

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, DC 20549

FORM 8-K

CURRENT REPORT

Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): **December 26, 2006**

Great Lakes Dredge & Dock Corporation

(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction of incorporation)

333-136861
(Commission File Number)

20-5336063
(IRS Employer Identification No.)

2122 York Road, Oak Brook, Illinois 60523
(Address of Principal executive offices, including Zip Code)

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

Great Lakes Dredge & Dock Holdings Corp.
(Former name or former address, if changed since last report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Item 1.01 Entry into Material Definitive Agreement; Item 2.01 Completion of Acquisition or Disposition of Assets; and Item 2.03 Creation of Direct Financial Obligation or an Obligation under an Off-Balance Sheet Arrangement of a Registrant

On December 26, 2006, GLDD Acquisitions Corp. ("GLDD"), the parent company of Great Lakes Dredge & Dock Corporation ("Great Lakes"), merged with and into Aldabra Merger Sub, L.L.C. ("Aldabra Merger Sub"), a wholly owned subsidiary of Aldabra Acquisition Corporation ("Aldabra"), and GLDD's stockholders received shares of Aldabra common stock in exchange for their equity interests in GLDD. Following such merger, also on December 26, 2006, Aldabra merged with and into its indirect wholly owned subsidiary, GLH Merger Sub L.L.C. (the "Holdings Merger"). As a result of the Holdings Merger, the Aldabra stockholders (including the former GLDD stockholders) received common stock of Great Lakes Dredge & Dock Holdings Corp. (the "Registrant"), which prior to such merger was a direct subsidiary of Aldabra. Following the Holdings Merger, each of GLH Merger Sub, L.L.C., Aldabra Merger Sub and Great Lakes Dredge & Dock Corporation then merged with and into the Registrant, which changed its name to "Great Lakes Dredge & Dock Corporation." The Certificate of Ownership and Merger pursuant to which such name change was effected is filed herewith as Exhibit 3.1. In connection with the merger of Great Lakes into the Registrant, the Registrant executed the following agreements.

The Registrant, the guarantors named therein and BNY Midwest Trust Company, as Trustee, entered into a Fourth Supplemental Indenture, dated December 26, 2006 (the "Supplement") to the Indenture, dated December 22, 2003 (the "Indenture"), relating to the 7 ¾% Senior Subordinated Notes due 2013 (the "Notes"). Pursuant to the Supplement, the Registrant assumed all of Great Lakes' obligations under the Indenture and the Notes.

The Registrant and Bank of America, N.A., as Administrative Agent, entered into a Reaffirmation Agreement, dated December 26, 2006, pursuant to which the Registrant expressly affirmed its obligations under Great Lakes' senior credit agreement.

The Registrant and General Electric Capital Corporation ("GE") entered into an Assumption Agreement, dated December 26, 2006, pursuant to which the Registrant expressly affirmed its obligations under the Guaranty Agreement pursuant to which Great Lakes had guaranteed the obligations of its subsidiary, Great Lakes Dredge & Dock Company, LLC, under a Credit Agreement with GE, dated December 17, 2003.

The Registrant and Wells Fargo HSBC Trade Bank, N.A. entered into a Reaffirmation, Ratification and Assumption Agreement dated December 26, 2006, pursuant to which the Registrant expressly assumed the obligations of Great Lakes Dredge & Dock Corporation under the International Letter of Credit Agreement dated as of September 29, 2006 and certain related agreements.

In connection with these transactions, the members of our management who previously held equity interests in GLDD, including our executive officers, entered into an Amended and Restated Management Equity Agreement with the Registrant. This management equity agreement sets forth the vesting provisions applicable to the common stock issued in connection with the Holdings Merger, as well as transfer restrictions and certain repurchase rights in favor of the Registrant in the event of termination of employment.

The foregoing agreements are filed as exhibits 4.1, 10.1, 10.2, 10.3, and 10.4 respectively, and are incorporated herein by reference.

Item 3.03 Material Modification to Rights of Securities Holders

As described in Item 1.01, the Registrant assumed the obligations of Great Lakes Dredge & Dock Corporation under its 7 3/4% Senior Subordinated Notes due 2013. The information set forth in Item 1.01 and Exhibit 4.1 are incorporated herein by reference.

In accordance with the Registrant's Amended and Restated Certificate of Incorporation, Madison Dearborn Capital Partners IV, L.P. designated two directors to have four votes in each matter submitted to a vote of directors. This letter is filed as Exhibit 4.2 hereto and is incorporated herein by reference.

Item 5.03 Amendments to Articles of Incorporation or Bylaws; Change in Fiscal Year End.

The Certificate of Ownership and Merger filed as Exhibit 3.1 hereto changed the Registrant's name to "Great Lakes Dredge & Dock Corporation."

Item 9.01 Financial Statements and Exhibits.

(b) Financial Statements

(1) The following financial statements are filed as Exhibit 99.1 hereto and are incorporated by reference herein:

GLDD Acquisitions Corp. and Subsidiaries

Report of Independent Registered Public Accountants

Consolidated Balance Sheets as of December 31, 2005 and 2004

Consolidated Statements of Operations for the years ended December 31, 2005, 2004 (Successor), and 2003 (Predecessor)

Consolidated Statement of Stockholder's Equity for the years ended December 31, 2005, 2004 (Successor), and 2003 (Predecessor)

Consolidated Statements of Cash Flows for the years ended December 31, 2005, 2004 (Successor), and 2003 (Predecessor)

Notes to Audited Consolidated Financial Statements

Amboy Aggregates (A joint Venture)

Report of Independent Public Accountants

Balance Sheets as of December 31, 2005 and 2004

Statements of Income and Partners' Capital for the years Ended December 31, 2005, 2004 and 2003

Statement of Cash Flows for the Years Ended December 31, 2005, 2004 and 2003

Notes to Financial Statements

(2) The following financial statements are filed herewith as Exhibit 99.2 and are incorporated by reference herein:

GLDD Acquisitions Corp. and Subsidiaries

Consolidated Balance Sheets as of September 30, 2006 and December 31, 2005

Consolidated Statements of Operations for the nine months ended September 30, 2006 and September 30, 2005

Consolidated Statement of Stockholder's Equity for the nine months ended September 30, 2006 and September 30, 2005

Consolidated Statements of Cash Flows for the nine months ended September 30, 2006 and September 30, 2005

Notes to Unaudited Consolidated Financial Statements

(b) Pro Forma Financial Information

The following unaudited pro forma condensed consolidated financial statements are filed herewith as Exhibit 99.3 and are incorporated by reference herein:

GLDD Acquisitions Corp. and Subsidiaries

Unaudited Pro Forma Consolidated Consolidated Balance Sheet as of September 30, 2006

Unaudited Pro Forma Consolidated Consolidated Statements of Operations for the year ended December 31, 2005, the nine months ended September 30, 2005 and the nine months ended September 30, 2006

Notes to Unaudited Pro Forma Condensed Consolidated Balance Sheet and Statements of Income

<u>Exhibit No.</u>	<u>Description</u>
3.1	Certificate of Ownership and Merger of Great Lakes Dredge & Dock Corporation with and into Great Lakes Dredge & Dock Holdings Corp.
4.1	Fourth Supplemental Indenture, dated December 26, 2006, by and among Great Lakes Dredge & Dock Holdings Corp. (now known as Great Lakes Dredge & Dock Corporation), Great Lakes Dredge & Dock Corporation, the guarantors named therein and BNY Midwest Trust Company, as Trustee.
4.2	Letter from Madison Dearborn Capital Partners IV. LP to Great Lakes Dredge & Dock Corporation designating directors pursuant to the Registrant's certificate of incorporation to have four (4) votes in each matter submitted to directors of the Registrant.
10.1	Reaffirmation Agreement, dated as of December 26, 2006, by and between Great Lakes Dredge & Dock Corporation (formerly named Great Lakes Dredge & Dock Holdings Corp.) and Bank of

2

America, N.A., as Administrative Agent.

10.2	Assumption Agreement, dated as of December 26, 2006, by and between Great Lakes Dredge & Dock Corporation (formerly named Great Lakes Dredge & Dock Holdings Corp.) and General Electric Capital Corporation.
10.3	Reaffirmation, Ratification and Assumption Agreement dated December 26, 2006, by and between Great Lakes Dredge & Dock Corporation (formerly named Great Lakes Dredge & Dock Holdings Corp.) and Wells Fargo HSBC Trade Bank, N.A.
10.4	Amended and Restated Management Equity Agreement dated December 26, 2006 by and among Aldabra Acquisition Corp., Great Lakes Dredge & Dock Holdings Corp. and each of the other persons identified on the signature pages thereto.
99.1	Audited consolidated financial statements
99.2	Unaudited consolidated financial statements
99.3	Unaudited pro forma financial statements

3

SIGNATURES

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

Great Lakes Dredge & Dock Corporation

Date: December 29, 2006

/s/ Deborah A. Wensel
Name: Deborah A. Wensel
Title: Senior Vice President and CFO

4

EXHIBIT INDEX

<u>Exhibit No.</u>	<u>Description</u>
3.1	Certificate of Ownership and Merger of Great Lakes Dredge & Dock Corporation with and into Great Lakes Dredge & Dock Holdings Corp.
4.1	Fourth Supplemental Indenture, dated December 26, 2006, by and among Great Lakes Dredge & Dock Holdings Corp. (now known as Great Lakes Dredge & Dock Corporation), Great Lakes Dredge & Dock Corporation, the guarantors named therein and BNY Midwest Trust Company, as Trustee.
4.2	Letter from Madison Dearborn Capital Partners IV. LP to Great Lakes Dredge & Dock Corporation designating directors pursuant to the Registrant's certificate of incorporation to have four (4) votes in each matter submitted to directors of the Registrant.
10.1	Reaffirmation Agreement, dated as of December 26, 2006, by and between Great Lakes Dredge & Dock Corporation ((formerly named Great Lakes Dredge & Dock Holdings Corp.) and Bank of America, N.A., as Administrative Agent.

- 10.2 Assumption Agreement, dated as of December 26, 2006, by and between Great Lakes Dredge & Dock Corporation (formerly named Great Lakes Dredge & Dock Holdings Corp.) and General Electric Capital Corporation.
 - 10.3 Reaffirmation, Ratification and Assumption Agreement dated December 26, 2006, by and between Great Lakes Dredge & Dock Corporation (formerly named Great Lakes Dredge & Dock Holdings Corp.) and Wells Fargo HSBC Trade Bank, N.A.
 - 10.4 Amended and Restated Management Equity Agreement dated December 26, 2006 by and among Aldabra Acquisition Corp., Great Lakes Dredge & Dock Holdings Corp. and each of the other persons identified on the signature pages thereto.
 - 99.1 Audited consolidated financial statements
 - 99.2 Unaudited consolidated financial statements
 - 99.3 Unaudited pro forma financial statements
-

**CERTIFICATE OF OWNERSHIP AND MERGER
OF
GREAT LAKES DREDGE & DOCK CORPORATION
WITH AND INTO
GREAT LAKES DREDGE & DOCK HOLDINGS CORP.**

Great Lakes Dredge & Dock Holdings Corp., a Delaware Corporation (the "Corporation"), desiring to merge Great Lakes Dredge & Dock Corporation, a Delaware Corporation ("GLDD"), with and into the Corporation (the "Merger"), pursuant to Section 253 of the General Corporation Law of the State of Delaware (the "DGCL"), hereby certifies as follows:

FIRST: The name and state of formation or organization, as applicable, of each of the constituent companies to the merger (the "Constituent Companies") are as follows:

<u>Name</u>	<u>State of Formation / Incorporation</u>
Great Lakes Dredge & Dock Holdings Corp.	Delaware
Great Lakes Dredge & Dock Corporation	Delaware

SECOND: The Corporation owns 100% of the issued and outstanding shares of common stock, par value \$0.01 per share (the "Common Stock"), of Great Lakes Dredge & Dock Corporation, a Delaware corporation ("GLDD"). Other than the Common Stock, GLDD has no class or series of stock issued and outstanding.

SECOND: The Board of Directors of the Corporation has approved the execution of the Merger in accordance with Section 253 of the DGCL. In accordance with Section 253(a) of the DGCL, a copy of the written consent of the Board of Directors of the Corporation, adopted as of December 21, 2006, is attached hereto as Exhibit A.

THIRD: The Corporation will continue as the corporation surviving the Merger (the "Surviving Corporation"). In accordance with Section 253(b) of the DGCL, the name of the Surviving Corporation shall be "Great Lakes Dredge & Dock Corporation" upon the effectiveness of the Merger pursuant to the DGCL (the "Effective Time").

FOURTH: At the Effective Time, the certificate of incorporation of the Corporation, as in effect immediately prior to the Effective Time and as amended in accordance with this Certificate of Ownership and Merger, shall become the certificate of incorporation of the Surviving Corporation until further amended in accordance with the terms thereof. At the Effective Time, Article One of the certificate of incorporation of the Surviving Corporation is amended and restated to read as follows:

ARTICLE ONE
NAME

The name of the Corporation is "Great Lakes Dredge & Dock Corporation" (the "Corporation").

FIFTH: This Certificate of Merger, and the Merger, shall become effective at 11:59 p.m. eastern standard time on December 26, 2006.

IN WITNESS WHEREOF, The Corporation has caused this Certificate of Merger to be executed as of the 26th day of December, 2006.

GREAT LAKES DREDGE & DOCK
HOLDINGS CORP.

By: /s/ Deborah A. Wensel
Name: Deborah A. Wensel
Title: CFO

EXHIBIT A

WHEREAS, the Corporation owns all of the issued and outstanding shares of common stock, par value \$0.01 per share (the "Common Stock"), of Great Lakes Dredge & Dock Corporation, a Delaware corporation ("GLDD") and, other than the Common Stock, GLDD has no class or series of capital stock issued and outstanding;

NOW, THEREFORE, BE IT RESOLVED, that, pursuant to Section 253 of the General Corporation Law of the State of Delaware (the "DGCL"), the Corporation merge GLDD with and into the Corporation (the "Merger"), with the Corporation being the surviving corporation in the Merger (the "Surviving Corporation").

FURTHER RESOLVED, that by virtue of the Merger, each then issued and outstanding share of Common Stock (the "Shares") that is owned by the Corporation, shall be canceled and retired and shall cease to exist and no consideration shall be delivered in exchange therefor.

FURTHER RESOLVED, that the directors of the Corporation immediately prior to the Merger shall be the directors of the Surviving Corporation, to hold office until their successors are duly elected, designated or qualified, or until their earlier death, resignation or removal in accordance with the Certificate of Incorporation and Bylaws of the Surviving Corporation.

FURTHER RESOLVED, that the officers of the Corporation immediately prior to the Merger shall be the officers of the Surviving Corporation, to hold office until their successors are duly elected, designated or qualified, or until their earlier death, resignation or removal in accordance with the Certificate of Incorporation and Bylaws of the Surviving Corporation.

FURTHER RESOLVED, that the Chairperson, Chief Executive Officer and President be, and each of them hereby is, authorized and directed to execute and acknowledge, in the name of and on behalf of the Corporation, a Certificate of Ownership and Merger (the "Certificate") setting forth among other things a copy of these resolutions and the date of their adoption, and that any such officer is hereby authorized and directed to cause the Certificate as executed to be filed in the Office of the Secretary of State of the State of Delaware, all in accordance with Section 253 of the DGCL.

FURTHER RESOLVED, that the Merger shall become effective and the corporate existence of GLDD shall cease at 12:02 p.m. eastern standard time on December 21, 2006.

FURTHER RESOLVED, that the Board of Directors of the Corporation has determined that it is in the best interests of the Corporation and its stockholders to amend and restate in its entirety Article One of the Certificate of Incorporation of the Corporation to read as follows:

ARTICLE ONE
NAME

The name of the Corporation is "Great Lakes Dredge & Dock Corporation" (the "*Corporation*").

FURTHER RESOLVED, that the officers of the Corporation be, and each of them hereby is, authorized and directed to take or cause to be taken all such further actions and to execute and deliver or cause to be delivered all such further instruments and documents in the name and on behalf of the Corporation, and to incur and pay all such fees and expenses as in their judgment shall be necessary or appropriate in order to carry out fully the intent and purposes of the foregoing resolutions.

FURTHER RESOLVED, that all actions previously taken by the officers and directors of the Corporation in connection with the transactions contemplated by these resolutions are hereby adopted, ratified, confirmed and approved in all respects.

FOURTH SUPPLEMENTAL INDENTURE

THIS FOURTH SUPPLEMENTAL INDENTURE (this "Supplemental Indenture") dated as of December 26, 2006 by and among Great Lakes Dredge & Dock Corporation, a Delaware corporation (the "Issuer"), NASDI Holdings Corporation, a Delaware corporation, Great Lakes Dredge & Dock Company, a New Jersey corporation, Great Lakes Caribbean Dredging, Inc., a Delaware corporation, Dawson Marine Services Company, a Delaware corporation, North American Site Developers, Inc., a Massachusetts corporation, Fifty-Three Dredging Corporation, a New Jersey corporation, JDC Soil Management & Development Inc., a Massachusetts corporation and Great Lakes Dredge & Dock Company, LLC, a Delaware limited liability company (collectively, the "Guarantors"), Great Lakes Dredge & Dock Holdings Corp., a Delaware corporation ("Holdings") and BNY Midwest Trust Company, an Illinois trust company, as trustee under the indenture referred to below (the "Trustee").

RECITALS

WHEREAS, the Issuer and the Guarantors have previously executed and delivered to the Trustee an indenture, dated as of December 22, 2003, as supplemented and amended from time to time (the "Indenture"), providing for the issuance of an aggregate principal amount of up to \$175,000,000 of 7¾% Senior Subordinated Notes due 2013 (the "Notes");

WHEREAS, pursuant to that certain Merger Agreement dated as of the date hereof by and among the Issuer and Holdings, the Issuer shall merge with and into Holdings and Holdings shall be the surviving corporation;

WHEREAS, Holdings, as the surviving corporation, is required under Section 5.01 of the Indenture to execute and deliver to the Trustee a supplemental indenture pursuant to which Holdings shall assume all of the obligations of the Issuer under the Indenture, the Registration Rights Agreement and the Notes; and

WHEREAS, pursuant to Section 9.01 of the Indenture, the Issuer, the Guarantors, Holdings and the Trustee are authorized to execute and deliver this Supplemental Indenture.

NOW THEREFORE, in consideration of the foregoing and mutual covenants herein contained and intending to be legally bound, the parties hereto mutually covenant and agree for the equal and ratable benefit of the holders of the Notes as follows:

1. DEFINED TERMS. As used in this Supplemental Indenture, terms defined in the Indenture or in the preamble or recital hereto are used herein as therein defined, except that the term "holders" in this Supplemental Indenture shall refer to the term "Holders" as defined in the Indenture and the Trustee acting on behalf of and for the benefit of such Holders. The words "herein," "hereof" and hereby and other words of similar import used in this Supplemental Indenture refer to this Supplemental Indenture as a whole and not to any particular section hereof.

2. ASSIGNMENT AND ASSUMPTION.

(a) As of the date hereof, the Issuer hereby transfers and assigns to Holdings, and Holdings hereby assumes and undertakes from the Issuer, all rights, powers, commitments, obligations and liabilities of the Issuer under the Indenture, the Registration Rights Agreement and the Notes (collectively, the "Assigned Instruments") and agrees to be bound by all other applicable provisions of the Assigned Instruments.

(b) With effect on and after the date hereof, the Issuer shall be released from its obligations and covenants under the Assigned Instruments.

3. NOTICES. All notices or other communications to Holdings shall be given as provided for the Company in 13.02 of the Indenture.

4. RATIFICATION OF INDENTURE; SUPPLEMENTAL INDENTURES PART OF INDENTURE. Except as expressly amended hereby, the Indenture is in all respects ratified and confirmed and all the terms, conditions and provisions thereof shall remain in full force and effect. This Supplemental Indenture shall form a part of the Indenture for all purposes, and every holder of Notes heretofore or hereafter authenticated and delivered shall be bound hereby.

5. GOVERNING LAW. THIS SUPPLEMENTAL INDENTURE SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF NEW YORK.

6. TRUSTEE MAKES NO REPRESENTATION. The Trustee makes no representation as to the validity or sufficiency of this Supplemental Indenture. The recitals and statements herein are deemed to be those of the Issuer and the Guarantors and not of the Trustee.

7. COUNTERPARTS. The parties may sign any number of copies of this Supplemental Indenture. Each signed copy shall be an original, but all of them together represent the same agreement.

8. EFFECT OF HEADINGS. The Section headings herein are for convenience only and shall not affect the construction thereof.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

ISSUER:
GREAT LAKES DREDGE & DOCK CORPORATION

By: /s/ Deborah A. Wensel
Name: Deborah A. Wensel
Title: Sr. VP & CFO

GUARANTORS:
GREAT LAKES DREDGE & DOCK COMPANY, LLC

By: /s/ Deborah A. Wensel
Name: Deborah A. Wensel
Title: Sr. VP & CFO

GREAT LAKES DREDGE & DOCK COMPANY

By: /s/ Deborah A. Wensel
Name: Deborah A. Wensel
Title: Sr. VP & CFO

3

GREAT LAKES CARIBBEAN DREDGING, INC.

By: /s/ Deborah A. Wensel
Name: Deborah A. Wensel
Title: Sr. VP & CFO

DAWSON MARINE SERVICES COMPANY

By: /s/ Deborah A. Wensel
Name: Deborah A. Wensel
Title: Sr. VP & CFO

NORTH AMERICAN SITE DEVELOPERS, INC.

By: /s/ Deborah A. Wensel
Name: Deborah A. Wensel
Title: Sr. VP & CFO

4

FIFTY-THREE DREDGING CORPORATION

By: /s/ Paul Dinquel
Name: Paul Dinquel
Title: VP

JDC SOIL MANAGEMENT & DEVELOPMENT INC.

By: /s/ Deborah A. Wensel
Name: Deborah A. Wensel
Title: Sr. VP & CFO

NASDI HOLDINGS CORPORATION

By: /s/ Deborah A. Wensel
Name: Deborah A. Wensel
Title: Sr. VP & CFO

HOLDINGS:
GREAT LAKES DREDGE & DOCK HOLDINGS CORP.

By: /s/ Deborah A. Wensel
Name: Deborah A. Wensel
Title: Sr. VP & CFO

TRUSTEE:

BNY MIDWEST TRUST COMPANY, As Trustee

By: M. Callahan
Name: M. Callahan
Title: Vice President

Madison Dearborn Capital Partners IV, L.P.
Three First National Plaza
Suite 3800
Chicago, IL 60602

December 28, 2006

Great Lakes Dredge & Dock Corporation
(formerly Great Lakes Dredge & Dock Holdings Corp.)
Rockefeller Center
540 Madison Avenue, 17th Floor
New York, NY 10022

Ladies and Gentlemen:

Reference is made to the Certificate of Incorporation of Great Lakes Dredge & Dock Corporation (formerly Great Lakes Dredge & Dock Holdings Corp.) (the "Certificate"). Capitalized terms used herein and not otherwise defined shall have the meanings set forth in the Certificate.

Pursuant to Article Seven, Section 7 of the Certificate, MDCP IV hereby designates Thomas S. Souleles and Douglas S. Grissom (together "MDCP Directors"), as members of the Board, to have four (4) votes in each matter submitted to directors of the Corporation for vote and each such MDCP Director shall thereafter have four (4) votes in matters submitted to the Corporation for vote until such director's removal or resignation from the Board.

Sincerely,

MADISON DEARBORN CAPITAL
PARTNERS IV, L.P.

By: Madison Dearborn Partners IV, L.P.
Its: General Partner

Name: Madison Dearborn Partners, L.L.C.
Its: General Partner

/s/ Thomas S. Souleles

By: Thomas S. Souleles
Its: General Partner

REAFFIRMATION AGREEMENT

THIS REAFFIRMATION AGREEMENT (this "Agreement"), dated as of December 26, 2006, is by and between GREAT LAKES DREDGE & DOCK CORPORATION (f/k/a Great Lakes Dredge & Dock Holdings Corp.), a Delaware corporation ("New GLDD"), and BANK OF AMERICA, N.A., in its capacity as Administrative Agent (the "Administrative Agent") under the Credit Agreement referred to below.

W I T N E S S E T H :

WHEREAS, prior to the date hereof, New GLDD's legal name was "Great Lakes Dredge & Dock Holdings Corp.";

WHEREAS, on the date hereof, (i) Great Lakes Dredge & Dock Corporation ("Legacy GLDD") merged with and into New GLDD with New GLDD as the survivor of such merger (the "Merger") and (ii) New GLDD changed its legal name to "Great Lakes Dredge & Dock Corporation;"

WHEREAS, upon giving effect to the Merger, New GLDD succeeded to the rights, duties and obligations of Legacy GLDD under (i) that certain Credit Agreement dated as of December 22, 2003 (as amended by Amendment No. 1 to Credit Agreement dated as of September 30, 2004, Amendment No. 2 to Credit Agreement dated as of June 13, 2005, Amendment No. 3 to Credit Agreement dated as of November 13, 2005, Amendment No. 4 to Credit Agreement dated as of March 22, 2006 and Consent, Waiver and Amendment No. 5 to Credit Agreement dated as of August 28, 2006 and as further amended, restated, supplemented or otherwise modified and in effect from time to time, the "Credit Agreement") by and among New GLDD as successor to Legacy GLDD, the Affiliates of New GLDD party thereto, the Lenders from time to time party thereto and the Administrative Agent and (ii) each of the other Loan Documents to which Legacy GLDD was a party; and

WHEREAS, New GLDD, as successor to Legacy GLDD, wishes to hereby expressly reaffirm its duties and obligations under the Credit Agreement and the other Loan Documents to which Legacy GLDD was a party;

NOW, THEREFORE, in consideration of the premises and of the mutual covenants contained herein, and other good and valuable consideration the receipt and adequacy of which are hereby acknowledged, the parties hereto hereby agree as follows:

Defined Terms. Terms capitalized herein and not otherwise defined herein are used with the meanings ascribed to such terms in the Credit Agreement.

Reaffirmation of Obligations. New GLDD hereby (a) expressly reaffirms all of the duties and obligations of Legacy GLDD under the Credit Agreement, each Note, the Letters of Credit, the Collateral Documents and the other Loan Documents to which Legacy GLDD was a party,

and (b) expressly reconfirms the Administrative Agent's continuing Lien in the Collateral granted pursuant to the Collateral Documents. New GLDD hereby reaffirms that, upon the effectiveness of the Merger, it is and shall hereafter be, entitled to and liable for each and every right, obligation, duty, representation and covenant of Legacy GLDD to the same extent as if New GLDD had been the original party to the Loan Documents.

Representations and Warranties. New GLDD hereby represents and warrants to the Administrative Agent, in each case after giving effect to the Merger and this Agreement, as follows:

New GLDD has the right, power and capacity and has been duly authorized and empowered by all requisite limited liability company and member action to enter into, execute, deliver and perform this Agreement and all agreements, documents and instruments executed and delivered pursuant to this Agreement.

This Agreement constitutes New GLDD's legal, valid and binding obligation, enforceable against it, except as enforcement thereof may be subject to the effect of any applicable bankruptcy, insolvency, reorganization, moratorium or similar laws affecting creditors' rights generally and general principles of equity (regardless of whether such enforcement is sought in a proceeding in equity or at law or otherwise).

New GLDD's execution, delivery and performance of this Agreement does not and will not violate its certificate of formation, limited liability company agreement or other organizational documents, any law, rule, regulation, order, writ, judgment, decree or award applicable to it or any contractual provision to which it is a party or to which it or any of its property is subject.

No authorization or approval or other action by, and no notice to or filing or registration with, any governmental authority or regulatory body (other than those which have been obtained and are in force and effect) is required in connection with the execution, delivery and performance by New GLDD of this Agreement and all agreements, documents and instruments executed and delivered pursuant to this Agreement.

No Event of Default or Default exists under the Credit Agreement or would exist after giving effect to this Agreement.

Miscellaneous. The parties hereto hereby further agree as follows:

Payment of Costs. New GLDD hereby agrees to pay all reasonable out-of-pocket costs and expenses (evidenced by invoices in reasonable detail) incurred by the Lender (including the reasonable fees and expenses of its counsel) in connection with the preparation, execution and delivery of this Agreement.

Counterparts. This Agreement may be executed in one or more counterparts, each of which, when executed and delivered, shall be deemed to be an original and all of which counterparts, taken together, shall constitute but one and the same document with the same force

and effect as if the signatures of all of the parties were on a single counterpart, and it shall not be necessary in making proof of this Agreement to produce more than one (1) such counterpart.

Headings. Headings used in this Agreement are for convenience of reference only and shall not affect the construction of this Agreement.

Integration. This Agreement, the other agreements and documents executed and delivered pursuant to this Agreement, the Credit Agreement and the other Loan Documents constitute the entire agreement among the parties hereto with respect to the subject matter hereof.

Governing Law. THIS AGREEMENT SHALL BE DEEMED TO BE A CONTRACT MADE UNDER THE LAWS OF THE STATE OF NEW YORK, AND FOR ALL PURPOSES SHALL BE CONSTRUED IN ACCORDANCE WITH THE LAWS AND DECISIONS OF SAID STATE, INCLUDING SECTIONS 5-1401 AND 5-1402 OF THE NEW YORK GENERAL OBLIGATIONS LAW BUT EXCLUDING ALL OTHER CHOICE OF LAW AND CONFLICTS OF LAWS RULES.

Binding Effect. This Agreement shall be binding upon and inure to the benefit of and be enforceable by New GLDD and the Administrative Agent and their respective successors and assigns. Except as expressly set forth to the contrary herein, this Agreement shall not be construed so as to confer any right or benefit upon any Person other than New GLDD, the Lenders and the Administrative Agent and their respective successors and permitted assigns.

[signature pages follow]

3

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed by their respective officers thereunto duly authorized, as of the date first written above.

GREAT LAKES DREDGE & DOCK
CORPORATION (f/k/a Great Lakes Dredge &
Dock Holdings Corp.)

By: /s/ Deborah A. Wensel
Name: Deborah A. Wensel
Title: Senior Vice President, Chief Financial
Officer and Treasurer

BANK OF AMERICA, N.A., as Administrative
Agent

By: /s/ Charlene Wright-Jones
Name: Charlene Wright-Jones
Title: Assistant Vice President

4

ASSUMPTION AGREEMENT

THIS ASSUMPTION AGREEMENT (this "Agreement"), dated as of December 26, 2006, is by and between GREAT LAKES DREDGE & DOCK CORPORATION, a Delaware corporation (formerly named Great Lakes Dredge & Dock Holdings Corp.) (the "Corporation"), and GENERAL ELECTRIC CAPITAL CORPORATION, a Delaware corporation (the "Lender").

W I T N E S S E T H :

WHEREAS, Great Lakes Dredge & Dock Company, LLC, a Delaware limited liability company (the "Borrower"), and the Lender entered into that certain Credit Agreement dated as of December 17, 2003 (as amended, restated, supplemented or otherwise modified and in effect from time to time, the "Credit Agreement"), pursuant to which the Lender has extended the Loan to the Borrower;

WHEREAS, Great Lakes Dredge & Dock Corporation, a Delaware corporation (the "Guarantor"), entered into that certain Guaranty Agreement dated as of December 17, 2003 (as amended, restated, supplemented or otherwise modified and in effect from time to time, the "Guaranty Agreement"), pursuant to which the Guarantor guaranteed the obligations of the Borrower under the Credit Agreement and the other Loan Documents;

WHEREAS, contemporaneously with the execution and delivery of this Agreement, the Guarantor is merging (the "Merger") with and into the Corporation with the Corporation as the survivor of such merger and, following such merger, changing its name to "Great Lakes Dredge & Dock Corporation"; and

WHEREAS, the Corporation wishes to expressly assume the rights, duties and obligations of the Guarantor under the Guaranty Agreement;

NOW, THEREFORE, in consideration of the premises and of the mutual covenants contained herein, and other good and valuable consideration the receipt and adequacy of which are hereby acknowledged, the parties hereto hereby agree as follows:

1. Defined Terms. Terms capitalized herein and not otherwise defined herein are used with the meanings ascribed to such terms in the Credit Agreement.

2. Assumption of Obligations. The Corporation hereby expressly assumes and agrees to be bound by all of the rights, duties and obligations of the Guarantor under the Guaranty Agreement effective upon the consummation of the Merger. The Corporation shall hereafter be entitled to and fully liable for each and every right, obligation, duty, representation and covenant of the Guarantor to the same extent as if the Corporation had been the original party to the Guaranty Agreement.

3. Representations and Warranties. The Corporation hereby represents and warrants to the Lender, in each case after giving effect to the Merger and this Agreement, as follows:

(a) The Corporation has the right, power and capacity and has been duly authorized and empowered by all requisite action to enter into, execute, deliver and perform this Agreement and all agreements, documents and instruments executed and delivered pursuant to this Agreement.

(b) This Agreement constitutes the Corporation's legal, valid and binding obligation, enforceable against it, except as enforcement thereof may be subject to the effect of any applicable bankruptcy, insolvency, reorganization, moratorium or similar laws affecting creditors' rights generally and general principles of equity (regardless of whether such enforcement is sought in a proceeding in equity or at law or otherwise).

(c) The Corporation's execution, delivery and performance of this Agreement does not and will not violate its certificate of incorporation or bylaws, any law, rule, regulation, order, writ, judgment, decree or award applicable to it or any contractual provision to which it is a party or to which it or any of its property is subject.

(d) No authorization or approval or other action by, and no notice to or filing or registration with, any governmental authority or regulatory body (other than those which have been obtained and are in force and effect) is required in connection with the execution, delivery and performance by the Corporation of this Agreement and all agreements, documents and instruments executed and delivered pursuant to this Agreement.

(e) No Event of Default or Default exists under the Credit Agreement or would exist after giving effect to this Agreement.

4. Consent. The Lender hereby consents to the consummation of the Merger.

5. Miscellaneous. The parties hereto hereby further agree as follows:

(a) Counterparts. This Agreement may be executed in one or more counterparts, each of which, when executed and delivered, shall be deemed to be an original and all of which counterparts, taken together, shall constitute but one and the same document with the same force and effect as if the signatures of all of the parties were on a single counterpart, and it shall not be necessary in making proof of this Agreement to produce more than one (1) such counterpart.

(b) Headings. Headings used in this Agreement are for convenience of reference only and shall not affect the construction of this Agreement.

(c) Integration. This Agreement, the other agreements and documents executed and delivered pursuant to this Agreement, the Credit Agreement and the other Loan Documents constitute the entire agreement among the parties hereto with respect to the subject matter hereof.

(d) Governing Law. THIS AGREEMENT SHALL BE DEEMED TO BE A CONTRACT MADE UNDER THE LAWS OF THE STATE OF NEW YORK, AND FOR ALL PURPOSES SHALL BE CONSTRUED IN ACCORDANCE WITH THE LAWS AND

2

DECISIONS OF SAID STATE, INCLUDING SECTIONS 5-1401 AND 5-1402 OF THE NEW YORK GENERAL OBLIGATIONS LAW BUT EXCLUDING ALL OTHER CHOICE OF LAW AND CONFLICTS OF LAWS RULES.

(e) Binding Effect. This Agreement shall be binding upon and inure to the benefit of and be enforceable by the Corporation and the Lender and their respective successors and assigns. Except as expressly set forth to the contrary herein, this Agreement shall not be construed so as to confer any right or benefit upon any Person other than the Corporation, the Borrower and the Lender and their respective successors and permitted assigns.

[signature pages follow]

3

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed by their respective officers thereunto duly authorized, as of the date first written above.

GREAT LAKES DREDGE & DOCK
CORPORATION

By: /s/ Deborah A. Wensel
Name: Deborah A. Wensel
Title: Senior Vice President, Chief Financial
Officer and Treasurer

GENERAL ELECTRIC CAPITAL
CORPORATION

By: /s/ Susan Timmerman
Name: Susan Timmerman
Title: Duly Authorized Signatory

4

REAFFIRMATION, RATIFICATION AND ASSUMPTION AGREEMENT

THIS REAFFIRMATION, RATIFICATION AND ASSUMPTION AGREEMENT (this "Agreement"), dated as of December 26, 2006, is made by Great Lakes Dredge & Dock Corporation (formerly named Great Lakes Dredge & Dock Holdings Corp.), a Delaware corporation ("Successor Borrower"), in favor of Wells Fargo HSBC Trade Bank, N.A., and the Secured Party (as defined in the International Security Agreement).

R E C I T A L S:

A. Great Lakes Dredge & Dock Corporation, a Delaware corporation (the "Original Borrower"), and Bank are parties to that certain International Letter of Credit Agreement dated as of September 29, 2006 (as amended, restated, supplemented or otherwise modified, the "Credit Agreement"). Capitalized terms used and not otherwise defined herein shall have the meanings ascribed to them in the Credit Agreement.

B. The Original Borrower is also a party to (i) the Note, (ii) the International Security Agreement, (iii) the Standby Letter of Credit Agreement, (iv) the Borrower Agreement, (v) the Fast Track Borrower Agreement Supplement, (vi) the Acknowledgement of Country Limitation Schedule, and (vii) other International Loan Documents executed and delivered in connection with the Original Borrower's Obligations under the Credit Agreement.

C. Effective as of even date herewith, the Original Borrower has merged with and into the Successor Borrower, with the Successor Borrower being the surviving Person of such merger (the "Borrower Merger").

D. In order to obtain the consent of the Bank to the Borrower Merger, the Successor Borrower is required, among other things, to expressly assume the obligations of the Original Borrower under, and reaffirm and ratify the effectiveness of, (i) the Credit Agreement, (ii) the Note, (iii) the International Security Agreement, (iv) the Standby Letter of Credit Agreement, (v) the Borrower Agreement, (vi) the Fast Track Borrower Agreement Supplement, (vii) the Acknowledgement of Country Limitation Schedule, and (viii) other International Loan Documents executed and delivered in connection with the Original Borrower's Obligations under the Credit Agreement (collectively, the "Assumed Borrower Agreements").

E. Successor Borrower is executing and delivering this Agreement in order to satisfy such requirements.

NOW, THEREFORE, in consideration of the foregoing and to induce the Bank to consent to the Borrower Merger, Successor Borrower hereby agrees as follows:

1. Assumption of Liabilities.

(a) As the successor by merger to the Original Borrower, Successor Borrower hereby expressly assumes all indebtedness, liabilities and obligations of the Original Borrower under the Assumed Borrower Agreements.

(b) Any and all Liens, encumbrances, Collateral, security interests, UCC financing statements, transfers and any and all assignments of any right, claim or interest in and to property of any nature whatsoever heretofore given or granted to the Bank or any of the other Secured Parties by the Original Borrower are expressly assumed by Successor Borrower, and shall continue without interruption, in full force and effect, surviving the Borrower Merger and shall apply to any and all such property (i) owned by the Original Borrower prior to the Borrower Merger, (ii) acquired by Successor Borrower as a result of the Borrower Merger, or (iii) acquired hereafter by Successor Borrower.

2. Reaffirmation and Ratification of Loan Documents. Successor Borrower (i) hereby adopts, ratifies, reaffirms and confirms all of the Assumed Borrower Agreements executed by the Original Borrower, (ii) agrees that all Assumed Borrower Agreements shall remain in full force and effect, (iii) shall be substituted as a party to all such Assumed Borrower Agreements with the same force and effect as if Successor Borrower were originally a party thereto and (iv) makes all of the representations and warranties under the Assumed Borrower Agreements as a "Borrower" and a "Grantor" as defined thereunder.

3. Representations and Warranties. To induce the Bank to consent to the Borrower Merger, Successor Borrower represents and warrants to the Bank as follows:

(a) **Existence; Authority; Compliance with Law.** Successor Borrower (i) is a corporation duly organized, validly existing and in good standing under the laws of the State of Delaware; (ii) has the power to own its Properties and to carry on its business as now conducted; (iii) is duly qualified to do business and is in good standing in all jurisdictions in which the failure to so qualify or be in good standing could reasonably be expected to have a Material Adverse Effect, (iv) has the power and authority to make, execute, deliver and carry out this Agreement and the Assumed Borrower Agreements to which it is a party (by assumption or otherwise); and (v) has complied in all material respects with all provisions of all applicable laws and regulations, including those relating to Successor Borrower's ownership of real or personal property, the conduct and licensing of Successor Borrower's business, the payment and withholding of taxes, ERISA and other employee matters, safety and environmental matters.

(b) **Authorization; No Contravention.** The execution, delivery and performance by Successor Borrower of this Agreement and performance by Successor Borrower of its obligations under the Assumed Borrower Agreements to which it is a party (whether by assumption or otherwise) have been duly authorized by all necessary proceedings on its part and do not and will not (i) conflict with or result in a breach of any of the terms, conditions or provisions of, or constitute a default under, or result in any violation of, or result in the creation or imposition of any Lien on any of the Property of the Borrower or any Subsidiary (other than Liens created under the International Loan Documents and, in connection with the execution, delivery and performance of any Export Order, Permitted Liens) pursuant to (a) the Organization



AMENDED AND RESTATED
MANAGEMENT EQUITY AGREEMENT
AMONG
ALDABRA ACQUISITIONS CORP.
AND
EACH OF THE PERSONS
LISTED ON THE
SCHEDULE OF EXECUTIVES HERETO

Dated as of December 26, 2006

THE SECURITIES DESCRIBED HEREIN HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, OR REGISTERED OR QUALIFIED UNDER STATE SECURITIES LAWS. THE SECURITIES ARE BEING SOLD IN RELIANCE UPON EXEMPTIONS FROM SUCH REGISTRATION AND QUALIFICATION REQUIREMENTS. THE SECURITIES CANNOT BE SOLD, TRANSFERRED, ASSIGNED OR OTHERWISE DISPOSED OF EXCEPT IN COMPLIANCE WITH THE RESTRICTIONS ON TRANSFERABILITY SET FORTH IN THIS AGREEMENT AND APPLICABLE FEDERAL AND STATE SECURITIES LAWS.

AMENDED AND RESTATED
MANAGEMENT EQUITY AGREEMENT

THIS AMENDED AND RESTATED MANAGEMENT EQUITY AGREEMENT (this "Agreement") is made as of December 26, 2006, among Aldabra Acquisition Corporation, a Delaware corporation (the "Company"), GLDD Acquisitions Corp., a Delaware corporation ("GLDD"), Great Lakes Dredge & Dock Holdings Corp. and each of the persons identified on the Schedule of Executives attached hereto (each, an "Executive").

The Company, GLDD, Aldabra Merger Sub, L.L.C., a Delaware limited liability company ("Merger Sub"), the Company Representative (as named therein) and the Buyer Representative (as named therein) are parties to that certain Agreement and Plan of Merger, dated as of June 20, 2006 (as amended, modified, supplemented or waived from time to time, the "Merger Agreement") pursuant to which GLDD is merging with and into Merger Sub (the "Merger") and, as a result thereof, each share of capital stock of GLDD owned by an Executive is being converted into shares of Buyer Common Stock in accordance with the Merger Agreement.

Promptly after the Merger, it is contemplated that the Company will merge with and into GLH Merger Sub, L.L.C., with the effect that each share of common stock of Buyer is converted into one share of Holdco Common Stock.

The Company, Holdco and each of the Executives is entering into this Agreement to memorialize the terms upon which the shares of common stock of Buyer and Holdco are to be owned by the Executives and to outline the continuing vesting terms to which each such Executive is subject with respect to the shares of common stock of Buyer and Holdco that are owned by each Executive. Capitalized terms not otherwise defined herein have the meanings set forth in Section 8 of this Agreement.

The parties hereto agree as follows:

1. Section 83(b) Election. Within 30 days after the Merger and Holdco Merger, each Executive shall make an effective election with the Internal Revenue Service under Section 83(b) of the Code with respect to the shares of common stock of Buyer and Holdco issued to such Executive in the Merger and the Holdco Merger, respectively.

2. Representations and Warranties; Acknowledgments.

(a) In connection with the acquisition of Executive Stock, each Executive represents and warrants as follows:

(i) if the shares of Executive Stock are being acquired by an Executive, such Executive (other than Richard Lowry) was born in the United States of America and has at all times during such Executive's life, been a citizen of the United States of America or is a naturalized citizen of the United States;

(ii) if the shares of Executive Stock are held in the name of a trust, the trustee and each beneficiary of such trust was born in the United States of America and has at all times during such Executive's life, been a citizen of the United States of America;

(iii) such Executive has reviewed, or has had an opportunity to review, the following documents: (A) the Company's Certificate of Incorporation and By-laws, and any amendment or restatement thereto; (B) the Company's public securities law filings, (C) the Proxy Statement and Prospectus sent by the Buyer to its shareholders on December 14, 2006, and (D) the Merger Agreement; and

(iv) this Agreement constitutes the legal, valid and binding obligation of such Executive, enforceable in accordance with its terms, and the execution, delivery and performance of this Agreement by such Executive do not and will not conflict with, violate or cause a breach of any agreement, contract or instrument to which such Executive is a party or any judgment, order or decree to which such Executive is subject.

(b) As an inducement to the Company to issue Executive Stock hereunder to each Executive, and as a condition thereto, each such Executive acknowledges and agrees that:

(i) neither the issuance of the Executive Stock hereunder to such Executive nor any provision contained herein shall entitle such Executive to remain in the employment of the Company or its Subsidiaries or affect the right of the Company to terminate such Executive's employment at any time; and

(ii) the Company shall have no duty or obligation to disclose to such Executive, and such Executive shall have no right to be advised of, any material information regarding the Company and its Subsidiaries at any time prior to, upon or in connection with the repurchase of Unvested Shares upon the termination of such Executive's employment with the Company and its Subsidiaries, the transfer of Executive Stock pursuant to this Agreement, or as otherwise provided hereunder.

3. Vesting of Executive Stock.

(a) Except as otherwise provided in this Section 3, 60% of each Executive's Executive Stock shall not be subject to vesting (the "Vested Shares") and 40% of each Executive's Executive Stock (the "Vesting Shares") shall become vested in accordance with the following schedule, if as of each such date such Executive is and has continued to be employed by the Company or any of its Subsidiaries:

2

<u>Vesting Date</u>	<u>Cumulative Percentage of Vesting Shares Vested</u>
December 22, 2007	50%
December 22, 2008	100%

(b) Vesting Shares which have become vested are thereafter referred to herein as "Vested Shares," and all other Vesting Shares are referred to herein as "Unvested Shares." If any Executive ceases to be employed by the Company or its Subsidiaries on any date other than any Vesting Date set forth above prior to December 22, 2008, the cumulative percentage of such Executive's Vesting Shares to become vested shall be determined on a pro rata basis according to the number of days elapsed since the immediately preceding Vesting Date (or, in the event of a termination before December 22, 2007, since December 22, 2006). In no event shall any Vesting Shares vest after the date that an Executive ceases to be employed by the Company or any of its Subsidiaries.

(c) Upon the occurrence of a Sale of the Company, all Vesting Shares which have not yet become vested shall become vested at the time of such event; provided that in the event of a Sale of the Company, as a condition to each Executive's Unvested Shares becoming vested upon such event, such Executive shall, if requested by the purchaser of the Company and for no additional consideration therefor, agree to continued employment for up to 12 months following such Sale of the Company so long as such Executive's compensation package and job description immediately following such Sale of the Company is reasonably similar with respect to remuneration, scope of duties, responsibility and job location to such Executive's compensation package and job description immediately prior to such event.

4. Repurchase Option.

(a) In the event any Executive ceases to be employed by the Company or its Subsidiaries for any reason (such Executive's "Termination"), all of such Executive's Unvested Shares (whether held by such Executive or one or more of such Executive's transferees) shall be subject to repurchase by the Company pursuant to the terms and conditions set forth in this Section 4 (the "Repurchase Option").

(b) In the case of any Termination without Cause, or by reason of Executive's death, disability (as determined by the Board) or normal retirement at age 65 or more under the Company's normal retirement policies, the purchase price for each Unvested Share shall be the lower of such Executive's Original Cost for such share and the Fair Market Value of such share. In the event of an Executive's termination for any other reason (including, without limitation, voluntary termination by Executive or termination by the Company for Cause), the purchase price for each Unvested Share shall be the lower of (i) the Fair Market Value of such share and (ii) the Original Cost for such share. In no event shall the Company have the right to repurchase any Vested Share.

(c) The Company may elect to purchase all or any portion of an Executive's Unvested Shares by delivering written notice (the "Repurchase Notice") to the holder or holders

3

of such Executive's Unvested Shares within 180 days after such Executive's effective date of Termination (the "Termination Date"). The Repurchase Notice shall set forth the number of Unvested Shares to be acquired from each holder of such Executive's Unvested Shares, the aggregate consideration to be paid for such shares and the time and place for the closing of the transaction. The number of shares to be repurchased by the Company shall first be satisfied to the extent possible from the Unvested Shares held by such Executive at the time of delivery of the Repurchase Notice. If the number of Unvested Shares then held by such Executive is less than the total number of Unvested Shares the Company has elected to purchase, the Company shall purchase the remaining shares elected to be purchased from the other holder(s) of such Executive's Unvested Shares under this Agreement, pro rata according to the number of shares of such Executive's Unvested Shares held by such other holder(s) at the time of delivery of such Repurchase Notice (determined as close as practicable to the nearest whole shares). The number of Unvested Shares to be repurchased hereunder shall be allocated among such Executive and the other holders of such Executive's Unvested Shares (if any) as the Company may elect.

(d) The closing of the purchase and sale of the Unvested Shares pursuant to the Repurchase Option shall take place on the date designated by the Company in the Repurchase Notice or Supplemental Repurchase Notice (as the case may be), which date shall not be more than 60 days nor less than five days after the delivery of the later of either such notice to be delivered. The Company shall pay for the Unvested Shares to be purchased pursuant to the Repurchase Option by delivery of a check or wire transfer of funds in the aggregate amount of the purchase price for such shares. In addition, the Company may pay the purchase price for such shares by offsetting any bona fide debts owed by such Executive to the Company or guaranteed by the Company on behalf of such Executive and any payments received by such Executive hereunder shall be applied first to repayment of any obligations of such Executive (or his or her affiliates or family members) to the Company or for which the Company may be responsible. The purchasers of Unvested Shares hereunder shall be entitled to receive customary representations and warranties from the sellers regarding such sale of shares (including representations and warranties regarding good title to such shares free and clear of any liens or encumbrances) and to require all sellers' signatures be guaranteed by a national bank or reputable securities broker.

(e) Notwithstanding anything to the contrary contained in this Agreement, all repurchases of Unvested Shares by the Company shall be subject to applicable restrictions contained in the Delaware General Corporation Law and in the Company's and its Subsidiaries' debt and equity financing agreements. If any such restrictions prohibit the repurchase of Unvested Shares hereunder which the Company is otherwise entitled or required to make, the time periods provided in this Section 4 shall be suspended, and the Company may make such repurchases as soon as it is permitted to do so.

(f) If the Company exercises purchase or repurchase rights under this Section 4 with respect to any or all of the Unvested Shares of any Executive whose employment with the Company was terminated by the Company without Cause (the "Called Shares"), and if within six months after the closing pursuant to such exercise of such purchase or repurchase rights by the Company or its designee:

4

(i) the Company is merged into, consolidated with or otherwise combined with or acquired by another Person, or there is a liquidation of the Company, or there is a Public Offering (a "Subsequent Offering") of Common Stock pursuant to an effective registration statement under the Securities Act in which other Executives participate as selling Executives (other than (1) a registration statement on Form S-8 or any successor forms or any other registration statement relating to a special offering to the Company's employees or (2) a registration statement relating to a Unit Offering); and

(ii) the per share consideration received by the Executives of the Company in such transaction, or the per share net proceeds received for the Company's Common Stock in the Subsequent Offering, as the case may be (in each case after being adjusted downward to reflect what the per share consideration or per share net offering proceeds, as the case may be, would have been had the Common Stock of such terminated Executive purchased by the Company or its designee pursuant to the Repurchase Option been outstanding on the date of the closing of such transaction or Subsequent Offering), exceeds the Fair Market Value used in calculating the purchase price pursuant to Section 4(b) hereof,

then such Executive shall be entitled to receive from the Company an amount per Called Share equal to such excess multiplied by the applicable FMV Price Percentage within 30 days after the closing of any such transaction or Subsequent Offering. "FMV Price Percentage" means 20% multiplied by the number of full years elapsed between the Effective Time of the Merger and the Termination Date for such Executive.

(g) Any rights or obligations of the Company pursuant to this Section 4 may be exercised by the Company or any of its Subsidiaries.

5. Restrictions on Transfer.

(a) Transfer of Executive Stock. Without limiting any restrictions on Transfer to which such Executive may be subject pursuant to any other agreement to which such Executive is party or pursuant to applicable law or any Company policy, no Executive shall, without the prior written consent of the Company, sell, transfer, assign, pledge or otherwise dispose of (whether with or without consideration and whether voluntarily or involuntarily or by operation of law) (a "Transfer") any interest in any shares of Unvested Shares, except pursuant to the provisions of Section 4 hereof, this Section 5 or in connection with a Sale of the Company. No Executive shall Transfer any Vested Shares in violation of applicable law, any Company policy or any other agreement to which such Executive is party.

(b) Certain Permitted Transfers. The restrictions contained in this Section 5 shall not apply with respect to transfers of shares of Executive Stock (i) pursuant to applicable laws of descent and distribution or (ii) among an Executive's family group; provided that such restrictions shall continue to be applicable to shares of such Executive Stock after any such transfer and the transferees of such Executive Stock shall have agreed in writing to be bound by the provisions of this Agreement. An Executive's "family group" means such Executive's spouse and descendants (whether natural or adopted) and any trust solely for the benefit of such Executive and/or such Executive's spouse and/or descendants.

5

(c) No Termination of Restrictions. The restrictions on Transfer of shares of Executive Stock set forth in this Section 5 shall continue with respect to each share of Executive Stock following any Transfer thereof.

6. Additional Restrictions on Transfer.

(a) The certificates representing Executive Stock shall bear the following legend:

“THE SECURITIES REPRESENTED BY THIS CERTIFICATE ARE ALSO SUBJECT TO ADDITIONAL RESTRICTIONS ON TRANSFER, CERTAIN REPURCHASE OPTIONS AND CERTAIN OTHER AGREEMENTS SET FORTH IN A MANAGEMENT EQUITY AGREEMENT BETWEEN THE COMPANY AND CERTAIN OF ITS EMPLOYEES DATED AS OF DECEMBER 26, 2006, AS AMENDED AND MODIFIED FROM TIME TO TIME. A COPY OF SUCH AGREEMENT MAY BE OBTAINED BY THE HOLDER HEREOF AT THE COMPANY’S PRINCIPAL PLACE OF BUSINESS WITHOUT CHARGE.”

(b) The certificates representing Unvested Shares to be purchased by any Executive shall bear the following additional legend:

“THE SECURITIES REPRESENTED BY THIS CERTIFICATE ARE ALSO SUBJECT FOR A PERIOD OF TIME TO A PURCHASE OPTION OF THE COMPANY APPLICABLE TO “UNVESTED SHARES” AS DESCRIBED IN THE MANAGEMENT EQUITY AGREEMENT BETWEEN THE COMPANY AND CERTAIN OF ITS EMPLOYEES DATED AS OF DECEMBER 26, 2006, AS AMENDED AND MODIFIED FROM TIME TO TIME. A COPY OF SUCH AGREEMENT MAY BE OBTAINED BY THE HOLDER HEREOF AT THE COMPANY’S PRINCIPAL PLACE OF BUSINESS WITHOUT CHARGE.”

(c) No holder of Executive Stock may Transfer any Executive Stock (except pursuant to an effective registration statement under the 1933 Act) without first delivering to the Company an opinion of counsel (reasonably acceptable in form and substance to the Company) that neither registration nor qualification under the 1933 Act and applicable state securities laws is required in connection with such transfer.

7. Covenant Not To Compete.

(a) In consideration of the opportunity to participate in the equity offering of GLDD Acquisitions Corp. in December 2003 and the receipt of the Executive Stock in the Merger, each Executive covenants and agrees that, for one (1) year after termination of such Executive’s employment with the Company or any of its Subsidiaries, neither Executive nor any

6

of his or her Affiliates shall engage, directly or indirectly, in lines of business similar to the business of the Company or any of its Subsidiaries anywhere in the world. Each Executive and the Company agrees that the foregoing covenant is intended to prohibit each Executive from engaging in such activities, as the case may be, as owner, creditor (except as a trade creditor in the ordinary course of business), partner, Executive, lender, consultant, officer, director, manager, employee, contractor or agent for any person, firm or corporation (except (i) with respect to the Company or (ii) as a holder of equity or debt securities in a corporation which has a class of securities that is publicly traded on a stock exchange or the recognized over-the-counter market, and then only to the extent of owning not more than two percent (2%) of the issued and outstanding debt or equity securities of such corporation).

(b) Each Executive acknowledges and agrees that the remedy at law for any breach, or threatened breach, of any of the provisions of this Section 7 will be inadequate and, accordingly, each Executive covenants and agrees that the Company shall, in addition to any other rights and remedies which the Company may have, be entitled to equitable relief, including injunctive relief, and to the remedy of specific performance with respect to any breach or threatened breach of such covenant, as may be available from any court of competent jurisdiction. Such right to obtain equitable relief may be exercised, at the option of the Company, concurrently with, prior to, after, or in lieu of, the exercise of any other rights or remedies which the Company may have as a result of any such breach or threatened breach. In the event that the provisions of this Section 7 shall be determined by a court of competent jurisdiction to be unenforceable under applicable law as to that jurisdiction (the parties agreeing that such decision shall not be binding, res judicata or collateral estoppel in any other jurisdiction) for any reason whatsoever, then any such provision or provisions shall not be deemed void, but the parties hereto agree that said limits may be modified by the court and that said covenant contained in this Section 7 shall be amended in accordance with said modifications, it being specifically agreed by each Executive and the Company that it is their continuing desire that this covenant be enforced to the full extent of its terms and conditions or if a court finds the scope of the covenant unenforceable, the court should redefine the covenant so as to comply with applicable law.

8. Definitions.

(a) “1933 Act” means the Securities Act of 1933, as amended from time to time.

(b) “Additional Per Share Merger Consideration” shall have the meaning given to such term in the Merger Agreement.

(c) “Affiliate” has the meaning set forth in Rule 12b-2 of the Rules promulgated under the Exchange Act.

(d) “Board” shall mean the Board of Directors of the Company.

(e) “Cause” shall mean the Executive’s (i) act or acts of dishonesty, moral turpitude or criminality, (ii) continued failure to perform such Executive’s duties as an employee, as reasonably determined by the Board of Directors of the Company acting in good faith, after reasonable notice of such failure is given to such employee by the Board of Directors of the Company, for a period of 30 days after such notice and opportunity to cure such failure, or

7

(iii) willful or deliberate violations of such Executive’s obligations to the Company that result in injury to the Company.

(f) “Code” shall mean the Internal Revenue Code of 1986 and the regulations promulgated thereunder, as it may be amended from time to time.

(g) “Common Stock” means (i) from and after the Effective Time until the Holdco Merger Effective Time, Company Common Stock and (ii) from and after the Holdco Merger Effective Time, Holdco Common Stock.

(h) “Company Common Stock” means Common Stock, par value \$0.0001 per share, of the Company.

(i) “Effective Time” has the meaning set forth in the Merger Agreement.

(j) “Exchange Act” means the Securities Exchange Act of 1934, as amended.

(k) “Executive” shall have the meaning given to such term in the preamble hereto and, to the extent that determined in accordance with such preamble, an “Executive” is a trust, limited partnership or limited liability company, “Executive” shall include the individual employee on behalf of whom or at the direction of whom such trust, limited partnership or limited liability company received or receives Common Stock.

(l) “Executive Stock” shall mean all shares of Common Stock issued pursuant to the Merger Agreement or acquired hereafter by any Executive. Executive Stock shall continue to be Executive Stock in the hands of any holder other than an Executive (except for the Company and except for transferees in a Public Sale), and except as otherwise provided herein, each such other holder of Executive Stock shall succeed to all rights and be subject to all and obligations attributable to an Executive as a holder of Executive Stock hereunder. Executive Stock shall also include shares of the Company’s capital stock and other securities issued with respect to Executive Stock by way of a stock split or stock dividend or in connection with a combination of shares, recapitalization, merger, consolidation or other reorganization.

(m) “Fair Market Value” of each share of Executive Stock means the average of the closing prices of the sales of the Common Stock on all securities exchanges on which the Common Stock may at the time be listed, or, if there have been no sales on any such exchange on any day, the average of the highest bid and lowest asked prices on all such exchanges at the end of such day, or, if on any day the Common Stock is not so listed, the average of the representative bid and asked prices quoted in the NASDAQ System as of 4:00 P.M., New York time, or, if on any day the Common Stock is not quoted in the NASDAQ System, the average of the highest bid and lowest asked prices on such day in the domestic over-the-counter market as reported by the National Quotation Bureau Incorporated, or any similar successor organization, in each such case averaged over a period of 21 days consisting of the day as of which the Fair Market Value is being determined and the 20 consecutive business days prior to such day. If at any time the Common Stock is not listed on any securities exchange or quoted in the NASDAQ System or the over-the-counter market, the Fair Market Value shall be the fair value of the Common Stock as of the date of Termination determined in good faith by the Board (without

8

taking into account the effect of any contemporaneous repurchase of Unvested Shares under Section 4 hereof).

(n) “GLDD Common Stock” means common stock, par value \$0.01 per share, of GLDD issued and outstanding immediately prior to the Merger.

(o) “Holdco Common Stock” means common stock, par value \$0.0001 per share, of Holdco.

(p) “Holdco Merger Effective Time” means the time that the Holdco Merger becomes effective under the laws of the State of Delaware.

(q) “Independent Third Party” means any person who, immediately prior to the contemplated transaction, does not own in excess of 5% of the Common Stock on a fully-diluted basis, who is not controlling, controlled by or under common control with any such 5% owner of the Common Stock and who is not the spouse or descendent (by birth or adoption) of any such 5% owner of the Common Stock.

(r) “Original Cost” of each share of Common Stock acquired hereunder shall equal the quotient determined by dividing \$10 by the number of shares of Company Common Stock issuable in respect of a share of GLDD Common Stock in the Merger (as thereafter proportionately adjusted for all subsequent stock splits, stock dividends, mergers and other recapitalizations affecting the Common Stock).

(s) “Person” mean any individual, corporation, limited liability company, partnership, firm, association, joint venture, joint stock company, trust or other entity, or any government or regulatory administrative or political subdivision or agency, department or instrumentality thereof.

(t) “Permitted Transferee” means any holder of Executive Stock who acquired such stock pursuant to a transfer permitted by Section 5(b).

(u) “Prior Agreement” means that certain Management Equity Agreement, dated as of December 22, 2003, by and among GLDD Acquisitions Corp. and the Executives.

(v) “Public Offering” means the sale, in an underwritten public offering registered under the 1933 Act, of shares of the Company’s Common Stock.

(w) “Public Sale” means any sale pursuant to a registered public offering under the 1933 Act or any sale to the public pursuant to Rule 144 (or similar rule then in effect) promulgated under the 1933 Act effected through a broker, dealer or market maker.

(x) “Sale of the Company” means, after the Effective Time, the sale of the Company to an Independent Third Party or affiliated group of Independent Third Parties pursuant to which such party or parties acquire (i) capital stock (or rights to acquire capital stock) of the Company possessing the voting power (or the right to acquire capital stock of the Company possessing the voting power) to elect a majority of the Company’s board of directors (whether by merger, consolidation or sale or transfer of the Company’s capital stock) or (ii) all or

9

substantially all of the Company's assets determined on a consolidated basis; provided that in no event shall the Merger, the Holdco Merger or any of the other Post-Closing Mergers (as defined in the Merger Agreement) be deemed a Sale of the Company.

(y) "Securities Act" means the Securities Act of 1933, as amended.

(z) "Subsidiary" means any corporation of which the Company owns securities having a majority of the ordinary voting power in electing the board of directors directly or through one or more subsidiaries.

(aa) "Unit Offering" means an underwritten public offering of a combination of debt securities and Common Stock (or warrants or exchange rights to purchase Common Stock) of the Company in which not more than 15% of the gross proceeds received for the sale of such securities is attributed to Common Stock.

9. Notices. Any notice provided for in this Agreement must be in writing and must be either personally delivered, mailed by first class mail (postage prepaid and return receipt requested), sent by reputable overnight courier service (charges prepaid) or sent by facsimile (hard copy to follow) to the recipient at the address or facsimile number indicated below:

To the Company:

Great Lakes Dredge & Dock Holdings Corp.
2122 York Road
Oak Brook, IL 60523
Fax: (630) 574-2909
Attention: Chief Executive Officer

with copies to:

Madison Dearborn Partners, LLC
Three First National Plaza
70 W. Madison, Suite 3800
Chicago, IL 60602
Fax: (312) 895-1100
Attention: Thomas S. Souleles
Douglas Grissom

Kirkland & Ellis LLP
200 E. Randolph Dr.
Chicago, IL 60601
Fax: (312) 861-2200
Attention: Richard J. Campbell

10

To Executive:

At the address listed below Executive's name on the Schedule of Executives attached hereto

or such other address or facsimile number or to the attention of such other person as the recipient party shall have specified by prior written notice to the sending party. Any notice under this Agreement shall be deemed to have been given when so delivered or sent or, if mailed, five days after deposit in the U.S. mail.

10. General Provisions.

(a) Transfers in Violation of Agreement. Any Transfer or attempted Transfer of any Executive Stock in violation of any provision of this Agreement shall be void, and the Company shall not record such Transfer on its books or treat any purported transferee of such Executive Stock as the owner of such stock for any purpose. No action, consent, amendment or approval of the Company shall be deemed effective hereunder, and no officer of the Company shall be entitled to act on behalf of the Company with respect to the Company, unless approved by the Board by written consent or at a meeting duly convened.

(b) Severability. Whenever possible, each provision of this Agreement shall be interpreted in such manner as to be effective and valid under applicable law, but if any provision of this Agreement is held to be invalid, illegal or unenforceable in any respect under any applicable law or rule in any jurisdiction, such invalidity, illegality or unenforceability shall not affect any other provision or any other jurisdiction, but this Agreement shall be reformed, construed and enforced in such jurisdiction as if such invalid, illegal or unenforceable provision had never been contained herein.

(c) Complete Agreement. This Agreement, those documents expressly referred to herein and other documents of even date herewith embody the complete agreement and understanding among the parties and supersede and preempt any prior understandings, agreements or representations by or among the parties, written or oral, which may have related to the subject matter hereof in any way.

(d) Counterparts. This Agreement may be executed in separate counterparts (including by facsimile or electronic transmission), each of which is deemed to be an original and all of which taken together constitute one and the same agreement.

(e) Successors and Assigns. Except as otherwise provided herein, this Agreement shall bind and inure to the benefit of and be enforceable by each Executive, the Company, and their respective successors and assigns (including subsequent holders of Executive Stock); provided that the rights and

obligations of Executive under this Agreement shall not be assignable except in connection with a permitted transfer of Executive Stock hereunder.

(f) Choice of Law. The corporate law of the State of Delaware shall govern all questions concerning the relative rights of the Company and its Executives. All other questions concerning the construction, validity, enforcement and interpretation of this Agreement and the

11

exhibits hereto shall be governed by the internal law, and not the law of conflicts, of the State of Illinois.

(g) Remedies. Each of the parties to this Agreement (including MDCP) shall be entitled to enforce its rights under this Agreement specifically, to recover damages and costs (including reasonable attorney's fees) caused by any breach of any provision of this Agreement and to exercise all other rights existing in its favor. The parties hereto agree and acknowledge that money damages would not be an adequate remedy for any breach of the provisions of this Agreement and that any party may in its sole discretion apply to any court of law or equity of competent jurisdiction (without posting any bond or deposit) for specific performance and/or other injunctive relief in order to enforce or prevent any violations of the provisions of this Agreement.

(h) Amendment and Waiver. The provisions of this Agreement may be amended and waived with respect to any Executive only with the prior written consent of the Company and either (i) such Executive or (ii) the holders of a majority of the shares of Common Stock held by all Executives.

(i) Business Days. If any time period for giving notice or taking action hereunder expires on a day which is a Saturday, Sunday or legal holiday in the state in which the Company's chief executive office is located, the time period shall be automatically extended to the business day immediately following such Saturday, Sunday or holiday.

(j) Rights of the Company. Nothing in this Agreement shall interfere with or limit in any way the right of the Company to terminate an Executive's employment at any time (with or without cause), nor confer upon any Executive any right to continue in the employ of the Company for any period of time or to continue his or her present (or any other) rate of compensation.

(k) Termination. Unless otherwise specified herein, the rights and obligations of the parties hereunder shall terminate automatically and without further action on the part of any party hereto upon consummation of a Sale of the Company; provided that no such termination shall impair the rights of any party hereto with respect to any breach of this Agreement arising prior to such termination.

(l) Prior Agreement. Notwithstanding anything herein to the contrary, this Agreement shall amend and replace the Prior Agreement immediately upon, but only upon, the Effective Time; provided that (i) unless and until the Effective Time occurs, the Prior Agreement shall remain in full force and effect and (ii) no amendment and restatement of the Prior Agreement shall relieve any party of liability for breach arising prior to such amendment and restatement. Each party (including the Company) acknowledges and agrees that promptly after the Closing contemplated by the Merger, it is contemplated that the Holdco Merger will occur and that effective as of immediately prior to the consummation of the Holdco Merger, without further action on the part of any party hereto, the Company does hereby assign to Holdco, and Holdco does assume, all rights and obligations of the Company hereunder and from and after the effectiveness of such assignment Holdco shall be "the Company" for all purposes of this

12

Agreement and all rights and obligations of the parties hereto shall automatically survive the Merger, the Holdco Merger and the Post-Closing Mergers.

(m) Stock Certificates. By an Executive's execution hereof, Executive agrees that the Company may retain for Executive's benefit, any certificate representing (i) Unvested Shares and (ii) any Executive Stock which may not then be Transferred by Executive as a result of any lock-up or contractual restriction to which such Executive is party or any law or Company policy to which such shares are subject.

(n) Third-Party Beneficiary. Each Executive acknowledges and agrees that the representations and warranties of such Executive in Section 2 of this Agreement are being relied upon by Winston & Strawn LLP in connection with an opinion being delivered by Winston & Strawn LLP to GLDD in connection with the Merger and such Executive agrees that Winston & Strawn LLP may rely on such representations and warranties of such Executive in delivering such opinion.

11. Code Section 280G. Notwithstanding any provision of this Agreement to the contrary, if all or any portion of the payments or benefits received or realized by any Executive pursuant to this Agreement either alone or together with other payments or benefits which such Executive receives or realizes or is then entitled to receive or realize from the Company or any of its affiliates would constitute an "excess parachute payment" within the meaning of Section 280G of the Code and/or any corresponding and applicable state law provision, such payments or benefits provided to such Executive shall be reduced by reducing the amount of payments or benefits payable to such Executive to the extent necessary so that no portion of such payments or benefits shall be subject to the excise tax imposed by Section 4999 of the Code and any corresponding and/or applicable state law provision; provided that such reduction shall only be made if, by reason of such reduction, such Executive's net after tax benefit shall exceed the net after tax benefit if such reduction were not made. For purposes of this paragraph, "net after tax benefit" shall mean the sum of (i) the total amount received or realized by such Executive pursuant to this Agreement that would constitute a "parachute payment" within the meaning of Section 280G of the Code and any corresponding and applicable state law provision, plus (ii) all other payments or benefits which such Executive receives or realizes or is then entitled to receive or realize from the Company and any of its affiliates that would constitute a "parachute payment" within the meaning of Section 280G of the Code and any corresponding and applicable state law provision, less (iii) the amount of federal or state income taxes payable with respect to the payments or benefits described in (i) and (ii) above calculated at the maximum marginal individual income tax rate for each year in which payments or benefits shall be realized by such Executive (based upon the rate in effect for such year as set forth in the Code at the time of the first receipt or realization of the foregoing), less (iv) the amount of excise taxes imposed with respect to the payments or benefits described in (i) and (ii) above by Section 4999 of the Code and any corresponding and applicable state law provision.

* * * * *

IN WITNESS WHEREOF, this Management Equity Agreement has been executed as of the date first written above,

Aldabra Acquisition Corporation

By: /s/ Jason Weiss

Its: CEO

GLDD Acquisitions Corp.

By: /s/ Deborah A. Wensel

Its: Chief Financial Officer

Great Lakes Dredge & Dock Holdings Corp.

By: /s/ Jason Weiss

Its: CEO

IN WITNESS WHEREOF, the undersigned has executed this Agreement as of the date first written above.

MADISON DEARBORN CAPITAL PARTNERS
IV, L.P.

By: Madison Dearborn Partners IV, L.P.

Its: General Partner

By: Madison Dearborn Partners, L.L.C.

Its: General Partner

By: /s/ Thomas S. Souleles

Name: Thomas S. Souleles

Title: Member

[Signature Page to Management Equity Agreement]

IN WITNESS WHEREOF, the undersigned has executed this Agreement as of the date first written above.

SPECIAL CO-INVEST I

By: /s/ William S. Kirsch

Its: _____

[Signature Page to Management Equity Agreement]

IN WITNESS WHEREOF, the undersigned has executed this Agreement as of the date first written above.

RANDOLPH STREET PARTNERS VI

By: /s/ Jack S. Levin
Its: Managing Partner

[Signature Page to Management Equity Agreement]

IN WITNESS WHEREOF, the undersigned has executed this Agreement as of the date first written above.

By: /s/ Katie M. Hayes
Katie M. Hayes

[Signature Page to Management Equity Agreement]

IN WITNESS WHEREOF, the undersigned has executed this Agreement as of the date first written above.

By: /s/ Ellen Parker Burke
Ellen Parker Burke

[Signature Page to Management Equity Agreement]

IN WITNESS WHEREOF, the undersigned has executed this Agreement as of the date first written above.

By: /s/ Bradley T.J. Hansen
Bradley T.J. Hansen

[Signature Page to Management Equity Agreement]

IN WITNESS WHEREOF, the undersigned has executed this Agreement as of the date first written above.

By: /s/ Steven W. Becker
Steven W. Becker

[Signature Page to Management Equity Agreement]

IN WITNESS WHEREOF, the undersigned has executed this Agreement as of the date first written above.

By: /s/ Robert F. Mackay
Robert F. Mackay

[Signature Page to Management Equity Agreement]

IN WITNESS WHEREOF, the undersigned has executed this Agreement as of the date first written above.

By: /s/ Patrick C. Hughes
Patrick C. Hughes

[Signature Page to Management Equity Agreement]

IN WITNESS WHEREOF, the undersigned has executed this Agreement as of the date first written above.

By: /s/ Arthur S. Fletcher
Arthur S. Fletcher

[Signature Page to Management Equity Agreement]

IN WITNESS WHEREOF, the undersigned has executed this Agreement as of the date first written above.

By: /s/ John R. Maszczyk
John R. Maszczyk

[Signature Page to Management Equity Agreement]

IN WITNESS WHEREOF, the undersigned has executed this Agreement as of the date first written above.

By: /s/ Donald J. Luce
Donald J. Luce

[Signature Page to Management Equity Agreement]

IN WITNESS WHEREOF, the undersigned has executed this Agreement as of the date first written above.

By: /s/ Steven F. O'Hara
Steven F. O'Hara

[Signature Page to Management Equity Agreement]

IN WITNESS WHEREOF, the undersigned has executed this Agreement as of the date first written above.

By: /s/ John T. O'Brien
John T. O'Brien

[Signature Page to Management Equity Agreement]

IN WITNESS WHEREOF, the undersigned has executed this Agreement as of the date first written above.

By: /s/ Michael R. Sayer
Michael R. Sayer

[Signature Page to Management Equity Agreement]

IN WITNESS WHEREOF, the undersigned has executed this Agreement as of the date first written above.

By: /s/ Douglas B. Mackie
Douglas B. Mackie

[Signature Page to Management Equity Agreement]

IN WITNESS WHEREOF, the undersigned has executed this Agreement as of the date first written above.

By: /s/ Seann M. Perez
Seann M. Perez

[Signature Page to Management Equity Agreement]

IN WITNESS WHEREOF, the undersigned has executed this Agreement as of the date first written above.

Deborah A. Wensel Living Trust,
dated December 7, 2004

By: /s/ Deborah A. Wensel
Its: Trustee

The undersigned is executing the attached with the acknowledgement that Section 7 of this Agreement is binding on her as though she were an Executive party hereto.

By: /s/ Deborah A. Wensel
Deborah A. Wensel

[Signature Page to Management Equity Agreement]

IN WITNESS WHEREOF, the undersigned has executed this Agreement as of the date first written above.

By: /s/ Mark R. Thomas
Mark R. Thomas

[Signature Page to Management Equity Agreement]

IN WITNESS WHEREOF, the undersigned has executed this Agreement as of the date first written above.

By: /s/ T. Christopher Roberts
T. Christopher Roberts

[Signature Page to Management Equity Agreement]

IN WITNESS WHEREOF, the undersigned has executed this Agreement as of the date first written above.

By: /s/ James C. Gillespie 12/15/06
James C. Gillespie

[Signature Page to Management Equity Agreement]

IN WITNESS WHEREOF, the undersigned has executed this Agreement as of the date first written above.

By: /s/ Sam R. Morrison
Sam R. Morrison

[Signature Page to Management Equity Agreement]

IN WITNESS WHEREOF, the undersigned has executed this Agreement as of the date first written above.

By: /s/ William E. Hannum
William E. Hannum

[Signature Page to Management Equity Agreement]

IN WITNESS WHEREOF, the undersigned has executed this Agreement as of the date first written above.

Philip D. Mackie 1998 Trust

By: /s/ William L. Colnon
Its: Trustee

[Signature Page to Management Equity Agreement]

IN WITNESS WHEREOF, the undersigned has executed this Agreement as of the date first written above.

Christopher T. Mackie 1998 Trust

By: /s/ William L. Colnon
Its: Trustee

[Signature Page to Management Equity Agreement]

IN WITNESS WHEREOF, the undersigned has executed this Agreement as of the date first written above.

Kathleen J. Mackie 1998 Trust

By: /s/ William L. Colnon
Its: Trustee

[Signature Page to Management Equity Agreement]

IN WITNESS WHEREOF, the undersigned has executed this Agreement as of the date first written above.

Madeline C. Mackie 1998 Trust

By: /s/ William L. Colnon
Its: Trustee

[Signature Page to Management Equity Agreement]

IN WITNESS WHEREOF, the undersigned has executed this Agreement as of the date first written above.

Natalie A.Mackie 1998 Trust

By: /s/ William L. Colnon
Its: Trustee

[Signature Page to Management Equity Agreement]

IN WITNESS WHEREOF, the undersigned has executed this Agreement as of the date first written above.

By: /s/ John F. Karas
John F. Karas

[Signature Page to Management Equity Agreement]

IN WITNESS WHEREOF, the undersigned has executed this Agreement as of the date first written above.

By: /s/ George T. Strawn
George T. Strawn

[Signature Page to Management Equity Agreement]

IN WITNESS WHEREOF, the undersigned has executed this Agreement as of the date first written above.

By: /s/ Robert C. Ramsdell
Robert C. Ramsdell

[Signature Page to Management Equity Agreement]

IN WITNESS WHEREOF, the undersigned has executed this Agreement as of the date first written above.

By: /s/ William F. Pagendarm
William F. Pagendarm

[Signature Page to Management Equity Agreement]

IN WITNESS WHEREOF, the undersigned has executed this Agreement as of the date first written above.

By: /s/ David C. Cizek
David C. Cizek

[Signature Page to Management Equity Agreement]

IN WITNESS WHEREOF, the undersigned has executed this Agreement as of the date first written above.

By: /s/ Richard M. Lowry
Richard M. Lowry

[Signature Page to Management Equity Agreement]

IN WITNESS WHEREOF, the undersigned has executed this Agreement as of the date first written above.

By: /s/ Kyle D. Johnson
Kyle D. Johnson

[Signature Page to Management Equity Agreement]

IN WITNESS WHEREOF, the undersigned has executed this Agreement as of the date first written above.

By: /s/ William H. Hanson
William H. Hanson

[Signature Page to Management Equity Agreement]

IN WITNESS WHEREOF, the undersigned has executed this Agreement as of the date first written above.

By: /s/ Steven R. Auernhamer
Steven R. Auernhamer

[Signature Page to Management Equity Agreement]

IN WITNESS WHEREOF, the undersigned has executed this Agreement as of the date first written above.

By: /s/ Russell F. Zimmerman
Russell F. Zimmerman

[Signature Page to Management Equity Agreement]

IN WITNESS WHEREOF, the undersigned has executed this Agreement as of the date first written above.

By: /s/ Michael J. Lueders
Michael J. Lueders

[Signature Page to Management Equity Agreement]

**GLDD ACQUISITIONS CORP. AND SUBSIDIARIES
CONSOLIDATED FINANCIAL STATEMENTS FOR
THE YEARS ENDED DECEMBER 31, 2005, 2004, AND 2003,
AND REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM**

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Stockholders of
GLDD Acquisition Corp. and Subsidiaries
Oak Brook, Illinois

We have audited the accompanying consolidated balance sheets of GLDD Acquisition Corp. and Subsidiaries as of December 31, 2005 and 2004 (successor company), and the related consolidated statements of operations, stockholders' equity, and cash flows for the years then ended. Additionally, we have audited the consolidated statements of operations, stockholders' equity, and cash flows for the year ended December 31, 2003 of Great Lakes Dredge & Dock Corporation (predecessor company). Hereinafter, GLDD Acquisitions Corporation and Great Lakes Dredge & Dock Corporation are referred to as the "Company." Our responsibility is to express an opinion on these financial statements based on our audits. We did not audit the financial statement of Amboy Aggregates ("Amboy") joint venture for the year ended December 31, 2003, the Company's investment in which is accounted for using the equity method. The Company's equity of \$1.0 million in Amboy's net income for the year ended December 31, 2003, are included in the accompanying financial statements. The financial statements of Amboy were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for such joint venture, is based solely on the report of such other auditors for the year ended December 31, 2003.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. Our audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits and the report of the other auditors provide a reasonable basis for our opinion.

In our opinion, based on our audits and the report of the other auditors, such consolidated financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2005 and 2004, and the results of their operations and their cash flows for each of the three years in the period ended December 31, 2005, in conformity with accounting principles generally accepted in the United States of America.

As discussed in Note 1, GLDD Acquisitions Corporation was formed in 2003 to effect the acquisition of Great Lakes Dredge & Dock Corporation. The financial statements of GLDD Acquisitions Corporation reflect the revaluation of the net assets of Great Lakes Dredge & Dock Corporation at the date of acquisition. Therefore, the amounts reported for GLDD Acquisitions Corporation are not comparable to the amounts shown for Great Lakes Dredge & Dock Corporation.

/s/ Deloitte & Touche LLP
Chicago, Illinois
August 4, 2006

**GLDD ACQUISITION CORP. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2005 AND 2004
(In thousands, except per share amounts)**

	2005	2004
ASSETS		
CURRENT ASSETS:		
Cash and equivalents	\$ 601	\$ 1,962
Accounts receivable—net	85,114	65,762
Contract revenues in excess of billings	14,352	12,439
Inventories	17,084	16,497
Prepaid expenses	4,700	4,274
Other current assets	12,413	11,380
Total current assets	134,264	112,314
PROPERTY AND EQUIPMENT—Net	240,849	256,594
GOODWILL	98,747	103,563
OTHER INTANGIBLE ASSETS—Net	1,579	3,267

INVENTORIES	11,206	11,278
INVESTMENTS IN JOINT VENTURES	8,605	7,965
OTHER	11,987	13,654
TOTAL	\$ 507,237	\$ 508,635
LIABILITIES AND STOCKHOLDERS' DEFICIT		
CURRENT LIABILITIES:		
Accounts payable	\$ 50,836	\$ 46,770
Accrued expenses	24,264	17,676
Billings in excess of contract revenues	8,108	6,706
Current maturities of long-term debt	1,950	1,950
Total current liabilities	85,158	73,102
LONG-TERM DEBT	248,850	252,300
DEFERRED INCOME TAXES	88,154	90,429
OTHER	4,473	5,314
Total liabilities	426,635	421,145
MINORITY INTERESTS	1,850	1,599
REDEEMABLE PREFERRED STOCK	101,978	94,285
COMMITMENTS AND CONTINGENCIES		
STOCKHOLDERS' DEFICIT		
Common stock—\$0.01 par value; 1,000,000 shares issued and outstanding	10	10
Additional paid-in capital	9,990	9,990
Accumulated deficit	(33,017)	(18,372)
Accumulated other comprehensive loss	(209)	(22)
Total stockholders' deficit	(23,226)	(8,394)
TOTAL	\$ 507,237	\$ 508,635

GLDD ACQUISITION CORP. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF OPERATIONS
YEARS ENDED DECEMBER 31, 2005, 2004 AND 2003
(In thousands except for per share amounts)

	Successor Company		Predecessor Company
	2005	2004	2003
CONTRACT REVENUES	\$ 423,399	\$ 350,862	\$ 398,800
COSTS OF CONTRACT REVENUES	372,046	314,940	328,196
GROSS PROFIT	51,353	35,922	70,604
OPERATING EXPENSES:			
General and administrative expenses	29,322	25,473	27,867
Amortization of intangible assets	786	4,174	
Impairment of intangibles	5,718		
Subpoena-related expenses	2,865	2,317	
Demolition litigation expense		1,275	
Sale-related expenses		273	10,635
Total operating income	12,662	2,410	32,102
OTHER INCOME (EXPENSE):			
Interest expense—net	(23,055)	(20,334)	(20,717)
Sale-related financing costs			(13,113)
Equity in earnings of joint ventures	2,328	2,339	1,422
Minority interests	(251)	132	28
Total other income (expense)	(20,978)	(17,863)	(32,380)
LOSS BEFORE INCOME TAXES	(8,316)	(15,453)	(278)

INCOME TAX BENEFIT (PROVISION)	1,364	4,366	(1,318)
NET LOSS	\$ (6,952)	\$ (11,087)	\$ (1,596)
REDEEMABLE PREFERRED STOCK DIVIDENDS	(7,693)	(7,285)	—
NET LOSS AVAILABLE TO COMMON STOCKHOLDERS	\$ (14,645)	\$ (18,372)	\$ (1,596)
Basic and diluted earning (loss) per share	\$ (14.64)	\$ (18.37)	\$ (31.92)
Basic and diluted weighted average shares	1,000	1,000	50
Unaudited pro forma basic and diluted earnings per share	\$ (0.24)		
Unaudited pro forma basic and diluted weighted average shares	28,219		

See notes to consolidated financial statements.

4

GLDD ACQUISITION CORP. AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF STOCKHOLDERS' DEFICIT
YEARS ENDED DECEMBER 31, 2005, 2004 AND 2003
(In thousands, except share amounts)

	Number of Shares		Preferred Stock	Common Stock	Additional Paid-in Capital	Accumulated Deficit	Accumulated Other Comprehensive Income (Loss)	Treasury Stock	Note Receivable From Stockholder	Total
	Preferred Stock	Common Stock								
Predecessor Company										
BALANCE—January 1, 2003	45,000	5,000,000	\$ 1	\$ 50	\$ 50,457	\$ (62,787)	\$ 103	\$ (162)	\$ (68)	\$ (12,406)
Reverse stock split (1 for 100)		(5,000,000) 50,000								
Repayment on note receivable from stockholder									68	68
Comprehensive income (loss):										
Net loss						(1,596)				(1,596)
Reclassification of derivative gains to earnings (net of tax of \$625)							(970)			(970)
Change in fair value of derivatives (net of tax of \$759)							1,176			1,176
Total comprehensive loss										(1,390)
Effect of Transaction on Predecessor Company	(45,000)	(50,000)	(1)	(50)	(50,457)	64,383	(309)	162	—	(13,728)
BALANCE—December 31, 2003	—	—	—	—	—	—	—	—	—	—
Successor Company										
Issuance of new shares to GLDD Acquisitions Corp.	—	1,000,000	—	10	9,990	—	—	—	—	10,000
BALANCE—December 31, 2003	—	1,000,000	—	10	9,990	—	—	—	—	10,000
Accumulated dividends on preferred stock						(7,285)				(7,285)
Comprehensive income (loss):										
Net loss						(11,087)				(11,087)
Reclassification of derivative gains to earnings (net of tax of \$1,062)							(1,654)			(1,654)
Change in fair value of derivatives (net of tax of \$1,048)							1,632			1,632
Total comprehensive loss						(11,087)				(11,109)
BALANCE—December 31, 2004	—	1,000,000	—	10	9,990	(18,372)	(22)	—	—	(8,394)
Accumulated dividends on preferred stock						(7,693)				(7,693)
Comprehensive income (loss):										
Net loss						(6,952)				(6,952)
Reclassification of derivative gains to earnings (net of tax of \$1,192)							(1,838)			(1,838)
Change in fair value of derivatives (net of tax of \$1,071)							1,651			1,651
Total comprehensive loss						(6,952)	(187)			(7,139)
BALANCE—December 31, 2005	—	1,000,000	\$ —	\$ 10	\$ 9,990	\$ (33,017)	\$ (209)	\$ —	\$ —	\$ (23,226)

See notes to consolidated financial statements.

5

GLDD ACQUISITION CORP. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS

PERIODS ENDED DECEMBER 31, 2005, 2004 AND 2003
(In thousands)

	Successor Company			Predecessor Company
	2005	2004	December 31, 2003	Jan 1-Dec 31, 2003
OPERATING ACTIVITIES:				
Net loss	\$ (6,952)	\$ (11,087)	\$ —	\$ (1,596)
Adjustments to reconcile net loss to net cash flows from operating activities:				
Depreciation and amortization	24,686	26,853		16,294
Loss (earnings) of joint ventures	(2,328)	(2,339)		(1,422)
Distribution from equity joint ventures	1,625	1,925		
Minority interests	251	(132)		(28)
Deferred income taxes	(1,695)	(6,388)		3,906
Gain on dispositions of property and equipment	(342)	(394)		(2,506)
Impairment of goodwill and intangible assets	5,718			
Other—net	1,667	1,729		5,660
Changes in assets and liabilities:				
Accounts receivable	(19,352)	(893)		(12,744)
Contract revenues in excess of billings	(1,913)	(1,203)		1,816
Inventories	(515)	(3,204)		(1,461)
Prepaid expenses and other current assets	(1,919)	4,252		(771)
Accounts payable and accrued expenses	10,133	12,495	(6,458)	17,252
Billings in excess of contract revenues	1,401	(2,102)		(2,107)
Other non-current assets and liabilities	(185)	(2,063)		3,877
Net cash flows from operating activities	<u>10,280</u>	<u>17,449</u>	<u>(6,458)</u>	<u>26,170</u>
INVESTING ACTIVITIES:				
Purchases of property and equipment	(12,645)	(23,085)		(37,650)
Dispositions of property and equipment	5,468	10,261		5,840
Cash released from (funded to) equipment escrow		876		(2,451)
Acquisition of Predecessor common and preferred shares		527	(129,142)	
Payment of sale-related expenses			(19,994)	
Disposition of interest in Riovia investment				1,200
Equity investment in land				(1,047)
Purchase portion of minority interests' share in NASDI				(75)
Net cash flows from investing activities	<u>(7,177)</u>	<u>(11,421)</u>	<u>(149,136)</u>	<u>(34,183)</u>
FINANCING ACTIVITIES:				
Repayments of long-term debt	(5,450)	(4,450)	(1,762)	(9,238)
Borrowings under (repayments of) revolving loans—net	2,000		(5,000)	1,000
Repayment of NASDI stockholder notes			(3,000)	
Proceeds from issuance of new long-term debt			60,300	23,400
Proceeds from issuance of 7 ³ / ₄ % senior subordinated notes			175,000	
Redemption of 11 ¹ / ₄ % senior subordinated notes			(155,000)	
Proceeds from issuance of Successor common shares			94,309	
Financing fees		(1,149)	(14,050)	(388)
Repayment of capital lease debt	(1,014)	(1,242)		(713)
Other				68
Net cash flows from financing activities	<u>(4,464)</u>	<u>(6,841)</u>	<u>150,797</u>	<u>14,129</u>
NET CHANGE IN CASH AND EQUIVALENTS	<u>(1,361)</u>	<u>(813)</u>	<u>(4,797)</u>	<u>6,116</u>
CASH AND EQUIVALENTS—Beginning of period	<u>1,962</u>	<u>2,775</u>	<u>7,572</u>	<u>1,456</u>
CASH AND EQUIVALENTS—End of period	<u>\$ 601</u>	<u>\$ 1,962</u>	<u>\$ 2,775</u>	<u>\$ 7,572</u>
SUPPLEMENTAL CASH FLOW INFORMATION:				
Cash paid for interest	<u>\$ 21,230</u>	<u>\$ 17,483</u>	<u>\$ 6,458</u>	<u>\$ 19,286</u>
Cash paid (refunded) for taxes	<u>\$ 234</u>	<u>\$ (5,013)</u>	<u>\$ —</u>	<u>\$ 6,286</u>

See notes to consolidated financial statements.

1. NATURE OF BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization and Recapitalization—GLDD Acquisitions Corp. and its subsidiaries are in the business of marine construction, primarily dredging, and commercial and industrial demolition services. The Company's primary dredging customers are domestic and foreign government agencies, and its primary demolition customers are general contractors, corporations that commission projects, non-profit institutions such as universities and hospitals, and local government and municipal agencies.

GLDD Acquisitions Corp. was formed in 2003 to effect the acquisition of Great Lakes Dredge and Dock Corporation (GLDD) by Madison Dearborn Capital Partners IV, L.P. ("MDP"), an affiliate of Chicago based private equity investment firm Madison Dearborn Partners, LLC, from its former owner, Vectura Holding Company LLC ("Vectura"). The acquisition price was approximately \$362 million, including fees and expenses, and the transaction was accounted for as a purchase (the "Transaction"). As a result of the acquisition, GLDD Acquisitions Corp. owns 100% of the equity securities of Great Lakes Dredge & Dock Corporation and certain members of Great Lakes' management own approximately 15% of the outstanding common stock of GLDD Acquisitions Corp. and MDP and certain of its co-investors own the remaining 85%. In addition, MDP and certain of its co-investors own 97% of the preferred stock and Great Lakes management team owns the remaining 3%. See Note 2 for a description of the Transaction. Hereinafter GLDD Acquisitions Corp. is referred to as the Company.

Principles of Consolidation and Basis of Presentation—The consolidated financial statements include the accounts of the Company and its majority-owned subsidiaries. All significant intercompany accounts and transactions are eliminated. The equity method of accounting is used for investments in unconsolidated investees in which the Company has significant influence. Other investments, if any, are carried at cost.

The formation of the Company and acquisition of GLDD by MDP was accounted for as a purchase in accordance with Statement of Financial Accounting Standards No. 141 ("SFAS No. 141"), *Business Combinations*, resulting in a new basis of accounting subsequent to the Transaction. For presentation herein, the financial statements up to the date of the purchase are denoted as Predecessor Company and are the financial statements of GLDD, while the financial statements prepared subsequent to the Transaction are denoted as Successor Company and are the financial statements of the Company. Due to the new basis of accounting, the amounts reported for the Company are not comparable to the amount shown for GLDD. The purchase was consummated on December 22, 2003, but was accounted for as if it had occurred on December 31, 2003. Management determined that results of operations were not significant and no material transactions occurred during the period from December 23 to December 31, 2003.

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

Revenue and Cost Recognition on Contracts—Substantially all of the Company's contracts for dredging services are fixed-price contracts, which provide for remeasurement based on actual quantities dredged. The majority of the Company's demolition contracts are also fixed-price contracts, with others

7

managed as time-and-materials or rental projects. In accordance with the American Institute of Certified Public Accountants' Statement of Position 81-1, *Accounting for the Performance of Construction-Type and Certain Production-Type Contracts*, contract revenues are recognized under the percentage-of-completion method, based on the Company's engineering estimates of the physical percentage completed for dredging projects and using a cost-to-cost approach for demolition projects. For dredging projects, costs of contract revenues are adjusted to reflect the gross profit percentage expected to be achieved upon ultimate completion of each dredging project. For demolition contracts, contract revenues are adjusted to reflect the estimated gross profit percentage. Provisions for estimated losses on contracts in progress are made in the period in which such losses are determined. Claims for additional compensation due the Company are not recognized in contract revenues until such claims are settled. Billings on contracts are generally submitted after verification with the customers of physical progress and may not match the timing of revenue recognition. The difference between amounts billed and recognized as revenue is reflected in the balance sheet as either contract revenues in excess of billings or billings in excess of contract revenues. Modifications may be negotiated when a change from the original contract specifications is encountered, necessitating a change in project scope or performance methodology and/or material disposal. Thus, the resulting modification is considered a change in the scope of the original project to which it relates. Significant expenditures incurred incidental to major contracts are deferred and recognized as contract costs based on contract performance over the duration of the related project. These expenditures are reported as prepaid expenses.

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

Cash Equivalents—The Company considers all highly liquid investments purchased with an original maturity of three months or less to be cash equivalents.

Inventories—Inventories consist mainly of pipe, purchased spare parts, and supplies used in the Company's dredging operations. Inventories are stated at the lower of cost or market, using an average cost methodology.

Property and Equipment—Capital additions, improvements and major renewals are classified as property and equipment and are carried at cost. Maintenance and repairs are charged to earnings as incurred. Depreciation is provided over the estimated useful lives of property and equipment using the straight-line method. The estimated useful lives by class of assets are 10 years for buildings and improvements, 5 to 10 years for furniture and fixtures, 3 to 10 years for vehicles, dozers and other light operating equipment and systems, and 10 to 30 years for heavy operating equipment, such as barges and dredges. Leasehold improvements are amortized over the shorter of their remaining useful lives or the remaining lives of the leases.

Goodwill and Other Intangibles—Goodwill represents the excess of the purchase price of net tangible and intangible assets acquired in business combinations over their estimated fair value. Other intangibles mainly represent developed technology and databases, customer relationships, and customer contracts acquired in business combinations. Goodwill resulting from the Transaction is tested annually for impairment in the third quarter of each year, or more frequently should circumstances dictate.

8

The other intangible assets identified with respect to the Transaction are being amortized over a 7 to 10 year period, except for the intangible assets related to customer contracts, which are being amortized over approximately 13 to 15 months, consistent with the average remaining duration of the underlying contracts.

Long-Lived Assets—Long-lived assets are comprised of property and equipment and intangible assets subject to amortization. Pursuant to the provisions of SFAS No. 144, *Accounting for the Impairment or Disposal of Long-Lived Assets*, long-lived assets to be held and used are reviewed for possible impairment whenever events indicate that the carrying amount of such assets may not be recoverable by comparing the undiscounted cash flows associated with the assets to their carrying amounts. If such a review indicates an impairment, the carrying amount would be reduced to fair value. If long-lived assets are to be disposed, depreciation is discontinued, if applicable, and the assets are reclassified as held for sale at the lower of their carrying amounts or fair values less costs to sell.

Asset Retirement Obligations—In March 2005, the Financial Accounting Standards Board (“FASB”) issued Interpretation No. 47 (“FIN 47”), *Accounting for Conditional Asset Retirement Obligations*, which is effective for fiscal years ending after December 15, 2005 and is an interpretation of FASB Statement No. 143 (“SFAS No.143”), *Accounting for Asset Retirement Obligations*. FIN 47 requires recognition of a liability for the fair value of a conditional asset retirement obligation when incurred if the fair value of the liability can be reasonably estimated. Interpretation No. 47 further clarifies what the term “conditional asset retirement obligation” means with respect to recording the asset retirement obligation discussed in SFAS No. 143. The adoption of FIN 47 did not have a material impact on the Company’s consolidated financial position, annual results of operations or cash flows.

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

Income Taxes—The Company records income taxes based upon SFAS No. 109, *Accounting for Income Taxes*, which requires the use of the liability method of accounting for deferred income taxes. The provision for income taxes includes federal, foreign and state income taxes currently payable and those deferred because of temporary differences between the financial statement and tax bases of assets and liabilities.

Fair Value of Financial Instruments—The carrying value of financial instruments included in current assets and current liabilities approximates fair values due to the short-term maturities of these instruments. The carrying value of long-term bank debt is a reasonable estimate of its fair value as interest rates are variable, based on the prevailing market rates. At December 31, 2005 and 2004, the Company had long-term subordinated notes outstanding with a recorded book value of \$175,000. The fair value of these notes was \$157,500 and \$157,938 at December 31, 2005 and 2004, respectively, based on quoted market prices.

Minority Interest—The Company owns 85% of the capital stock of NASDI, a demolition service provider located in the Boston, Massachusetts area. The remaining 15% of the capital stock is owned

by a senior manager of NASDI. Minority interest at December 31, 2005 and 2004, reflects the remaining NASDI management stockholder’s 15% non-voting interest in NASDI.

Capital Stock—As a result of the purchase of the Company, after the acquisition (see Note 2), the Company’s authorized capital stock consists of (i) 90,000 shares of Series A Preferred Stock, of which 77,500 shares were issued and outstanding at December 31, 2005 and 2004 respectively, (ii) 10,000 shares of Series B Preferred Stock, of which 9,500 shares were issued and outstanding at December 31, 2005 and 2004 respectively, and (iii) 1,500,000 shares of Common Stock of which 1,000,000 were issued and outstanding at December 31, 2005 and 2004, respectively. All stock has a par value of \$.01 per share.

The Predecessor Company had class A and class B non-voting common stock and one class of preferred stock.

Redeemable Preferred Stock—Dividends on the Company’s Series A and Series B Preferred Stock are cumulative semiannually and payable upon declaration at a rate of 8% commencing December 23, 2003. The Series A Preferred Stock may be redeemed at the option of the majority of the holders after December 31, 2014 at \$1,000 per share, plus accrued dividends. The Series B Preferred Stock may be redeemed at the option of the majority of the holders after December 31, 2023 at \$1,000 per share, plus accrued dividends. The redemption and liquidation values are \$1,000 per share plus accrued and unpaid dividends. The holders of Preferred Stock are entitled to payment before any capital distribution is made with respect to any Junior Securities and have no voting rights. However, the Company’s ability to pay any dividends is restricted by its various credit agreements. As of December 31, 2005 and 2004 there were \$14,978 and \$7,285, respectively, in accumulated dividends outstanding. Due to a redemption clause, this stock is considered a mezzanine security and is recorded outside of stockholders’ equity (deficit), in accordance with Emerging Issues Task Force (EITF) Topic D-98.

Earnings Per Share—Basic earnings per share is computed by dividing net income (loss) available to common stockholders by the weighted average number of common share 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.

There are no dilutive effects on the earnings or shares in the years presented. The computations for basic and diluted earnings per share from continuing operations are as follows:

	2005	2004	2003
Loss from continuing operations	\$ (6,952)	\$ (11,087)	\$ (1,596)
Dividends on redeemable preferred stock	(7,693)	(7,285)	—
Net loss available to common shareholders	\$ (14,645)	\$ (18,372)	\$ (1,596)
Weighted average common shares outstanding:			
Basic	1,000	1,000	50
Earnings per share:			
Basic and diluted	\$ (14.64)	\$ (18.37)	\$ (31.92)

2. SALE TRANSACTION

On December 22, 2003, MDP acquired control of GLDD Acquisitions Corp. and for an initial purchase price of \$362,111, including fees and expenses. Great Lakes Dredge and Dock Corporation became a wholly owned subsidiary of GLDD Acquisitions Corp. as a result of the Transaction. The acquisition was financed by new equity contributions of \$97,000; term loan and revolver borrowings under a new senior credit facility of approximately \$60,300 and \$2,000, respectively; the issuance of \$175,000 of 7.75% Senior Subordinated Notes due 2013; the rollover of term loan borrowings under a new equipment financing facility of \$23,400; the rollover of approximately \$1,558 million of capital leases; and cash on hand of \$2,853. As mentioned previously, the purchase was accounted for as if it had occurred on December 31, 2003, as management determined that results of operations were not significant and no material transactions occurred during the period from December 23 to December 31, 2003. The purchase price was subject to certain working capital and debt adjustments to be finalized approximately three months subsequent to the Transaction, as defined per the merger agreement. The adjustments were finalized in April of 2004, resulting in a decrease to the initial purchase price of \$527.

Following is a summary of the fair values of the assets acquired and liabilities assumed as of the date of the acquisition:

Current assets	\$ 116,584
Property and equipment	263,746
Other intangible assets	7,441
Goodwill	103,563
Other assets	<u>31,391</u>
Total assets acquired	522,725
Current liabilities	56,043
Other liabilities	<u>105,098</u>
Total liabilities assumed	<u>161,141</u>
Total purchase price	<u>\$ 361,584</u>

The purchase price was allocated to the acquired assets and liabilities based on their fair values at December 31, 2003, as determined by management's estimates. At December 31, 2005, after reviewing for any impairment, goodwill of \$79,097 and \$19,650 has been assigned to the dredging and demolition reporting units, respectively. See Notes 5 and 8 regarding the current year impairment of demolition unit goodwill and intangibles.

In connection with the sale, the Company incurred transaction expenses of approximately \$23,748, which were reflected in the Company's 2003 Predecessor Company statement of operations. These transaction expenses include sale-related operating expenses of \$10,635 for advisory fees and discretionary bonuses paid to management and sale-related financing costs of \$13,113 related to the early extinguishment of the GLDD's 11.14% senior subordinated notes and write-off of deferred financing costs related to the GLDD's prior debt structure. In addition, the Company incurred other

acquisition-related costs of approximately \$2,691, which were capitalized as direct costs of the Transaction.

3. ACCOUNTS RECEIVABLE

Accounts receivable at December 31, 2005 and 2004, are as follows:

	<u>2005</u>	<u>2004</u>
Completed contracts	\$ 33,818	\$ 13,971
Contracts in progress	41,885	43,088
Retainage	<u>10,016</u>	<u>9,211</u>
	85,719	66,270
Allowance for doubtful accounts	<u>(605)</u>	<u>(508)</u>
Total	<u>\$ 85,114</u>	<u>\$ 65,762</u>

4. CONTRACTS IN PROGRESS

The components of contracts in progress at December 31, 2005 and 2004, are as follows:

	<u>2005</u>	<u>2004</u>
Costs and earnings in excess of billings:		
Costs and earnings for contracts in progress	\$ 196,846	\$ 232,994
Amounts billed	<u>(185,635)</u>	<u>(221,243)</u>
Costs and earnings in excess of billings for contracts in progress	11,211	11,751

Costs and earnings in excess of billings for completed contracts	3,141	688
	<u>\$ 14,352</u>	<u>\$ 12,439</u>
Prepaid contract costs (included in prepaid expenses)	\$ 1,541	\$ 718
Billings in excess of costs and earnings:		
Amounts billed	\$ (113,243)	\$ (196,639)
Costs and earnings for contracts in progress	105,135	189,933
Total	<u>\$ (8,108)</u>	<u>\$ (6,706)</u>

5. GOODWILL

In the third quarter of 2005, the Company performed its annual assessment for the impairment of goodwill. At the time of the Company's sale transaction in December 2003, a portion of the total goodwill had been allocated to the demolition segment. Although NASDI achieved its 2005 forecast and is projected to be cash flow positive going forward, Company management does not believe that it will achieve the future returns contemplated in the 2003 forecasts prepared when the goodwill was

12

allocated. These downward revised projections for the demolition business are attributable to higher anticipated incentive pay to retain a key member of the demolition business' management. Based on these revised projections the Company determined there was an impairment of the goodwill related to its demolition reporting unit. Therefore, the Company recorded a non-cash write-down of \$4,816 to reflect management's best estimate, using a discounted cash flow model, of the impairment to goodwill.

6. PROPERTY AND EQUIPMENT

Property and equipment at December 31, 2005 and 2004, are as follows:

	2005	2004
Land	\$ 2,870	\$ 2,870
Buildings and improvements	270	125
Furniture and fixtures	1,154	1,129
Operating equipment	282,700	275,102
	286,994	279,226
Accumulated depreciation	(46,145)	(22,632)
Total	<u>\$ 240,849</u>	<u>\$ 256,594</u>

7. INVESTMENTS IN JOINT VENTURES

The Company has a 50% ownership interest in Amboy Aggregates ("Amboy"), whose primary business is the dredge mining and sale of fine aggregate. The Company accounts for its investment in Amboy using the equity method. The following table includes Amboy's summarized financial information for the periods presented.

	2005	2004	2003
Current assets	\$ 7,943	\$ 7,727	\$ 6,414
Noncurrent assets	8,942	8,420	9,367
Total assets	16,885	16,147	15,781
Current liabilities	(1,676)	(2,160)	(2,625)
Noncurrent liabilities			(147)
Equity	<u>\$ 15,209</u>	<u>\$ 13,987</u>	<u>\$ 13,009</u>
Revenue	\$ 28,363	\$ 26,773	\$ 19,316
Costs and expenses	(23,765)	(22,095)	(17,412)
Net income (loss)	<u>\$ 4,598</u>	<u>\$ 4,678</u>	<u>\$ 1,904</u>

Amboy has a loan with a bank, which contains certain restrictive covenants, including limitations on the amount of distributions to its joint venture partners. It is the intent of the joint venture partners

13

to periodically distribute Amboy's earnings, to the extent allowed by Amboy's bank agreement. The term portion of Amboy's loan matured in October 2003, and the \$2,000 revolving credit facility was set to expire in August 2005. The revolving credit facility was amended to extend the expiration to August 2007 and increase the facility to \$3,000.

In 2003, the Company and its Amboy joint venture partner each purchased a 50% interest in land, which is adjacent to the Amboy property and may be used in connection with the Amboy operations. The Company's share of the purchase price totaled \$1,047 and is reflected in investments in joint ventures. Income from that land was \$29 for the year ended December 31, 2005.

For the years ended December 31, 2005 and 2004, the Company received distributions from Amboy and the adjacent land venture totaling \$1,625 and \$1,925.

The Company's 2003 equity from earnings of joint ventures in the statement of income includes a gain of \$470 resulting from the Company's sale of its 20% investment in Riovia S.A., a venture whose sole business was the performance of a dredging contract in Argentina and Uruguay.

8. INTANGIBLE ASSETS

At December 31, 2005, the net book value of intangible assets identified with respect to the Transaction is as follows:

	Weighted Average Estimated Life	Cost	Accumulated Amortization	Net
Customer contract backlog	14 months	\$ 4,237	\$ 4,148	\$ 89
Demolition customer relationships	7 years	1,093	529	564
Software and databases	8.5 years	1,209	283	926
Total		\$ 6,539	\$ 4,960	\$ 1,579

In the third quarter of 2005, the Company wrote-down the intangible asset related to demolition customer relationships by \$902. This impairment on intangibles was analyzed in conjunction with the goodwill impairment as discussed in Note 5. When the original customer relationship intangible was established in 2003, it required estimation of future annual revenues attributable to certain key customers. Over the past two years, the demolition revenues were generated by a greater variety of customers, rather than being as concentrated as anticipated with these key customers. Therefore, the future revenue expectations related to these particular customers were revised, resulting in this non-cash impairment write-down based on a discounted cash-flow analysis.

Amortization expense related to these intangible assets is estimated to be \$311 in 2006 and \$263 annually in 2007 through 2010.

9. IMPAIRMENT OF LAND DISPOSAL RIGHTS

The Company owned rights to dispose a certain quantity of dredged material in upland disposal sites in New Jersey. During 2003, the site owner informed Company management that it did not intend to make future disposal sites available for the Company to utilize its disposal rights. Therefore,

management determined that recovery of the land rights at their recorded amount was unlikely and recorded an impairment loss of \$2,276.

10. OTHER NONCURRENT ASSETS

At December 31, 2005 and 2004, other noncurrent assets includes \$1,575 of cash held in a new escrow account as security for the Company's lease rental obligations under one of its long-term equipment operating leases. This cash will be released once the Company achieves certain financial thresholds, or upon conclusion of the lease.

11. ACCRUED EXPENSES

Accrued expenses at December 31, 2005 and 2004, are as follows:

	2005	2004
Payroll and employee benefits	\$ 8,927	\$ 4,700
Insurance	6,387	5,022
U.S. income and other taxes	3,170	2,564
Interest rate swap liability	1,598	662
Interest	1,115	799
Equipment leases	933	719
Demolition litigation expense	1,275	
Other	2,134	1,935
Total	\$ 24,264	\$ 17,676

12. LONG-TERM DEBT

Long-term debt at December 31, 2005 and 2004, is as follows:

	2005	2004
Senior bank debt:		
Equipment term loan	\$ 19,500	\$ 21,450
Term loan B	54,300	57,800
Revolving loan	2,000	
7 ³ / ₄ % senior subordinated notes	175,000	175,000
	250,800	254,250
Current maturities of long-term debt	(1,950)	(1,950)
Total	<u>\$ 248,850</u>	<u>\$ 252,300</u>

In December 2003, GLDD entered into a long-term loan with an equipment financing company (“Equipment Term Loan”) to refinance borrowings incurred under its former revolving credit facility to acquire certain equipment that was previously under an operating lease. Principal payments under the Equipment Term Loan total \$1,950 annually for each of the next eight years and are to be paid in quarterly installments, with any remaining principal payable in full on December 17, 2013. Interest is paid quarterly at a variable LIBOR-based rate. The Equipment Term Loan agreement also contains

15

provisions that require GLDD to maintain certain financial ratios. Borrowings under the Equipment Term Loan are secured by first lien mortgages on certain operating equipment with a net book value of \$20,348 at December 31, 2005.

In connection with the sale, in December 2003, the Company also entered into a new bank credit agreement (“Credit Agreement”) with a group of banks, consisting of a Tranche B Term Loan facility, which matures in 2010, and a \$60,000 aggregate revolving credit facility which may be used for borrowings or for letters of credit, which expires in 2008. The terms of the Credit Agreement provide for interest rate spreads based on the Company’s debt level compared to earnings, as defined, and allow for various interest rate options for loan amounts and periods that are selected at the discretion of the Company. Borrowings under the Credit Agreement are secured by first lien mortgages on certain operating equipment of the Company with a net book value of \$80,309 at December 31, 2005, and are guaranteed by all domestic subsidiaries of the Company. The Credit Agreement also contains provisions requiring GLDD to maintain certain financial ratios and restricting the Company’s ability to pay dividends, incur indebtedness, create liens, and take certain other actions.

Effective September 30, 2004, the Company amended its Credit Agreement and Equipment Term Loan (collectively, “Senior Credit Facilities”) to allow additional flexibility in its leverage and interest coverage ratios, including replacement of the total leverage ratio with a required minimum EBITDA, as defined in the aforementioned agreements, through 2005. In exchange, the Company’s capital spending limits were reduced and the Company’s borrowing availability under its revolving credit facility was reduced to \$45,000 (with a sub-limit of \$35,000 for letters of credit and \$15,000 for revolver borrowings), until such time that GLDD achieves certain defined financial measures. At December 31, 2005, the Company had \$20,147 in undrawn letters of credit relating to foreign contract performance guarantees and insurance payment liabilities and \$2,000 borrowed under the revolver. Therefore, at December 31, 2005, the Company had availability of \$22,853 (with a sub-limit of \$14,853 for the letters of credit and \$13,000 for revolver borrowings). At December 31, 2005, the Company was in compliance with its various covenants under its revised Senior Credit Facilities.

Effective February 1, 2006, the Company’s borrowing availability reverted back to the full \$60,000 allowed under the original terms of its Credit Agreement with its senior lenders, based on the attainment of the certain defined financial measures in accordance with the terms of the September 2004 amendment to such credit agreement. Additionally, on March 22, 2006, the Company amended its Credit Agreement to increase its sub-limit for letters of credit to \$45 million from \$35 million.

The Company is required to pay all unpaid principal amounts of its term loan B facility in full at maturity. Annual prepayments of principal may be required to the extent the Company reduces collateral and voluntary prepayments are allowed. In 2005 and 2004, the Company made voluntary prepayments of \$3,500 and \$2,500, respectively.

At December 31, 2005 and 2004, the Company’s weighted average borrowing rate under its Senior Credit Facilities was 7.9% and 6.4%, respectively. Amortization of financing fees related to the Senior Credit Facilities added 1.0% to the 2005 weighted average borrowing rate. The Company also pays an annual commitment fee of up to 0.750% on the average daily unused capacity available under the revolving credit facility.

16

On December 22, 2003, GLDD issued \$175,000 of 7³/₄% senior subordinated notes (“Notes”) which will mature on December 15, 2013. The Notes are general unsecured obligations of the Company, subordinated in right of payment to all existing and future senior debt, including borrowings under the Senior Credit Facilities. GLDD’s obligations under the Notes are guaranteed on a senior subordinated basis by all of GLDD’s domestic subsidiaries.

The Company used the proceeds from its new debt, along with equity contribution from its new owners, to provide consideration to its former owners, as well as repay GLDD’s former debt, including its 11¹/₄% senior subordinated notes due August 15, 2008. In connection with the extinguishment of these notes in December of 2003, GLDD paid tender and call premiums totaling \$9,359, which are reflected as sale-related financing costs in the 2003 consolidated statement of operations. Additionally, in connection with the extinguishment of its old debt structure, GLDD wrote off deferred financing costs totaling \$3,754, which is also reflected as sale-related financing costs in the 2003 consolidated statement of operations.

Financing fees and amendment fees related to the Senior Credit Facilities and the Notes are deferred and amortized over the respective terms of the borrowings.

The schedule of principal payments required under the Company’s long-term debt at December 31, 2005, is as follows:

2006	\$ 1,950
2007	1,950
2008	3,950
2009	1,950
2010	1,950
Thereafter	239,050
	<u>250,800</u>
Less current portion	<u>(1,950)</u>
Total	<u>\$ 248,850</u>

The Company sometimes enters into capital lease arrangements to finance the acquisition of dozers, excavators and automobiles. The current portion of capital lease obligations, in the amounts of \$933 and \$719, is included in accrued expenses at December 31, 2005 and 2004, respectively. The long-term portion of these leases is included in other long-term liabilities and totaled \$992 and \$1,140, respectively. The terms of these leases extend through 2008. The net book value of these assets was \$2,598 and \$1,676 at December 31, 2005 and 2004, respectively.

13. RISK MANAGEMENT ACTIVITIES

The Company uses derivative instruments to manage commodity price, interest rate, and foreign currency exchange risks. Such instruments are not used for trading purposes. As of December 31, 2005, the Company is 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 May 2006. As of December 31, 2005, there were 2.5 million gallons remaining on these contracts. Under these agreements, the Company will pay fixed prices ranging from \$1.48 to \$1.99 per gallon. At December 31, 2005 and 2004, the fair value of these contracts was estimated to be a liability of \$344 and \$36, respectively, based on quoted market prices. The fair value at December 31, 2005 and 2004 is recorded in accrued liabilities on the balance sheet.

17

The Company has designated its fuel hedge arrangements as cash flow hedges, resulting in the following activity in accumulated other comprehensive (loss), net of income taxes:

	2005	2004
Accumulated other comprehensive income as of January 1	\$ (22)	\$ —
Net gains reclassified into costs of contract revenues from accumulated other comprehensive income—net of tax	(1,838)	(1,654)
Change in fair value of derivatives—net of tax	<u>1,651</u>	<u>1,632</u>
Accumulated other comprehensive loss as of December 31	<u>\$ (209)</u>	<u>\$ (22)</u>

Ineffectiveness related to these fuel hedge arrangements was determined to be immaterial. The remaining gains or losses included in accumulated other comprehensive loss at December 31, 2005 will be reclassified into earnings over the next five months, corresponding to the period during which the hedged fuel is expected to be utilized.

In February 2004, the Company entered into an interest rate swap arrangement to swap a notional amount of \$50,000 from a fixed rate of 7.75% to a floating LIBOR-based rate in order to manage the interest rate paid with respect to the Company's 7³/₄% senior subordinated notes. The fair value of the swap at December 31, 2005 was a liability of \$1,598 and is recorded in accrued expenses. The swap is not accounted for as a hedge; therefore, the changes in fair value are recorded as adjustments to interest expense in each reporting period. In 2005 the Company made settlement payments under the swap totaling \$245, which are recorded as interest expense and in 2004, the Company received settlement payments under the swap totaling \$526, which are recorded as a reduction to interest expense.

The Company had no foreign currency hedge contracts outstanding at December 31, 2005 or 2004.

14. INCOME TAXES

The provision (benefit) for income taxes is as follows:

	Successor Company		Predecessor Company
	2005	2004	2003
Federal:			
Current	\$ (24)	\$ —	\$ (3,521)
Deferred	(1,420)	(5,823)	3,553
State:			
Current	614	456	561
Deferred	(275)	(365)	353
Foreign:			
Current	(259)	1,366	372
Total	<u>\$ (1,364)</u>	<u>\$ (4,366)</u>	<u>\$ 1,318</u>

The Company's income tax provision (benefit) reconciles to the provision at the statutory U.S. federal income tax rate as follows:

	Successor Company		Predecessor Company
	2005	2004	2003
Tax (benefit) provision at statutory U.S. federal income tax rate	\$ (2,742)	\$ (5,298)	\$ (67)
Write-off of goodwill	1,637		
Foreign taxes deducted—net of federal income tax benefit	(226)	901	246
State income tax—net of federal income tax benefit	130	(64)	723
Other	(163)	95	416
Income tax (benefit) provision	\$ (1,364)	\$ (4,366)	\$ 1,318

During the third quarter of 2005, the Company performed its annual assessment for the impairment of goodwill related to its demolition business. Based upon the results of this assessment the Company recorded a non-cash write-down of \$4,816 which impacted the federal tax provision for the year ended December 31, 2005, as noted above.

For the year ended December 31, 2005, the Company's income tax provision includes foreign income tax expense of \$159 and interest expense of \$96 resulting from the settlement of a foreign tax obligation related to the 1999 taxable year.

At December 31, 2005 and 2004, the Company had net operating loss carryforwards for federal income tax purposes of approximately \$4,854 and \$15,049, respectively, which will expire in 2024. At December 31, 2005 and 2004 the Company had net operating loss carryforwards for state income tax purposes totaling \$6,948 and \$11,307 respectively, which will expire between 2010 and 2024.

The Company has recorded reserves for contingent income tax liabilities with respect to loss contingencies that are deemed probable of occurrence. Such amounts total \$3,120 and are included in income taxes payable at December 31, 2005. These loss contingencies relate primarily to the classification of transaction expenses incurred in connection with the Company's sale in December 2003, the taxation of foreign earnings, and state income tax issues.

The Company's deferred tax assets (liabilities) at December 31, 2005 and 2004, are as follows:

	Successor Company	
	2005	2004
Net deferred tax assets:		
Accrued liabilities	\$ 5,321	\$ 6,046
Net operating loss carry-forward benefit	2,188	5,729
	7,509	11,775
Net deferred tax liabilities:		
Depreciation and amortization	(90,432)	(96,410)
Other	(278)	(381)
	(90,710)	(96,791)
Total net deferred tax liabilities	\$ (83,201)	\$ (85,016)
As reported in the balance sheet:		
Net current deferred tax assets (included in other current assets)	\$ 4,953	\$ 5,413
Net non-current deferred tax liabilities	(88,154)	(90,429)
Total net deferred tax liabilities	\$ (83,201)	\$ (85,016)

15. LEASE COMMITMENTS

The Company leases certain operating equipment and office facilities under long-term operating leases expiring at various dates through 2020. The equipment leases contain renewal or purchase options that specify prices at the then fair market value upon the expiration of the lease terms. The leases also contain default provisions that are triggered by an acceleration of debt maturity under the terms of the Company's Credit Agreement, and one lease arrangement requires that GLDD maintain certain financial ratios comparable to those required by its Senior Credit Facilities. Additionally, the leases typically contain provisions whereby the Company indemnifies the lessors for the tax treatment attributable to such leases based on the tax rules in place at lease inception. The tax indemnifications do not have a contractual dollar limit. To date, no lessors have asserted any claims against the Company under these tax indemnification provisions.

Future minimum operating lease payments for the years ending December 31 are as follows:

2006	\$ 14,172
2007	13,464
2008	12,794
2009	11,527
2010	8,201
Thereafter	53,981
Total minimum lease payments	<u>\$ 114,139</u>

Total rent expense under long-term operating lease arrangements for the years ended December 31, 2005, 2004, and 2003, was \$16,344, \$15,109 and \$17,397, respectively. This excludes expenses for equipment and facilities rented on a short-term, as-needed basis.

16. RETIREMENT PLANS

The Company sponsors two 401(k) savings plans, one covering substantially all non-union salaried employees ("Salaried Plan") and the second covering its non-union hourly employees ("Hourly Plan"). Under both plans, individual employees may contribute a percentage of compensation and the Company will match a portion of the employees' contributions. Additionally, the Salaried Plan includes a profit-sharing component, permitting the Company to make discretionary employer contributions to all eligible employees of the Salaried Plan. The Company's expense for matching and discretionary contributions for 2005, 2004, and 2003, was \$2,944, \$1,975 and \$2,879, respectively. On January 1, 2003, the Company adopted a third 401(k) savings plan specifically for employees that are members of the Company's tugboat union. Participation in and contributions to this plan are not significant.

The Company also contributes to various multi-employer pension plans pursuant to collective bargaining agreements. In the event of a plan's termination or Company withdrawal from a plan, the Company may be liable for a portion of the plan's unfunded vested benefits. As of December 31, 2005, unfunded amounts, if any, are not significant. Total contributions to multi-employer pension plans for the years ended December 31, 2005, 2004, and 2003, were \$5,218, \$4,410 and \$5,000, respectively.

17. SEGMENT INFORMATION

The Company and its subsidiaries currently operate in two reportable segments: dredging and demolition. 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 performances between the two segments. Segment information for 2005, 2004, and 2003 is provided as follows:

	Successor Company			Predecessor Company
	2005	2004	December 31, 2003	Jan 1-Dec 31, 2003
Dredging				
Contract revenues	\$ 374,262	\$ 313,807	\$ —	\$ 360,830
Operating income	15,176	1,484		29,655
Depreciation and amortization	23,187	24,923		15,261
Total assets	469,914	466,794	474,803	
Property and equipment—net	236,468	252,508	259,956	
Goodwill	79,097	79,570	80,475	
Investment in equity method investee	8,605	7,965	7,551	
Capital expenditures	10,935	21,535		35,796
Demolition				
Contract revenues	\$ 49,137	\$ 37,055	\$ —	\$ 37,970
Operating income	(2,514)	926		2,447
Depreciation and amortization	1,499	1,930		1,033
Total assets	37,323	41,841	48,141	
Property and equipment—net	4,381	4,086	4,176	
Goodwill	19,650	23,993	23,442	
Investment in equity method investee	1,710	1,550		1,854
Capital expenditures				
Total				
Contract revenues	\$ 423,399	\$ 350,862	\$ —	\$ 398,800
Operating income	12,662	2,410		32,102
Depreciation and amortization	24,686	26,853		16,294
Total assets	507,237	508,635	522,944	
Property and equipment—net	240,849	256,594	264,132	
Goodwill	98,747	103,563	103,917	
Investment in equity method investee	8,605	7,965	7,551	
Capital expenditures	12,645	23,085		37,650

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

	Successor Company		Predecessor Company
	2005	2004	2003
Capital dredging—U.S.	\$ 161,125	\$ 141,674	\$ 203,699
Capital dredging—foreign	47,402	62,862	60,922
Beach nourishment dredging	92,746	51,289	47,858
Maintenance dredging	72,989	57,982	48,351
Total	<u>\$ 374,262</u>	<u>\$ 313,807</u>	<u>\$ 360,830</u>

The Company derived revenues and gross profit from foreign project operations for the years ended December 31, 2005, 2004, and 2003, as follows:

	Successor Company		Predecessor Company
	2005	2004	2003
Contract revenues	\$ 47,402	\$ 62,862	\$ 60,922
Costs of contract revenues	(43,066)	(54,462)	(56,930)
Gross profit	<u>\$ 4,336</u>	<u>\$ 8,400</u>	<u>\$ 3,992</u>

The majority of the Company's long-lived assets are marine vessels and related equipment. At any point in time, the Company may employ certain assets outside of the U.S., as needed, to perform work on the Company's foreign projects. As of December 31, 2005, long-lived assets with a net book value of \$48,878 were employed outside of the U.S.

Certain foreign projects performed by the Company have warranty periods, typically spanning no more than three to five years beyond project completion, whereby the Company retains responsibility to maintain the project site to certain specifications during the warranty period. Generally, any potential liability of the Company is mitigated by insurance, shared responsibilities with consortium partners, and/or recourse to owner-provided specifications. The Company does not anticipate having to perform under its warranty provisions; therefore, no liability has been reflected at December 31, 2005 or 2004 related to its potential warranty obligations.

18. CONCENTRATIONS OF RISK

The Company's primary 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. In 2005, 2004 and 2003, 70.2%, 67.2% and 65.3%, respectively, of contract revenues were earned from dredging contracts with federal government agencies, including the Corps as well as other federal entities such as the U.S. Coast Guard and U.S. Navy. At December 31, 2005 and 2004, approximately 62.7% and 68.2%, respectively, of accounts receivable, including contract revenues in excess of billings, were due on dredging contracts with federal government agencies. The Company depends on its ability to continue to obtain federal government dredging contracts, and indirectly, on the amount of federal

funding for new and current government dredging projects. Therefore, the Company's dredging operations can be influenced by the level and timing of federal funding.

19. COMMITMENTS, CONTINGENCIES AND UNCERTAINTIES

Performance and bid bonds are customarily required for dredging and marine construction projects, as well as some demolition projects. The Company obtains its performance and bid bonds through a bonding agreement with a surety company that has been granted a security interest in a substantial portion of the Company's operating equipment with a net book value of \$83.5 million at December 31, 2005. The bonding agreement contains provisions requiring the Company to maintain certain financial ratios and restricting the Company's ability to pay dividends, incur indebtedness, create liens, and take certain other actions. The bonding agreement was amended effective September 30, 2004, to revise the minimum net worth requirements. At December 31, 2005, the Company was in compliance with its various covenants under the bonding agreement, as revised. Bid bonds are generally obtained for a percentage of bid value and amounts outstanding typically range from \$5 to \$10 million. At December 31, 2005, the Company had outstanding performance bonds valued at approximately \$330 million; however, the revenue value remaining in backlog related to these projects totaled approximately \$155 million.

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.

The Company is a party to numerous collective bargaining agreements in the U.S. that govern its relationships with its unionized hourly workforce. However, four primary agreements apply to approximately 84% of such employees. The Company's contracts with Local 25 Operators Union for the northern and southern regions, representing approximately 51% of its unionized workforce, are set to expire in September 2006. The Company is in negotiations and expects to be able to renew the agreement in a timely manner without any significant impact to operations. The Company has not experienced any major labor disputes in the past five years and believes it has good relationships with its significant unions; however, there can be no assurances that the Company will not experience labor strikes or disturbances in the future.

In the normal course of business, the Company is a defendant in various legal proceedings. Except as described below, the Company is not currently a party to any material legal proceedings or environmental claims.

On February 10, 2004, the Company was served with a subpoena to produce documents in connection with a federal grand jury convened in the United States District Court for the District of South Carolina. The Company believes the grand jury has been convened to investigate the United States dredging industry in connection with work performed for the U.S. Army Corp of Engineers. The Company continues to comply with the Justice department's requests and Company management believes that it has provided substantially all of the documents that have been requested to this point.

24

In addition to the documents requested, seven employees or former employees of the Company have now been interviewed or have testified before the grand jury.

In 1999, the Boston Housing Authority ("BHA"), for whom the Company's demolition business, NASDI, had worked, asserted that NASDI and its subcontractors were responsible for improperly disposing of some contaminated materials. At the time the Company acquired NASDI in 2001, it was believed that NASDI had sufficient recourse in the matter and that any potential liability would be minimal. However, since 2001, certain of the insurance carriers that would be responsible for this matter have gone bankrupt. Negotiations between the parties have continued to progress, and in the third quarter of 2004, the case went before a judge in the Massachusetts court system who advised NASDI and the subcontractors to accept a settlement with the BHA. Therefore, in the third quarter of 2004, the Company recorded a \$1.3 million charge for NASDI's share of this potential settlement liability. This final settlement was paid in the fourth quarter of 2005. Company management believes there is no further liability to the Company related to this matter.

On January 19, 2005, the Company, along with its joint-venture partners on the Port of Los Angeles Deepening Project, received a request for information from the United States Environmental Protection Agency ("EPA") pursuant to section 308(a) of the Clean Water Act. The EPA is investigating alleged dredging of unauthorized material and unauthorized discharge of that material at various locations in federally regulated waters of the U.S. relating to this project. The Company performed this project under a contract with the Los Angeles district of the Corps and believes it was in compliance with the contract specifications. The Company has complied with the request for information and has received no further response from the EPA. It is management's understanding that the Corps is currently addressing this matter with the EPA in Washington, as this is a national policy issue. Therefore, the Company believes the EPA request it has received will not result in any further action against the Company.

On August 15, 2003, a claim was brought in the Landesgericht (District Court) of Berlin, Germany against Great Lakes by Hafemeister Erd-und Tiefbau GmbH, a German construction company. On June 8, 2004, Great Lakes was served with notice of this claim, alleging that in 2000 the Company along with a Dutch company wrongfully withdrew from a consortium prior to the submission of a tender for a project to be performed in Germany. The claimant is seeking damages from its inability to bid on or perform the works in the amount of approximately €21,000. Great Lakes filed a petition with the German courts to seek dismissal of the claim for lack of factual and legal merit. A hearing occurred in December 2005 and the claim was dismissed. Although the claimant has the right to appeal the dismissal, Company management believes there will be no liability to the Company related to this matter.

20. SUBSEQUENT EVENTS

On June 20, 2006 the Company signed an Agreement and Plan of Merger ("Agreement") with Aldabra Acquisition Corporation. Aldabra is a blank check company formed for the purpose of investing in a business to build long term value. Under the terms of the Agreement, the Company will merge with a subsidiary of Aldabra and GLDD Acquisitions' stockholders will receive common stock of Aldabra. Aldabra will then merge into an indirect wholly-owned subsidiary and, in connection with this holding company merger, the stockholders of Aldabra (including the former GLDD Acquisitions' stockholders) will receive stock in a new holding company, which will shortly after closing be renamed

25

Great Lakes Dredge & Dock Corporation. The surviving corporation will be owned approximately 67% by affiliates of MDP and approximately 5% by Great Lakes' management (based on Aldabra's current price per share and assuming no exercise of conversion rights by Aldabra stockholders), before giving effect to the exercise of any outstanding Aldabra warrants. The available cash of Aldabra will be used to pay down the Company's senior bank term debt. GLDD's \$175,000 of 7^{3/4}% Senior Subordinated Notes due 2013 will remain outstanding.

The transaction has been approved by the boards of both Great Lakes and Aldabra, but is subject to customary closing conditions including review under the Hart-Scott-Rodino Act and the approval of Aldabra's stockholders. In addition, the closing is conditioned on the holders of fewer than 20% of the shares of common stock of Aldabra issued in its initial public offering voting against the transaction and electing to convert those shares into cash, as permitted by Aldabra's certificate of incorporation. The transaction is anticipated to close during the fall of 2006.

On April 24, 2006, a class action complaint was filed in the US District Court for the Eastern District of Louisiana, on behalf of citizens of Louisiana who suffered property damage from the waters that flooded New Orleans after Hurricane Katrina hit the area. The suit names Great Lakes Dredge & Dock Company, along with numerous other dredging companies who have completed projects on behalf of the Army Corps of Engineers in the Mississippi River Gulf Outlet ("MRGO"), and the Federal government as defendants. The complaint alleges that dredging of MRGO caused the destruction of the Louisiana wetlands which provide a natural barrier against storms and hurricanes. This loss of natural barriers then contributed to the failure of the levees upon the impact of Hurricane Katrina which allowed the floodwaters to damage plaintiffs' property. Among other assertions is negligence in violation of the Water Pollution Control Act. The amount of damages is not stated but would be presumed to be significant. The Company believes it has meritorious defenses and does not believe this claim will have a material adverse impact on the business or results of operations and cash flows.

21. Unaudited pro forma earnings per share

The pro forma earnings per share amounts in the financial statements are presented taking into account the increase in the number of shares the stockholders of the Company will receive upon the merger of the Company into a subsidiary of Aldabra Acquisition Corporation. At the closing of the merger, Aldabra will issue common stock, par value of \$0.0001 per share, to the stockholders of GLDD Acquisitions Corp. and the Company will recapitalize its common

share capital and preferred share capital. At closing, the value is assumed to be \$160,000,000, which is subject to adjustments for actual net working capital and debt at closing. The number of shares issued will be based upon the average closing price of Aldabra common stock for the ten trading days ending on the third trading day prior to the consummation of the merger. The number of Aldabra shares issuable in connection with the transaction will be the greater of \$160,000,000 divided by the average trading price and 27,273,000 shares (in each case subject to net working capital and net indebtedness adjustments), but in no event to exceed 40,000,000 shares. The pro forma number of shares were calculated using the September 25,

2006 closing price of Aldabra common stock and assuming no post-closing net working capital or net indebtedness adjustments.

Deemed value of the Company	\$ 160,000,000
Closing price of Aldabra common stock on September 25, 2006	<u>5.67</u>
	28,218,695 shares

The pro forma earnings per share was then calculated using net income (loss) divided by the pro forma number of shares as described.

**AMBOY AGGREGATES (A JOINT VENTURE)
REPORT ON FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2005, 2004 AND 2003
AND REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS**

Report of Independent Public Accountants

To the Partners
Amboy Aggregates

We have audited the accompanying balance sheets of Amboy Aggregates (A Joint Venture) as of December 31, 2005 and 2004, and the related statements of income and partners' capital and cash flows for each of the three years in the period ended December 31, 2005. These financial statements are the responsibility of the Partnership's management. Our responsibility is to express an opinion on these financial statements based on our audits.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Amboy Aggregates (A Joint Venture) as of December 31, 2005 and 2004, and its results of operations and cash flows for each of the three years in the period ended December 31, 2005, in conformity with accounting principles generally accepted in the United States of America.

/s/ J.H. Cohn LLP
Roseland, New Jersey
January 16, 2006

**AMBOY AGGREGATES (A JOINT VENTURE)
BALANCE SHEETS
DECEMBER 31, 2005 AND 2004**

2005 2004

ASSETS

Current assets:		
Cash and cash equivalents	\$ 291,195	\$ 941,523
Accounts and note receivable, net of allowance for doubtful accounts of \$288,269	4,819,547	4,988,324
Inventory	2,375,557	1,474,925
Prepaid expenses and other current assets	162,789	217,762
Due from general partners		10,331
Due from affiliates	112,379	
	<u>7,761,467</u>	<u>7,632,865</u>
Total current assets	7,761,467	7,632,865
Property, plant and equipment, net of accumulated depreciation	5,195,665	5,291,008
Investment in joint venture	3,451,615	2,900,017
Permits, net of accumulated amortization of \$73,798 and \$38,841	294,674	228,586
	<u>9,041,629</u>	<u>8,419,617</u>
Totals	\$ 16,703,421	\$ 16,052,476

LIABILITIES AND PARTNERS' CAPITAL

Current liabilities:		
Accounts payable	\$ 1,220,111	\$ 1,065,532
Accrued expenses and other current liabilities	271,483	911,967
Due general partners	3,096	
Due affiliates		89,154
	<u>1,494,690</u>	<u>2,066,653</u>
Total current liabilities	1,494,690	2,066,653
Commitments and contingencies		
Partners' capital	15,208,731	13,985,823
	<u>15,208,731</u>	<u>13,985,823</u>
Totals	\$ 16,703,421	\$ 16,052,476

See Notes to Financial Statements.

AMBOY AGGREGATES (A JOINT VENTURE)

STATEMENTS OF INCOME AND PARTNERS' CAPITAL YEARS ENDED DECEMBER 31, 2005, 2004 AND 2003

	2005	2004	2003
Revenue:			
Net sales	\$ 28,362,519	\$ 29,823,487	\$ 23,956,595
Interest	6,153		58
	<u>28,368,672</u>	<u>29,823,487</u>	<u>23,956,653</u>
Totals	28,368,672	29,823,487	23,956,653
Costs and expenses:			
Cost of sales	22,753,086	24,056,131	21,314,868
Selling	218,351	202,722	277,414
General and administrative	1,836,329	1,562,289	1,202,526
Interest	14,596	31,307	72,460
	<u>24,822,362</u>	<u>25,852,449</u>	<u>22,867,268</u>
Totals	24,822,362	25,852,449	22,867,268
Income from operations	3,546,310	3,971,038	1,089,385
Equity in income of joint venture	1,051,598	706,039	814,507
	<u>4,597,908</u>	<u>4,677,077</u>	<u>1,903,892</u>
Net income	4,597,908	4,677,077	1,903,892
Partners' capital, beginning of year	13,985,823	13,008,746	11,104,854
Distributions	(3,375,000)	(3,700,000)	
	<u>15,208,731</u>	<u>13,985,823</u>	<u>13,008,746</u>
Partners' capital, end of year	\$ 15,208,731	\$ 13,985,823	\$ 13,008,746

See Notes to Financial Statements.

AMBOY AGGREGATES (A JOINT VENTURE)
STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2005, 2004 AND 2003

	2005	2004	2003
Operating activities:			
Net income	\$ 4,597,908	\$ 4,677,077	\$ 1,903,892
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation	1,303,561	1,243,757	1,382,336
Amortization of deferred charges and permits	34,957	22,326	25,086
Provision for doubtful accounts			120,000
Equity in income of joint venture, net of dividends received of \$500,000 and \$1,060,000 in 2005 and 2004	(551,598)	353,961	(814,507)
Changes in operating assets and liabilities:			
Accounts receivable	168,777	(1,239,836)	(960,794)
Inventory	(900,632)	694,375	141,362
Prepaid expenses and other current assets	54,973	(24,696)	(23,273)
Due from general partners and affiliates	(188,106)	(151,589)	126,460
Accounts payable	154,579	(63,971)	167,263
Accrued expenses and other liabilities	(640,484)	400,048	71,972
Net cash provided by operating activities	4,033,935	5,911,452	2,139,797
Investing activities:			
Capital expenditures	(1,208,218)	(573,413)	(345,097)
Increase in permits	(101,045)	(99,900)	(8,664)
Net cash used in investing activities	(1,309,263)	(673,313)	(353,761)
Financing activities:			
Payments of long-term debt			(1,592,517)
Repayments of note payable—bank		(900,000)	(100,000)
Distributions	(3,375,000)	(3,700,000)	
Net cash used in financing activities	(3,375,000)	(4,600,000)	(1,692,517)
Net increase (decrease) in cash and cash equivalents	(650,328)	638,139	93,519
Cash and cash equivalents, beginning of year	941,523	303,384	209,865
Cash and cash equivalents, end of year	<u>\$ 291,195</u>	<u>\$ 941,523</u>	<u>\$ 303,384</u>
Supplemental disclosure of cash flow data:			
Interest paid	\$ 14,596	\$ 31,307	\$ 72,460
Supplemental disclosure of noncash investing and financing activities:			
Equipment purchased with liability to affiliates			<u>\$ 120,000</u>

See Notes to Financial Statements.

AMBOY AGGREGATES (A JOINT VENTURE)
NOTES TO FINANCIAL STATEMENTS

Note 1—Organization and business:

Amboy Aggregates (the “Partnership”) was established on January 1, 1989 as an equal Joint Venture between Great Lakes Dredge and Dock Company and Ralph Clayton and Sons Materials, L.P.

The Partnership operates principally in one business segment which is to dredge, process, transport and sell fine aggregate in the New York Metropolitan area.

Note 2—Summary of significant accounting policies:

Use of estimates:

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

estimates.

Cash equivalents:

The Partnership considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents.

Concentrations of credit risk:

Financial instruments which potentially subject the Partnership to concentrations of credit risk consist principally of cash and cash equivalents and accounts receivable. The Partnership maintains its cash and cash equivalents with high credit quality financial institutions. At times, the Partnership's cash and cash equivalents exceed the current insured amount under the Federal Deposit Insurance Corporation of \$100,000. At December 31, 2005, the Partnership had cash and cash equivalents with one bank that exceeded Federally insured limits in the amount of approximately \$587,000.

The Partnership generally extends credit to its customers, a significant portion of which are in the construction industry. During 2005, 2004 and 2003, approximately 70%, 79% and 85%, respectively, of the Partnership's net sales were derived from nonrelated major customers who accounted for approximately \$4,011,000 and \$3,793,000 of the accounts receivable balance at December 31, 2005 and 2004, respectively.

The Partnership closely monitors the extension of credit to its customers while maintaining allowances for potential credit losses. On a periodic basis, the Partnership evaluates its accounts receivable and establishes an allowance for doubtful accounts, based on a history of past write-offs and collections and current credit conditions. Management does not believe that significant credit risk exists at December 31, 2005.

Inventory:

Inventory is stated at the lower of cost, determined using the first-in, first-out (FIFO) method, or market.

Property, plant and equipment:

Property, plant and equipment are stated at cost, less accumulated depreciation. Depreciation is computed using the straight-line method over the estimated useful lives of the respective assets.

Investment in joint venture:

The investment is recorded on the equity method.

Permits:

Costs incurred in connection with obtaining permits to dredge the Partnership's products are amortized on the straight-line basis over the term of the related permits.

Revenue recognition:

Sales are recognized when revenue is realized or becomes realizable and has been earned. In general, revenue is recognized when the earnings process is complete and collectibility assured which is usually upon shipment of the product. Amounts billed related to shipping and handling are included in revenue.

Shipping costs:

Shipping and handling costs, which are included in cost of sales, amounted to \$3,553,179, \$3,756,740 and \$5,455,341 in 2005, 2004 and 2003, respectively.

Income taxes:

Income or loss of the Partnership is includible in the income tax returns of the partners in proportion to their respective interests. Accordingly, there is no provision for income taxes in the accompanying financial statements.

Note 3—Inventory:

Inventory consists of the following:

	<u>2005</u>	<u>2004</u>
Raw materials	\$ 780,860	\$ 833,300
Finished goods	1,493,317	544,885
Supplies	<u>101,380</u>	<u>96,740</u>
Totals	<u>\$ 2,375,557</u>	<u>\$ 1,474,925</u>

Note 4—Property, plant and equipment:

Property, plant and equipment consists of the following:

	Range of Estimated Useful Lives (Years)	2005	2004
Land		\$ 677,408	\$ 677,408
Plant and equipment	3 to 15	8,992,476	8,195,020
Delivery equipment (Scows)	10 to 20	8,582,676	8,323,441
Dredging system	15 to 20	14,542,109	14,453,763
Office equipment and trailers	10	244,601	244,601
Automobiles and trucks	3 to 5	201,943	306,035
		<u>33,241,213</u>	<u>32,200,268</u>
Less accumulated depreciation		<u>28,045,548</u>	<u>26,909,260</u>
Totals		<u>\$ 5,195,665</u>	<u>\$ 5,291,008</u>

Note 5—Investment in joint venture:

The Partnership has a 50% interest in a joint venture whose principal business activity is to process and sell fine aggregate and stone to additional markets in the New York Metropolitan area.

In 2005 and 2004, the joint venture distributed \$500,000 and \$1,000,000, respectively, to the other 50% member of the joint venture.

Summarized financial information of the joint venture as of December 31, 2005 and 2004 and for each of the three years in the period ended December 31, 2005 is as follows:

	2005	2004
Balance sheet data:		
Assets:		
Current assets	\$ 8,391,997	\$ 6,265,184
Property, plant and equipment	900,127	790,092
Other	50,000	25,027
Total assets	<u>\$ 9,342,124</u>	<u>\$ 7,080,303</u>

	2005	2004	2003
Balance sheet data (concluded):			
Liabilities and members' equity:			
Liabilities:			
Current liabilities	\$ 2,438,895	\$ 1,190,494	
Other		89,775	
Total liabilities	2,438,895	1,280,269	
Members' equity	6,903,229	5,800,034	
Total liabilities and members' equity	<u>\$ 9,342,124</u>	<u>\$ 7,080,303</u>	
Income statement data:			
Net sales	\$ 26,451,926	\$ 18,881,345	\$ 16,909,173
Costs and expenses	24,348,731	17,469,267	15,280,158
Net income	<u>\$ 2,103,195</u>	<u>\$ 1,412,078</u>	<u>\$ 1,629,015</u>

Note 6—Accrued expenses and other current liabilities:

Accrued expenses and other current liabilities consist of the following:

	2005	2004
Compensation	\$ 271,483	\$ 855,433
Union health and welfare		56,534
Totals	<u>\$ 271,483</u>	<u>\$ 911,967</u>

Note 7—Credit facility:

The Partnership has available a \$3,000,000 revolving credit facility, borrowings under which are secured by the Partnership's accounts receivable and inventory and bear interest at either the bank's base rate or the 60/90 day LIBOR plus 130 basis points and which expires on August 31, 2007. There is a stand-by fee of 1/2% per year on the unused portion of the revolving credit facility. The Partnership had no outstanding borrowings under the revolving credit facility at December 31, 2005 and 2004.

Note 8—Retirement plans:

Pension plan:

Employees covered by a union agreement are included in a multi-employer pension plan to which the Partnership makes contributions in accordance with the contractual union agreement. The Partnership made contributions of \$397,064, \$326,821 and \$268,665 during the years ended December 31, 2005, 2004 and 2003, respectively. Plan benefit and net asset data for the multi-employer pension plan for union employees are not available.

401(k) plan:

The Partnership maintains a retirement plan qualifying under Section 401(k) of the Internal Revenue Code which allows eligible employees to defer a portion of their income through contributions to the plan. Under the provisions of the plan, the Partnership makes contributions for the benefit of the employees, subject to certain limitations. The Partnership's contributions for the years ended December 31, 2005, 2004 and 2003 were \$87,888, \$83,231, \$76,255, respectively.

Note 9—Commitments and contingencies:

License agreement:

The Partnership has a license agreement with the State of New Jersey which enables the Partnership to dredge in the Ambrose Channel for commercial sand. Under this agreement, the State of New Jersey receives a royalty fee based on the amount of material dredged of \$.47 per cubic yard. Royalties charged to operations during the years ended December 31, 2005, 2004 and 2003 amounted to \$748,405, \$1,012,891 and \$832,420, respectively.

Operating leases:

The Partnership leases property and equipment under operating leases which expire on various dates through July 2011. The equipment leases provide for purchase options at the end of the fifth and tenth year. Rent expense approximated \$436,000, \$461,000 and \$404,000 in 2005, 2004 and 2003, respectively. Future minimum lease payments under the operating leases in each of the five years subsequent to December 31, 2005 and thereafter are as follows:

Year Ending December 31,	Amount
2006	\$ 455,608
2007	462,499
2008	319,562
2009	283,951
2010	149,711
Thereafter	29,249
Total	<u>\$ 1,700,580</u>

Litigation:

In 2005, the City of South Amboy adopted a resolution declaring the Partnership's property in need of redevelopment. The determination is currently on appeal before the courts and the ultimate outcome is not determinable.

Additionally, in the ordinary course of business, the Partnership is a party in various legal proceedings. In the opinion of management, resolution of these claims is not expected to have a material adverse impact on the financial position or results of operations of the Partnership.

Note 10—Related party transactions:

During 2005, 2004 and 2003, the Partnership had sales to the joint venture and the other 50% member of the joint venture aggregating approximately \$1,230,000, \$720,000 and \$732,000, respectively. In addition, during 2005, 2004 and 2003, the Partnership purchased merchandise from the joint venture aggregating approximately \$2,858,000, \$1,737,000 and \$1,981,000, respectively. Also during 2003, the Partnership purchased equipment from the joint venture totaling \$120,000. Amounts due to/from affiliates at December 31, 2005 and 2004 arose from these transactions.

During 2005, the Partnership purchased merchandise from one of its members for approximately \$42,000. Amounts due general partners arose from these transactions.

During 2004 and 2003, the Partnership had sales to one of its members of \$49,000 and \$204,000, respectively. Amounts due from general partners arose from these transactions.

During 2005, 2004 and 2003, the Partnership paid rent to an entity whose members are partners of the Partnership totaling \$180,000, \$180,000 and \$150,000, respectively. The lease, which requires monthly payments of \$15,000, expires in February 2008.

GLDD Acquisitions Corp. and Subsidiaries
Condensed Consolidated Balance Sheets

(Unaudited)
(in thousands, except share and per share amounts)

Assets	September 30, 2006	December 31, 2005
Current assets:		
Cash and equivalents	\$ 2,007	\$ 601
Accounts receivable, net	73,124	85,114
Contract revenues in excess of billings	18,269	14,352
Inventories	21,939	17,084
Prepaid expenses and other current assets	28,637	17,113
Total current assets	143,976	134,264
Property and equipment, net	244,727	240,849
Goodwill	98,747	98,747
Other intangible assets, net	1,334	1,579
Inventories	11,418	11,206
Investments in joint ventures	9,230	8,605
Other assets	11,948	11,987
Total assets	\$ 521,380	\$ 507,237
Liabilities and Stockholder's Deficit		
Current liabilities:		
Accounts payable	\$ 50,574	\$ 50,836
Accrued expenses	30,416	24,264
Billings in excess of contract revenues	13,899	8,108
Current maturities of long-term debt	1,950	1,950
Total current liabilities	96,839	85,158
Long-term debt	249,888	248,850
Deferred income taxes	87,079	88,154
Other	7,506	4,473
Total liabilities	441,312	426,635
Minority interest	2,010	1,850
Redeemable Preferred Stock	108,126	101,978
Commitments and contingencies (Note 14)	—	—
Stockholder's deficit:		
Common stock—\$0.01 par value; 1,000,000 shares issued and outstanding	10	10
Series A Preferred Stock—\$0.01 par value; 77,500 shares issued and outstanding	—	—
Series B Preferred Stock—\$0.10 par value; 9,500 shares issued and outstanding	—	—
Additional Paid in Capital	9,954	9,990
Accumulated Deficit	(38,720)	(33,017)
Accumulated other comprehensive loss	(1,312)	(209)
Total stockholder's deficit	(30,068)	(23,226)
Total liabilities and stockholder's deficit	\$ 521,380	\$ 507,237

See notes to unaudited condensed consolidated financial statements.

GLDD Acquisitions Corp. and Subsidiaries
Condensed Consolidated Statements of Operations

(Unaudited)
(in thousands)

	Nine Months Ended September 30,	
	2006	2005
Contract revenues	\$ 304,185	\$ 313,039
Costs of contract revenues	265,532	278,005
Gross profit	38,653	35,034
General and administrative expenses	20,692	21,230
Subpoena-related expenses	599	2,269
Amortization of intangible assets	245	583
Impairment of intangible assets	—	5,718
Operating income	17,117	5,234
Interest expense, net	(17,340)	(17,305)
Equity in earnings of joint ventures	1,275	1,674
Minority interests	(160)	(184)
Income (loss) before income taxes	892	(10,581)

Income tax (expense) benefit	(418)	1,678
Net income (loss)	\$ 474	\$ (8,903)
Redeemable Preferred Stock Dividends	(6,176)	(5,717)
Net income (loss) available to common stockholders	\$ (5,702)	\$ (14,620)
Basic and diluted earnings (loss) per share	\$ (5.71)	\$ (14.62)
Basic and diluted weighted average shares	999	1,000
Pro forma basic and diluted earnings per share	\$ (0.20)	\$ (0.51)
Pro forma basic and diluted weighted average shares	28,786	28,786

See notes to unaudited condensed consolidated financial statements.

2

GLDD Acquisitions Corp. and Subsidiaries
Condensed Consolidated Statements of Cash Flows

(Unaudited)
(in thousands)

	Nine Months Ended September	
	2006	2005
Operating Activities		
Net income (loss)	\$ 474	\$ (8,903)
Adjustments to reconcile net loss to net cash flows from operating activities:		
Depreciation and amortization	18,768	18,478
Earnings of joint ventures	(1,275)	(1,674)
Distribution from equity joint ventures	650	500
Minority interests	160	184
Deferred income taxes	(4,110)	(2,830)
Gain on dispositions of property and equipment	(768)	(19)
Impairment of intangible assets	—	5,718
Other, net	1,395	1,283
Changes in assets and liabilities:		
Accounts receivable	11,990	(6,105)
Contract revenues in excess of billings	(3,917)	(3,827)
Inventories	(5,067)	109
Prepaid expenses and other current assets	(7,360)	(5,721)
Accounts payable and accrued expenses	3,731	8,287
Billings in excess of contract revenues	5,791	3,136
Other noncurrent assets and liabilities	2,275	16
Net cash flows from operating activities	<u>22,737</u>	<u>8,632</u>
Investing Activities		
Purchases of property and equipment	(21,011)	(9,437)
Dispositions of property and equipment	1,502	4,596
Loan to related party	(1,407)	—
Net cash flows from investing activities	<u>(20,916)</u>	<u>(4,841)</u>
Financing Activities		
Repayments of long-term debt	(4,462)	(1,462)
Borrowings under revolving loans, net of repayments	5,500	—
Financing Fees	(361)	—
Repurchased Stock	(65)	—
Repayment of capital lease debt	(1,027)	(806)
Net cash flows from financing activities	<u>(415)</u>	<u>(2,268)</u>
Net change in cash and equivalents	1,406	1,523
Cash and equivalents at beginning of period	601	1,962
Cash and equivalents at end of period	<u>\$ 2,007</u>	<u>\$ 3,485</u>
Supplemental Cash Flow Information		
Cash paid for interest	<u>\$ 12,440</u>	<u>\$ 11,524</u>
Cash paid for taxes	<u>\$ 3,043</u>	<u>\$ 85</u>

See notes to unaudited condensed consolidated financial statements.

3

GLDD ACQUISITIONS CORP. AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)
(dollars in thousands)

1. Basis of presentation

The accompanying unaudited condensed consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the U.S. for interim financial information. Accordingly, these financial statements do not include all the information in the notes required by generally accepted accounting principles for complete financial statements. In the opinion of management, the unaudited condensed consolidated financial statements include all adjustments (consisting of normal recurring adjustments) considered necessary for a fair presentation of the financial position, results of operations and cash flows as of and for the dates presented. 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") and the notes thereto, included in the Company's Annual Report filed on Form 10-K for the year ended December 31, 2005.

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

4

2. Comprehensive loss

Total comprehensive loss is comprised of the Company's net income (loss) and net unrealized gains (losses) on cash flow hedges. Total comprehensive loss for the three months ended September 30, 2006 and 2005 was \$2,553 and \$3,578, respectively. Total comprehensive loss for the nine months ended September 30, 2006 and 2005 was \$629 and \$7,924, respectively.

3. Earnings Per Share

Basic earnings per share is computed by dividing net income (loss) available 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. There are no dilutive effects on the earnings or shares presented. The computations for basic and diluted earnings per share from continuing operations are as follows:

(In thousands, except per share amounts)	For the nine months ended	
	September 30, 2006	September 30, 2005
Net Income (Loss)	\$ 474	\$ (8,903)
Dividends on redeemable preferred stock	(6,176)	(5,717)
Net loss available to common shareholders	\$ (5,702)	\$ (14,620)
Weighted average common shares outstanding:		
Basic	999	1,000
Earnings per share:		
Basic and diluted	\$ (5.71)	\$ (14.62)

4. Risk management activities

The Company uses derivative instruments to manage commodity price, interest rate, and foreign currency exchange risks. Such instruments are not used for trading purposes. As of September 30, 2006, the Company was party to various swap arrangements to hedge the price of a portion of its diesel fuel purchase requirements for work in its backlog to be performed through December 2006. As of September 30, 2006, there were 5.6 million gallons remaining on these contracts. Under these agreements, the Company will pay fixed prices ranging from \$1.75 to \$2.21 per gallon. At September 30, 2006 and December 31, 2005, the fair value liability on these contracts was estimated to be \$2,163 and \$344, respectively, based on quoted market prices, and is recorded in accrued liabilities. Ineffectiveness related to these fuel hedge arrangements was determined to be immaterial. The remaining losses included in accumulated other comprehensive income at September 30, 2006 will be reclassified into earnings over the next twelve months, corresponding to the period during which the hedged fuel is expected to be utilized.

In February 2004, the Company entered into an interest rate swap arrangement, which in July 2006 was extended through December 15, 2013, to swap a notional amount of \$50 million from a fixed rate of 7.75% to a floating LIBOR-based rate in order to manage the interest rate paid with respect to the Company's 7¾% senior subordinated debt. The fair value liability of the swap at September 30, 2006 and December 31, 2005 was \$1,649 and \$1,598, respectively, and is recorded in accrued liabilities. The swap is not accounted for as a hedge; therefore, the changes in fair value are recorded as adjustments to interest expense in each reporting period.

The carrying values of other financial instruments included in current assets and current liabilities approximate fair values due to the short-term maturities of these instruments. The carrying value of the Company's

5

variable rate debt (primarily bank debt) approximates fair values, based on prevailing market rates. The fair value of the Company's \$175,000 of 7¼% senior subordinated notes was \$162,750 and \$157,500 at September 30, 2006 and December 31, 2005, respectively, based on quoted market prices.

6

5. Accounts receivable

Accounts receivable at September 30, 2006 and December 31, 2005 are as follows:

	September 30, 2006	December 31, 2005
Completed contracts	\$ 19,567	\$ 33,818
Contracts in progress	44,955	41,885
Retainage	9,321	10,016
	<u>73,842</u>	<u>85,719</u>
Allowance for doubtful accounts	(718)	(605)
	<u>\$ 73,124</u>	<u>\$ 85,114</u>

7

6. Contracts in progress

The components of contracts in progress at September 30, 2006 and December 31, 2005 are as follows:

	September 30, 2006	December 31, 2005
Costs and earnings in excess of billings:		
Costs and earnings for contracts in progress	\$ 121,983	\$ 196,846
Amounts billed	(106,514)	(185,635)
Costs and earnings in excess of billings for contracts in progress	15,469	11,211
Costs and earnings in excess of billings for completed contracts	2,800	3,141
	<u>\$ 18,269</u>	<u>\$ 14,352</u>
Prepaid contract costs (included in prepaid expenses and other current assets)	<u>\$ 2,296</u>	<u>\$ 1,541</u>
Billings in excess of costs and earnings:		
Amounts billed	\$ (144,342)	\$ (113,243)
Costs and earnings for contracts in progress	130,443	105,135
	<u>\$ (13,899)</u>	<u>\$ (8,108)</u>

7. Intangible assets

The net book value of intangible assets is as follows:

	Weighted Average Estimated Life	Cost	Accumulated Amortization	Net
As of September 30, 2006:				
Customer contract backlog	—	\$ 4,237	\$ 4,237	\$ —
Demolition customer relationships	7 years	1,093	579	514
Software and databases	8.5 years	1,209	389	820
		<u>\$ 6,539</u>	<u>\$ 5,205</u>	<u>\$ 1,334</u>

8

8. Investment in Joint Ventures

The Company has a 50% ownership interest in Amboy Aggregates ("Amboy"), whose primary business is the dredge mining and sale of fine aggregate. The Company accounts for its investment in Amboy using the equity method. The following table includes Amboy's summarized financial information for the periods presented.

	Nine Months Ended September 30,	
	2006	2005
Revenue	17,576	18,839
Costs and expenses	15,026	15,583
Net income	<u>\$ 2,550</u>	<u>\$ 3,256</u>
Great Lakes 50% share	<u>\$ 1,275</u>	<u>\$ 1,628</u>

Amboy has a loan with a bank, which contains certain restrictive covenants, including limitations on the amount of distributions to its joint venture partners. It is the intent of the joint venture partners to periodically distribute Amboy's earnings, to the extent allowed by Amboy's bank agreement.

In 2003, the Company and its Amboy joint venture partner each purchased a 50% interest in land, which is adjacent to the Amboy property and may be used in connection with the Amboy operations. The Company's share of the purchase price totaled \$1,047 and is reflected in investments in joint ventures. There was no income from that land in 2006 and \$46 for the nine months ended September 30, 2005.

For the nine months ended September 30, 2006 and 2005, the Company received distributions from Amboy totaling \$650 and \$500, respectively.

9

9. Accrued expenses

Accrued expenses at September 30, 2006 and December 31, 2005 are as follows:

	September 30, 2006	December 31, 2005
Insurance	\$ 9,713	\$ 6,387
Payroll and employee benefits	5,229	8,927
Income and other taxes	5,379	3,817
Interest	4,570	1,115
Fuel hedge liability	2,163	344
Equipment leases	1,274	933
Interest rate swap liability	219	1,598
Other	1,869	1,143
	<u>\$ 30,416</u>	<u>\$ 24,264</u>

10. Segment information

The Company operates in two reportable segments: dredging and demolition. 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 as follows:

	Nine Months Ended September 30,	
	2006	2005
Dredging		
Contract revenues	\$ 268,170	\$ 275,699
Operating income	13,845	8,552
Demolition		
Contract revenues	\$ 36,015	\$ 37,340
Operating income (loss)	3,272	(3,318)
Total		
Contract revenues	\$ 304,185	\$ 313,039
Operating income	17,117	5,234

In the third quarter of each year the Company performs its annual test for impairment of goodwill. Year-to-date 2005 Demolition operating income was impacted due to the write down the value of goodwill and certain intangible assets. In 2005, Great Lakes renegotiated its compensation arrangements with the president of its demolition segment. As a result of the increased incentive compensation to be paid in the future, Great Lakes revised future performance expectations for this segment, and wrote down the value of goodwill and certain intangible assets related to the segment by \$5.7 million. There is no impairment in 2006. In addition, foreign dredging revenue of \$56,778 for the year was primarily attributable to work done in Bahrain. 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.

11. Related Party Transactions

In 2005 the president and minority owner of the demolition business purchased land and a building to accommodate new and expanded office and garage facilities for NASDI. During 2006 various improvements to the land, building and interior office space were funded by NASDI. A portion of these expenditures were for the benefit of the owner of the property and therefore at September 30, 2006 there is a receivable from the president of NASDI of \$1,407 related to those expenditures. The remaining expenditures relate to leasehold improvements owned by NASDI and were capitalized and will be amortized over the lease term. NASDI will sign a long term lease with the president and begin to occupy the facilities in the fourth quarter of this year.

12. Long-Term Debt

On August 28, 2006, Great Lakes entered into an amendment of its Credit Agreement with its senior secured lenders to increase the Company's total leverage ratio to 5.6 to 1.0 for the four consecutive fiscal quarters ending September 30, 2006. Also in September of 2006, Great Lakes entered into an amendment to its equipment loan to increase the maximum total leverage ratio to 5.6 to 1.0 for the four consecutive fiscal quarters ending September 30, 2006 and obtained a waiver under its bonding agreement of compliance with the net worth requirement for the fiscal quarter ending September 30, 2006. Although amendments and waivers were obtained for the aforementioned covenants, at September 30, 2006, Great Lakes was in compliance with all the original financial covenants in its senior credit agreements and surety agreement.

On September 29, 2006, Great Lakes secured a \$20 million International Letter of Credit Facility with Wells Fargo HSBC Trade Bank. This facility will be used for performance and advance payment guarantees on foreign contracts, including the Diyaar contract. 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") 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 issued its first Letter of Credit under this facility on October 30, 2006 for a portion of the performance guarantee on the Diyaar project.

13. Commitments and contingencies

At September 30, 2006, the Company was contingently liable, in the normal course of business, for \$18,792 in undrawn letters of credit, relating to foreign contract performance guarantees and insurance payment liabilities.

The Company finances certain key vessels used in its operations and office facilities with operating lease arrangements with unrelated lessors, requiring annual rentals decreasing from \$14,000 to \$8,000 over the next five years. Certain of these operating leases contain default provisions that are triggered by an acceleration of debt maturity under the terms of the Company's Credit Agreement. Additionally, the leases typically contain provisions whereby the Company indemnifies the lessors for the tax treatment attributable to such leases based on the tax rules in place at lease inception. The tax indemnifications do not have a contractual dollar limit. To date, no lessors have asserted any claims against the Company under these tax indemnification provisions.

Borrowings under the Company's Credit Agreement are secured by first lien mortgages on certain operating equipment of the Company with a net book value of approximately \$80,000 at December 31, 2005. Additionally, the Company obtains its performance and bid bonds through an underwriting and indemnity agreement with a surety company that has been granted a security interest in a substantial portion of the Company's operating equipment with a net book value of approximately \$84,000 at December 31, 2005. The Company also has an equipment term loan, which is secured by a first lien mortgage on certain operating equipment with a net book value of approximately \$20,000 at December 31, 2005. The net book value of equipment serving as collateral under these agreements at September 30, 2006 does not materially differ from the values at December 31, 2005. These agreements contain provisions requiring the Company to maintain certain financial ratios and restricting the Company's ability to pay dividends, incur indebtedness, create liens, and take certain other actions. The Company was in compliance with all required covenants at September 30, 2006.

The performance and bid bonds issued under the bonding agreement are customarily required for dredging and marine construction projects, as well as some demolition projects. Bid bonds are generally obtained for a percentage of bid value and aggregate amounts outstanding typically range from \$5,000 to \$10,000. Performance bonds typically cover 100% of the contract value with no maximum bond amounts. At September 30, 2006, the Company had outstanding performance bonds valued at approximately \$237,080; however the revenue value remaining in backlog related to these projects totaled approximately \$204,453 at September 30, 2006.

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

The Company considers it unlikely that it would have to perform under any of these aforementioned contingent obligations and performance has never been required in any of these circumstances in the past.

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.

In the normal course of business, the Company is a defendant in various legal proceedings. Except as described below, the Company is not currently a party to any material legal proceedings or environmental claims.

On February 10, 2004, the Company was served with a subpoena to produce documents in connection with a federal grand jury convened in the United States District Court for the District of South Carolina. The Company believes the grand jury has been convened to investigate the United States dredging industry in connection with work performed for the U.S. Army Corp of Engineers. As of September 12, 2006 the Company believes it has fully complied with all requests related to the federal subpoena matter and has delivered its affidavit to that effect. The Company has received no additional

communications from the Justice Department since that date; however, the matter continues to remain open. The Company continues to incur legal costs although at a much reduced level from last year. These expenses totaled approximately \$170 and \$599 for the three and nine months ended September 30, 2006 compared to \$459 and \$2,269 for the same periods in 2005.

In the normal course of business, the Company is a party to various personal injury lawsuits. The Company maintains insurance to cover claims that arise from injuries to its hourly workforce subject to a deductible. Recently there has been an increase in suits filed in Texas. Two Texas law firms are aggressively pursuing personal injury claims on behalf of dredging workers resident in certain areas of Texas. An unprecedented number of lawsuits are being filed for incidents that would not have likely escalated to claims in the past. However, aggressive legal representation and medical advice is increasing the seriousness of claimed injuries and the amount demanded in settlement. In the first quarter of this year a \$2.0 million charge was recorded to increase the Company's reserves for the self-insured portion of these liabilities. In the second quarter the Company recorded another \$1.3 million charge related primarily to new lawsuits filed during the quarter and based on claims activity during the third quarter these reserves have remained adequate. The Company's recorded self insurance reserves represent its best estimate of the outcomes of these claims and the Company does not believe that it is reasonably possible there will be a material adverse impact to the Company's financial position or results of operations or cash flows related to such claims. However, the occurrence in the future of new claims of a similar nature is not possible to predict and while the Company does not believe that additional claims would have a material impact on the Company's financial position, it is possible they could be material to the results of operations and cash flows in future periods.

On April 24, 2006, a class action complaint (Reed v United States) was filed in the U.S. District Court for the Eastern District of Louisiana, on behalf of Louisiana citizens who allegedly suffered property damage from the floodwaters that flooded New Orleans and surrounding areas when Hurricane Katrina hit the area on August 29,

2005 (the "Katrina Claims"). The Reed suit names as defendants the U.S. government, Great Lakes Dredge & Dock Company, and numerous other dredging companies that completed dredging projects on behalf of the Army Corps of Engineers in the Mississippi River Gulf Outlet ("MRGO") between 1993 and 2005. The Reed complaint alleges that dredging of MRGO caused the destruction of the Louisiana wetlands, which had provided a natural barrier against some storms and hurricanes. The complaint alleges that this loss of natural barriers contributed to the failure of the levees as Katrina floodwaters damaged plaintiffs' property. The Reed complaint asserts claims of negligence, warranty, concealment and violations of the Water Pollution Control Act. Other plaintiffs have filed similar class action complaints. In addition, plaintiffs have filed one mass tort case. All these cases raise the same claims as Reed. One dredging company has filed a cross-claim seeking contribution and indemnification. The amount of claimed damages is not stated, but is presumed to be significant. On October 19, 2006, Great Lakes filed for exoneration or limitation of liability under the Limitation of Liability Act in federal district court. This limitation action stays all outstanding Katrina lawsuits against Great Lakes, including the lawsuits mentioned above, pending resolution of Great Lakes' exoneration and limitation claims. Great Lakes believes it has meritorious claims to either exoneration from all liability or limitation of liability at not more than \$55 million, which is the value of the vessels which conducted the MRGO dredging work. These defenses include arguments for both statutory and constitutional immunity from liability for the Katrina Claims. In addition, Great Lakes maintains \$150 million in insurance coverage for the Katrina Claims. Great Lakes does not believe it is reasonably possible that the Katrina Claims will have a material adverse impact on its financial condition or results of operations and cash flows.

14. Effects of recently issued accounting pronouncements

In July 2006, the FASB issued FASB Interpretation No. 48, "Accounting for Uncertainty in Income Taxes" ("FIN 48"). FIN 48 is an interpretation of FASB Statement No. 109, "Accounting for Income Taxes," and it seeks to reduce the diversity in practice associated with certain aspects of measurement and recognition in accounting for income taxes. In addition, FIN 48 requires expanded disclosure with respect to the uncertainty in income taxes and is effective as of the beginning of our 2007 fiscal year. The Company is currently evaluating the impact, if any, that FIN 48 will have on the financial statements.

In September 2006, the FASB issued SFAS No. 157, Fair Value Measurements". SFAS 157 defines fair value, establishes a framework for measuring fair value in generally accepted accounting principles and expands disclosures about fair value measurements. This statement is effective for financial statements issued for fiscal years beginning after November 15, 2007. Great Lakes is currently evaluating the impact of adopting SFAS 157 on the consolidated financial statements.

In September 2006, the Securities and Exchange Commission issued Staff Accounting Bulletin No. 108, (SAB 108). SAB 108 considers the effects of prior year misstatements when quantifying misstatements in current year financial statements. It is effective for financial statements issued after November 15, 2006. Great Lakes is still evaluating the impact of SAB 108, but does not believe the adoption of SAB 108 will have a material impact on the consolidated financial statements.

15. Pro forma earnings per share

The pro forma earnings per share amounts in the financial statements are presented taking into account the increase in the number of shares the stockholders of the Company will received upon the merger of the company into a subsidiary of Aldabra Acquisition Corporation. At the closing of the merger, Aldabra will issue common stock, par value of \$0.0001 per share, to the stockholders of GLDD Acquisitions Corp, and the Company will recapitalize its common share capital and preferred share capital. At closing, the value is assumed to be \$160, 000,000 plus \$7,043,384 of estimated working capital and net indebtedness adjustments. The number of shares issued will be based upon the average closing price of Aldabra common stock for the ten trading days ending on the third trading day prior to the consummation o the merger. The number of Aldabra shares issuable in connection with the transaction will be the greater of \$160,000,000 divided by the average trading price and 27, 273,000 shares (in each case subject to net working capital and net indebtedness adjustments), but in no event to exceed 40,000,000 shares. The pro forma number of shares was calculated using the ten day average closing price ending on December 20, 2006 and assuming estimated working capital indebtedness and adjustments.

Deemed value of the Company	\$ 167,043,384
Ten day average closing price of Aldabra common stock on December 20, 2006	÷5.803
	<u>28,785,678</u>

The pro forma earnings per share is then calculated using net income (loss) divided by the pro forma number of shares as described.

16. Subsequent events

Merger

On December 26, 2006, GLDD Acquisitions Corp., the parent company of Great Lakes, merged with Aldabra Acquisition Corporation. Aldabra is a blank check company formed for the purpose of investing in a business to build long term value. Under the terms of the Agreement, Great Lakes' parent company merged with a subsidiary of Aldabra and GLDD Acquisitions' stockholders received common stock of Aldabra. Aldabra then merged into an indirect wholly-owned subsidiary and, in connection with this holding company merger, the stockholders of Aldabra (including the former GLDD Acquisitions' stockholders) received stock in a new holding company, which will shortly after closing be renamed Great Lakes Dredge & Dock Corporation. The surviving corporation will be owned approximately 67% by MDP and approximately 5% by Great Lakes' management based on Aldabra's ten day average share price ending on December 20, 2006 of \$5.803, before giving effect to the exercise of any outstanding Aldabra warrants. The available cash of Aldabra, approximately \$52 million, was used to pay down the Company's senior bank term debt and to pay transaction expenses. GLDD's \$175,000 of 7¾% Senior Subordinated Notes due 2013 will remain outstanding.

Sale/Leaseback

On December 15, 2006 the company sold and leased back a vessel resulting in proceeds of \$12 million. The operating leaseback has a nine-year term and includes the option to purchase the vessel or extend the term of the lease. The proceeds were used to pay construction costs of the vessel and pay down debt.

**UNAUDITED PRO FORMA CONDENSED CONSOLIDATED BALANCE SHEET
AND STATEMENT OF OPERATIONS**

The following unaudited pro forma condensed consolidated financial statements were derived by applying pro forma adjustments to GLDD Acquisitions Corp's consolidated financial statements included in Amendment No. 2 to the Registration Statement on Form S-4 filed by Aldabra Acquisition Corporation ("Aldabra") filed on November 9, 2006 (the "registration statement"). The unaudited pro forma condensed consolidated balance sheet presents the consolidated historical balance sheet of GLDD Acquisitions Corp. ("Great Lakes") at September 30, 2006 giving effect to the merger of Aldabra and Great Lakes (the "Great Lakes merger" as if it occurred on September 30, 2006). The unaudited pro forma condensed consolidated statements of operations give effect to the Great Lakes merger as if it had occurred at the beginning of each of the earliest period presented (January 1, 2005).

The unaudited pro forma condensed consolidated financial statements have been prepared using the stock price of \$5.803 which was based on the average closing price for ten trading days ending three days prior to consummation of the merger. The Great Lakes merger was approved by all of the holders of Aldabra common stock. No stockholders elected to convert their shares into an amount of cash equal to the pro rata portion of the trust account.

The unaudited pro forma condensed consolidated balance sheet as of September 30, 2006 and statements of operations for the periods presented are for informational purposes only and should be read in conjunction with the historical financial statements of Great Lakes and Aldabra and the related notes thereto. The unaudited pro forma information is not necessarily indicative of the financial position or results of operation that may have actually occurred had the Great Lakes merger taken place on the dates noted, or the future financial position or operating results of the combined company.

The unaudited pro forma condensed consolidated financial statements were prepared treating the Great Lakes merger as a recapitalization of Great Lakes. Because Aldabra is not an operating company the Great Lakes merger is treated as the issuance of shares of Great Lakes for the net tangible assets (consisting principally of cash) of Aldabra and no goodwill will be recorded in connection with the Great Lakes merger. Because Aldabra is not an operating company and the Great Lakes merger is not treated as a business combination, Aldabra's financial statements are not separately presented in these pro forma statements. Aldabra's financial statements are included in the registration statement and should be read in conjunction with these pro forma condensed consolidated financial statements.

Unaudited Pro Forma Condensed Consolidated Balance Sheet

	As of September 30, 2006		
	Great Lakes	Adjustments (dollars in thousands)	Pro Forma
ASSETS			
Cash and equivalents	\$ 2,007	50,015 (a) (50,000)(b) (750)(c)	1,272
Accounts receivable, net	73,124		73,124
Contract receivables in excess of billings	18,269		18,269
Inventories	21,939		21,939
Other current assets	28,637	(250)(d)	28,387
Total current assets	143,976	(985)	142,991
Property and equipment, net	244,727		244,727
Goodwill	98,747		98,747
Inventories	11,418		11,418
Investment in joint venture	9,230		9,230
Other assets	13,282	(813)(d)	12,469
Total assets	<u>\$ 521,380</u>	<u>\$ (1,798)</u>	<u>\$ 519,582</u>
LIABILITIES AND STOCKHOLDERS' EQUITY (DEFICIT)			
Accounts payable	\$ 50,574		\$ 50,574
Accrued expenses and other	44,315	(419)(d)	43,896
Current maturities of long-term debt	1,950	—	1,950
Total current liabilities	96,839	(419)	96,420
Long-term debt	249,888	(50,000)(b)	199,888
Deferred income taxes	87,079		87,079
Other	7,506	—	7,506
Total liabilities	441,312	(50,419)	390,893
Redeemable Preferred Stock	108,126	(108,126)(e)	—
Minority interests	2,010		2,010
Stockholders' equity (deficit)	(30,068)	156,747 (f)	126,679
Total liabilities and stockholders' equity (deficit)	<u>\$ 521,380</u>	<u>\$ (1,798)</u>	<u>519,582</u>

Unaudited Pro Forma Condensed Consolidated Statements of Income

	Year Ended December 31, 2005		
	Great Lakes	Adjustments	Pro Forma
	(dollars in thousands)		
Contract revenues	\$ 423,399	\$ —	\$ 423,399
Costs of contract revenues	372,046	—	372,046
Gross profit	51,353	—	51,353
General and administrative expenses	38,691	—	38,691
Operating income	12,662	—	12,662
Interest expense, net	(23,055)	4,033 (g)	(19,022)
Equity in earnings of joint venture	2,328	—	2,328
Minority interests	(251)	—	(251)
Income before income taxes	(8,316)	4,033	(4,283)
Income tax benefit (expense)	1,364	(1,590)(h)	(226)
Net income (loss)	<u>\$ (6,952)</u>	<u>\$ 2,443</u>	<u>\$ (4,509)</u>
Redeemable preferred stock dividends	(7,693)	7,693	—
Net income (loss) available to common stockholders	<u>\$ (14,645)</u>	<u>\$ 10,136</u>	<u>\$ (4,509)</u>
BASIC AND DILUTED			
Earnings per share from continuing operations	<u>\$ (14.64)</u>		<u>\$ (0.12)</u>
Basic and diluted weighted average shares (i)	1,000		38,775

	Nine months ended September 30, 2005		
	Great Lakes	Adjustments	Pro Forma
	(dollars in thousands)		
Contract revenues	\$ 313,039	\$ —	\$ 313,039
Costs of contract revenues	278,005	—	278,005
Gross profit	35,034	—	35,034
General and administrative expenses	29,800	—	29,800
Operating income	5,234	—	5,234
Interest expense, net	(17,305)	2,795 (g)	(14,510)
Equity in earnings of joint venture	1,674	—	1,674
Minority interests	(184)	—	(184)
Income before income taxes	(10,581)	2,795	(7,786)
Income tax benefit (expense)	1,678	(1,102)(h)	576
Net income (loss)	<u>\$ (8,903)</u>	<u>\$ 1,693</u>	<u>\$ (7,210)</u>
Redeemable preferred stock dividends	(5,717)	5,717	—
Net income (loss) available to common stockholders	<u>\$ (14,620)</u>	<u>\$ 7,410</u>	<u>\$ (7,210)</u>
BASIC AND DILUTED			
Earnings per share from continuing operations	<u>\$ (14.62)</u>		<u>\$ (0.19)</u>
Basic and diluted weighted average shares (i)	1,000		38,367

Unaudited Pro Forma Condensed Consolidated Statements of Income

	Nine months ended September 30, 2006		
	Great Lakes	Adjustments	Pro Forma
	(dollars in thousands)		
Contract revenues	\$ 304,185	\$ —	\$ 304,185
Costs of contract revenues	265,532	—	265,532
Gross profit	38,653	—	38,653
General and administrative expenses	21,536	—	21,536
Operating income	17,117	—	17,117
Interest expense, net	(17,340)	3,300 (g)	(14,040)
Equity in earnings of joint venture	1,275	—	1,275
Minority interests	(160)	—	(160)
Income before income taxes	892	3,300	4,192
Income tax benefit (expense)	(418)	(1,301)(h)	(1,719)
Net income	<u>\$ 474</u>	<u>\$ 1,999</u>	<u>\$ 2,473</u>
Redeemable preferred stock dividends	(6,176)	6,176	—

Net income (loss) available to common stockholders	<u>\$ (5,702)</u>	<u>\$ 8,175</u>	<u>\$ 2,473</u>
BASIC			
Earnings per share from continuing operations	<u>\$ (5.71)</u>		<u>\$ 0.06</u>
Basic weighted average shares (i)	999		39,986
DILUTED			
Earnings per share from continuing operations	<u>\$ (5.71)</u>		<u>\$ 0.06</u>
Diluted weighted average shares (i)	999		42,532

4

Notes to Unaudited Pro Forma Condensed Consolidated
Balance Sheet and Statements of Operations
(dollars in thousands)

Significant Assumptions and Adjustments

(a) Reflects the following adjustments to Aldabra cash:

Aldabra cash at September 30, 2006	\$ 52,025
Aldabra liabilities as of September 30, 2006	(787)
Less: Aldabra transaction costs	(1223)
	<u>\$ 50,015</u>

(b) Reflects pay down of existing term debt under Great Lakes' senior credit facility.

(c) Reflects payment of Great Lakes' transaction costs.

(d) To record the write off of deferred financing costs of \$1,063 (\$644 net of tax) associated with the debt repaid upon completion of the mergers.

(e) In connection with the Great Lakes merger, all of the Great Lakes' outstanding redeemable preferred stock and common stock will be converted into common stock of Aldabra.

(f) The following will be recorded to Stockholders' Equity as a result of the Great Lakes merger:

Cash to Great Lakes from Aldabra (a)	\$ 50,015
Conversion of Great Lakes redeemable preferred stock (e)	108,126
Great Lakes transactions fees (c)	(750)
Write off of deferred financing costs related to debt repaid (d)	(1,063)
Tax benefit related to writing off deferred financing costs related to debt repaid (d)	419
Pro forma equity at September 30, 2006	<u>\$ 156,747</u>

(g) Reflects the reduction in interest expense from the repayment of \$50,000 of term debt under Great Lakes' senior credit facility.

5

	Year ended December 31, 2005	Nine months ended September 30, 2005	Nine months ended September 30, 2006
Elimination of interest expense related to debt repaid	\$ (3,783)	\$ (2,607)	\$ (3,112)
Reduction in amortization of deferred financing costs	(250)	(188)	(188)
	<u>\$ (4,033)</u>	<u>\$ (2,795)</u>	<u>\$ (3,300)</u>

Average interest rate on the Senior Term Bank Debt was 7.9%, 7.5% and 8.5% 12/31/05, 9/30/05 and 9/30/06, respectively.

(h) To reflect the tax effect of the pro forma interest adjustment, using a combines federal, state and foreign statutory tax rate of 39.4%.

6

Notes to Unaudited Pro Forma Condensed Consolidated
Balance Sheet and Statements of Operations
(dollars in thousands)

- (i) At the closing of the Great Lakes merger, Aldabra will issue common stock, par value of \$.0001 per share, to the stockholders of GLDD Acquisitions Corp. and GLDD will recapitalize its \$10 million of share capital. At closing, the value is assumed to be \$160 million, which is subject to adjustments for actual working capital and debt at closing. The number of shares issued will be based upon the average closing price of Aldabra common stock for the ten trading days ending on the third trading day prior to the consummation of the Great Lakes merger. The number of Aldabra shares issued in connection with the transaction will be the greater of \$160 million plus \$7 million for the estimated net working capital and indebtedness adjustment. This number is subject to change when final working capital and debt adjustments are known. The pro forma number of shares was calculated using the ten day average closing price ending on December 20, 2006. Aldabra's weighted average number of shares outstanding is based upon its SEC filings for the corresponding period.

Deemed value of Great Lakes	\$	167,043,384
Ten day closing price of Aldabra common stock ending on December 20, 2006	÷	<u>5.803</u>
		28,785,678 shares

	Year ended December 31, 2005
Aldabra common stock issued to Great Lakes stockholders	<u>28,786</u>
Aldabra weighted average number of shares outstanding	<u>9,989</u>
Total weighted average number of shares	<u>38,775</u>

	Nine months ended September 30, 2005
Aldabra common stock issued to Great Lakes stockholders	<u>28,786</u>
Aldabra weighted average number of shares outstanding	<u>9,581</u>
Total weighted average number of shares	<u>38,367</u>

	Nine months ended September 30, 2006
Aldabra common stock issued to Great Lakes stockholders	<u>28,786</u>
Aldabra weighted average number of shares outstanding	<u>11,200</u>
Total weighted average number of shares	<u>39,986</u>
Dilutive effect of warrants upon exercise	<u>2,546</u>
Diluted weighted average number of shares	<u>42,532</u>