Contract) on a timely basis in accordance with the ATB Contract, (C) stating whether Eastern has completed the Work required to be completed to remain on schedule in accordance with the Project Schedule (as defined in the ATB Contract) and (D) stating whether any event, condition

or circumstance has occurred which will delay, or could reasonably be expected to delay, the delivery of the ATB Assets in accordance with the ATB Contract on June 5, 2017. In addition, each Borrower will deliver to Agent at such intervals as Agent may require: (i) confirmatory assignment schedules; (ii) copies of Customer's invoices; (iii) evidence of shipment or delivery; and (iv) such further schedules, documents and/or information regarding the Collateral as Agent may require including trial balances and test verifications. In addition to the foregoing, within forty-five (45) days after the end of each fiscal quarter, Borrowing Agent shall furnish to Agent, (1) a backlog schedule and a schedule of all work-in-progress, identified by contract or project, of GLDD and its Subsidiaries for the performance of dredging, construction or other services as of the end of such calendar month, prepared in a manner consistent with past practices, and (2) a schedule of pending major United States projects of GLDD and its Subsidiaries as of the end of such fiscal quarter. In addition to the foregoing, within seventy-five (75) days after the end of each fiscal year, Borrowing Agent shall furnish to Agent, a schedule of (A) all flag vessels subject to an operating lease as of the end of such fiscal year, (B) the aggregate amount of rentals required to be paid by GLDD and its Subsidiaries under each such operating lease for the ensuing five (5) fiscal years, as reflected on a quarterly basis, and (C) the buy-out amount of each flag vessel subject to such operating lease as of the end of such fiscal year. As part of any field examination, Agent shall have the right to confirm and verify all Receivables by any manner and through any medium it considers advisable. The items to be provided under this Section are to be in form satisfactory to Agent and executed by each Borrower and delivered to Agent from time to time solely for Agent's convenience in maintaining records of the Collateral, and any Borrower's failure to deliver any of such items to Agent shall not affect, terminate, modify or otherwise limit Agent's Lien with respect to the Collateral. Unless otherwise agreed to by Agent, the items to be provided under this Section 9.2 shall be delivered to Agent by the specific method of Approved Electronic Communication designated by Agent.

9.3 Environmental Reports.

(a) Furnish Agent, concurrently with the delivery of the financial statements referred to in Sections 9.7 and 9.8, with a certificate signed by a Responsible Officer of Borrowing Agent stating, to the best of his knowledge, that each Borrower is in compliance in all material respects with all applicable Environmental Laws, except for such non-compliance that could not reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect. To the extent any Borrower is not in compliance with the foregoing laws, and such non-compliance is reasonably expected to have a Material Adverse Effect, the certificate shall set forth with specificity all areas of non-compliance and the proposed action such Borrower will implement in order to achieve full compliance.

(b) Furnish Agent, promptly after the assertion or occurrence thereof, notice of any Environmental Claim or of any filing or report made by any Credit Party or any Subsidiary thereof with any Governmental Body with respect to any violation of or liability under any Environmental Law that could reasonably be expected to have a Material Adverse Effect. Without limiting the foregoing, Borrowing Agent shall promptly forward to Agent copies of any request for information, notification of potential liability, demand letter relating to potential responsibility with respect to the investigation or cleanup of Hazardous Materials at any other site owned, operated or used by any Credit Party to manage of Hazardous Materials and

shall continue to forward copies of correspondence between any Borrower and the Governmental Body regarding such claims to Agent until the claim is settled. Borrowing Agent shall promptly forward to Agent copies of all documents and reports concerning any Environmental Claim at the Real Property owned, leased or occupied by any Borrower, or operations or business that any Borrower is required to file under any Environmental Laws.

Litigation

. Promptly notify Agent (for further delivery to each Lender) in writing of any claim, litigation, suit or administrative proceeding affecting any Credit Party, whether or not the claim is covered by insurance, and of any litigation, suit or administrative proceeding, which could reasonably be expected to have a Material Adverse Effect.

Material Occurrences

. Immediately notify Agent (for further delivery to each Lender) in writing upon the occurrence of: (a) any Event of Default or Default; (b) any event which with the giving of notice or lapse of time, or both, would constitute an event of default with respect to the Note Indenture Obligations; (c) any event, development or circumstance whereby any financial statements or other reports furnished to Agent fail in any material respect to present fairly, in accordance with GAAP consistently applied, the financial condition or operating results of any Borrower as of the date of such statements; (d) any accumulated retirement plan funding deficiency which, if such deficiency continued for two plan years and was not corrected as provided in Section 4971 of the Code, could subject any Borrower to a Tax imposed by Section 4971 of the Code; (e) each and every default by any Borrower which might result in the acceleration of the maturity of any Indebtedness, including the names and addresses of the holders of such Indebtedness with respect to which there is a default existing or with respect to which the maturity has been or could be accelerated, and the amount of such Indebtedness; (f) copies of each notice or other correspondence received from the SEC (or comparable agency in any applicable non-U.S. jurisdiction) concerning any material investigation or other material inquiry by such agency regarding financial or other operational results of any Credit Party or any Subsidiary thereof; (g) any dispute under or related to the ATB Contract, or any assertion, or threatened assertion, of a claim by Eastern or GLDD LLC under or related to the ATB Contract; (h) the occurrence of any event, condition or circumstance that will delay, or could reasonably be expected to delay, reaching any Milestone (as defined in the ATB Contract) on a timely basis in accordance with the ATB Contract, (i) the occurrence of any event, condition or circumstance that will delay, or could reasonably be expected to delay, the delivery of the ATB Assets in accordance with the ATB Contract on June 5, 2017; (j) any dispute or claim involving the planned settlement agreement to be entered into in connection with the TerraSea Matter or the occurrence of any event, condition or circumstance in respect of the TerraSea Matter that results, or could reasonably be expected to result, in liability to GLDD or any of its Subsidiaries; (k) any dispute or claim involving GLDD or any of its Subsidiaries if such dispute or claim involves in excess of \$1,000,000; and (l) any other development in the business or affairs of any Borrower or any Guarantor, which could reasonably be expected to have a Material Adverse Effect; in each case describing the nature thereof and the action Borrowers propose to take with respect thereto.

9.6

[Intentionally Omitted.]

Annual Financial Statements

. Furnish Agent and Lenders within ninety (90) days after the end of each fiscal year of GLDD, financial statements of GLDD on a consolidated basis including, but not limited to, statements of income and stockholders' equity and cash flow from the beginning of the current fiscal year to the end of such fiscal year and the balance sheet as at the end of such fiscal year, all prepared in accordance with GAAP applied on a basis consistent with prior practices, and in reasonable detail and reported upon without qualification (other than a "going concern" qualification resulting solely from the maturity of the Obligations within a year of such opinion) by an independent certified public accounting firm selected by Borrowers and satisfactory to Agent (the "Accountants"). The report of the Accountants shall be accompanied by a statement of the Accountants certifying that (i) they have caused this Agreement to be reviewed, (ii) in making the examination upon which such report was based either no information came to their attention which to their knowledge constituted an Event of Default or a Default under this Agreement or any related agreement or, if such information came to their attention, specifying any such Default or Event of Default, its nature, when it occurred and whether it is continuing, and such report shall contain or have appended thereto calculations which set forth Borrowers' compliance with the requirements or restrictions imposed by Sections 6.5 (for the avoidance of doubt, such report shall include a calculation of the Fixed Charge Coverage Ratio regardless of whether a Covenant Testing Period is in effect) , 7.4, 7.5, 7.6, 7.7, 7.8 and 7.11 hereof. In addition, the reports shall be accompanied by a Compliance Certificate.

Quarterly Financial Statements

. Furnish Agent and Lenders within forty-five (45) days after the end of each fiscal quarter (or such later date as Agent shall agree to in its sole discretion), an unaudited balance sheet of GLDD on a consolidated basis and unaudited statements of income and stockholders' equity and cash flow of GLDD on a consolidated basis reflecting results of operations from the beginning of the fiscal year to the end of such quarter and for such quarter, prepared on a basis consistent with prior practices and complete and correct in all material respects, subject to normal and recurring year-end adjustments that individually and in the aggregate are not material to Borrowers' business operations and setting forth in comparative form the respective financial statements for the corresponding date and period in the previous fiscal year. The reports shall be accompanied by a Compliance Certificate.

Notwithstanding the foregoing, (i) in the event that the Borrowing Agent delivers to Agent an Annual Report for GLDD on Form 10-K for such fiscal year, as filed with the SEC, within 90 days after the end of such fiscal year, such Form 10-K shall satisfy all requirements of Section 9.7 to the extent that it contains the information required by Section 9.7 and does not contain any qualification (other than a "going concern" qualification resulting solely from the maturity of the Obligations within a year of such opinion) and (ii) in the event that the Borrowing Agent delivers to Agent a Quarterly Report for GLDD on Form 10-Q for such fiscal quarter, as filed with the SEC, within 45 days after the end of such fiscal quarter, such Form 10-Q shall satisfy all requirements of Section 9.8 to the extent that it contains the information required by Section 9.8 (for the avoidance of doubt, notwithstanding the foregoing, Borrowing Agent will still be required to deliver comparative financial information and Compliance Certificates as required under Sections 9.7 and 9.8). Documents required to be delivered pursuant to Section 9.7, 9.8, 9.10 or otherwise (to the extent any such documents are included in materials otherwise filed with the SEC) may be delivered electronically and if so delivered, shall be deemed to have been delivered on the date (i) on which GLDD posts such documents, or

provides a link thereto on GLDD's website on the Internet at <http://investor.gldd.com/sec.cfm>; or (ii) on which such documents are posted on GLDD's behalf on an Internet or intranet website, if any, to which each Lender and Agent have access (whether a commercial, third-party website or whether sponsored by Agent); provided that: (x) upon written request by Agent, Borrowing Agent shall deliver paper copies of such documents to Agent or any Lender that requests Borrowing Agent to deliver such paper copies until a written request to cease delivering paper copies is given by Agent or such Lender and (y) Borrowing Agent shall notify Agent (which may be by facsimile or electronic mail) of the posting of any such documents and provide to Agent by electronic mail electronic versions of such documents. Agent shall have no obligation to request the delivery or to maintain copies of the documents referred to above, and in any event shall have no responsibility to monitor compliance by Borrowing Agent with any such request for delivery, and each Lender shall be solely responsible for requesting delivery to it or maintaining its copies of such documents.

Monthly Financial Statements

. Furnish Agent and Lenders within thirty (30) days after the end of each month (or such later date as Agent shall agree to in its sole discretion), an unaudited balance sheet of GLDD on a consolidated basis and unaudited statements of income and cash flow of GLDD on a consolidated basis reflecting results of operations from the beginning of the fiscal year to the end of such month and for such month, prepared on a basis consistent with prior practices and complete and correct in all material respects, subject to normal and recurring year-end adjustments that individually and in the aggregate are not material to Borrowers' business operations and setting forth in comparative form the respective financial statements for the corresponding date and period in the previous fiscal year. The reports shall be accompanied by a Compliance Certificate, including a calculation of each financial covenant ratio set forth in Section 6.5 as of the most recently ended fiscal month (regardless of whether a Covenant Testing Period is in effect).

Other Reports

. Furnish Agent as soon as available, but in any event within ten (10) days after the issuance thereof, (i) with copies of such financial statements, reports and returns as each Borrower shall send to its stockholders and (ii) copies of all notices, reports, financial statements and other materials sent pursuant to the Note Indenture.

Additional Information

. Furnish Agent with such additional information as Agent or any Lender shall reasonably request in order to enable Agent or such Lender to determine whether the terms, covenants, provisions and conditions of this Agreement and the Notes have been complied with by Borrowers including, without the necessity of any request by Agent or any Lender, (a) copies of all environmental audits and reviews related to Real Property, (b) at least ten (10) days prior thereto, notice of any Borrower's opening of any new office or place of business or any Borrower's closing of any existing office or place of business, and (c) promptly upon any Borrower's learning thereof, notice of any labor dispute to which any Borrower may become a party, any strikes or walkouts relating to any of its plants or other facilities, and the expiration of any labor contract to which any Borrower is a party or by which any Borrower is bound, in each case, which could reasonably be expected to result in a Material Adverse Effect.

Projected Operating Budget

. Furnish Agent and Lenders, no later than seventy-five (75) days after the beginning of each Borrower's fiscal year commencing with fiscal year

2017, a month by month projected operating budget and cash flow of Borrowers on a consolidated basis for such fiscal year (including an income statement for each month and a balance sheet as at the end of the last month in each fiscal quarter), such projections to be accompanied by a certificate signed by a Responsible Officer of each Borrower to the effect that such projections have been prepared on the basis of sound financial planning practice consistent with past budgets and financial statements and that such officer has no reason to question the reasonableness of any material assumptions on which such projections were prepared.

Variations From Operating Budget

. Furnish Agent, concurrently with the delivery of the financial statements referred to in Sections 9.7 and 9.8 a written report summarizing all material variances from budgets submitted by Borrowers pursuant to Section 9.12 and a discussion and analysis by management with respect to such variances in each case in the form provided to the Board of Directors of any Borrower in the Ordinary Course of Business.

Notice of Suits, Adverse Events

. Furnish Agent with prompt written notice of (i) any lapse or other termination of any Consent issued to any Borrower by any Governmental Body or any other Person that is material to the operation of any Borrower's business, (ii) any refusal by any Governmental Body or any other Person to renew or extend any such Consent; and (iii) copies of any periodic or special reports filed by any Borrower or any Guarantor with any Governmental Body or Person, if such reports indicate any material change in the business, operations, affairs or condition of any Borrower or any Guarantor, or if copies thereof are requested by Lender, and (iv) copies of any notices and other communications from any Governmental Body or Person which specifically relate to any Borrower or any Guarantor and could reasonably be expected to result in a Material Adverse Effect.

ERISA Notices and Requests

. Furnish Agent with immediate written notice in the event that (i) any Credit Party or ERISA Affiliate knows or has reason to know that a Termination Event has occurred, together with a written statement describing such Termination Event and the action, if any, which such Person has taken, is taking, or proposes to take with respect thereto and, when known, any action taken or threatened by the Internal Revenue Service, Department of Labor or PBGC with respect thereto, (ii) all notices received by any Credit Party or any ERISA Affiliate of the PBGC's intent to terminate any Pension Plan or to have a trustee appointed to administer any Pension Plan, (iii) all notices received by any Credit Party or any ERISA Affiliate from a Multiemployer Plan sponsor concerning the imposition or amount of withdrawal liability pursuant to Section 4202 of ERISA which in any such case could reasonably be expected to result in liabilities to GLDD and its Subsidiaries in excess of the Threshold Amount and (iv) any Credit Party obtaining knowledge or reason to know that any Credit Party or any ERISA Affiliate has filed or intends to file a notice of intent to terminate any Pension Plan under a distress termination within the meaning of Section 4041(c) of ERISA.

Additional Documents

. Execute and deliver to Agent, upon request, such documents and agreements as Agent may, from time to time, reasonably request to carry out the purposes, terms or conditions of this Agreement.

Updates to Certain Schedules

. Deliver to Agent promptly as shall be required to maintain the related representations and warranties as true and correct, updates to Schedules 4.4

(Locations of Equipment and Inventory), 5.9 (Intellectual Property), 5.24 (Equity Interests), 5.25 (Commercial Tort Claims), 5.26 (Letter-of-Credit Rights), and 5.27 (Material Contracts); provided, that absent the occurrence and continuance of any Event of Default, Borrower shall only be required to provide such updates on a quarterly basis in connection with delivery of a Compliance Certificate with respect to the applicable quarter. Any such updated Schedules delivered by Borrowers to Agent in accordance with this Section 9.17 shall automatically and immediately be deemed to amend and restate the prior version of such Schedule previously delivered to Agent and attached to and made part of this Agreement.

Financial Disclosure

. Upon the occurrence and during the continuance of an Event of Default, each Credit Party hereby irrevocably authorizes and directs all accountants and auditors employed by such Credit Party at any time during the Term to exhibit and deliver to Agent and each Lender copies of any of such Credit Party's financial statements, trial balances or other accounting records of any sort in the accountant's or auditor's possession, and to disclose to Agent and each Lender any information such accountants may have concerning such Credit Party's financial status and business operations. Each Credit Party hereby authorizes all Governmental Bodies to furnish to Agent and each Lender copies of reports or examinations relating to such Credit Party, whether made by such Credit Party or otherwise; however, Agent and each Lender will attempt to obtain such information or materials directly from such Credit Party prior to obtaining such information or materials from such accountants or Governmental Bodies.

X. EVENTS OF DEFAULT.

The occurrence of any one or more of the following events shall constitute an "Event of Default":

Nonpayment

. Failure by any Borrower to pay when due (a) any principal or interest on the Obligations (including without limitation pursuant to Section 2.9), or (b) any other fee, charge, amount or liability provided for herein or in any Other Document, in each case whether at maturity, by reason of acceleration pursuant to the terms of this Agreement, by notice of intention to prepay or by required prepayment.

Breach of Representation

. Any representation or warranty made or deemed made by any Borrower or any Guarantor in this Agreement, any Other Document or any related agreement or in any certificate, document or financial or other statement furnished at any time in connection herewith or therewith shall prove to have been incorrect or misleading in any material respect on the date when made or deemed to have been made;

Financial Information

. Failure by any Borrower to (i) furnish financial information when due, or (ii) permit the inspection of its books or records or access to its premises for audits and appraisals in accordance with the terms hereof;

Judicial Actions

. Issuance of a notice of Lien, levy, assessment, injunction or attachment against a material portion of any Borrower's other property which is not stayed or lifted within thirty (30) days and which is not being Properly Contested;

Noncompliance

. Except as otherwise provided for in Sections 10.1, 10.3 and 10.5(ii), (i) failure or neglect of any Borrower, any Guarantor or any Person to perform, keep or observe any term, provision, condition, covenant herein contained, or contained in any Other Document or any other agreement or arrangement, now or hereafter entered into between any Borrower, any Guarantor or such Person, and Agent or any Lender, or (ii) failure or neglect of any Borrower to perform, keep or observe any term, provision, condition or covenant, contained in Sections 4.5, 6.1, 6.2(a), 6.3, 6.8 - 6.11, 6.13 or 9.4 hereof which is not cured within ten (10) days from the occurrence of such failure or neglect;

Judgments

. Any (a) judgment or judgments, writ(s), order(s) or decree(s) for the payment of money are rendered against any Borrower or any Guarantor for an aggregate amount in excess of \$10,000,000 or against all Borrowers or Guarantors for an aggregate amount in excess of \$20,000,000, in either case to the extent not covered by third-party insurance under which a claim has been made in writing and liability therefor has not been denied by the insurer, and (b) (i) action shall be legally taken by any judgment creditor to levy upon assets or properties of any Borrower or any Guarantor to enforce any such judgment, (ii) such judgment shall remain undischarged for a period of thirty (30) consecutive days during which a stay of enforcement of such judgment, by reason of a pending appeal or otherwise, shall not be in effect, or (iii) any Liens arising by virtue of the rendition, entry or issuance of such judgment upon assets or properties of any Borrower or any Guarantor shall be senior to any Liens in favor of Agent on such assets or properties;

Bankruptcy

. Any Borrower, any Guarantor or any Subsidiary of any Borrower shall (i) apply for, consent to or suffer the appointment of, or the taking of possession by, a receiver, custodian, trustee, liquidator or similar fiduciary of itself or of all or a substantial part of its property, (ii) admit in writing its inability, or be generally unable, to pay its debts as they become due or cease operations of its present business, (iii) make a general assignment for the benefit of creditors, (iv) commence a voluntary case under any state or federal bankruptcy or receivership laws (as now or hereafter in effect), (v) be adjudicated a bankrupt or insolvent (including by entry of any order for relief in any involuntary bankruptcy or insolvency proceeding commenced against it), (vi) file a petition seeking to take advantage of any other law providing for the relief of debtors, (vii) acquiesce to, or fail to have dismissed, within sixty (60) days, any petition filed against it in any involuntary case under such bankruptcy laws, or (viii) take any action for the purpose of effecting any of the foregoing;

10.8 *[Intentionally Omitted].*

Lien Priority

. Any Lien created hereunder or provided for hereby or under any related agreement for any reason ceases to be or is not a valid and perfected Lien having a first priority interest (subject only to Permitted Encumbrances that have priority as a matter of Applicable Law to the extent such Liens only attach to Collateral other than Receivables or Inventory) except as a result of (a) Agent's failure to maintain possession of any stock certificate, promissory note or other instrument delivered to it under the this Agreement or the Other Documents or (b) Agent's failure to make any filings or recordations necessary to maintain perfection;

10.10

Bonding Agreement.

(a) Any Surety for GLDD and its Domestic Subsidiaries discontinues providing a bonding facility for the issuance of, or notifies GLDD and its Domestic Subsidiaries that it will no longer issue, bonds, undertakings or instruments of guaranty which are necessary for the operation of the business of GLDD and its Subsidiaries and GLDD and its Domestic Subsidiaries fail to cause another Person reasonably acceptable to Agent (provided that any such Person shall be deemed to be acceptable if such Person is a Surety for GLDD as of the Closing Date or such Person's bonds, undertakings or instruments of guaranty are accepted by contract providers for GLDD and its Domestic Subsidiaries) to issue such bonds, undertakings or instruments of guaranty within ninety (90) days of the date that such original Surety discontinued providing a bonding facility for the issuance of, or notified GLDD and its Subsidiaries that it will no longer issue, such bonds, undertakings or instruments of guaranty; provided, however, that it shall not be an Event of Default if the Surety declines to furnish individual bonds, undertakings or instruments of guarantee so long as GLDD and its Subsidiaries maintains a bonding facility as indicated above; or

(b) (i) At any time, (i) any Surety exercises any rights or remedies as a secured party with respect to any Collateral, or (ii) any Surety takes possession of any Collateral, or Property that would constitute Collateral, and such action continues for a period of ten (10) Business Days after the earlier of (A) Agent's delivery of written notice thereof to GLDD and (B) a Responsible Officer of GLDD having obtained knowledge thereof; or

(c) GLDD or any of its Subsidiaries defaults in the payment when due of any amount due under any Bonding Agreement or breaches or defaults with respect to any other term of any Bonding Agreement, if the effect of such failure to pay, default or breach is to cause the related Surety to take possession of the work under any of the bonded contracts of GLDD or any of its Subsidiaries and such possession could reasonably be expected to result in a Material Adverse Effect; or

(d) Any Credit Party breaches or defaults with respect to any term under any of the bonded contracts of such Credit Party, if the effect of such default or breach is to cause the related Surety to take possession of the work under such bonded contract and such possession could reasonably be expected to result in a Material Adverse Effect.

Cross Default

. Either (x) any specified "event of default" under any Indebtedness (other than the Obligations) of any Borrower with a then-outstanding principal balance (or, in the case of any Indebtedness not so denominated, with a then-outstanding total obligation amount) of \$10,000,000 or more, or any other event or circumstance which would permit the holder of any such Indebtedness of any Borrower to accelerate such Indebtedness (and/or the obligations of Borrower thereunder) prior to the scheduled maturity or termination thereof, shall occur (regardless of whether the holder of such Indebtedness shall actually accelerate, terminate or otherwise exercise any rights or remedies with respect to such Indebtedness) or (y) a default of the obligations of any Borrower under any other agreement to which it is a party shall occur which has or is reasonably likely to have a Material Adverse Effect;

Breach of Guaranty or Pledge Agreement

. Termination or breach of any Guaranty, Pledge Agreement or similar agreement executed and delivered to Agent in connection with the Obligations of any Borrower, or if any Guarantor or pledgor attempts to terminate, challenges the validity of, or its liability under, any such Guaranty, Pledge Agreement or similar agreement;

Change of Control

. Any Change of Control shall occur;

Invalidity

. Any material provision of this Agreement or any Other Document shall, for any reason, cease to be valid and binding on any Borrower or any Guarantor, or any Borrower or any Guarantor shall so claim in writing to Agent or any Lender or any Borrower challenges the validity of or its liability under this Agreement or any Other Document;

Seizures

. (a) Collateral with an aggregate value in excess of \$500,000 shall be condemned or otherwise subject to judicial sale, or requisitioned for title, seized or forfeited to a Governmental Body; provided, that for the avoidance of doubt, (i) the arrest of a Fleet Asset shall not constitute an Event of Default hereunder if the arrest is in connection with a Permitted Encumbrance that is being Properly Contested and (ii) any seizure or forfeiture of a Fleet Asset by or to a Governmental Body shall not constitute an Event of Default hereunder if such seizure or forfeiture does not cause a Material Adverse Effect, or (b) the title, rights and interests in any material portion of the Collateral of any Borrower, any Guarantor or any shareholder of a Credit Party shall have become the subject matter of a claim, litigation, suit, garnishment or other proceeding which is likely in the Permitted Discretion of Agent, upon final determination, to result in impairment or loss of the security provided by this Agreement or the Other Documents; provided, that for the avoidance of doubt, the imposition of a Permitted Encumbrance on the Collateral shall not constitute an Event of Default hereunder;

10.16 *[Intentionally Omitted]*.

ERISA Events

. The occurrence of a Termination Event; or

Anti-Money Laundering/International Trade Law Compliance

. Any representation or warranty contained in Section 16.18 is or becomes false or misleading at any time.

XI. LENDERS' RIGHTS AND REMEDIES AFTER DEFAULT.

11.1 Rights and Remedies.

(a) Upon the occurrence and during the continuance of: (i) an Event of Default pursuant to Section 10.7 (other than Section 10.7(vii)), all Obligations shall be immediately due and payable and this Agreement and the obligation of Lenders to make Advances shall be deemed terminated, (ii) any of the other Events of Default and at any time thereafter during the continuance of such Event of Default, at the option of Agent or at the direction of Required Lenders all Obligations shall be immediately due and payable and Agent or Required Lenders shall have the right to terminate this Agreement and to terminate the obligation of Lenders to make Advances; and (iii) without limiting Section 8.2 hereof, any Default under

Sections 10.7(vii) hereof, the obligation of Lenders to make Advances hereunder shall be suspended until such time as such involuntary petition shall be dismissed. Upon the occurrence and during the continuance of any Event of Default, Agent shall have the right to exercise any and all rights and remedies provided for herein, under the Other Documents, under the Uniform Commercial Code and at law or equity generally, including the right to foreclose the security interests granted herein and to realize upon any Collateral by any available judicial procedure and/or to take possession of and sell any or all of the Collateral with or without judicial process. At any time following the occurrence and during the continuance of an Event of Default, Agent shall have the right to send notice of the assignment of, and Agent's security interest in and Lien on, the Receivables to any and all Customers or any third party holding or otherwise concerned with any of the Collateral. At any time after the occurrence and during the continuance of an Event of Default, Agent shall have the sole right to collect the Receivables, take possession of the Collateral, or both. Agent's actual out-of-pocket collection expenses may be charged to Borrowers' Account and added to the Obligations. To the extent allowed by Applicable Law, Agent may enter any of any Borrower's premises or other premises without legal process and without incurring liability to any Borrower therefor, and Agent may thereupon, or at any time thereafter, in its discretion without notice or demand, take the Collateral and remove the same to such place as Agent may deem advisable and Agent may require Borrowers to make the Collateral available to Agent at a convenient place. With or without having the Collateral at the time or place of sale, Agent may sell the Collateral, or any part thereof, at public or private sale, at any time or place, in one or more sales, at such price or prices, and upon such terms, either for cash, credit or future delivery, as Agent may elect. Except as to that part of the Collateral which is perishable or threatens to decline speedily in value or is of a type customarily sold on a recognized market, Agent shall give Borrowers reasonable notification of such sale or sales, it being agreed that in all events written notice mailed to Borrowing Agent at least ten (10) days prior to such sale or sales is reasonable notification. At any public sale Agent or any Lender may bid (including credit bid) for and become the purchaser, and Agent, any Lender or any other purchaser at any such sale thereafter shall hold the Collateral sold absolutely free from any claim or right of whatsoever kind, including any equity of redemption and all such claims, rights and equities are hereby expressly waived and released by each Borrower. In connection with the exercise of the foregoing remedies, including the sale of Inventory, Agent is granted a perpetual nonrevocable, royalty free, nonexclusive license and Agent is granted permission to use all of each Borrower's (a) Intellectual Property which is used or useful in connection with Inventory for the purpose of marketing, advertising for sale and selling or otherwise disposing of such Inventory and (b) Equipment for the purpose of completing the manufacture of unfinished goods. The cash proceeds realized from the sale of any Collateral shall be applied to the Obligations in the order set forth in Section 11.5 hereof. Noncash proceeds will only be applied to the Obligations as they are converted into cash. If any deficiency shall arise, Borrowers shall remain liable to Agent and Lenders therefor.

(b) To the extent that Applicable Law imposes duties on Agent to exercise remedies in a commercially reasonable manner, each Borrower acknowledges and agrees that it is not commercially unreasonable for Agent: (i) to fail to incur expenses reasonably deemed significant by Agent to prepare Collateral for disposition or otherwise to complete raw material or work in process into finished goods or other finished products for disposition; (ii) to fail to obtain third party consents for access to Collateral to be disposed of, or to obtain or, if not

required by other law, to fail to obtain governmental or third party consents for the collection or disposition of Collateral to be collected or disposed of; (iii) to fail to exercise collection remedies against Customers or other Persons obligated on Collateral or to remove Liens on or any adverse claims against Collateral; (iv) to exercise collection remedies against Customers and other Persons obligated on Collateral directly or through the use of collection agencies and other collection specialists; (v) to advertise dispositions of Collateral through publications or media of general circulation, whether or not the Collateral is of a specialized nature; (vi) to contact other Persons, whether or not in the same business as any Borrower, for expressions of interest in acquiring all or any portion of such Collateral; (vii) to hire one or more professional auctioneers to assist in the disposition of Collateral, whether or not the Collateral is of a specialized nature; (viii) to dispose of Collateral by utilizing internet sites that provide for the auction of assets of the types included in the Collateral or that have the reasonable capacity of doing so, or that match buyers and sellers of assets; (ix) to dispose of assets in wholesale rather than retail markets; (x) to disclaim disposition warranties, such as title, possession or quiet enjoyment, (xi) to purchase insurance or credit enhancements to insure Agent against risks of loss, collection or disposition of Collateral or to provide to Agent a guaranteed return from the collection or disposition of Collateral; or (xii) to the extent deemed appropriate by Agent, to obtain the services of other brokers, investment bankers, consultants and other professionals to assist Agent in the collection or disposition of any of the Collateral. Each Borrower acknowledges that the purpose of this Section 11.1(b) is to provide non-exhaustive indications of what actions or omissions by Agent would not be commercially unreasonable in Agent's exercise of remedies against the Collateral and that other actions or omissions by Agent shall not be deemed commercially unreasonable solely on account of not being indicated in this Section 11.1(b). Without limitation upon the foregoing, nothing contained in this Section 11.1(b) shall be construed to grant any rights to any Borrower or to impose any duties on Agent that would not have been granted or imposed by this Agreement or by Applicable Law in the absence of this Section 11.1(b).

Agent's Discretion

. Agent shall have the right in its sole discretion to determine which rights, Liens, security interests or remedies Agent may at any time pursue, relinquish, subordinate, or modify, which procedures, timing and methodologies to employ, and what any other action to take with respect to any or all of the Collateral and in what order, thereto and such determination will not in any way modify or affect any of Agent's or Lenders' rights hereunder as against Borrowers or each other.

Setoff

. Subject to Section 14.13, in addition to any other rights which Agent or any Lender may have under Applicable Law, upon the occurrence and during the continuation of an Event of Default hereunder, Agent and such Lender shall have a right, immediately and without notice of any kind, to apply any Borrower's property held by Agent and such Lender or any of their Affiliates to reduce the Obligations and to exercise any and all rights of setoff which may be available to Agent and such Lender with respect to any deposits held by Agent or such Lender. Each Lender and Issuer agrees to notify the Borrowers and Agent promptly after any such setoff and application; provided, that the failure to give such notice shall not affect the validity of such setoff and application.

Rights and Remedies not Exclusive

. The enumeration of the foregoing rights and remedies is not intended to be exhaustive and the exercise of any rights or remedy shall not preclude the exercise of any other right or remedies provided for herein or otherwise provided by law, all of which shall be cumulative and not alternative.

Allocation of Payments After Event of Default

. Notwithstanding any other provisions of this Agreement to the contrary, after the occurrence and during the continuance of an Application Event, all amounts collected or received by Agent on account of the Obligations, or in respect of the Collateral may, at Agent's discretion, or shall at Required Lenders' direction, be paid over or delivered as follows:

FIRST, to the payment of all reasonable out-of-pocket costs and expenses (including reasonable and documented attorneys' fees) of Agent in connection with enforcing its rights and the rights of Lenders under this Agreement and the Other Documents, and any Intentional Overadvances and Protective Advances funded by Agent with respect to the Collateral under or pursuant to the terms of this Agreement;

SECOND, to payment of any fees owed to Agent and to the payment of Currency Losses of Issuer;

THIRD, to the payment of all reasonable out-of-pocket costs and expenses (including reasonable and documented attorneys' fees) of each of the Lenders to the extent owing to such Lender pursuant to the terms of this Agreement;

FOURTH, to the payment of all of the Obligations consisting of accrued interest on account of the Swing Loans;

FIFTH, to the payment of the outstanding principal amount of the Obligations consisting of Swing Loans;

SIXTH, to the payment of all Obligations arising under this Agreement and the Other Documents consisting of accrued fees and interest (other than interest in respect of Swing Loans paid pursuant to clause FOURTH above);

SEVENTH, to the payment of the outstanding principal amount of the Obligations (other than principal in respect of Swing Loans paid pursuant to clause FIFTH above) arising under this Agreement (including the payment or cash collateralization of Cash Management Liabilities (but only to the extent a reserve has been established against the Gross Amount or the Formula Amount for such Cash Management Liabilities), Hedge Liabilities (but only to the extent a reserve has been established against the Gross Amount or the Formula Amount for such Hedge Liabilities) and outstanding Letters of Credit).

EIGHTH, to all other Obligations arising under this Agreement which shall have become due and payable (hereunder, under the Other Documents or otherwise) and not repaid pursuant to clauses "FIRST" through "SEVENTH" above and Cash

Management Liabilities and Hedge Liabilities with respect to which a reserve has not been established against the Gross Amount or the Formula Amount (whether or not due and payable);

NINTH, to all other Obligations which shall have become due and payable and not repaid pursuant to clauses "FIRST" through "EIGHTH"; and

TENTH, to the payment of the surplus, if any, to whoever may be lawfully entitled to receive such surplus.

In carrying out the foregoing, (i) amounts received shall be applied in the numerical order provided until exhausted prior to application to the next succeeding category; (ii) each of the Lenders shall receive (so long as it is not a Defaulting Lender) an amount equal to its pro rata share (based on the proportion that the then outstanding Advances, Cash Management Liabilities (to the extent a reserve has been established against the Gross Amount or the Formula Amount) and Hedge Liabilities (to the extent a reserve has been established against the Gross Amount or the Formula Amount) held by such Lender bears to the aggregate then outstanding Advances, Cash Management Liabilities (to the extent a reserve has been established against the Gross Amount or the Formula Amount) and Hedge Liabilities (to the extent a reserve has been established against the Gross Amount or the Formula Amount)) of amounts available to be applied pursuant to clauses "SIXTH", "SEVENTH", "EIGHTH" and "NINTH" above; (iii) notwithstanding anything to the contrary in this Section 11.5, no Swap Obligations of any Non-Qualifying Party shall be paid with amounts received from such Non-Qualifying Party under its Guaranty (including sums received as a result of the exercise of remedies with respect to such Guaranty) or from the proceeds of such Non-Qualifying Party's Collateral if such Swap Obligations would constitute Excluded Hedge Liabilities, provided, however, that to the extent possible appropriate adjustments shall be made with respect to payments and/or the proceeds of Collateral from other Borrowers and/or Guarantors that are Eligible Contract Participants with respect to such Swap Obligations to preserve the allocation to Obligations otherwise set forth above in this Section 11.5; and (iv) to the extent that any amounts available for distribution pursuant to clause "SEVENTH" above are attributable to the issued but undrawn amount of outstanding Letters of Credit or Cash Management Liabilities or Hedge Liabilities not then due and payable, such amounts shall be held by Agent as cash collateral for such Obligations, until due and payable.

XII. WAIVERS AND JUDICIAL PROCEEDINGS.

Waiver of Notice

. Each Borrower hereby waives notice of non-payment of any of the Receivables, demand, presentment, protest and notice thereof with respect to any and all instruments, notice of acceptance hereof, notice of loans or advances made, credit extended, Collateral received or delivered, or any other action taken in reliance hereon, and all other demands and notices of any description, except such as are expressly provided for herein.

Delay

. No delay or omission on Agent's or any Lender's part in exercising any right, remedy or option shall operate as a waiver of such or any other right, remedy or option or of any Default or Event of Default.

Jury Waiver

. EACH PARTY TO THIS AGREEMENT HEREBY EXPRESSLY WAIVES ANY RIGHT TO TRIAL BY JURY OF ANY CLAIM, COUNTERCLAIM, DEMAND, ACTION OR CAUSE OF ACTION (A) ARISING UNDER THIS AGREEMENT, ANY OTHER DOCUMENT OR ANY OTHER INSTRUMENT, DOCUMENT OR AGREEMENT EXECUTED OR DELIVERED IN CONNECTION HEREWITH, OR (B) IN ANY WAY CONNECTED WITH OR RELATED OR INCIDENTAL TO THE DEALINGS OF THE PARTIES HERETO OR ANY OF THEM WITH RESPECT TO THIS AGREEMENT, ANY OTHER DOCUMENT OR ANY OTHER INSTRUMENT, DOCUMENT OR AGREEMENT EXECUTED OR DELIVERED IN CONNECTION HEREWITH, OR THE TRANSACTIONS RELATED HERETO OR THERETO IN EACH CASE WHETHER NOW EXISTING OR HEREAFTER ARISING, AND WHETHER SOUNDING IN CONTRACT OR TORT OR OTHERWISE AND EACH PARTY HEREBY CONSENTS THAT ANY SUCH CLAIM, COUNTERCLAIM, DEMAND, ACTION OR CAUSE OF ACTION SHALL BE DECIDED BY COURT TRIAL WITHOUT A JURY, AND THAT ANY PARTY TO THIS AGREEMENT MAY FILE AN ORIGINAL COUNTERPART OR A COPY OF THIS SECTION WITH ANY COURT AS WRITTEN EVIDENCE OF THE CONSENTS OF THE PARTIES HERETO TO THE WAIVER OF THEIR RIGHT TO TRIAL BY JURY.

XIII. EFFECTIVE DATE AND TERMINATION.

Term

. This Agreement, which shall inure to the benefit of and shall be binding upon the respective successors and permitted assigns of each Borrower, Agent and each Lender, shall become effective on the date hereof and shall continue in full force and effect until the Maturity Date unless sooner terminated as herein provided. Borrowers may terminate this Agreement at any time upon ten (10) days prior written notice to Agent upon payment in full of the Obligations; provided that a notice of termination of this Agreement delivered by the Borrowers may state that such notice is conditioned upon the effectiveness of other financings or of asset dispositions (the proceeds of which, in either case, shall be used to repay the outstanding Obligations in full), in which case such notice may be revoked by the Borrowers (by written notice to the Agent from the Borrowing Agent on or prior to the specified effective date) if such condition is not satisfied.

Termination

. The termination of the Agreement shall not affect Agent's or any Lender's rights, or any of the Obligations having their inception prior to the effective date of such termination or any Obligations which pursuant to the terms hereof continue to accrue after such date, and the provisions hereof shall continue to be fully operative until all transactions entered into, rights or interests created and Obligations have been fully and indefeasibly paid, disposed of, concluded or liquidated. The security interests, Liens and rights granted to Agent and Lenders hereunder and the financing statements filed hereunder shall continue in full force and effect, notwithstanding the termination of this Agreement or the fact that Borrowers' Account may from time to time be temporarily in a zero or credit position, until all of the Obligations of each Borrower have been indefeasibly paid and performed in full after the termination of this Agreement or each Borrower has furnished Agent and Lenders with an indemnification satisfactory to Agent and Lenders with respect thereto. Accordingly, each Borrower waives any rights which it may have under the Uniform Commercial Code to demand the filing of termination statements with respect to the Collateral, and Agent shall not be required to send

such termination statements to each Borrower, or to file them with any filing office, unless and until this Agreement shall have been terminated in accordance with its terms and all Obligations have been indefeasibly paid in full in immediately available funds. All representations, warranties, covenants, waivers and agreements contained herein shall survive termination hereof until all Obligations are indefeasibly paid and performed in full.

XIV. REGARDING AGENT.

Appointment

. Each Lender hereby designates PNC to act as Agent for such Lender under this Agreement and the Other Documents. Each Lender hereby irrevocably authorizes Agent to take such action on its behalf under the provisions of this Agreement and the Other Documents and to exercise such powers and to perform such duties hereunder and thereunder as are specifically delegated to or required of Agent by the terms hereof and thereof and such other powers as are reasonably incidental thereto and Agent shall hold all Collateral, payments of principal and interest, fees (except the fees set forth in Sections 2.8(b) and 3.4 and the Fee Letter), charges and collections received pursuant to this Agreement, for the ratable benefit of Lenders. Agent may perform any of its duties hereunder by or through its agents or employees. As to any matters not expressly provided for by this Agreement (including collection of the Note) Agent shall not be required to exercise any discretion or take any action, but shall be required to act or to refrain from acting (and shall be fully protected in so acting or refraining from acting) upon the instructions of Required Lenders, and such instructions shall be binding; provided, however, that Agent shall not be required to take any action which, in Agent's discretion, exposes Agent to liability or which is contrary to this Agreement or the Other Documents or Applicable Law unless Agent is furnished with an indemnification reasonably satisfactory to Agent with respect thereto.

Nature of Duties

. Agent shall have no duties or responsibilities except those expressly set forth in this Agreement and the Other Documents. Neither Agent nor any of its officers, directors, employees or agents shall be (i) liable for any action taken or omitted by them as such hereunder or in connection herewith, unless caused by their gross (not mere) negligence, bad faith or willful misconduct (as determined by a court of competent jurisdiction in a final non-appealable judgment), or (ii) responsible in any manner for any recitals, statements, representations or warranties made by any Borrower or any officer thereof contained in this Agreement, or in any of the Other Documents or in any certificate, report, statement or other document referred to or provided for in, or received by Agent under or in connection with, this Agreement or any of the Other Documents or for the value, validity, effectiveness, genuineness, due execution, enforceability or sufficiency of this Agreement, or any of the Other Documents or for any failure of any Borrower to perform its obligations hereunder. Agent shall not be under any obligation to any Lender to ascertain or to inquire as to the observance or performance of any of the agreements contained in, or conditions of, this Agreement or any of the Other Documents, or to inspect the properties, books or records of any Borrower. The duties of Agent as respects the Advances to Borrowers shall be mechanical and administrative in nature; Agent shall not have by reason of this Agreement a fiduciary relationship in respect of any Lender; and nothing in this Agreement, expressed or implied, is intended to or shall be so construed as to impose upon Agent any obligations in respect of this Agreement or the transactions described herein except as expressly set forth herein.

Lack of Reliance on Agent

. Independently and without reliance upon Agent or any other Lender, each Lender has made and shall continue to make (i) its own independent investigation of the financial condition and affairs of each Borrower and each Guarantor in connection with the making and the continuance of the Advances hereunder and the taking or not taking of any action in connection herewith, and (ii) its own appraisal of the creditworthiness of each Borrower and each Guarantor. Agent shall have no duty or responsibility, either initially or on a continuing basis, to provide any Lender with any credit or other information with respect thereto, whether coming into its possession before making of the Advances or at any time or times thereafter except as shall be provided by any Borrower pursuant to the terms hereof. Agent shall not be responsible to any Lender for any recitals, statements, information, representations or warranties herein or in any agreement, document, certificate or a statement delivered in connection with or for the execution, effectiveness, genuineness, validity, enforceability, collectability or sufficiency of this Agreement or any Other Document, or of the financial condition of any Borrower or any Guarantor, or be required to make any inquiry concerning either the performance or observance of any of the terms, provisions or conditions of this Agreement, the Note, the Other Documents or the financial condition or prospects of any Borrower, or the existence of any Event of Default or any Default. PNC has adopted internal policies and procedures that address requirements placed on federally regulated lenders under the National Flood Insurance Reform Act of 1994 and related legislation (the "Flood Laws"). PNC, as administrative agent or collateral agent on a syndicated facility, will post on the applicable electronic platform (or otherwise distribute to each Lender in the syndicate) documents that it receives in connection with the Flood Laws. However, PNC reminds each Lender and Participant in the facility that, pursuant to the Flood Laws, each federally regulated Lender (whether acting as a Lender or Participant in the facility) is responsible for assuring its own compliance with the flood insurance requirements.

Resignation of Agent; Successor Agent

. Agent may resign on sixty (60) days written notice to each Lender (or such shorter notice as Required Lenders may agree to) and Borrowing Agent (provided, no notice shall be required to be given to Borrowing Agent if an Event of Default exists) and upon such resignation, Required Lenders will promptly designate a successor Agent reasonably satisfactory to Borrowers (provided that no such approval by Borrowers shall be required (i) in any case where the successor Agent is one of the Lenders or (ii) after the occurrence and during the continuance of any Event of Default). Any such successor Agent shall succeed to the rights, powers and duties of Agent, and shall in particular succeed to all of Agent's right, title and interest in and to all of the Liens in the Collateral securing the Obligations created hereunder or any Other Document (including any Mortgages (if any), Pledge Agreement, Maritime Security Documents and all account control agreements), and the term "Agent" shall mean such successor agent effective upon its appointment, and the former Agent's rights, powers and duties as Agent shall be terminated, without any other or further act or deed on the part of such former Agent. However, notwithstanding the foregoing, if at the time of the effectiveness of the new Agent's appointment, any further actions need to be taken in order to provide for the legally binding and valid transfer of any Liens in the Collateral from former Agent to new Agent and/or for the perfection of any Liens in the Collateral as held by new Agent or it is otherwise not then possible for new Agent to become the holder of a fully valid, enforceable and perfected Lien as to any of the Collateral, former Agent shall continue to hold such Liens solely as agent for perfection of such Liens on behalf of new Agent until such time as

new Agent can obtain a fully valid, enforceable and perfected Lien on all Collateral, provided that Agent shall not be required to or have any liability or responsibility to take any further actions after such date as such agent for perfection to continue the perfection of any such Liens (other than to forego from taking any affirmative action to release any such Liens). After any Agent's resignation as Agent, the provisions of this Article XIV, and any indemnification rights under this Agreement, including without limitation, rights arising under Section 16.5 hereof, shall inure to its benefit as to any actions taken or omitted to be taken by it while it was Agent under this Agreement (and in the event resigning Agent continues to hold any Liens pursuant to the provisions of the immediately preceding sentence, the provisions of this Article XIV and any indemnification rights under this Agreement, including without limitation, rights arising under Section 16.5 hereof, shall inure to its benefit as to any actions taken or omitted to be taken by it in connection with such Liens).

Certain Rights of Agent

. If Agent shall request instructions from Lenders with respect to any act or action (including failure to act) in connection with this Agreement or any Other Document, Agent shall be entitled to refrain from such act or taking such action unless and until Agent shall have received instructions from Required Lenders; and Agent shall not incur liability to any Person by reason of so refraining. Without limiting the foregoing, Lenders shall not have any right of action whatsoever against Agent as a result of its acting or refraining from acting hereunder in accordance with the instructions of Required Lenders.

Reliance

. Agent shall be entitled to rely, and shall be fully protected in relying, upon any note, writing, resolution, notice, statement, certificate, email, facsimile, telex, teletype or telecopier message, cablegram, order or other document or telephone message believed by it to be genuine and correct and to have been signed, sent or made by the proper person or entity, and, with respect to all legal matters pertaining to this Agreement and the Other Documents and its duties hereunder, upon advice of counsel selected by it. Agent may employ agents and attorneys-in-fact and shall not be liable for the default or misconduct of any such agents or attorneys-in-fact selected by Agent with reasonable care.

Notice of Default

. Agent shall not be deemed to have knowledge or notice of the occurrence of any Default or Event of Default hereunder or under the Other Documents, unless Agent has received notice from a Lender or Borrowing Agent referring to this Agreement or the Other Documents, describing such Default or Event of Default and stating that such notice is a "notice of default". In the event that Agent receives such a notice, Agent shall give notice thereof to Lenders. Agent shall take such action with respect to such Default or Event of Default as shall be reasonably directed by Required Lenders; provided, that, unless and until Agent shall have received such directions, Agent may (but shall not be obligated to) take such action, or refrain from taking such action, with respect to such Default or Event of Default as it shall deem advisable in the best interests of Lenders.

Indemnification

. To the extent Agent is not reimbursed and indemnified by Borrowers, each Lender will reimburse and indemnify Agent in proportion to its respective portion of the outstanding Advances and its respective Participation Commitments in the outstanding Letters of Credit and outstanding Swing Loans (or, if no Advances are outstanding, pro rata according to the percentage that its Revolving Commitment Amount constitutes of the

total aggregate Revolving Commitment Amounts), from and against any and all liabilities, obligations, losses (including any foreign exchange losses), damages, penalties, actions, judgments, suits, costs, expenses or disbursements of any kind or nature whatsoever which may be imposed on, incurred by or asserted against Agent in performing its duties hereunder (including, without limitation, providing Letters of Credit in any Optional Currency), or in any way relating to or arising out of this Agreement or any Other Document; provided that Lenders shall not be liable for any portion of such liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses or disbursements resulting from Agent's gross (not mere) negligence, bad faith or willful misconduct (as determined by a court of competent jurisdiction in a final non-appealable judgment).

Agent in its Individual Capacity

. With respect to the obligation of Agent to lend under this Agreement, the Advances made by it shall have the same rights and powers hereunder as any other Lender and as if it were not performing the duties as Agent specified herein; and the term "Lender" or any similar term shall, unless the context clearly otherwise indicates, include Agent in its individual capacity as a Lender. Agent may engage in business with any Borrower as if it were not performing the duties specified herein, and may accept fees and other consideration from any Borrower for services in connection with this Agreement or otherwise without having to account for the same to Lenders.

Delivery of Documents

. To the extent Agent receives financial statements required under Sections 9.7, 9.8, 9.9, 9.12 and 9.13 or Borrowing Base Certificates from any Borrower pursuant to the terms of this Agreement which any Borrower is not obligated to deliver to each Lender, Agent will promptly furnish such documents and information to Lenders.

Borrowers' Undertaking to Agent

. Without prejudice to their respective obligations to Lenders under the other provisions of this Agreement, each Borrower hereby undertakes with Agent to pay to Agent from time to time on demand all amounts from time to time due and payable by it for the account of Agent or Lenders or any of them pursuant to this Agreement to the extent not already paid. Any payment made pursuant to any such demand shall pro tanto satisfy the relevant Borrower's obligations to make payments for the account of Lenders or the relevant one or more of them pursuant to this Agreement.

No Reliance on Agent's Customer Identification Program

. To the extent the Advances or this Agreement is, or becomes, syndicated in cooperation with other Lenders, each Lender acknowledges and agrees that neither such Lender, nor any of its Affiliates, participants or assignees, may rely on Agent to carry out such Lender's, Affiliate's, participant's or assignee's customer identification program, or other obligations required or imposed under or pursuant to the USA PATRIOT Act or the regulations thereunder, including the regulations contained in 31 CFR 103.121 (as hereafter amended or replaced, the "CIP Regulations"), or any other Anti-Terrorism Law, including any programs involving any of the following items relating to or in connection with any of Borrowers, their Affiliates or their agents, the Other Documents or the transactions hereunder or contemplated hereby: (i) any identity verification procedures, (ii) any recordkeeping, (iii) comparisons with government lists, (iv) customer notices or (v) other procedures required under the CIP Regulations or such Anti-Terrorism Laws.

Other Agreements

. Each of the Lenders agrees that it shall not, without the express consent of Agent, set off against the Obligations, any amounts owing by such Lender to any Borrower or any deposit accounts of any Borrower now or hereafter maintained with such Lender. Anything in this Agreement to the contrary notwithstanding, each of the Lenders further agrees that it shall not, unless specifically requested to do so by Agent, take any action to protect or enforce its rights arising out of this Agreement or the Other Documents, it being the intent of Lenders that any such action to protect or enforce rights under this Agreement and the Other Documents shall be taken in concert and at the direction or with the consent of Agent or Required Lenders.

14.14 Collateral Matters.

(a) The Lenders hereby irrevocably authorize Agent to release any Lien on any Collateral (i) upon the termination of the Revolving Commitments and payment and satisfaction in full of all of the Obligations, (ii) constituting property being sold or disposed of if a release is required or desirable in connection therewith and if Borrowers certify to Agent that the sale or disposition is permitted hereunder (and Agent may rely conclusively on any such certificate, without further inquiry), (iii) constituting property released pursuant to Section 4.13, (iv) constituting property in which no Credit Party or any of its Subsidiaries owned any interest at the time Agent's Lien was granted nor at any time thereafter, (v) constituting property leased or licensed to a Credit Party or its Subsidiaries under a lease or license that has expired or is terminated in a transaction permitted under this Agreement, or (vi) in connection with a credit bid or purchase authorized under this Section 14.14. The Credit Parties and the Lenders hereby irrevocably authorize Agent, based upon the instruction of the Required Lenders, to (A) consent to the sale of, credit bid, or purchase (either directly or indirectly through one or more entities) all or any portion of the Collateral at any sale thereof conducted under the provisions of the Bankruptcy Code, including Section 363 of the Bankruptcy Code, (B) credit bid or purchase (either directly or indirectly through one or more entities) all or any portion of the Collateral at any sale or other disposition thereof conducted under the provisions of the Uniform Commercial Code, including pursuant to Sections 9-610 or 9-620 of the Uniform Commercial Code, or (C) credit bid or purchase (either directly or indirectly through one or more entities) all or any portion of the Collateral at any other sale or foreclosure conducted or consented to by Agent in accordance with applicable law in any judicial action or proceeding or by the exercise of any legal or equitable remedy. In connection with any such credit bid or purchase, (i) the Obligations owed to the Lenders shall be entitled to be, and shall be, credit bid on a ratable basis (with Obligations with respect to contingent or unliquidated claims being estimated for such purpose if the fixing or liquidation thereof would not impair or unduly delay the ability of Agent to credit bid or purchase at such sale or other disposition of the Collateral and, if such contingent or unliquidated claims cannot be estimated without impairing or unduly delaying the ability of Agent to credit bid at such sale or other disposition, then such claims shall be disregarded, not credit bid, and not entitled to any interest in the Collateral that is the subject of such credit bid or purchase) and the Lenders whose Obligations are credit bid shall be entitled to receive interests (ratably based upon the proportion of their Obligations credit bid in relation to the aggregate amount of Obligations so credit bid) in the Collateral that is the subject of such credit bid or purchase (or in the Equity Interests of the any entities that are used to consummate such credit bid or purchase), and (ii) Agent, based upon the instruction of the Required Lenders, may accept

non-cash consideration, including debt and equity securities issued by any entities used to consummate such credit bid or purchase and in connection therewith Agent may reduce the Obligations owed to the Lenders (ratably based upon the proportion of their Obligations credit bid in relation to the aggregate amount of Obligations so credit bid) based upon the value of such non-cash consideration. Except as provided above, Agent will not execute and deliver a release of any Lien on any Collateral without the prior written authorization of (y) if the release is of all or substantially all of the Collateral (other than pursuant to a disposition of such Collateral consented to by Required Lenders), all of the Lenders or (z) otherwise, the Required Lenders. Upon request by Agent or Borrowers at any time, the Lenders will confirm in writing Agent's authority to release any such Liens on particular types or items of Collateral pursuant to this Section 14.14; provided, that (1) anything to the contrary contained in this Agreement or any of the Other Documents notwithstanding, Agent shall not be required to execute any document or take any action necessary to evidence such release on terms that, in Agent's opinion, could expose Agent to liability or create any obligation or entail any consequence other than the release of such Lien without recourse, representation, or warranty, and (2) such release shall not in any manner discharge, affect, or impair the Obligations or any Liens (other than those expressly released) upon (or obligations of Borrowers in respect of) any and all interests retained by any Borrower, including, the proceeds of any sale, all of which shall continue to constitute part of the Collateral.

(b) Agent shall have no obligation whatsoever to any of the Lenders (i) to verify or assure that the Collateral exists or is owned by a Credit Party or any of its Subsidiaries or is cared for, protected, or insured or has been encumbered, (ii) to verify or assure that Agent's Liens have been properly or sufficiently or lawfully created, perfected, protected, or enforced or are entitled to any particular priority, (iii) to verify or assure that any particular items of Collateral meet the eligibility criteria applicable in respect thereof, (iv) to impose, maintain, increase, reduce, implement, or eliminate any particular reserve hereunder or to determine whether the amount of any reserve is appropriate or not, or (v) to exercise at all or in any particular manner or under any duty of care, disclosure or fidelity, or to continue exercising, any of the rights, authorities and powers granted or available to Agent pursuant to this Agreement or any Other Documents, it being understood and agreed that in respect of the Collateral, or any act, omission, or event related thereto, subject to the terms and conditions contained herein, Agent may act in any manner it may deem appropriate, in its sole discretion given Agent's own interest in the Collateral in its capacity as one of the Lenders and that Agent shall have no other duty or liability whatsoever to any Lender as to any of the foregoing, except as otherwise expressly provided herein.

Field Examination Reports; Confidentiality; Disclaimers by Lenders; Other Reports and Information

. By becoming a party to this Agreement, each Lender:

(a) is deemed to have requested that Agent furnish such Lender, promptly after it becomes available, a copy of each field examination report respecting any Credit Party or its Subsidiaries (each, a "Report") prepared by or at the request of Agent, and Agent shall so furnish each Lender with such Reports,

(b) expressly agrees and acknowledges that Agent does not (i) make any representation or warranty as to the accuracy of any Report, and (ii) shall not be liable for any information contained in any Report,

(c) expressly agrees and acknowledges that the Reports are not comprehensive audits or examinations, that Agent or any other party performing any field examination will inspect only specific information regarding the Credit Parties and their Subsidiaries and will rely significantly upon Credit Parties' and their Subsidiaries' books and records, as well as on representations of Credit Parties' personnel,

(d) agrees to keep all Reports and other material, non-public information regarding the Credit Parties and their Subsidiaries and their operations, assets, and existing and contemplated business plans in a confidential manner in accordance with Section 16.15, and

(e) without limiting the generality of any other indemnification provision contained in this Agreement, agrees: (i) to hold Agent and any other Lender preparing a Report harmless from any action the indemnifying Lender may take or fail to take or any conclusion the indemnifying Lender may reach or draw from any Report in connection with any loans or other credit accommodations that the indemnifying Lender has made or may make to Credit Parties, or the indemnifying Lender's participation in, or the indemnifying Lender's purchase of, a loan or loans of Borrowers, and (ii) to pay and protect, and indemnify, defend and hold Agent, and any such other Lender preparing a Report harmless from and against, the claims, actions, proceedings, damages, costs, expenses, and other amounts (including, attorneys' fees and costs) incurred by Agent and any such other Lender preparing a Report as the direct or indirect result of any third parties who might obtain all or part of any Report through the indemnifying Lender.

In addition to the foregoing, (x) any Lender may from time to time request of Agent in writing that Agent provide to such Lender a copy of any report or document provided by any Credit Party or its Subsidiaries to Agent that has not been contemporaneously provided by such Credit Party or such Subsidiary to such Lender, and, upon receipt of such request, Agent promptly shall provide a copy of same to such Lender, (y) to the extent that Agent is entitled, under any provision of this Agreement or any Other Documents, to request additional reports or information from any Credit Party or its Subsidiaries, any Lender may, from time to time, reasonably request Agent to exercise such right as specified in such Lender's notice to Agent, whereupon Agent promptly shall request of Borrowers the additional reports or information reasonably specified by such Lender, and, upon receipt thereof from such Credit Party or such Subsidiary, Agent promptly shall provide a copy of same to such Lender, and (z) any time that Agent renders to Borrowers a statement regarding the Loan Account, Agent shall send a copy of such statement to each Lender.

Several Obligations; No Liability.

. Notwithstanding that certain of the Other Documents now or hereafter may have been or will be executed only by or in favor of Agent in its capacity as such, and not by or in favor of the Lenders, any and all obligations on the part of Agent (if any) to make any credit available hereunder shall constitute the several (and not joint) obligations of the respective Lenders on a ratable basis, according to their respective Revolving Commitments, to make an amount of such credit not to exceed, in principal amount, at any one

time outstanding, the amount of their respective Revolving Commitments. Nothing contained herein shall confer upon any Lender any interest in, or subject any Lender to any liability for, or in respect of, the business, assets, profits, losses, or liabilities of any other Lender. Each Lender shall be solely responsible for notifying its participants of any matters relating to this Agreement and the Other Documents to the extent any such notice may be required, and no Lender shall have any obligation, duty, or liability to any participant of any other Lender.

Bank Product Providers

. Each Secured Party that provides Cash Management Products and Services, Lender-Provided Interest Rate Hedges or Lender-Provided Foreign Currency/Commodity Hedges (each a "**Bank Product Provider**") in its capacity as such shall be deemed a third party beneficiary hereof and of the provisions of the Other Documents for purposes of any reference in this Agreement or any Other Document to the parties for whom Agent is acting. Agent hereby agrees to act as agent for such Bank Product Provider and, by virtue of entering into an agreement or arrangement to provide Cash Management Products and Services, Lender-Provided Interest Rate Hedges or Lender-Provided Foreign Currency/Commodity Hedges, the applicable Bank Product Provider shall be automatically deemed to have appointed Agent as its agent and to have accepted the benefits of the Other Documents. It is understood and agreed that the rights and benefits of each Bank Product Provider under the Other Documents consist exclusively of such Bank Product Provider's being a beneficiary of the Liens and security interests (and, if applicable, guarantees) granted to Agent and the right to share in payments and collections out of the Collateral as more fully set forth herein. In addition, each Bank Product Provider, by virtue of entering into an agreement or arrangement to provide Cash Management Products and Services, Lender-Provided Interest Rate Hedges or Lender-Provided Foreign Currency/Commodity Hedges, shall be automatically deemed to have agreed that Agent shall have the right, but shall have no obligation, to establish, maintain, relax, or release reserves in respect of the Cash Management Liabilities, Interest Rate Hedge Liabilities and Foreign Currency/Commodity Hedge Liabilities and that if reserves are established there is no obligation on the part of Agent to determine or insure whether the amount of any such reserve is appropriate or not. Notwithstanding anything to the contrary in this Agreement or any Other Document, no provider or holder of any Cash Management Products and Services, Lender-Provided Interest Rate Hedges or Lender-Provided Foreign Currency/Commodity Hedges shall have any voting or approval rights hereunder (or be deemed a Lender) solely by virtue of its status as the provider or holder of such agreements or products or the Obligations owing thereunder, nor shall the consent of any such provider or holder be required (other than in their capacities as Lenders, to the extent applicable) for any matter hereunder or under any of the Other Documents, including as to any matter relating to the Collateral or the release of Collateral or Guarantors.

Intercreditor Agreements and Equipment Utilization Agreements

. Each Lender, by its acceptance of the benefits provided hereunder, (a) consents to the Intercreditor Agreements and the Equipment Utilization Agreements (in each as amended or otherwise modified with the consent of Agent and Required Lenders), (b) agrees that it will be bound by, and will take no actions contrary to, the provisions of the Intercreditor Agreements and the Equipment Utilization Agreements (in each case as amended or otherwise modified with the consent of Agent and Required Lenders), and (c) authorizes and instructs the Agent to enter into the Intercreditor Agreements and the Equipment Utilization Agreements (and, in each case, such amendments or

other modifications thereto as may hereafter be consented to by Agent and Required Lenders) as Agent on behalf of each Lender.

XV. BORROWING AGENCY.

15.1 Borrowing Agency Provisions; Joint and Several Liability.

(a) Each Borrower hereby irrevocably designates Borrowing Agent to be its attorney and agent in such capacity to (i) borrow, (ii) request advances, (iii) request the issuance of Letters of Credit, (iv) sign and endorse notes, (v) execute and deliver all instruments, documents, applications, security agreements, reimbursement agreements and letter of credit agreements for Letters of Credit and all other certificates, notice, writings and further assurances now or hereafter required hereunder, (vi) make elections regarding interest rates, (vii) give instructions regarding Letters of Credit and agree with Issuer upon any amendment, extension or renewal of any Letter of Credit and (viii) otherwise take action under and in connection with this Agreement and the Other Documents, all on behalf of and in the name such Borrower or Borrowers, and hereby authorizes Agent to pay over or credit all loan proceeds hereunder in accordance with the request of Borrowing Agent.

(b) The handling of this credit facility as a co-borrowing facility with a borrowing agent in the manner set forth in this Agreement is solely as an accommodation to Borrowers and at their request. Neither Agent nor any Lender shall incur liability to Borrowers as a result thereof. To induce Agent and Lenders to do so and in consideration thereof, each Borrower hereby indemnifies Agent and each Lender and holds Agent and each Lender harmless from and against any and all liabilities, expenses, losses, damages and claims of damage or injury asserted against Agent or any Lender by any Person arising from or incurred by reason of the handling of the financing arrangements of Borrowers as provided herein, reliance by Agent or any Lender on any request or instruction from Borrowing Agent or any other action taken by Agent or any Lender with respect to this Section 15.1 except due to willful misconduct, bad faith or gross (not mere) negligence by the indemnified party (as determined by a court of competent jurisdiction in a final and non-appealable judgment).

(c) All Borrowers shall be jointly and severally liable for all amounts due to Agent and Lenders under this Agreement and the Other Documents, regardless of which Borrower actually receives the Advances or other financial accommodations hereunder or the amount of such Advances or financial accommodations received or the manner in which Agent and Lenders account for such Advances or financial accommodations on its books and records. The Obligations shall be primary obligations of all Borrowers. The Obligations arising as a result of the joint and several liability of a Borrower shall, to the fullest extent permitted by law, be unconditional irrespective of (i) the validity or enforceability, avoidance or subordination of the Obligations of the other Borrowers or of any promissory note or other document evidencing all or any part of the Obligations of the other Borrowers, (ii) the absence of any attempt to collect the Obligations from the other Borrowers or any other security therefor, or the absence of any other action to enforce the same, (iii) the waiver, consent, extension, forbearance or granting of any indulgence by Agent or Lenders with respect to any provisions of any instrument evidencing the Obligations of the other Borrowers, or any part thereof, or any other agreement now or

hereafter executed by the other Borrowers and delivered to Agent, for itself and on behalf of Lenders, except to the extent such waiver, consent, extension, forbearance or granting of any indulgence explicitly is effective with respect to such Borrower, (iv) the failure by Agent or Lenders to take any steps to perfect and maintain its security interest in, or to preserve its rights and maintain its security or collateral for the Obligations of the other Borrowers, (v) the election of Agent or Lenders in any proceeding instituted under the Bankruptcy Code, of the application of Section 1111(b)(2) of the Bankruptcy Code, (vi) the disallowance of all or any portion of the claim(s) of Agent or Lenders for the repayment of the Obligations of the other Borrowers under Section 502 of the Bankruptcy Code, or (vii) any other circumstances which might constitute a legal or equitable discharge or defense of the other Borrowers other than payment in full of the Obligations. With respect to the Obligations arising as a result of the joint and several liability of a Borrower, each Borrower waives, until payment in full of the Obligations and this Agreement, any right to enforce any right of subrogation or any remedy which Agent or Lenders now has or may hereafter have against Borrowers, any endorser or any guarantor of all or any part of the Obligations, and any benefit of, and any right to participate in, any security or collateral given to Agent and Lenders. Upon any Event of Default and for so long as the same is continuing, Agent and Lenders may proceed directly and at once, without notice, against any Borrower to collect and recover the full amount, or any portion of the Obligations, without first proceeding against the other Borrowers or any other Person, or against any security or collateral for the Obligations. Each Borrower consents and agrees that Agent and Lenders shall be under no obligation to marshal any assets in favor of Borrower(s) or against or in payment of any or all of the Obligations.

(d) Each Borrower expressly subordinates any and all rights of subrogation, reimbursement, indemnity, exoneration, contribution of any other claim which such Borrower may now or hereafter have against the other Borrowers or other Person directly or contingently liable for the Obligations hereunder, or against or with respect to the other Borrowers' property (including, without limitation, any property which is Collateral for the Obligations), arising from the existence or performance of this Agreement until payment in full of the Obligations.

(e) Each Borrower expressly subordinates all rights that it may have now or in the future under any statute, at common law, in equity or otherwise, to compel Agent or Lenders to marshal assets or to proceed against any Credit Party, other Person or security for the payment or performance of any Obligations before, or as a condition to, proceeding against such Borrower. It is agreed among each Borrower, Agent and Lenders that the provisions of this Section are of the essence of the transaction contemplated by this Agreement and the Other Documents and that, but for such provisions, Agent and Lenders would decline to make Loans and issue Letters of Credit.

(f) Agent and Lenders may, in their discretion, pursue such rights and remedies as they deem appropriate, including realization upon Collateral by judicial foreclosure or nonjudicial sale or enforcement, without affecting any rights and remedies under this Agreement and the Other Documents. If, in the exercise of any rights or remedies, Agent or any Lender shall forfeit any of its rights or remedies, including its right to enter a deficiency judgment against any Credit Party, whether because of any Applicable Laws pertaining to "election of remedies" or otherwise, each Borrower consents to such action by Agent or such

Lender and waives (to the extent permitted by Applicable Law) any claim based upon such action, even if the action may result in loss of any rights of subrogation that any Borrower might otherwise have had but for such action. Any election of remedies that results in denial or impairment of the right of Agent or any Lender to seek a deficiency judgment against any Borrower shall not impair any other Borrower's obligation to pay the full amount of the Obligations. Each Borrower waives all rights and defenses arising out of an election of remedies, such as nonjudicial foreclosure with respect to any security for the Obligations, even though that election of remedies destroys such Borrower's rights of subrogation against any other Person. If Agent bids at any foreclosure or trustee's sale or at any private sale, Agent may bid all or a portion (in Agent's discretion) of the Obligations and the amount of such bid need not be paid by Agent but shall be credited against the Obligations. Subject to Applicable Law, the amount of the successful bid at any such sale, whether Agent or any other Person is the successful bidder, shall be conclusively deemed to be commercially reasonable, and the difference between such bid amount and the remaining balance of the Obligations shall be conclusively deemed to be the amount of such Borrower's Obligations to Agent and Lenders, notwithstanding that any present or future law or court decision may have the effect of reducing the amount of any deficiency claim to which Agent or any Lender might otherwise be entitled but for such bidding at any such sale.

(g) Notwithstanding any other provision of this Section 15, the joint and several liability of each Borrower hereunder shall be limited to a maximum amount as would not, after giving effect to such maximum amount, render its obligations hereunder subject to avoidance under Section 548 of the Bankruptcy Code or under any applicable state Uniform Fraudulent Transfer Act, Uniform Fraudulent Conveyance Act or comparable law. In determining the limitations, if any, on the amount of any Borrower's obligations hereunder pursuant to the preceding sentence, it is the intention of the parties hereto that any rights of subrogation, indemnification or contribution which such Borrower may have under this Section 15, any other agreement or applicable law shall be taken into account. Subject to the restrictions, limitations and other terms of this Agreement, each Borrower hereby agrees that to the extent that a Borrower shall have paid more than its proportionate share of any payment made hereunder, such Borrower shall be entitled to seek and receive contribution from and against any other Borrower hereunder which has not paid its proportionate share of such payment.

Waiver of Subrogation

. Each Borrower expressly waives any and all rights of subrogation, reimbursement, indemnity, exoneration, contribution or any other claim which such Borrower may now or hereafter have against the other Borrowers or any other Person directly or contingently liable for the Obligations hereunder, or against or with respect to any other Borrowers' property (including, without limitation, any property which is Collateral for the Obligations), arising from the existence or performance of this Agreement, until termination of this Agreement and repayment in full of the Obligations.

XVI. MISCELLANEOUS.

Governing Law

. This Agreement and each Other Document (unless and except to the extent expressly provided otherwise in any such Other Document), and all matters relating hereto or thereto or arising herefrom or therefrom (whether arising under contract law, tort law or

otherwise) shall, in accordance with Section 5-1401 of the General Obligations Law of the State of New York, be governed by and construed in accordance with the laws of the State of New York. Any judicial proceeding brought by or against any Credit Party with respect to any of the Obligations, this Agreement, the Other Documents or any related agreement may be brought in any court of competent jurisdiction in the State of New York, United States of America, and, by execution and delivery of this Agreement, each Credit Party accepts for itself and in connection with its properties, generally and unconditionally, the non-exclusive jurisdiction of the aforesaid courts, and irrevocably agrees to be bound by any judgment rendered thereby in connection with this Agreement. Each Credit Party hereby waives personal service of any and all process upon it and consents that all such service of process may be made by certified or registered mail (return receipt requested) directed to Borrowing Agent at its address set forth in Section 16.6 and service so made shall be deemed completed five (5) days after the same shall have been so deposited in the mails of the United States of America, or, at Agent's option, by service upon Borrowing Agent which each Credit Party irrevocably appoints as such Credit Party's Agent for the purpose of accepting service within the State of New York. Nothing herein shall affect the right to serve process in any manner permitted by law or shall limit the right of Agent or any Lender to bring proceedings against any Credit Party in the courts of any other jurisdiction. Each Credit Party waives any objection to jurisdiction and venue of any action instituted hereunder and shall not assert any defense based on lack of jurisdiction or venue or based upon forum non conveniens. Each Credit Party waives the right to remove any judicial proceeding brought against such Credit Party in any state court to any federal court. Any judicial proceeding by any Credit Party against Agent or any Lender involving, directly or indirectly, any matter or claim in any way arising out of, related to or connected with this Agreement or any related agreement, shall be brought only in a federal or state court located in the County of New York, State of New York.

16.2 Entire Understanding.

(a) This Agreement and the documents executed concurrently herewith contain the entire understanding between each Credit Party, Agent and each Lender and supersedes all prior agreements and understandings, if any, relating to the subject matter hereof. Any promises, representations, warranties or guarantees not herein contained and hereinafter made shall have no force and effect unless in writing, signed by a Responsible Officer of each Credit Party and Agent's and each Lender's respective officers. Neither this Agreement nor any portion or provisions hereof may be changed, modified, amended, waived, supplemented, discharged, cancelled or terminated orally or by any course of dealing, or in any manner other than by an agreement in writing, signed by the party to be charged. Each Credit Party acknowledges that it has been advised by counsel in connection with the execution of this Agreement and Other Documents and is not relying upon oral representations or statements inconsistent with the terms and provisions of this Agreement.

(b) Required Lenders, Agent with the consent in writing of Required Lenders, and Borrowers may, subject to the provisions of this Section 16.2(b), from time to time enter into written supplemental agreements to this Agreement or the Other Documents executed by Borrowers, for the purpose of adding or deleting any provisions or otherwise changing, amending, varying or waiving in any manner the rights of Lenders, Agent or Borrowers hereunder or thereunder or the conditions, provisions or terms hereof or thereof or waiving any

Event of Default thereunder, but only to the extent specified in such written agreements; provided, however, that no such supplemental agreement shall:

(i) increase or extend the Revolving Commitment, the Revolving Commitment Percentage or the Revolving Commitment Amount of any Lender without the consent of such Lender (it being understood that if a Lender provides its consent to any such increase or extension such Lender may provide that such consent is subject to the completion of its due diligence under Flood Laws in a manner satisfactory to such Lender);

(ii) waive, extend or postpone the Maturity Date or any date fixed by this Agreement or any Other Document for any scheduled payment of principal or interest of any Advance (excluding the due date of any mandatory prepayment of an Advance), or any fee payable to any Lender, or reduce the principal amount of or the rate of interest borne by any Advances or reduce any fee payable to any Lender, without the consent of each Lender directly affected thereby (except that Required Lenders may elect to waive or rescind any imposition of the Default Rate under Section 3.1 or of default rates of Letter of Credit fees under Section 3.2 (unless imposed by Agent));

(iii) except in connection with any increase pursuant to Section 2.24 hereof, increase the Maximum Revolving Advance Amount without the consent of all Lenders;

(iv) alter the definition of the term Required Lenders or Supermajority Lenders or alter, amend or modify this Section 16.2(b) or any provision of this Agreement providing for consent or other action by all Lenders, without the consent of all Lenders;

(v) alter, amend or modify the provisions of Section 2.6(e), 2.20, 11.5 or any other provision of this Agreement providing for the pro rata treatment of the Lenders (to the extent such alteration, amendment or modification would affect such pro rata treatment) without the consent of all Lenders;

(vi) except as permitted by Section 14.14, release all or substantially all of the Collateral without the consent of all Lenders;

(vii) other than in connection with a liquidation, dissolution or disposition of a Credit Party permitted by the terms hereof or otherwise consented to by Required Lenders or the payment in full of the Obligations, release any Credit Party from its liability for the Obligations without the consent of all of the Lenders;

(viii) except in connection with the sale or disposition of a Guarantor consented to by Required Lenders, release the Guaranty by a Guarantor without the consent of all of the Lenders; or

(ix) increase the Advance Rates above the Advance Rates in effect on the Closing Date or otherwise modify the Formula Amount or Gross Amount if the effect to increase the amount available to be borrowed by Borrowers without the consent of the Supermajority Lenders.

Notwithstanding the foregoing:

(A) No amendment, waiver, modification, elimination, or consent shall amend, modify, or waive any provision of this Agreement or the Other Documents pertaining to Issuer, or any other rights or duties of Issuer under this Agreement or the Other Documents, without the written consent of Issuer, Agent, Borrowers and the Required Lenders;

(B) No amendment, waiver, modification, elimination, or consent shall amend, modify, or waive any provision of this Agreement or the Other Documents pertaining to Swing Loan Lender, or any other rights or duties of Swing Loan Lender under this Agreement or the Other Documents, without the written consent of Swing Loan Lender, Agent, Borrowers and the Required Lenders;

(C) No amendment, waiver, modification, elimination, or consent shall amend, modify, or waive any provision of this Agreement or the Other Documents pertaining to Agent, or any other rights or duties of Agent under this Agreement or the Other Documents, without the written consent of Agent, Borrowers and the Required Lenders;

(D) Anything in this Section 16.2(b) to the contrary notwithstanding, (i) any amendment, modification, elimination, waiver, consent, termination, or release of, or with respect to, any provision of this Agreement or any Other Document that relates only to the relationship of the Lenders among themselves, and that does not affect the rights or obligations of any Credit Party, shall not require consent by or the agreement of any Credit Party, and (ii) any amendment, waiver, modification, elimination, or consent of or with respect to any provision of this Agreement or any Other Document may be entered into without the consent of, or over the objection of, any Defaulting Lender; and

(E) The Fee Letter may only be amended with the consent of Agent and Borrowers (it being understood that no Lender's consent shall be required).

(c) Any such supplemental agreement shall apply equally to each Lender and shall be binding upon Borrowers, Lenders and Agent and all future holders of the Obligations. In the case of any waiver, Borrowers, Agent and Lenders shall be restored to their former positions and rights, and any Event of Default waived shall be deemed to be cured and not continuing, but no waiver of a specific Event of Default shall extend to any subsequent Event of Default (whether or not the subsequent Event of Default is the same as the Event of Default which was waived), or impair any right consequent thereon.

(d) In the event that Agent or Borrowing Agent requests the consent of a Lender pursuant to this Section 16.2 and such consent is denied, then Agent or Borrowing Agent

may, at its option, require such Lender to assign its interest in the Advances to Agent or to another Lender or to any other Person designated by Agent or Borrowing Agent in compliance with Sections 3.11 and 16.3 (the "Designated Lender"), for a price equal to (i) the then outstanding principal amount thereof plus (ii) accrued and unpaid interest and fees due such Lender, which interest and fees shall be paid when collected from Borrowers. In the event Agent elects to require any Lender to assign its interest to Agent or to the Designated Lender, Agent will so notify such Lender in writing within ten (10) days following such Lender's denial, and such Lender will assign its interest to Agent or the Designated Lender no later than five (5) days following receipt of such notice pursuant to a Commitment Transfer Supplement executed by such Lender, Agent or the Designated Lender, as appropriate, and Agent.

(e) Notwithstanding (i) the existence of a Default or an Event of Default, (ii) that any of the other applicable conditions precedent set forth in Section 8.2 hereof have not been satisfied or the commitments of Lenders to make Revolving Advances hereunder have been terminated for any reason, or (iii) any other contrary provision of this Agreement at any time an Out-of-Formula Loan exists or Borrowers make a request for an Advance that would result in an Out-of-Formula Loan, Agent may in its discretion and without the consent of any Lender, knowingly and intentionally, continue to make Revolving Advances (any such intentional Revolving Advance, an "Intentional Overadvance") to Borrowers for a period of 60 days (as such period may be extended by Required Lenders) unless such authorization is revoked by Required Lenders effective upon receipt by Agent of written notice of such revocation from Required Lenders; provided, that Agent may not make any Intentional Overadvance if, after giving effect to such Intentional Overadvance, the aggregate outstanding Intentional Overadvances would exceed ten percent (10%) of the Maximum Revolving Advance Amount (or such higher amount as Required Lenders may consent to) or would cause the Advances to exceed the Maximum Revolving Advance Amount. If Agent is willing in its sole and absolute discretion to make Intentional Overadvances, Lenders holding the Revolving Commitments shall be obligated to fund such Intentional Overadvances in accordance with their respective Revolving Commitment Percentages, and such Intentional Overadvances shall be payable on demand and shall bear interest at the rate applicable for Revolving Advances consisting of Domestic Rate Loans; provided that, if Agent does make Intentional Overadvances, neither Agent nor Lenders shall be deemed thereby to have changed the limits of Section 2.1(a) nor shall any Lender be obligated to fund Revolving Advances in excess of its Revolving Commitment Amount. For purposes of this paragraph, the discretion granted to Agent hereunder to make Intentional Overadvances shall not be limited by the amount of the Out-of-Formula Loan. To the extent any Intentional Overadvances are not actually funded by the other Lenders as provided for in this Section 16.2(e), Agent may elect in its discretion to fund such Intentional Overadvances and any such Intentional Overadvances so funded by Agent shall be deemed to be Revolving Advances made by and owing to Agent, and Agent shall be entitled to all rights (including accrual of interest) and remedies of a Lender holding a Revolving Commitment under this Agreement and the Other Documents with respect to such Revolving Advances.

(f) In addition to (and not in substitution of) the discretionary Revolving Advances permitted above in this Section 16.2, Agent is hereby authorized by Borrowers and Lenders, at any time in Agent's sole discretion, regardless of (i) the existence of a Default or an Event of Default, (ii) whether any of the other applicable conditions precedent set forth in

Section 8.2 hereof have not been satisfied or the commitments of Lenders to make Revolving Advances hereunder have been terminated for any reason, (iii) whether an Out-of-Formula exists, or (iv) any other contrary provision of this Agreement, to make Revolving Advances (the "Protective Advances") to Borrowers on behalf of Lenders (unless such authorization is revoked by Required Lenders effective 10 days after receipt by Agent of prior written notice of such revocation from Required Lenders) which Agent, in its Permitted Discretion, deems necessary or desirable (a) to preserve or protect the Collateral, or any portion thereof, (b) to enhance the likelihood of, or maximize the amount of, repayment of the Advances and other Obligations, or (c) to pay any other amount chargeable to Borrowers pursuant to the terms of this Agreement; provided, that the Protective Advances made hereunder shall not exceed ten percent (10%) of the Maximum Revolving Amount (unless Required Lenders agree to a higher amount). Lenders holding the Revolving Commitments shall be obligated to fund such Protective Advances and effect a settlement with Agent therefor upon demand of Agent in accordance with their respective Revolving Commitment Percentages. To the extent any Protective Advances are not actually funded by the other Lenders as provided for in this Section 16.2(f), any such Protective Advances funded by Agent shall be deemed to be Revolving Advances made by and owing to Agent, and Agent shall be entitled to all rights (including accrual of interest) and remedies of a Lender holding a Revolving Commitment under this Agreement and the Other Documents with respect to such Revolving Advances.

(g) Notwithstanding the foregoing Sections 16.2(e) and 16.2(f), at no time shall the aggregate total outstanding Intentional Overadvances and Protective Advances exceed ten percent (10%) of the Maximum Revolving Advance Amount.

16.3 Successors and Assigns; Participations; New Lenders.

(a) This Agreement shall be binding upon and inure to the benefit of Borrowers, Agent, each Lender, all future holders of the Obligations and their respective successors and assigns, except that no Borrower may assign or transfer any of its rights or obligations under this Agreement without the prior written consent of Agent and each Lender.

(b) Each Borrower acknowledges that in the regular course of commercial banking business one or more Lenders may at any time and from time to time sell participating interests in the Advances to other Persons (each such transferee or purchaser of a participating interest, a "Participant"); provided that (x) such Lender's obligations under this Agreement and the Other Documents shall remain unchanged, (y) such Lender shall remain solely responsible to the other parties hereto and thereto for the performance of such obligations, and (z) the Borrowers, Agent, Issue and Lenders shall continue to deal solely and directly with such Lender in connection with such Lender's rights and obligations under this Agreement and the Other Documents. Each Participant may exercise all rights of payment (including rights of set-off) with respect to the portion of such Advances held by it or other Obligations payable hereunder as fully as if such Participant were the direct holder thereof provided that (i) Borrowers shall not be required to pay to any Participant more than the amount which it would have been required to pay to Lender which granted an interest in its Advances or other Obligations payable hereunder to such Participant had such Lender retained such interest in the Advances hereunder or other Obligations payable hereunder unless the sale of the participation to such Participant is made

with Borrower's prior written consent, and (ii) in no event shall Borrowers be required to pay any such amount arising from the same circumstances and with respect to the same Advances or other Obligations payable hereunder to both such Lender and such Participant. Notwithstanding the foregoing, for the avoidance of doubt, the Credit Parties agree that each Participant shall be entitled to the benefits of Section 3.10 as if such Participant were a Lender, provided that such Participant complies with Sections 3.10(e), (f), and (g). Each Borrower hereby grants to any Participant a continuing security interest in any deposits, moneys or other property actually or constructively held by such Participant as security for the Participant's interest in the Advances. Each Lender that sells a participation shall, acting solely for this purpose as a non-fiduciary agent of the Borrowers, maintain a register on which it enters the name and address of each Participant and the principal amounts (and stated interest) of each Participant's interest in the loans and Advances (the "Participant Register"); provided that no Lender shall have any obligation to disclose all or any portion of the Participant Register (including the identity of any Participant or any information relating to a Participant's interest in any commitments, loans, letters of credit or its other obligations under this Agreement or any Other Document) to any Person except to the extent that such disclosure is necessary to establish that such commitment, loan, letter of credit or other obligation is in registered form under Section 5f.103-1(c) of the United States Treasury Regulations. No participation shall be transferrable except as recorded in the Participant Register. The entries in the Participant Register shall be conclusive absent manifest error, and such Lender shall treat each Person whose name is recorded in the Participant Register as the owner of such participation for all purposes of this Agreement notwithstanding any notice to the contrary. For the avoidance of doubt, the Agent (in its capacity as Agent) shall have no responsibility for maintaining a Participant Register. It is intended that the Participant Register be maintained in such a manner that the loans and Advances are in "registered form" for the purposes of the Code.

(c) Any Lender, with the consent of Agent and Borrowing Agent (provided, that the consent of Borrowing Agent (A) shall not be unreasonably withheld or delayed (provided further that if such consent is not granted, it shall not be considered unreasonably withheld or delayed if the proposed assignment is to a Person set forth on Schedule 16.3) and (B) shall not be required if an Event of Default exists or such assignment is to a Permitted Assignee), may sell, assign or transfer all or any part of its rights and obligations under or relating to Revolving Advances under this Agreement and the Other Documents to one or more additional Persons and one or more additional Persons may commit to make Advances hereunder (each a "Purchasing Lender"), in minimum amounts of not less than \$5,000,000, pursuant to a Commitment Transfer Supplement, executed by a Purchasing Lender, the transferor Lender, and Agent and delivered to Agent for recording. Upon such execution, delivery, acceptance and recording, from and after the transfer effective date determined pursuant to such Commitment Transfer Supplement, (i) Purchasing Lender thereunder shall be a party hereto and, to the extent provided in such Commitment Transfer Supplement, have the rights and obligations of a Lender thereunder with a Revolving Commitment Percentage as set forth therein, and (ii) the transferor Lender thereunder shall, to the extent provided in such Commitment Transfer Supplement, be released from its obligations under this Agreement, the Commitment Transfer Supplement creating a novation for that purpose. Such Commitment Transfer Supplement shall be deemed to amend this Agreement to the extent, and only to the extent, necessary to reflect the addition of such Purchasing Lender and the resulting adjustment of the Revolving Commitment Percentages

arising from the purchase by such Purchasing Lender of all or a portion of the rights and obligations of such transferor Lender under this Agreement and the Other Documents. Each Borrower hereby consents to the addition of such Purchasing Lender and the resulting adjustment of the Revolving Commitment Percentages. Borrowers shall execute and deliver such further documents and do such further acts and things in order to effectuate the foregoing. Borrowers shall be deemed to have consented to any such assignment unless it shall object thereto by written notice to Agent within five (5) Business Days after having received prior notice thereof.

(d) Any Lender, with the consent of Agent which shall not be unreasonably withheld or delayed, may directly or indirectly sell, assign or transfer all or any portion of its rights and obligations under or relating to Revolving Advances under this Agreement and the Other Documents to an entity, whether a corporation, partnership, trust, limited liability company or other entity that (i) is engaged in making, purchasing, holding or otherwise investing in bank loans and similar extensions of credit in the ordinary course of its business and (ii) is administered, serviced or managed by the assigning Lender or an Affiliate of such Lender (a "Purchasing CLO") and together with each Participant and Purchasing Lender, each a "Transferee" and collectively the "Transferees"), pursuant to a Commitment Transfer Supplement modified as appropriate to reflect the interest being assigned ("Modified Commitment Transfer Supplement"), executed by any intermediate purchaser, the Purchasing CLO, the transferor Lender, and Agent as appropriate and delivered to Agent for recording. Upon such execution and delivery, from and after the transfer effective date determined pursuant to such Modified Commitment Transfer Supplement, (i) Purchasing CLO thereunder shall be a party hereto and, to the extent provided in such Modified Commitment Transfer Supplement, have the rights and obligations of a Lender thereunder and (ii) the transferor Lender thereunder shall, to the extent provided in such Modified Commitment Transfer Supplement, be released from its obligations under this Agreement, the Modified Commitment Transfer Supplement creating a novation for that purpose. Such Modified Commitment Transfer Supplement shall be deemed to amend this Agreement to the extent, and only to the extent, necessary to reflect the addition of such Purchasing CLO. Each Borrower hereby consents to the addition of such Purchasing CLO. Borrowers shall execute and deliver such further documents and do such further acts and things in order to effectuate the foregoing.

(e) Agent shall maintain at its address a copy of each Commitment Transfer Supplement and Modified Commitment Transfer Supplement delivered to it and a register (the "Register") for the recordation of the names and addresses of each Lender and the outstanding principal, accrued and unpaid interest and other fees due hereunder. The entries in the Register shall be conclusive, in the absence of manifest error, and each Borrower, Agent and Lenders may treat each Person whose name is recorded in the Register as the owner of the Advance recorded therein for the purposes of this Agreement. It is intended that the Register be maintained in such a manner that the loans and Advances are in "registered form" for the purposes of the Code. The Register shall be available for inspection by Borrowing Agent or any Lender at any reasonable time and from time to time upon reasonable prior notice. Agent shall receive a fee in the amount of \$3,500 payable by the applicable Purchasing Lender and/or Purchasing CLO upon the effective date of each transfer or assignment (other than to an intermediate purchaser) to such Purchasing Lender and/or Purchasing CLO.

(f) Each Borrower authorizes each Lender to disclose to any Transferee and any prospective Transferee any and all financial information in such Lender's possession concerning such Borrower which has been delivered to such Lender by or on behalf of such Borrower pursuant to this Agreement or in connection with such Lender's credit evaluation of such Borrower.

(g) Notwithstanding anything to the contrary contained in this Agreement, any Lender may at any time and from time to time pledge or assign a security interest in all or any portion of its rights under this Agreement to secure obligations of such Lender, including any pledge or assignment to secure obligations to a Federal Reserve Bank; provided that no such pledge or assignment shall release such Lender from any of its obligations hereunder or substitute any such pledgee or assignee for such Lender as a party hereto.

(h) No such assignments by a Lender shall be made to (i) any Defaulting Lender or any of its Subsidiaries, or any Person who, upon becoming a Lender hereunder, would constitute a Defaulting Lender or a Subsidiary thereof, or (ii) a natural Person.

Application of Payments

. Agent shall have the continuing and exclusive right to apply or reverse and re-apply any payment and any and all proceeds of Collateral to any portion of the Obligations. To the extent that any Borrower makes a payment or Agent or any Lender receives any payment or proceeds of the Collateral for any Borrower's benefit, which are subsequently invalidated, declared to be fraudulent or preferential, set aside or required to be repaid to a trustee, debtor in possession, receiver, custodian or any other party under any bankruptcy law, common law or equitable cause, then, to such extent, the Obligations or part thereof intended to be satisfied shall be revived and continue as if such payment or proceeds had not been received by Agent or such Lender.

Indemnity

. Each Borrower shall defend, protect, indemnify, pay and save harmless Agent, Issuer, each Lender, each of their Affiliates and each of their respective officers, directors, attorneys, employees and agents (each an "Indemnified Party") for and from and against any and all claims, demands, liabilities, obligations, losses, damages, penalties, fines, actions, judgments, suits, costs, charges, expenses and disbursements of any kind or nature whatsoever (including reasonable fees and disbursements of counsel (including reasonable allocated costs of internal counsel)) (collectively, "Claims") which may be imposed on, incurred by, or asserted against any Indemnified Party in arising out of or in any way relating to or as a consequence, direct or indirect, of: (i) this Agreement, the Other Documents, the Advances and other Obligations and/or the transactions contemplated hereby including the Transactions, (ii) any action or failure to act or action taken only after delay or the satisfaction of any conditions by any Indemnified Party in connection with and/or relating to the negotiation, execution, delivery or administration of the Agreement and the Other Documents, the credit facilities established hereunder and thereunder and/or the transactions contemplated hereby including the Transactions, (iii) any Borrower's or any Guarantor's failure to observe, perform or discharge any of its covenants, obligations, agreements or duties under or breach of any of the representations or warranties made in this Agreement and the Other Documents, (iv) the enforcement of any of the rights and remedies of Agent, Issuer or any Lender under the Agreement and the Other Documents, (v) any threatened or actual imposition of fines or

penalties, or disgorgement of benefits, for violation of any Anti-Terrorism Law by any Borrower, any Covered Entity or Subsidiary of any Borrowers, or any Guarantor, and (vi) any claim, litigation, proceeding or investigation instituted or conducted by any Governmental Body or instrumentality or any other Person with respect to any aspect of, or any transaction contemplated by, or referred to in, or any matter related to, this Agreement or the Other Documents, whether or not Agent or any Lender is a party thereto. Without limiting the generality of any of the foregoing, each Borrower shall defend, protect, indemnify, pay and save harmless each Indemnified Party from (x) any Claims which may be imposed on, incurred by, or asserted against any Indemnified Party arising out of or in any way relating to or as a consequence, direct or indirect, of the issuance of any Letter of Credit hereunder and (y) any Claims which may be imposed on, incurred by, or asserted against any Indemnified Party under any Environmental Laws with respect to or in connection with the Real Property owned, leased or occupied by any Borrower, any discharge of Hazardous Material, the presence of any Hazardous Materials affecting the Real Property owned, leased or occupied by any Borrower (whether or not the same originates or emerges from such Real Property or any contiguous real estate), including any Claims consisting of or relating to the imposition or assertion of any Lien on any of the Real Property owned, leased or occupied by any Borrower under any Environmental Laws and any loss of value of the Real Property owned, leased or occupied by any Borrower as a result of the foregoing except to the extent such loss, liability, damage and expense is attributable to any discharge of Hazardous Material resulting from actions on the part of Agent or any Lender. Borrowers' obligations under this Section 16.5 owned, leased or occupied by any Borrower shall arise upon the discovery of the presence of any Hazardous Materials at the Real Property, whether or not any federal, state, or local environmental agency has taken or threatened any action in connection with the presence of any Hazardous Materials, in each such case except to the extent that any of the foregoing arises out of the gross negligence, bad faith or willful misconduct of the Indemnified Party (as determined by a court of competent jurisdiction in a final and non-appealable judgment). Without limiting the generality of the foregoing, this indemnity shall extend to any liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses and disbursements of any kind or nature whatsoever (including reasonable and documented fees and disbursements of counsel) asserted against or incurred by any of the Indemnified Parties by any Person under any Environmental Laws or similar laws by reason of any Borrower's or any other Person's failure to comply with laws applicable to solid or hazardous waste materials, including Hazardous Materials or other Toxic Substances. Additionally, if any taxes (excluding taxes imposed upon or measured solely by the net income of Agent and Lenders, but including any intangibles taxes, stamp tax, recording tax or franchise tax) shall be payable by Agent, Lenders or Borrowers on account of the execution or delivery of this Agreement, or the execution, delivery, issuance or recording of any of the Other Documents, or the creation or repayment of any of the Obligations hereunder, by reason of any Applicable Law now or hereafter in effect, Borrowers will pay (or will promptly reimburse Agent and Lenders for payment of) all such taxes, including interest and penalties thereon, and will indemnify and hold the Indemnified Parties harmless from and against all liability in connection therewith. This Section 16.5 shall not apply with respect to Taxes other than any Taxes that represent losses, claims or damages arising from any non-Tax claim.

Notice

. Any notice or request hereunder may be given to Borrowing Agent or any Borrower or to Agent or any Lender at their respective addresses set forth below or at such

other address as may hereafter be specified in a notice designated as a notice of change of address under this Section. Any notice, request, demand, direction or other communication (for purposes of this Section 16.6 only, a "Notice") to be given to or made upon any party hereto under any provision of this Agreement shall be given or made by telephone or in writing (which includes by means of electronic transmission (i.e., "e-mail") or facsimile transmission or by setting forth such Notice on a website to which Borrowers are directed (an "Internet Posting") if Notice of such Internet Posting (including the information necessary to access such site) has previously been delivered to the applicable parties hereto by another means set forth in this Section 16.6) in accordance with this Section 16.6. Any such Notice must be delivered to the applicable parties hereto at the addresses and numbers set forth under their respective names on Section 16.6 hereof or in accordance with any subsequent unrevoked Notice from any such party that is given in accordance with this Section 16.6. Any Notice shall be effective:

(a) In the case of hand-delivery, when delivered;

(b) If given by mail, four (4) days after such Notice is deposited with the United States Postal Service, with first-class postage prepaid, return receipt requested;

(c) In the case of a telephonic Notice, when a party is contacted by telephone, if delivery of such telephonic Notice is confirmed no later than the next Business Day by hand delivery, a facsimile or electronic transmission, an Internet Posting or an overnight courier delivery of a confirmatory Notice (received at or before noon on such next Business Day);

(d) In the case of a facsimile transmission, when sent to the applicable party's facsimile machine's telephone number, if the party sending such Notice receives confirmation of the delivery thereof from its own facsimile machine;

(e) In the case of electronic transmission, when actually received;

(f) In the case of an Internet Posting, upon delivery of a Notice of such posting (including the information necessary to access such site) by another means set forth in this Section 16.6; and

(g) If given by any other means (including by overnight courier), when actually received.

Any Lender giving a Notice to Borrowing Agent or any Borrower shall concurrently send a copy thereof to Agent, and Agent shall promptly notify the other Lenders of its receipt of such Notice.

(A) If to Agent or PNC at:

PNC Bank, National Association
200 South Wacker Drive, Suite 600
Chicago, Illinois 60606
Attention: Great Lakes Dredge & Dock Portfolio Manager
Facsimile: (312) 454-2919

with a copy to:

PNC Bank, National Association
PNC Agency Services
PNC Firstside Center
500 First Avenue, 4th Floor
Pittsburgh, Pennsylvania 15219
Attention:Lisa Pierce
Telephone:(412) 762-6442
Facsimile:(412) 762-8672

with an additional copy to:

Goldberg Kohn Ltd.
55 East Monroe Street, Suite 3300
Chicago, Illinois 60603
Attention:Gary Zussman, Esq.
Telephone:(312)-201-3940
Facsimile:(312) 863-3940

(B) If to a Lender other than Agent, as specified on the signature pages hereof.

(C) If to Borrowing Agent or any Borrower:

Great Lakes Dredge & Dock Corporation
2122 York Road
Oak Brook, Illinois 60523
Attention:Chief Financial Officer
Telephone:(630) 574-2960
Facsimile:(630) 574-3007

with a copy to:

Great Lakes Dredge & Dock Corporation
2122 York Road
Oak Brook, Illinois 60523
Attention:Chief Legal Counsel
Telephone:(630) 574-3468
Facsimile:(630) 574-3007

with an additional copy to:

Jones Walker LLP
201 St. Charles Avenue, Suite 5100
New Orleans, Louisiana 70170
Attention: Amy Scafidel, Esq.
Telephone: (504) 582-8462
Facsimile: (504) 589-8462

Survival

. The obligations of Borrowers under Sections 2.2(f), 2.2(g), 2.2(h), 3.7, 3.8, 3.9, 3.10, 16.5 and 16.9 and the obligations of Lenders under Sections 2.2, 2.15(b), 2.16, 2.18, 2.19, 14.8 and 16.5, shall survive termination of this Agreement and the Other Documents and payment in full of the Obligations.

Severability

. If any part of this Agreement is contrary to, prohibited by, or deemed invalid under Applicable Laws, such provision shall be inapplicable and deemed omitted to the extent so contrary, prohibited or invalid, but the remainder hereof shall not be invalidated thereby and shall be given effect so far as possible.

Expenses

. Borrowers shall pay (i) all out-of-pocket expenses incurred by Agent and its Affiliates (including the reasonable and documented fees, charges and disbursements of counsel for Agent), and shall pay all fees and time charges and disbursements for attorneys who may be employees of Agent, in connection with the syndication of the credit facilities provided for herein, the preparation, negotiation, execution, delivery and administration of this Agreement and the Other Documents or any amendments, modifications or waivers of the provisions hereof or thereof (whether or not the transactions contemplated hereby or thereby shall be consummated), (ii) all out-of-pocket expenses incurred by Issuer in connection with the issuance, amendment, renewal or extension of any Letter of Credit or any demand for payment thereunder, (iii) all out-of-pocket expenses incurred by Agent, any Lender or Issuer (including the reasonable and documented fees, charges and disbursements of any counsel for Agent, any Lender or Issuer), and shall pay all fees and time charges for attorneys who may be employees of Agent, any Lender or Issuer, in connection with the enforcement or protection of its rights (A) in connection with this Agreement and the Other Documents, including its rights under this Section, or (B) in connection with the Advances made or Letters of Credit issued hereunder, including all such out-of-pocket expenses incurred during any workout, restructuring or negotiations in respect of such Loans or Letters of Credit, and (iv) subject to any limitations set forth in Section 3.4 reasonable out-of-pocket expenses of Agent's regular employees and agents engaged periodically to perform audits of the any Borrower's or any Borrower's Affiliate's or Subsidiary's books, records and business properties.

Injunctive Relief

. Each Borrower recognizes that, in the event any Borrower fails to perform, observe or discharge any of its obligations or liabilities under this Agreement, or threatens to fail to perform, observe or discharge such obligations or liabilities, any remedy at law may prove to be inadequate relief to Lenders; therefor, Agent, if Agent so requests, shall be entitled to temporary and permanent injunctive relief in any such case without the necessity of proving that actual damages are not an adequate remedy.

Consequential Damages

. Neither Agent nor any Lender, nor any agent or attorney for any of them, shall be liable to any Borrower, or any Guarantor (or any Affiliate of any such Person) for indirect, punitive, exemplary or consequential damages (as opposed to direct or actual damages) arising from any breach of contract, tort or other wrong relating to the establishment, administration or collection of the Obligations or as a result of any transaction contemplated under this Agreement or any Other Document.

Captions

. The captions at various places in this Agreement are intended for convenience only and do not constitute and shall not be interpreted as part of this Agreement.

Counterparts; Facsimile Signatures

. This Agreement may be executed in any number of and by different parties hereto on separate counterparts, all of which, when so executed, shall be deemed an original, but all such counterparts shall constitute one and the same agreement. Any signature delivered by a party by facsimile or electronic transmission (including email transmission of a PDF image) shall be deemed to be an original signature hereto.

Construction

. The parties acknowledge that each party and its counsel have reviewed this Agreement and that the normal rule of construction to the effect that any ambiguities are to be resolved against the drafting party shall not be employed in the interpretation of this Agreement or any amendments, schedules or exhibits thereto.

Confidentiality; Sharing Information

. Agent, Issuer, each Lender and each Transferee agrees to maintain the confidentiality of, and shall hold, all Information obtained by Agent, Issuer, such Lender or such Transferee pursuant to the requirements of this Agreement in accordance with Agent's, such Lender's and such Transferee's customary procedures for handling confidential information of this nature and exercise the same degree of care to maintain the confidentiality of such Information as such Person would accord to its own confidential information; provided, however, Agent, Issuer, each Lender and each Transferee may disclose such Information (a) to its examiners, Affiliates, outside auditors, counsel and other professional advisors (it being understood that the Persons to whom such disclosure is made will be informed of the confidential nature of such Information and instructed to keep such Information confidential in accordance with customary procedures for handling confidential information of this nature), (b) to Agent, Issuer, any Lender or to any prospective Transferees (it being understood that such prospective Transferees to whom such disclosure is made will be informed of the confidential nature of such Information and instructed to keep such Information confidential in accordance with customary procedures for handling confidential information of this nature), (c) as required or requested by any Governmental Body or representative thereof or pursuant to legal process and (d) in connection with, and to the extent reasonably necessary for, the exercise of any secured creditor remedy under this Agreement or under any Other Document; provided, further that (i) unless specifically prohibited by Applicable Law, Agent, Issuer, each Lender and each Transferee shall use its reasonable best efforts prior to disclosure thereof, to notify the applicable Borrower of the applicable request for disclosure of such Information (A) by a Governmental Body or representative thereof (other than any such request in connection with an examination of the financial condition of a Lender, Issuer or a Transferee by such Governmental Body) or (B) pursuant to legal process and (ii) in no event shall Agent, Issuer, any Lender or any Transferee be obligated to return any materials furnished by any Borrower other

than those documents and instruments in possession of Agent or any Lender in order to perfect its Lien on the Collateral once the Obligations have been paid in full and this Agreement has been terminated. Each Borrower acknowledges that from time to time financial advisory, investment banking and other services may be offered or provided to such Borrower or one or more of its Affiliates (in connection with this Agreement or otherwise) by any Lender or by one or more Subsidiaries or Affiliates of such Lender and each Borrower hereby authorizes each Lender to share any Information delivered to such Lender by such Borrower and its Subsidiaries pursuant to this Agreement, or in connection with the decision of such Lender to enter into this Agreement, to any such Subsidiary or Affiliate of such Lender, it being understood that any such Subsidiary or Affiliate of any Lender receiving such Information shall be bound by the provisions of this Section 16.15 as if it were a Lender hereunder. Such authorization shall survive the repayment of the other Obligations and the termination of this Agreement. Notwithstanding any non-disclosure agreement or similar document executed by Agent in favor of any Borrower or any of any Borrower's Affiliates, the provisions of this Agreement shall supersede such agreements. "Information" means all information received from any Credit Party or any Subsidiary thereof relating to any Credit Party or any Subsidiary thereof or any of their respective businesses, other than (a) any such information that is publicly available to Agent, Issuer, any Lender or any Transferee prior to disclosure by any Credit Party or any Subsidiary thereof other than as a result of a breach of this Section, or (b) information not customarily considered confidential unless identified as confidential in writing by the Loan Parties.

Publicity

. Each Borrower and each Lender hereby authorizes Agent and each Lender to make appropriate announcements of the financial arrangement entered into among Borrowers, Agent and Lenders, including announcements which are commonly known as tombstones, in such publications and to such selected parties as Agent or such Lender shall in its sole and absolute discretion deem appropriate.

16.17 Certifications From Banks and Participants; USA PATRIOT Act.

(a) Each Lender or assignee or participant of a Lender that is not incorporated under the Laws of the United States of America or a state thereof (and is not excepted from the certification requirement contained in Section 313 of the USA PATRIOT Act and the applicable regulations because it is both (i) an affiliate of a depository institution or foreign bank that maintains a physical presence in the United States or foreign country, and (ii) subject to supervision by a banking authority regulating such affiliated depository institution or foreign bank) shall deliver to Agent the certification, or, if applicable, recertification, certifying that such Lender is not a "shell" and certifying to other matters as required by Section 313 of the USA PATRIOT Act and the applicable regulations: (1) within ten (10) days after the Closing Date, and (2) as such other times as are required under the USA PATRIOT Act.

(b) The USA PATRIOT Act requires all financial institutions to obtain, verify and record certain information that identifies individuals or business entities which open an "account" with such financial institution. Consequently, Lender may from time to time request, and each Borrower shall provide to Lender, such Borrower's name, address, tax identification number and/or such other identifying information as shall be necessary for Lender to comply with the USA PATRIOT Act and any other Anti-Terrorism Law.

16.18

Anti-Terrorism Laws.

(a) Each Borrower represents and warrants that (i) no Covered Entity is a Sanctioned Person and (ii) no Covered Entity, either in its own right or through any third party, (A) has any of its assets in a Sanctioned Country or in the possession, custody or control of a Sanctioned Person in violation of any Anti-Terrorism Law; (B) does business in or with, or derives any of its income from investments in or transactions with, any Sanctioned Country or Sanctioned Person in violation of any Anti-Terrorism Law; or (C) engages in any dealings or transactions prohibited by any Anti-Terrorism Law.

(b) Each Borrower covenants and agrees that (i) no Covered Entity will become a Sanctioned Person, (ii) no Covered Entity, either in its own right or through any third party, will (A) have any of its assets in a Sanctioned Country or in the possession, custody or control of a Sanctioned Person in violation of any Anti-Terrorism Law; (B) do business in or with, or derive any of its income from investments in or transactions with, any Sanctioned Country or Sanctioned Person in violation of any Anti-Terrorism Law; (C) engage in any dealings or transactions prohibited by any Anti-Terrorism Law or (D) use the Advances to fund any operations in, finance any investments or activities in, or, make any payments to, a Sanctioned Country or Sanctioned Person in violation of any Anti-Terrorism Law, (iii) the funds used to repay the Obligations will not be derived from any unlawful activity, (iv) each Covered Entity shall comply with all Anti-Terrorism Laws and (v) Borrowers shall promptly notify Agent in writing upon the occurrence of a Reportable Compliance Event.

Acknowledgment and Consent to Bail-In of EEA Financial Institutions

. Notwithstanding anything to the contrary in this Agreement or any Other Document or in any other agreement, arrangement or understanding among any such parties, each party hereto acknowledges that any liability of any EEA Financial Institution arising under this Agreement or any Other Document, to the extent such liability is unsecured, may be subject to the write-down and conversion powers of an EEA Resolution Authority and agrees and consents to, and acknowledges and agrees to be bound by:

(a) the application of any Write-Down and Conversion Powers by an EEA Resolution Authority to any such liabilities arising hereunder which may be payable to it by any party hereto that is an EEA Financial Institution; and

(b) the effects of any Bail-In Action on any such liability, including, if applicable:

(i) a reduction in full or in part or cancellation of any such liability;

(ii) a conversion of all, or a portion of, such liability into shares or other instruments of ownership in such EEA Financial Institution, its parent undertaking, or a bridge institution that may be issued to it or otherwise conferred on it, and that such shares or other instruments of ownership will be accepted by it in lieu of any rights with respect to any such liability under this Agreement or any Other Document; or

(iii) the variation of the terms of such liability in connection with the exercise of the write-down and conversion powers of any EEA Resolution Authority.

Judgment Currency

. If, for the purposes of obtaining judgment in any court, it is necessary to convert a sum due hereunder or under any Other Document in one currency into another currency, the rate of exchange used shall be that at which in accordance with normal banking procedures Agent could purchase the first currency with such other currency on the Business Day immediately preceding that on which final judgment is given. The obligation of each Borrower in respect of any such sum due from it to Agent or any Lender hereunder or under of the Other Documents shall, notwithstanding any judgment in a currency (the "Judgment Currency") other than that in which such sum is denominated in accordance with the applicable provisions of this Agreement (the "Agreement Currency"), be discharged only to the extent that on the Business Day following receipt by Agent or such Lender, as the case may be, of any sum adjudged to be so due in the Judgment Currency, Agent or such Lender, as the case may be, may in accordance with normal banking procedures purchase the Agreement Currency with the Judgment Currency. If the amount of the Agreement Currency so purchased is less than the sum originally due to Agent or any Lender from any Borrower in the Agreement Currency, such Borrower agrees, as a separate obligation and notwithstanding any such judgment, to indemnify Agent or such Lender, as the case may be, against such loss. If the amount of the Agreement Currency so purchased is greater than the sum originally due to Agent or any Lender in such currency, Agent or such Lender, as the case may be, agrees to return the amount of any excess to such Borrower (or to any other Person that may be entitled thereto under applicable law).

Creditor-Debtor Relationship

. The relationship between the Lenders and Agent, on the one hand, and the Credit Parties, on the other hand, is solely that of creditor and debtor. Neither Agent nor any Lender has (or shall be deemed to have) any fiduciary relationship or duty to any Credit Party arising out of or in connection with this Agreement or any Other Document or the transactions contemplated thereby, and there is no agency or joint venture relationship between Agent and Lenders, on the one hand, and the Credit Parties, on the other hand, by virtue of this Agreement or any Other Document or any transaction contemplated therein.

Each of the parties has signed this Agreement as of the day and year first above written.

GREAT LAKES DREDGE & DOCK CORPORATION, a Delaware corporation

By: /s/ Mark W. Marinko
Name: Mark W. Marinko
Title: Senior Vice President & Chief Financial Officer

GREAT LAKES DREDGE & DOCK COMPANY, LLC, a Delaware limited liability company

By: /s/ Mark W. Marinko
Name: Mark W. Marinko
Title: Senior Vice President & Chief Financial Officer

NASDI HOLDINGS, LLC, a Delaware limited liability company

By: /s/ Katherine M. O'Halloran
Name: Katherine M. O'Halloran
Title: Treasurer

GREAT LAKES DREDGE & DOCK ENVIRONMENTAL, INC., a Delaware corporation

By: /s/ Katherine M. O'Halloran
Name: Katherine M. O'Halloran
Title: Treasurer

GREAT LAKES ENVIRONMENTAL & INFRASTRUCTURE SOLUTIONS
LLC, a Delaware limited liability company

By: /s/ Katherine M. O'Halloran
Name: Katherine M. O'Halloran
Title: Treasurer

GREAT LAKES ENVIRONMENTAL & INFRASTRUCTURE, LLC, a
Delaware limited liability company

By: /s/ Katherine M. O'Halloran
Name: Katherine M. O'Halloran
Title: Treasurer

PNC BANK, NATIONAL ASSOCIATION,
As Lender and as Agent

By: /s/ Walter B. Hill

Name: Walter B. Hill

Title: Senior Vice President

200 South Wacker Drive, Suite 600
Chicago, Illinois 60606

Revolving Commitment Percentage: 30%
Revolving Commitment Amount \$75,000,000

DEUTSCHE BANK AG NEW YORK,
As a Lender

By: /s/ Anca Trifan
Name: Anca Trifan
Title: Managing Director

By: /s/ Peter Cucchiara
Name: Peter Cucchiara
Title: Vice President

60 Wall Street
New York, New York, 10005

Revolving Commitment Percentage: 4%
Revolving Commitment Amount \$10,000,000

THE PRIVATEBANK AND TRUST COMPANY,
As a Lender

By: /s/ Brett Hrupek
Name: Brett Hrupek
Title: Managing Director

120 S. LaSalle Street
Chicago, Illinois 60603

Revolving Commitment Percentage: 14%
Revolving Commitment Amount \$35,000,000

SUNTRUST BANK,
As a Lender

By: /s/ Lisa Garling
Name: Lisa Garling
Title: Director

3333 Peachtree Road, 4th Floor
Atlanta, GA 30326

Revolving Commitment Percentage: 12%
Revolving Commitment Amount \$30,000,000

TEXAS CAPITAL BANK, NATIONAL ASSOCIATION,
As a Lender

By: /s/ Terri Sandridge
Name: Terri Sandridge
Title: Vice President

2000 McKinney Ave., Suite 700
Dallas, Texas 75201

Revolving Commitment Percentage: 8%
Revolving Commitment Amount \$20,000,000

WOODFOREST NATIONAL BANK,
As a Lender

By: /s/ Charles Stephenson
Name: Charles Stephenson
Title: Senior Vice President

25231 Grogan's Mill Rd
Woodlands, Texas 77380

Revolving Commitment Percentage: 8%
Revolving Commitment Amount \$20,000,000

BANK OF AMERICA, N.A.,
As a Lender

By: /s/ Donald A. Mastro
Name: Donald A. Mastro
Title: Senior Vice President

150 N. College St.
Charlotte, North Carolina 28255

Revolving Commitment Percentage: 10%
Revolving Commitment Amount \$25,000,000

CAPITAL ONE, NATIONAL ASSOCIATION,
As a Lender

By: /s/ Charlie Cunningham
Name: Charlie Cunningham
Title: Director

1680 Capital One Drive
McLean, Virginia 22102

Revolving Commitment Percentage: 14%
Revolving Commitment Amount \$35,000,000

SCHEDULE 1.2
PERMITTED ENCUMBRANCES

1. Liens on the collateral described in the UCC-1 financing statements described below:

DEBTOR	SECURED PARTY	JURISDICTION	FILE NUMBER AND DATE	COLLATERAL DESCRIPTION
Great Lakes Dredge & Dock Company, LLC	General Electric Capital Corporation, as assigned to U.S. Bank Equipment Finance, a division of U.S. Bank National Association	Delaware	5304652 2 10/3/2005, as amended and as continued on 6/3/2015	Vessel GL 501, #1165903 and proceeds thereof
Great Lakes Dredge & Dock Company, LLC	Banc of America Leasing & Capital, LLC	Delaware	2008 3690516 11/3/08, as continued on 9/13/13	Vessel G.L. 177 #632371 and proceeds thereof
Great Lakes Dredge & Dock Company, LLC	IFC Credit Corporation, as assigned to First Bank & Trust	Delaware	2008 4038251 12/5/08, as amended and as continued on 6/24/2013	Specific leased equipment
Great Lakes Dredge & Dock Company, LLC	IFC Credit Corporation, as assigned to First Bank & Trust	Delaware	2008 4135610 12/12/2008, as amended and as continued on 6/27/2013	Specific leased equipment
Great Lakes Dredge & Dock Company, LLC	Great Lakes Business Trust No. 1998-1	Delaware	2010 2200131 6/23/2010, as amended and as continued on 2/12/2015	Flag Vessel "NEW YORK" #1077537 and proceeds thereof
Great Lakes Dredge & Dock Company, LLC	Caterpillar Financial Services Corporation	Delaware	2011 4966100 12/27/2011	Specific equipment and proceeds thereof
Great Lakes Dredge & Dock Company, LLC	Caterpillar Financial Services Corporation	Delaware	2011 4966118 12/27/2011	Specific equipment and proceeds thereof
Great Lakes Dredge & Dock Company, LLC	Caterpillar Financial Services Corporation	Delaware	2011 4966126 12/27/2011	Specific equipment and proceeds thereof
Great Lakes Dredge & Dock Company, LLC	Caterpillar Financial Services Corporation	Delaware	2011 4966134 12/27/2011	Specific equipment and proceeds thereof

DEBTOR	SECURED PARTY	JURISDICTION	FILE NUMBER AND DATE	COLLATERAL DESCRIPTION
Great Lakes Dredge & Dock Company, LLC	Caterpillar Financial Services Corporation	Delaware	2011 4966142 12/27/2011	Specific equipment and proceeds thereof
Great Lakes Dredge & Dock Company, LLC	Caterpillar Financial Services Corporation	Delaware	2011 4966159 12/27/2011	Specific equipment and proceeds thereof
Great Lakes Dredge & Dock Company, LLC	Caterpillar Financial Services Corporation	Delaware	2011 4966167 12/27/2011	Specific equipment and proceeds thereof
Great Lakes Dredge & Dock Company, LLC	Caterpillar Financial Services Corporation	Delaware	2011 4966175 12/27/2011	Specific equipment and proceeds thereof
Great Lakes Dredge & Dock Company, LLC	Key Equipment Finance Inc.	Delaware	2012 0501082 2/8/2012	Specific equipment and proceeds thereof
Great Lakes Dredge & Dock Company, LLC	Caterpillar Financial Services Corporation	Delaware	2012 4663938 12/4/2012	Specific equipment and proceeds thereof
Great Lakes Dredge & Dock Company, LLC	Caterpillar Financial Services Corporation	Delaware	2012 4663946 12/4/2012	Specific equipment and proceeds thereof
Great Lakes Dredge & Dock Company, LLC	Caterpillar Financial Services Corporation	Delaware	2012 4663961 12/4/2012	Specific equipment and proceeds thereof
Great Lakes Dredge & Dock Company, LLC	Caterpillar Financial Services Corporation	Delaware	2012 4934024 12/18/2012	Specific equipment and proceeds thereof
Great Lakes Dredge & Dock Company, LLC	Caterpillar Financial Services Corporation	Delaware	2012 4934180 12/18/2012	Specific equipment and proceeds thereof
Great Lakes Dredge & Dock Company, LLC	Caterpillar Financial Services Corporation	Delaware	2012 4934206 12/18/2012	Specific equipment and proceeds thereof
Great Lakes Dredge & Dock Company, LLC	Caterpillar Financial Services Corporation	Delaware	2012 4934388 12/18/2012, as amended	Specific equipment and proceeds thereof
Great Lakes Dredge & Dock Company, LLC	Caterpillar Financial Services Corporation	Delaware	2012 4934404 12/18/2012	Specific equipment and proceeds thereof

DEBTOR	SECURED PARTY	JURISDICTION	FILE NUMBER AND DATE	COLLATERAL DESCRIPTION
Great Lakes Dredge & Dock Company, LLC	Caterpillar Financial Services Corporation	Delaware	2012 4934438 12/18/2012	Specific equipment and proceeds thereof
Great Lakes Dredge & Dock Company, LLC	BMO Harris Equipment Finance Company	Delaware	2013 0015983 1/2/2013, as amended	1 dump scow to be named G.L. 701 the "Vessel", rights under Construction Contract and all salvage or requisition awards or recoveries
Great Lakes Dredge & Dock Company, LLC	BMO Harris Equipment Finance Company	Delaware	2013 0016015 1/2/2013, as amended	1 dump scow to be named G.L. 702 the "Vessel", rights under Construction Contract and all salvage or requisition awards or recoveries
Great Lakes Dredge & Dock Corporation	General Electric Capital Corporation	Delaware	2013 1915579 5/20/2013	Specific leased equipment and proceeds thereof
Great Lakes Dredge & Dock Company, LLC	General Electric Credit Corporation of Tennessee	Delaware	2013 3812543 9/30/2013	Specific leased equipment and proceeds thereof
Great Lakes Dredge & Dock Company, LLC	General Electric Credit Corporation of Tennessee	Delaware	2013 4017845 10/14/2013	Specific leased equipment and proceeds thereof
Great Lakes Dredge & Dock Company, LLC	CapitalSource Bank	Delaware	2014 0513739 2/7/2014	Vessels G.L. 601 #1243924 and G.L. 602 #1247080 and proceeds thereof
Great Lakes Dredge & Dock Company, LLC	General Electric Capital Corporation	Delaware	2014 2601565 7/1/2014	Leased Vessel #2744, proceeds thereof, charters and intellectual property rights
Great Lakes Dredge & Dock Company, LLC	Caterpillar Financial Services Corporation	Delaware	2014 4003331 10/6/2014	Specific equipment and proceeds thereof
Great Lakes Dredge & Dock Company, LLC	Caterpillar Financial Services Corporation	Delaware	2014 4003455 10/6/2014	Specific equipment and proceeds thereof
Great Lakes Dredge & Dock Company, LLC	Caterpillar Financial Services Corporation	Delaware	2014 4003471 10/6/2014	Specific equipment and proceeds thereof
Great Lakes Dredge & Dock Company, LLC	Caterpillar Financial Services Corporation	Delaware	2014 4003539 10/6/2014	Specific equipment and proceeds thereof
Great Lakes Dredge & Dock Company, LLC	Caterpillar Financial Services Corporation	Delaware	2014 4003620 10/6/2014	Specific equipment and proceeds thereof

DEBTOR	SECURED PARTY	JURISDICTION	FILE NUMBER AND DATE	COLLATERAL DESCRIPTION
Great Lakes Dredge & Dock Company, LLC	Caterpillar Financial Services Corporation	Delaware	2014 4003653 10/6/2014	Specific equipment and proceeds thereof
Great Lakes Dredge & Dock Company, LLC	Caterpillar Financial Services Corporation	Delaware	2014 4094884 10/10/2014	Specific equipment and proceeds thereof
Great Lakes Dredge & Dock Company, LLC	Caterpillar Financial Services Corporation	Delaware	2014 4095584 10/10/2014	Specific equipment and proceeds thereof
Great Lakes Dredge & Dock Company, LLC	NewStar Equipment Finance I, LLC	Delaware	2014 4498390 11/7/2014	Fuel Barge 1002 #1255801 and Fuel Barge 1003 #1255706
Great Lakes Dredge & Dock Company, LLC	GE Capital Commercial Inc.	Delaware	2015 1040335 3/12/2015	Vessel named TERRAPIN ISLAND #630823 and proceeds thereof
Great Lakes Dredge & Dock Company, LLC	Caterpillar Financial Services Corporation	Delaware	2015 1819712 4/28/2015	Specific equipment and proceeds thereof
Great Lakes Dredge & Dock Company, LLC	Caterpillar Financial Services Corporation	Delaware	2015 1819720 4/28/2015	Specific equipment and proceeds thereof
Great Lakes Dredge & Dock Company, LLC	Caterpillar Financial Services Corporation	Delaware	2015 1819738 4/28/2015	Specific equipment and proceeds thereof
Great Lakes Dredge & Dock Company, LLC	Caterpillar Financial Services Corporation	Delaware	2015 1819746 4/28/2015	Specific equipment and proceeds thereof
Great Lakes Dredge & Dock Company, LLC	Caterpillar Financial Services Corporation	Delaware	2015 2054897 5/13/2015	Specific equipment and proceeds thereof
Great Lakes Dredge & Dock Company, LLC	Caterpillar Financial Services Corporation	Delaware	2015 2054905 5/13/2015	Specific equipment and proceeds thereof
Great Lakes Dredge & Dock Company, LLC	Caterpillar Financial Services Corporation	Delaware	2015 4956842 10/27/2015	Specific equipment and proceeds thereof
Great Lakes Dredge & Dock Company, LLC	Caterpillar Financial Services Corporation	Delaware	2015 4956867 10/27/2015	Specific equipment and proceeds thereof
Great Lakes Dredge & Dock Company, LLC	Caterpillar Financial Services Corporation	Delaware	2015 4956875 10/27/2015	Specific equipment and proceeds thereof
Great Lakes Dredge & Dock Company, LLC	Caterpillar Financial Services Corporation	Delaware	2015 4956883 10/27/2015	Specific equipment and proceeds thereof
Great Lakes Dredge & Dock Company, LLC	Caterpillar Financial Services Corporation	Delaware	2015 4956891 10/27/2015	Specific equipment and proceeds thereof

DEBTOR	SECURED PARTY	JURISDICTION	FILE NUMBER AND DATE	COLLATERAL DESCRIPTION
Great Lakes Dredge & Dock Company, LLC	Caterpillar Financial Services Corporation	Delaware	2015 4956909 10/27/2015	Specific equipment and proceeds thereof
Great Lakes Dredge & Dock Company, LLC	Caterpillar Financial Services Corporation	Delaware	2015 4956917 10/27/2015	Specific equipment and proceeds thereof
Great Lakes Dredge & Dock Company, LLC	Caterpillar Financial Services Corporation	Delaware	2015 5125843 11/4/2015	Specific equipment and proceeds thereof
Great Lakes Dredge & Dock Company, LLC	Caterpillar Financial Services Corporation	Delaware	2015 5125850 11/4/2015	Specific equipment and proceeds thereof
Great Lakes Dredge & Dock Company, LLC	Caterpillar Financial Services Corporation	Delaware	2015 5125868 11/4/2015	Specific equipment and proceeds thereof
Great Lakes Dredge & Dock Company, LLC	Pacific Western Bank	Delaware	2015 5938211 12/10/2015	Tug Boat named LAKE MICHIGAN #4973 and proceeds thereof
Great Lakes Dredge & Dock Company, LLC	Caterpillar Financial Services Corporation	Delaware	2016 2801817 5/10/2016	Specific equipment and proceeds thereof
Great Lakes Dredge & Dock Company, LLC	Caterpillar Financial Services Corporation	Delaware	2016 7249210 11/22/2016	Specific equipment and proceeds thereof
Great Lakes Dredge & Dock Company, LLC	Caterpillar Financial Services Corporation	Delaware	2016 7249715 11/22/2016	Specific equipment and proceeds thereof
Great Lakes Dredge & Dock Company	BCC Equipment Leasing Corporation	New Jersey	21194627 8/28/02 as continued on 5/21/2012	Bareboat Charter Agreement dated 8/27/02 concerning Vessel GL-65 #113250
Great Lakes Dredge & Dock Company	General Electric Capital Corporation	New Jersey	22730381 12/23/2004, as amended and as continued on 7/2/2014	Vessel GL 501 #1165903 and proceeds thereof
Terra Contracting Services, LLC	Foley, Incorporated	Delaware	2016 2186938 4/13/2016	Specific equipment
Terra Contracting Services, LLC	Komatsu Financial Limited Partnership	Michigan	2014042603-9 3/27/2014, as amended	Specific equipment and proceeds thereof
Terra Contracting Services, LLC	Komatsu Financial Limited Partnership	Michigan	2014081457-5 6/5/2014	Specific equipment and proceeds thereof
Terra Contracting Services, LLC	Komatsu Financial Limited Partnership	Michigan	2014112128-6 7/30/2014	Specific equipment and proceeds thereof
Terra Contracting Services, LLC	Komatsu Financial Limited Partnership	Michigan	2014167198-8 11/21/2014	Specific equipment and proceeds thereof
Terra Contracting Services, LLC	Komatsu Financial Limited Partnership	Michigan	2014167199-0 11/21/2014	Specific equipment and proceeds thereof

DEBTOR	SECURED PARTY	JURISDICTION	FILE NUMBER AND DATE	COLLATERAL DESCRIPTION
Terra Contracting Services, LLC	Komatsu Financial Limited Partnership	Michigan	2014168740-0 11/25/2014	Specific equipment and proceeds thereof
Terra Contracting Services, LLC	Komatsu Financial Limited Partnership	Michigan	2015045352-1 4/3/2015	Specific equipment and proceeds thereof
Terra Contracting Services, LLC	Komatsu Financial Limited Partnership	Michigan	20150759662-0 5/29/2015	Specific equipment and proceeds thereof
Great Lakes Environmental & Infrastructure, LLC	Komatsu Financial Limited Partnership	Delaware	2016 1747623 3/23/2016	Specific equipment and proceeds thereof
Great Lakes Environmental & Infrastructure, LLC (formerly known as Magnus Pacific Corporation)	Wagner Equipment Co.	Delaware	2015 3983052 9/10/2015	Specific equipment and proceeds thereof
Great Lakes Environmental & Infrastructure, LLC	Foley, Incorporated	Delaware	2016 6874448 11/07/2016	Specific equipment
Great Lakes Environmental & Infrastructure, LLC	Wagner Equipment Co.	California	16-7557555238 11/21/2016	Specific equipment
Great Lakes Environmental & Infrastructure, LLC (formerly known as Magnus Pacific, LLC)	Komatsu Financial Limited Partnership	California	15-7461950412 4/28/2015	Specific equipment and proceeds thereof
Great Lakes Environmental & Infrastructure, LLC (formerly known as Magnus Pacific, LLC)	Wagner Equipment Co	California	15-7472265706 6/29/2015	Specific equipment and proceeds thereof

2. Lien on the U.S. flagged vessel TERRAPIN ISLAND (Official No. 630823) and all of its related component parts, insurance proceeds, books and records and other related rights (all as more particularly described in that certain UCC-1 Financing Statement bearing Filing No. 2015 1040335 naming Great Lakes Dredge & Dock Company, LLC as debtor and GE Capital Commercial Inc. as secured party, filed on March 12, 2015 with the Delaware Secretary of State), granted pursuant to (i) that certain First Preferred Ship Mortgage dated effective February 27, 2015, by Great Lakes Dredge & Dock Company, LLC to GE Capital Commercial Inc. and (ii) that certain Master Security Agreement dated February 27, 2015, as amended, by Great Lakes Dredge & Dock Company, LLC in favor of GE Capital Commercial Inc., securing Indebtedness in the principal amount of \$16,000,000 under that certain Promissory Note dated February 27, 2015, as amended, by

Great Lakes Dredge & Dock Corporation, payable to the order of GE Capital Commercial, Inc. and the related guarantee by Great Lakes Dredge & Dock Company, LLC pursuant to that certain Guaranty Agreement dated February 27, 2015, as amended, in favor of GE Capital Commercial, Inc.

3. Lien on the WF Deposit Account to secure the WF LC Obligations, as described in Schedule 1.4, granted to Wells Fargo Bank, N.A.
 4. Lien on \$500,000 of cash collateral deposited with Pacific Western Bank in Account No. 1001401106 titled in the name of Great Lakes Dredge & Dock Company, LLC (the “PW Cash Collateral Account”) and the related Lien on the PW Cash Collateral Account, granted to Pacific Western Bank pursuant to (a) that certain Security Deposit Pledge Agreement dated December 10, 2015, as amended, between Great Lakes Dredge & Dock Company, LLC and Pacific Western Bank and (b) that certain Blocked Account Control Agreement dated December 10, 2015, as amended, between Great Lakes Dredge & Dock Company, LLC and Pacific Western Bank in its capacity as lender and depositary bank, securing the Indebtedness and obligations of Great Lakes Dredge & Dock Company, LLC under that certain Bareboat Charter Agreement, dated December 10, 2015, as amended, between Great Lakes Dredge & Dock Company, LLC and Pacific Western Bank for the vessel Lake Michigan.
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SCHEDULE 1.3
FLEET ASSETS INCLUDING CLOSING DATE DOCUMENTED VESSELS
(INCLUDING SPECIFIED FOREIGN LOCATION VESSELS)

FLEET ASSETS

Vessels Flagged Under U.S. Law

	Vessel Name	Official No.
1.	BULLFROG	240269
2.	GREENVILLE	240343
3.	DERRICK 68	252050
4.	MELISSA K	255365
5.	BEAVER NO. 2	262588
6.	NO. 152	263815
7.	LOUIS I	269771
8.	JESSIE	273722
9.	COLEE-1	277527
10.	DERRICK 63	283195
11.	ALASKA	283416
12.	G.L. 147	285565
13.	DERRICK 60	286687
14.	G.L. 51	288765
15.	PONTCHARTRAIN	290028
16.	BETTY SUE	290154
17.	MAGNOLIA STATE	291536
18.	CALIFORNIA	292779
19.	JACK NEWMAN	293297
20.	LITTLE MIKE	298369
21.	BRANGUS	501688
22.	BUSTER ¹	504442
23.	FLORIDA	506446
24.	G.L. 44	508283
25.	G.L. 181	512196
26.	CAPTAIN ZED	514106
27.	G.L. 8	515136
28.	G.L. 148	522709
29.	NO. 128	523126

1 Release Eligible Specified Foreign Location Vessel operating in Saudi Arabia.

	Vessel Name	Official No.
30.	DERRICK 69	530661
31.	LITTLE ROCK	531592
32.	G.L. 105	533671
33.	G.L. 31	538652
34.	G.L. 141	538934
35.	ERIN	540928
36.	CAROLINA ²	552707
37.	G.L. 54	560225
38.	G.L. 34	561819
39.	PEARL RIVER	563674
40.	G.L. 35	563732
41.	NO. 53 ³	566581
42.	BRAZOS RIVER ⁴	569887
43.	G.L. 173	573248
44.	G.L. 172	573889
45.	DECATUR	574110
46.	ILLINOIS	580274
47.	CALCASIEU RIVER	581071
48.	WOLF RIVER	583047
49.	R. L. ENTERKIN	589066
50.	G.L. 10 ⁵	590374
51.	DERRICK 62	592119
52.	CAVALIER STATE	595039
53.	WOLVERINE STATE	597342
54.	FORT SMITH	598562
55.	JACK	605280
56.	EAST RIVER	605290
57.	G.L. 32	609828
58.	COYOTE STATE	611921
59.	G.L. 33	612272
60.	G.L. 183	613243
61.	MIAMI RIVER	613339
62.	DODGE ISLAND	625348
63.	TEXAS	627368
64.	COLUMBIA RIVER	638886
65.	PADRE ISLAND	639291
66.	VOLUNTEER STATE	639733

- 2 Release Eligible Specified Foreign Location Vessel operating in Saudi Arabia.
- 3 Release Eligible Specified Foreign Location Vessel operating in Brazil.
- 4 Specified Foreign Location Vessel operating in Brazil.
- 5 Specified Foreign Location Vessel operating in Saudi Arabia.
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Release Eligible Specified Foreign Location Vessel operating in Saudi Arabia.

	Vessel Name	Official No.
67.	OHIO6	644880
68.	MC CORMACK BOYS	646543
69.	G.L. 175	650209
70.	G.L. 182	650572
71.	ST. JOHNS RIVER	650944
72.	G.L. 184	652202
73.	UNLOADER NO. 2	667652
74.	G.L. 1437	668641
75.	APACHE	668642
76.	DERRICK 65	670013
77.	PELICAN STATE	673487
78.	FIRST STATE	678984
79.	KEY WEST	684596
80.	FREE STATE	685133
81.	DERRICK 66	695433
82.	G.L. 230	695575
83.	G.L. 231	695576
84.	G.L. 232	695577
85.	G.L. 618	907115
86.	G.L. 629	907116
87.	G.L. 63	922736
88.	G.L. 64	922737
89.	EVERGREEN STATE	932251
90.	G L 401	964093
91.	G L 402	969089
92.	COOPER RIVER	970697
93.	NORTH STAR STATE	980761
94.	G.L. 144	996890
95.	CABLE REEL 117	1027973
96.	G.L. 107	1028598
97.	G.L. 160	1030359
98.	G.L. 161	1030360
99.	OHIO RIVER	1056365
100.	BLACK HOUSE CREEK	1066490
101.	LONE STAR STATE	1072419
102.	G.L. 55	1101368
103.	G.L. 104	1138565

7 Specified Foreign Location Vessel operating in Saudi Arabia.

8 Specified Foreign Location Vessel operating in Brazil.

9 Specified Foreign Location Vessel operating in Brazil.

	Vessel Name	Official No.
104.	G.L. 110	1138566
105.	G.L. 142	1139322
106.	G.L. 116	1142983
107.	G.L. 66	1151814
108.	REGGIE	1151925
109.	G.L. 150	1164404
110.	CHORE BOY	1170704
111.	DERRICK 64	1184264
112.	DERRICK 70	1212358
113.	ANNE ELIZABETH	1216169
114.	G.L. 103	1224578
115.	FARMBOY	1224790
116.	WHITE RIVER	1225351
117.	CAPTAIN BARNEY PATNAUDE	1225751
118.	UNISERVE	1225870
119.	PLOWBOY	1225873
120.	G.L. 101 ¹⁰	1225966
121.	G.L. 109 ¹¹	1225967
122.	MUSKEGON RIVER	1226788
123.	SAGINAW RIVER	1236901
124.	ST. LOUIS RIVER	1243097
125.	G.L. 111	1253487
126.	G.L. 112	1253488
127.	FUEL BARGE 1001	1253489
128.	AB 113	1266930
129.	AB 114	1266931
130.	GALVESTON BAY	1273790
131.	CHESAPEAKE BAY	1273791

Vessel Flagged Under Marshall Islands Law

	Vessel Name	Official No.
1.	SUGAR ISLAND ¹²	2695
2.	NOON ISLAND ¹³	3097

- 10 Specified Foreign Location Vessel operating in Saudi Arabia.
- 11 Specified Foreign Location Vessel operating in Saudi Arabia.
- 12 Release Eligible Specified Foreign Location Vessel operating in Bahrain.
- 13 Release Eligible Specified Foreign Location Vessel operating in Bahrain.

Vessels Flagged Under St. Kitts and Nevis Law

	Vessel Name	Official No.
1.	PALMETTO STATE ¹⁴	SKN 1003076
2.	BAYOU STATE ¹⁵	SKN 1003077
3.	COLORADO RIVER ¹⁶	SKN 1003079
4.	MUSTANG BAY ¹⁷	SKN 1003078
5.	TARHEEL STATE ¹⁸	SKN 1003142
6.	HOOSIER STATE ¹⁹	SKN 1003141
7.	RIO GRANDE ²⁰	SKN 1003143

Vessels Flagged Under Bahrain Law

	Vessel Name	Official No.
1.	ALABAMA	BN 6057
2.	MAINE	None
3.	BOOSTER NO. 9	BN 4061
4.	PAUL R. DICKINSON	BH 10357
5.	RICHARD M. LOWRY	BH 10358
6.	LAKE TAHOE	BH 10352
7.	YORK RIVER	BH 10353
8.	HUDSON RIVER	BH 10350
9.	POTOMAC RIVER	BH 10355
10.	ROGUE RIVER	BH 10354
11.	HALLETS POINT	BH-10425
12.	G.L. 146	BN 2064
13.	GLDD-537-BH	BN 5035
14.	GLDD-585-BH	BN 4076

Vessels Registered in States

- 14 Specified Foreign Location Vessel operating in Saudi Arabia.
- 15 Specified Foreign Location Vessel operating in Saudi Arabia.
- 16 Specified Foreign Location Vessel operating in Saudi Arabia.
- 17 Specified Foreign Location Vessel operating in Saudi Arabia.
- 18 Specified Foreign Location Vessel operating in Saudi Arabia.
- 19 Specified Foreign Location Vessel operating in Saudi Arabia.
- 20 Specified Foreign Location Vessel operating in Saudi Arabia.
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	Vessel Name	Homeport	State No.
1.	WEST BAY	Baton Rouge, LA	LA-2283-GD
2.	BAYOU BOEUF	Green Cove Springs, FL	FL5274JB
3.	SOUTH BAY	Green Cove Springs, FL	FL8389HE
4.	TAMPA BAY	Green Cove Springs, FL	FL8520MT
5.	DIAMOND REEF	Green Cove Springs, FL	FL5097JB
6.	PANTHER BAY	Green Cove Springs, FL	FL4553LY
7.	SANDUSKY BAY	Green Cove Springs, FL	FL7831NT
8.	WINYAH BAY	Green Cove Springs, FL	FL8655PS
9.	HAMBY POND	Green Cove Springs, FL	FL1380PP
10.	RARITAN BAY	Green Cove Springs, FL	FL4080PT
11.	DELAWARE BAY	Cape Girardeau, MO	MO-6265-FF
12.	NORTH BAY	Green Cove Springs, FL	FL1149FT

Vessels Subject to STB Filing

	Vessel Name	Official No.
1.	G.L. 149	None
2.	G.L. 117	None
3.	G.L. 123	None
4.	NO. 114	CG003715
5.	G.L.126	None
6.	G.L.127	None
7.	G.L.128	None
8.	AA 110	CG005967
9.	G.L. 129	CG001321
10.	G.L. 152	None
11.	G.L. 162	None
12.	G.L. 163	None
13.	#BT 795	None
14.	#108	None
15.	68-P	None
16.	G.L. A/B 112	None
17.	G.L. 102	CG050271
18.	G.L. A/B 113	None
19.	DERRICK 67	None
20.	IOWA	None
21.	SANDPIPER	None
22.	L.W.	None
23.	L.P.	None
24.	JOLLY ROGER	None
25.	COMADOR	None

	Vessel Name	Official No.
26.	CHRIS L	None
27.	LAKE LADY	None
28.	ARKANSAS	None
29.	MISSOURI	None
30.	54	None
31.	PTT 141	None
32.	PTT 137	None
33.	PTT 142	None
34.	116	None
35.	P-140	None
36.	PEN # 41	None
37.	WATERBOY	None
38.	746	None
39.	Kirk	None
40.	Brown	None
41.	109	None
42.	PC 529	None
43.	BR 102	None
44.	BR 103	None
45.	PC 1128	None
46.	LM 160	None
47.	LM 104	None
48.	G.L. 233	None
49.	CABLE REEL 115	None

Other Vessels

	Vessel Name	Registration No.	Vessel Type
1.	Vessel name unknown	Not Doc.	Barge
2.	Vessel name unknown	Not Doc.	Barge
3.	Vessel name unknown	Not Doc.	Barge
4.	Vessel name unknown	Not Doc.	Barge
5.	Vessel name unknown	Not Doc.	Barge
6.	Vessel name unknown	Not Doc.	Dredge
7.	Vessel name unknown	Not Doc.	Push Boat
8.	Vessel name unknown	Not Doc.	Hopper Barge
9.	Vessel name unknown	Not Doc.	Hopper Barge
10.	Vessel name unknown	Not Doc.	2012 Tracker
11.	Vessel name unknown	Not Doc.	2013 Tracker
12.	Vessel name unknown	Not Doc.	2014 Tracker

SCHEDULE 1.4
PERMITTED INDEBTEDNESS

1. Bareboat Charters

- a. Indebtedness consisting of charter for hire payments in the total amount of \$[*], of which approximately \$[*] is outstanding as of the Closing Date, subject to renewal for an additional term of two years and three months for charter for hire payments in the total amount of \$[*], subject further to a second renewal for an additional term of three years for charter for hire payments equal to the then fair market charter value, related to that certain Bareboat Charter Agreement dated November 18, 1999, as amended, between MDFC Equipment Leasing Corporation and Great Lakes Dredge & Dock Company, LLC for the vessel Liberty Island and the related guarantee of such Indebtedness by Great Lakes Dredge & Dock Corporation pursuant to that certain Guaranty dated November 18, 1999, as amended, in favor of MDFC Equipment Leasing Corporation.
 - b. Indebtedness consisting of charter for hire payments in the total amount of \$[*], of which approximately \$[*] is outstanding as of the Closing Date, related to that certain Amended and Restated Bareboat Charter Agreement dated November 10, 2004, as amended, between Great Lakes Business Trust No. 1998-1 and Great Lakes Dredge & Dock Company, LLC for the vessel New York and the related guarantee of such Indebtedness by Great Lakes Dredge & Dock Corporation pursuant to that certain Guaranty dated October 9, 1998, as amended, in favor of Great Lakes Business Trust No. 1998-1, Wilmington Trust Company in its capacity as trustee, and Banc of America Leasing & Capital LLC (transferred through a participation to GE Business Financial Services Inc. formerly known as Merrill Lynch Business Financial Services, Inc.).
 - c. Indebtedness consisting of charter for hire payments in the total amount of \$[*] (plus associated interim charter hire payments previously made), of which approximately \$[*] is outstanding as of the Closing Date, related to the Bareboat Charter Agreement and Schedule thereto, each dated December 15, 2006, as amended, between General Electric Capital Corporation and Great Lakes Dredge & Dock Company, LLC for the vessel Long Island and the related guarantee of such Indebtedness by Great Lakes Dredge & Dock Corporation pursuant to that certain Guaranty Agreement dated December 15, 2006, as amended, in favor of General Electric Capital Corporation.
 - d. Indebtedness consisting of charter for hire payments in the total amount of \$[*], of which approximately \$[*] is outstanding as of the Closing Date, related to that certain Agreement to Acquire and Charter and that certain Bareboat Charter Agreement, each dated November 3, 2008, as amended, between Great Lakes Dredge & Dock Company, LLC and Banc of America Leasing & Capital, LLC for the vessel G.L. 177 and the related guarantee of such Indebtedness by Great
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Lakes Dredge & Dock Corporation pursuant to that certain Guaranty dated November 3, 2008, as amended, in favor of Banc of America Leasing & Capital, LLC.

- e. Indebtedness consisting of charter for hire payment payments in the total amount of \$[*], of which approximately \$[*] is outstanding as of the Closing Date, related to that certain Bareboat Charter Agreement and Schedule thereto, each dated June 29, 2012, as amended, between Great Lakes Dredge & Dock Company, LLC and General Electric Credit Corporation of Tennessee for the vessels G.L. 501, GL 502, and GL-65 and the related guaratee of such Indebtedness by Great Lakes Dredge & Dock Corporation pursuant to that certain Guaranty Agreement dated June 29, 2012, as amended, in favor of General Electric Credit Corporation of Tennessee.
 - f. Indebtedness consisting of charter for hire payments in the total amount of \$[*], of which approximately \$[*] is outstanding as of the Closing Date, related to that certain Bareboat Charter Agreement dated December 21, 2012, as amended, and the related Interim Funding Agreements, as amended, each between Great Lakes Dredge & Dock Company, LLC and BMO HARRIS EQUIPMENT FINANCE COMPANY for the vessels G.L. 701 and G.L. 702 and the related guarantee of such Indebtedness by Great Lakes Dredge & Dock Corporation pursuant to that certain Guaranty Agreement dated December 21, 2012, as amended, in favor of BMO HARRIS EQUIPMENT FINANCE COMPANY.
 - g. Indebtedness consisting of charter for hire payments in the total amount of \$[*], of which approximately \$[*] is outstanding as of the Closing Date, related to that certain Master Bareboat Charter Agreement and Schedule thereto, each dated February 5, 2014, as amended, between Great Lakes Dredge & Dock Company, LLC and CAPITALSOURCE BANK, for the vessels G.L. 601 and G.L. 602 and the related guarantee of such Indebtedness by Great Lakes Dredge & Dock Corporation pursuant to that certain Guaranty Agreement dated February 5, 2014, as amended, in favor of CAPITALSOURCE BANK.
 - h. Indebtedness consisting of charter for hire payments in the total amount of \$[*] (plus any Progress Payments previously made), of which approximately \$[*] is outstanding as of the Closing Date, related to that certain Master Bareboat Charter Agreement dated November 4, 2014, as amended, between Great Lakes Dredge & Dock Company, LLC and NewStar Equipment Finance I, LLC for the vessels Fuel Barge 1002 and Fuel Barge 1003 and the related guarantee of such Indebtedness by Great Lakes Dredge & Dock Corporation pursuant to that certain Guaranty Agreement dated November 4, 2014, as amended, in favor of NewStar Equipment Finance I, LLC.
 - i. Indebtedness consisting of charter for hire payments in the total amount of \$[*], of which approximately \$[*] is outstanding as of the Closing Date, and other obligations related to that certain Agreement to Acquire and Charter and that
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certain Bareboat Charter Agreement, each dated December 10, 2015, as amended, between Great Lakes Dredge & Dock Company, LLC and Pacific Western Bank for the vessel Lake Michigan, the related guarantee by Great Lakes Dredge & Dock Corporation pursuant to that certain Guaranty dated December 10, 2015, as amended, in favor of Pacific Western Bank and the related Limited Agency and Indemnification Agreement dated December 10, 2015, as amended, between Great Lakes Dredge & Dock Company, LLC and Pacific Western Bank to permit Great Lakes Dredge & Dock Company, LLC to directly pay all property taxes for the vessel Lake Michigan and provide a limited indemnity for any loss, claim, demand and expense incurred by Pacific Western Bank in connection with such agreement, the limited agency relationship created therein or enforcement of rights and remedies thereunder.

2. Guaranty of Performance of Customer Contracts

- a. Guarantee by Great Lakes Dredge & Dock Corporation pursuant to that certain Parent Company Guarantee dated December 10, 2011, as amended, in favor of Manama Lagoon Real Estate Investment SPC with respect to the performance of the obligations of Great Lakes Dredge & Dock Company, LLC under a customer agreement with Manama Lagoon Real Estate Investment SPC dated November 30, 2011, as amended.
- b. Guarantee of the performance of the obligations of Terra Fluid Management, LLC by Terra Contracting Services, LLC under and pursuant to that certain Services Agreement dated effective April 1, 2014, as amended, in favor of Team Disposal Systems, LLC.
- c. Guarantee of and the performance of the obligations of Great Lakes Dredge & Dock Company, LLC under that certain Agreement for the Marine Dredging and Disposal for the [*] dated September 17, 2015, as amended, by Great Lakes Dredge & Dock Corporation pursuant to that certain Parent Company Guarantee dated September 17, 2015, as amended, in favor of [*].
- d. Guarantee of the performance of the obligations of Terra Contracting Services, LLC under certain agreements regarding sewer location with Consumers Energy Company, by Great Lakes Dredge & Dock Corporation pursuant to that certain Guaranty dated January 18, 2016, as amended, in favor of Consumers Energy Company.

3. Equipment Financing/Equipment Leases

- a. Indebtedness consisting of rental payments in an amount equal to \$[*] per month for each of the 48 months of the basic term plus \$[*] per diem for each day commencing on the lease commencement date and continuing through, but not including, the basic term commencement date as described in and under that certain Master Lease Agreement and Schedule 9718419-001 thereto, both dated
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- on or about September 2013, as amended, between Great Lakes Dredge & Dock Company, LLC and General Electric Capital Corporation with respect to various Caterpillar wheel loaders and tractors and the related guarantee by Great Lakes Dredge & Dock Corporation pursuant to that certain Guaranty (Transaction Specific) dated on or about September 2013, as amended, in favor of General Electric Credit Corporation of Tennessee.
- b. Indebtedness consisting of rental payments in the total amount of \$[*], of which approximately \$[*] is outstanding as of the Closing Date, under that certain Tax Lease, Transaction Number 2738542, dated October 27, 2015, as amended, between Great Lakes Dredge & Dock Company, LLC and Caterpillar Financial Services Corporation with respect to 336F Caterpillar Hydraulic Excavator, Serial Number RKB01556.
 - c. Indebtedness consisting of rental payments in the total amount of \$[*], of which approximately \$[*] is outstanding as of the Closing Date, under that certain Tax Lease, Transaction Number 2290039, dated on or about September 26, 2014, as amended, between Great Lakes Dredge & Dock Company, LLC and Caterpillar Financial Services Corporation with respect to 336E Caterpillar Hydraulic Excavator, Serial Number FHJ01823.
 - d. Indebtedness consisting of rental payments in the total amount of \$[*], of which approximately \$[*] is outstanding as of the Closing Date, under that certain Tax Lease, Transaction Number 2290037, dated October 7, 2014, as amended, between Great Lakes Dredge & Dock Company, LLC and Caterpillar Financial Services Corporation with respect to various items of Caterpillar equipment, Model Number 966K.
 - e. Indebtedness consisting of rental payments in the total amount of \$[*], of which approximately \$[*] is outstanding as of the Closing Date, under that certain Tax Lease, Transaction Number 2290040, dated on or about September 26, 2014, as amended, between Great Lakes Dredge & Dock Company, LLC and Caterpillar Financial Services Corporation with respect to D6T Caterpillar Track Type Tractor, Serial Number ZJB01653.
 - f. Indebtedness consisting of rental payments in the total amount of \$[*], of which approximately \$[*] is outstanding as of the Closing Date, under that certain Tax Lease, Transaction Number 2738538, dated on or about October 22, 2015, as amended, between Great Lakes Dredge & Dock Company, LLC and Caterpillar Financial Services Corporation with respect to various items of Caterpillar equipment, Model Number D7E.
 - g. Indebtedness consisting of rental payments in the total amount of \$[*], of which approximately \$[*] is outstanding as of the Closing Date, under that certain Tax Lease, Transaction Number 2629659, dated April 30, 2015, as amended, between Great Lakes Dredge & Dock Company, LLC and Caterpillar Financial Services
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Corporation with respect to various items of Caterpillar equipment, Model Number D7E.

- h. Indebtedness consisting of rental payments in the total amount of \$[*], of which approximately \$[*] is outstanding as of the Closing Date, under that certain Tax Lease, Transaction Number 2630025, dated April 30, 2015, as amended, between Great Lakes Dredge & Dock Company, LLC and Caterpillar Financial Services Corporation with respect to 336F Caterpillar Hydraulic Excavator, Serial Number RKB00895.
 - i. Indebtedness consisting of rental payments in the total amount of \$[*], of which approximately \$[*] is outstanding as of the Closing Date, under that certain Tax Lease, Transaction Number 2630027, dated April 30, 2015, as amended, between Great Lakes Dredge & Dock Company, LLC and Caterpillar Financial Services Corporation with respect to MT835C Challenger Tractor.
 - j. Indebtedness consisting of rental payments in the total amount of \$[*], of which approximately \$[*] is outstanding as of the Closing Date, under that certain Tax Lease, Transaction Number 2738541, dated October 27, 2015, as amended, between Great Lakes Dredge & Dock Company, LLC and Caterpillar Financial Services Corporation with respect to various items of Caterpillar equipment, Model Number D6T.
 - k. Indebtedness consisting of rental payments in the total amount of \$[*], of which approximately \$[*] is outstanding as of the Closing Date, under that certain Tax Lease, Transaction Number 2821788, dated on or about May 2, 2016, as amended, between Great Lakes Dredge & Dock Company, LLC and Caterpillar Financial Services Corporation with respect to D6N Caterpillar Track Type Tractor, Serial Number PBA02830.
 - l. Indebtedness consisting of rental payments in the total amount of \$[*], of which approximately \$[*] is outstanding as of the Closing Date, under that certain Security Agreement – Conditional Sales Contract dated November 14, 2014, as amended, between Terra Contracting Services, LLC and Komatsu Financial Limited Partnership with respect to Komatsu Model PC800LC-8E0 Excavator Shovel, Serial Number 65110.
 - m. Indebtedness consisting of rental payments in the total amount of \$[*], of which approximately \$[*] is outstanding as of the Closing Date, under that certain Security Agreement – Conditional Sales Contract dated November 14, 2014, as amended, between Terra Contracting Services, LLC and Komatsu Financial Limited Partnership with respect to Komatsu Model PC390LC-10 Excavator Shovel, Serial Number A30035.
 - n. Indebtedness consisting of rental payments in the total amount of \$[*], of which approximately \$[*] is outstanding as of the Closing Date, under that certain
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Security Agreement – Conditional Sales Contract dated June 15, 2014, as amended, between Terra Contracting Services, LLC and Continental Distributing Corp. with respect to Komatsu Model PC390LC-10 Excavator Shovel, Serial Number A33420.

- o. Indebtedness consisting of rental payments in the total amount of \$[*], of which approximately \$[*] is outstanding as of the Closing Date, under that certain Security Agreement – Conditional Sales Contract dated March 31, 2014, as amended, between Terra Contracting Services, LLC and Continental Distributing Corp. with respect to Komatsu Model D61PXI-23 Crawler Dozer, Serial Number 30506.
 - p. Indebtedness consisting of rental payments in the total amount of \$[*], of which approximately \$[*] is outstanding as of the Closing Date, under that certain Security Agreement – Conditional Sales Contract dated July 30, 2014, as amended, between Terra Contracting Services, LLC and Continental Distributing Corp. with respect to Komatsu Model D61PXI-23 Crawler Dozer, Serial Number 30789.
 - q. Indebtedness consisting of rental payments in the total amount of \$[*], of which approximately \$[*] is outstanding as of the Closing Date, under that certain Security Agreement – Conditional Sales Contract dated November 24, 2014, as amended, between Terra Contracting Services, LLC and Continental Distributing Corp. with respect to 3 Komatsu Model HM300-3 Articulated Trucks, Serial Numbers 3133, 3365 and 3363.
 - r. Indebtedness consisting of rental payments in the total amount of \$[*], of which approximately \$[*] is outstanding as of the Closing Date, under that certain Security Agreement – Conditional Sales Contract dated March 27, 2015, as amended, between Terra Contracting Services, LLC and Continental Distributing Corp. with respect to various items of Komatsu equipment, Model Numbers WA470-7 and PC2310LCI-10.
 - s. Indebtedness consisting of rental payments in the total amount of \$[*], of which approximately \$[*] is outstanding as of the Closing Date, under that certain Security Agreement – Conditional Sales Contract dated May 29, 2015, as amended, between Terra Contracting Services, LLC and Continental Distributing Corp. with respect to Komatsu Model D65PXI-18 Crawler Dozer, Serial Number 90146.
 - t. Indebtedness consisting of rental payments in the total amount of \$[*], of which approximately \$[*] is outstanding as of the Closing Date, under that certain Tax Lease, Transaction Number 2936299, dated November 28, 2016, as amended, between Great Lakes Dredge & Dock Company, LLC and Caterpillar Financial Services Corporation with respect to various items of Caterpillar equipment, Model Number 966M.
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- u. Indebtedness consisting of rental payments in the total amount of \$[*], of which approximately \$[*] is outstanding as of the Closing Date, under that certain Tax Lease, Transaction Number 2936295, dated November 28, 2016, as amended, between Great Lakes Dredge & Dock Company, LLC and Caterpillar Financial Services Corporation with respect to various items of Caterpillar equipment, Model Number D7E.

4. Other Indebtedness

- a. Indebtedness in the principal amount of \$[*] under that certain Promissory Note dated February 27, 2015, as amended, by Great Lakes Dredge & Dock Corporation, payable to the order of GE Capital Commercial, Inc. and the related guarantee by Great Lakes Dredge & Dock Company, LLC pursuant to that certain Guaranty Agreement dated February 27, 2015, as amended, in favor of GE Capital Commercial, Inc.
 - b. Indebtedness consisting of installment payments in the total amount of \$[*], of which approximately \$[*] is outstanding as of the Closing Date, due under that certain Vessel Construction Agreement dated January 10, 2014, as amended, between Eastern Shipbuilding Group, Inc., as builder, and Great Lakes Dredge & Dock Company, LLC, as owner.
 - c. Letter of credit obligations of the Credit Parties in favor of Wells Fargo Bank, N.A. in the amount of \$[*] (the “WF LC Obligations”), which are cash collateralized with a deposit in the amount of the WF LC Obligations in the deposit account maintained with Wells Fargo Bank, N.A. bearing account number 4653644823 (together with any replacement accounts and/or subaccounts thereof, and in each case as the same may be renumbered and however titled, the “WF Deposit Account”).
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SCHEDULE 1.5
PERMITTED INVESTMENTS

1. Investments (including an equity Investment) relating to that certain Joint Venture Agreement, dated January 24, 1989, as amended, between Great Lakes Dredge & Dock Company, LLC and Ralph Clayton & Sons Materials, LP (Amboy Aggregates Joint Venture) with respect to the joint venture named Amboy Aggregates Joint Venture. The amount of this Investment as of the Closing Date is \$98,319.
 2. Investments (including an equity Investment) relating to that certain Operating Agreement of Lower Main Street Development, L.L.C., dated February 21, 2003, as amended, between Fifty-Three Dredging Company and DBD, L.L.C. with respect to the joint venture named Lower Main Street Development, L.L.C. The amount of this Investment as of the Closing Date is \$0.
 3. Investments relating to that certain Joint Venture Agreement, dated October 19, 2016 between Great Lakes Environmental & Infrastructure, LLC (formerly known as Magnus Pacific Corporation) and Inquip Associates, Inc. with respect to the joint venture named Magnus Inquip Joint Venture. The amount of this Investment as of the Closing Date is \$22,404.53.
 4. Investments (including in the form of cash advances and contributions, as well as in the form of services rendered, other advances or other ordinary course transactions) relating to that certain Joint Venture Agreement dated July 9, 2011, as amended, and that certain Limited Liability Company Operating Agreement dated July 9, 2011, as amended, between Great Lakes Dredge & Dock Environmental, Inc. (formerly known as Great Lakes Dredge & Dock Environmental, LLC) and Environmental Remediation Holding Inc. with respect to the joint venture named TerraSea Environmental Solutions, LLC. The amount of this Investment as of the Closing Date is \$(14,355,799.99).
 5. Investments relating to that certain Joint Venture Agreement dated April 12, 2013, as amended, between Great Lakes Environmental & Infrastructure, LLC (formerly known as Magnus Pacific Corporation) and Nordic Industries, Inc. with respect to a joint venture to submit a bid for the project described as the Feather River West Levee Project, Contract 02-2013C for the Sutter Butte Flood Control Agency. The amount of this Investment as of the Closing Date is \$0.
 6. Investments relating to that certain Joint Venture Agreement dated February 28, 2014, as amended, between Great Lakes Environmental & Infrastructure, LLC (formerly known as Magnus Pacific Corporation) and Nordic Industries, Inc. with respect to a joint venture to submit a bid for the project described as the Feather River West Levee Project, Contract 01-2014B&D for the Sutter Butte Flood Control Agency. The amount of this Investment as of the Closing Date is \$6,285,926.87.
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7. Investments relating to that certain Joint Venture Agreement dated May 30, 2014, as amended, among Terra Contracting Services, LLC and Ryba Marine Construction Co. with respect to the joint venture named RYBA MARINE CONSTRUCTION CO/TERRA CONTRACTING SERVICES, LLC, a Joint Venture. The amount of this Investment as of the Closing Date is \$48,949.
 8. Investments relating to that certain Joint Venture Agreement dated July 7, 2014, as amended, among Great Lakes Environmental & Infrastructure, LLC (formerly known as Magnus Pacific Corporation) and North Star Construction and Engineering, Inc. with respect to the joint venture named North Star Magnus Pacific JV. The amount of this Investment as of the Closing Date is \$378,237.79.
 9. Loans extended and outstanding in the principal amount of \$[*] under that certain Promissory Note dated April 17, 2015, as amended, by [*] payable to the order of Great Lakes Dredge & Dock Company, LLC.
 10. Investments in the form of working capital advances and deposits in the amount of approximately \$[*] relating to working capital and deposit escrow agreements dated November 9, 2011, December 1, 2011 and December 23, 2011, respectively, as amended, by Great Lakes Dredge & Dock Company, LLC for the benefit of [*].
 11. Loans extended and outstanding in the principal amount of \$[*] under that certain Temporary Working Capital Agreement dated December 1, 2011 between [*] and Great Lakes Dredge & Dock Company, LLC, as amended, and that certain Note dated December 27, 2012, as amended, by [*] payable to the order of Great Lakes Dredge & Dock Company, LLC.
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SCHEDULE 2.11
EXISTING LETTERS OF CREDIT

Bank of America Letters of Credit ID Number	Bank of America Issued Letters of Credit
T00000007189650	\$[*]
T00000007232060	\$[*]
T00000007408627	\$[*]
T00000068004112	\$[*]
T00000068004125	\$[*]
T00000068021042	\$[*]
T00000068069363	\$[*]
T00000068069366	\$[*]
T00000068069379	\$[*]
T00000068069380	\$[*]
T00000068069382	\$[*]
T00000068069384	\$[*]
T00000068069385	\$[*]
T00000068069386	\$[*]
T00000068069387	\$[*]
T00000068069389	\$[*]
Total	\$63,339,274.24

SCHEDULE 4.4

EQUIPMENT AND INVENTORY LOCATIONS; PLACE OF BUSINESS; CHIEF EXECUTIVE OFFICE; REAL PROPERTY

Credit Party	Property Address	Owned or Leased	Landlord
Great Lakes Dredge & Dock Company, LLC	2705 Richmond Terrace Staten Island, New York	Owned	N/A
Great Lakes Dredge & Dock Company, LLC	100 S. Railroad Ave. Morgan City, Louisiana	Owned	N/A
Great Lakes Dredge & Dock Company, LLC	800 East Indian River Rd. Norfolk, Virginia	Owned	N/A
Great Lakes Dredge & Dock Company, LLC	1350 N. Water Street Cape Girardeau, Missouri	Owned	N/A
Great Lakes Dredge & Dock Company, LLC	1314 Kafir Rd SW Burlington, Coffey County, Kansas	Owned	N/A
Great Lakes Dredge & Dock Company, LLC	3125 South Riverside Drive Sault Ste. Marie, Michigan	Owned	N/A
Great Lakes Dredge & Dock Company, LLC	2122 York Road Oak Brook, Illinois	Leased	York Road Associates LLC c/o Foxford LLC 12 Salt Creek Lane, Suite 400 Hinsdale, IL 60521
Great Lakes Dredge & Dock Company, LLC	2233 Park Ave., Unit 105 Orange Park, Florida	Leased	Park Ave LLP 2233 Park Ave, Ste 500, Orange Park, FL 32073
Great Lakes Dredge & Dock Company, LLC	2605 W. Lake Houston Pkwy., Suite C Kingwood, Texas	Leased	Bruce & Rosemary Ward 6303 S. Royal Point Dr, Kingwood, TX 77345
Great Lakes Dredge & Dock Company, LLC	750 Viaduct Road North, Chickasaw, Alabama	Leased	US, Inc. P.O. Box 11399 Chickasaw, AL 36671
Great Lakes Dredge & Dock Company, LLC	6700 Fourche Dam Pike Little Rock, Arkansas	Leased	W.B. Isgrig & Sons, Inc. P.O. Box 7945 Little Rock, AR 72217
Great Lakes Environmental & Infrastructure, LLC Great Lakes Environmental & Infrastructure Solutions, LLC	6558 Lonetree Blvd. Rocklin, California	Leased	Magnus Real Estate Group, LLC 6558 Lonetree Blvd Rocklin, CA 95765
Great Lakes Environmental & Infrastructure, LLC	3915 Progress Drive Rocklin, California	Leased	Magnus Real Estate Group, LLC 6558 Lonetree Blvd Rocklin, CA 95765

Great Lakes Environmental & Infrastructure, LLC	6025 S. Quebec Street Suite 300 Centennial, Colorado	Leased	Plaza Quebec C/O Palisade Capital Realty 11601 Wilshire Blvd #107 Los Angeles, CA 90025
Great Lakes Environmental & Infrastructure Solutions, LLC			
Great Lakes Environmental & Infrastructure, LLC	515 East Crossville Road Roswell, Georgia	Leased	Wilton Center, LLC 515 East Crossville Road Roswell, GA 30075
Great Lakes Environmental & Infrastructure, LLC	3541 Teasley Lane Suite 200 Denton, Texas	Leased	Campo San Antonio, LLC P.O. Box 15697 Newport Beach, CA 92659
Great Lakes Environmental & Infrastructure Solutions, LLC	5140 West Michigan Ave. Kalamazoo, Michigan	Leased	RRRS, LLC 10050 Taplin Lane Plainwell, MI 49080
Great Lakes Environmental & Infrastructure Solutions, LLC	Brielle Professional Center 718 Union Avenue Suite 3 Brielle, New Jersey	Leased	Richard Bahadurian 2519 Highway 35, Building A, Suite 300 Manasquan, NJ 08736
Great Lakes Environmental & Infrastructure Solutions, LLC	5205 Militia Hill Road Plymouth Meeting, Pennsylvania	Leased	Raymond Baker 828 Plymouth Rd Lower Gwynedo, PA 19002

Each Credit Party's chief executive office is located at:

2122 York Road
Oak Brook, Illinois 60523

SCHEDULE 4.8(j)
DEPOSIT AND INVESTMENT ACCOUNTS

Credit Party	Purpose	Bank	Account
Great Lakes Dredge & Dock Company, LLC	WF Deposit Account (as defined in Schedule 1.4)	Wells Fargo Bank, N.A.	[*]
Great Lakes Dredge & Dock Company, LLC	PW Cash Collateral Account (as defined in Schedule 1.4)	Pacific Western Bank	[*]
Great Lakes Dredge & Dock Company, LLC	Boston Working Fund	Bank of America, N.A.	[*]
Great Lakes Dredge & Dock Company, LLC	Liberty Island Working Fund	Bank of America, N.A.	[*]
Great Lakes Dredge & Dock Company, LLC	Safety Dept. Working Fund	Bank of America, N.A.	[*]
Great Lakes Dredge & Dock Company, LLC	Staten Island Yard Working Fund	Bank of America, N.A.	[*]
Great Lakes Dredge & Dock Company, LLC	Padre Island	Bank of America, N.A.	[*]
Great Lakes Dredge & Dock Company, LLC	Northerly Island	Bank of America, N.A.	[*]
Great Lakes Dredge & Dock Company, LLC	Northerly Island	Bank of America, N.A.	[*]
Great Lakes Dredge & Dock Company, LLC	Pier 6 Working Fund	Bank of America, N.A.	[*]
Great Lakes Dredge & Dock Company, LLC	Wilmington Working Fund	Bank of America, N.A.	[*]
Great Lakes Dredge & Dock Company, LLC	Sugar Island Checkbook	Bank of America, N.A.	[*]
Great Lakes Dredge & Dock Company, LLC	Sugar Island Checkbook	Bank of America, N.A.	[*]
Great Lakes Dredge & Dock Company, LLC	Gulf Coast Working Fund	Bank of America, N.A.	[*]
Great Lakes Dredge & Dock Company, LLC	Dredge Pontchartrain Working Fund	Bank of America, N.A.	[*]
Great Lakes Dredge & Dock Company, LLC	Dredge 53 Working Fund	Bank of America, N.A.	[*]
Great Lakes Dredge & Dock Company, LLC	Dredge 53 Working Fund	Bank of America, N.A.	[*]
Great Lakes Dredge & Dock Company, LLC	Dredge 53 Working Fund	Bank of America, N.A.	[*]
Great Lakes Dredge & Dock Company, LLC	Dodge Island	Bank of America, N.A.	[*]
Great Lakes Dredge & Dock Company, LLC	Admin. Working Fund	MB Financial Bank	[*]
Great Lakes Dredge & Dock Company, LLC	Florida Working Fund	Bank of America, N.A.	[*]
Great Lakes Dredge & Dock Company, LLC	Manhattan Island	Bank of America, N.A.	[*]
Great Lakes Dredge & Dock Company, LLC	Green Cove Springs Working Fund	Bank of America, N.A.	[*]
Great Lakes Dredge & Dock Company, LLC	Terrapin Island Working Fund	Bank of America, N.A.	[*]

PORTIONS OF THIS EXHIBIT HAVE BEEN REDACTED PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT UNDER RULE 24B-2 OF THE SECURITIES EXCHANGE ACT OF 1934, AS AMENDED. INFORMATION FOR WHICH CONFIDENTIAL TREATMENT HAS BEEN REQUESTED IS OMITTED, MARKED WITH "[*]" AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION.

Credit Party	Purpose	Bank	Account
Great Lakes Dredge & Dock Company, LLC	Dredge 53 Working Fund	Bank of America, N.A.	[*]
Great Lakes Dredge & Dock Company, LLC	Dredge Georgia Working Fund	Bank of America, N.A.	[*]
Great Lakes Dredge & Dock Company, LLC	Myrtle Beach Working Fund	Bank of America, N.A.	[*]
Great Lakes Dredge & Dock Company, LLC	Pier 400 Working Fund	Bank of America, N.A.	[*]
Great Lakes Environmental & Infrastructure Solutions, LLC	Concentration Account	Bank of America, N.A.	[*]
Great Lakes Environmental & Infrastructure Solutions, LLC	Payroll Account	Bank of America, N.A.	[*]
Great Lakes Environmental & Infrastructure Solutions, LLC	A/P Account	Bank of America, N.A.	[*]
Great Lakes Environmental & Infrastructure, LLC (formerly Magnus Pacific Corporation)	Operating Account	Bank of America, N.A.	[*]
Great Lakes Environmental & Infrastructure, LLC (formerly Magnus Pacific Corporation)	Payroll Account	Bank of America, N.A.	[*]
Great Lakes Environmental & Infrastructure, LLC (formerly Magnus Pacific Corporation)	A/P Account	Bank of America, N.A.	[*]
Great Lakes Environmental & Infrastructure, LLC (formerly Magnus Pacific Corporation)	Office Working Fund Account	Bank of America, N.A.	[*]
L.W. Matteson, A Division of Great Lakes Dredge & Dock Company, LLC	Rivers and Lakes Division St. Peters, Missouri Office	Bank of America, N.A.	[*]
Terra Contracting Services, LLC	Concentration Account	Bank of America, N.A.	[*]
Terra Contracting Services, LLC	Working Fund Account	Bank of America, N.A.	[*]
Terra Contracting Services, LLC	A/P Processing Account	Bank of America, N.A.	[*]
Terra Contracting Services, LLC	Payroll Account	Bank of America, N.A.	[*]

Credit Party	Purpose	Bank	Account
Terra Contracting Services, LLC	Flexible Spending Account	Bank of America, N.A.	[*]
Terra Contracting Services, LLC	Working Fund Account (Team Services Acquisition)	Bank of America, N.A.	[*]
Great Lakes Dredge & Dock Company, LLC	GLDD Concentration Vendor #44250	Bank of America, N.A.	[*]
Great Lakes Dredge & Dock Company, LLC	GLDD Investment Account	Deutsche Bank Trust Co.	[*]
Great Lakes Dredge & Dock Company, LLC	GLDD-Health Medical Claims	Bank of America, N.A.	[*]
Great Lakes Dredge & Dock Company, LLC	GLDD-Health Medical Claims CIGNA	JPMorgan Chase Bank, N.A.	[*]
Great Lakes Dredge & Dock Company, LLC	LW Matteson-Health Medical Claims	Bank of America, N.A.	[*]
Great Lakes Dredge & Dock Company, LLC	GLDD Controlled Disbursement Account	Bank of America, N.A.	[*]
Great Lakes Dredge & Dock Company, LLC	GLDD Corp. Vendor # 44260	Bank of America, N.A.	[*]
Great Lakes Dredge & Dock Company, LLC	GLDD PAC	Bank of America, N.A.	[*]
Great Lakes Dredge & Dock Company, LLC	Fifty-Three Dredging Corp.	Bank of America, N.A.	[*]
Great Lakes Dredge & Dock Company, LLC	Dawson Marine Company	Bank of America, N.A.	[*]
Great Lakes Dredge & Dock Company, LLC	Lydon Dredging & Construction Company Ltd.	Canadian Imperial National Bank	[*]
Great Lakes Dredge & Dock Company, LLC	GLDD Wells Fargo Bank as QI Channelview Property Sale	Wells Fargo Bank, N.A.	[*]
Great Lakes Dredge & Dock Company, LLC	TerraSea Environmental Services, LLC	Bank of America, N.A.	[*]
Great Lakes Dredge & Dock Company, LLC	Great Lakes Dredge & Dock Company, LLC (Passaic Project with TerraSea)	Bank of America, N.A.	[*]
NASDI Holdings, LLC	NASDI Holdings Corporation Vendor # 44188	Bank of America, N.A.	[*]
Great Lakes Dredge & Dock Company, LLC	Working Fund	Scotia Bank (St. Thomas, U.S. Virgin Islands)	[*]
Great Lakes Dredge & Dock Company, LLC	Great Lakes Dredge & Dock Company, LLC Working Fund	First Bank (San Juan, Puerto Rico)	[*]
Great Lakes Dredge & Dock Company, LLC	GLDD do Brasil	HSBC Bank (Rio de Janeiro, Brazil and Natal, Brazil)	[*]
Great Lakes Dredge & Dock Company, LLC	Panama Working Fund	Banco LaFise, S.A. (Panama City, Panama)	[*]
Great Lakes Dredge & Dock Company, LLC	Honduras Working Fund	Banco LaFise, S.A. (Tegucigalpa, Honduras)	[*]

Credit Party	Purpose	Bank	Account
Great Lakes Dredge & Dock Company, LLC	Middle East Division	Ahli United Bank (Manama, Bahrain)	[*]
Great Lakes Dredge & Dock Company, LLC	Qatar Working Fund	International Bank of Qatar (Doha, Qatar)	[*]
Great Lakes Dredge & Dock Company, LLC	Qatar Foreign Business	International Bank of Qatar	[*]
Great Lakes Dredge & Dock Company, LLC	Bahrain Working Fund	Standard Chartered Bank (Manama, Bahrain)	[*]
Great Lakes Dredge & Dock Company, LLC	Bahrain Check-Writing Account	Standard Chartered Bank (Manama, Bahrain)	[*]
Great Lakes Dredge & Dock Company, LLC	Bahamas Working Fund	First Caribbean International Bank (Nassau, Bahamas)	[*]
Great Lakes Dredge & Dock Company, LLC	Egypt - US\$	Commercial International Bank	[*]
Great Lakes Dredge & Dock Company, LLC	Egyptian Pounds	Commercial International Bank	[*]
Great Lakes Dredge & Dock Company, LLC	Saudi Arabia Branch SAR Account	The National Commercial Bank	[*]
Great Lakes Dredge & Dock Company, LLC	Banco Nacional - Pesos	Banamex	[*]
Great Lakes Dredge & Dock Australia Pty Ltd.	Australia Subsidiary Account	ANZ Banking Group Limited (Melbourne, Australia)	[*]
Great Lakes Dredge & Dock Australia Pty Ltd.	Australia Subsidiary Account	ANZ Banking Group Limited (Melbourne, Australia)	[*]
Great Lakes Dredge & Dock Company, LLC	GLDD Payroll	Bank of America, N.A.	[*]
Great Lakes Dredge & Dock Company, LLC	GLDD Administrative Payroll Working Fund	Bank of America, N.A.	[*]
Great Lakes Dredge & Dock Company, LLC	Trust Under NY Marine Towing & Transportation Ind. Defined Contribution Plan 1	Bank of America, N.A.	[*]
Great Lakes Dredge & Dock Company, LLC	Collection Account	Bank of America, N.A.	[*]
Great Lakes Environmental & Infrastructure, LLC	Collection Account	Bank of America, N.A.	[*]

SCHEDULE 5.1
CONSENTS

None.

SCHEDULE 5.2(a)
STATES OF QUALIFICATION AND GOOD STANDING

<u>Credit Party</u>	<u>Jurisdiction of Organization</u>	<u>Jurisdictions of Qualification</u>
Great Lakes Dredge & Dock Corporation	DE	CA, MA
Great Lakes Dredge & Dock Company, LLC	DE	AL, AK, AR, CA, CT, FL, GA, IL, IN, IA, KS, KY, LA, ME, MD, MA, MI, MN, MS, MO, NE, NH, NJ, NY, NC, OH, OK, OR, PA, RI, SC, SD, TN, TX, VA, WA, WV
Great Lakes Dredge & Dock Environmental, Inc.	DE	IL
Great Lakes Environmental & Infrastructure, LLC	DE	AL, AK, AZ, AR, CA, CO, CT, D.C., FL, GA, HI, ID, IL, IN, IA, KS, KY, LA, ME, MD, MA, MI, MS, MN, MO, MT, NE, NV, NH, NJ, NM, NY, NC, ND, OH, OK, OR, PA, RI, SC, SD, TN, TX, UT, VT, VA, WA, WV, WI, WY
Great Lakes Environmental & Infrastructure Solutions, LLC	DE	CA, CO, FL, GA, IL, MI, NJ, NY, OH, PA, TX, UT, WA, WI
NASDI Holdings, LLC	DE	None

SCHEDULE 5.2(b)
SUBSIDIARIES

<u>Subsidiary</u>	<u>Holder of Equity Interests</u>	<u>Percentage Ownership of Equity Interests</u>
Great Lakes Dredge & Dock Company, LLC	Great Lakes Dredge & Dock Corporation	100%
Great Lakes Dredge & Dock Environmental, Inc.	Great Lakes Dredge & Dock Corporation	100%
Great Lakes Environmental & Infrastructure, LLC	Great Lakes Environmental & Infrastructure Solutions, LLC	100%
Great Lakes Environmental & Infrastructure Solutions, LLC	Great Lakes Dredge & Dock Corporation	100%
NASDI Holdings, LLC	Great Lakes Dredge & Dock Corporation	100%
Terra Contracting Services, LLC	Great Lakes Environmental & Infrastructure Solutions, LLC	100%
Great Lakes Dredge & Dock do Brasil Ltda.	Great Lakes Dredge & Dock Corporation (99.99%) Great Lakes Dredge & Dock Company, LLC (0.01%)	100%
Great Lakes Dredge & Dock India Private Limited	Great Lakes Dredge & Dock Corporation (99%) Great Lakes Dredge & Dock Company, LLC (1%)	100%

<u>Subsidiary</u>	<u>Holder of Equity Interests</u>	<u>Percentage Ownership of Equity Interests</u>
Dawson Marine Services Company	Great Lakes Dredge & Dock Corporation	100%
Terra Fluid Management, LLC	Terra Contracting Services, LLC	100%
Great Lakes Dredge & Dock Australia Pty Ltd	Great Lakes Dredge & Dock Company, LLC	100%
Fifty-Three Dredging Corporation	Great Lakes Dredge & Dock Company, LLC	100%
Lydon Dredging & Construction Company Ltd.	Great Lakes Dredge & Dock Company, LLC	100%
Great Lakes Dredge & Dock (Bahamas) Ltd.	Great Lakes Dredge & Dock Company, LLC	100%
GLDD Mexicana, S. de R.L. de C.V.	Great Lakes Dredge & Dock Company, LLC (99.5%) Great Lakes Dredge & Dock Corporation (0.5%)	100%

SCHEDULE 5.4
FEDERAL TAX IDENTIFICATION NUMBER

<u>Credit Party</u>	<u>Federal Employer Identification Number</u>
Great Lakes Dredge & Dock Corporation	20-5336063
Great Lakes Dredge & Dock Company, LLC	20-1354414
Great Lakes Dredge & Dock Environmental, Inc.	36-4347352
Great Lakes Environmental & Infrastructure, LLC	26-3817615
Great Lakes Environmental & Infrastructure Solutions, LLC	30-0845285
NASDI Holdings, LLC	04-2598486

SCHEDULE 5.6
PRIOR NAMES

1. Great Lakes Environmental & Infrastructure, LLC changed its name from Magnus Pacific, LLC on March 1, 2016; Magnus Pacific, LLC converted from a California corporation to a California limited liability company and changed its name from Magnus Pacific Corporation on March 26, 2015; Magnus Pacific, LLC converted from a California limited liability company to a Delaware limited liability company on March 27, 2015.
 2. Great Lakes Environmental & Infrastructure Solutions, LLC changed its name from Great Lakes Environmental and Infrastructure Solutions, LLC on November 10, 2014.
 3. NASDI Holdings, LLC converted from a Delaware corporation to a Delaware limited liability company and changed its name from NASDI Holdings Corporation on December 18, 2014.
 4. Great Lakes Dredge & Dock Company, LLC operates under the assumed name “Great Lakes Dredging, LLC” in Alaska, Arkansas, Connecticut, Iowa, Illinois, Indiana, Louisiana, Maine, Missouri, Mississippi, Oregon, Rhode Island, Tennessee, Texas, Washington and Wisconsin.
 5. Great Lakes Dredge & Dock Company, LLC operates under the assumed name “Great Lakes Dredge & Dock Company, LLC of Louisiana” in Louisiana.
 6. Great Lakes Dredge & Dock Corporation effectively transferred ownership of all membership interests in Terra Contracting Services, LLC to Great Lakes Dredge & Dock Environmental & Infrastructure Solutions, LLC by a contribution and transfer agreement effective as of December 31, 2014.
 7. “L.W. Matteson” is a Division of Great Lakes Dredge & Dock Company, LLC and is also known as “Rivers & Lakes”.
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SCHEDULE 5.8(b)
LITIGATION

1. Paulsboro Natural Gas Pipeline Company LLC and Paulsboro Refining Company LLC v. Great Lakes Dredge & Dock Company, LLC (Case Number 1:33-av-00001 filed on September 19, 2015 in the U.S. District Court for the District of New Jersey Camden Vicinage).
 2. Boilard, Scott v. Great Lakes Dredge & Dock Corporation and Great Lakes Dredge & Dock Company, LLC (Case Number 2016-L-006305, filed on 6/24/16 in the Circuit Court of Cook County, Illinois).
 3. [*]
 4. Harvest Pipeline Company and Arrowhead Gulf Coast Pipeline, LLC v. Great Lakes Dredge & Dock Corporation, Great Lakes Dredge & Dock Company, LLC of Louisiana, Shallow Water Equipment, L.L.C. and James Tassin (Case Number: 2:16-cv-16605 filed on November 28, 2016 in the U.S. District Court for the Eastern District of Louisiana).
 5. NASDI Holdings, LLC and Great Lakes Dredge & Dock Corporation v. North American Leasing, Inc., Dore & Associates Contracting, Inc., NASDI, LLC and Yankee Environmental Services, LLC, Arthur Dore, Sr., and Arthur Dore, Jr. (Case Number 10540 filed on January 14, 2015 in the Chancery Court of the State of Delaware).
 6. Great Lakes Dredge & Dock Company, LLC v. Puerto Rico Electric Power Authority (filed on June 10, 2014 in the U.S. District Court for the District of Maryland).
 7. Northstar Group Services, Inc. v. Great Lakes Dredge & Dock Company, LLC d/b/a Great Lakes Dredge & Dock Corp. (filed on August 13, 2015 in the Circuit Court of the 13th Judicial Circuit, Hillsborough County, Florida).
 8. Gonzalez, Gilberto v. Great Lakes Dredge & Dock Company, LLC (Case Number 2015-51166 filed on August 31, 2015 in the District Court of Harris County, Texas).
 9. Collins, Tracy v. Great Lakes Dredge & Dock Company, LLC (Case Number 00076112 filed on March 28, 2016 in the 13th Judicial District Court, Parish of Evangeline, Louisiana).
 10. Trussell, Kyle A. v. John Michael Stone and Jane Doe Stone, Magnus Pacific, LLC, Great Lakes Environmental & Infrastructure, LLC successor in interest to Magnus Pacific, LLC; Great Lakes Dredge & Dock Company, LLC successor in interest to Magnus Pacific, LLC (Case No. : 16 2 00640 2 filed on August 25, 2016 in the Superior Court of Washington for Callam County).
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11. Case Foundation v. NASDI, LLC and Travelers Casualty Insurety (Case Number 103168/2012 filed on November 20, 2014 in the Supreme Court of Richmond County, New York).
 12. Superior Site Work, Inc., Diversified Construction Corp. and Harrison Avenue Properties LLC v. NASDI, LLC and Travelers Casualty and Surety Company of America (Case Number 14CV01061 filed on February 20, 2014 in the U.S. District Court for the Eastern District of New York).
 13. NASDI, LLC v. Bertucci Contracting Company, LLC (Case Number 719944 filed on October 10, 2012 in the District Court of Jefferson Parish, Louisiana).
 14. NASDI, LLC v. Conti of New York, LLC (Case Number 652199/2013 filed on June 20, 2013 in the New York County Supreme Court).
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SCHEDULE 5.8(c)
EMPLOYEE BENEFIT PLANS

1. Great Lakes Dredge & Dock Company, LLC 401(k) Savings Plan (Plan No. 005).
 2. Great Lakes Dredge & Dock Company, LLC Hourly Employees 401(k) Savings Plan (Plan No. 008).
 3. Great Lakes Dredge & Dock Company, LLC 401(k) Local 333 Savings Plan Trust (Plan No. 010).
 4. Great Lakes Dredge & Dock Affiliated Companies 401(k) Savings Plan (Plan No. 012).
 5. Great Lakes Dredge & Dock Corporation Supplemental Savings Plan (As Amended and Restated Effective January 1, 2014)
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SCHEDULE 5.9
INTELLECTUAL PROPERTY

PATENTS

PATENT	PATENT OR APPLICATION NUMBER	FILE DATE	OWNER INFORMATION
Articulated tug barge, trailing suction hopper dredge system	9061742	08/06/12	Great Lakes Dredge & Dock Company, LLC
Mooring buoy assembly	8734195	10/28/11	Great Lakes Dredge & Dock Company, LLC
Marine backhoe dredge	7143532	01/15/04	Great Lakes Dredge & Dock Company
Dredge cutter head with contouring wheel attachment	Application No. 14/994626	01/13/16	Great Lakes Dredge & Dock Company, LLC
Method for removing sediment from open waterways	7676966	03/31/09	Terra Contracting Services, LLC
Sediment removal apparatus	7526884	01/26/06	Terra Contracting Services, LLC
Sediment removal apparatus and method for removing sediment from open waterways	CA 2534156 Canada	01/26/06	Terra Contracting Services, LLC
Marine backhoe dredge	Publication no. EP1709256 B1 European Patent Office	01/07/05	Great Lakes Dredge & Dock Company

TRADEMARKS

MARK	SERIAL NUMBER	STATUS	REGIS. NUMBER	REGIS. DATE	OWNER INFORMATION
IT ALL STARTS WITH DREDGING	85216161	Registered	4436863	11/19/13	Great Lakes Dredge and Dock Company
GREAT LAKES DREDGE & DOCK COMPANY RIVER & HARBOR IMPROVEMENTS	77613382	Registered	3704496	11/03/09	Great Lakes Dredge & Dock Corporation
DREDGING WORLDWIDE	76065962	Registered	2468607	07/10/01	Great Lakes Dredge and Dock Company

PENDING TRADEMARK APPLICATIONS

MARK	SERIAL NUMBER	STATUS	REGIS. NUMBER	REGIS. DATE	OWNER INFORMATION
GREAT LAKES 1890	87024838	Pending – Application filed 05/04/16	NA	NA	Great Lakes Environmental & Infrastructure Solutions, LLC

SCHEDULE 5.10
LICENSES AND PERMITS

None.

SCHEDULE 5.14
LABOR DISPUTES

None.

SCHEDULE 5.24
EQUITY INTERESTS

(a) Equity Interests and Holders.

<u>Credit Party</u>	<u>Equity Interests Authorized</u>	<u>Equity Interests Issued and Outstanding</u>	<u>Holder of Equity Interests</u>	<u>Percentage Ownership of Equity Interests</u>
Great Lakes Dredge & Dock Company, LLC	100% Membership Interest	100% Membership Interest	Great Lakes Dredge & Dock Corporation	100%
Great Lakes Dredge & Dock Environmental, Inc.	1,000 Common Shares	100 Common Shares	Great Lakes Dredge & Dock Corporation	100%
Great Lakes Environmental & Infrastructure, LLC	100% Membership Interest	100% Membership Interest	Great Lakes Environmental & Infrastructure Solutions, LLC	100%
Great Lakes Environmental & Infrastructure Solutions, LLC	100% Membership Interest	100% Membership Interest	Great Lakes Dredge & Dock Corporation	100%
NASDI Holdings, LLC	100% Membership Interest	100% Membership Interest	Great Lakes Dredge & Dock Corporation	100%

(b) Equity Interest Subscriptions, Warrants, Options, Calls, Commitments and Similar Rights and Agreements.

1. Great Lakes Dredge & Dock Corporation 2007 Long-Term Incentive Plan, as adopted on November 7, 2007.
2. Great Lakes Dredge & Dock Corporation Employee Stock Purchase Plan.

(c) Convertible Securities. None.

SCHEDULE 5.25
COMMERCIAL TORT CLAIMS

None.

SCHEDULE 5.26
LETTER OF CREDIT RIGHTS

None.

SCHEDULE 5.27
MATERIAL CONTRACTS

1. The Bonding Agreement.
 2. The Note Indenture.
 3. Purchase Agreement dated January 25, 2011, as amended, among Great Lakes Dredge & Dock Corporation, certain subsidiary guarantors named therein and Deutsche Bank Securities Inc. and Merrill, Lynch, Pierce, Fenner & Smith Incorporated, as representatives of the several initial purchasers, relating to the issuance and sale of \$250,000,000 in aggregate principal amount of its 7.375% senior unsecured notes due February 1, 2019, and the related Registration Rights Agreement dated January 28, 2011, as amended, among Great Lakes Dredge & Dock Corporation, certain subsidiary guarantors named therein and the initial purchasers.
 4. Purchase Agreement dated November 19, 2014, as amended, among Great Lakes Dredge & Dock Corporation, certain subsidiary guarantors named therein and Deutsche Bank Securities Inc., as the initial purchaser, relating to the issuance and sale of \$25,000,000 in aggregate principal amount of its 7.375% Senior Notes due 2019.
 5. Asset Purchase Agreement dated December 31, 2010, as amended, between Great Lakes Dredge & Dock Company, LLC, L.W. Matteson, Inc., Lawrence W. Matteson and Larry W. Matteson pursuant to which Great Lakes Dredge & Dock Company, LLC purchased the business and substantially all of the assets of L.W. Matteson, Inc. and certain assets owned by Lawrence W. Matteson and used in the business.
 6. Vessel Construction Agreement dated January 10, 2014, as amended, between Eastern Shipbuilding Group, Inc., as builder, and Great Lakes Dredge & Dock Company, LLC, as owner, for construction of the ATB Assets.
 7. Purchase and sale agreement, as amended, between Great Lakes Dredge & Dock Corporation and a privately owned demolition company for the sale of NASDI, LLC and Yankee Environmental Services, LLC, which together comprised its historical demolition business, completed on April 24, 2014.
 8. Share Purchase Agreement dated November 4, 2014, as amended, among Great Lakes Environmental & Infrastructure Solutions, LLC (formerly known as Great Lakes Environmental and Infrastructure Solutions, LLC), Magnus Pacific Corporation and former shareholders of Magnus Pacific Corporation pursuant to which Great Lakes Environmental & Infrastructure Solutions, LLC purchased all of the shares of Magnus Pacific Corporation.
 9. Great Lakes Dredge & Dock Corporation 2007 Long-Term Incentive Plan, as adopted on November 7, 2007.
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SCHEDULE 6.16
POST-CLOSING COVENANTS

1. Within thirty (30) days following the Closing Date (or such later date as Agent may agree to, in writing, in its sole discretion), Borrowers shall deliver to Agent evidence, in form and substance reasonably satisfactory to Agent, that the following Intellectual Property owned by Terra Contracting Services LLC has been transferred to a Credit Party:
 - (a) Patent Number 7676966 filed on March 31, 2009 for a method for removing sediment from open waterways.
 - (b) Patent Number 7526884 filed on January 1, 2006 for a sediment removal apparatus
 - (c) Patent Number CA 2534156 (Canada) filed on January 26, 2006 for a sediment removal apparatus and method for removing sediment from open waterways.
 2. Within forty-five (45) days after the Closing Date (or such later date as Agent may agree to, in writing, in its sole discretion), Borrowers shall deliver to Agent the State Specific Information listed on Schedule A to this Schedule 6.16 and any other documentation or information that Agent may reasonably request in its sole discretion in order to perfect a first priority lien in favor of Agent on the vehicles listed on Schedule A to this Schedule 6.16 (it being understood that if within 90 days following the Closing Date Agent has not received each certificate of title listed on Schedule A to this Schedule 6.16 noting Agent's Lien thereon, Agent shall exclude the vehicle evidenced by such certificate of title from Eligible Equipment until Agent so receives such certificate of title).
 3. Within forty-five (45) days after the Closing Date (or such later date as Agent may agree to, in writing, in its sole discretion), Borrowers shall deliver to Agent the original certificates of title listed on Schedule B to this Schedule 6.16 and all required documents and all information reasonably requested by Agent (including, without limitation, the State Specific Information listed on Schedule B to this Schedule 6.16 and any other documentation or information that Agent may reasonably request in its sole discretion) to perfect a first priority lien in favor of Agent on the vessels listed on Schedule B to this Schedule 6.16.
 4. Within sixty (60) days after the Closing Date (or such later date as Agent may agree to, in writing, in its sole discretion), Borrowers shall deliver to Agent evidence that the deposit account of Great Lakes Dredge & Dock Company, LLC located at Deutsche Bank & Trust Co. with account number 44-122-560 has been closed and the funds in such account have been transferred to a deposit account subject to a deposit account control agreement, in form and substance reasonably satisfactory to Agent.
 5. On or before January 5, 2017 (or such later date as Agent may agree to, in writing, in its sole discretion), Borrowers shall deliver to Agent evidence, in form and substance reasonably satisfactory to Agent, that Ship Mortgages with respect to the Documented Vessels flagged in St. Kitts listed on Schedule 1.3 attached hereto have been duly recorded with the St. Kitts & Nevis International Ship Registry.
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Schedule A to Schedule 6.16
Motor Vehicles

NAME OF CURRENT OWNER	STATE OF REGISTRATION	VEHICLE DESCRIPTION			VIN NUMBER
		Year	Make	Body Style	
Magnus Pacific Corp	California	2008	FORD	PK	1FTPW12598FA80340
Magnus Pacific Corp	California	2007	DODG	UT	1D8HB38P37F526955
Magnus Pacific Corporation	Texas	2011	FORD	PK	1FTFW1EF8BFB42883
Magnus Pacific Corp	California	2011	FORD	PK	1FTEW1CM8BFB58093
Magnus Pacific Corporation	California	2012	FORD	PK	1FTFW1EF6CFB44519
Magnus Pacific Corporation	California	2012	FORD	PK	1FTFW1EF4CFB44521
Magnus Pacific Corporation	California	2012	FORD	PK	1FTFW1EF4CFB44518
Magnus Pacific Corporation	Washington	2012	FORDF	1PU	1FTFW1EF2CFB44520
Magnus Pacific Corporation	Colorado	2013	FORD	PK	1FTFW1EF8DFD26501
Magnus Pacific Corp	California	2008	FORD	4C	1FTSX21RX8EB57255
Magnus Pacific Corp	California	2003	FORD	4C	1FTNX21P33EB64097
Magnus Pacific Corp	California	2006	FORD	4C	1FTSX21526EB83083
Magnus Pacific Corporation	Colorado	2011	FOR	PK	1FTZW2BT4BEA98987
Magnus Pacific Corporation	California	2011	FORD	PK	1FT7X2BT5BEB74911
Magnus Pacific Corp	California	2005	FORD	PK	1FTSW21P75EA32713
Magnus Pacific Corporation	California	2012	FORD	PK	1FT7W2BT6CEB86179
Magnus Pacific Corporation	California	2012	FORD	PK	1FT7W2BT2CEB86180
Magnus Pacific Corporation	Texas	2014	FORD	PK	1FT7W2B68EEB75939
Magnus Equipment Group	Colorado	2008	CHEV	PK	1GBHK39K68E215551
Magnus Pacific Corp	California	2006	FORD	UT	1FDXW46P56EC65822
Magnus Equipment Group LLC	Washington	2006	FRHT	WTR TRK	1FVACWDD56HV82395
Magnus Equipment Group LLC	California	2007	FRHT	TN	1FVACWDD47HV82437
Magnus Equipment Group LLC	Washington	2007	KW	T300	2NKMLD9X57M165313
Magnus Equipment Group LLC	California	2005	INTL	TN	1HTWHAAR75J190339
Magnus EQP GRP LLC	California	2013	PTRB	TN	2PN3LN0X0DM189121
Magnus Pacific Corporation	Washington	2007	KW	TRACTOR	2NKMLK9XX7M199411
Magnus Equipment Group LLC	California	2014	KW	UT	2NKHHJ7X3EM409445
Magnus Pacific LLC	California	2016	KW	VA	3BKHH17X3GF111681

State Specific Information

California

- Evidence that smog check is current

Colorado

- Evidence that emissions tests are current
- Insurance cards (VIN specific)

Washington

- Odometer readings for each vehicle

Texas

- Copy of current Texas vehicle inspection report
-

Schedule B to Schedule 6.16
State Registered Vessel Titles

Owner	Name	Homeport	State No.	State of Registration Identification No.
Great Lakes Dredge & Dock Co, LLC	WEST BAY	Baton Rouge, LA	LA-2283-GD	Louisiana GOK01839J415
Great Lakes Dredge & Dock	BAYOU BOEUF	Green Cove Springs, FL	FL5274JB	Florida VSI24090L990
Great Lakes Dredge & Dock	SOUTH BAY	Green Cove Springs, FL	FL8389HE	Florida VSI25591C191
Great Lakes Dredge and Dock Company	TAMPA BAY	Green Cove Springs, FL	FL8520MT	Florida SAMA1122E000
Great Lakes Dredge & Dock Co	DIAMOND REEF	Green Cove Springs, FL	FL5097JB	Florida V5I258916191
Great Lakes Dredge & Dock Company	PANTHER BAY	Green Cove Springs, FL	FL4553LY	Florida KLU01183G202
Great Lakes Dredge & Dock Co	SANDUSKY BAY	Green Cove Springs, FL	FL7831NT	Florida SAMA0922D898
Great Lakes Dredge & Dock Co	WINYAH BAY	Green Cove Springs, FL	FL8655PS	Florida GOK0171B011
Great Lakes Dredge & Dock	HAMBY POND	Green Cove Springs, FL	FL1380PP	Florida GOKO1792H413
Great Lakes Dredge & Dock Co	RARITAN BAY	Green Cove Springs, FL	FL4080PT	Florida EG01146G808
Great Lakes Dredge & Dock Company LLC	DELAWARE BAY	Cape Girardeau, MO	MO06265-FF	Missouri MOZ00305H414
Great Lakes Dredge and Dock Company	NORTH BAY	Green Cove Springs, FL	FL1149FT	Florida MAK355260833

SCHEDULE 7.10
AFFILIATE TRANSACTIONS

None.

SCHEDULE 16.3
LIST OF COMPETITORS

1. Manson Construction Co.
2. Weeks Marine, Inc.
3. Norfolk Dredging Company
4. Donjon Marine Company, Inc.
5. Orion Marine Group, Inc.
6. Cashman Dredging Co.
7. The Dutra Group
8. Mike Hooks, Inc.
9. Van Oord N.V.
10. Royal Boskalis Westminster N.V.
11. Dredging, Environmental and Marine Engineering N.V.
12. Jan De Nul Group
13. China Harbour Engineering Company Ltd.
14. Marinex Construction, Inc.
15. Crosby Dredging LLC
16. Pine Bluff Sand & Gravel

**WAIVER AND AMENDMENT NO. 1 TO
REVOLVING CREDIT AND SECURITY AGREEMENT**

This WAIVER AND AMENDMENT NO. 1 TO REVOLVING CREDIT AND SECURITY AGREEMENT ("Amendment") is dated as of February 27, 2017, and is entered into by and among GREAT LAKES DREDGE & DOCK CORPORATION, a Delaware corporation ("GLDD"), GREAT LAKES DREDGE & DOCK COMPANY, LLC, a Delaware limited liability company ("GLDD LLC"), NASDI HOLDINGS, LLC, a Delaware limited liability company ("NASDI"), GREAT LAKES DREDGE & DOCK ENVIRONMENTAL, INC., a Delaware corporation ("Environmental"), GREAT LAKES ENVIRONMENTAL & INFRASTRUCTURE SOLUTIONS, LLC, a Delaware limited liability company ("Solutions"), and GREAT LAKES ENVIRONMENTAL & INFRASTRUCTURE, LLC, a Delaware limited liability company ("Infrastructure") (GLDD, GLDD LLC, NASDI, Environmental, Solutions and Infrastructure, collectively, the "Borrowers", and each a "Borrower"), the Lenders identified on the signature pages hereof, and PNC BANK, NATIONAL ASSOCIATION ("PNC"), as agent for Lenders (PNC, in such capacity, the "Agent").

W I T N E S S E T H

WHEREAS, Borrowers, each other Credit Party party thereto from time to time, Agent and the lenders from time to time party thereto (the "Lenders") are parties to that certain Revolving Credit and Security Agreement dated as of December 30, 2016 (as amended, restated, modified and supplemented from time to time, the "Credit Agreement"; capitalized terms used and not otherwise defined herein have the definitions provided therefore in the Credit Agreement);

WHEREAS, Borrowers have informed Agent that Borrowers have breached Section 7.16 of the Credit Agreement resulting in an Event of Default under Section 10.5 of the Credit Agreement by permitting the aggregate balance in deposit accounts of the Credit Parties that are located outside of the United States to be over \$5,000,000 from time to time during the period from the Closing Date until the date hereof (the "Existing Event of Default"), and Borrowers have requested that the Required Lenders waive the Existing Event of Default, and Required Lenders have agreed to do so subject to the terms and conditions set forth herein;

WHEREAS, Borrowers have requested that Agent and Required Lenders amend the Credit Agreement in certain respects, and Agent and Required Lenders have agreed to make such amendments, as set forth herein subject to the terms and conditions set forth herein;

NOW THEREFORE, in consideration of the mutual conditions and agreements set forth in the Credit Agreement and this Amendment, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto hereby agree as follows:

1. Waiver. In reliance upon the representations and warranties of the Credit Parties set forth in Section 3 below and subject to the conditions to effectiveness set forth in

Section 4 below, Required Lenders hereby waive the Existing Event of Default. This is a limited waiver and shall not be deemed to constitute a waiver of any other Event of Default or any future breach of the Credit Agreement or any Other Documents or any other requirements of any provision of the Credit Agreement or any Other Documents or a consent to any other modification of the Credit Agreement and the Other Documents, and shall not be deemed to prejudice any right or rights which Agent or the Lenders may now have or may have in the future under or in connection with Credit Agreement and the Other Documents or any of the instruments or agreements referred to therein, as the same may be amended from time to time.

2. Amendments to Credit Agreement. In reliance upon the representations and warranties of the Credit Parties set forth in Section 3 below and subject to the conditions to effectiveness set forth in Section 4 below:

(a) Clause (vii) of the definition of "Excluded Deposit Account" set forth in Section 1.2 of the Credit Agreement is hereby amended and restated in its entirety as follows:

(vii) a deposit account located outside of the United States to the extent the aggregate balance in all such accounts does not exceed \$5,000,000 for more than five (5) consecutive Business Days and such accounts are used only to fund projects in the Ordinary Course of Business, and

(b) Section 7.16 of the Credit Agreement is hereby amended and restated in its entirety as follows:

7.16 Deposit Accounts. Permit the aggregate balance in deposit accounts of the Credit Parties that are located outside of the United States to exceed \$5,000,000 for more than five (5) consecutive Business Days.

3. Representations and Warranties. Each Credit Party hereby represents and warrants to Agent and Lenders that as of the date hereof, after giving effect to this Amendment and the transactions contemplated hereby:

(a) The execution, delivery and performance of this Amendment has been duly authorized by all requisite limited liability company or corporate action, as applicable, on the part of each Credit Party;

(b) No Default or Event of Default has occurred and is continuing; and

(c) The representations and warranties of each Credit Party set forth in the Credit Agreement and each Other Document are true and correct in all material respects with the same effect as if made on the date hereof (except to the extent stated to relate to a specific earlier date, in which case such representations and warranties shall be true and correct in all material respects as of such earlier date).

4. Conditions Precedent to Effectiveness. The effectiveness of this Amendment is subject to the prior or concurrent consummation of each of the following conditions:

(a) Agent shall have received a copy of this Amendment executed by each Credit Party and Required Lenders;

(b) after giving effect to this Amendment, no Default or Event of Default shall have occurred and be continuing or shall be caused by the transactions contemplated by this Amendment.

5. Release. In consideration of the agreements of Agent and Lenders contained herein and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, each Credit Party hereby releases and forever discharges Agent, each Lender and their respective directors, officers, employees, agents, attorneys, affiliates, subsidiaries, successors and permitted assigns from any and all liabilities, obligations, actions, contracts, claims, causes of action, damages, demands, costs and expenses whatsoever (collectively "Claims"), of every kind and nature, however evidenced or created, whether known or unknown, arising prior to or on the date of this Amendment including, but not limited to, any Claims involving the extension of credit under or administration of this Amendment, the Credit Agreement or the Other Documents, as each may have been amended prior to the date hereof, or the Indebtedness incurred by Borrowers or any other transactions evidenced by this Amendment, the Credit Agreement or the Other Documents, in each case arising prior to or on the date of this Amendment.

6. Severability. The illegality or unenforceability of any provision of this Amendment or any instrument or agreement required hereunder shall not in any way affect or impair the legality or enforceability of the remaining provisions of this Amendment or any instrument or agreement required hereunder.

7. References. Any reference to the Credit Agreement contained in the Credit Agreement or any Other Document shall be deemed to be a reference to the Credit Agreement as modified by this Amendment.

8. Counterparts. This Amendment may be executed in any number of counterparts and by the different parties hereto on separate counterparts and each such counterpart shall be deemed to be an original, but all such counterparts shall together constitute but one and the same Amendment. Receipt by telecopy of any executed signature page to this Amendment shall constitute effective delivery of such signature page. This Amendment to the extent signed and delivered by means of a facsimile machine or other electronic transmission (including "pdf"), shall be treated in all manner and respects and for all purposes as an original agreement or amendment and shall be considered to have the same binding legal effect as if it were the original signed version thereof delivered in person.

9. Ratification. The terms and provisions set forth in this Amendment shall modify and supersede all inconsistent terms and provisions of the Credit Agreement and shall not be deemed to be a consent to the modification or waiver of any other term or condition of the Credit Agreement and the Other Documents. Except as expressly modified and superseded by this Amendment, the terms and provisions of the Credit Agreement and the Other Documents are ratified and confirmed and shall continue in full force and effect.

10. Costs and Expenses. Each Credit Party acknowledges that Section 16.9 of the Credit Agreement applies to this Amendment and the transactions, agreements and documents contemplated hereunder.

11. Governing Law. THIS AMENDMENT SHALL BE A CONTRACT MADE UNDER AND GOVERNED BY THE INTERNAL LAWS OF THE STATE OF NEW YORK APPLICABLE TO CONTRACTS MADE AND TO BE PERFORMED ENTIRELY WITHIN SUCH STATE, WITHOUT REGARD TO CONFLICT OF LAWS PRINCIPLES.

(signature pages follow)

IN WITNESS WHEREOF, the parties hereto have caused this Amendment to be duly executed and delivered by their respective duly authorized officers as of the date first written above.

BORROWERS:

GREAT LAKES DREDGE & DOCK CORPORATION, a Delaware corporation

By: /s/ Mark W. Marinko
Name: Mark W. Marinko
Title: Senior Vice President & Chief Financial Officer

GREAT LAKES DREDGE & DOCK COMPANY, LLC, a Delaware limited liability company

By: /s/ Mark W. Marinko
Name: Mark W. Marinko
Title: Senior Vice President & Chief Financial Officer

NASDI HOLDINGS, LLC, a Delaware limited liability company

By: /s/ Katherine M. O'Halloran
Name: Katherine M. O'Halloran
Title: Treasurer

GREAT LAKES DREDGE & DOCK ENVIRONMENTAL, INC., a Delaware corporation

By: /s/ Katherine M. O'Halloran
Name: Katherine M. O'Halloran
Title: Treasurer

GREAT LAKES ENVIRONMENTAL & INFRASTRUCTURE SOLUTIONS
LLC, a Delaware limited liability company

By: /s/ Katherine M. O'Halloran
Name: Katherine M. O'Halloran
Title: Treasurer

GREAT LAKES ENVIRONMENTAL & INFRASTRUCTURE, LLC, a
Delaware limited liability company

By: /s/ Katherine M. O'Halloran
Name: Katherine M. O'Halloran
Title: Treasurer

PNC BANK, NATIONAL ASSOCIATION,
As Lender and as Agent

By: /s/ Adam Moss
Name: Adam Moss
Title: Vice President

DEUTSCHE BANK AG NEW YORK,
As a Lender

By: /s/ Marcus Tarkington
Name: Marcus Tarkington
Title: Director

By: /s/ Dusan Lazarov
Name: Dusan Lazarov
Title: Director

THE PRIVATEBANK AND TRUST COMPANY,
As a Lender

By: /s/ Brett Hrupek
Name: Brett Hrupek
Title: Managing Director

SUNTRUST BANK,
As a Lender

By: /s/ Douglas M. Sherlag
Name: Douglas M. Sherlag
Title: Director

TEXAS CAPITAL BANK, NATIONAL ASSOCIATION,
As a Lender

By: /s/ Terri Sandridge
Name: Terri Sandridge
Title: Vice President

WOODFOREST NATIONAL BANK,
As a Lender

By: /s/ John Zimbo
Name: John Zimbo
Title: First Vice President

BANK OF AMERICA, N.A.,
As a Lender

By: /s/ Ciara Forrest Bochenek
Name: Ciara Forrest Bochenek
Title: Vice President

CAPITAL ONE, NATIONAL ASSOCIATION,
As a Lender

By: /s/ Julianne Low
Name: Julianne Low
Title: Senior Director

Exhibit 10.45

SETTLEMENT, RELEASE, and VCA AMENDMENT AGREEMENT

This Settlement, Release, and VCA Amendment Agreement (this “*Agreement*”) is made as of this 23rd day of December 2016 by and between EASTERN SHIPBUILDING GROUP, INC. (“*Builder*” or “*ESG*”), a Florida corporation whose mailing address is 2200 Nelson Street, Panama City, Florida 32401 and GREAT LAKES DREDGE & DOCK COMPANY, LLC (“*Owner*” or “*GLDD*”), a Delaware limited liability company with its business address at 2122 York Road, Oak Brook, Illinois 60523 (each of Builder and Owner a “*Party*,” and collectively, the “*Parties*”).

RECITALS

WHEREAS, Builder and Owner entered into that certain Vessel Construction Agreement dated January 10, 2014 (as may be amended from time to time, the “*VCA*”) for the construction of one (1) dual mode articulated tug/barge (“*ATB*”) trailing suction hopper dredge consisting of a 14,000 BHP ATB Hopper Dredge Tug, ESG Hull No. 252 (the “*Tug*”), and a 15,000 cubic yard ATB Hopper Dredge Barge, ESG Hull No. 253 (the “*Barge*”) (the Tug and the Barge comprising the “*ATB Unit*”);

WHEREAS, up to the execution of this Agreement, the delivery date of the Tug was [*], and the delivery date of the Barge was [*], pursuant to Change Order No. 812, dated February 6, 2015;

WHEREAS, numerous disputes between the Parties arose under the VCA concerning delays and performance of the VCA, the reasons for which were disputed between the Parties;

WHEREAS, Builder asserted a claim for additional costs and delays incurred by Builder against Owner on or about November 7, 2016 (the “*Builder’s Claim*”);

WHEREAS, Owner disputed such claim of Builder and asserted its own claim against Builder on or about November 23, 2016 (the “*Owner’s Claim*”);

WHEREAS, Builder filed a lawsuit against Owner on or about December 6, 2016 making various allegations (the “*Builder’s Complaint*”), the allegations of which Owner vehemently disputes;

WHEREAS, The Owner sent Builder a Notice of Breach on or about December 8, 2016 (the “*Breach Notice*”) the allegations of which Builder vehemently disputes (the Builder’s Claim, the Builder’s Complaint, the Owner’s Claim, and the Breach Notice collectively, the “*Disputes*”);

WHEREAS, the parties met and negotiated a settlement of all issues, claims, and differences between them existing as of the date hereof pertaining to the VCA and the Disputes, and desire to enter into this Agreement to document their settlement.

AGREEMENT

NOW THEREFORE, in consideration of the promises, representations, and understandings hereinafter set forth in this Agreement and in exchange for other good and valuable consideration, the receipt and adequacy of which are hereby acknowledged, the Parties agree as follows:

1. Terms. Capitalized terms not otherwise defined in this Agreement shall have the meanings set forth in the VCA.

2. Builder’s Release. Builder, on behalf of itself and on behalf of and any and all of its affiliates, parent entities, subsidiaries, insurers, representatives, principals, successors, past or present or future officers, directors, shareholders, employees, agents, attorneys, legal representatives, predecessors in interest, and assigns (collectively, the “Builder Parties”), does each hereby fully and forever release, remise and forever discharge Owner and any and all of its affiliates, parent entities, subsidiaries, insurers, representatives, principals, successors, past or present or future officers, directors, shareholders, employees, agents, attorneys, legal representatives, predecessors in interest, and assigns (collectively, the “Owner Parties”) of and from any and all actions, claims, causes of action, suits, debts, liabilities, dues, accounts, demands, obligations, costs, expenses, losses, damages, and indemnities of every kind or nature whatsoever, whether known or unknown, suspected or unsuspected, contingent or fixed, direct or indirect, which Builder or any of the Builder Parties has as of the date hereof, whether based on contract, tort, statutory, or other legal or equitable theory of recovery in connection with or arising out of the VCA and the Disputes.

3. Dismissal of the Builder’s Complaint. Not later than 12 hours following the execution of this Agreement, Builder shall file a Notice of Dismissal of the Builder’s Complaint with the U.S. District Court for the Northern District of Florida. Such dismissal shall be without prejudice until such time as all of the payments set forth in Section 7 are made. In the event that Builder subsequently files a complaint or initiates arbitration related in any way to the matters released in Section 2 above (other than an action to enforce this Agreement), this Agreement shall be null and void and any funds paid under the terms of this Agreement shall be refunded to Owner. Builder shall cause its attorneys to reasonably cooperate with Owner to seek the sealing or redaction of the Builder’s Complaint, the VCA, and other documents filed with the U.S. District Court for the Northern District of Florida in connection with the Builder’s Complaint. Such cooperation shall at a minimum consist of Builder’s attorneys not opposing motions filed by Owner requesting sealing or redaction. The timely dismissal of the Builder’s Complaint and aforesaid cooperation is a material consideration for this Agreement, and Builder’s failure to dismiss the Builder’s Complaint or provide such cooperation shall constitute a material breach, and shall render this Agreement null and void. The parties acknowledge that while the Builder’s Complaint can be dismissed without prejudice by filing a Notice of Dismissal, sealing or redaction is discretionary with the court. The Parties agree that the court’s refusal to grant such sealing or redaction shall not render this

Agreement null and void.

4. **Owner's Release.** Owner, on behalf of itself and the Owner Parties, does each hereby fully and forever release, remise, and forever discharge Builder and the Builder Parties of and from any and all actions, claims, causes of action, suits, debts, liabilities, dues, accounts, demands, obligations, costs, expenses, losses, damages, and indemnities of every kind or nature whatsoever, whether known or unknown, suspected or unsuspected, contingent or fixed, direct or indirect, which Owner or any of the Owner Parties has as of the date hereof, whether based on contract, tort, statutory, or other legal or equitable theory of recovery in connection with or arising out of the VCA and the Disputes.

5. **Change to VCA Contract Price.** The Contract Price for the ATB Unit shall be increased as set forth below, such increase to include the costs of all Change Orders listed as included in Exhibit A. Such increase shall not include those Change Orders expressly noted in Exhibit A as being not included, which are to be paid in accordance with their terms and in the manner described in the VCA. The change to the Contract Price is to be allocated between the Tug and the Barge as follows:

For the Tug: \$[*]
 For the Barge: \$[*]
 Total: \$[*]

6. **Completion Bonus.** Owner shall pay Builder an additional sum of [*] for the completion of the ATB Unit, payable on the date set forth below without regard to the actual date of delivery of the ATB Unit. The Completion Bonus is to be allocated [*] to the Tug and [*] to the Barge. Paragraph 5 of Change Order 812 is deleted as moot.

7. **Payments.** Notwithstanding the payment schedule for the VCA as set out in Exhibit Q to the VCA, Owner shall pay to Builder the sums identified in Sections 5 and 6 as follows:

For the Tug	For the Barge	Total	Payment Due On or Before
[*]	[*]	[*]	December 23, 2016
[*]	[*]	[*]	January 6, 2017
[*]	[*]	[*]	February 3, 2017
[*]	[*]	[*]	[*]
[*]	[*]	[*]	

All such payments shall be paid without set off, counterclaim, offset or other adjustment of any kind by wire transfer to:

Execution Version

8. Delivery Date. Exhibit A to the VCA shall be deemed amended to show a Delivery Date for both the Tug and the Barge of [*], which Delivery Date may be subject to further modification as set forth in the VCA. The foregoing amendment of the Delivery Date of [*] takes into account: (i) all previously executed Change Orders for which the Delivery Date was extended; and (ii) all Outstanding Change Orders (as defined below) for which the Delivery Date is to be extended. The parties shall continue to work diligently to accomplish Delivery of the ATB Unit by the Delivery Date, as the Delivery Date may be subsequently modified under the terms of the VCA. Builder agrees that it will not seek to extend the Delivery Date for minor incidental disruptions of less than a day, regardless of cause, events of Force Majeure excepted.

9. Liquidated Damages. Notwithstanding any provisions of Article 8 of the VCA to the contrary, liquidated damages shall not begin to accrue or escalate in amount unless and until Builder shall deliver the ATB Unit later than [*] after the Delivery Date as set forth in Section 8 hereof, as such Delivery Date may be subsequently modified under the terms of the VCA. Liquidated damages, if any, shall begin to accrue and escalate at the rates specified in Articles 8.1 through 8.7 of the VCA on and not before the [*] day after the Delivery Date as set forth in Section 8 hereof, as such Delivery Date may be subsequently modified under the terms of the VCA (such [*] day, the “LD Start Date”). For the purposes of computing Liquidated Damages only, the LD Start Date shall be substituted for the term “Delivery Date” in VCA Articles 8.1 through 8.6

10. Force Majeure.

a. Article 7.2 of the VCA shall be clarified as follows: Notwithstanding any language in the VCA to the contrary, delays caused by weather conditions shall be Force Majeure when the weather conditions prevent Builder from carrying out the Work, but only to the extent that the weather conditions prevent the Builder from carrying out the Work. Force Majeure delays may be credited by the hours of impact suffered by Builder, with each partial hour of impact credited as a full hour.

b. Notwithstanding any provision of the VCA to the contrary, in the event of an incident claimed by Builder to constitute Force Majeure, Builder’s representative shall notify Owner’s representative at the shipyard of such claim of Force Majeure on the day claimed to be lost due to Force Majeure and the on-site representatives shall consult that day or the following day. If the on-site representatives agree that the event was or was not Force Majeure, they shall document such agreement by email or otherwise in writing, and such agreement shall be conclusive and binding and when they agree the event was Force Majeure, the Delivery Date shall be extended by the amount of time equal to the duration of the event. If the on-site representatives do not agree that the event was Force Majeure, then the on-site representatives shall refer the issue to duly authorized officers of the Parties for decision. If the duly

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authorized officers do not reach agreement within a day, the Parties shall refer such disputes to resolution under Articles 25.3 to 25.5 of the VCA, notwithstanding the dollar limits otherwise set forth therein.

11. Further Litigation. In the event of any further litigation between the Parties arising with regard to the Builder’s Claims or the Builder’s Complaint in which each Party brings a claim against the other, as between the Parties Builder shall be deemed to be the Plaintiff-party to the extent permitted by the court.

12. Credit Change Orders. Owner hereby waives any and all rights to credits against the Contract Price for the Change Orders identified in Exhibit B to this Agreement.

13. Pending Change Orders. All Change Orders previously executed by the parties remain in full force and effect according to their terms except as expressly set forth herein. Included in Exhibit A is a list of all outstanding Change Orders which have been proposed but not yet executed (“Outstanding Change Orders”). All of such Outstanding Change Orders are hereby mutually agreed, with the time for such Change Orders included in the additional time granted by Section 8 of this Agreement and the cost for which to be paid as set forth in Section 5 of this Agreement.

14. Additional Change Orders. From the date of this Agreement onward, the Parties shall endeavor to minimize their initiation of Change Orders to fullest extent practicable. To expedite the resolution of Change Order issues, notwithstanding any provisions in the VCA to the contrary, the Parties agree to the following changes to the Change Order procedure as set out in Article 9 to the VCA.

a. Prior to initiating a Change Order, the on-site representatives of the Parties shall meet to discuss the necessity for any Change Order, possible alternatives to a Change Order, and the impact of a Change Order on the Contract Price and the Delivery Date.

b. In the event of any dispute regarding the necessity for a Change Order, or the change in Contract Price or Delivery Date, the Parties shall attempt to conclusively resolve such dispute within 5 days, failing which the Parties shall refer the issue to resolution pursuant to Articles 25.3 through 25.5 of the VCA notwithstanding the dollar limits otherwise set forth therein.

15. Owner Information. As the Work proceeds to completion, Builder will require additional information concerning Owner Furnished Items, Owner’s plans for integration and commissioning of Owner Furnished Items, and other information (collectively, “Owner Information”) to be timely provided to Builder. Builder has an obligation to timely advise Owner of the dates by which Builder requires specific items of Owner Information to avoid delays to the critical path of completion of the ATB Unit; and Owner has an obligation to timely provide Owner

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Information to avoid delays to the critical path of completion of the ATB Unit. Any disputed delays in the critical path advised by Builder to Owner that directly result from Owner’s failure to timely provide Owner Information shall be handled in accordance with Articles 25.3 through 25.5 of the VCA notwithstanding the dollar limits otherwise set forth therein.

16. Class and Regulatory Approvals. Final approval of vessel drawings required for regulatory or classification society approval of the ATB Unit will require cooperation between the Parties with regard to responses to Classification Society enquiries and for approval of installation work by the classification society surveyors or regulatory authorities. The Parties agree to cooperate in providing responses to the classification society technical issues and the facilitation of surveys by classification society surveyors and regulatory officials, in accordance with reasonable shipbuilding practice. The status of drawings reviewed by the classification society as of December 15, 2016 is set out in Exhibit C; provided however, that the information therein regarding responsibility for, and the status of, responses to the classification society shall be jointly reviewed and updated by mutual agreement of the Parties at the Planning Meeting (as defined below). The responsibility for regulatory approval of drawings including, but not limited to, providing responses to the regulatory or classification society technical issues relating to Functional Design Drawings, shall remain with Owner; and responsibility for Detail Design Drawings including, but not limited to providing responses to the regulatory or classification society issues relating to Detail Design Drawings and Detailed Construction Documentation shall remain with Builder. Builder shall not delay construction pending receipt of regulatory approvals for a completed Functional Design Drawing, provided that Owner gives written direction to Builder to proceed with the Work in accordance with that drawing and any changes or modifications required due to Builder proceeding, at the direction of Owner in advance of regulatory approval of any such drawing shall be the responsibility of and for the account of Owner.

17. Owner Furnished Items. Builder will require the Owner Furnished Items listed in Exhibit D to be timely provided to Builder. Builder has an obligation to timely advise Owner of the dates by which Builder will require specific Owner Furnished Items; and Owner has an obligation to provide the specific Owner Furnished Items by those dates to avoid delays to the critical path of completion of the ATB Unit. Any disputed delays in the critical path advised by Builder to Owner that directly result from Owner’s failure to timely provide Owner Furnished Items shall be handled in accordance with Articles 25.3 through 25.5 of the VCA notwithstanding the dollar limits otherwise set forth therein.

18. Project Schedule. Builder and Owner shall cooperate to develop a mutually agreed format for the Project Schedule for the Completion of the Work. The Parties agree to meet within four weeks of execution of this Agreement to conduct a planning meeting (the “Planning Meeting”) in an effort to mutually agree on the format of the Project Schedule, which shall include, at a minimum:

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- a. remaining work items in sufficient detail to allow weekly progress measurement;
- b. the critical path to completion; and
- c. critical points of interface between Owner and Builder (i.e., instances where performance of the Builder's Work depends upon the Owner, such as the dates on which Owner Information and Owner Furnished Items are required).

The Project Schedule shall also include the expected surveying and testing schedule. The Project Schedule format is to be agreed within two weeks of the Planning Meeting. In the event the Parties do not reach agreement on the Project Schedule format, the matter shall be conclusively resolved as soon as possible pursuant to Article 25.3 through 25.5 of the VCA notwithstanding the dollar limits otherwise set forth therein. Thereafter, Builder shall provide to Owner an updated Project Schedule at least every four weeks.

19. Weekly Status Meetings. The Parties agree that their duly authorized officers will meet (in person, by conference call, or by other mutually agreed electronic means), not less frequently than weekly to discuss the status of the Work and all issues related thereto, including but not limited to, the status of the Project Schedule, any information needed by Builder, Owner, or the classification society to advance the Work, Change Orders, integration of Owner Furnished Items, commissioning plans, dock trials and sea trials, and any other matters pertinent to construction and delivery of the ATB Unit. At the end of each such meeting but prior to its conclusion, the attendees shall develop a mutually agreed action item list indicating the responsible Party for each such item and the completion date for each such item.

20. System Tests. Article 4.4 of the VCA is clarified as follows: The Parties agree that the System Tests described in Article 4.4 of the VCA shall be limited to loading and unloading of water only and shall be conducted in waters adjacent to Builder's shipyard or such other convenient, mutually agreed location as may be permitted by cognizant authorities. Owner will not accept Delivery until System Tests as limited above are successfully completed. Owner shall not withhold the \$500,000 Retained Amount as defined in Article 4.4 of the VCA. Builder will at Builder's cost send a team to the ATB Unit to observe the initial sand dredging by the ATB Unit.

21. Builder-Owner Relationship. Builder and Owner shall each advise and instruct their personnel and representatives that all disputes between Builder and Owner have been amicably resolved and that all personnel are expected to continue to work together to complete the Work professionally and with mutual respect.

22. Representatives.

- a. The on-site representatives shall be:

(1) For Owner: Steve Becker, Ray Staton, Jimmy Caruthers (for the Barge), and Christian Colletti (for the Tug); and

(2) For Builder: Chris Hill (for the Barge) and Greg Boudreaux (for the Tug).

b. The authorized officers shall be:

(1) For Owner: David Simonelli; and.

(2) For Builder: Joey D’Isernia.

c. A Party may supplement or change an on-site representative or authorized officer by providing written notice to the other Party.

23. No Admission of Liability. Each of the Parties understands and agrees that this Agreement and the settlement provided for herein, are intended to compromise disputed claims and defenses, to avoid litigation and to buy peace, and that this Agreement and the settlement provided for herein shall not be construed or viewed as an admission by either Party of liability or wrongdoing, such liability being expressly denied. Except for purposes of enforcing the terms hereof, or in connection with disputes arising hereunder, this Agreement, and the settlement provided for herein, shall not be admissible in any lawsuit, arbitration, or any other judicial or administrative proceeding if offered to show, demonstrate, evidence, or support a contention that any of the Parties acted illegally, improperly, or in breach of law, contract, or proper conduct.

24. Confidentiality. As a material inducement and an indivisible part of the consideration to be received by Owner to enter into this Agreement, the Parties agree that it is appropriate to maintain the allegations made in the Disputes and Builder’s Complaint, this Agreement, the terms of this Agreement, and the settlement provided for herein (collectively, the “Information”) as confidential from the date of this Agreement onward. Toward that end, except as provided in section 23 above, each Party agrees that it and its attorneys will neither disclose nor reveal to any person or entity or directly or indirectly publish, publicize, disseminate, or communicate to any person or entity the Information on a going-forward basis as of the date of this Agreement, including but not limited to a prohibition on Builder and Owner and each of their respective personnel, agents, and attorneys posting or otherwise disclosing Information on the Internet or any other paper or electronic media outlet (including but not limited to news organizations websites or newspapers, email, blogs, Facebook, MySpace, Twitter, etc.). Notwithstanding the foregoing, the Parties may disclose the Information to their current and future lenders as may be required or appropriate.

25. Neutral Interpretation. The Parties shall be deemed to have cooperated in the drafting and preparation of this Agreement, and therefore any construction to be made of this Agreement

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shall not be construed against any Party. The Parties have each been represented by independent legal counsel in agreeing to the terms and conditions of this Agreement, and have relied upon the advice of counsel in reviewing and executing this Agreement. The individuals or representatives executing this Agreement have full capacity and authority to bind the Party for whom they have executed this Agreement as the voluntary act of such Party.

26. Tax Consequences. Each Party agrees that if it is later determined by the Internal Revenue Service, the State of Florida, or any other taxing body that taxes of any type should have been paid by that Party in connection with any benefits received pursuant to this Agreement, it will be solely responsible for paying such taxes. Neither Builder nor Owner makes any representations or warranties regarding the legal effect or tax consequences of this Agreement. Builder and Owner each further expressly acknowledge that it has neither received nor relied upon any tax advice from the other Party or that Party’s representatives and attorneys.

27. Counterparts. This Agreement may be executed in counterparts and each executed counterpart shall be effective as the original. All faxed, emailed, or electronic signatures affirming this Agreement constitute an original signature.

28. Effect of Agreement. This Agreement is intended by the Parties to constitute the final and complete expression of their agreement regarding the subject matter hereof and is the complete and exclusive statement of the terms of the Agreement. The Parties declare and represent that no promise, inducement or other agreement not expressly contained in this Agreement has been made conferring any benefit upon them or upon which they have relied in any way. Except as modified hereby, the VCA remains in full force and effect. This Agreement shall be deemed to be a part of the VCA. Therefore, notwithstanding the mutual releases set forth above, each Party remains obligated to timely comply with all of its respective obligations under the VCA, as amended hereby.

29. Scope of Agreement. This Agreement includes the following Exhibits:

- Exhibit A: Outstanding Change Orders
- Exhibit B: Change Order Credits Waived
- Exhibit C: Status of Drawings
- Exhibit D: Outstanding Owner Furnished Items

Execution Follows:

Execution Version

IN WITNESS WHEREOF, the parties hereto have executed this Agreement effective as of the 23rd day of December, 2016.

BUILDER: EASTERN SHIPBUILDING GROUP, INC.

/s/ Brian R. D’Isernia

By: Brian R. D’Isernia

Title: Chief Executive Officer

NOTARIAL ACKNOWLEDGEMENT

STATE OF FLORIDA)
) : ss:
BAY COUNTY)

On this ____ day of December, 2016, before me personally appeared Brian R. D’Isernia to me known, who, being by me duly sworn, did depose and say that he is the Chief Executive Officer of Eastern Shipbuilding Group, Inc. and that he signed his name thereto pursuant to authority granted to him by the Board of Directors of Eastern Shipbuilding Group, Inc.

Notary Public

(Notarial Stamp
and Seal)

OWNER: GREAT LAKES DREDGE & DOCK COMPANY LLC

/s/ David E. Simonelli

By: David E. Simonelli

Title: President, Dredging Division

NOTARIAL ACKNOWLEDGEMENT

STATE OF ILLINOIS)
): ss:
COUNTY OF DuPAGE)

On this ____ day of December, 2016, before me personally appeared David E. Simonelli to me known, who, being by me duly sworn, did depose and say that he is the President, Dredging Division, of Great Lakes Dredge & Dock Company, LLC; and that he signed his name thereto pursuant to authority granted to him by the Board of Managers of Great Lakes Dredge & Dock Company, LLC.

Notary Public

(Notarial Stamp
and Seal)

Execution Version

[Exhibits Redacted]

Ratio of Earnings to Fixed Charges
Great Lakes Dredge & Dock Corporation
(dollars in thousands)

	2012	2013	2014	2015	2016
Pretax income (loss) from continuing operations (1)	\$ 11,590	\$ 29,109	\$ 6,293	\$ (2,635)	\$ (11,604)
Fixed charges	27,594	28,556	27,766	31,007	29,549
Capitalized Interest	—	(522)	(1,401)	(3,227)	(5,628)
Distributed income of equity investees	—	—	—	—	—
	<u>\$ 39,184</u>	<u>\$ 57,143</u>	<u>\$ 32,658</u>	<u>\$ 25,145</u>	<u>\$ 12,317</u>
Fixed charges:					
Interest expense and amortized deferred financing costs	\$ 20,920	\$ 21,941	\$ 19,967	\$ 24,365	\$ 22,907
Estimated interest expense in operating leases	6,674	6,615	7,799	6,642	6,642
Preference security dividend requirements	—	—	—	—	—
Total fixed charges	<u>\$ 27,594</u>	<u>\$ 28,556</u>	<u>\$ 27,766</u>	<u>\$ 31,007</u>	<u>\$ 29,549</u>
Ratio of earnings to fixed charges (2)	<u>1.4</u>	<u>2.0</u>	<u>1.2</u>	<u>0.8</u>	<u>0.4</u>

(1) Before adjustment for noncontrolling interests in consolidated subsidiaries and income (loss) from equity investees.

(2) The Company had deficiencies of earnings to fixed charges of \$17,232 and \$5,862 for the year ended December 31, 2016 and 2015, respectively.

SUBSIDIARIES OF THE REGISTRANT

<u>Name</u>	<u>Jurisdiction of Incorporation</u>
Great Lakes Dredge & Dock Company, LLC	Delaware
Dawson Marine Services Company	Delaware
Great Lakes Dredge & Dock Environmental, Inc.	Delaware
Fifty-Three Dredging Corporation	New Jersey
Great Lakes Dredge & Dock Australia Pty Ltd	Australia
Great Lakes Dredge & Dock do Brasil Ltda.	Brazil
Great Lakes Dredge & Dock India Private Limited	India
Lydon Dredging & Construction Company, Ltd.	Canada
Great Lakes Dredge & Dock (Bahamas) Ltd.	Bahamas
GLDD Mexicana, S. de R.L. DE C.V.	Mexico
NASDI Holdings, LLC	Delaware
Terra Contracting Services, LLC	Delaware
Great Lakes Environmental & Infrastructure, LLC	Delaware
Great Lakes Environmental & Infrastructure Solutions, LLC	Delaware
Terra Fluid Management, LLC	Delaware

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We consent to the incorporation by reference in Registration Statement No. 333-153207 on Form S-3 and Registration Statement Nos. 333-150067 and 333-185350 on Form S-8 of our reports dated February 28, 2017, relating to the consolidated financial statements and financial statement schedule of Great Lakes Dredge & Dock Corporation and subsidiaries (the "Company"), and the effectiveness of the Company's internal control over financial reporting, appearing in the Annual Report on Form 10-K of Great Lakes Dredge & Dock Corporation for the year ended December 31, 2016.

/s/ Deloitte & Touche LLP

Chicago, Illinois
February 28, 2017

CONSENT OF INDEPENDENT AUDITOR

We consent to the incorporation by reference in the Registration Statement No. 333-153207 on Form S-3 and Registration Statement Nos. 333-150067 and 333-185350 on Form S-8 of Great Lakes Dredge & Dock Corporation of our report, dated February 29, 2016, on our audits of the financial statements of TerraSea Environmental Solutions, LLC as of December 31, 2015 (Liquidation Basis) and for the years ended December 31, 2015 (Liquidation Basis) and 2014 (Going Concern Basis), which report is included in the annual report on Form 10-K of Great Lakes Dredge & Dock Corporation for the year ended December 31, 2016.

/s/CohnReznick LLP

Chicago, Illinois

February 28, 2017

CONSENT OF INDEPENDENT AUDITOR

We consent to the incorporation by reference in the Registration Statement No. 333-153207 on Form S-3 and Registration Statement Nos. 333-150067 and 333-185350 on Form S-8 of Great Lakes Dredge & Dock Corporation of our report, dated February 29, 2016, on our audit of the consolidated financial statements of Amboy Aggregates Joint Venture and Subsidiaries as of December 31, 2015 and for the period from January 1, 2015 to June 30, 2015 (Going Concern Basis) and July 1, 2015 to December 31, 2015 (Liquidation Basis), which report is included in the Form 10-K of Great Lakes Dredge & Dock Corporation for the year ended December 31, 2016.

/s/CohnReznick LLP
New York, New York
February 28, 2017

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We hereby consent to the inclusion by reference in Registration Statement No. 333-153207 on Form S-3 and Registration Statement Nos. 333-150067 and 333-185350 on Form S-8 of our report dated March 27, 2015, relating to the consolidated financial statements of Amboy Aggregates Joint Venture and Subsidiaries and Lower Main Street Development, LLC (A Limited Liability Company), as of December 31, 2014 and the related consolidated statements of income and partners' capital and cash flows for the years then ended, which appear in Great Lakes Dredge & Dock Corporation's Annual Report on Form 10-K for the year ended December 31, 2016 as filed with the Securities and Exchange Commission on February 28, 2017.

WithumSmith+Brown, PC
New Brunswick, New Jersey
February 28, 2017

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

CERTIFICATION

I, Mark W. Marinko, certify that:

1. I have reviewed this annual report on Form 10-K 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: February 28, 2017

/s/ MARK W. MARINKO

Mark W. Marinko

Interim Chief Executive Officer and Senior Vice President, 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 Annual Report of Great Lakes Dredge & Dock Corporation (the "Company") on Form 10-K for the year ended December 31, 2016, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Mark W. Marinko, Interim Chief Executive Officer 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:

- (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

Interim Chief Executive Officer and Senior Vice President,
Chief Financial Officer

Date: February 28, 2017

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.

TerraSea Environmental Solutions, LLC

Financial Statements as of December 31, 2016 (Unaudited) and 2015,
and for the Years Ended
December 31, 2016 (Unaudited), 2015 and 2014, and Independent Auditor's Report

TERRASEA ENVIRONMENTAL SOLUTIONS, LLC

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Independent Auditor's Report

To the Members of
TerraSea Environmental Solutions, LLC

We have audited the accompanying financial statements of TerraSea Environmental Solutions, LLC, which comprise the statement of net liabilities in liquidation as of December 31, 2015 and the related statements of changes in net assets in liquidation and cash flows for the year then ended and the related statements of operations, members' equity (deficit), and cash flows for the year ended December 31, 2014, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the TerraSea Environmental Solutions, LLC's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the TerraSea Environmental Solutions, LLC's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the net liabilities in liquidation of TerraSea Environmental Solutions, LLC as of December 31, 2015, and the changes in net liabilities in liquidation and its cash flows for the year ended December 31, 2015 and the results of TerraSea Environmental Solutions, LLC's operations and its cash flows for the year ended December 31, 2014 in accordance with accounting principles generally accepted in the United States of America.

Emphasis of a Matter

As discussed in Note 1 to the financial statements, the partners of TerraSea Environmental Solutions, LLC have determined that liquidation was imminent as of December 31, 2015. As a result, the Company changed

its basis of accounting from the going concern basis to the liquidation basis. Our opinion is not modified with respect to this matter.

CohnReznick LLP
Chicago, Illinois
February 29, 2016

TERRASEA ENVIRONMENTAL SOLUTIONS, LLC
STATEMENT OF NET LIABILITIES IN LIQUIDATION (LIQUIDATION BASIS)
AS OF DECEMBER 31, 2016 (UNAUDITED) AND 2015
(In thousands)

	<u>2016</u> <u>(unaudited)</u>	<u>2015</u>
ASSETS		
Cash	\$ 1,030	\$ 72
Accounts receivable	607	4,268
Claim receivable	740	740
TOTAL	<u>2,377</u>	<u>5,080</u>
LIABILITIES		
Advances from members	26,245	28,142
Accrued liquidation costs	284	1,006
TOTAL	<u>26,529</u>	<u>29,148</u>
NET LIABILITIES IN LIQUIDATION	<u>\$ (24,152)</u>	<u>\$ (24,068)</u>

See notes to financial statements.

TERRASEA ENVIRONMENTAL SOLUTIONS, LLC
STATEMENT OF CHANGES IN NET LIABILITIES IN LIQUIDATION (LIQUIDATION BASIS)
FOR THE YEAR ENDED DECEMBER 31, 2016 (UNAUDITED) AND THE PERIOD ENDED DECEMBER 31, 2015
(In thousands)

	2016 <u>(unaudited)</u>
Net liabilities in liquidation as of December 31, 2015	\$ (24,068)
Changes in net liabilities in liquidation	
Changes in accrued liquidation costs	(84)
Net liabilities in liquidation as of December 31, 2016	<u>\$ (24,152)</u>

	2015
Net liabilities in liquidation as of December 31, 2015	\$ (23,967)
Changes in net liabilities in liquidation	
Changes in accrued liquidation costs	(101)
Net liabilities in liquidation as of December 31, 2015	<u>\$ (24,068)</u>

See notes to financial statements.

TERRASEA ENVIRONMENTAL SOLUTIONS, LLC
STATEMENTS OF OPERATIONS (GOING CONCERN BASIS)
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014
(In thousands)

	2015	2014
CONTRACT REVENUES	\$ 6,960	\$ 11,278
COSTS OF CONTRACT REVENUES	<u>10,761</u>	<u>30,431</u>
GROSS LOSS	(3,801)	(19,153)
GENERAL AND ADMINISTRATIVE EXPENSES	<u>—</u>	<u>703</u>
NET LOSS	<u>\$ (3,801)</u>	<u>\$ (19,856)</u>

See notes to financial statements.

TERRASEA ENVIRONMENTAL SOLUTIONS, LLC
STATEMENTS OF MEMBERS' DEFICIT (GOING CONCERN BASIS)
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014
(In thousands)

	Members'
	Deficit
BALANCE — December 31, 2013 (unaudited)	(858)
Net loss	(19,856)
BALANCE — December 31, 2014	(20,714)
Net loss	(3,801)
BALANCE — December 31, 2015	(24,515)

See notes to financial statements.

TERRASEA ENVIRONMENTAL SOLUTIONS, LLC
STATEMENTS OF CASH FLOWS (GOING CONCERN BASIS)
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014
(In thousands)

	<u>2015</u>	<u>2014</u>
OPERATING ACTIVITIES:		
Net loss	\$ (3,801)	\$ (19,856)
Adjustments to reconcile net loss to net cash used in operating activities		
Provision for loss contract	(4,221)	4,221
Changes in assets and liabilities:		
Accounts receivable	(2,388)	3,228
Contract revenues in excess of billings	6,727	(6,432)
Prepaid contract expenses	—	229
Accrued expenses	(1,032)	(691)
Net cash flows used in operating activities	<u>(4,715)</u>	<u>(19,301)</u>
FINANCING ACTIVITIES:		
Advances from members	4,715	19,300
Net cash flows provided by financing activities	<u>4,715</u>	<u>19,300</u>
NET CHANGE IN CASH AND EQUIVALENTS	—	(1)
CASH AND CASH EQUIVALENTS — Beginning of year	72	73
CASH AND CASH EQUIVALENTS — End of year	<u>\$ 72</u>	<u>\$ 72</u>

See notes to financial statements.

TERRASEA ENVIRONMENTAL SOLUTIONS, LLC
NOTES TO FINANCIAL STATEMENTS
AS OF DECEMBER 31, 2016 (UNAUDITED) and 2015
AND FOR THE YEARS ENDED
DECEMBER 31, 2016 (UNAUDITED), 2015 and 2014
(in thousands)

1. NATURE OF BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization — TerraSea Environmental Solutions, LLC (the “Company” or “TerraSea”) is a limited liability company (LLC) organized on July 9, 2011, under Delaware law. TerraSea is 50% owned by Great Lakes Dredge & Dock Environmental, Inc. (“Great Lakes”), a member, and 50% owned by Environmental Remediation Holdings (“ERH”), a member, and is governed by a Board of Managers under the terms of a limited liability company agreement.

TerraSea provides water and land based environmental services in the area of clean up and remediation of sediments, soil and groundwater for both marine and land based projects. The joint venture was established to capitalize on the expertise of the two equal partners for projects in the United States offering optimally engineered global solutions for environmental cleanup needs.

The members in TerraSea have decided to begin the winddown of operations and liquidation of the investments at the conclusion of the ongoing project operations.

Use of Estimates — The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America (“GAAP”) requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Revenue and Cost Recognition on Contracts — The Company’s contracts for dredging services are fixed-price contracts, which provide for remeasurement based on actual quantities dredged. The Company’s contracts for environmental and remediation projects are also fixed-price contracts, with others performed on a time-and-materials basis. Contract revenues are recognized under the percentage-of-completion method based on the Company’s engineering estimates of the physical percentage completed for dredging projects and based on costs incurred to date compared to total estimated costs for fixed-price environmental and remediation projects. For dredging projects, costs of contract revenues are adjusted to reflect the gross profit percentage expected to be achieved upon ultimate completion. For environmental and remediation contracts, contract revenues are adjusted to reflect the estimated gross profit percentage. Revisions in estimated gross profit percentages are recorded in the period during which the change in circumstances is experienced or becomes known. Provisions for estimated losses on contracts in progress are made in the period in which such losses are determined. Change orders are not recognized in revenue until the recovery is probable and collectability is reasonably assured. Claims for additional compensation due to the Company are not recognized in contract revenues until such claims are settled. Billings on contracts are generally submitted after verification with the customers of physical progress and may 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. Modifications may be negotiated when a change from the original contract specification is encountered, and a change in project scope, performance methodology and/or material disposal is necessary. Thus, the resulting modification is considered a change in the scope of the original project to which it relates. Significant expenditures incurred

incidental to major contracts are deferred and recognized as contract costs based on contract performance over the duration of the related project. These expenditures are reported as prepaid expenses.

The components of costs of contract revenues include labor, equipment (including depreciation, maintenance, insurance and long-term rentals), subcontracts, fuel 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.

Income Taxes — The Company is treated as a partnership for federal and state income tax reporting purposes and is not subject to corporate income taxes on the taxable income. For income tax purposes, the Company reports income on the percentage of completion, capitalized cost method of accounting.

Classification of Current Assets and Liabilities — The Company includes in current assets and liabilities amounts realizable and payable in the normal course of contract completion, unless completion of such contracts extends significantly beyond one year.

Cash Equivalents — The Company considers all highly liquid investments with a maturity at purchase of three months or less to be cash equivalents.

Accounts Receivable — Net — Accounts receivable represent amounts due or billable under the terms of contracts with customers, including amounts related to retainage. The Company anticipates collection of retainage generally within one year, and accordingly presents retainage as a current asset. The Company provides an allowance for estimated uncollectible accounts receivable when events or conditions indicate that amounts outstanding are not recoverable.

Fair Value — The carrying value of accounts receivable and other financial instruments included in current assets and current liabilities approximates fair value due to the short-term maturities of these instruments.

Liquidation — Based on discussions with the Company's partners, it was determined that liquidation at TerraSea was imminent as of December 31, 2015. The Company finished dredging operations in October and demobilized in December 2015. Based on completion of the Company's one project, effective December 31, 2015, the Company applied the liquidation basis of accounting on a prospective basis. The liquidation basis of accounting requires the Company to estimate amounts of cash or other consideration it expects to collect and to accrue all costs associated with implementing and completing the plan of liquidation and requires management to make estimates that affect the amounts reported in the combined financial statements and related notes. To the extent there are any changes in the Company's December 31, 2015 initial estimates, there will be changes reflected in the Statement of Changes in Net Liabilities in Liquidation.

Before the Company can fully liquidate its Net Liabilities in Liquidation, TerraSea must complete the remaining contract item at the remediation site for its one project. This contract item was completed in 2016. There are no remaining TerraSea projects at December 31, 2016. The Company is expected to be fully dissolved in 2017. Accordingly, TerraSea has made appropriate expense accruals for such time period in the calculation of Net Liabilities in Liquidation. However, the projected remaining wind down period could be either shortened or lengthened by other intervening matters not currently known to management. If the timing of any of these steps changes, the future accrued costs may change. Results could differ from these estimates and may affect the net liabilities in liquidation and actual cash flows.

The financial statements for the period ended December 31, 2014, were prepared on the going concern basis of accounting, which contemplates the realization of assets and satisfaction of liabilities in the normal course of business.

Prior period financial results have not been restated under the liquidation basis of accounting.

2. CUMULATIVE EFFECT OF ACCOUNTING CHANGE/NET LIABILITIES IN LIQUIDATION

The following is a reconciliation of Members' Equity (Deficit) under the going concern basis of accounting to net liabilities in liquidation under the liquidation basis of accounting as of December 31, 2015.

Members' Equity (Deficit) as of December 31, 2015	\$ (24,515)
Increase due to claims on project	740
Liability for accrued estimated disposal costs of liquidation	(192)
Adjustments to reflect the change to the liquidation basis of accounting	548
Estimated value of net liabilities in liquidation as of December 31, 2015	<u>\$ (23,967)</u>

In applying liquidation basis of accounting, the Company recognized a decrease of \$548 in its estimated value of net liabilities in liquidation. This estimated value of net liabilities in liquidation includes projections of costs and expenses to be incurred during the time it takes to complete the plan of liquidation. There is inherent uncertainty with these projects, and they could change materially based on the timing of the completion of all the steps necessary for the liquidation.

3. MAJOR CUSTOMERS AND CONCENTRATIONS OF RISK

The Company has one customer that represents 99.2% of contract revenues in 2015. At December 31, 2015, two customers accounted for 78.2% and 21.7%, respectively, of accounts receivable, including retainage.

For the year ended December 31, 2014, the Company has two customers that represented 84.2% and 15.8%, respectively, of contract revenues.

4. COMMITMENTS AND CONTINGENCIES

Commitments include the usual obligations of construction contractors for completion of contracts and those incurred in the ordinary course of business.

5. RELATED-PARTY TRANSACTIONS

The Company has no direct employees and pays no invoices directly, so each member incurs expenses on behalf of TerraSea and recharges the costs to the joint venture. Since inception, the Company received advances of \$24,693 and \$27,549 as of December 31, 2016 and 2015, respectively, from Great Lakes and \$593 as of December 31, 2016 and 2015 from ERH, net of funds retained by members from project receivables collections, to fund working capital needs of TerraSea. The outstanding balance is shown as advances from members in the balance sheet.

6. SUBSEQUENT EVENTS

The Company has recorded or disclosed, as appropriate, all events or transactions that occurred after December 31, 2016 up through February 28, 2017 the date these financial statements were available for issuance.

* * * * *

Amboy Aggregates Joint Venture and Subsidiaries

**Consolidated Financial Statements
and Independent Auditor's Reports**

As of December 31, 2016 (unaudited) and 2015 and for the Year Ended December 31, 2016 (unaudited) and for the Periods from January 1, 2015 to June 30, 2015 and July 1, 2015 to December 31, 2015 and for the Year Ended December 31, 2014

Amboy Aggregates Joint Venture and Subsidiaries

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To the Partners
Amboy Aggregates Joint Venture

We have audited the accompanying consolidated financial statements of Amboy Aggregates Joint Venture and Subsidiaries, which comprise the consolidated statement of net assets in liquidation as of December 31, 2015, and the related consolidated statement of changes in net assets in liquidation for the period from July 1, 2015 to December 31, 2015, and the consolidated statements of operations and partners' capital and cash flows for the period from January 1, 2015 to June 30, 2015, and the related notes to the consolidated financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the net assets in liquidation of Amboy Aggregates Joint Venture and Subsidiaries as of December 31, 2015, and the changes in its net assets in liquidation for the period from July 1, 2015 to December 31, 2015 and the results of their operations and their cash flows for the period from January 1, 2015 to June 30, 2015 in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 2 to the consolidated financial statements, the partners of Amboy Aggregates approved a plan of liquidation on July 1, 2015, and the Company determined liquidation is imminent. As a result, the Company changed its basis of accounting for periods subsequent to June 30, 2015 from the going concern basis to the liquidation basis. Our opinion is not modified with respect to this matter.

/s/ CohnReznick LLP
New York, New York
February 29, 2016

To the Partners
Amboy Aggregates Joint Venture

We have audited the accompanying consolidated financial statements of Amboy Aggregates Joint Venture and Subsidiaries (the "Companies"), which comprise the consolidated balance sheet as of December 31, 2014, and the related consolidated statements of income and partners' capital and cash flows for the year then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Amboy Aggregates Joint Venture and Subsidiaries as of December 31, 2014, and the results of their consolidated operations and their consolidated cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

/s/ WithumSmith+Brown. PC
New Brunswick, NJ
March 27, 2015

AMBOY AGGREGATES JOINT VENTURE AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF NET ASSETS IN LIQUIDATION (LIQUIDATION BASIS)
AS OF DECEMBER 31, 2016 (UNAUDITED) AND 2015

	2016	2015
	(unaudited)	
ASSETS		
Cash	\$ 869,732	\$ 3,855,682
Accounts receivable	153,295	383,826
Restricted cash	823,898	3,414,330
Property, plant and equipment	—	200,000
TOTAL	<u>1,846,925</u>	<u>7,853,838</u>
LIABILITIES		
Contract obligation to restore piers (Note 4)	1,090,372	7,461,146
Accrued liquidation costs	28,822	145,690
TOTAL	<u>1,119,194</u>	<u>7,606,836</u>
NET ASSETS IN LIQUIDATION	<u>\$ 727,731</u>	<u>\$ 247,002</u>

See notes to consolidated financial statements.

AMBOY AGGREGATES JOINT VENTURE AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN NET ASSETS IN LIQUIDATION (LIQUIDATION BASIS)
FOR THE YEAR ENDED DECEMBER 31, 2016 (UNAUDITED) AND FOR PERIOD FROM JULY 1, 2015 TO
DECEMBER 31, 2015

	2016
	(unaudited)
Net assets in liquidation as of December 31, 2015	\$ 247,002
Changes in net assets in liquidation	
Changes in accounts receivable	(61,457)
Changes in property, plant and equipment	(25,000)
Changes in contract obligation to restore piers	550,000
Changes in accrued liquidation costs	17,186
Net assets in liquidation as of December 31, 2016	<u>\$ 727,731</u>
	2015
Net assets in liquidation as of July 1, 2015	\$ 284,002
Changes in net assets in liquidation	
Changes in accrued liquidation costs	(37,000)
Net assets in liquidation as of December 31, 2015	<u>\$ 247,002</u>

See notes to consolidated financial statements.

AMBOY AGGREGATES JOINT VENTURE AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF OPERATIONS AND PARTNERS' CAPITAL (GOING CONCERN BASIS)
FOR THE PERIOD FROM JANUARY 1, 2015 TO JUNE 30, 2015 AND FOR THE YEAR ENDED DECEMBER 31, 2014

	2015	2014
Net sales	\$ 139,307	\$ 13,783,784
Costs and expenses:		
Cost of sales	624,789	13,902,423
Selling	—	167,967
General and administrative	1,452,565	1,888,751
Totals	2,077,354	15,959,141
Other income—Gain on disposition of property and equipment	849,905	15,156,406
Income (loss) from operations	(1,088,142)	12,981,049
Interest expense	(480,416)	(1,085,886)
Other expense	(1,109,043)	—
Income (loss) from continuing operations	(2,677,601)	11,895,163
Discontinued operations:		
Income from discontinued operations	—	510,484
Loss on sale of discontinued operations	—	(2,309,230)
Totals	—	(1,798,746)
Net income (loss)	(2,677,601)	10,096,417
Distributions	—	23,210,070
Partners' capital, beginning of the period	3,156,079	16,269,732
Partners' capital, end of the period	\$ 478,478	\$ 3,156,079

See notes to consolidated financial statements.

AMBOY AGGREGATES JOINT VENTURE AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS (GOING CONCERN BASIS)
FOR THE PERIOD FROM JANUARY 1, 2015 TO JUNE 30, 2015 AND FOR THE YEAR ENDED DECEMBER 31, 2014

	<u>2015</u>	<u>2014</u>
OPERATING ACTIVITIES:		
Net income (loss)	\$ (2,677,601)	\$ 10,096,417
Adjustments to reconcile net income (loss) to net cash provided by (used in) operating activities		
Depreciation and amortization	37,532	561,179
Bad debt (recovery of)	28,035	(71,311)
Amortization of permits	59,965	7,055
Gain on disposition of property and equipment	(849,905)	(15,156,406)
Accrued interest and yield maintenance fee	—	917,990
Loss on sale of discontinued operations	—	2,309,230
Changes in operating assets and liabilities:		
Accounts and notes receivable	975,920	3,289,001
Inventory	58,145	1,015,875
Prepaid expenses and other current assets	217,834	(87,185)
Due from general partners, affiliates and member	158,861	(310,184)
Accounts payable	19,860	(269,711)
Accrued expenses	(427,407)	(19,095)
Other liabilities	(12,079)	(79,083)
Net cash provided by (used in) operating activities	<u>(2,410,840)</u>	<u>2,203,772</u>
INVESTING ACTIVITIES:		
Capital expenditures	—	(500,777)
Proceeds from disposition of property and equipment	2,014,049	33,032,006
Proceeds from sale of discontinued operations	—	11,649,926
Due from insurance claim	—	89,141
Net cash provided by investing activities	<u>2,014,049</u>	<u>44,270,296</u>
FINANCING ACTIVITIES:		
Repayments of long-term debt	(5,505,986)	(1,204,354)
Distributions	—	(23,210,070)
Payment to affiliate from disposition of property and equipment	—	(16,095,018)
Repayment of line of credit	—	(675,000)
Net cash used in financing activities	<u>(5,505,986)</u>	<u>(41,184,442)</u>
Net increase (decrease) in cash	<u>(5,902,777)</u>	<u>5,289,626</u>
Cash, beginning of period	9,889,342	4,599,716
Cash, end of period	<u>\$ 3,986,565</u>	<u>\$ 9,889,342</u>
Supplemental disclosure of cash flow data:		
Interest paid	<u>\$ 480,416</u>	<u>\$ 473,471</u>
Supplemental schedule of noncash investing and financing activities:		
Restricted cash in escrow from sale of discontinued operations		<u>\$ 3,500,000</u>
Liability associated with the restoration of NYS&S piers		<u>\$ 8,327,230</u>
Inventory sold included in gain on disposition of property and equipment		<u>\$ 769,789</u>

See notes to consolidated financial statements.

Amboy Aggregates Joint Venture and Subsidiaries

Notes to Consolidated Financial Statements

As of December 31, 2016 (unaudited) and 2015 and for the Year ended December 31, 2016 (unaudited) and for the Periods from January 1, 2015 to June 30, 2015 and July 1, 2015 to December 31, 2015 and for the Year Ended December 31, 2014

Note 1 - Organization and business

Amboy Aggregates ("Amboy" or the "Company") was established on January 1, 1989 as an equal Joint Venture between Great Lakes Dredge & Dock Company, LLC ("Great Lakes") and Ralph Clayton and Sons Materials, L.P.

Amboy operates principally in one business segment which is to dredge, process, transport and sell fine aggregate in the New York Metropolitan area. Additionally, the liability of the members is limited to the members' total equity.

Note 2 - Summary of significant accounting policies

Principles of consolidation

The consolidated financial statements include the accounts of Amboy and its majority-owned subsidiaries. All significant intercompany accounts and transactions have been eliminated in consolidation.

Use of estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America ("GAAP") requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Concentration risks

Financial instruments which potentially subject the Company to concentrations of credit risk consist principally of cash and accounts receivable. The Company maintains its cash with high credit quality financial institutions. Accounts at these institutions are insured by the Federal Deposit Insurance Company ("FDIC") up to \$250,000. As of December 31, 2016, the Company's cash balance exceeded the current FDIC insured amount by approximately \$1,443,629.

Prior to the winddown of the Company (see below), credit was extended to its customers, a significant portion of which are in the construction industry. During 2014, approximately 62%, of the Company's net sales were derived from nonrelated major customers. During 2014, three and customers accounted for 66% of the Company's gross accounts receivable.

The Company closely monitors the extension of credit to its customers while maintaining allowances for potential credit losses. On a periodic basis, the Company evaluates its accounts receivable and establishes an allowance for doubtful accounts, based on a history of past write-offs and collections and current credit conditions and does not have a policy for requiring collateral.

The Company's direct labor is supplied primarily by unions, which have collective bargaining agreements. For the year ended December 31, 2014, 58% of the Company's labor force is subject to collective bargaining agreements, which expired on January 31, 2016.

Inventory

Inventory is stated at the lower of cost, determined using the first-in, first-out (FIFO) method, or market.

Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation. Depreciation is computed using the straight-line method over the estimated useful lives of the respective assets.

Amboy Aggregates Joint Venture and Subsidiaries

Notes to Consolidated Financial Statements

As of December 31, 2016 (unaudited) and 2015 and for the Year ended December 31, 2016 (unaudited) and for the Periods from January 1, 2015 to June 30, 2015 and July 1, 2015 to December 31, 2015 and for the Year Ended December 31, 2014

Impairment of long-lived assets

The Company reviews long-lived assets for impairment whenever events or changes in business circumstances indicate that the carrying amount of the asset may not be fully recoverable. If facts and circumstances indicate that the Company's long-lived assets might be impaired, the estimated future undiscounted cash flows associated with the long-lived asset would be compared to its carrying amounts to determine if a write-down to fair value is necessary. If a write-down is required, the amount is determined by estimation of the present value of net discounted cash flows.

Permits

Costs incurred in connection with obtaining permits to dredge the Company's products are amortized on the straight-line basis over the term of the related permits.

Revenue recognition

Sales are recognized when revenue is realized or becomes realizable and has been earned. In general, revenue is recognized when the earnings process is complete and collectability is reasonably assured which is usually upon shipment of the product. Amounts billed related to shipping and handling are included in revenue.

Shipping and handling costs

Shipping and handling costs are included in cost of sales.

Income taxes

Income or loss of the Company is includible in the income tax returns of the partners in proportion to their respective interests. Accordingly, there is no provision for income taxes in the accompanying consolidated financial statements.

The Company has no unrecognized tax benefits at December 31, 2016. The Company's Federal and state income tax returns prior to fiscal year 2013 are closed and management continually evaluates expiring statutes of limitations, audits, proposed settlements, changes in tax law and new authoritative rulings.

The Company recognizes interest and penalties associated with income tax matters as part of the income tax provision, if applicable, and includes accrued interest and penalties with the related tax liability in the accompanying consolidated balance sheets.

Liquidation

Based on discussions with the Company's partners, it was determined that liquidation of Amboy was imminent as of July 1, 2015. The Company's partners were in discussions to abandon and write-off inventory in addition to relinquishing the license agreement with the State of New Jersey which enables the Company to conduct operations. Therefore, effective July 1, 2015, the Company applied the liquidation basis of accounting on a prospective basis. The liquidation basis of accounting requires the Company to estimate amounts of cash or other consideration it expects to collect and to accrue all costs associated with implementing and completing the plan of liquidation and requires management to make estimates that affect the amounts reported in the consolidated financial statements and related notes. To the extent there are any changes in the Company's July 1, 2015 initial estimates, there will be changes reflected in the Statement of Changes in Net Assets in Liquidation.

Before the Company can fully liquidate its Net Assets in Liquidation, Amboy must complete the restoration of two piers which were damaged as a result of operations. The Company substantially completed repairs on the piers in the

Amboy Aggregates Joint Venture and Subsidiaries

Notes to Consolidated Financial Statements

As of December 31, 2016 (unaudited) and 2015 and for the Year ended December 31, 2016 (unaudited) and for the Periods from January 1, 2015 to June 30, 2015 and July 1, 2015 to December 31, 2015 and for the Year Ended December 31, 2014

fourth quarter of 2016. The Company is expected to be fully dissolved in 2017. Accordingly, Amboy has made appropriate expense accruals for such time period in the calculation of Net Assets in Liquidation. However, the projected remaining wind down period could be either shortened or lengthened by other intervening matters not currently known to management. If the timing of any of these steps changes, the future accrued costs may change. Results could differ from these estimates and may affect the net assets in liquidation and actual cash flows.

The consolidated financial statements for the period from January 1, 2015 to June 30, 2015, were prepared on the going concern basis of accounting, which contemplates the realization of assets and satisfaction of liabilities in the normal course of business.

Prior period financial results have not been restated under the liquidation basis of accounting.

Subsequent events

The Company has evaluated subsequent events through February 28, 2017, which is the date the financial statements were available to be issued.

Note 3 – Cumulative effect of accounting change/net assets in liquidation

The following is a reconciliation of partners' capital under the going concern basis of accounting to net assets in liquidation under the liquidation basis of accounting as of July 1, 2015.

Partners' capital as of June 30, 2015	\$	478,478
Increase due to estimated accounts receivable settlement		275,000
Increase due to estimated net realizable value of equipment		200,000
Decrease due to estimated net realizable value of inventory		(1,007,573)
Increase due to contract obligation to restore pier		785,178
Liability for accrued estimated disposal costs of liquidation		(447,081)
Adjustments to reflect the change to the liquidation basis of accounting		(194,476)
Estimated value of net assets in liquidation as of July 1, 2015	\$	<u>284,002</u>

In applying the liquidation basis of accounting, the Company recognized a net decrease of \$194,476 in its estimated value of net assets in liquidation. This estimated value of net assets in liquidation includes projections of costs and expenses to be incurred during the time it takes to complete the plan of liquidation. There is an inherent uncertainty with these projections, and they could change materially based on the timing of the completion of all of the steps necessary for the liquidation.

Amboy Aggregates Joint Venture and Subsidiaries

Notes to Consolidated Financial Statements

As of December 31, 2016 (unaudited) and 2015 and for the Year ended December 31, 2016 (unaudited) and for the Periods from January 1, 2015 to June 30, 2015 and July 1, 2015 to December 31, 2015 and for the Year Ended December 31, 2014

Note 4 - Discontinued operations

On October 21, 2014, the Company sold 100% of its interest in New York Sand & Stone, LLC (“NYS&S”). The purchase price was approximately \$15,181,000, resulting in a loss on sale of discontinued operations of approximately \$2,309,000 reported in the consolidated statement of operations and partners' capital for the year ended December 31, 2014.

In connection with the sale, proceeds received during 2014 amounted to approximately \$11,650,000. The remaining unpaid balance of the purchase price is held in escrow, to be released to the Company upon certain events. This escrow amount is recorded as restricted cash in the consolidated balance sheet as of December 31, 2014 and will be used towards the restoration of two piers located at the NYS&S site.

The following amounts are related to NYS&S and have been segregated from continuing operations and reported as discontinued operations in the consolidated statement of operations and partners' capital for the year ended December 31, 2014.

	Period from January 1, 2014 to October 21, 2014
Net sales	\$ 17,931,132
Income from discontinued operations	\$ 510,484
Loss on sale of discontinued operations	(2,309,230)
Totals	\$ (1,798,746)

Note 5 - Property, plant and equipment

Amboy and Lower Main Street Development, LLC (“Lower Main”) an entity whose related members are partners of the Company, entered into an amended and restated agreement on December 13, 2013 to sell substantially all of the real estate on which Amboy conducts its operations for \$33,000,000. On December 31, 2013, pursuant to the terms of the amended and restated agreement, the buyer made a first payment of \$2,000,000 which was to be applied to the purchase price at the closing.

On December 31, 2014, the Company sold substantially all of the land, resulting in a gain of approximately \$15,100,000, included in gain on disposition of property and equipment in the consolidated statement of operations and partners' capital for the year ended December 31, 2014.

With the exception of a single vessel, all equipment was sold for proceeds of \$2,014,049 for the period ended June 30, 2015. On the application of liquidation basis, the remaining vessel was adjusted to its net realizable value, less cost to sell in 2015. This vessel was sold during 2016 and changes are reflected in the Statement of Changes in Net Assets in Liquidation.

Depreciation and amortization expense was \$37,532 and \$321,403 for the period from January 1, 2015 to June 30, 2015 and the year ended December 31, 2014, respectively.

Note 6 - Retirement plans

Pension and annuity plans

Amboy Aggregates Joint Venture and Subsidiaries

Notes to Consolidated Financial Statements

As of December 31, 2016 (unaudited) and 2015 and for the Year ended December 31, 2016 (unaudited) and for the Periods from January 1, 2015 to June 30, 2015 and July 1, 2015 to December 31, 2015 and for the Year Ended December 31, 2014

Employees covered by a union agreement were included in multi-employer pension and annuity plans to which the Company made contributions in accordance with the contractual union agreement. The Company ceased contributions to the Operating Engineers Local No. 825 Pension Plan effective February 19, 2011 and any future contributions were paid to the annuity fund. As a result of withdrawing from the pension fund, the Company was obligated to pay \$328,628, plus interest of \$47,445, of which \$65,236, including interest of \$3,419, was paid during 2015, \$77,687, including interest of \$5,834, was paid during 2014.

The Company maintained a retirement plan qualifying under Section 401(k) of the Internal Revenue Code which allowed eligible employees to defer a portion of their income through contributions to the plan. Under the provisions of the plan, the Company made contributions for the benefit of the employees, subject to certain limitations. The Company's contributions for the period from January 1, 2015 to June 30, 2015 and the year ended December 31, 2014 were \$21,857 and \$63,029, respectively. The Company terminated this retirement plan effective April 30, 2015.

Note 7 - Commitments and contingencies

License agreement

The Company had a license agreement through August 5, 2016 with the State of New Jersey which enabled the Company to dredge in the Ambrose Channel for commercial sand. Under this agreement, the State of New Jersey received a royalty fee based on the amount of material dredged that, effective August 1, 2009, ranged between \$.35 and \$.70 per cubic yard. Royalties charged to operations during the year ended December 31, 2014 amounted to \$84,186. Effective August 14, 2015, the Company relinquished the license agreement to Great Lakes.

Litigation

In the ordinary course of business the Company is a party in various legal proceedings. In the opinion of management, resolution of these claims is not expected to have a material adverse impact on the financial position or results of operations of the Company.

Note 8 - Related party transactions

The Company sells inventory to affiliates. Sales to affiliates during the year ended December 31, 2014 were \$102,000.

During 2014, Amboy accrued rent totaling \$180,000 to Lower Main, whose related members are partners of the Company. The lease, which required monthly payments of \$15,000, was on a month-to-month basis through the end of 2014 when the land was sold (see Note 5). During 2015, Lower Main transferred cash of \$36,947 in partial satisfaction of the outstanding receivable to the Company and liquidated.

**Lower Main Street Development, LLC
(A Limited Liability Company)**

**Financial Statements
and Independent Auditor's Report**

**As of December 31, 2015 (unaudited) and 2014 and for the Periods from January 1, 2015 to June 30, 2015 (unaudited) and
from July 1, 2015 to December 31, 2015 (unaudited) and for the Year Ended December 31, 2014**

**Lower Main Street Development, LLC
(A Limited Liability Company)**

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Independent Auditor's Report

To the Partners of
Lower Main Street Development, LLC

We have audited the accompanying financial statements of Lower Main Street Development, LLC (the "Company"), which comprises of the balance sheet as of December 31, 2014, and the related statement of income and members' equity and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Lower Main Street Development, LLC as of December 31, 2014, and the results of its operations and its cash flows for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

/s/ WithumSmith+Brown. PC
New Brunswick, NJ
March 27, 2015

Lower Main Street Development, LLC
(A Limited Liability Company)

Statement of Changes in Net Liabilities in Liquidation (Liquidation Basis)
For The Period From July 1, 2015 to December 31, 2015 (unaudited)

	2015
	(unaudited)
Net liabilities in liquidation as of July 1, 2015	\$ (28,035)
Changes in net liabilities in liquidation	
Transfer to affiliate	28,035
Net liquidation value at December 31, 2015	<u>\$ —</u>

See Notes to Financial Statements.

Lower Main Street Development, LLC
(A Limited Liability Company)

Statements of Income and Members' Equity (Deficiency) (Going Concern Basis)
For the Year Ended December 31, 2014

	<u>2014</u>
Rental income	\$ 180,000
General and administrative expenses	6,000
Gain on sale of land	<u>14,629,372</u>
Net income	14,803,372
Members' equity, beginning of year	1,870,632
Distributions	<u>16,702,039</u>
Members' deficiency, end of period	<u>\$ (28,035)</u>

See Notes to Financial Statements.

Lower Main Street Development, LLC
(A Limited Liability Company)

Statements of Cash Flows (Going Concern Basis)
For the Year Ended December 31, 2014

	<u>2014</u>
Operating activities:	
Net income	\$ 14,803,372
Adjustments to reconcile net income to net cash used in operating activities:	
Gain on sale of land	(14,629,372)
Changes in operating assets and liabilities:	
Due from related parties	(180,000)
Net cash used in operating activities	(6,000)
Investing activities - other receivable	6,000
Financing activities - distributions	(2,039)
Net decrease in cash	(2,039)
Cash, beginning of year	40,006
Cash, end of year	<u>\$ 37,967</u>
Supplemental disclosure of noncash investing and financing activities:	
Proceeds from the sale of land	<u>\$ 16,095,018</u>
Distributions	<u>\$ (16,095,018)</u>
Proceeds for rent receivable	<u>\$ 540,000</u>
Due to related parties	<u>\$ 64,982</u>

See Notes to Financial Statements.

**Lower Main Street Development, LLC
(A Limited Liability Company)**

**Notes to Financial Statements
December 31, 2015 (unaudited) and 2014**

Note 1 - Organization and business

Lower Main Street Development, LLC (the "Company") was established on February 20, 2003 as an equal partnership between Fifty Three Dredging Company and DBD, L.L.C.

The Company was organized to acquire, own, manage, mortgage, develop, sell, and otherwise deal with the property located in the City of South Amboy, New Jersey. Additionally, the liability of the members is limited to the members' total equity.

The Company was liquidated as of December 31, 2015 (see Note 2).

Note 2 - Summary of significant accounting policies

Basis of presentation

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

Use of estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America ("GAAP") requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Concentration risks

Financial instruments which potentially subject the Company to concentrations of credit risk consist principally of cash. The Company maintains its cash with high credit quality financial institutions. Accounts at these institutions are insured by the Federal Deposit Insurance Company ("FDIC") up to \$250,000.

Revenue recognition

Rental income, which is generally earned pursuant to month-to-month leases, is recognized as earned.

Income taxes

Income or loss of the Company is includible in the income tax returns of the members in proportion to their respective interests. Accordingly, there is no provision for income taxes in the accompanying financial statements.

The Company has no unrecognized tax benefits at December 31, 2014. The Company's Federal and state income tax returns prior to fiscal year 2012 are closed and management continually evaluates expiring statutes of limitations, audits, proposed settlements, changes in tax law and new authoritative rulings.

**Lower Main Street Development, LLC
(A Limited Liability Company)**

**Notes to Financial Statements
December 31, 2015 (unaudited) and 2014**

The Company recognizes interest and penalties associated with income tax matters as part of the income tax provision, if applicable, and includes accrued interest and penalties with the related tax liability in the accompanying balance sheets.

Liquidation

Based on discussions with the Company's partners, it was determined that liquidation of the Company was imminent as of July 1, 2015. Therefore, effective July 1, 2015, the Company applied the liquidation basis of accounting on a prospective basis. The liquidation basis of accounting requires the Company to estimate amounts of cash or other consideration it expects to collect and to accrue all costs associated with implementing and completing the plan of liquidation and requires management to make estimates that affect the amounts reported in the combined financial statements and related notes. The Company transferred remaining net assets to an affiliate and was fully liquidated as of December 31, 2015. There was no activity for the period January 1, 2015 to June 30, 2015.

Prior period financial results have not been restated under the liquidation basis of accounting.

Subsequent events

The Company has evaluated subsequent events through February 28, 2017, which is the date the financial statements were available to be issued.

Note 3 - Sale of land

Lower Main Street Development, LLC and Amboy Aggregates Joint Venture and Subsidiaries ("Amboy") an entity whose related partners are members of the Company, entered into an amended and restated agreement on December 13, 2013 to sell substantially all of the real estate on which Amboy conducts its operations.

On December 31, 2014, the Company and Amboy sold substantially all of the land, resulting in a gain of approximately \$14,629,000, included in gain on sale of land in the statement of income and members' equity (deficiency) for the year ended December 31, 2014.

Note 4 - Related party transactions

During 2014, the Company accrued rental income totaling \$180,000 from Amboy, whose related partners are members of the Company. The lease, which requires monthly payments of \$15,000, is on a month-to-month basis through the end of 2014 when the land was sold (see Note 3). During 2015, the Company transferred cash of \$36,947 in partial satisfaction of the outstanding payable to Amboy.