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

FORM 10-Q

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

For the quarterly period ended March 31, 2014

OR

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

For the transition period from _____ to _____

Commission file number: 001-33225

Great Lakes Dredge & Dock Corporation

(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction of
incorporation or organization)

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

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

60523
(Zip Code)

(630) 574-3000
(Registrant's telephone number, including area code)

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

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

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer or a smaller reporting company. See the 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
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

As of May 2, 2014, 59,815,840 shares of the Registrant's Common Stock, par value \$.0001 per share, were outstanding.

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Great Lakes Dredge & Dock Corporation and Subsidiaries

Quarterly Report Pursuant to Section 13 or 15(d) of the
Securities Exchange Act of 1934
For the Quarterly Period ended March 31, 2014

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PART I — Financial Information**Item 1. Financial Statements.****GREAT LAKES DREDGE & DOCK CORPORATION AND SUBSIDIARIES****Condensed Consolidated Balance Sheets
(Unaudited)
(in thousands, except per share amounts)**

	March 31, 2014	December 31, 2013
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	\$ 58,695	\$ 75,338
Accounts receivable—net	65,507	96,515
Contract revenues in excess of billings	93,061	67,432
Inventories	34,707	32,500
Prepaid expenses and other current assets	39,461	44,164
Assets held for sale	32,773	45,104
Total current assets	324,204	361,053
PROPERTY AND EQUIPMENT—Net	356,986	345,620
GOODWILL AND OTHER INTANGIBLE ASSETS—Net	81,047	81,302
INVENTORIES—Noncurrent	36,707	38,496
INVESTMENTS IN JOINT VENTURES	7,055	8,256
ASSETS HELD FOR SALE—Noncurrent	9,274	8,856
OTHER	10,517	9,062
TOTAL	<u>\$825,790</u>	<u>\$ 852,645</u>
LIABILITIES AND EQUITY		
CURRENT LIABILITIES:		
Accounts payable	\$109,535	\$ 116,121
Accrued expenses	32,251	38,531
Billings in excess of contract revenues	4,961	6,754
Liabilities held for sale	26,581	32,493
Total current liabilities	173,328	193,899
7 3/8% SENIOR NOTES	250,000	250,000
REVOLVING CREDIT FACILITY	37,000	35,000
DEFERRED INCOME TAXES	107,931	108,511
LIABILITIES HELD FOR SALE—Noncurrent	707	1,212
OTHER	19,124	21,922
Total liabilities	588,090	610,544
COMMITMENTS AND CONTINGENCIES (Note 7)		
EQUITY:		
Common stock—\$.0001 par value; 90,000 authorized, 59,784 and 59,670 shares issued and outstanding at March 31, 2014 and December 31, 2013, respectively	6	6
Additional paid-in capital	275,610	275,183
Accumulated deficit	(36,965)	(31,770)
Accumulated other comprehensive loss	(951)	(473)
Total Great Lakes Dredge & Dock Corporation equity	237,700	242,946
NONCONTROLLING INTERESTS	—	(845)
Total equity	237,700	242,101
TOTAL	<u>\$825,790</u>	<u>\$ 852,645</u>

See notes to unaudited condensed consolidated financial statements.

Great Lakes Dredge & Dock Corporation and Subsidiaries**Condensed Consolidated Statements of Operations****(Unaudited)****(in thousands, except per share amounts)**

	Three Months Ended	
	March 31,	
	2014	2013
Contract revenues	\$174,382	\$180,153
Costs of contract revenues	153,475	149,419
Gross profit	20,907	30,734
General and administrative expenses	17,870	16,236
Loss on sale of assets—net	152	2
Operating income	2,885	14,496
Interest expense—net	(5,016)	(5,733)
Equity in loss of joint ventures	(1,843)	(591)
Gain on foreign currency transactions—net	65	36
Income (loss) from continuing operations before income taxes	(3,909)	8,208
Income tax (provision) benefit	1,453	(3,456)
Income (loss) from continuing operations	(2,456)	4,752
Loss from discontinued operations, net of income taxes	(2,739)	(4,341)
Net income (loss)	(5,195)	411
Net loss attributable to noncontrolling interest	—	22
Net income (loss) attributable to common stockholders of Great Lakes Dredge & Dock Corporation	\$ (5,195)	\$ 433
Basic earnings (loss) per share attributable to continuing operations	(0.04)	0.08
Basic loss per share attributable to discontinued operations, net of tax	(0.05)	(0.07)
Basic earnings (loss) per share attributable to Great Lakes Dredge & Dock Corporation	\$ (0.09)	\$ 0.01
Basic weighted average shares	59,708	59,369
Diluted earnings (loss) per share attributable to continuing operations	(0.04)	0.08
Diluted loss per share attributable to discontinued operations, net of tax	(0.05)	(0.07)
Diluted earnings (loss) per share attributable to Great Lakes Dredge & Dock Corporation	\$ (0.09)	\$ 0.01
Diluted weighted average shares	59,708	60,017

See notes to unaudited condensed consolidated financial statements.

Great Lakes Dredge & Dock Corporation and Subsidiaries
Condensed Consolidated Statements of Comprehensive Income (Loss)
(Unaudited)
(in thousands)

	Three Months Ended	
	March 31,	
	2014	2013
Net income (loss)	\$ (5,195)	\$ 411
Currency translation adjustment—net of tax (1)	(189)	(6)
Net unrealized (gain) loss on derivatives—net of tax (2)	(289)	17
Other comprehensive income (loss)—net of tax	(478)	11
Comprehensive income (loss)	(5,673)	422
Comprehensive loss attributable to noncontrolling interests	—	22
Comprehensive income (loss) attributable to Great Lakes Dredge & Dock Corporation	<u>\$ (5,673)</u>	<u>\$ 444</u>

- (1) Net of income tax expense of \$126 and \$4 for three months ended March 31, 2014 and 2013, respectively.
(2) Net of income tax (expense) benefit of \$(194) and \$11 for the three months ended March 31, 2014 and 2013, respectively.

See notes to unaudited condensed consolidated financial statements.

Great Lakes Dredge & Dock Corporation and Subsidiaries

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

	Great Lakes Dredge & Dock Corporation shareholders						
	Shares of Common Stock	Common Stock	Additional Paid-In Capital	Accumulated Deficit	Accumulated Other Comprehensive Loss	Noncontrolling Interests	Total
BALANCE—January 1, 2014	59,670	\$ 6	\$ 275,183	\$ (31,770)	\$ (473)	\$ (845)	\$242,101
Share-based compensation	40	—	996	—	—	—	996
Exercise of options and purchases from employee stock plans	74	—	415	—	—	—	415
Excess income tax benefit from share-based compensation	—	—	4	—	—	—	4
Purchase of noncontrolling interest	—	—	(988)	—	—	845	(143)
Net loss	—	—	—	(5,195)	—	—	(5,195)
Other comprehensive loss—net of tax	—	—	—	—	(478)	—	(478)
BALANCE—March 31, 2014	<u>59,784</u>	<u>\$ 6</u>	<u>\$ 275,610</u>	<u>\$ (36,965)</u>	<u>\$ (951)</u>	<u>\$ —</u>	<u>\$237,700</u>

	Great Lakes Dredge & Dock Corporation shareholders						
	Shares of Common Stock	Common Stock	Additional Paid-In Capital	Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Noncontrolling Interests	Total
BALANCE—January 1, 2013	59,359	\$ 6	\$ 271,418	\$ 2,591	\$ (380)	\$ (210)	\$273,425
Share-based compensation	27	—	751	—	—	—	751
Vesting of restricted stock units, including impact of shares withheld for taxes	5	—	(28)	—	—	—	(28)
Excess income tax benefit from share-based compensation	—	—	15	—	—	—	15
Net income (loss)	—	—	—	433	—	(22)	411
Other comprehensive income—net of tax	—	—	—	—	11	—	11
BALANCE—March 31, 2013	<u>59,391</u>	<u>\$ 6</u>	<u>\$ 272,156</u>	<u>\$ 3,024</u>	<u>\$ (369)</u>	<u>\$ (232)</u>	<u>\$274,585</u>

See notes to unaudited condensed consolidated financial statements.

Great Lakes Dredge & Dock Corporation and Subsidiaries
Condensed Consolidated Statements of Cash Flows
(Unaudited)
(in thousands)

	Three Months Ended March 31,	
	2014	2013
OPERATING ACTIVITIES:		
Net income (loss)	\$ (5,195)	\$ 433
Loss from discontinued operations, net of income taxes	(2,739)	(4,319)
Income (loss) from continuing operations	(2,456)	4,752
Adjustments to reconcile net loss to net cash flows used in operating activities:		
Depreciation and amortization	10,885	11,451
Equity in loss of joint ventures	1,843	591
Deferred income taxes	(3,125)	(1,691)
Loss on sale of assets	152	2
Amortization of deferred financing fees	288	288
Unrealized foreign currency (gain) loss	(188)	41
Share-based compensation expense	996	751
Excess income tax benefit from share-based compensation	(4)	(15)
Changes in assets and liabilities:		
Accounts receivable	30,390	921
Contract revenues in excess of billings	(25,457)	(6,446)
Inventories	(418)	3,116
Prepaid expenses and other current assets	12,684	2,733
Accounts payable and accrued expenses	(14,070)	(23,502)
Billings in excess of contract revenues	(1,793)	(2,340)
Other noncurrent assets and liabilities	(1,082)	(812)
Net cash flows provided by (used in) operating activities of continuing operations	8,645	(10,160)
Net cash flows used in operating activities of discontinued operations	(2,635)	(3,072)
Cash provided by (used in) operating activities	6,010	(13,232)
INVESTING ACTIVITIES:		
Purchases of property and equipment	(21,631)	(15,364)
Proceeds from dispositions of property and equipment	64	58
Proceeds from (payments on) vendor performance obligations	(3,100)	—
Net cash flows used in investing activities of continuing operations	(24,667)	(15,306)
Net cash flows used in investing activities of discontinued operations	(26)	(150)
Cash used in investing activities	(24,693)	(15,456)
FINANCING ACTIVITIES:		
Repayments of long term note payable	—	(10,547)
Taxes paid on settlement of vested share awards	—	(28)
Purchase of noncontrolling interest	(205)	—
Exercise of options and purchases from employee stock plans	415	—
Excess income tax benefit from share-based compensation	4	15
Borrowings under revolving loans	40,000	79,500
Repayments of revolving loans	(38,000)	(58,000)
Net cash flows provided by financing activities of continuing operations	2,214	10,940
Net cash flows used in financing activities of discontinued operations	—	(25)
Cash provided by financing activities	2,214	10,915
Effect of foreign currency exchange rates on cash and cash equivalents	(174)	(24)
Net decrease in cash and cash equivalents	(16,643)	(17,797)
Cash and cash equivalents at beginning of period	75,338	24,440
Cash and cash equivalents at end of period	<u>\$ 58,695</u>	<u>\$ 6,643</u>
Supplemental Cash Flow Information		
Cash paid for interest	<u>\$ 9,486</u>	<u>\$ 9,881</u>
Cash paid (refunded) for income taxes	<u>\$(12,449)</u>	<u>\$ 241</u>
Non-cash Investing and Financing Activities		
Property and equipment purchased but not yet paid	<u>\$ 10,235</u>	<u>\$ 6,253</u>
Purchase of noncontrolling interest	<u>\$ 988</u>	<u>\$ —</u>

See notes to unaudited condensed consolidated financial statements.

GREAT LAKES DREDGE & DOCK CORPORATION AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)
(dollar amounts in thousands, except per share amounts or as otherwise noted)

1. Basis of presentation

The unaudited condensed consolidated financial statements and notes herein should be read in conjunction with the audited consolidated financial statements of Great Lakes Dredge & Dock Corporation and Subsidiaries (the “Company” or “Great Lakes”) and the notes thereto, included in the Company’s Annual Report on Form 10-K for the year ended December 31, 2013. The condensed consolidated financial statements included herein have been prepared by the Company without audit, pursuant to the rules and regulations of the Securities and Exchange Commission (“SEC”). Certain information and footnote disclosures normally included in financial statements prepared in accordance with accounting principles generally accepted in the United States of America (“GAAP”) have been condensed or omitted pursuant to the SEC’s rules and regulations, although management believes that the disclosures are adequate and make the information presented not misleading. In the opinion of management, all adjustments, which are of a normal and recurring nature (except as otherwise noted), that are necessary to present fairly the Company’s financial position as of March 31, 2014, and its results of operations for the three months ended March 31, 2014 and 2013 and cash flows for the three months ended March 31, 2014 and 2013 have been included.

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. Generally, capital projects have the highest margins due to the complexity of the projects, while coastal protection projects have the most volatile margins because they are most often exposed to variability in weather conditions.

The Company’s cost structure includes significant annual equipment-related costs, including depreciation, maintenance, insurance and long-term rentals. These costs have averaged approximately 22% to 23% of total costs of contract revenues over the prior three years. During the year, both 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 revenues recognized over the year, to better match revenues and expenses. Specifically, at each interim reporting date the Company compares actual revenues earned to date on its dredging contracts to expected annual revenues and recognizes equipment costs on the same proportionate basis. In the fourth quarter, any over or under allocated equipment costs are recognized such that the expense for the year equals actual equipment costs incurred during the year.

The Company has four operating segments that, through aggregation, comprise two reportable segments: dredging and environmental & remediation, previously referred to as the demolition segment. The historical demolition business has been retrospectively presented as discontinued operations and is no longer reflected in continuing operations. Four operating segments were aggregated into two reportable segments as the segments have similarity in economic margins, services, production processes, customer types, distribution methods and regulatory environment. The Company has determined that the operating segments are the Company’s four reporting units.

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

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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 three months ended March 31, 2014, the dilutive effect of 789 thousand shares of stock options and restricted stock units were excluded from the diluted weighted-average common shares outstanding as the Company incurred a loss during this period. The impact of these shares would have been antidilutive. For the three months ended March 31, 2013, zero options to purchase shares of common stock were excluded from the calculation of diluted earnings per share based on the application of the treasury stock method. The computations for basic and diluted earnings per share from continuing operations are as follows:

(shares in thousands)	Three Months Ended	
	March 31,	
	2014	2013
Income (loss) from continuing operations	\$ (2,456)	\$ 4,752
Loss on discontinued operations, net of income taxes, attributable to Great Lakes Dredge & Dock Corporation	(2,739)	(4,319)
Net income (loss) attributable to common stockholders of Great Lakes Dredge & Dock Corporation	(5,195)	433
Weighted-average common shares outstanding — basic	59,708	59,369
Effect of stock options and restricted stock units	—	648
Weighted-average common shares outstanding — diluted	<u>59,708</u>	<u>60,017</u>
Earnings (loss) per share from continuing operations — basic	\$ (0.04)	\$ 0.08
Earnings (loss) per share from continuing operations — diluted	\$ (0.04)	\$ 0.08

3. Accounts receivable and contracts in progress

Accounts receivable at March 31, 2014 and December 31, 2013 are as follows:

	March 31, 2014	December 31, 2013
Completed contracts	\$ 15,248	\$ 17,361
Contracts in progress	33,352	62,177
Retainage	18,436	18,506
	67,036	98,044
Allowance for doubtful accounts	(1,529)	(1,529)
Total accounts receivable—net	<u>\$ 65,507</u>	<u>\$ 96,515</u>

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The components of contracts in progress at March 31, 2014 and December 31, 2013 are as follows:

	<u>March 31,</u> <u>2014</u>	<u>December 31,</u> <u>2013</u>
Costs and earnings in excess of billings:		
Costs and earnings for contracts in progress	\$ 704,049	\$ 435,470
Amounts billed	<u>(616,628)</u>	<u>(370,730)</u>
Costs and earnings in excess of billings for contracts in progress	87,421	64,740
Costs and earnings in excess of billings for completed contracts	<u>5,640</u>	<u>2,692</u>
Total contract revenues in excess of billings	<u>\$ 93,061</u>	<u>\$ 67,432</u>
Billings in excess of costs and earnings:		
Amounts billed	\$(177,450)	\$ (156,794)
Costs and earnings for contracts in progress	<u>172,489</u>	<u>150,040</u>
Total billings in excess of contract revenues	<u>\$ (4,961)</u>	<u>\$ (6,754)</u>

4. Accrued expenses

Accrued expenses at March 31, 2014 and December 31, 2013 are as follows:

	<u>March 31,</u> <u>2014</u>	<u>December 31,</u> <u>2013</u>
Payroll and employee benefits	\$ 10,171	\$ 13,664
Insurance	9,426	8,649
Income and other taxes	4,055	3,709
Interest	3,308	8,066
Percentage of completion adjustment	2,422	2,135
Other	2,869	2,308
Total accrued expenses	<u>\$ 32,251</u>	<u>\$ 38,531</u>

5. Long-term debt

On June 4, 2012, the Company entered into a senior revolving credit agreement (the "Credit Agreement") with certain financial institutions from time to time party thereto as lenders, Wells Fargo Bank, National Association, as Administrative Agent, Swingline Lender and an Issuing Lender, Bank of America, N.A., as Syndication Agent and PNC Bank, National Association, BMO Harris Bank N.A. and Fifth Third Bank, as Co-Documentation Agents. The Credit Agreement provides for a senior revolving credit facility in an aggregate principal amount of up to \$175,000, subfacilities for the issuance of standby letters of credit up to a \$125,000 sublimit, multicurrency borrowings up to a \$50,000 sublimit and swingline loans up to a \$10,000 sublimit. The Credit Agreement also includes an incremental loans feature that will allow the Company to increase the senior revolving credit facility by an aggregate principal amount of up to \$50,000. This is subject to lenders providing incremental commitments for such increase, provided that no default or event of default exists, and the Company being in pro forma compliance with the existing financial covenants both before and after giving effect to the increase, and subject to other standard conditions.

Depending on the Company's consolidated leverage ratio (as defined in the Credit Agreement), borrowings under the revolving credit facility will bear interest at the option of the Company of 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 credit facility contains affirmative, negative and financial covenants customary for financings of this type. 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 provider. The Credit Agreement requires the Company to maintain a net leverage ratio less than or equal to 4.50 to 1.00 as of the end of each fiscal quarter and a minimum fixed charge coverage ratio of 1.25 to 1.00.

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In 2013, outstanding obligations under the Credit Agreement, which were previously unsecured, were secured by liens on certain of the Company's vessels and all of its domestic accounts receivable, subject to the liens and interests of certain other parties holding first priority perfected liens. Under the terms of the Credit Agreement, the obligations thereunder that became secured could again become unsecured provided that (i) no event of default has occurred and is continuing, (ii) the Company has maintained for two consecutive quarters, and is projected to maintain for the next two consecutive quarters, a total leverage ratio less than or equal to 3.75 to 1.0 and (iii) the Company has delivered to the lenders its audited financial statements with respect to its fiscal year ending December 31, 2013. At March 31, 2014, the Credit Agreement remains secured by liens on certain of the Company's vessels and all of its domestic accounts receivable.

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 March 31, 2014, the Company had \$37,000 of borrowings on the revolver and \$90,781 of letters of credit outstanding, resulting in \$47,219 of availability under the Credit Agreement. At March 31, 2014, the Company was in compliance with its various financial covenants under its Credit Agreement.

In addition to its Credit Agreement, the Company has a \$24,000 international letter of credit facility that it uses for the performance and advance payment guarantees on the Company's foreign contracts. As of March 31, 2014, Great Lakes had no letters of credit outstanding under this facility. At March 31, 2014, the Company also had \$250,000 of 7.375% senior notes outstanding, which mature in February 2019.

6. 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 March 31, 2014 and December 31, 2013, the Company held certain derivative contracts that it uses to manage foreign currency risk and commodity price risk. The Company does not hold or issue derivatives for speculative or trading purposes. In addition, other nonfinancial assets and liabilities are measured at fair value in the financial statements on a nonrecurring basis. The fair values of these financial instruments and nonfinancial assets and liabilities measured at the reporting date are summarized as follows:

Description	At March 31, 2014	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	\$ 152	\$ —	\$ 152	\$ —

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Description	At December 31, 2013	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	\$ 332	\$ —	\$ 332	\$ —

Foreign exchange contracts

The Company has exposure 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 March 31, 2014 and December 31, 2013, 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 fuel requirements for work in backlog.

As of March 31, 2014, 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 February 2015. As of March 31, 2014, there were 4.4 million gallons remaining on these contracts which represent approximately 80% of the Company's forecasted fuel purchases through February 2015. Under these swap agreements, the Company will pay fixed prices ranging from \$2.87 to \$3.14 per gallon.

At March 31, 2014, the fair value liability of the fuel hedge contracts was estimated to be \$152 and is recorded in accrued expenses. At December 31, 2013, the fair value asset of the fuel hedge contracts was estimated to be \$332 and is recorded in prepaid expenses and other current assets. The gain reclassified to earnings from changes in fair value of derivatives, net of cash settlements and taxes, for the three months ended March 31, 2014 was \$46. The remaining gains and losses included in accumulated other comprehensive loss at March 31, 2014 will be reclassified into earnings over the next eleven months, corresponding to the period during which the hedged fuel is expected to be utilized. The fair values of fuel hedges are corroborated using inputs that are readily observable in public markets; therefore, the Company determines fair value of these fuel hedges using Level 2 inputs.

The fair value of the fuel hedge contracts outstanding as of March 31, 2014 and December 31, 2013 is as follows:

Balance Sheet Location	Fair Value at		
	March 31, 2014	December 31, 2013	
Asset derivatives:			
Derivatives designated as hedges			
Fuel hedge contracts	Prepaid expenses and other current assets	\$ —	\$ 332
Liability derivatives:			
Derivatives designated as hedges			
Fuel hedge contracts	Accrued expenses	\$ 152	\$ —

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Accumulated other comprehensive loss

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

	Three Months Ended	
	March 31,	
	2014	2013
Cumulative translation adjustments—net of tax	\$ (189)	\$ (6)
Derivatives:		
Reclassification of derivative losses (gains) to earnings—net of tax	(46)	137
Change in fair value of derivatives—net of tax	(243)	(120)
Net unrealized (gain) loss on derivatives—net of tax	(289)	17
Total other comprehensive income (loss)	<u>\$ (478)</u>	<u>\$ 11</u>

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

	Statement of Operations Location	Three Months Ended	
		March 31,	
		2014	2013
Derivatives:			
Fuel hedge contracts	Costs of contract revenues	\$ (77)	\$ 228
	Income tax (provision) benefit	(31)	91
		<u>\$ (46)</u>	<u>\$ 137</u>

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, the Company issued \$250,000 of 7.375% senior notes due February 1, 2019, which were outstanding at March 31, 2014. 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 \$261,875 at March 31, 2014, which is a Level 1 fair value measurement as the senior notes value was obtained using quoted prices in active markets.

7. Commitments and contingencies

Commercial commitments

Performance and bid bonds are customarily required for dredging and marine construction projects, as well as some environmental & remediation projects. The Company has a bonding agreement with Zurich American Insurance Company (“Zurich”) under which the Company can obtain performance, bid and payment bonds. 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 March 31, 2014, the Company had outstanding performance bonds valued at approximately \$843,298, of which \$71,917 relates to projects accounted for in discontinued operations. The revenue value remaining in backlog related to the projects of continuing operations totaled approximately \$318,793.

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.

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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 March 19, 2013, the Company and three of its current and former executives were sued in a securities class action in the Northern District of Illinois captioned United Union of Roofers, Waterproofers & Allied Workers Local Union No. 8 v. Great Lakes Dredge & Dock Corporation et al., Case No. 1:13-cv-02115. The lawsuit, which was brought on behalf of all purchasers of the Company's securities between August 7, 2012 and March 14, 2013, primarily alleges that the defendants made false and misleading statements regarding the recognition of revenue in the demolition segment and with regard to the Company's internal control over financial reporting. This suit was filed following the Company's announcement on March 14, 2013 that it would restate its second and third quarter 2012 financial statements. Two additional, similar lawsuits captioned Boozer v. Great Lakes Dredge & Dock Corporation et al., Case No. 1:13-cv-02339, and Connors v. Great Lakes Dredge & Dock Corporation et al., Case No. 1:13-cv-02450, were filed in the Northern District of Illinois on March 28, 2013, and April 2, 2013, respectively. These three actions were consolidated and recaptioned In re Great Lakes Dredge & Dock Corporation Securities Litigation, Case No. 1:13-cv-02115, on June 10, 2013. The plaintiffs filed an amended class action complaint on August 9, 2013, which the defendants moved to dismiss on October 8, 2013. The Company denies liability and intends to vigorously defend this action.

On March 28, 2013, the Company was named as a nominal defendant, and its directors were named as defendants, in a shareholder derivative action in DuPage County Circuit Court in Illinois captioned Hammoud v. Berger et al., Case No. 2013CH001110. The lawsuit primarily alleges breaches of fiduciary duties related to allegedly false and misleading statements regarding the recognition of revenue in the demolition segment and with regard to the Company's internal control over financial reporting, which exposed the Company to securities litigation. A second, similar lawsuit captioned The City of Haverhill Retirement System v. Leight et al., Case No. 1:13-cv-02470, was filed in the Northern District of Illinois on April 2, 2013 and was voluntarily dismissed on June 10, 2013. A third, similar lawsuit captioned St. Lucie County Fire District Firefighters Pension Trust Fund v. Leight et al., Case No. 13 CH 15483, was filed in Cook County Circuit Court in Illinois on July 8, 2013, and has since been transferred to DuPage County Circuit Court and consolidated with the Hammoud action. The Hammoud/St. Lucie plaintiffs have filed a consolidated amended complaint on December 9, 2013, but the action is otherwise stayed until there is a ruling on the motion to dismiss the securities class action. A fourth, similar lawsuit (that additionally named one current and one former executive as defendants) captioned Griffin v. Berger et al., Case No. 1:13-cv-04907, was filed in the Northern District of Illinois on July 9, 2013. The Griffin action is also stayed pending a ruling on the motion to dismiss the securities class action.

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 on 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 in 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.

As discussed in Note 8, on April 23, 2014, the Company completed the sale of NASDI, LLC ("NASDI") and Yankee Environmental Services, LLC, 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 are described below.

In 2009, NASDI received a letter stating that the Attorney General for the Commonwealth of Massachusetts is investigating alleged violations of the Massachusetts Solid Waste Act. The Company believes that the Massachusetts Attorney General is investigating waste disposal activities at an allegedly unpermitted disposal site owned by a third party with whom NASDI contracted for the disposal of waste materials in 2007 and 2008. Per the Massachusetts Attorney General's request, NASDI executed a tolling agreement regarding the matter in 2009 and engaged in further discussions with the Massachusetts Attorney General's office. Should a claim be brought, the Company intends to defend this matter vigorously.

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In 2011, NASDI received a subpoena from a federal grand jury in the District of Massachusetts directing NASDI to furnish certain documents relating to certain projects performed by NASDI since January 2005. The Company conducted an internal investigation into this matter and has cooperated with the grand jury's investigation. Based on the limited information known to the Company, the Company cannot predict the outcome of the investigation, the U.S. Attorney's views of the issues being investigated, and any action the U.S. Attorney may take.

On April 24, 2014, NASDI received a subpoena from a federal grand jury in the District of Massachusetts directing NASDI to furnish certain emails for the years 2004 to the present for the email accounts of certain former and present NASDI employees. The Company is cooperating with the grand jury's investigation. Based on the limited information known to the Company, the Company cannot predict the outcome of the investigation, the U.S. Attorney's views of the issues being investigated, and any action the U.S. Attorney may take.

8. Business dispositions

On April 23, 2014, the Company entered into an agreement and completed the sale of NASDI, LLC and Yankee Environmental Services, LLC, its two subsidiaries that comprised the historical demolition business. Under the terms of the agreement, the Company received cash 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, which is subject to change based upon the final terms of the sale, including subsequent adjustments to the purchase price related to additional proceeds.

To the extent the Company incurs liabilities for exit costs, including severance, other employee benefits costs and operating lease obligations, the liabilities will be measured at fair value and recorded when incurred.

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

	Three Months Ended	
	March 31,	
	2014	2013
Revenue	\$12,124	\$ 8,694
Loss before income taxes from discontinued operations	\$ (9,620)	\$(7,901)
Income tax benefit	6,881	3,560
Loss from discontinued operations, net of income taxes	<u>\$ (2,739)</u>	<u>\$(4,341)</u>

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The major classes of assets and liabilities of businesses reported as discontinued operations are shown below:

	March 31, 2014	December 31, 2013
Assets:		
Accounts receivable—net	\$ 14,605	\$ 15,445
Contract revenues in excess of billings	12,427	13,130
Other current assets	4,037	14,825
Property and equipment—net	9,189	8,765
Other intangible assets —net	85	91
Assets of discontinued operations	<u>\$ 40,343</u>	<u>\$ 52,256</u>
Liabilities:		
Accounts payable	\$ 7,586	\$ 9,480
Accrued expenses	6,466	4,091
Reserve for loss on disposal	11,098	18,436
Other current liabilities	1,431	486
Other liabilities	707	1,212
Liabilities of discontinued operations	<u>\$ 27,288</u>	<u>\$ 33,705</u>

9. Segment information

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

	Three Months Ended March 31,	
	2014	2013
Dredging		
Contract revenues	\$161,960	\$173,959
Operating income	7,429	19,000
Environmental & remediation		
Contract revenues	\$ 12,730	\$ 6,194
Operating loss	(4,544)	(4,504)
Intersegment revenues	\$ (308)	\$ —
Total		
Contract revenues	\$174,382	\$180,153
Operating income	2,885	14,496

Foreign dredging revenue of \$16,470 and \$38,385 for the three months ended March 31, 2014 and 2013, respectively, was primarily attributable to work done in Brazil as well as for the Wheatstone LNG project in Western Australia.

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.

10. Subsidiary guarantors

The Company's long-term debt at March 31, 2014 includes \$250,000 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 March 31, 2014 and December 31, 2013;
- (ii) statements of operations and comprehensive income (loss) for the three months ended March 31, 2014 and 2013; and
- (iii) statements of cash flows for the three months ended March 31, 2014 and 2013.

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GREAT LAKES DREDGE & DOCK CORPORATION AND SUBSIDIARIES

CONDENSED CONSOLIDATING BALANCE SHEET

AS OF MARCH 31, 2014

(In thousands)

	Subsidiary Guarantors	Non-Guarantor Subsidiaries	GLDD Corporation	Eliminations	Consolidated Totals
ASSETS					
CURRENT ASSETS:					
Cash and cash equivalents	\$ 56,659	\$ 1,971	\$ 65	\$ —	\$ 58,695
Accounts receivable — net	65,507	—	—	—	65,507
Receivables from affiliates	104,275	8,066	46,065	(158,406)	—
Contract revenues in excess of billings	88,168	4,893	—	—	93,061
Inventories	34,707	—	—	—	34,707
Prepaid expenses and other current assets	28,614	307	10,540	—	39,461
Assets held for sale	29,647	11,599	—	(8,473)	32,773
Total current assets	407,577	26,836	56,670	(166,879)	324,204
PROPERTY AND EQUIPMENT—Net	356,979	7	—	—	356,986
GOODWILL AND OTHER INTANGIBLE ASSETS—Net	81,047	—	—	—	81,047
INVENTORIES — Noncurrent	36,707	—	—	—	36,707
INVESTMENTS IN JOINT VENTURES	7,055	—	—	—	7,055
INVESTMENTS IN SUBSIDIARIES	4,644	—	585,671	(590,315)	—
ASSETS HELD FOR SALE—Noncurrent	9,220	54	—	—	9,274
OTHER	5,609	3	4,905	—	10,517
TOTAL	\$ 908,838	\$ 26,900	\$ 647,246	\$ (757,194)	\$ 825,790
LIABILITIES AND EQUITY					
CURRENT LIABILITIES:					
Accounts payable	\$ 108,459	\$ 640	\$ 436	\$ —	\$ 109,535
Payables to affiliates	124,689	24,101	9,616	(158,406)	—
Accrued expenses	26,536	16	5,699	—	32,251
Billings in excess of contract revenues	4,961	—	—	—	4,961
Liabilities held for sale	33,669	1,385	—	(8,473)	26,581
Total current liabilities	298,314	26,142	15,751	(166,879)	173,328
7 3/8% SENIOR NOTES	—	—	250,000	—	250,000
REVOLVING CREDIT FACILITY	—	—	37,000	—	37,000
DEFERRED INCOME TAXES	1,682	—	106,249	—	107,931
LIABILITIES HELD FOR SALE—Noncurrent	707	—	—	—	707
OTHER	18,578	—	546	—	19,124
Total liabilities	319,281	26,142	409,546	(166,879)	588,090
Total Great Lakes Dredge & Dock Corporation Equity	589,557	758	237,700	(590,315)	237,700
NONCONTROLLING INTERESTS	—	—	—	—	—
TOTAL EQUITY	589,557	758	237,700	(590,315)	237,700
TOTAL	\$ 908,838	\$ 26,900	\$ 647,246	\$ (757,194)	\$ 825,790

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GREAT LAKES DREDGE & DOCK CORPORATION AND SUBSIDIARIES
CONDENSED CONSOLIDATING BALANCE SHEET
AS OF DECEMBER 31, 2013

(In thousands)

	Subsidiary Guarantors	Non-Guarantor Subsidiaries	GLDD Corporation	Eliminations	Consolidated Totals
ASSETS					
CURRENT ASSETS:					
Cash and cash equivalents	\$ 71,939	\$ 3,399	\$ —	\$ —	\$ 75,338
Accounts receivable — net	95,476	1,039	—	—	96,515
Receivables from affiliates	131,984	7,337	12,205	(151,526)	—
Contract revenues in excess of billings	63,591	3,841	—	—	67,432
Inventories	32,500	—	—	—	32,500
Prepaid expenses and other current assets	23,549	137	20,478	—	44,164
Assets held for sale	41,763	11,877	—	(8,536)	45,104
Total current assets	460,802	27,630	32,683	(160,062)	361,053
PROPERTY AND EQUIPMENT—Net	345,612	8	—	—	345,620
GOODWILL AND OTHER INTANGIBLE ASSETS—Net	81,302	—	—	—	81,302
INVENTORIES — Noncurrent	38,496	—	—	—	38,496
INVESTMENTS IN JOINT VENTURES	8,256	—	—	—	8,256
INVESTMENTS IN SUBSIDIARIES	1,212	—	638,955	(640,167)	—
ASSETS HELD FOR SALE—Noncurrent	8,796	60	—	—	8,856
OTHER	3,886	3	5,193	(20)	9,062
TOTAL	<u>\$ 948,362</u>	<u>\$ 27,701</u>	<u>\$ 676,831</u>	<u>\$ (800,249)</u>	<u>\$ 852,645</u>
LIABILITIES AND EQUITY					
CURRENT LIABILITIES:					
Accounts payable	\$ 115,235	\$ 754	\$ 132	\$ —	\$ 116,121
Payables to affiliates	96,270	24,862	30,394	(151,526)	—
Accrued expenses	28,086	15	10,430	—	38,531
Billings in excess of contract revenues	6,754	—	—	—	6,754
Current portion of long term debt	—	—	—	—	—
Liabilities held for sale	38,158	2,871	—	(8,536)	32,493
Total current liabilities	284,503	28,502	40,956	(160,062)	193,899
7 3/8% SENIOR NOTES	—	—	250,000	—	250,000
REVOLVING CREDIT FACILITY	—	—	35,000	—	35,000
DEFERRED INCOME TAXES	—	—	108,531	(20)	108,511
LIABILITIES HELD FOR SALE—Noncurrent	1,212	—	—	—	1,212
OTHER	21,679	—	243	—	21,922
Total liabilities	307,394	28,502	434,730	(160,082)	610,544
Total Great Lakes Dredge & Dock Corporation Equity	640,968	(801)	242,946	(640,167)	242,946
NONCONTROLLING INTERESTS	—	—	(845)	—	(845)
TOTAL EQUITY	<u>640,968</u>	<u>(801)</u>	<u>242,101</u>	<u>(640,167)</u>	<u>242,101</u>
TOTAL	<u>\$ 948,362</u>	<u>\$ 27,701</u>	<u>\$ 676,831</u>	<u>\$ (800,249)</u>	<u>\$ 852,645</u>

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

(In thousands)

	<u>Subsidiary Guarantors</u>	<u>Non-Guarantor Subsidiaries</u>	<u>GLDD Corporation</u>	<u>Eliminations</u>	<u>Consolidated Totals</u>
Contract revenues	\$ 173,322	\$ 6,029	\$ —	\$ (4,969)	\$ 174,382
Costs of contract revenues	(150,737)	(7,707)	—	4,969	(153,475)
Gross profit	22,585	(1,678)	—	—	20,907
OPERATING EXPENSES:					
General and administrative expenses	17,870	—	—	—	17,870
Loss on sale of assets—net	152	—	—	—	152
Operating loss	4,563	(1,678)	—	—	2,885
Interest expense—net	69	(129)	(4,956)	—	(5,016)
Equity in earnings (loss) of subsidiaries	(1,143)	—	3,505	(2,362)	—
Equity in loss of joint ventures	(1,843)	—	—	—	(1,843)
Gain on foreign currency transactions—net	58	7	—	—	65
Income (loss) from continuing operations before income taxes	1,704	(1,800)	(1,451)	(2,362)	(3,909)
Income tax benefit	480	—	973	—	1,453
Income (loss) from continuing operations	2,184	(1,800)	(478)	(2,362)	(2,456)
Loss from discontinued operations, net of income taxes	(2,868)	(1,024)	(4,717)	5,870	(2,739)
Net loss	(684)	(2,824)	(5,195)	3,508	(5,195)
Net (income) loss attributable to noncontrolling interest	—	—	—	—	—
Net loss attributable to common stockholders of Great Lakes Dredge & Dock Corporation	<u>\$ (684)</u>	<u>\$ (2,824)</u>	<u>\$ (5,195)</u>	<u>\$ 3,508</u>	<u>\$ (5,195)</u>
Comprehensive loss attributable to Great Lakes Dredge & Dock Corporation	<u>\$ (973)</u>	<u>\$ (3,013)</u>	<u>\$ (5,673)</u>	<u>\$ 3,986</u>	<u>\$ (5,673)</u>

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GREAT LAKES DREDGE & DOCK CORPORATION AND SUBSIDIARIES

CONDENSED CONSOLIDATING STATEMENT OF OPERATIONS AND COMPREHENSIVE INCOME

FOR THE THREE MONTHS ENDED MARCH 31, 2013

(In thousands)

	<u>Subsidiary Guarantors</u>	<u>Non-Guarantor Subsidiaries</u>	<u>GLDD Corporation</u>	<u>Eliminations</u>	<u>Consolidated Totals</u>
Contract revenues	\$ 177,907	\$ 2,246	\$ —	\$ —	180,153
Costs of contract revenues	(147,283)	(2,136)	—	—	(149,419)
Gross profit	30,624	110	—	—	30,734
OPERATING EXPENSES:					
General and administrative expenses	16,236	—	—	—	16,236
Loss on sale of assets—net	2	—	—	—	2
Operating income (loss)	14,386	110	—	—	14,496
Interest expense—net	(19)	(42)	(5,672)	—	(5,733)
Equity in earnings (loss) of subsidiaries	(1,670)	—	16,208	(14,538)	—
Equity in loss of joint ventures	(591)	—	—	—	(591)
Loss on foreign currency transactions—net	36	—	—	—	36
Income from continuing operations before income taxes	12,142	68	10,536	(14,538)	8,208
Income tax (provision) benefit	17	—	(3,473)	—	(3,456)
Income from continuing operations	12,159	68	7,063	(14,538)	4,752
Income (loss) from discontinued operations, net of income taxes	(4,383)	(5)	(6,652)	6,699	(4,341)
Net income (loss)	7,776	63	411	(7,839)	411
Net (income) loss attributable to noncontrolling interest	—	—	22	—	22
Net income (loss) attributable to common stockholders of Great Lakes Dredge & Dock Corporation	<u>\$ 7,776</u>	<u>\$ 63</u>	<u>\$ 433</u>	<u>\$ (7,839)</u>	<u>\$ 433</u>
Comprehensive income (loss) attributable to Great Lakes Dredge & Dock Corporation	<u>\$ 7,793</u>	<u>\$ 57</u>	<u>\$ 444</u>	<u>\$ (7,850)</u>	<u>\$ 444</u>

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GREAT LAKES DREDGE & DOCK CORPORATION AND SUBSIDIARIES
CONDENSED CONSOLIDATING STATEMENT OF CASH FLOWS
FOR THE THREE MONTHS ENDED MARCH 31, 2014

(In thousands)

	Subsidiary Guarantors	Non-Guarantor Subsidiaries	GLDD Corporation	Eliminations	Consolidated Totals
OPERATING ACTIVITIES:					
Net cash flows provided by (used in) operating activities of continuing operations	\$ 11,746	\$ (2,094)	\$ (1,007)	\$ —	\$ 8,645
Net cash flows provided by (used in) operating activities of discontinued operations	(1,611)	(1,024)	—	—	(2,635)
Cash provided by (used in) operating activities	10,135	(3,118)	(1,007)	—	6,010
INVESTING ACTIVITIES:					
Purchases of property and equipment	(21,631)	—	—	—	(21,631)
Proceeds from dispositions of property and equipment	64	—	—	—	64
Proceeds from (payments on) vendor performance obligations	(3,100)	—	—	—	(3,100)
Net change in accounts with affiliates	(722)	—	—	722	—
Net cash flows used in investing activities of continuing operations	(25,389)	—	—	722	(24,667)
Net cash flows used in investing activities of discontinued operations	(26)	—	—	—	(26)
Cash used in investing activities	(25,415)	—	—	722	(24,693)
FINANCING ACTIVITIES:					
Purchase of noncontrolling interest	—	—	(205)	—	(205)
Net change in accounts with affiliates	—	1,864	(1,142)	(722)	—
Exercise of options and purchases from employee stock plans	—	—	415	—	415
Excess income tax benefit from share-based compensation	—	—	4	—	4
Borrowings under revolving loans	—	—	40,000	—	40,000
Repayments of revolving loans	—	—	(38,000)	—	(38,000)
Net cash flows provided by financing activities of continuing operations	—	1,864	1,072	(722)	2,214
Effect of foreign currency exchange rates on cash and cash equivalents	—	(174)	—	—	(174)
Net increase (decrease) in cash and cash equivalents	(15,280)	(1,428)	65	—	(16,643)
Cash and cash equivalents at beginning of period	71,939	3,399	—	—	75,338
Cash and cash equivalents at end of period	<u>\$ 56,659</u>	<u>\$ 1,971</u>	<u>\$ 65</u>	<u>\$ —</u>	<u>\$ 58,695</u>

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GREAT LAKES DREDGE & DOCK CORPORATION AND SUBSIDIARIES
CONDENSED CONSOLIDATING STATEMENT OF CASH FLOWS
FOR THE THREE MONTHS ENDED MARCH 31, 2013

(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	\$ 2,333	\$ (1,295)	\$ (11,198)	\$ —	\$ (10,160)
Net cash flows provided by (used in) operating activities of discontinued operations	(3,067)	(5)	—	—	(3,072)
Cash provided by (used in) operating activities	(734)	(1,300)	(11,198)	—	(13,232)
INVESTING ACTIVITIES:					
Purchases of property and equipment	(15,364)	—	—	—	(15,364)
Proceeds from dispositions of property and equipment	58	—	—	—	58
Net change in accounts with affiliates	(1,722)	—	—	1,722	—
Net cash flows used in investing activities of continuing operations	(17,028)	—	—	1,722	(15,306)
Net cash flows used in investing activities of discontinued operations	(150)	—	—	—	(150)
Cash used in investing activities	(17,178)	—	—	1,722	(15,456)
FINANCING ACTIVITIES:					
Repayments of long term note payable	—	—	(10,547)	—	(10,547)
Taxes paid on settlement of vested share awards	—	—	(28)	—	(28)
Excess income tax benefit from share-based compensation	—	—	15	—	15
Net change in accounts with affiliates	—	1,184	538	(1,722)	—
Borrowings under revolving loans	—	—	79,500	—	79,500
Repayments of revolving loans	—	—	(58,000)	—	(58,000)
Capital contributions	—	280	(280)	—	—
Net cash flows provided by financing activities of continuing operations	—	1,464	11,198	(1,722)	10,940
Net cash flows used in financing activities of discontinued operations	(25)	—	—	—	(25)
Cash provided by (used in) financing activities	(25)	1,464	11,198	(1,722)	10,915
Effect of foreign currency exchange rates on cash and cash equivalents	—	(24)	—	—	(24)
Net increase (decrease) in cash and cash equivalents	(17,937)	140	—	—	(17,797)
Cash and cash equivalents at beginning of period	24,273	167	—	—	24,440
Cash and cash equivalents at end of period	<u>\$ 6,336</u>	<u>\$ 307</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 6,643</u>

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

Cautionary note regarding forward-looking statements

Certain statements in this Quarterly Report on Form 10-Q may constitute “forward-looking” statements as defined in Section 27A of the Securities Act of 1933 (the “Securities Act”), Section 21E of the Securities Exchange Act of 1934 (the “Exchange Act”), the Private Securities Litigation Reform Act of 1995 (the “PSLRA”) or in releases made by the Securities and Exchange Commission (“SEC”), all as may be amended from time to time. Such forward-looking statements involve known and unknown risks, uncertainties and other important factors that could cause the actual results, performance or achievements of Great Lakes Dredge & Dock Corporation and its subsidiaries (“Great Lakes” or the “Company”), or industry results, to differ materially from any future results, performance or achievements expressed or implied by such forward-looking statements. Statements that are not historical fact are forward-looking statements. Forward-looking statements can be identified by, among other things, the use of forward-looking language, such as the words “plan,” “believe,” “expect,” “anticipate,” “intend,” “estimate,” “project,” “may,” “would,” “could,” “should,” “seeks,” or “scheduled to,” or other similar words, or the negative of these terms or other variations of these terms or comparable language, or by discussion of strategy or intentions. These cautionary statements are being made pursuant to the Securities Act, the Exchange Act and the PSLRA with the intention of obtaining the benefits of the “safe harbor” provisions of such laws. Great Lakes cautions investors that any forward-looking statements made by Great Lakes are not guarantees or indicative of future performance. Important assumptions and other important factors that could cause actual results to differ materially from those forward-looking statements with respect to Great Lakes, include, but are not limited to, risks and uncertainties that are described in Item 1A. “Risk Factors” of Great Lakes’ Annual Report on Form 10-K for the year ended December 31, 2013, and in other securities filings by Great Lakes with the SEC.

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

General

The Company is the largest provider of dredging services in the United States. In addition, the Company is the only U.S. dredging service provider with significant international operations, which represented 10% of its dredging revenues for the first three months of 2014, below the Company’s prior three year average of 18%. The mobility of the Company’s fleet enables the Company to move equipment in response to changes in demand for dredging services.

Dredging generally involves the enhancement or preservation of navigability of waterways or the protection of shorelines through the removal or replenishment of soil, sand or rock. The U.S. dredging market consists of four primary types of work: capital, coastal protection, maintenance and rivers & lakes. The Company’s bid market is defined as the aggregate dollar value of domestic dredging projects on which the Company bid or could have bid if not for capacity constraints (“bid market”). The Company experienced an average combined bid market share in the U.S. of 46% over the prior three years, including 46%, 58%, 33% and 50% of the domestic capital, coastal protection, maintenance and rivers & lakes sectors, respectively.

The Company’s largest domestic dredging customer is the U.S. Army Corps of Engineers (the “Corps”), which has responsibility for federally funded projects related to navigation and flood control of U.S. waterways. In the first three months of 2014, 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 79% of dredging revenues, an increase compared to the Company’s prior three year average of 59%.

The Company’s environmental & remediation subsidiaries provide soil, water and sediment environmental remediation for the municipal and private party markets. Remediation involves the retrieval and removal of contamination from an environment through the use of separation techniques or disposal based on the quantity and severity of the contamination. Besides environmental remediation, the environmental & remediation segment performs industrial cleaning, abatement services and hazardous waste removal. In the first three months of 2014, environmental & remediation revenues accounted for 7% of total revenues.

The Company also owns 50% of Amboy Aggregates (“Amboy”) and 50% of TerraSea Environmental Solutions (“TerraSea”) as joint ventures. Amboy’s primary business is dredging 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 also imports stone from upstate New York and Nova Scotia and distributes it throughout the New York area. 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.

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The Company operates in four operating segments that, through aggregation, comprise two reportable segments: dredging and environmental & remediation, previously referred to as the demolition segment. The historical demolition business has been retrospectively presented as discontinued operations and is no longer reflected in continuing operations. Four operating segments were aggregated into two reportable segments as the segments have similarity in economic margins, services, production processes, customer types, distribution methods and regulatory environment. The Company has determined that the operating segments are the Company's four reporting units.

Results of operations

The following tables set forth the components of net income (loss) attributable to Great Lakes Dredge & Dock Corporation and Adjusted EBITDA from continuing operations, as defined below, as a percentage of contract revenues for the three months ended March 31, 2014 and 2013:

	Three Months Ended	
	March 31,	
	2014	2013
Contract revenues	100.0 %	100.0 %
Costs of contract revenues	(88.0)	(82.9)
Gross profit	12.0	17.1
General and administrative expenses	10.2	9.0
Loss on sale of assets—net	0.1	—
Operating income	1.7	8.1
Interest expense—net	(2.9)	(3.2)
Equity in loss of joint ventures	(1.1)	(0.3)
Gain on foreign currency transactions—net	—	—
Income (loss) from continuing operations before income taxes	(2.3)	4.6
Income tax (provision) benefit	0.8	(1.9)
Income (loss) from continuing operations	(1.4)	2.7
Loss from discontinued operations, net of income taxes	(1.6)	(2.4)
Net income (loss)	(3.0)	0.3
Net loss attributable to noncontrolling interest	—	—
Net income (loss) attributable to common stockholders of Great Lakes Dredge & Dock Corporation	(3.0)%	0.3%
Adjusted EBITDA	6.9 %	14.1 %

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, accelerated maintenance expense for new international deployments and goodwill or asset impairments. 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, interest and income tax expense and the associated significant cash requirements and the exclusion of depreciation and amortization, which represent significant and unavoidable operating costs given the level of indebtedness and capital expenditures needed to maintain the Company's business. For these reasons, the Company uses operating income to measure the Company's operating performance and uses Adjusted EBITDA from continuing operations only as a supplement. The following is a reconciliation of Adjusted EBITDA from continuing operations to net income (loss) attributable to common stockholders of Great Lakes Dredge & Dock Corporation:

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(in thousands)	Three Months Ended	
	March 31,	
	2014	2013
Net income (loss) attributable to common stockholders of Great Lakes Dredge & Dock Corporation	\$ (5,195)	\$ 433
Loss from discontinued operations, net of income taxes	(2,739)	(4,341)
Net loss attributable to noncontrolling interest	—	22
Income (loss) from continuing operations	(2,456)	4,752
Adjusted for:		
Interest expense—net	5,016	5,733
Income tax provision (benefit)	(1,453)	3,456
Depreciation and amortization	10,885	11,451
Adjusted EBITDA from continuing operations	<u>\$11,992</u>	<u>\$25,392</u>

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

Revenues (in thousands)	Three Months Ended March 31,		
	2014	2013	Change
Dredging:			
Capital—U.S.	\$ 34,475	\$ 45,508	(24.2)%
Capital—foreign	16,470	38,385	(57.1)%
Coastal protection	70,720	56,921	24.2 %
Maintenance	36,311	27,764	30.8 %
Rivers & lakes	3,984	5,381	(26.0)%
Total dredging revenues	161,960	173,959	(6.9)%
Environmental & remediation	12,730	6,194	105.5 %
Intersegment revenue	(308)	—	100.0%
Total revenues	<u>\$174,382</u>	<u>\$180,153</u>	<u>(3.2)%</u>

Total revenue for the 2014 first quarter was \$174.4 million, a decrease of \$5.8 million or 3% from \$180.2 million during the 2013 first quarter. For the three months ended March 31, 2014, increases in coastal protection and maintenance dredging revenues and environmental & remediation revenues were offset by decreases in domestic and foreign capital and rivers & lakes revenues.

Capital dredging consists primarily of port expansion projects, which involve the deepening of channels 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 land reclamations, trench digging for pipelines, tunnels and cables, and other dredging related to the construction of breakwaters, jetties, canals and other marine structures. Domestic capital dredging revenue decreased by \$11.0 million, or 24%, to \$34.5 million, in the first quarter of 2014 when compared to the first quarter of 2013. Domestic capital dredging revenues in the three months ended March 31, 2014 were primarily earned by port deepening projects in Miami, Florida and New York. In comparison, revenues of the first three months of 2013 were driven by a coastal restoration project in Louisiana that did not repeat in the current year.

Foreign capital projects typically involve land reclamations, channel deepening and port infrastructure development. Foreign dredging revenue decreased by \$21.9 million, or 57%, in the first quarter of 2014 to \$16.5 million. Revenues were from fewer foreign capital projects in the first three months of 2014 and primarily relate to dredging activities for the Wheatstone LNG Project in Western Australia and a port development project in Brazil.

Coastal protection projects generally involve moving sand from the ocean floor to shoreline locations where erosion threatens shoreline assets. Coastal protection revenue in the 2014 first quarter increased \$13.8 million, or 24%, from the 2013 first quarter. A larger number of projects in New York and New Jersey to repair damaged shorelines continued to add to increased revenue during the three months ended March 31, 2014. Additionally, the Company worked on projects in South Carolina and Florida.

Maintenance dredging consists of the re-dredging of previously deepened waterways and harbors to remove silt, sand and other accumulated sediments. Maintenance revenue in the first quarter of 2014 increased by \$8.5 million, or 31%, compared to the first quarter of 2013. A greater number of projects in the current quarter contributed to the increase. The Company worked on maintenance projects in Florida, New York, Maryland, Georgia and Tennessee during the first quarter of 2014.

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Domestic rivers & lakes dredging and related operations typically consist of lake and river dredging, inland levee and construction dredging, environmental restoration and habitat improvement and other marine construction projects. Rivers & lakes revenue in the first quarter of 2014 was \$4.0 million, a decrease of \$1.4 million or 26% compared to the first quarter of 2013. Higher revenue in the first quarter of 2013 was impacted from the work on a large municipal lake project in Texas. Rivers & lakes projects in the first quarter of 2014 included work in Florida, Nebraska and Illinois.

The environmental & remediation segment recorded revenues of \$12.7 million for the three months ended March 31, 2014, up 106% compared to \$6.2 million for the same period in 2013. The increase is attributable to a greater number of environmental & remediation projects in the first three months 2014, including remediation projects in New Jersey and Michigan.

Consolidated gross profit for the 2014 first quarter decreased by 32% to \$20.9 million, from \$30.7 million in the first quarter of 2013. Gross profit margin (gross profit divided by revenue) for the 2014 first quarter decreased to 12.0% from 17.1% in the 2013 first quarter. Gross profit margin for the three months ended March 31, 2014 was lower as many projects located in the northern U.S. experienced severe weather which both contributed to longer project durations and equipment downtime for maintenance. These weather impacts in the quarter lowered margins on existing projects and negatively affected the Company's fixed cost coverage. In addition, fewer projects in the Middle East further lowered the gross profit margin in the first quarter.

The Company's general and administrative expenses totaled \$17.9 million for the three months ended March 31, 2014, up \$1.7 million or 10% from the first quarter of 2013. General and administrative expenses totaled \$16.2 million for the three months ended March 31, 2013. Additional payroll and benefit expenses of \$1.5 million over the same period in 2013 contributed to the increase.

The operating income for the three months ended March 31, 2014 was \$2.9 million compared to \$14.5 million in the same period of 2013. The lower operating income is primarily due to higher unabsorbed fixed costs impacting gross profit margin.

The Company's net interest expense totaled \$5.0 million for the three months ended March 31, 2014, down from interest expense of \$5.7 million from the same period of 2013 which included financing fees associated with amendments to our debt facilities.

The income tax expense for the three months ended March 31, 2014 was a benefit of \$1.5 million compared to a provision of \$3.5 million for the three months ended 2013. The decrease in income tax provision for the quarter was attributable to the lower taxable operating income in 2014. The effective tax rate for the three months ended March 31, 2014 is 37.2%, which is below the effective tax rate of 42.1% for the same period of 2013 due to larger credits allowed in the first quarter of 2014. The Company expects the tax rate for the full year before consideration of nondeductible pretax items to remain near 40%.

Net loss from continuing operations was \$2.5 million and the loss per diluted share was \$0.04 for the 2014 first quarter compared to a net income from continuing operations of \$4.8 million and earnings per share of \$0.08 for the same period of 2013. The decrease in the first quarter of 2014 is due to lower operating results, for the periods described above.

Adjusted EBITDA (as defined on page 25) was \$12.0 million for the three months ended March 31, 2014 compared with \$25.4 million in the same 2013 period. This decrease is the result of lower operating income in the current year period.

Results by segment

Dredging

Dredging revenues for the three months ended March 31, 2014 were \$162.0 million compared to \$174.0 million for the same period of 2013. The dredging segment for the three months ended March 31, 2014 included increases in coastal protection and maintenance revenues which were offset by lower domestic and foreign capital and rivers & lakes revenues. The prior year dredging revenues were driven by two projects in the Middle East and a coastal restoration project in Louisiana that did not repeat in the current year.

Gross profit margin in the dredging segment was 12.9% for the three months ended March 31, 2014 compared to gross profit margin of 18.0% for the same period in the prior year. Dredging gross profit margin was lower as many projects located in the northern U.S. experienced severe weather impacts which both contributed to longer project durations and equipment downtime for maintenance that negatively affected the first quarter of 2014. These weather impacts in the quarter lowered margins on existing projects and negatively affected the Company's fixed cost coverage. In addition, fewer projects in the Middle East further lowered the gross profit margin in the first quarter.

Dredging segment operating income was \$7.4 million for the three months ended March 31, 2014 compared to operating income of \$19.0 million for the three months ended March 31, 2013. The decrease in operating income for the first quarter of 2014 is a result of the aforementioned lower gross profit margins in the segment and a \$1.0 million increase in general and administrative expenses primarily related to additional payroll and benefit expenses.

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Environmental & remediation

Environmental & remediation revenues for the three months ended March 31, 2014 totaled \$12.7 million compared to \$6.2 million for the three months ended March 31, 2013. Environmental & remediation revenues for the first three months of 2013 increased as a result of a greater number of projects in the current quarter.

The environmental & remediation segment had a gross profit margin of 0.4% for the three months ended March 31, 2014 and a negative gross profit margin of 8.4% for the same period in the prior year. During the first quarter of 2014, better fixed cost coverage allowed for improvements in the gross profit margin, but some severe weather partially offset the improvement in contract margin at the environmental & remediation segment.

The environmental & remediation segment had an operating loss of \$4.5 million for the three months ended March 31, 2014, in line with an operating loss of \$4.5 million for the same periods of 2013. The foregoing increase in gross profit margin for the three months ended March 31, 2014 was offset by a \$0.6 million increase in general and administrative expenses, specifically additional payroll and benefit expenses.

On April 23, 2014, the Company completed the sale of its historical demolition business which previously was part of the environmental & remediation segment. The historical demolition business has been retrospectively presented as discontinued operations and is no longer reflected in continuing operations.

Bidding activity and backlog

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

Backlog (in thousands)	March 31, 2014	December 31, 2013	March 31, 2013
Dredging:			
Capital—U.S.	\$189,450	\$ 176,117	\$103,061
Capital—foreign	98,849	98,666	195,292
Coastal protection	76,583	143,498	33,978
Maintenance	38,826	70,633	2,211
Rivers & lakes	111,441	26,158	26,339
Dredging Backlog	515,149	515,072	360,881
Environmental & remediation	77,363	28,330	27,548
Total Backlog	\$592,512	\$ 543,402	\$388,429

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 & remediation 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, 60% of the Company's March 31, 2014 dredging backlog relates to federal government contracts, which can be canceled at any time without penalty to the government, subject to the Company's contractual right to recover the Company's actual committed costs and profit on work performed up to the date of cancellation. The Company's backlog may fluctuate significantly from quarter to quarter based upon the type and size of the projects the Company is awarded from the bid market. A quarterly increase or decrease of the Company's backlog does not necessarily result in an improvement or a deterioration of the Company's business. The Company's backlog includes only those projects for which the Company has obtained a signed contract with the customer.

The domestic dredging bid market for the 2014 first quarter totaled \$376.4 million. This represents an increase of \$139.4 million from the same period in the prior year. During the first quarter the Company was awarded the final phase of the PortMiami project, for \$31.6 million. The two-year project commenced dredging operations in November 2013 and will deepen the port to a depth of 50/52 feet to accommodate the post-Panamax cargo ships that will start to pass through the expanded Panama Canal in 2015. Including the PortMiami award, the Company won 22%, or \$45.8 million of the capital projects awarded through March 31, 2014. Also in the quarter, rivers & lakes announced the receipt of an \$89 million contract with the City of Decatur (IL) to provide dredging services to remove nearly 11 million cubic yards of material to increase the capacity of Lake Decatur. With this award, rivers & lakes won 74% of the rivers & lakes projects. The Company won 37% of the overall domestic bid market through March 31, 2014, which is below the Company's prior three year average of 46%. Variability in contract wins from quarter to quarter is not unusual and one quarter's win rate is generally not indicative of the win rate the Company is likely to achieve for a full year.

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The Company's contracted dredging backlog was \$515.1 million at March 31, 2014 which is the same level as the \$515.1 million backlog as of December 31, 2013. These amounts do not reflect approximately \$0.9 million of domestic low bids pending formal award and additional phases ("options") pending on projects currently in backlog at March 31, 2014. At December 31, 2013 the amount of domestic low bids and options pending award was \$136.4 million. Subsequent to the end of the quarter, the Company was low bidder on three additional contracts collectively totaling \$50.9 million that will be included in future backlog when awarded.

Domestic capital dredging backlog at March 31, 2014 was \$13.3 million greater than at December 31, 2013. The PortMiami project noted above will continue into 2015 adding to revenues throughout the current year. The Company also continues to work on a deepening project in New York. Several port deepenings on the East Coast have been congressionally authorized and states are agreeing to cost share the funding in advance of federal budget appropriations to ensure completion before the first ship passes through the expanded Panama Canal. The current *Water Resources Reform and Development Act* under reconciliation by Congress has language that would allow the Port of Savannah to begin its deepening project and authorizes the Port of Jacksonville to commence studies on its deepening. We believe that the focus on the imminent Panama Canal completion will allow the Corps and representative states to move forward several port projects in the near future.

Coastal protection dredging backlog at March 31, 2014 was \$66.9 million lower than at December 31, 2013 as the Company worked a number of projects in backlog to repair damaged shorelines in New York and New Jersey. Additionally, the Company worked on projects in South Carolina and Florida that were part of the backlog at year end. The Corps is expected to let for bid a second round of coastal protection projects later in 2014. In addition, several states are recognizing the importance of coastal protection to their communities and are stepping up local funding for projects that will directly impact their communities.

Maintenance dredging backlog was \$31.8 million lower at March 31, 2014 than at December 31, 2013. The Company primarily completed its backlog related to six projects in the quarter and will be working on its New York port maintenance contract throughout the second half of 2014. The previously mentioned *Water Resources Reform and Development Act* includes language that will require over time, more money from the Harbor Maintenance Trust Fund to be spent on maintenance dredging. The Company encourages passage of this important infrastructure bill to provide necessary funding and long term planning visibility to the Corps.

Rivers & lakes backlog is \$85.3 million higher at March 31, 2014 than at December 31, 2013 on the Lake Decatur award in the current quarter. Rivers & lakes continued to earn on projects in its backlog, including work on its large municipal lake project in Texas and a private company project in Florida.

Foreign capital dredging backlog remained similar from year end with \$98.8 million of backlog at March 31, 2014. Backlog from our Wheatstone LNG project, a new port project in Brazil and a Middle East project comprised the balance of backlog. We continue to pursue several international opportunities and collaborations to fully utilize our fleet of vessels.

Environmental & remediation services backlog was \$49.0 million higher at March 31, 2014 than at December 31, 2013. The increase was primarily driven by the award of a new phase of the Midwestern remediation project during the quarter. Terra's reputation in the remediation specialty contracting business continued to allow it to pursue several important projects and Terra's combined service offering with rivers & lakes' dredging highlights an important growth element of the Company.

Liquidity and capital resources

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

The Company's net cash provided by (used in) operating activities of continuing operations for the three months ended March 31, 2014 and 2013 totaled \$8.6 million, and \$(10.2) 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 increase in the current quarter from the three months ended March 31, 2013 is related to a decrease in the investment in working capital partially offset by lower adjusted EBITDA from continuing operations in the current quarter.

The Company's net cash flows used in investing activities of continuing operations for the first three months of 2014 and 2013 totaled \$24.7 million and \$15.3 million, respectively. Investing activities in both periods primarily relate to normal course upgrades and capital maintenance of the Company's dredging fleet. During the three months ended March 31, 2014, the Company spent \$10.1 million on construction in progress for a vessel being built to our specifications. The Company intends to secure financing during construction and upon completion of the vessel.

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The Company's net cash flows provided by financing activities of continuing operations for the three months ended March 31, 2014 and 2013 totaled \$2.2 million and \$10.9 million, respectively. The decrease in net cash flows provided by financing activities is primarily due to lower net borrowings on the Company's revolver during the current quarter. In addition, in the first three months of 2013, the Company paid \$10.5 million on a promissory note related to the Terra acquisition.

On June 4, 2012, the Company entered into a senior revolving credit agreement (the "Credit Agreement") with certain financial institutions from time to time party thereto as lenders, Wells Fargo Bank, National Association, as Administrative Agent, Swingline Lender and an Issuing Lender, Bank of America, N.A., as Syndication Agent and PNC Bank, National Association, BMO Harris Bank N.A. and Fifth Third Bank, as Co-Documentation Agents. The Credit Agreement provides for a senior revolving credit facility in an aggregate principal amount of up to \$175 million, subfacilities for the issuance of standby letters of credit up to a \$125 million sublimit, multicurrency borrowings up to a \$50 million sublimit and swingline loans up to a \$10 million sublimit. The Credit Agreement also includes an incremental loans feature that will allow the Company to increase the senior revolving credit facility by an aggregate principal amount of up to \$50 million. This is subject to lenders providing incremental commitments for such increase, provided that no default or event of default exists, the Company being in pro forma compliance with the existing financial covenants after giving effect to the increase and other standard conditions.

Depending on the Company's consolidated leverage ratio (as defined in the Credit Agreement), borrowings under the revolving credit facility will bear interest at the option of the Company of 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 credit facility contains affirmative, negative and financial covenants customary for financings of this type. 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 provider. The Credit Agreement requires the Company to maintain a net leverage ratio less than or equal to 4.50 to 1.00 as of the end of each fiscal quarter and a minimum fixed charge coverage ratio of 1.25 to 1.00.

In 2013, outstanding obligations under the Credit Agreement, which were previously unsecured, were secured by liens on certain of the Company's vessels and all of its domestic accounts receivable, subject to the liens and interests of certain other parties holding first priority perfected liens. Under the terms of the Credit Agreement, the obligations thereunder that became secured could again become unsecured provided that (i) no event of default has occurred and is continuing, (ii) the Company has maintained for two consecutive quarters, and is projected to maintain for the next two consecutive quarters, a total leverage ratio less than or equal to 3.75 to 1.0 and (iii) the Company has delivered to the lenders its audited financial statements with respect to its fiscal year ending December 31, 2013. At March 31, 2014, the Credit Agreement remains secured by liens on certain of the Company's vessels and all of its domestic accounts receivable.

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 March 31, 2014, the Company had \$37.0 million of borrowings on the revolver and \$90.8 million of letters of credit outstanding, resulting in \$47.2 million of availability under the Credit Agreement. Borrowings under the line of credit may be limited based on the Company's requirements to comply with its covenants. At March 31, 2014, the Company was in compliance with its various covenants under its Credit Agreement.

Performance and bid bonds are customarily required for dredging and marine construction projects, as well as some demolition 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. 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 March 31, 2014, the Company had outstanding performance bonds valued at approximately \$843.3 million, of which \$71.9 million relates to projects accounted for in discontinued operations. The revenue value remaining in backlog related to the projects of continuing operations totaled approximately \$318.8 million.

In addition to its credit facility, the Company has a \$24 million International Letter of Credit Facility with Wells Fargo Bank, National Association, as successor by merger to Wells Fargo HSBC Trade Bank (the "International Letter of Credit Facility"). This facility is used for performance and advance payment guarantees on foreign contracts. The Company's obligations under the agreement are guaranteed by the Company's foreign accounts receivable. In addition, the Export-Import Bank of the United States ("Ex-Im Bank") has issued a guarantee under the Ex-Im Bank's Working Capital Guarantee Program, which covers 90% of the obligations owing under the facility. The Company had no letters of credit issued under this facility at March 31, 2014.

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In connection with the sale of NASDI, LLC and Yankee Environmental Services, LLC, the Company's two subsidiaries that comprised the historical demolition business, on April 23, 2014, the Company, certain of its subsidiaries and Zurich entered into a rider to the Zurich Bonding Agreement. Under this rider, Zurich consented to the sale and agreed, among other things, to release and discharge such subsidiaries from their obligations under the Zurich Bonding Agreement, and release the Transferred Bonds (as defined below) from under the Zurich Bonding Agreement. As a condition to Zurich's consent and agreement to release, the rider required (i) the buyer of the historical demolition business to enter into a General Indemnity Agreement in favor of Zurich with respect to the performance bonds issued by Zurich for existing projects that were transferred with the sale (the "Transferred Bonds") and (ii) the Company to:

- enter into a Guarantee and Indemnity Agreement with respect to the Transferred Bonds in favor of Zurich ("Zurich Guarantee") pursuant to which the Company agreed to guarantee the obligations of such former subsidiaries under, and indemnify and hold Zurich harmless against any losses and liabilities incurred by it in respect of, the Transferred Bonds up to an aggregate amount of \$25 million;
- enter into an agreement with Zurich providing for the issuance to Zurich of a letter of credit by the Company in the original face amount of \$20 million (the "Zurich Letter of Credit") to secure the obligations of (a) the Company under the Zurich Bonding Agreement with respect to the bonds issued thereunder and under the Zurich Guarantee and (b) such former subsidiaries with respect to the Transferred Bonds; and
- issue the Zurich Letter of Credit.

In addition, on April 23, 2014, the Company entered into (i) an amendment to the Credit Agreement, which amended the Credit Agreement to permit the entrance into the Zurich Guarantee by the Company and to exclude the Zurich Guarantee and the Zurich Letter of Credit from the calculation of the Company's financial covenants under the Credit Agreement related to total consolidated indebtedness and total leverage ratio and (ii) an amendment to the International Letter of Credit Facility, to exclude the Zurich Guarantee and the Zurich Letter of Credit from the calculation of the Company's financial covenants thereunder related to total consolidated indebtedness and total leverage ratio.

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

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

Critical accounting policies and estimates

In preparing its consolidated financial statements, the Company follows accounting principles generally accepted in the United States of America. The application of these principles requires significant judgments or an estimation process that can affect the results of operations, financial position and cash flows of the Company, as well as the related footnote disclosures. The Company continually reviews its accounting policies and financial information disclosures. There have been no material changes in the Company's critical accounting policies or estimates since December 31, 2013.

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Item 3. Quantitative and Qualitative Disclosures about Market Risk.

The market risk of the Company's financial instruments as of March 31, 2014 has not materially changed since December 31, 2013. The market risk profile of the Company on December 31, 2013 is disclosed in Item 7A. "Quantitative and Qualitative Disclosures about Market Risk" of the Company's Annual Report on Form 10-K for the year ended December 31, 2013.

Item 4. Controls and Procedures.

a) Evaluation of disclosure controls and procedures.

Our management, with the participation of our Chief Executive Officer and Interim Chief Financial Officer, evaluated the effectiveness of the Company's disclosure controls and procedures, as required by Rule 13a-15(b) and 15d-15(b) under the Securities Exchange Act of 1934 (the "Exchange Act") as of March 31, 2014. Our disclosure controls and procedures are designed to provide reasonable assurance that information required to be disclosed in the reports that we file or submit under the Exchange Act a) is accumulated and communicated to our management, including our Chief Executive Officer and Chief Financial Officer, as appropriate to allow timely decisions regarding disclosure and b) is recorded, processed, summarized and reported within the time periods specified in the Securities and Exchange Commission's rules and forms.

Our Chief Executive Officer and Interim Chief Financial Officer concluded that our disclosure controls and procedures were effective in providing such a reasonable assurance.

b) Changes in internal control over financial reporting.

There have been no changes in our internal control over financial reporting (as defined in Rule 13a-15(f) under the Exchange Act) during the fiscal quarter ended March 31, 2014 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II — Other Information

Item 1. Legal Proceedings.

See Note 7 “Commitments and Contingencies” in the Notes to Condensed Consolidated Financial Statements.

Item 1A. Risk Factors.

There have been no material changes during the three months ended March 31, 2014 to the risk factors previously disclosed in Item 1A. Risk Factors in the Company’s Annual Report on Form 10-K for the year ended December 31, 2013.

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

- (a) None.
- (b) None.
- (c) None.

Item 3. Defaults Upon Senior Securities.

- (a) None.
- (b) None.

Item 4. Mine Safety Disclosures.

Not applicable.

Item 5. Other Information

- (a) None.
- (b) Not applicable.

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Item 6. Exhibits

- 10.1 Fourth Amendment to International Letter of Credit Agreement, dated August 30, 2013, by and among Great Lakes Dredge & Dock Corporation, Great Lakes Dredge & Dock Company, LLC and Wells Fargo Bank, National Association, as successor by merger to Wells Fargo HSBC Trade Bank, as amended (the “International Letter of Credit Facility”). *
- 10.2 Fifth Amendment to International Letter of Credit Agreement, dated April 22, 2014, by and among Great Lakes Dredge & Dock Corporation, Great Lakes Dredge & Dock Company, LLC and Wells Fargo Bank, National Association, as successor by merger to Wells Fargo HSBC Trade Bank, as amended (the “International Letter of Credit Facility”). *
- 10.3 Amendment No. 4 to Credit Agreement, dated as of April 23, 2014, by and among Great Lakes Dredge & Dock Corporation, the other Credit Parties party thereto, Wells Fargo Bank, National Association, as Administrative Agent, Swingline Lender and an Issuing Lender, and the other lenders party thereto. *
- 10.4 Second Rider to General Agreement of Indemnity, dated as April 23, 2014, 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. *
- 31.1 Certification Pursuant to Rules 13a-14(a) and 15d-14(a) under the Securities Exchange Act of 1934, as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002. *
- 31.2 Certification Pursuant to Rules 13a-14(a) and 15d-14(a) under the Securities Exchange Act of 1934, as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002. *
- 32.1 Certification Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002. *
- 32.2 Certification Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002. *
- 101.INS XBRL Instance Document. *
- 101.SCH XBRL Taxonomy Extension Schema. *
- 101.CAL XBRL Taxonomy Extension Calculation Linkbase. *
- 101.DEF XBRL Taxonomy Extension Definition Linkbase. *
- 101.LAB XBRL Taxonomy Extension Label Linkbase. *
- 101.PRE XBRL Taxonomy Extension Presentation Linkbase. *

* Filed herewith.

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SIGNATURE

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/ KATHERINE M. HAYES
Katherine M. Hayes
Interim Chief Financial Officer
(Principal Financial and Accounting Officer and Duly Authorized Officer)

Date: May 7, 2014

EXHIBIT INDEX

<u>Number</u>	<u>Document Description</u>
10.1	Fourth Amendment to International Letter of Credit Agreement, dated August 30, 2013, by and among Great Lakes Dredge & Dock Corporation, Great Lakes Dredge & Dock Company, LLC and Wells Fargo Bank, National Association, as successor by merger to Wells Fargo HSBC Trade Bank, as amended (the “International Letter of Credit Facility”). *
10.2	Fifth Amendment to International Letter of Credit Agreement, dated April 22, 2014, by and among Great Lakes Dredge & Dock Corporation, Great Lakes Dredge & Dock Company, LLC and Wells Fargo Bank, National Association, as successor by merger to Wells Fargo HSBC Trade Bank, as amended (the “International Letter of Credit Facility”). *
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10.4	Second Rider to General Agreement of Indemnity, dated as April 23, 2014, 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. *
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101.PRE	XBRL Taxonomy Extension Presentation Linkbase. *

* Filed herewith.

FOURTH AMENDMENT
TO
INTERNATIONAL LETTER OF CREDIT AGREEMENT

THIS FOURTH AMENDMENT TO INTERNATIONAL LETTER OF CREDIT AGREEMENT is dated as of August 30, 2013 (this "Fourth Amendment"), and entered into among GREAT LAKES DREDGE & DOCK CORPORATION, a Delaware corporation (the "Borrower"), GREAT LAKES DREDGE & DOCK COMPANY, LLC, a Delaware limited liability company (the "Guarantor"), and WELLS FARGO BANK, N.A., successor by merger to WELLS FARGO HSBC TRADE BANK, N.A. (the "Bank").

BACKGROUND:

A. The Borrower, the Guarantor and Bank entered into an International Letter of Credit Agreement, dated as of September 29, 2006 (as amended through the date hereof and as it may be further amended, modified or supplemented, the "Agreement"). Unless specifically defined or redefined below, capitalized terms used herein shall have the meanings ascribed thereto in the Agreement.

B. The Borrower has requested an extension of the Final Disbursement Date and the Maturity Date.

C. The Bank hereby agrees to extend the Final Disbursement Date and the Maturity Date, subject to the terms and conditions set forth herein.

NOW, THEREFORE, in consideration of the covenants, conditions and agreements hereafter set forth, and for other good and valuable consideration, the receipt and adequacy of which are all hereby acknowledged, the Borrower, the Guarantor and the Bank covenant and agree as follows:

SECTION 1. AMENDMENTS.

(a) Amendment to Section 4.1. Section 4.1 of the Agreement is amended and restated to read as follows:

Facility Fee. The Borrower shall pay to the Bank (i) on September 12, 2013, for the period from August 30, 2013 to the next Loan Facility Anniversary Date, a non-refundable facility fee in an amount equal to the product of (x) the Commitment and (y) the Annual Facility Fee Percentage, and (ii) on each Loan Facility Anniversary Date (other than the Maturity Date), a non-refundable facility fee in an amount equal to the product of (x) the Commitment and (y) the Annual Facility Fee Percentage, prorated to the Maturity Date in the case of the final Loan Facility Anniversary Date prior to the Maturity Date.

(b) Amendments to Exhibit "A" of the Agreement. The following definitions in Exhibit "A" of the Agreement are amended and restated in their entireties to read as follows:

"Annual Facility Fee Percentage" shall mean 1.75%.

"Borrower Agreement" shall mean the Borrower Agreement dated as of August 29, 2013, executed by the Borrower and the Bank, as amended, restated, replaced, supplemented or otherwise modified from time to time.

"Fast Track Borrower Supplement" shall mean the Fast Track Borrower Agreement Supplement executed by the Borrower as of August 29, 2013, as the same may be amended, restated, modified or supplemented from time to time.

"Loan Authorization Agreement" shall mean the Loan Authorization Agreement executed by the Borrower as of August 29, 2013, as the same may be amended, restated, replaced, modified or supplemented from time to time.

"Loan Facility Anniversary Date" shall mean each one (1) year anniversary of August 30, 2013.

"Maturity Date" shall mean June 12, 2015.

SECTION 2. REPRESENTATIONS AND WARRANTIES TRUE; NO EVENT OF DEFAULT. By its execution and delivery hereof, the Borrower represents and warrants that, as of the date hereof:

(a) (i) the Borrower has all requisite power and authority to execute and deliver this Fourth Amendment, (ii) this Fourth Amendment has been duly executed and delivered by the Borrower, and (iii) this Fourth Amendment and the Agreement, as amended hereby, constitute valid and legally binding obligations of the Borrower, enforceable against the Borrower in accordance with their respective terms, except as limited by Debtor Laws;

(b) there exists no Event of Default or Default under the Agreement both before and after giving effect to this Fourth Amendment;

(c) the representations and warranties set forth in the Agreement and other International Loan Documents are true and correct in all material respects on the date hereof both before and after giving effect to this Fourth Amendment, except to the extent that such representations and warranties specifically refer to an earlier date, in which case they shall be true and correct in all material respects as of such earlier date;

(d) the Agreement, as amended hereby, and the other International Loan Documents remain in full force and effect; and

(e) neither the execution, delivery and performance of this Fourth Amendment or the Agreement, as amended hereby, nor the consummation of any transactions contemplated herein or therein, will (a) contravene the terms of the Organization Documents of the Borrower, (b) violate any Governmental Requirement or (c) conflict with any Obligation to which the Borrower is a party; except in the case of clauses (b) and (c) above to the extent that such conflict could not reasonably be expected to have a Material Adverse Effect.

SECTION 3. CONDITIONS TO EFFECTIVENESS. All provisions of this Fourth Amendment shall be effective upon receipt by the Bank of the following:

- (a) This Fourth Amendment duly executed by the Borrower, the Guarantor and the Bank;
- (b) Secretary's Certificate of Borrower duly executed by the Borrower, in form and substance satisfactory to Bank;
- (c) Secretary's Certificate of Guarantor duly executed by the Guarantor, in form and substance satisfactory to Bank;
- (d) Acknowledgement of Country Limitation Schedule duly executed by the Borrower;
- (e) Executed copies of the Borrower Agreement and Fast Track Borrower Supplement;
- (f) Approval letter from Ex-Im Bank;
- (g) Payment by the Borrower of the facility fee pursuant to Section 4.1 of the Agreement; and
- (h) Executed Ex-Im Bank Loan Application.

In addition, the Bank will provide to Ex-Im Bank a new Loan Authorization Agreement.

SECTION 4. ACKNOWLEDGEMENT AND AGREEMENT OF GUARANTOR. Guarantor hereby (i) consents to the terms and execution hereof; (ii) reaffirms its obligations to the Bank pursuant to the terms of its Guaranty; and (iii) acknowledges that the Bank may amend, restate, extend, renew or otherwise modify the Agreement and any indebtedness or agreement of the Borrower, or enter into any agreement or extend additional or other credit accommodations, without notifying or obtaining the consent of the Guarantor and without impairing the liability of the Guarantor under its Guaranty for all of the Borrower's present and future indebtedness to the Bank.

SECTION 5. REFERENCE TO THE AGREEMENT.

(a) Upon the effectiveness of this Fourth Amendment, each reference in the Agreement to “this Agreement”, “hereunder”, or words of like import shall mean and be a reference to the Agreement, as affected and amended hereby.

(b) The Agreement, as amended by the amendments referred to above, shall remain in full force and effect and is hereby ratified and confirmed.

SECTION 6. COSTS, EXPENSES AND TAXES. The Borrower agrees to pay all reasonable out-of-pocket costs and expenses incurred by the Bank in connection with the preparation, reproduction, execution and delivery of this Fourth Amendment and the other instruments and documents to be delivered hereunder (including the reasonable fees, charges and disbursements of counsel with respect thereto).

SECTION 7. EXECUTION IN COUNTERPARTS. This Fourth Amendment may be executed in any number of counterparts and by different parties hereto in separate counterparts, each of which when so executed and delivered shall be deemed to be an original and all of which when taken together shall constitute but one and the same instrument. For purposes of this Fourth Amendment, a counterpart hereof (or signature page thereto) signed and transmitted by any Person party hereto to the Bank (or its counsel) by facsimile machine, telecopier or electronic mail is to be treated as an original. The signature of such Person thereon, for purposes hereof, is to be considered as an original signature, and the counterpart (or signature page thereto) so transmitted is to be considered to have the same binding effect as an original signature on an original document.

SECTION 8. HEADINGS. Section headings in this Fourth Amendment are included herein for convenience of reference only and shall not constitute a part of this Fourth Amendment for any other purpose.

SECTION 9. ENTIRE AGREEMENT. THIS FOURTH AMENDMENT AND THE OTHER INTERNATIONAL LOAN DOCUMENTS REPRESENT THE FINAL AGREEMENT AMONG THE PARTIES AND MAY NOT BE CONTRADICTED BY EVIDENCE OF PRIOR, CONTEMPORANEOUS OR SUBSEQUENT ORAL AGREEMENTS OF THE PARTIES. THERE ARE NO UNWRITTEN ORAL AGREEMENTS AMONG THE PARTIES.

SECTION 10. GOVERNING LAW. THIS FOURTH AMENDMENT SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF NEW YORK WITHOUT REGARD TO ITS CONFLICTS OF LAW PRINCIPLES (OTHER THAN PROVISIONS OF 5-1401 AND 5-1402 OF THE NEW YORK GENERAL OBLIGATIONS LAW).

SECTION 11. WAIVERS OF JURY TRIAL. TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAWS, THE PARTIES HERETO HEREBY WAIVE ANY RIGHT TO A TRIAL BY JURY IN ANY ACTION OR PROCEEDING TO ENFORCE OR DEFEND ANY RIGHTS OR REMEDIES UNDER THIS FOURTH AMENDMENT OR INTERNATIONAL LOAN DOCUMENTS, OR ARISING FROM ANY FINANCING RELATIONSHIP EXISTING IN CONNECTION WITH THIS FOURTH AMENDMENT OR ANY INTERNATIONAL LOAN DOCUMENT AND AGREE THAT ANY ACTION OR PROCEEDING SHALL BE TRIED BEFORE A COURT AND NOT BEFORE A JURY.

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IN WITNESS WHEREOF, this Fourth Amendment is executed as of the date first set forth above.

BORROWER:

GREAT LAKES DREDGE & DOCK CORPORATION

By: /s/ William S. Steckel

William S. Steckel
Senior Vice President and
Chief Financial Officer

GUARANTOR:

GREAT LAKES DREDGE & DOCK COMPANY, LLC

By: /s/ William S. Steckel

William S. Steckel
Senior Vice President and
Chief Financial Officer

BANK:

WELLS FARGO BANK, N.A.

By: /s/ Sushim R. Shah

Sushim R. Shah
Vice President and
Senior Relationship Manager

FIFTH AMENDMENT
TO
INTERNATIONAL LETTER OF CREDIT AGREEMENT

THIS FIFTH AMENDMENT TO INTERNATIONAL LETTER OF CREDIT AGREEMENT is dated as of April 22, 2014 (this "Fifth Amendment"), and entered into among GREAT LAKES DREDGE & DOCK CORPORATION, a Delaware corporation (the "Borrower"), GREAT LAKES DREDGE & DOCK COMPANY, LLC, a Delaware limited liability company (the "Guarantor"), and WELLS FARGO BANK, N.A., successor by merger to WELLS FARGO HSBC TRADE BANK, N.A. (the "Bank").

BACKGROUND:

A. The Borrower, the Guarantor and Bank entered into an International Letter of Credit Agreement, dated as of September 29, 2006 (as amended through the date hereof and as it may be further amended, modified or supplemented, the "Agreement"). Unless specifically defined or redefined below, capitalized terms used herein shall have the meanings ascribed thereto in the Agreement.

B. The Borrower has requested that the Bank amend certain provisions of the Agreement and the Bank has agreed to amend the Agreement as herein provided.

NOW, THEREFORE, in consideration of the covenants, conditions and agreements hereafter set forth, and for other good and valuable consideration, the receipt and adequacy of which are all hereby acknowledged, the Borrower, the Guarantor and the Bank covenant and agree as follows:

SECTION 1. AMENDMENT OF EXHIBIT "A" TO THE AGREEMENT.

(a) Exhibit "A" of the Agreement is amended to add the following definitions thereto in the appropriate alphabetical order:

"NASDI Bonds" means those certain surety bonds issued by Zurich for the benefit of NASDI, LLC and Yankee Environmental Services, LLC prior to, but which remain outstanding as of, April 22, 2014.

"Permitted Zurich Guaranty Obligations" means Guaranty Obligations of the Borrower to Zurich under that certain Guarantee and Indemnity Agreement dated as of April 22, 2014, executed by the Borrower in favor of Zurich, relating to the NASDI Bonds in an aggregate amount not to exceed \$25,000,000.

(b) The following definition in Exhibit "A" of the Agreement is amended and restated in its entirety to read as follows:

"Consolidated Total Indebtedness" of the Borrower, means as of any date of determination, the sum of (without duplication), (a) all Indebtedness (other than (i) contingent Bonding Obligations and (ii) Operating Leases) of the Borrower and its Subsidiaries on a Consolidated basis which, in accordance with GAAP, should be included as liabilities in the consolidated balance sheet of the Borrower and its Subsidiaries at such time, plus (b) the undrawn face amount of letters of credit (other than (i) letters of credit issued to (x) Zurich in an aggregate amount not to exceed \$20,000,000 to support (A) the Bonding Obligations held by Zurich and/or (B) obligations with respect to the NASDI Bonds and (y) Travelers pursuant to the terms set forth in the Travelers' Termination Agreement, (ii) Performance Letters of Credit and (iii) standby letters of credit issued pursuant to the Agreement) and bank guarantees (other than those issued to support performance obligations), plus (c) the principal amount of all guarantees executed by such Person (other than the Permitted Zurich Guaranty Obligations, but solely to the extent Zurich has not asserted any claim for reimbursement from NASDI, LLC, Yankee Environmental Services, LLC or the Borrower with respect to the NASDI Bonds).

SECTION 2. REPRESENTATIONS AND WARRANTIES TRUE; NO EVENT OF DEFAULT. By its execution and delivery hereof, the Borrower represents and warrants that, as of the date hereof:

(a) (i) the Borrower has all requisite power and authority to execute and deliver this Fifth Amendment, (ii) this Fifth Amendment has been duly executed and delivered by the Borrower, and (iii) this Fourth Amendment and the Agreement, as amended hereby, constitute valid and legally binding obligations of the Borrower, enforceable against the Borrower in accordance with their respective terms, except as limited by Debtor Laws;

(b) there exists no Event of Default or Default under the Agreement both before and after giving effect to this Fifth Amendment;

(c) the representations and warranties set forth in the Agreement and other International Loan Documents are true and correct in all material respects on the date hereof both before and after giving effect to this Fifth Amendment, except to the extent that such representations and warranties specifically refer to an earlier date, in which case they shall be true and correct in all material respects as of such earlier date;

(d) the Agreement, as amended hereby, and the other International Loan Documents remain in full force and effect; and

(e) neither the execution, delivery and performance of this Fifth Amendment or the Agreement, as amended hereby, nor the consummation of any transactions contemplated herein or therein, will (a) contravene the terms of the Organization Documents of the Borrower, (b) violate any Governmental Requirement or (c) conflict with any Obligation to which the Borrower is a party; except in the case of clauses (b) and (c) above to the extent that such conflict could not reasonably be expected to have a Material Adverse Effect.

SECTION 3. CONDITIONS TO EFFECTIVENESS. All provisions of this Fifth Amendment shall be effective upon receipt by the Bank of this Fifth Amendment duly executed by the Borrower, the Guarantor and the Bank.

SECTION 4. ACKNOWLEDGEMENT AND AGREEMENT OF GUARANTOR. Guarantor hereby (i) consents to the terms and execution hereof; (ii) reaffirms its obligations to the Bank pursuant to the terms of its Guaranty; and (iii) acknowledges that the Bank may amend, restate, extend, renew or otherwise modify the Agreement and any indebtedness or agreement of the Borrower, or enter into any agreement or extend additional or other credit accommodations, without notifying or obtaining the consent of the Guarantor and without impairing the liability of the Guarantor under its Guaranty for all of the Borrower's present and future indebtedness to the Bank.

SECTION 5. REFERENCE TO THE AGREEMENT.

(a) Upon the effectiveness of this Fifth Amendment, each reference in the Agreement to "this Agreement", "hereunder", or words of like import shall mean and be a reference to the Agreement, as affected and amended hereby.

(b) The Agreement, as amended by the amendments referred to above, shall remain in full force and effect and is hereby ratified and confirmed.

SECTION 6. COSTS, EXPENSES AND TAXES. The Borrower agrees to pay all reasonable out-of-pocket costs and expenses incurred by the Bank in connection with the preparation, reproduction, execution and delivery of this Fifth Amendment and the other instruments and documents to be delivered hereunder (including the reasonable fees, charges and disbursements of counsel with respect thereto).

SECTION 7. EXECUTION IN COUNTERPARTS. This Fifth Amendment may be executed in any number of counterparts and by different parties hereto in separate counterparts, each of which when so executed and delivered shall be deemed to be an original and all of which when taken together shall constitute but one and the same instrument. For purposes of this Fifth Amendment, a counterpart hereof (or signature page thereto) signed and transmitted by any Person party hereto to the Bank (or its counsel) by facsimile machine, telecopier or electronic mail is to be treated as an original. The signature of such Person thereon, for purposes hereof, is to be considered as an original signature, and the counterpart (or signature page thereto) so transmitted is to be considered to have the same binding effect as an original signature on an original document.

SECTION 8. HEADINGS. Section headings in this Fifth Amendment are included herein for convenience of reference only and shall not constitute a part of this Fifth Amendment for any other purpose.

SECTION 9. ENTIRE AGREEMENT. **THIS FIFTH AMENDMENT AND THE OTHER INTERNATIONAL LOAN DOCUMENTS REPRESENT THE FINAL AGREEMENT AMONG THE PARTIES AND MAY NOT BE CONTRADICTED BY EVIDENCE OF PRIOR, CONTEMPORANEOUS OR SUBSEQUENT ORAL AGREEMENTS OF THE PARTIES. THERE ARE NO UNWRITTEN ORAL AGREEMENTS AMONG THE PARTIES.**

SECTION 10. GOVERNING LAW. THIS FIFTH AMENDMENT SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF NEW YORK WITHOUT REGARD TO ITS CONFLICTS OF LAW PRINCIPLES (OTHER THAN PROVISIONS OF 5-1401 AND 5-1402 OF THE NEW YORK GENERAL OBLIGATIONS LAW).

SECTION 11. WAIVERS OF JURY TRIAL. TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAWS, THE PARTIES HERETO HEREBY WAIVE ANY RIGHT TO A TRIAL BY JURY IN ANY ACTION OR PROCEEDING TO ENFORCE OR DEFEND ANY RIGHTS OR REMEDIES UNDER THIS FIFTH AMENDMENT OR INTERNATIONAL LOAN DOCUMENTS, OR ARISING FROM ANY FINANCING RELATIONSHIP EXISTING IN CONNECTION WITH THIS FIFTH AMENDMENT OR ANY INTERNATIONAL LOAN DOCUMENT AND AGREE THAT ANY ACTION OR PROCEEDING SHALL BE TRIED BEFORE A COURT AND NOT BEFORE A JURY.

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IN WITNESS WHEREOF, this Fifth Amendment is executed as of the date first set forth above.

BORROWER:

GREAT LAKES DREDGE & DOCK CORPORATION

By: /s/ Katherine M. Hayes

Name: Katherine M. Hayes

Title: Vice President & Controller

GUARANTOR:

GREAT LAKES DREDGE & DOCK COMPANY, LLC

By: /s/ Katherine M. Hayes

Name: Katherine M. Hayes

Title: Vice President & Controller

BANK:

WELLS FARGO BANK, N.A.

By: /s/ Sushim R. Shah

Sushim R. Shah

Vice President and

Senior Relationship Manager

**AMENDMENT NO. 4
TO CREDIT AGREEMENT**

THIS AMENDMENT NO. 4 TO CREDIT AGREEMENT (this "Amendment"), dated as of April 23, 2014, is made by and among Great Lakes Dredge & Dock Corporation (the "Borrower"), the other "Credit Parties" from time to time party to the Credit Agreement referred to and defined below (together with the Borrower, the "Credit Parties"), the Lenders (as defined below) signatory hereto and Wells Fargo Bank, National Association ("Wells Fargo"), as the Administrative Agent (in such capacity, the "Administrative Agent"). Capitalized terms used herein and not otherwise defined herein shall have the meanings ascribed to such terms in the Credit Agreement referred to and defined below.

WITNESSETH:

WHEREAS, the Borrower, the other Credit Parties, the financial institutions from time to time party thereto (collectively, the "Lenders") and Wells Fargo, as the Administrative Agent for the Lenders, as Swingline Lender and as an Issuing Lender are parties to that certain Credit Agreement, dated as of June 4, 2012 (as amended, restated, supplemented or otherwise modified prior to the date hereof, the "Credit Agreement"); and

WHEREAS, the Borrower has requested that the Required Lenders, and subject to the terms and conditions set forth herein the Required Lenders have agreed to, amend certain provisions of the Credit Agreement;

NOW, THEREFORE, in consideration of the foregoing premises, the terms and conditions stated herein and other valuable consideration, the receipt and sufficiency of which are hereby acknowledged by the Borrower, the other Credit Parties, the Required Lenders and the Administrative Agent, such parties hereby agree as follows:

Section 1. Amendments to the Credit Agreement. Subject to the satisfaction of each of the conditions set forth in Section 2 of this Amendment, the Credit Agreement is hereby amended as follows:

(a) Section 1.1 of the Credit Agreement is amended to add the following definitions thereto in the appropriate alphabetical order:

"NASDI Bonds" means those certain surety bonds issued by Zurich for the benefit of NASDI, LLC and Yankee Environmental Services, LLC prior to, but which remain outstanding as of, April 23, 2014 .

"Permitted Zurich Guaranty Obligations" means Guaranty Obligations of the Borrower to Zurich under that certain Guarantee and Indemnity Agreement dated as of April 23, 2014, executed by the Borrower in favor of Zurich, relating to the NASDI Bonds in an aggregate amount not to exceed \$25,000,000.

(b) Section 1.1 of the Credit Agreement is amended to delete the definition of Consolidated Total Indebtedness appearing therein and substitute the following therefor:

“Consolidated Total Indebtedness” of the Borrower, means as of any date of determination, the sum of (without duplication), (a) all Indebtedness (other than (i) contingent Bonding Obligations and (ii) Operating Leases) of the Borrower and its Subsidiaries on a Consolidated basis which, in accordance with GAAP, should be included as liabilities in the consolidated balance sheet of the Borrower and its Subsidiaries at such time, plus (b) the undrawn face amount of letters of credit (other than (i) letters of credit issued to (x) Zurich in an aggregate amount not to exceed \$20,000,000 to support (A) the Bonding Obligations held by Zurich and/or (B) obligations with respect to the NASDI Bonds and (y) Travelers pursuant to the terms set forth in the Travelers’ Termination Agreement, (ii) Performance Letters of Credit and (iii) standby letters of credit issued pursuant to the Wells Fargo Agreement) and bank guarantees (other than those issued to support performance obligations), plus (c) the principal amount of all guarantees executed by such Person (other than the Permitted Zurich Guaranty Obligations, but solely to the extent Zurich has not asserted any claim for reimbursement from NASDI, LLC, Yankee Environmental Services, LLC or the Borrower with respect to the NASDI Bonds).

(c) Section 9.1 of the Credit Agreement is amended to (i) delete the “and” appearing at the end of clause (t) thereof, (ii) amend and restate clause (u) thereof in its entirety as follows and (iii) add the following new clause (v) thereto immediately following clause (u) thereof:

(u) Permitted Zurich Guaranty Obligations; 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 (u) of this Section 9.1.

Section 2. Effectiveness of this Amendment: Conditions Precedent. The provisions of Section 1 of this Amendment shall be deemed to have become effective as of the date first written above (the “Effective Date”), but such effectiveness shall be expressly conditioned upon the Administrative Agent’s receipt of counterparts of this Amendment duly executed by the Borrower, the other Credit Parties and the Required Lenders.

Section 3. Representations and Warranties.

(a) The Borrower and each other Credit Party hereby represents and warrants that this Amendment and the Credit Agreement as amended hereby (collectively, the “Amendment Documents”) constitute legal, valid and binding obligations of the Borrower and the other Credit Parties enforceable against the Borrower and the other Credit Parties in accordance with their terms.

(b) The Borrower and each other Credit Party hereby represents and warrants that its execution and delivery of this Amendment, and the performance of the Amendment Documents, have been duly authorized by all proper corporate or limited liability company action, do not violate any provision of its organizational documents, will not violate any law, regulation, court order or writ applicable to it, and will not require the approval or consent of any governmental agency, or of any other third party under the terms of any contract or agreement to which it or any of its Affiliates is bound (which has not been previously obtained), including without limitation, the Bonding Agreement, the Wells Fargo Documents and the Note Indenture.

(c) The Borrower and each other Credit Party hereby represents and warrants that before and after giving effect to the provisions of this Amendment, (i) no Default or Event of Default has occurred and is continuing or will have occurred and be continuing and (ii) all of the representations and warranties of the Borrower and each other Credit Party contained in the Credit Agreement and in each other Loan Document (other than representations and warranties which, in accordance with their express terms, are made only as of an earlier specified date) are, and will be, true and correct as of the date of its execution and delivery hereof or thereof in all material respects as though made on and as of such date.

Section 4. Reaffirmation, Ratification and Acknowledgment. The Borrower and each other Credit Party hereby (a) ratifies and reaffirms all of its payment and performance obligations, contingent or otherwise, under each Loan Document to which it is a party, (b) agrees and acknowledges that such ratification and reaffirmation is not a condition to the continued effectiveness of such Loan Documents and (c) agrees that neither such ratification and reaffirmation, nor the Administrative Agent's, or any Lender's solicitation of such ratification and reaffirmation, constitutes a course of dealing giving rise to any obligation or condition requiring a similar or any other ratification or reaffirmation from the Borrower or such other Credit Parties with respect to any subsequent modifications to the Credit Agreement or the other Loan Documents. Except as modified hereby, the Credit Agreement is in all respects ratified and confirmed, and the Credit Agreement as modified by this Amendment shall be read, taken and so construed as one and the same instrument. Each of the Loan Documents shall remain in full force and effect and are hereby ratified and confirmed. Neither the execution, delivery nor effectiveness of this Amendment shall operate as a waiver of any right, power or remedy of the Administrative Agent or the Lenders, or of any Default or Event of Default (whether or not known to the Administrative Agent or the Lenders), under any of the Loan Documents, except as specifically set forth herein. From and after the effectiveness of this Amendment, (x) each reference in the Credit Agreement to "this Agreement," "hereunder," "hereof," "herein" or words of like import shall mean and be a reference to the Credit Agreement, as amended hereby and (y) all references to the Credit Agreement appearing in any other Loan Document, or any other document, instrument or agreement executed and/or delivered in connection therewith, shall mean and be a reference to the Credit Agreement, as amended hereby.

Section 5. Governing Law. THIS AMENDMENT SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAW OF THE STATE OF NEW YORK.

Section 6. Administrative Agent's Expenses. The Borrower hereby agrees to promptly reimburse the Administrative Agent for all of the reasonable and documented out-of-pocket expenses (including the reasonable fees, charges and disbursements of counsel for the Administrative Agent) it has heretofore or hereafter incurred or incurs in connection with the preparation, negotiation and execution of this Amendment and the other documents, agreements and instruments contemplated hereby.

Section 7. Counterparts. This Amendment may be executed in counterparts, each of which shall be an original and all of which when together shall constitute one and the same agreement among the parties. Delivery of any executed counterpart of a signature page of this Amendment by facsimile or other electronic imaging shall be effective as delivery of a manually executed counterpart hereof.

[Remainder of page left intentionally blank]

IN WITNESS WHEREOF, this Amendment has been duly executed as of the day and year first above written.

GREAT LAKES DREDGE & DOCK CORPORATION, as Borrower

By: /s/ Richard Roman
Name: Richard Roman
Title: Treasurer

GREAT LAKES DREDGE & DOCK ENVIRONMENTAL, INC., as a Credit Party

By: /s/ Katherine M. Hayes
Name: Katherine M. Hayes
Title: Treasurer

GREAT LAKES DREDGE & DOCK COMPANY, LLC, as a Credit Party

By: /s/ Richard Roman
Name: Richard Roman
Title: Treasurer

DAWSON MARINE SERVICES COMPANY, as a Credit Party

By: /s/ Catherine M. Hoffman
Name: Catherine M. Hoffman
Title: President

NASDI HOLDINGS CORPORATION, as a Credit Party

By: /s/ Katherine M. Hayes
Name: Katherine M. Hayes
Title: Treasurer

*Signature Page to
Amendment No.4 to GLDD Credit Agreement*

NASDI, LLC, as a Credit Party

By: /s/ Katherine M. Hayes

Name: Katherine M. Hayes

Title: Treasurer

FIFTY-THREE DREDGING CORPORATION, as a Credit Party

By: /s/ Paul E. Dinkel

Name: Paul E. Dinkel

Title: Vice President

YANKEE ENVIRONMENTAL SERVICES, LLC, as a Credit Party

By: /s/ Katherine M. Hayes

Name: Katherine M. Hayes

Title: Treasurer

TERRA CONTRACTING SERVICES, LLC, as a Credit Party

By: /s/ Katherine M. Hayes

Name: Katherine M. Hayes

Title: Treasurer

*Signature Page to
Amendment No.4 to GLDD Credit Agreement*

**WELLS FARGO BANK, NATIONAL
ASSOCIATION**, as Administrative Agent and as a Lender

By: /s/ Sushim Shah
Name: Sushim Shah
Title: VP

*Signature Page to
Amendment No.4 to GLDD Credit Agreement*

BANK OF AMERICA, N.A., as a Lender

By: /s/ Jonathan M. Phillips
Name: Jonathan M. Phillips
Title: Senior Vice President

*Signature Page to
Amendment No.4 to GLDD Credit Agreement*

PNC BANK, NATIONAL ASSOCIATION, as a Lender

By: /s/ Patrick Flaherty
Name: Patrick Flaherty
Title: Vice President

*Signature Page to
Amendment No.4 to GLDD Credit Agreement*

BMO HARRIS FINANCING, INC., as a Lender

By: /s/ John Armstrong
Name: John Armstrong
Title: Director

*Signature Page to
Amendment No.4 to GLDD Credit Agreement*

FIFTH THIRD BANK, as a Lender

By: /s/ Robert R. Mangers

Name: Robert R. Mangers

Title: Vice President

*Signature Page to
Amendment No.4 to GLDD Credit Agreement*

**DEUTSCHE BANK AG, NEW YORK
BRANCH, as a Lender**

By: /s/ Mary Kay Coyle

Name: Mary Kay Coyle

Title: Managing Director

By: /s/ Peter Cucchiara

Name: Peter Cucchiara

Title: Vice President

*Signature Page to
Amendment No.4 to GLDD Credit Agreement*



**Second Rider to General Agreement of Indemnity
with respect to NASDI/ Yankee Transferred Bonds**

DATE OF GIA: September 7, 2011

DATE OF RIDER: April 23, 2014

THIS SECOND RIDER TO THE GENERAL AGREEMENT OF INDEMNITY WITH RESPECT TO NASDI/ YANKEE TRANSFERRED BONDS ("RIDER"), shall be attached to and incorporated into the General Agreement of Indemnity ("GIA"), dated as of the date set forth above which has been executed by GREAT LAKES DREDGE & DOCK CORPORATION ("GLDD"), GREAT LAKES DREDGE & DOCK COMPANY, LLC, LYDON DREDGING & 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. and GREAT LAKES DREDGE & DOCK (BAHAMAS) LTD., as Contractors and Indemnitors ("Indemnitors"), on behalf of ZURICH AMERICAN INSURANCE COMPANY and its Subsidiaries and Affiliates in any jurisdiction, including, but not limited to FIDELITY AND DEPOSIT COMPANY OF MARYLAND, COLONIAL AMERICAN CASUALTY AND SURETY COMPANY, and AMERICAN GUARANTEE AND LIABILITY INSURANCE COMPANY, their successors and assigns ("Surety") (individually and collectively "Surety").

Indemnitors have requested that Surety (i) consent to the sale of NASDI, LLC ("NASDI") and Yankee Environmental Services, LLC ("Yankee"), (ii) release and discharge NASDI and Yankee from the GLDD Bonding Agreements and their respective duties, obligations and liabilities thereunder, (iii) release and terminate all of its security interests in and liens on the property and assets of NASDI and Yankee granted under the GLDD Bonding Agreements and (iv) agree that Indemnitors' liability under the GLDD Bonding Agreements be released or transferred with respect to the Transferred Bonds (as defined below); and

Surety is willing to (i) consent to the sale of NASDI and Yankee, (ii) release and discharge NASDI and Yankee from the GLDD Bonding Agreements and their respective duties, obligations and liabilities thereunder, (iii) release and terminate all of its security interests in and liens on the property and assets of NASDI and Yankee granted under the GLDD Bonding Agreements and (iv) consent to the limited release of Indemnitors' liability for the Transferred Bonds under the GLDD Bonding Agreements in exchange for and on the condition (a) of the transfer of GLDD's obligations with respect to the Transferred Bonds from the GLDD Bonding Agreements to the separate GLDD Guarantee for Transferred Bonds (as defined below) in accordance with this Rider and (b) that, as of the closing of the Permitted Sale (as defined below), Dore & Associates Contracting, Inc. ("Dore"), the Purchaser (as defined below), NASDI, Yankee and the other subsidiaries and affiliates of Dore party thereto as "Indemnitors" execute a new General Indemnity Agreement with respect to the Transferred Bonds, together with other underwriting conditions and security required by Surety and set forth herein.

As an inducement to Surety to issue or refrain from cancelling Transferred Bonds, to release and discharge NASDI and Yankee from the GLDD Bonding Agreements and their respective duties, obligations and liabilities thereunder, to release and terminate all of its security interests in and liens on the property and assets of NASDI and Yankee granted under the GLDD Bonding Agreements, to release the liability of Indemnitors for the Transferred Bonds under the GLDD Bonding Agreements and to accept the GLDD Guarantee for Transferred Bonds in lieu of Indemnitors' indemnity for the Transferred Bonds, Indemnitors represent and agree for themselves, their heirs, executors, administrators, successors and assigns, jointly and severally, as follows:

1. **SCOPE:** Except as otherwise stated in the Release of NASDI and Yankee in Section 4 below, this Rider applies only to the transferred bonds set forth on Exhibit A, List of Transferred Bonds, which is attached to this Rider and incorporated by reference, including all renewals, extensions, modifications, replacements or substitutions thereof (collectively, the "Transferred Bonds" and each individually a "Transferred Bond"). This Rider does not cover any other bond which Surety may issue for GLDD or others which is not a Transferred Bond (the "Non-Transferred Bonds"), and with respect to those Non-Transferred Bonds, the GLDD Bonding Agreements remain in full force and effect, subject to the Release of NASDI and Yankee set forth in Section 4 below.
2. **PERMITTED SALE:** Pursuant to the Ownership Interest Purchase Agreement dated as of April 23, 2014 (the "Purchase Agreement") by and among North American Leasing, Inc. a Michigan corporation (the "Purchaser"), NASDI Holdings Corporation, ("NASDI Holdings"), GLDD, Yankee and NASDI, the Purchaser will purchase from NASDI Holdings, and NASDI Holdings will sell, convey, assign, transfer and deliver to the Purchaser, all of the ownership interests of NASDI and Yankee, as provided in the Purchase Agreement (the "Permitted Sale"). The Surety consents to such Permitted Sale and acknowledges and agrees that the consummation of the Permitted Sale shall not constitute an "Event of Default" under the GLDD Bonding Agreements.

3. In connection with the Permitted Sale, Surety requests that Indemnitors execute and deliver to Surety this Rider and the other documents required below, simultaneously with the closing of the Permitted Sale.

4. RELEASE OF NASDI AND YANKEE FROM THE GLDD BONDING AGREEMENTS: Effective as of the closing of the Permitted Sale, Surety (i) releases and discharges NASDI and Yankee from the GLDD Bonding Agreements, and from all obligations and Loss under the GLDD Bonding Agreements, and (ii) releases and terminates all of its security interests in and liens on the property and assets of NASDI and Yankee granted under the GLDD Bonding Agreements, in each case, on the condition that (a) NASDI and Yankee execute the Dore Agreement to transfer their obligations under the GLDD Bonding Agreements to the Dore Agreement with respect to the Transferred Bonds; (b) GLDD execute the GLDD Guarantee for Transferred Bonds to transfer GLDD's obligations under the GLDD Bonding Agreements with respect to the Transferred Bonds to the GLDD Guarantee for Transferred Bonds; and (c) the Administrative Agent's execution of its Release and Termination with respect to the Permitted Sale. The release and discharge of NASDI and Yankee set forth in this Section 4, once the Dore Agreement is executed, applies to all Bonds issued under the GIA and is not limited to the Transferred Bonds; provided, however, nothing in this Section 4 is intended to or does release and discharge NASDI and Yankee from their obligations with respect to the Transferred Bonds in accordance with the Dore Agreement and such obligations shall be novated with NASDI's and Yankee's execution of the Dore Agreement.

5. RELEASE OF GLDD AND ALL OTHER INDEMNITORS WITH RESPECT TO THE TRANSFERRED BONDS: Effective as of the closing of the Permitted Sale, Surety (i) releases GLDD and the other Indemnitors from the GLDD Bonding Agreements, and from all obligations and Loss under the GLDD Bonding Agreements, with respect to the Transferred Bonds, and (ii) agrees that the Transferred Bonds shall not constitute "Bonds" under and for all purposes of the GLDD Bonding Agreements, in each case, on the condition that (a) GLDD execute the GLDD Guarantee for Transferred Bonds to transfer GLDD's obligations under the GLDD Bonding Agreements to the GLDD Guarantee for Transferred Bonds and that (b) NASDI and Yankee execute the Dore Agreement to transfer NASDI and Yankee's obligations under the GLDD Bonding Agreements to the Dore Agreement with respect to the Transferred Bonds.

6. GOVERNING LAW: This Rider shall be governed by and interpreted under the laws of the State of New York, without regard to principles of conflicts of laws.

7. EXECUTION AND CHANGES: This Rider may be executed in any number of counterparts with separate signature pages, all of which taken together shall constitute the Rider, and any of the parties hereto may execute this Rider by signing any such counterpart. This Rider shall be effective and immediately binding as to each Indemnitor when Indemnitor executes this Agreement and complies with the conditions indicated in Sections 4 and 5 above, regardless of whether any other party has executed this Rider or fails to execute this Rider. This Rider shall only be changed or modified in writing.

8. DEFINITIONS:

Claim means any notice, claim, demand, defense, counterclaim, setoff, lawsuit or proceeding or circumstance which may constitute, lead to or result in Loss, liability, or asserted liability in connection with any Transferred Bond.

Dore Agreement means the General Indemnity Agreement executed by Dore and others, dated April 23, 2014 a copy of which is attached to this Rider as Exhibit B and is incorporated herein by reference.

GLDD Bonding Agreements means the GIA as subsequently modified, amended, supplemented or replaced, including but not limited to the Rider dated June 4, 2012, and all underlying and related agreements and modifications of agreements, including the Equipment Utilization Agreement dated June 4, 2012 and the Lender-Surety Agreement dated June 4, 2012.

GLDD Guarantee for Transferred Bonds means the Guarantee and Indemnity Agreement provided with respect to the Transferred Bonds, dated April 23, 2014, which is executed concurrently with this Rider, a copy of which is attached to this Rider as Exhibit C and is incorporated herein by reference.

Loss means, with respect to any Transferred Bond, all premiums due to Surety and any and all liability, loss, Claims, damages, court costs and expenses, attorneys' fees (including those of Surety), consultant fees, and all other costs and expenses, including but not limited to any additional or extra-contractual damages arising from Surety's Settlement of any Claim. Pre-judgment and post-judgment interest shall accrue from the date of any payment made by Surety with respect to any of the foregoing at the maximum default rate permitted by law.

Settlement means to adjust, pay, perform, decline to perform, compromise, settle, deny, litigate or otherwise resolve any Claim and/or any claim, counterclaim, defense or setoff held by or made against any Indemnitor or other entity and/or to take any action to protect any rights of Surety or to preserve or protect Surety's interests, or to avoid or lessen any alleged liability.

Signed and sealed this **23rd** day of **April, 2014**.

SIGNATURE PAGE(S) TO FOLLOW

(The remainder of this page is intentionally left blank)

SIGNATURE INSTRUCTIONS

1. All signatures should be notarized and dated.

- 2. If the signer is a Corporation, an officer on the operational side (i.e. President, CEO, COO) and an officer on the finance side (i.e. Secretary, CFO, Treasurer) should sign and the Corporation should attach its seal.
- 3. If one signer is signing in two different capacities (i.e. President and Secretary), then list both titles in the signature block and notary acknowledgement.
- 4. If the signer is an individual (personal) Indemnitor, each Indemnitor should sign and date their signature and provide all of the required information. Each signature should be witnessed and notarized.

By signing below, each Indemnitor affirms to Surety that they have read this Rider carefully and understand their obligations as an Indemnitor. Each signer executing this Rider on behalf of such Indemnitor represents and warrants solely in their capacity as an officer of such Indemnitor and not individually that he or she holds the office or position shown and that he or she is duly authorized by Indemnitor to execute this Rider on behalf of Indemnitor and to bind Indemnitor to all of the terms and conditions of this Rider.

INDEMNITOR
GREAT LAKES DREDGE & DOCK CORPORATION

ATTEST OR WITNESS:

/s/ Ellen Parker Burke
Ellen Parker Burke, Assistant Treasurer

/s/ Richard Roman
Richard Roman, Treasurer

INDEMNITOR
GREAT LAKES DREDGE & DOCK COMPANY, LLC

ATTEST OR WITNESS:

/s/ Ellen Parker Burke
Ellen Parker Burke, Secretary and
Assistant Treasurer

/s/ Richard Roman
Richard Roman, Treasurer

INDEMNITOR
LYDON DREDGING & CONSTRUCTION COMPANY, LTD.

ATTEST OR WITNESS:

/s/ Ellen Parker Burke
Ellen Parker Burke, Secretary and
Assistant Treasurer

/s/ Katherine M. Hayes
Katherine M. Hayes, Treasurer

(signatures continued next page)

INDEMNITOR
FIFTY-THREE DREDGING CORPORATION

ATTEST OR WITNESS:

/s/ Katherine M. Hayes
Katherine M. Hayes, Treasurer

/s/ Paul E. Dinkel
Paul E. Dinkel, Vice President

INDEMNITOR
DAWSON MARINE SERVICES COMPANY

ATTEST OR WITNESS:

/s/ Cheryle A. Stone
Cheryle A. Stone, Secretary

/s/ Catherine M. Hoffman
Catherine M. Hoffman, President

INDEMNITOR
GREAT LAKES DREDGE & DOCK ENVIRONMENTAL, INC. (f/k/a
Great Lakes Caribbean Dredging, Inc.)

ATTEST OR WITNESS:

/s/ Ellen Parker Burke
Ellen Parker Burke, Secretary

/s/ Katherine M. Hayes
Katherine M. Hayes, Treasurer

INDEMNITOR
NASDI, LLC

ATTEST OR WITNESS:

/s/ Ellen Parker Burke
Ellen Parker Burke, Assistant Secretary

/s/ Katherine M. Hayes
Katherine M. Hayes, Treasurer

(signatures continued next page)

INDEMNITOR
NASDI HOLDINGS CORPORATION

ATTEST OR WITNESS:

/s/ Ellen Parker Burke
Ellen Parker Burke, Secretary and
Assistant Treasurer

/s/ Katherine M. Hayes
Katherine M. Hayes, Treasurer

INDEMNITOR
YANKEE ENVIRONMENTAL SERVICES, LLC

ATTEST OR WITNESS:

/s/ Ellen Parker Burke
Ellen Parker Burke, Assistant
Treasurer and Assistant Secretary

/s/ Katherine M. Hayes
Katherine M. Hayes, Treasurer

INDEMNITOR
GREAT LAKES DREDGE & DOCK (BAHAMAS) LTD.

ATTEST OR WITNESS:

/s/ Ellen Parker Burke
Ellen Parker Burke, Secretary

/s/ Katherine M. Hayes
Katherine M. Hayes, Treasurer

Accepted and agreed:

SURETY
ZURICH AMERICAN INSURANCE COMPANY
FIDELITY AND DEPOSIT COMPANY OF MARYLAND COLONIAL
AMERICAN CASUALTY AND SURETY COMPANY, and
AMERICAN GUARANTEE AND LIABILITY INSURANCE COMPANY

/s/ David L. McVicker
Name and Title David L. McVicker Vice President

(end of signatures)

EXHIBIT A

LIST OF TRANSFERRED BONDS

Bond Number	Issuing Carrier	Obligee	Type of Bond	Description	Bond Amount	Effective Date	Expiration Date	Renewal Method	Completion Year
09046739	Fidelity and Deposit Company of Maryland	Massachusetts Department of Environmental Protection	License & Permit	Hazardous Waste Transporters License	\$ 10,000.00	9/2/2011	9/1/2014	Dore to substitute its surety on renewal	GLDD until renewal, Dore renew
09061807	Fidelity and Deposit Company of Maryland	Contractors State License Board	All Contractor's License-Perf-Payt-Municipality	Contractor's License Bond	\$ 12,500.00	10/15/2011	10/14/2014	Dore to substitute its surety on renewal	GLDD until renewal, Dore renew
09061808	Fidelity and Deposit Company of Maryland	Boston Water and Sewer Commission	All Contractor's License-Perf-Payt-Municipality	sewer/drain/catch basin license bond	\$ 20,000.00	10/20/2011	10/19/2014	Dore to substitute its surety on renewal	GLDD until renewal, Dore renew
09061806	Fidelity and Deposit Company of Maryland	City of Cambridge	All Other License and Permit—Do Not Select Eff 1-1-05	Blanket Bond-Sidewalk	\$ 5,000.00	10/27/2011	10/26/2014	Dore to substitute its surety on renewal	GLDD until renewal, Dore renew
09061846	Fidelity and Deposit Company of Maryland	City Of Boston	All Other License and Permit—Do Not Select Eff 1-1-05	Permit Bond to Demolish Buildings	\$500,000.00	11/19/2011	11/18/2014	Dore to substitute its surety on renewal	GLDD until renewal, Dore renew
09061847	Fidelity and Deposit Company of Maryland	Contractor's State License Board	All Contractors License-Perf-Payt-State—Standard	Bond for Qualifying Individual	\$ 12,500.00	11/25/2011	11/24/2014	Dore to substitute its surety on renewal	GLDD until renewal, Dore renew
09062977	Fidelity and Deposit Company of Maryland	Town of Belmont	All Other License and Permit—Do Not Select Eff 1-1-05	Street Opening	\$ 5,000.00	3/1/2012	3/1/2015	Dore to substitute its surety on renewal	GLDD until renewal, Dore renew
09078655	Fidelity and Deposit Company of Maryland	State of Florida Department of Business and Professional Regulation	License & Permit	Florida Contractor's License Bond	\$100,000.00	4/10/2012	4/9/2014	Dore to substitute its surety on renewal	GLDD until renewal, Dore renew
09078653	Fidelity and Deposit Company of Maryland	Francis M. Roache, Registrar of Deeds for County of Suffolk	Lien and Payment Bonds—Given at or near Commencement of Project—Private	The EDGE Apartments, 60-66 Brainerd Road, Allston, MA	\$208,900.00	4/20/2012	4/19/2014	Dore to substitute its surety on renewal	2014

Bond Number	Issuing Carrier	Obligee	Type of Bond	Description	Bond Amount	Effective Date	Expiration Date	Renewal Method	Completion Year
09078684	Fidelity and Deposit Company of Maryland	Local 282 Trust Funds	Miscellaneous	NY Local #282 Fringe Benefit Bond	\$ 20,000.00	6/7/2012	6/6/2014	New Bond Required	GLDD until renewal, Dore renew
09078689	Fidelity and Deposit Company of Maryland	William P. O'Donnell, Registrar of Deeds for County of Norfolk	License & Permit	The EDGE Apartments, 60-66 Brainerd Road, Allston, MA	\$208,900.00	6/14/2012	6/13/2014	Dore to substitute its surety on renewal	GLDD until renewal, Dore renew
09080008	Fidelity and Deposit Company of Maryland	Mason Tenders' D.C. Welfare Fund, Pension Fund, Annuity fund	Union Bonds— Covers Payment of Fringe Benefits Only	Union Wage & Welfare	\$ 50,000.00	6/20/2012	6/19/2014	Dore to substitute its surety on renewal	GLDD until renewal, Dore renew
09078683	Fidelity and Deposit Company of Maryland	Boston Water and Sew Commission	All Contractor's License-Perf-Payt-Municipality	Contracting- Compliance	\$ 20,000.00	7/12/2012	7/11/2014	Dore to substitute its surety on renewal	GLDD until renewal, Dore renew
09080012	Fidelity and Deposit Company of Maryland	Suffolk Construction Co. Inc.	Miscellaneous Contracts	120 Kingston	\$275,000.00	7/12/2012	7/11/2013	Unknown	2014
09080014	Fidelity and Deposit Company of Maryland	City of Boston	License & Permit	MA City of Boston Bond for use of Streets	\$ 5,000.00	7/16/2012	7/15/2014	Dore to substitute its surety on renewal	GLDD until renewal, Dore renew
09080015	Fidelity and Deposit Company of Maryland	Town of Watertown	All Other License and Permit—Do Not Select Eff 1-1-05	Sidewalk Occupancy	\$ 10,000.00	7/17/2012	7/17/2014	New Bond Required	GLDD until renewal, Dore renew
09078664	Fidelity and Deposit Company of Maryland	Massachusetts Turnpike Authority, Fast Lane Service Center	Miscellaneous	Financial Guarantee-The Fast Lane Service Center	\$ 68,000.00	7/25/2012	7/24/2014	Dore to substitute its surety on renewal with Verification Certificate	GLDD until renewal, Dore renew
09061845	Fidelity and Deposit Company of Maryland	City of New York	License & Permit	Street/Sidewalk obstruction, all Locations	\$ 50,000.00	12/9/2012	12/8/2014	Continuation Certificate	GLDD until renewal, Dore renew

Bond Number	Issuing Carrier	Obligee	Type of Bond	Description	Bond Amount	Effective Date	Expiration Date	Renewal Method	Completion Year
09110811	Fidelity and Deposit Company of Maryland	City of Columbus, Department of Building and Zoning Services	License & Permit	OH City of Columbus Contractor License—Registration Bond	\$ 25,000.00	1/9/2013	1/8/2015	Dore to substitute its surety on renewal	GLDD until renewal, Dore renew
09110844	Fidelity and Deposit Company of Maryland	Town of Andover	Contract	#024/03—13/185 West Middle School Crawlspace Asbestos Abatement Andover, MA	\$184,976.00	4/2/2013	3/31/2014	Term Bond	2014
09104755	Fidelity and Deposit Company of Maryland	Environmental Chemical Corporation	Contract	Portsmouth Naval Shipyard, Building 92 Repair, Kittery, ME	\$568,491.00	4/30/2013	4/29/2014	Term Bond	2014
09104760	Fidelity and Deposit Company of Maryland	Florida Construction Industry License Board	License & Permit	State of FL—Business license for William S. Steckel	\$100,000.00	5/16/2013	5/15/2014	Dore to substitute its surety on renewal	GLDD until renewal, Dore renew
09104769	Fidelity and Deposit Company of Maryland	University of Massachusetts-Lowell	Contract	CL13-HT-0041—Asbestos Remediation Services	\$669,640.00	5/20/2013	5/19/2014	Term Bond	2014
09104773	Fidelity and Deposit Company of Maryland	Operating Engineers Local 825 Benefit Funds	Miscellaneous	Union Wage & Welfare	\$ 25,000.00	5/22/2013	5/21/2014	Continuation Certificate	GLDD until renewal, Dore renew
09104785	Fidelity and Deposit Company of Maryland	City of Quincy	Miscellaneous Contracts	#13-270; Demolition of Old Quincy High School	\$687,000.00	6/14/2013	6/13/2014	Term Bond	2014
09104813	Fidelity and Deposit Company of Maryland	City of Perth Amboy	All Other License and Permit—Do Not Select Eff 1-1-05	FD Dore to substitute its surety on renewal License or Permit Bond Demolition Permits	\$ 75,000.00	7/29/2013	7/28/2014	Dore to substitute its surety on renewal	GLDD until renewal, Dore renew

<u>Bond Number</u>	<u>Issuing Carrier</u>	<u>Obligee</u>	<u>Type of Bond</u>	<u>Description</u>	<u>Bond Amount</u>	<u>Effective Date</u>	<u>Expiration Date</u>	<u>Renewal Method</u>	<u>Completion Year</u>
09104819	Fidelity and Deposit Company of Maryland	Skanska Koch Inc. Kiewit Infrastructure Co. (JV) DBA Skanska Kiewit JV. (S/K) JV	Contract	Bayonne Bridge— Replacement of Main Span Roadway & Approach Structures Contract Number: AKB-264.039 Job No. 012100	\$20,359,375.00	8/6/2013	8/5/2014	Term Bond	2015
09104841	Fidelity and Deposit Company of Maryland	Halmar/A Servidone —B Anthony JV	Miscellaneous Contracts	SC-S1301.11.019 Contract D262091 Patroon Island Bridge I-90/I-787 Interchange Bridges C66-17, Interstate Route 504 Albany and Rensselaer County	\$ 766,487.00	8/22/2013	8/21/2014	Term Bond	2014
09104854	Fidelity and Deposit Company of Maryland	City of Meriden	Contract	Demolition of 33,51, 53 South Colony Street Meriden, CT	\$ 565,000.00	9/12/2013	9/11/2014	Term Bond	2014
09104864	Fidelity and Deposit Company of Maryland	Barletta Heavy/O&G, JV	Class A Contract	Fall River— Somerset: Route 79-1195, Interchange Reconstruction, over Route 138 (Daval Street) and Structural Repairs and Painting of the Braga Bridge	\$ 5,650,000.00	9/16/2013	9/15/2014	Continuation Certificate	2014
09104876	Fidelity and Deposit Company of Maryland	Consigli Construction Co., Inc.	Class A Contract	MIT Bldg E-52, Cambridge, MA SC-1027-005	\$ 1,550,000.00	9/30/2013	9/29/2014	Continuation Certificate	2014

Bond Number	Issuing Carrier	Obligee	Type of Bond	Description	Bond Amount	Effective Date	Expiration Date	Renewal Method	Completion Year
09104890	Fidelity and Deposit Company of Maryland	Contractors State License Board	All Contractor's License-Perf-Payt-Municipality	Contractor's License Bond	\$ 12,500.00	10/3/2013	10/2/2014	Dore to substitute its surety on renewal	2014
09104893	Fidelity and Deposit Company of Maryland	State of California	License & Permit	CA LLC Employee—Worker License Bond 13B-20 Rev 8-11	\$ 100,000.00	10/3/2013	10/2/2014	Dore to substitute its surety on renewal	GLDD until renewal, Dore renew
09104889	Fidelity and Deposit Company of Maryland	Contractor's State License Board	All Contractors License-Perf-Payt-State—Standard	Bond for Qualifying Individual	\$ 12,500.00	10/3/2013	10/2/2014	Dore to substitute its surety on renewal	GLDD until renewal, Dore renew
09104882	Fidelity and Deposit Company of Maryland	O & G Industries, Inc.	Contract	#210-301 Orville H Platt High School, Meriden, CT	\$3,321,200.00	10/4/2013	10/3/2014	Term Bond	2014
09104883	Fidelity and Deposit Company of Maryland	Dimeo Construction Company, Inc.	Contract	#4-4979 FM Global—Northwoods, Johnston, RI	\$4,684,631.00	10/4/2013	10/3/2014	Term Bond	2014
09125428	Fidelity and Deposit Company of Maryland	State of Iowa, Division of Labor	License & Permit	IA Out-of-State Contractor Bond	\$ 25,000.00	12/12/2013	12/11/2014	Continuation Certificate	GLDD until renewal, Dore renew
09125444	Fidelity and Deposit Company of Maryland	Tully Construction Co., Inc	Class A Contract	LGA -124.208; La Guardia Airport Abatement & Demolition of Hangars 2 & 4	\$4,500,000.00	1/29/2014	1/28/2015	Continuation Certificate	2014
09125458	Fidelity and Deposit Company of Maryland	AQE, Inc.	Discharge Mechanic's Lien Bond-DO NOT USE-Try 246 247 276 or 277	Williams College—Stetson Hall Renovation & Addition, 55 Sawyer Drive/26 Hopkins Hall Drive, Williamstown, MA—Asbestos Abatement	\$ 78,445.26	2/24/2014	2/24/2015	Dore to substitute its surety on renewal	2014

<u>Bond Number</u>	<u>Issuing Carrier</u>	<u>Obligee</u>	<u>Type of Bond</u>	<u>Description</u>	<u>Bond Amount</u>	<u>Effective Date</u>	<u>Expiration Date</u>	<u>Renewal Method</u>	<u>Completion Year</u>
09125459	Fidelity and Deposit Company of Maryland	AQE, Inc.	Discharge Mechanic's Lien Bond-DO NOT USE-Try 246 247 276 or 277	Williams College—Stetson Hall Renovation & Addition, 55 Sawyer Drive/26 Hopkins Hall Drive, Williamstown, MA—Selective Demolition	\$ 91,782.60	2/24/2014	2/24/2015	Dore to substitute its surety on renewal	2014
09092447	Fidelity and Deposit Company of Maryland	City of Cambridge, Department of Public Works	All Other License and Permit—Do Not Select Eff 1-1-05	130 Bishop Allen Drive	\$ 5,000.00	12/3/2012	12/2/2014	Dore to substitute its surety on renewal	GLDD until renewal, Dore renew
Total					\$45,637,827.86				

EXHIBIT B

Dore Indemnity Agreement (unexecuted version)



General Indemnity Agreement

THIS GENERAL INDEMNITY AGREEMENT ("Agreement"), dated this 23rd day of April, 2014 by:

Dore & Associates Contracting, Inc., 900 S. Harry Truman Parkway, Bay City, MI 48706, a Michigan Corporation
North American Leasing, Inc., 900 S. Harry Truman Parkway, Bay City, MI 48706, a Michigan Corporation
River Front, LLC, [Address], 900 S. Harry Truman Parkway, Bay City, MI 48706, a Michigan LLC

NASDI, LLC, 1365 Main Street, Waltham, MA 02451, a Delaware LLC
Yankee Environmental Services, LLC, 29 Esquire Road, Billerica, MA 01862, a Delaware LLC
All new Indemnitors added to this Agreement by rider

(each an "Indemnitor" and all of the above individually and collectively "Indemnitors") in favor of ZURICH AMERICAN INSURANCE COMPANY and its subsidiaries, affiliates and associated companies in any jurisdiction, including but not limited to FIDELITY AND DEPOSIT COMPANY OF MARYLAND, COLONIAL AMERICAN CASUALTY AND SURETY COMPANY, AMERICAN GUARANTEE AND LIABILITY INSURANCE COMPANY and ZURICH INSURANCE GROUP LTD, their respective successors and assigns (individually and collectively "Surety") with respect to any bond, undertaking, and/or obligation of suretyship or guarantee executed, provided or procured (herein "issued") by Surety (whether as surety, co-surety, reinsurer or otherwise) in the name of or on behalf of any Indemnitor, any Related Entity, any other entity on request in accordance with this Agreement, or any combination thereof, whether issued prior to or after the execution of this Agreement, and all renewals, extensions, modifications and substitutions of bonds (collectively "Bonds" and each individually a "Bond"). This Agreement shall be liberally construed so as to fully protect, exonerate, indemnify and hold Surety harmless from all liability and Loss.

As an inducement to Surety to issue or refrain from cancelling Bonds, Indemnitors represent and agree for themselves, their heirs, executors, administrators, successors and assigns, jointly and severally, as follows:

- 1. PREMIUMS:** Indemnitors shall promptly pay all premiums and charges of Surety for Bonds, at the current rate charged by Surety, until Surety has been provided satisfactory evidence, in its sole discretion, that it has been fully released and/or discharged from liability under such Bonds.
- 2. INDEMNITY:** Indemnitors shall exonerate, indemnify, and hold Surety harmless from any and all liability and Loss, sustained or incurred, arising from or related to: (a) any Bond, (b) any Claim, (c) any Indemnitor failing to timely and completely perform or comply with this Agreement, (d) Surety enforcing this Agreement or (e) any act of Surety to protect or procure any of Surety's rights, protect or preserve any of Surety's interests, or to avoid, or lessen Surety's liability or alleged liability. The liability of Indemnitors to Surety under this Agreement includes all Claims made on Surety, all payments made, Loss incurred, and all actions taken by Surety under the Good Faith belief that Surety is, would be or was liable for the amounts paid or the actions taken, or that it was necessary or expedient to make such payments or take such actions, whether or not such liability, necessity or expediency existed. Indemnitors shall promptly, upon demand, make payment to Surety as soon as liability or Loss exists, whether or not Surety has made any payment. An itemized statement of Loss, sworn to by any officer of Surety, or the voucher or other evidence of any payment, shall be *prima facie* evidence of the fact, amount and extent of the liability of Indemnitors for such Loss. Indemnitors shall promptly, upon demand, procure the full and complete discharge of Surety from all Bonds and all liability in connection with such Bonds. If Indemnitors are unable to obtain discharge of any or all such Bonds within the time demanded, Indemnitors shall promptly deposit with Surety an amount of money that Surety determines is sufficient to collateralize or pay any outstanding bonded obligations. Concurrently with the execution of this Agreement, NASDI, LLC ("NASDI") and Yankee Environmental Services, LLC (Yankee) are executing a Rider to General Agreement of Indemnity by which Surety is releasing NASDI and Yankee from that certain Agreement of Indemnity, dated September 7, 2011 and executed by Great Lakes Dredge & Dock Corporation and other entities as Contractors and Indemnitors thereunder (the "GLDD Indemnity"), and transferring the indemnity obligations for NASDI and Yankee with respect to certain Transferred Bonds (as defined in this provision) from the GLDD Indemnity to this Agreement. "Transferred Bonds" means the Bonds and bonded obligations identified on the attached EXHIBIT A, which Exhibit is incorporated into this Agreement by reference. This Agreement is not intended to, and shall not, alter any of the terms and/or conditions of the Transferred Bonds.
- 3. SURETY'S RIGHT TO PERFORM, SETTLE AND/OR MODIFY:** Surety shall have the absolute and unconditional right and is authorized but not required to: (a) adjust, pay, perform, decline to perform, compromise, settle, deny, litigate or otherwise resolve any Claim and/or any claim, counterclaim, defense or setoff held by or made against any Indemnitor, Principal or other entity and/or to take any action to protect any rights of Surety or to preserve or protect Surety's interests, or to avoid or lessen any alleged liability (hereinafter "Settlement"); and (b) modify, consent to or decline to consent to

modification of any Bond and/or Bonded Contract, and/or to take, consent to or decline to consent to any assignment (hereinafter "Modification"). Any Settlement and/or Modification by Surety shall be final, binding and conclusive upon Indemnitors. Indemnitors shall remain bound under this Agreement for all Loss even though any such Settlement or Modification by Surety does or might substantially increase the liability of Indemnitors.

4. **PLACE IN FUNDS:** Indemnitors agree to promptly deposit with Surety, on demand, an amount of money that Surety determines is sufficient to fund any liability or Loss. Such funds may be used by Surety to pay Loss or may be held by Surety as collateral against potential future Loss. Any remaining funds held by Surety after payment of all sums due to Surety under this Agreement shall be returned upon the complete release and/or discharge of Surety's liability under all Bonds.

5. **PLEDGE AND ASSIGNMENT OF COLLATERAL:** Indemnitors pledge, assign, transfer and set over to Surety the Collateral, as collateral to secure the obligations in this Agreement, whether incurred before or after the execution of this Agreement, including a license to use the Collateral, without cost, to perform or discharge Surety's obligations under any Bond or Bonded Contract. This pledge and assignment becomes effective on the date of this Agreement, or the earliest date allowable by law.

6. **TRUST FUNDS:** All sums due, to become due, or received by any Indemnitor or Principal for or on account of any Bonded Contract are trust funds in which Surety has an interest as a beneficiary of the trust whether in the possession of such Indemnitor or Principal or another. Such trust funds shall be held in trust for the benefit and payment of all obligations or Loss for which Surety may be liable under any Bond. Surety has the right, but not the obligation, to require that trust funds be placed in a dedicated trust fund account. This Agreement and declaration constitute notice of such trust.

7. **UNIFORM COMMERCIAL CODE:** This Agreement constitutes a security agreement to Surety in accordance with the Uniform Commercial Code or similar statute in any jurisdiction. Surety may file a photocopy or other reproduction of this Agreement as a financing statement or otherwise take any action or file any statement or documents to perfect the rights and interests granted in the Collateral or trust funds at any time.

8. **TAKEOVER:** If an Event of Default occurs, Surety shall have the right, in its sole discretion, and is authorized to take possession of any part or all of the work, materials and equipment under any Bonded Contract and any other materials or equipment which Surety deems necessary or proper to perform such Bonded Contract, and to perform or arrange for the performance of such Bonded Contract.

9. **ADVANCES AND FINANCING:** Surety is authorized to guarantee loans, to advance or lend money to any entity which Surety may see fit for the purpose of facilitating performance of obligations under any Bond or Bonded Contract. Indemnitors shall indemnify Surety for all such loans or advances and all Loss incurred by Surety relating to such loans and advances. Any failure to use the loans or advances, in whole or in part, for performance of obligations under such Bonds or Bonded Contracts shall not be a defense to Indemnitors' duty to indemnify Surety for such loans or advances. Surety has no obligation to provide financing or other support to any Principal or Indemnitor.

10. **BONDS FOR OTHER ENTITIES:** Indemnitors' obligations under this Agreement shall also apply to any Bond Surety issues for or on behalf of any Related Entity. "Related Entity" means: (a) any present or future, directly or indirectly owned subsidiary or affiliate of any Indemnitor; (b) any legal entity in which any Indemnitor has or acquires an ownership interest; and (c) any joint ventures, consortiums, teaming arrangements or any other business collaboration or economic enterprise ("Joint Venture") in which any Indemnitor is or was a member at the time the Bond was issued. Indemnitors' obligations under this Agreement shall also apply to any Bond Surety issues for or on behalf of any entity other than a Related Entity, on the written request of any Indemnitor.

11. **FINANCIAL STATEMENTS, BOOKS AND RECORDS:** Indemnitors shall promptly provide Surety with any and all information and documentation concerning the business or financial situation of any Indemnitor or any subsidiary, affiliate or Related Entity of any Indemnitor, as requested by Surety. Indemnitors shall furnish on demand, and Surety shall have the right to access, examine and copy the books, records and accounts of Indemnitors and of any entity under the control of any Indemnitor, at no cost to Surety. Indemnitors authorize any entity in which funds of any Indemnitor may be deposited to furnish to Surety a statement of the amount of such deposits as of the date requested. Indemnitors authorize any and all lenders, obligees, subcontractors, suppliers, accountants, other insurers, and other persons or entities to furnish to Surety any information requested by Surety, including but not limited to the performance of obligations under any Bond or Bonded Contract and payments related to any such Bond or Bonded Contract.

12. **ISSUANCE OF BONDS:** Surety does not guarantee the issuance or compliance of any Bond or any obligee's acceptance of any Bond issued. Surety has an absolute right to decline to issue or continue or renew any Bond and to cancel any Bond. If Surety issues a bid or proposal Bond or a written commitment to issue any Bond (each a "Bond Commitment"), Surety has an absolute right to decline to issue any Bond that may be required in connection with any award made under the proposal for which the Bond Commitment was given.

13. **WAIVER OF NOTICE:** Indemnitors waive notice of the issuance or cancellation of any Bond, any Settlement or Modification, and any act, fact or information concerning or affecting the rights and liabilities of Surety or the rights or liabilities of Indemnitors under the Bonds or this Agreement, notwithstanding any notice of any kind to which Principal and/or Indemnitors might otherwise have been or be entitled, and notwithstanding any defenses they might have been or be entitled to assert.

14. **OTHER SURETIES AS BENEFICIARIES:** If Surety procures the execution of any Bond by other sureties, or executes any Bond with co-sureties, or reinsures any portion of any Bond with reinsuring sureties, then all the terms and conditions of this Agreement shall inure to the benefit of such other sureties, co-sureties and/or reinsuring sureties, including the right to bring an action for enforcement of this Agreement. Surety may furnish copies of any and all underwriting and Claim documentation to reinsurers and co-sureties, including statements, agreements, financial statements, and any information which Surety now has or may obtain in the future concerning (a) Principals and/or Indemnitors, (b) Related Entities of Principals and/or Indemnitors, and (c) other entities for which any Bond is requested pursuant to paragraph 10.

15. **SURETY'S ADDITIONAL RIGHTS:** This Agreement is in addition to and not in lieu of all other agreements of indemnity and any and all rights, powers, and remedies that Surety may have or acquire against Indemnitors or any other person or entity, whether by agreement, law or otherwise. Indemnitors acknowledge and agree that other indemnity, collateral, property and/or security may be required by Surety with respect to Bonds issued under this Agreement. Indemnitors shall remain bound under the terms of this Agreement even though Surety may from time to time (before or after the date of this Agreement): (a) accept, modify or release other agreements of indemnity with respect to any Bond; (b) accept, modify the indemnity of, or release any Indemnitor or any other person or entity; or (c) accept, release or subordinate any rights to collateral, real property, personal property or security. Indemnitors' obligations to Surety shall not be waived or reduced by any claim, setoff, defense, or other right or cause of action which Indemnitors and/or Surety may hold against any person or entity or which may be asserted by any Principal, Indemnitor or any other person or entity arising from or related to any Bonded Contract, any Bond, this Agreement, other agreements, by law or otherwise. Surety is subrogated to all rights, Claims, funds and receivables related to any Bonded Contract. Surety has the right to offset Loss on any Bonded Contract against proceeds, funds, real property or personal property under any other Bonded Contract or otherwise available to Surety under this Agreement. Surety's forbearance or failure to act to enforce any right shall not waive or diminish any of its rights, which rights may be enforced at any time in Surety's sole discretion.

16. **SURETY'S RIGHT TO SPECIFIC PERFORMANCE:** Indemnitors acknowledge that the failure of Indemnitors, collectively or individually, to perform or comply with any provision of this Agreement shall cause irreparable harm to Surety for which Surety has no adequate remedy at law. Indemnitors agree that Surety shall be entitled to injunctive relief and/or specific performance, and Indemnitors waive any claims or defenses to the contrary.

17. **POWER OF ATTORNEY:** Indemnitors irrevocably nominate, constitute, appoint and designate Surety, and any persons designated by Surety, as their attorney-in-fact, with the right, but not the obligation, to exercise all of the rights of Indemnitors pledged, assigned, transferred and set over to Surety in this Agreement, including, in the name of Indemnitors to make, execute, and deliver any and all assignments or documents deemed necessary and proper by Surety in order to exercise its rights, powers and remedies under this Agreement. Indemnitors ratify and confirm all acts taken by Surety and its designees as such attorney-in-fact and agree to protect and hold harmless Surety and its designees for all such acts.

18. **JOINT AND SEVERAL LIABILITY:** Indemnitors are jointly and severally liable to Surety under this Agreement. Surety may enforce this Agreement against any Indemnitor without joining any other Indemnitor, person or entity.

19. **CONTRIBUTION:** Indemnitors waive and subordinate all rights of indemnity, subrogation and contribution against each other and/or any Principal until all obligations to Surety under this Agreement, at law or in equity, have been satisfied in full.

20. **NOTICE TO SURETY:** Indemnitors shall notify Surety as soon as any Indemnitor becomes aware of the happening of any Event of Default. This notice, and any other notice to Surety, shall be addressed as follows: **Zurich Surety, Red Brook Corporate Center, 600 Red Brook Blvd., 4th Floor, Owings Mills, Maryland 21117, Attention: Vice President, Contract Surety.**

21. **LAWSUITS AND JURISDICTION:** Separate lawsuits may be brought under this Agreement as causes of action accrue, and the bringing of any lawsuit or the recovery of any judgment on any cause of action shall not prejudice or bar the bringing of other lawsuits, on the same or other causes of action, whether arising before or after any other lawsuit or cause of action. In any legal proceeding brought by or against Surety that in any way relates to this Agreement, each Indemnitor irrevocably and unconditionally submits to the jurisdiction, at Surety's sole option, of the Federal, state and local courts in which (a) any Indemnitor resides or has property, (b) any bonded obligation arises or is performed, in whole or in part, or (c) any action may be brought against Surety. Indemnitors submit to the jurisdiction of such courts and waive and agree not to assert that they are not subject to the jurisdiction of any such court or that the jurisdiction and/or venue is in an inconvenient forum or otherwise improper.

22. **GOVERNING LAW FOR BONDED CONTRACTS OUTSIDE THE UNITED STATES:** Indemnitors agree that as to any legal action or proceeding related to any Bond issued in connection with any Bonded Contract to be performed outside the United States and its territories, this Agreement shall be governed by and interpreted under the laws of the State of New York, without regard to principles of conflicts of laws.

23. **EXECUTION AND CHANGES:** This Agreement may be executed in counterparts, all of which taken together shall constitute the Agreement. This Agreement shall be effective and immediately binding as to each Indemnitor when that Indemnitor executes this Agreement, regardless of whether any other party has executed the Agreement or fails to execute this Agreement. This Agreement shall only be changed or modified in writing.

24. **SEVERABILITY:** If any provision of this Agreement is found to be void or unenforceable as to an Indemnitor, the remainder of this Agreement shall nevertheless remain enforceable as to that Indemnitor; and the entire Agreement shall remain enforceable as to all other Indemnitors.

25. **TERMINATION:** Indemnitors' obligations and Surety's rights and remedies under this Agreement are continuing. Indemnitors acknowledge that their obligations under this Agreement remain for Bonds executed for entities that may be sold, dissolved, or otherwise disposed of in the future. This Agreement remains in effect until terminated and released by Surety. Any Indemnitor may terminate their participation in this Agreement with respect to future Bonds by sending written notice of termination to Surety at the address in Paragraph 20. Such termination shall be effective twenty (20) days from Surety's receipt of the notice ("Effective Date") and shall be effective only as to the Indemnitor providing such written notice. The notice of termination shall not terminate, modify, bar or discharge such notifying Indemnitor's obligations to Surety under this Agreement for: (a) Bonds issued prior to the Effective Date; (b) Bonds issued after the Effective Date where such Bonds are issued with respect to a Bond Commitment issued prior to the Effective Date; and (c) any Collateral or interest provided under this Agreement. The execution of any subsequent agreements of indemnity in favor of Surety by any Indemnitor shall not be construed as a novation, and this Agreement may only be terminated as provided herein.

26. **JURY WAIVER:** Indemnitors hereby knowingly and voluntarily waive and covenant that they will not assert any right to trial by jury in respect to any legal proceeding arising out of this Agreement.

27. **REPRESENTATIONS AND WARRANTIES:** Indemnitors each represent and warrant the following: (a) Each Indemnitor has a substantial, material, and/or beneficial interest in one or more Indemnitors or Principals obtaining Bonds or in Surety refraining from canceling any such Bond; (b) Each Indemnitor has the full power and authority to execute and deliver this Agreement and to perform all obligations in this Agreement; (c) All information provided to Surety by each Indemnitor prior to and after the execution of this Agreement is true, accurate and complete as of the time provided; and (d) Each right, power and remedy given to Surety, under any provision of this Agreement or otherwise, forms a material part of Surety's consideration for Bonds.

28. **WAIVER OF EXEMPTIONS:** Indemnitors waive all rights to claim any of their property, including their respective homesteads, as exempt from any levy, execution, sale or other legal process by Surety, unless such waiver is prohibited by law.

29. **TRANSFERRED BONDS:** By way of clarification, Indemnitors hereby assume liability for and performance of the Transferred Bonds. The obligations of Indemnitors to Surety under this Agreement include those arising from or relating to the Transferred Bonds and any breach or default asserted under said Bonds or the underlying contracts, and/or the enforcement of this Agreement. Indemnitors acknowledge that the Surety may require or retain or release other or additional agreements, indemnity and/or security with respect to the Transferred Bonds, and Surety may exercise its rights and remedies with respect to this Agreement or any other agreement, indemnity or security, at any time and in any order in Surety's full and absolute discretion.

30. **DEFINITIONS:**

Bonded Contract means any contract or other obligation referred to in any Bond or secured by any Bond.

Change in Control means any Principal or Indemnitor, without Surety's prior written consent: (a) assigning or selling any Bonded Contract; (b) undergoing a change in the beneficial ownership, directly or indirectly, of thirty percent (30%) or more of its voting stock (measured by voting power rather than number of shares) in one or more transactions, or any change in stock that results in a change of majority ownership; or (c) ceasing or threatening to cease to carry on business, or having any resolution passed or order made for its winding-up, liquidation or dissolution.

Claim or Claims means any notice, claim, demand, defense, counterclaim, setoff, lawsuit or proceeding or circumstance which may constitute, lead to or result in Loss, liability, or asserted liability in connection with any Bond, any Bonded Contract, or this Agreement.

Collateral means all right, title and interest of one or more Indemnitors in the following, whenever acquired or arising: (a) all Bonded Contracts; (b) all goods (including equipment, machinery, tools and materials), which are now, or may hereafter be, about or upon the site or sites of any and all of the contractual work referred to in the Bonds, or elsewhere, including materials purchased for or chargeable to any and all contracts referred to in the Transferred Bonds, materials which may be in the process of construction, in storage elsewhere, or in transportation to any and all of said sites, and equipment which may be necessary or proper to perform any contractual work referred to in the Bonds, general intangibles, and inventory, to the extent not subject to a prior perfected security interest; (c) all subcontracts and purchase orders arising under any Bonded Contract, and all surety bonds supporting such subcontracts and purchase orders; (d) all sums which are or may become payable in connection with any Bonded Contract and all other contracts in which any Indemnitor has an interest; (e) all intellectual property (including proprietary software) necessary or required to perform any Bonded Contract; (f) any facilities or plants necessary or required to perform any Bonded Contract; and (g) any real or personal property, the improvement of which is secured by any Bond.

Event of Default means any one or more of the following: (a) failure to timely perform or comply with any Bonded Contract or failure to timely pay invoices, bills or other indebtedness or to discharge liabilities under any Bonded Contract or Bond; (b) Breach of any Bond or declaration of default under any Bonded Contract (whether admitted or contested); (c) Surety setting any reserve against Loss or incurring Loss; (d) breach of or failure to timely comply with this Agreement; (e) any Principal or Indemnitor becoming the subject of any bankruptcy, insolvency, receivership, creditor assignment or trusteeship (whether voluntary or involuntary and whether insolvent or not); (f) any occurrence which deprives or impairs any Principal, Indemnitor and/or Surety of the use of any Collateral; (g) any individual Indemnitor becoming legally incompetent, imprisoned, convicted of a felony, or disappearing and being unable to be located; (h) a Change in Control; (i) any default, however described, which occurs under any document relating to the financial indebtedness of any Principal or Indemnitor, as a result of which that financial indebtedness is or becomes capable of being rendered prematurely due and payable; or (j) any representation by any Principal or Indemnitor to Surety which was materially false or misleading when made.

Good Faith means, with respect to any act, exercise of discretion or omission by Surety, an absence of dishonesty, evil intent and actual malice toward Principal and Indemnitors.

Loss means all premiums due to Surety and any and all liability, loss, Claims, damages, court costs and expenses, attorneys' fees (including those of Surety), consultant fees, and all other costs and expenses, including but not limited to any additional or extra-contractual damages arising from Surety's Settlement of any Claim. Pre-judgment and post-judgment interest shall accrue from the date of any payment made by Surety with respect to any of the foregoing at the maximum default rate permitted by law.

Principal means any person or entity whose obligation is guaranteed by a Bond.

SIGNATURE PAGE(S) TO FOLLOW

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SIGNATURE INSTRUCTIONS

1. All signatures should be notarized and dated.

2. If the signer is a Corporation, an officer on the operational side (i.e. President, CEO, COO) and an officer on the finance side (i.e. Secretary, CFO, Treasurer) should sign and the Corporation should attach its seal.

3. If one signer is signing in two different capacities (i.e. President and Secretary), then list both titles in the signature block and notary acknowledgement.

4. If the signer is an individual (personal) Indemnitor, each Indemnitor should sign and date their signature and provide all of the required information. Each signature should be witnessed and notarized.

By signing below, each Indemnitor affirms to Surety that they have read this General Indemnity Agreement carefully and understand their obligations as an Indemnitor. If the Indemnitor is a business entity, each signer executing this Agreement on behalf of such Indemnitor represents and warrants that he, she or it holds the office or position shown and that he, she or it is duly authorized by Indemnitor to execute this Agreement on behalf of Indemnitor and to bind Indemnitor to all of the terms and conditions of this Agreement.

INDEMNITOR:

Dore & Associates Contracting, Inc.

900 S. Harry Truman Parkway, Bay City, MI 48706

(2 signature format)

(SEAL)

By: _____

[Name of Signer #1]

As [Title] of Dore & Associates Contracting, Inc.

Date: _____, 20____

LAST 4 DIGITS OF TIN: _____

By: _____

[Name of Signer #2]

As [Title] of Dore & Associates Contracting, Inc.

Date: _____, 20____

NOTARIAL ACKNOWLEDGEMENT

STATE OF: _____ COUNTY OF: _____

The following instrument was acknowledged before me this ____ day of _____, 20____ by:

[name of signer #1] _____ as [title of signer #1] _____

of [name of entity] _____, ("Entity"), on behalf of the Entity. He/She is personally known to me or has produced [form of identification] _____ as identification.

and by

[name of signer #2] _____ as [title of signer #2] _____ of the Entity on behalf of the Entity. He/She is personally known to me or has produced [form of identification] _____ as identification.

My commission expires:

Notary Seal:

Notary Public Signature

20____

Printed Name _____

(The remainder of this page is intentionally left blank)

INDEMNITOR:
North American Leasing, Inc.
[Address]

(2 signature format)

(SEAL)

By: _____
[Name of Signer #1]
As [Title] of North American Leasing, Inc.

Date: _____, 20__

LAST 4 DIGITS OF TIN: _____

By: _____
[Name of Signer #2]
As [Title] of North American Leasing, Inc.

Date: _____, 20__

NOTARIAL ACKNOWLEDGEMENT

STATE OF: _____ COUNTY OF: _____

The following instrument was acknowledged before me this _____ day of _____, 20__ by:

[name of signer #1] _____ as [title of signer #1] _____
of [name of entity] _____, ("Entity"), on behalf of the Entity. He/She is personally known to me or has produced [form of
identification] _____ as identification.

and by

[name of signer #2] _____ as [title of signer #2] _____ of the Entity on behalf of the Entity. He/She is
personally known to me or has produced [form of identification] _____ as identification.

My commission expires: _____

Notary Seal:

Notary Public Signature

20__

Printed Name _____

(The remainder of this page is intentionally left blank)

INDEMNITOR:
signature format
River Front, LLC
[Address]

(2

(SEAL)

By: _____
[Name of Signer #1]
As [Title] of North American Leasing, Inc.

LAST 4 DIGITS OF TIN: _____

Date: _____, 20____

By: _____
[Name of Signer #2]
As [Title] of North American Leasing, Inc.

Date: _____, 20____

NOTARIAL ACKNOWLEDGEMENT

STATE OF: _____ COUNTY OF: _____

The following instrument was acknowledged before me this ____ day of _____, 20____ by:

[name of signer #1] _____ as [title of signer #1] _____
of [name of entity] _____, ("Entity"), on behalf of the Entity. He/She is personally known to me or has produced [form of
identification] _____ as identification.

and by

[name of signer #2] _____ as [title of signer #2] _____ of the Entity on behalf of the Entity. He/She is
personally known to me or has produced [form of identification] _____ as identification.

My commission expires:

Notary Seal:

Notary Public Signature

_____,
20____

Printed Name _____

(The remainder of this page is intentionally left blank)

INDEMNITOR:
signature format
NASDI, LLC
[Address]

(2

(SEAL)

By: _____
[Name of Signer #1]
As [Title] of North American Leasing, Inc.

LAST 4 DIGITS OF TIN: _____

Date: _____, 20____

By: _____
[Name of Signer #2]
As [Title] of North American Leasing, Inc.

Date: _____, 20____

NOTARIAL ACKNOWLEDGEMENT

STATE OF: _____ COUNTY OF: _____

The following instrument was acknowledged before me this _____ day of _____, 20____ by:

[*name of signer#1*] _____ as [*title of signer#1*] _____
of [*name of entity*] _____, ("Entity"), on behalf of the Entity. He/She is personally known to me or has produced [*form of identification*] _____ as identification.

and by

[*name of signer #2*] _____ as [*title of signer #2*] _____ of the Entity on behalf of the Entity. He/She is personally known to me or has produced [*form of identification*] _____ as identification.

My commission expires:

Notary Seal:

Notary Public Signature 20____

Printed Name _____

(The remainder of this page is intentionally left blank)

INDEMNITOR: _____ (2)

signature format

Yankee Environmental Services, LLC

(SEAL)

[Address]

By: _____

[Name of Signer #1]

As [Title] of North American Leasing, Inc.

LAST 4 DIGITS OF TIN: _____

Date: _____, 20____

By: _____

[Name of Signer #2]

As [Title] of North American Leasing, Inc.

Date: _____, 20____

NOTARIAL ACKNOWLEDGEMENT

STATE OF: _____ COUNTY OF: _____

The following instrument was acknowledged before me this _____ day of _____, 20____ by:

[name of signer#1] _____ as [title of signer#1] _____
of [name of entity] _____, ("Entity"), on behalf of the Entity. He/She is personally known to me or has produced [form of
identification] _____ as identification.

and by

[name of signer #2] _____ as [title of signer #2] _____ of the Entity on behalf of the Entity. He/She is
personally known to me or has produced [form of identification] _____ as identification.

My commission expires:

Notary Seal:

Notary Public Signature _____, 20____

Printed Name _____

EXHIBIT C

GLDD Guarantee for Transferred Bonds (unexecuted version)



ZURICH

**Guarantee and Indemnity Agreement
With respect to NASDI/ Yankee Transferred Bonds**

THIS GUARANTEE AND INDEMNITY AGREEMENT WITH RESPECT TO NASDI/ YANKEE TRANSFERRED BONDS (“Agreement”), dated this _____ day of _____, 2014 by **Great Lakes Dredge and Dock Corporation, a Delaware corporation, as Guarantor** (“Guarantor” or “GLDD”) in favor of ZURICH AMERICAN INSURANCE COMPANY and its subsidiaries, affiliates and associated companies in any jurisdiction, including but not limited to FIDELITY AND DEPOSIT COMPANY OF MARYLAND, COLONIAL AMERICAN CASUALTY AND SURETY COMPANY, AMERICAN GUARANTEE AND LIABILITY INSURANCE COMPANY and ZURICH INSURANCE GROUP LTD, their respective successors and assigns (individually and collectively “Surety”) with respect to the transferred bonds set forth on Exhibit A, List of Transferred Bonds, which is attached to this Agreement and incorporated by reference, including all renewals, extensions, modifications, replacements or substitutions thereof (collectively, the “Transferred Bonds” and each individually a “Transferred Bond”). This Agreement shall be liberally construed so as to fully guarantee, and exonerate, indemnify and hold Surety harmless from, all liability and Loss with respect to the Transferred Bonds.

Guarantor has requested that Surety consent to Guarantor’s sale of NASDI, LLC (“NASDI”) and Yankee Environmental Services, LLC (“Yankee”), and that GLDD Indemnitors’ (as defined below) liability under the current GLDD Agreement (as defined below) be released or transferred with respect to the Transferred Bonds; and

Surety is willing to consent to the sale of NASDI and Yankee, and to consent to the transfer of GLDD Indemnitors’ obligations with respect to the Transferred Bonds from the current GLDD Agreement to this Agreement in accordance with the terms of this Agreement, on the condition that Guarantor enter into this Agreement and the GLDD Transferring Release to transfer GLDD Indemnitors’ liability for the Transferred Bonds from the GLDD Agreement to this Agreement.

As an inducement to Surety to issue or refrain from cancelling Transferred Bonds, to accept the GLDD Transferring Release, and to accept this Agreement in lieu of the GLDD Agreement with respect to GLDD Indemnitors’ obligations for the Transferred Bonds, Guarantor represents and agrees for itself, its heirs, executors, administrators, successors and assigns, jointly and severally, as follows:

- 1. TERM OF GUARANTEE AND INDEMNITY:** This Agreement remains in force until Surety has been provided satisfactory evidence, in its sole discretion, that Surety has been fully released and/or discharged from liability under all Transferred Bonds and has been paid in full for all Loss arising from or related to the Transferred Bonds. Guarantor hereby guarantees all liability for and performance of Transferred Bonds under the terms of this Agreement and the GLDD Transferring Release. The obligations of Guarantor to Surety under this Agreement include those arising from or relating to the Transferred Bonds and any breach or default asserted under said Transferred Bonds or the underlying Bonded Contracts, and/or the enforcement of this Agreement or the Dore Agreement. Guarantor acknowledges that Surety may require or retain or release other or additional agreements, indemnity and/or security with respect to the Transferred Bonds, including but not limited to the Dore Agreement, and Surety may exercise its rights and remedies with respect to this Agreement, the Dore Agreement, or any other agreement, indemnity or security, at any time and in any order in Surety’s full and absolute discretion.
- 2. GUARANTEE AND INDEMNITY:** Guarantor hereby guarantees the full payment and performance of, and shall exonerate, indemnify, and hold Surety harmless from, any and all liability and Loss, sustained or incurred, arising from or related to the following: (a) any Transferred Bond, (b) any Claim, (c) Guarantor failing to timely and completely perform or comply with this Agreement, or any of the parties to the Dore Agreement failing to timely and completely perform or comply with the Dore Agreement with respect to any Transferred Bond, (d) Surety enforcing this Agreement or the Dore Agreement with respect to any Transferred Bond or (e) any act of Surety to protect or procure any of Surety’s rights, protect or preserve any of Surety’s interests, or to avoid, or lessen Surety’s liability or alleged liability, all with respect to any Transferred Bond. The liability of Guarantor to Surety under this Agreement includes all Claims made on Surety, all payments made, Loss incurred, and all actions taken by Surety with respect to any Transferred Bond under the Good Faith belief that Surety is, would be or was liable for the amounts paid or the actions taken, or that it was necessary or expedient to make such payments or take such actions, whether or not such liability, necessity or expediency existed. Guarantor shall promptly, upon demand, make payment to Surety as soon as liability or Loss exists, whether or not Surety has made any payment. An itemized statement of Loss, sworn to by any officer of Surety, or the voucher or other evidence of any payment, shall be *prima facie* evidence of the fact, amount and extent of the liability of Guarantor for such Loss. This Guarantee and Indemnity includes all Loss arising from or related to the Transferred Bonds, including all Loss which may arise under the Dore Agreement with respect to the Transferred Bonds.

3. SURETY'S RIGHT TO PERFORM, SETTLE AND/OR MODIFY: Surety shall have the absolute and unconditional right and is authorized but not required to: (a) adjust, pay, perform, decline to perform, compromise, settle, deny, litigate or otherwise resolve any Claim and/or any claim, counterclaim, defense or setoff held by or made against Guarantor, any of the parties to the Dore Agreement, any Principal or other entity and/or to take any action to protect any rights of Surety or to preserve or protect Surety's interests, or to avoid or lessen any alleged liability (hereinafter "Settlement"); and (b) modify, consent to or decline to consent to modification of any Transferred Bond and/or Bonded Contract, and/or to take, consent to or decline to consent to any assignment (hereinafter "Modification"). Any Settlement and/or Modification by Surety shall be final, binding and conclusive upon Guarantor. Guarantor shall remain bound under this Agreement for all Loss even though any such Settlement or Modification by Surety does or might substantially increase the liability of Guarantor.

4. PLACE SURETY IN FUNDS: Should an Event of Default occur, or upon determination by Surety, in its sole and absolute discretion, that potential liability exists under any Transferred Bond (regardless of whether liability has been established or whether Surety, Guarantor may have defenses to all or any portion of any claim asserted under any Transferred Bond), Guarantor shall, upon demand, deposit with Surety cash or other collateral acceptable to Surety in an amount determined by Surety, in its sole discretion, to be sufficient to discharge any claim made against or potential liability of Surety on any Transferred Bond or under this Agreement. Surety shall not be required to post a reserve prior to or as a condition of Guarantor's obligation to deposit collateral. This sum may be used by Surety to pay such claim or be held by Surety as collateral against any loss on any Transferred Bonds or under this Agreement. Any remaining sums deposited with Surety after payment of any and all sums due to Surety under this Agreement or otherwise shall be returned to Guarantor upon the complete release and/or discharge of Surety's obligations and liability under all Transferred Bonds. The Surety's demand for collateral shall be sufficient if sent by registered or certified mail, by facsimile transmission, or by personal service to Guarantor at the addresses stated herein, or at the address last known to the Surety, regardless of whether actually received. Guarantor acknowledges that the failure of Guarantor to deposit collateral with the Surety, immediately upon demand, shall cause irreparable harm to the Surety for which the Surety has no adequate remedy at law. Guarantor agrees that the Surety shall be entitled to injunctive relief for specific performance of the obligation to deposit with the Surety the sum demanded as collateral and waive any claims or defenses to the contrary.

5. UNIFORM COMMERCIAL CODE: This Agreement shall constitute a Security Agreement to the Surety and also a Financing Statement, both in accordance with the provisions of the Uniform Commercial Code of every jurisdiction wherein such Code is in effect, and may be so used by the Surety, without in any way abrogating, restricting or limiting the rights of the Surety under this Agreement or under law or in equity.

6. DISCHARGE: Guarantor shall promptly, upon demand, procure the full and complete discharge of Surety from all Transferred Bonds and all liability in connection with such Transferred Bonds. If Guarantor is unable to obtain discharge of any or all such Transferred Bonds within the time demanded, Guarantor shall promptly deposit with Surety an amount of money that Surety determines is sufficient to satisfy any liability or Loss with respect to any Transferred Bonds.

7. SURETY'S RIGHT TO SPECIFIC PERFORMANCE: Guarantor acknowledges that the failure of Guarantor to perform or comply with any provision of this Agreement shall cause irreparable harm to Surety for which Surety has no adequate remedy at law. Guarantor agrees that Surety shall be entitled to injunctive relief and/or specific performance, and Guarantor waives any claims or defenses to the contrary.

8. WAIVER OF NOTICE: Guarantor waives notice of the issuance, cancellation, renewal, replacement or substitution of any Transferred Bond, any Settlement or Modification, and any act, fact or information concerning or affecting the rights and liabilities of Surety or the rights or liabilities of Guarantor under the Transferred Bonds or this Agreement, notwithstanding any notice of any kind to which Principal or Guarantor or others might otherwise have been or be entitled, and notwithstanding any defenses they might have been or be entitled to assert.

9. OTHER SURETIES AS BENEFICIARIES: If Surety procures the execution of any Transferred Bond by other sureties, or executes any Transferred Bond with co-sureties, or reinsures any portion of any Transferred Bond with reinsuring sureties, then all the terms and conditions of this Agreement shall inure to the benefit of such other sureties, co-sureties and/or reinsuring sureties, including the right to bring an action for enforcement of this Agreement.

10. SURETY'S ADDITIONAL RIGHTS: This Agreement is in addition to and not in lieu of the GLDD Agreement (subject to the terms of the GLDD Transferring Release), the Dore Agreement and all other agreements of indemnity and any and all rights, powers, and remedies that Surety may have or acquire against Guarantor or any other person or entity, including but not limited to the parties to the Dore Agreement, whether by agreement, law or otherwise. Surety's forbearance or failure to act to enforce any right shall not waive or diminish any of its rights, which rights may be enforced at any time in Surety's sole discretion. Guarantor waives and subordinates all rights of indemnity, subrogation and contribution against any party to the Dore Agreement and/or any Principal until all obligations to Surety under this Agreement, at law or in equity, have been satisfied in full. Surety may enforce this Agreement against Guarantor in its sole discretion at any time and in whatever manner Surety sees fit, without joining any other person or entity, whether that person or entity is a party to the Dore Agreement or otherwise.

11. **LAWSUITS AND JURISDICTION:** Separate lawsuits may be brought under this Agreement as causes of action accrue, and the bringing of any lawsuit or the recovery of any judgment on any cause of action shall not prejudice or bar the bringing of other lawsuits, on the same or other causes of action, whether arising before or after any other lawsuit or cause of action. In any legal proceeding brought by or against Surety that in any way relates to this Agreement, Guarantor irrevocably and unconditionally submits to the jurisdiction, at Surety's sole option, of the Federal, state and local courts in which (a) Guarantor resides or has property, (b) any bonded obligation arises or is performed, in whole or in part, or (c) any action may be brought against Surety. Guarantor submits to the jurisdiction of such courts and waive and agree not to assert that it is not subject to the jurisdiction of any such court or that the jurisdiction and/or venue is in an inconvenient forum or otherwise improper.

12. **GOVERNING LAW:** This Agreement shall be governed by and interpreted under the laws of the State of New York, without regard to principles of conflicts of laws.

13. **EXECUTION AND CHANGES:** This Agreement shall be effective and immediately binding as to Guarantor when Guarantor executes this Agreement, regardless of whether any other party has executed this Agreement or the Dore Agreement or fails to execute this Agreement or the Dore Agreement. This Agreement shall only be changed or modified in writing.

14. **JURY WAIVER:** Guarantor hereby knowingly and voluntarily waives and covenants that it will not assert any right to trial by jury in respect to any legal proceeding arising out of this Agreement.

15. **REPRESENTATIONS AND WARRANTIES:** Guarantor represents and warrants the following: (a) Guarantor has a substantial, material, and/or beneficial interest in one or more Principals obtaining or maintaining the Transferred Bonds or in Surety refraining from canceling, renewing, extending, modifying, replacing or substituting any such Transferred Bond; (b) Guarantor has the full power and authority to execute and deliver this Agreement and to perform all obligations in this Agreement; (c) All information provided to Surety by Guarantor prior to and after the execution of this Agreement is true, accurate and complete in all material respects as of the time provided; and (d) Each right, power and remedy given to Surety, under any provision of this Agreement or otherwise, forms a material part of Surety's consideration for Transferred Bonds.

16. **LIMIT OF INDEMNITY AND GUARANTEE:** Guarantor's liability under this Agreement is limited to the sum of TWENTY-FIVE MILLION AND NO/100 DOLLARS (\$25,000,000).

17. **DEFINITIONS:**

Bonded Contract means any contract or other obligation referred to in any Transferred Bond or secured by any Transferred Bond.

Change in Control has the meaning provided in the GLDD Agreement.

Claim or **Claims** means any notice, claim, demand, defense, counterclaim, setoff, lawsuit or proceeding or circumstance which may constitute, lead to or result in Loss, liability, or asserted liability in connection with any Transferred Bond, any Bonded Contract, this Agreement or the Dore Agreement (except to the extent not related to any Transferred Bond).

Dore Agreement means the General Indemnity Agreement executed by Dore & Associates Contracting, Inc. ("Dore") and others, dated April 18, 2014. For clarity, this Agreement covers only the obligations of Dore and others with respect to the Transferred Bonds and the bonded obligations underlying such Transferred Bonds, and does not cover any other bond which Surety may issue for Dore or others which is not related to the Transferred Bonds.

Event of Default means any one or more of the following: (a) any abandonment, forfeiture, termination, default or breach of any Bonded Contract or any breach of any Transferred Bond; (b) receipt by Surety of any Claims under any Transferred Bond or declaration of default under any Transferred Bond; (c) breach of or failure to timely comply with this Agreement, or the Dore Agreement with respect to any Transferred Bond; (d) Guarantor becoming the subject of any bankruptcy, insolvency, receivership, creditor assignment or trusteeship (whether voluntary or involuntary and whether insolvent or not); (e) a Change in Control; (f) any default, however described, which occurs under any document relating to the financial indebtedness of Guarantor, as a result of which that financial indebtedness is or becomes capable of being rendered prematurely due and payable; or (g) any representation by Guarantor to Surety which was materially false or misleading when made.

GLDD Agreement means the General Agreement of Indemnity executed by GLDD and the other GLDD Indemnitors, dated September 7, 2011, as subsequently modified, amended, supplemented or replaced, including but not limited to the Rider dated June 4, 2012, and all underlying and related agreements and modifications of agreements, including the Equipment Utilization Agreement dated June 4, 2012 and the Lender-Surety Agreement dated June 4, 2012. For clarity, this Agreement covers only the obligations of Guarantor and the other GLDD Indemnitors with respect to the Transferred Bonds and the Bonded Contracts and obligations underlying such Transferred Bonds, and does not cover any other bond which Surety may issue for Guarantor or any other GLDD Indemnitor which is not a Transferred Bond (the “Non-Transferred Bonds”), and with respect to those Non-Transferred Bonds, the GLDD Agreement remains in full force and effect.

GLDD Indemnitors means Guarantor and the other “Indemnitors” and “Contractors” party to the GLDD Agreement.

GLDD Transferring Release means the Second Rider to General Agreement of Indemnity with respect to NASDI/Yankee Transferred Bonds dated as of April 18, 2014 among Surety, Guarantor and the other GLDD Indemnitors, which is executed concurrently with this Agreement and which applies to the GLDD Agreement.

Good Faith means, with respect to any act, exercise of discretion or omission by Surety, an absence of bad faith, willful misconduct, dishonesty, evil intent and actual malice toward Guarantor.

Loss means, with respect to any Transferred Bond, all premiums due to Surety and any and all liability, loss, Claims, damages, court costs and expenses, attorneys’ fees (including those of Surety), consultant fees, and all other costs and expenses, including but not limited to any additional or extra-contractual damages arising from Surety’s Settlement of any Claim. Pre-judgment and post-judgment interest shall accrue from the date of any payment made by Surety with respect to any of the foregoing at the maximum default rate permitted by law.

Principal means any person or entity whose obligation is guaranteed by a Transferred Bond.

SIGNATURE PAGE(S) TO FOLLOW

(The remainder of this page is intentionally left blank)

SIGNATURE INSTRUCTIONS

1. All signatures should be notarized and dated.

2. If the signer is a Corporation, an officer on the operational side (i.e. President, CEO, COO) and an officer on the finance side (i.e. Secretary, CFO, Treasurer) should sign and the Corporation should attach its seal.

3. If one signer is signing in two different capacities (i.e. President and Secretary), then list both titles in the signature block and notary acknowledgement.

4. If the signer is an individual (personal) Indemnitor, each Indemnitor should sign and date their signature and provide all of the required information. Each signature should be witnessed and notarized.

By signing below, Guarantor affirms to Surety that it has read this Guarantee and Indemnity Agreement carefully and understands its obligations as a Guarantor. Each signer executing this Agreement on behalf of Guarantor represents and warrants solely in their capacity as an officer of Guarantor and not individually that he or she holds the office or position shown and that he or she is duly authorized by Guarantor to execute this Agreement on behalf of Guarantor and to bind Guarantor to all of the terms and conditions of this Agreement.

GUARANTOR:

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

By: _____
Name: Katherine M. Hayes
Title: Vice President, Corporate Controller and Assistant Secretary

By: _____
Name: Richard Roman
Title: Treasurer

NOTARIAL ACKNOWLEDGEMENT

STATE OF: _____ COUNTY OF: _____

The following instrument was acknowledged before me this ____ day of ____, 2014 by:

Katherine M. Hayes as Vice President, Corporate Controller and Assistant Secretary of Great Lakes Dredge & Dock Corporation, ("Entity"), on behalf of the Entity. She is personally known to me or has produced [*form of identification*] _____ as identification.

and by

Richard Roman as Treasurer of the Entity on behalf of the Entity. He is personally known to me or has produced [*form of identification*] _____ as identification.

My commission expires:

Notary Seal:

Notary Public Signature 20__

Printed Name _____

(The remainder of this page is intentionally left blank)

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

CERTIFICATION

I, Jonathan W. Berger, certify that:

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

Date: May 7, 2014

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

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

CERTIFICATION

I, Katherine M. Hayes, certify that:

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

Date: May 7, 2014

/s/ Katherine M. Hayes

Katherine M. Hayes
Interim Chief Financial Officer

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

In connection with the Quarterly Report of Great Lakes Dredge & Dock Corporation (the "Company") on Form 10-Q for the period ended March 31, 2014, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Jonathan W. Berger, Chief Executive Officer of the Company, certify pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

- (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/ Jonathan W. Berger

Jonathan W. Berger
Chief Executive Officer

Date: May 7, 2014

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

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

In connection with the Quarterly Report of Great Lakes Dredge & Dock Corporation (the "Company") on Form 10-Q for the period ended March 31, 2014, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Katherine M. Hayes, Interim 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/ Katherine M. Hayes

Katherine M. Hayes
Interim Chief Financial Officer

Date: May 7, 2014

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.

