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GREAT LAKES DREDGE & DOCK CORP

FORM 10-Q
(Quarterly Report)

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UNITED STATES SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

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

For the quarterly period ended March 31, 2017

OR

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

For the transition period from to

Commission file number: 001-33225

Great Lakes Dredge & Dock Corporation

(Exact name of registrant as specified in its charter)

Delaware **(State or other jurisdiction of incorporation or organization)**	**20-5336063** **(I.R.S. Employer Identification No.)**
2122 York Road, Oak Brook, IL **(Address of principal executive offices)**	**60523** **(Zip Code)**

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

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

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

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

Large Accelerated Filer	☐		Accelerated Filer	☒
Non-Accelerated Filer	☐	(Do not check if a smaller reporting company)	Smaller reporting company	☐
Emerging Growth Company	☐			

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

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

As of April 28, 2017, 61,272,199 shares of the Registrant's Common Stock, par value $.0001 per share, were outstanding.

Great Lakes Dredge & Dock Corporation and Subsidiaries

Quarterly Report Pursuant to Section 13 or 15(d) of the
Securities Exchange Act of 1934
For the Quarterly Period ended March 31, 2017

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P ART I — Financial Information

Item 1. Financial Statements.

GREAT LAKES DREDGE & DOCK CORPORATION AND SUBSIDIARIES

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

	March 31, 2017	December 31, 2016
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	$ 6,895	$ 11,167
Accounts receivable—net	91,385	88,091
Contract revenues in excess of billings	75,696	95,012
Inventories	38,307	37,137
Prepaid expenses and other current assets	79,838	75,819
Total current assets	292,121	307,226
PROPERTY AND EQUIPMENT—Net	419,268	413,008
GOODWILL AND OTHER INTANGIBLE ASSETS—Net	84,927	85,075
INVENTORIES—Noncurrent	51,995	52,602
INVESTMENTS IN JOINT VENTURES	5,756	4,734
ASSETS HELD FOR SALE—Noncurrent	9,118	9,299
OTHER	14,442	21,644
TOTAL	$ 877,627	$ 893,588
LIABILITIES AND EQUITY		
CURRENT LIABILITIES:		
Accounts payable	$ 87,640	$ 103,185
Accrued expenses	80,781	69,043
Billings in excess of contract revenues	8,893	5,141
Current portion of long term debt	2,439	2,465
Total current liabilities	179,753	179,834
7 3/8% SENIOR NOTES	273,248	272,998
REVOLVING CREDIT FACILITY	115,500	104,111
NOTES PAYABLE	12,995	13,293
DEFERRED INCOME TAXES	57,831	68,449
OTHER	6,772	7,013
Total liabilities	646,099	645,698
COMMITMENTS AND CONTINGENCIES (Note 8)		
EQUITY:		
Common stock—$.0001 par value; 90,000 authorized, 61,550 and 61,240 shares issued; 61,272 and 60,962 shares outstanding at March 31, 2017 and December 31, 2016, respectively.	6	6
Treasury stock, at cost	(1,433)	(1,433)
Additional paid-in capital	287,491	286,303
Accumulated deficit	(52,629)	(35,841)
Accumulated other comprehensive loss	(1,907)	(1,145)
Total equity	231,528	247,890
TOTAL	$ 877,627	$ 893,588

See notes to unaudited condensed consolidated financial statements.

Great Lakes Dredge & Dock Corporation and Subsidiaries

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

	Three Months Ended March 31,	
	2017	2016
Contract revenues	$ 170,586	$ 163,119
Costs of contract revenues	154,404	143,129
Gross profit	16,182	19,990
General and administrative expenses	16,795	20,089
(Gain) loss on sale of assets—net	11	(10)
Operating loss	(624)	(89)
Interest expense—net	(5,582)	(5,721)
Equity in earnings (loss) of joint ventures	1	(115)
Other income (expense)	208	(763)
Loss from continuing operations before income taxes	(5,997)	(6,688)
Income tax benefit	2,274	2,653
Loss from continuing operations	(3,723)	(4,035)
Loss from discontinued operations, net of income taxes	(13,065)	—
Net loss	$ (16,788)	$ (4,035)
Basic loss per share attributable to continuing operations	$ (0.06)	$ (0.07)
Basic loss per share attributable to discontinued operations, net of tax	(0.21)	—
Basic loss per share	$ (0.27)	$ (0.07)
Basic weighted average shares	61,065	60,507
Diluted loss per share attributable to continuing operations	$ (0.06)	$ (0.07)
Diluted loss per share attributable to discontinued operations, net of tax	(0.21)	—
Diluted loss per share	$ (0.27)	$ (0.07)
Diluted weighted average shares	61,065	60,507

See notes to unaudited condensed consolidated financial statements.

Great Lakes Dredge & Dock Corporation and Subsidiaries

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

	Three Months Ended March 31,	
	2017	2016
Net loss	$ (16,788)	$ (4,035)
Currency translation adjustment—net of tax (1)	(28)	409
Net unrealized gain on derivatives—net of tax (2)	(734)	—
Other comprehensive income (loss)—net of tax	(762)	409
Comprehensive loss	$ (17,550)	$ (3,626)

(1) Net of income tax (provision) benefit of $39 and $(271) for the three months ended March 31, 2017 and 2016, respectively.

(2) Net of income tax provision of $479 for the three months ended March 31, 2017.

See notes to unaudited condensed consolidated financial statements.

Great Lakes Dredge & Dock Corporation and Subsidiaries

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

	Shares of Common Stock	Common Stock	Shares of Treasury Stock	Treasury Stock	Additional Paid-In Capital	Accumulated Deficit	Accumulated Other Comprehensive Loss	Total
BALANCE—January 1, 2017	61,240	$ 6	(278)	$ (1,433)	$ 286,303	$ (35,841)	$ (1,145)	$ 247,890
Share-based compensation	109	—	—	—	918	—	—	918
Vesting of restricted stock units, including impact of shares withheld for taxes	69	—	—	—	(164)	—	—	(164)
Exercise of options and purchases from employee stock plans	132	—	—	—	434	—	—	434
Net loss	—	—	—	—	—	(16,788)	—	(16,788)
Other comprehensive loss—net of tax	—	—	—	—	—	—	(762)	(762)
BALANCE—March 31, 2017	61,550	$ 6	(278)	$ (1,433)	$ 287,491	$ (52,629)	$ (1,907)	$ 231,528

	Shares of Common Stock	Common Stock	Shares of Treasury Stock	Treasury Stock	Additional Paid-In Capital	Accumulated Deficit	Accumulated Other Comprehensive Loss	Total
BALANCE—January 1, 2016	60,709	$ 6	(278)	$ (1,433)	$ 283,247	$ (27,664)	$ (1,983)	$ 252,173
Share-based compensation	81	—	—	—	927	—	—	927
Exercise of options and purchases from employee stock plans	144	—	—	—	415	—	—	415
Net loss	—	—	—	—	—	(4,035)	—	(4,035)
Other comprehensive income—net of tax	—	—	—	—	—	—	409	409
BALANCE—March 31, 2016	60,934	$ 6	(278)	$ (1,433)	$ 284,589	$ (31,699)	$ (1,574)	$ 249,889

See notes to unaudited condensed consolidated financial statements.

Great Lakes Dredge & Dock Corporation and Subsidiaries

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

	Three Months Ended March 31,	
	2017	2016
OPERATING ACTIVITIES:		
Net loss	$ (16,788)	$ (4,035)
Loss from discontinued operations, net of income taxes	(13,065)	—
Loss from continuing operations	$ (3,723)	$ (4,035)
Adjustments to reconcile net loss to net cash flows provided by (used in) operating activities:		
Depreciation and amortization	14,571	13,928
Equity in earnings of joint ventures	(3,067)	(419)
Cash distributions from joint ventures	2,046	—
Deferred income taxes	(2,306)	(2,108)
(Gain) loss on sale of assets	11	(10)
Amortization of deferred financing fees	825	623
Unrealized net (gain) loss from mark-to-market valuations of derivatives	1,548	(1,332)
Unrealized foreign currency gain	(76)	(77)
Share-based compensation expense	918	927
Changes in assets and liabilities:		
Accounts receivable	(3,234)	29,748
Contract revenues in excess of billings	19,362	6,748
Inventories	(609)	(2,603)
Prepaid expenses and other current assets	(7,392)	(3,418)
Accounts payable and accrued expenses	(27,610)	(33,322)
Billings in excess of contract revenues	3,931	(910)
Other noncurrent assets and liabilities	(255)	(780)
Cash provided by (used in) operating activities	(5,060)	2,960
INVESTING ACTIVITIES:		
Purchases of property and equipment	(17,452)	(14,917)
Proceeds from dispositions of property and equipment	265	25
Changes in restricted cash	7,035	—
Cash used in investing activities	(10,152)	(14,892)

	Three Months Ended March 31,	
	2017	2016
FINANCING ACTIVITIES:		
Deferred financing fees	(58)	—
Repayments of long term note payable	(283)	(265)
Taxes paid on settlement of vested share awards	(164)	—
Repayments of term loan facility	—	(1,250)
Repayments of equipment debt	(376)	(367)
Exercise of options and purchases from employee stock plans	434	415
Borrowings under revolving loans	28,112	38,000
Repayments of revolving loans	(16,723)	(23,000)
Cash provided by financing activities	10,942	13,533
Effect of foreign currency exchange rates on cash and cash equivalents	(2)	109
Net increase (decrease) in cash and cash equivalents	(4,272)	1,710
Cash and cash equivalents at beginning of period	11,167	14,184
Cash and cash equivalents at end of period	$ 6,895	$ 15,894
Supplemental Cash Flow Information		
Cash paid for interest	$ 11,473	$ 11,276
Cash paid (refunded) for income taxes	$ 89	$ (1)
Non-cash Investing and Financing Activities		
Property and equipment purchased but not yet paid	$ 2,187	$ 10,003

See notes to unaudited condensed consolidated financial statements.

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

1. Basis of presentation

The unaudited condensed consolidated financial statements and notes herein should be read in conjunction with the audited consolidated financial statements of Great Lakes Dredge & Dock Corporation and Subsidiaries (the “Company” or “Great Lakes”) and the notes thereto, included in the Company’s Annual Report on Form 10-K for the year ended December 31, 2016. The condensed consolidated financial statements included herein have been prepared by the Company without audit, pursuant to the rules and regulations of the Securities and Exchange Commission (“SEC”). Certain information and footnote disclosures normally included in financial statements prepared in accordance with accounting principles generally accepted in the United States of America (“GAAP”) have been condensed or omitted pursuant to the SEC’s rules and regulations, although management believes that the disclosures are adequate and make the information presented not misleading. In the opinion of management, all adjustments, which are of a normal and recurring nature (except as otherwise noted), that are necessary to present fairly the Company’s financial position as of March 31, 2017, and its results of operations for the three months ended March 31, 2017 and 2016 and cash flows for the three months ended March 31, 2017 and 2016 have been included.

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

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

The Company has two operating segments: dredging and environmental & infrastructure, which are also the Company’s two reportable segments. The Company has determined that dredging, Terra Contracting Services, LLC (“Terra”) and Great Lakes Environmental & Infrastructure, LLC (“GLEI”) are the Company’s three reporting units.

The Company performed its most recent annual test of impairment as of July 1, 2016 with no indication of impairment as of the test date. The Company will perform its next scheduled annual test of goodwill in the third quarter of 2017 should no triggering events occur which would require a test prior to the next annual test.

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

Recent Accounting Pronouncements

In January 2017, the Financial Accounting Standards Board ("FASB") issued Accounting Standard Update No. 2017-04 ("ASU 2017-04"), *Intangibles—Goodwill and Other (Topic 350): Simplifying the Test for Goodwill Impairment* . The amendment removes the requirement to compare the implied fair value of goodwill with its carrying amount as part of step 2 of the goodwill impairment test. The guidance is effective for fiscal years beginning after December 15, 2019. The Company is currently evaluating the impact of ASU 2017-04 on its consolidated financial statements.

In November 2016, the FASB issued Accounting Standard Update No. 2016-18 ("ASU 2016-18"), *Statement of Cashflows (Topic 230): Restricted Cash* . The amendments require that the statement of cash flows explain the changes during the period in the total of cash, cash equivalents, and amounts generally described as restricted cash or restricted cash equivalents. Therefore amounts generally described as restricted cash or restricted cash equivalents should be included with the cash and cash equivalents when reconciling the beginning-of-period and end-of-period total amounts shown on the statement of cash flows. The guidance is effective for fiscal years beginning after December 15, 2017. The Company is currently evaluating the impact of ASU 2016-18 on its consolidated financial statements.

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

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

In May 2014, the FASB issued Accounting Standard Update No. 2014-09, *Revenue from Contracts with Customers (Topic 606)* , and subsequently issued other Accounting Standard Updates related to Accounting Standards Codification Topic 606 (collectively, "ASC 606"), which supersede the existing revenue recognition requirements. ASC 606 is based on the principle that revenue is recognized to depict the transfer of goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. ASC 606 has been deferred to be effective for fiscal years beginning after December 15, 2017, including interim periods within that reporting period, which will be our first quarter of fiscal 2018. Early adoption is permitted in fiscal 2017. The Company currently expects to adopt ASC 606 as of January 1, 2018, under the modified retrospective method where the cumulative effect is recognized at the date of initial application. The Company's evaluation of ASC 606 is ongoing and not complete. The Company is currently evaluating the overall impacts that ASC 606 will have on the methods currently used to measure progress toward completion (which affect the timing of recognition of revenue) and the changes necessitated on our financial systems, existing internal controls and processes to comply with the guidance. The FASB has issued and may issue in the future, interpretative guidance, which may cause the Company's evaluation to change in future periods prior to adoption. In addition, the ongoing assessment may be impacted by implementation guidance specific to the construction industry. Accordingly, the Company is still evaluating the effect of the adoption of ASC 606 on its consolidated financial statements.

2. Earnings per share

Basic earnings per share is computed by dividing net income attributable to common stockholders by the weighted-average number of common shares outstanding during the reporting period. Diluted earnings per share is computed similarly to basic earnings per share except that it reflects the potential dilution that could occur if dilutive securities or other obligations to issue common stock were exercised or converted into common stock. For the three months ended March 31, 2017 and 2016, the dilutive effect of 678 thousand and 359 thousand stock options and restricted stock units, respectively, were excluded from the diluted weighted-average common shares outstanding as the Company incurred a loss during these periods. For the three months ended March 31, 2017 and 2016, 1,580 thousand and 1,812 thousand stock options and restricted stock units, respectively, were excluded from the calculation of diluted earnings per share based on the application of the treasury stock method, as such stock options and restricted stock units were determined to be anti-dilutive.

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

(shares in thousands)	Three Months Ended March 31, 2017	Three Months Ended March 31, 2016
Loss from continuing operations	$ (3,723)	$ (4,035)
Loss from discontinued operations, net of income taxes	(13,065)	—
Net loss	(16,788)	(4,035)
Weighted-average common shares outstanding — basic	61,065	60,507
Effect of stock options and restricted stock units	—	—
Weighted-average common shares outstanding — diluted	61,065	60,507
Loss per share from continuing operations — basic	$ (0.06)	$ (0.07)
Loss per share from continuing operations — diluted	$ (0.06)	$ (0.07)

3. Accounts receivable and contracts in progress

Accounts receivable at March 31, 2017 and December 31, 2016 are as follows:

	March 31, 2017	December 31, 2016
Completed contracts	$ 21,547	$ 18,727
Contracts in progress	57,039	53,137
Retainage	18,021	21,399
	96,607	93,263
Allowance for doubtful accounts	(747)	(747)
Total accounts receivable—net	$ 95,860	$ 92,516
Current portion of accounts receivable—net	$ 91,385	$ 88,091
Long-term accounts receivable and retainage	4,475	4,425
Total accounts receivable—net	$ 95,860	$ 92,516

The components of contracts in progress at March 31, 2017 and December 31, 2016 are as follows:

	March 31, 2017	December 31, 2016
Costs and earnings in excess of billings:		
Costs and earnings for contracts in progress	$ 553,027	$ 587,371
Amounts billed	(499,249)	(511,548)
Costs and earnings in excess of billings for contracts in progress	53,778	75,823
Costs and earnings in excess of billings for completed contracts	21,918	19,189
Total contract revenues in excess of billings	$ 75,696	$ 95,012
Billings in excess of costs and earnings:		
Amounts billed	$ (341,000)	$ (268,754)
Costs and earnings for contracts in progress	332,107	263,613
Total billings in excess of contract revenues	$ (8,893)	$ (5,141)

The Company has $17,860 included in costs in excess of billings that are dependent upon the sale of environmental credits earned for a wetland mitigation project. The sale of these credits is subject to market factors that could cause the amount of expected revenue to be higher or lower than currently estimated. If the amount of proceeds received from the sale of the environmental credits is lower

than our expectations, we could sustain a loss of part or all of the costs incurred related to this project. Additionally, the timing of realization may be impacted by a delay in the sale of these environmental credits, resulting in a longer period to recover our investment.

4. Accrued expenses

Accrued expenses at March 31, 2017 and December 31, 2016 are as follows:

	March 31, 2017	December 31, 2016
Insurance	$ 21,996	$ 18,114
Surety bond claim	20,900	—
Accumulated deficit in joint ventures	17,016	17,016
Payroll and employee benefits	5,258	10,028
Interest	3,918	8,660
Income and other taxes	2,117	3,208
Percentage of completion adjustment	1,546	3,322
Fuel hedge contracts	468	—
Other	7,562	8,695
Total accrued expenses	$ 80,781	$ 69,043

5. Long-term debt

Credit Agreement

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

The Credit Agreement contains customary representations and affirmative and negative covenants, including a springing financial covenant that requires the Credit Parties to maintain a fixed charge coverage ratio (ratio of earnings before income taxes, depreciation and amortization, net interest expenses, non-cash charges and losses and certain other non-recurring charges, minus capital expenditures, income and franchise taxes, to net cash interest expense plus scheduled cash principal payments with respect to debt plus restricted payments paid in cash) of not more than 1.10 to 1.00. The Credit Parties are also restricted in the amount of capital expenditures they may make in each of the next three fiscal years. The Credit Agreement also contains customary events of default (including non-payment of principal or interest on any material debt and breaches of covenants) as well as events of default relating to certain actions by the Company’s surety bonding providers. The obligations of the Credit Parties under the Credit Agreement will be unconditionally guaranteed, on a joint and several basis, by each existing and subsequently acquired or formed material direct and indirect domestic subsidiary of the Company. Borrowings under the Credit Agreement were or will be used to refinance existing indebtedness under the Company’s former revolving credit agreement, refinance existing indebtedness under the Company’s former term loan agreement, pay fees and expenses related to the Credit Agreement, finance acquisitions permitted under the Credit Agreement, finance ongoing working capital and for other general corporate purposes. The Credit Agreement matures on December 30, 2019; provided that the maturity date would be accelerated to November 3, 2018 if the Company fails to refinance its unsecured senior notes that mature February 1, 2019. The refinanced notes must have a maturity on or after March 31, 2020.

The obligations under the Credit Agreement are secured by substantially all of the assets of the Credit Parties. The outstanding obligations thereunder shall be secured by a valid first priority perfected lien on substantially all of the vessels of the Credit Parties

and a valid perfected lien on all domestic accounts receivable and substantially all other assets of the Credit Parties, subject to the permitted liens and interests of other parties (including the Company's surety bonding provider).

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

As of March 31, 2017, the Company had $115,500 of borrowings on the revolver and $62,695 of letters of credit outstanding, resulting in $45,121 of availability under the Credit Agreement.

Prior revolving credit agreement and term loan facility

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

Senior notes

The Company has outstanding $275,000 of 7.375% senior notes due February 2019. There is an optional redemption on all notes. The redemption prices are 103.7% in 2015, 101.8% in 2016 and 100% in any year following, until the notes mature in 2019. Interest is paid semi-annually, and principal is due at maturity.

Other

The Company enters into note arrangements to finance certain vessels and ancillary equipment. During the first quarter of 2015, the Company financed the $15,569 acquisition of a vessel previously under an operating lease with a note bearing interest at 5.75% to maturity in 2023. The current portion of all equipment notes is $2,439. The long term portion is $14,021 and is included in notes payable or other long term liabilities.

6. Fair value measurements

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

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

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

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

The Company utilizes the market approach to measure fair value for its financial assets and liabilities. The market approach uses prices and other relevant information generated by market transactions involving identical or comparable assets or liabilities. At times, the Company holds certain derivative contracts that it uses to manage foreign currency risk or commodity price risk. The Company

does not hold or issue derivatives for speculative or trading purposes. The fair values of these financial instruments are summarized as follows:

		Fair Value Measurements at Reporting Date Using		
Description	**At March 31, 2017**	**Quoted Prices in Active Markets for Identical Assets (Level 1)**	**Significant Other Observable Inputs (Level 2)**	**Significant Unobservable Inputs (Level 3)**
Fuel hedge contracts	$ 468	$ —	$ 468	$ —

		Fair Value Measurements at Reporting Date Using		
Description	**At December 31, 2016**	**Quoted Prices in Active Markets for Identical Assets (Level 1)**	**Significant Other Observable Inputs (Level 2)**	**Significant Unobservable Inputs (Level 3)**
Fuel hedge contracts	$ 2,293	$ —	$ 2,293	$ —

Fuel hedge contracts

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

As of March 31, 2017, the Company was party to various swap arrangements to hedge the price of a portion of its diesel fuel purchase requirements for work in its backlog to be performed through February 2018. As of March 31, 2017, there were 10.6 million gallons remaining on these contracts which represent approximately 80% of the Company's forecasted domestic fuel purchases through February 2018. Under these swap agreements, the Company will pay fixed prices ranging from $1.49 to $1.76 per gallon.

At March 31, 2017 the fair value liability of the fuel hedge contracts was estimated to be $468 and is recorded in accrued expenses. At December 31, 2016, the fair value asset of the fuel hedge contracts was estimated to be $2,293 and is recorded in prepaid expenses and other current assets. For fuel hedge contracts considered to be highly effective, the losses reclassified to earnings from changes in fair value of derivatives, net of cash settlements and taxes, for the three months ended March 31, 2017 were $40. The remaining gains and losses included in accumulated other comprehensive loss at March 31, 2017 will be reclassified into earnings over the next eleven months, corresponding to the period during which the hedged fuel is expected to be utilized. Changes in the fair value of fuel hedge contracts not considered highly effective are recorded as cost of contract revenues in the Statement of Operations. The fair values of fuel hedges are corroborated using inputs that are readily observable in public markets; therefore, the Company determines fair value of these fuel hedges using Level 2 inputs.

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

The fair value of the fuel hedge contracts outstandin g as of March 31, 2017 and December 31, 2016 is as follows:

	Balance Sheet Location	Fair Value at March 31, 2017	Fair Value at December 31, 2016
Asset derivatives:			
Derivatives designated as hedging instruments			
Fuel hedge contracts	Prepaid expenses and other current assets	$ —	$ 546
Derivatives not designated as hedging instruments			
Fuel hedge contracts	Prepaid expenses and other current assets	—	1,747
Total asset derivatives		$ —	$ 2,293
Liability derivatives:			
Derivatives designated as hedging instruments			
Fuel hedge contracts	Accrued expenses	$ 667	$ —
Derivatives not designated as hedging instruments			
Fuel hedge contracts	Accrued expenses	(199)	—
Total liability derivatives		$ 468	$ —

Accumulated other comprehensive income (loss)

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

	Three Months Ended March 31, 2017	Three Months Ended March 31, 2016
Cumulative translation adjustments—net of tax	$ (28)	$ 409
Derivatives:		
Reclassification of derivative losses to earnings—net of tax	40	—
Change in fair value of derivatives—net of tax	(774)	—
Net unrealized gain on derivatives—net of tax	(734)	—
Total other comprehensive income (loss)	$ (762)	$ 409

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

	Statement of Operations Location	Three Months Ended March 31, 2017
Derivatives:		
Fuel hedge contracts	Costs of contract revenues	$ 66
	Income tax benefit	26
		$ 40

Other financial instruments

The carrying value of financial instruments included in current assets and current liabilities approximates fair value due to the short-term maturities of these instruments. In January 2011 and again in November 2014, the Company issued a total of $275,000 of 7.375% senior notes due February 1, 2019, which were outstanding at March 31, 2017 (See Note 5). The senior notes are senior unsecured obligations of the Company and its subsidiaries that guarantee the senior notes. The fair value of the senior notes was $272,608 at March 31, 2017, which is a Level 1 fair value measurement as the senior notes value was obtained using quoted prices in active markets. It is impracticable to determine the fair value of outstanding letters of credit or performance, bid and payment bonds due to uncertainties as to the amount and timing of future obligations, if any.

7 . **Share-based compensation**

The Company’s 2007 Long-Term Incentive Plan permits the granting of stock options, stock appreciation rights, restricted stock and restricted stock units to its employees and directors for up to 5.8 million shares of common stock.

In March 2017, the Company granted 612 thousand restricted stock units to certain employees pursuant to the plan. In addition, all non-employee directors on the Company’s board of directors are paid a portion of their board-related compensation in stock grants. Compensation cost charged to expense related to share-based compensation arrangements was $918 and $927 for the three months ended March 31, 2017 and 2016, respectively.

Beginning in the first quarter of 2017, the Company includes income taxes related to share-based compensation as a component of net income.

8. **Commitments and contingencies**

Commercial commitments

Performance and bid bonds are customarily required for dredging and marine construction projects, as well as some environmental & infrastructure projects. The Company has bonding agreements with Argonaut Insurance Company, Berkley Insurance Company, Chubb Surety, Liberty Mutual Insurance Company and Zurich American Insurance Company (“Zurich”), under which the Company can obtain performance, bid and payment bonds. The Company also has outstanding bonds with Travelers Casualty and Surety Company of America. Bid bonds are generally obtained for a percentage of bid value and amounts outstanding typically range from $1,000 to $10,000. At March 31, 2017, the Company had outstanding performance bonds with a notional amount of approximately $1,188,986, of which $44,934 relates to projects from the Company’s historical environmental & infrastructure businesses. The revenue value remaining in backlog related to these projects totaled approximately $429,600.

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

Pursuant to the terms of sale of our historical demolition business, the Company received an indemnification from the buyer for losses resulting from the bonding arrangement. The Company intends to aggressively pursue enforcement of the indemnification provisions if the buyer of the historical demolition business is found to be in default of its obligations. The Company cannot estimate the amount or range of recoveries related to the indemnification or resolution of the Company’s responsibilities under the surety bond. The surety bond claim impact has been included in discontinued operations and is discussed in Note 10.

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

Legal proceedings and other contingencies

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

Various legal actions, claims, assessments and other contingencies arising in the ordinary course of business are pending against the Company and certain of its subsidiaries. These matters are subject to many uncertainties, and it is possible that some of these matters could ultimately be decided, resolved, or settled adversely to the Company. Although the Company is subject to various claims and legal actions that arise in the ordinary course of business, except as described below, the Company is not currently a party to any material legal proceedings or environmental claims. The Company records an accrual when it is probable a liability has been incurred

and the amount of loss can be reasonably estimated. The Company does not believe any of these proceedings, individually or in the aggregate, would be expected to have a material effect o n results of operations, cash flows or financial condition.

On April 23, 2014, the Company completed the sale of NASDI, LLC ("NASDI") and Yankee Environmental Services, LLC ("Yankee"), which together comprised the Company's historical demolition business, to a privately owned demolition company. A legal action brought by the Company to enforce the buyer's obligations under the sale agreement is described below.

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

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

9. Investments

The Company owns 50% of TerraSea Environmental Solutions ("TerraSea") as a joint venture. TerraSea is engaged in the environmental services business through its ability to remediate contaminated soil and dredged sediment treatment. At March 31, 2017 and December 31, 2016, the Company had net advances to TerraSea of $24,703 and $24,696, respectively, which are recorded in prepaid expenses and other current assets. The Company has an accumulated deficit in joint ventures, which represents losses recognized to date in excess of our investment in TerraSea, of $17,016 at March 31, 2017 and December 31, 2016, which is presented in accrued expenses. The Company has commenced the wind down of TerraSea with its joint venture partner. The Company believes its remaining net advances to TerraSea are ultimately recoverable as an obligation of our joint venture partner. T he Company accrued $2,634 at December 31, 2016, representing the estimated share of additional losses to be assumed from the joint venture. The joint venture partner and the Company have discussed resolution of the remaining net advances through additional funding of the joint venture. If those discussions do not lead to a resolution satisfactory to both parties, the joint venture partner and the Company will go to binding arbitration as stipulated by the TerraSea operating agreement. To the extent that net advances are not fully recoverable, additional losses may result in future periods. There are no remaining TerraSea projects at March 31, 2017.

10. Business combinations and dispositions

Discontinued operations

On April 23, 2014, the Company entered into an agreement and completed the sale of NASDI and Yankee, its two former subsidiaries that comprised our historical demolition business. Under the terms of the agreement, the Company received cash of $5,309 and retained the right to receive additional proceeds based upon future collections of outstanding accounts receivable and work in process existing at the date of close, including recovery of outstanding claims for additional compensation from customers, net of future payments of accounts payable existing at the date of close, including any future payments of obligations associated with outstanding claims. The amount and timing of any realization of additional net proceeds has been impacted by the litigation with the buyer of the historical demolition business. However, management believes that the ultimate resolution of these matters will not be material to the Company's consolidated financial position or results of operations.

As discussed in Note 8, the Company was notified by Zurich of an alleged default triggered on a historical demolition surety performance bond in the aggregate of approximately $20,000 for failure of the contractor to perform in accordance with the terms of a project. Zurich could be obligated to reimburse the loss, damage and expense that may arise from the alleged default. The Company estimated its exposure to a surety bond claim, including associated expenses, to be $20,900 and has recorded this amount during the first quarter of 2017 in discontinued operations as follows:

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

Magnus Pacific acquisition

On November 4, 2014, the Company acquired Magnus Pacific Corporation ("Magnus"), a California corporation, for an aggregate purchase price of approximately $40 million. Under the terms of the acquisition, the aggregate purchase price is satisfied by payment of $25,000 paid at closing, the issuance of a promissory note and an earnout payment.

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

Other

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

11. Segment information

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

	Three Months Ended March 31,	
	2017	2016
Dredging		
Contract revenues	$ 153,054	$ 145,013
Operating income	2,106	10,585
Environmental & infrastructure		
Contract revenues	$ 19,224	$ 19,090
Operating loss	(2,730)	(10,674)
Intersegment revenues	$ (1,692)	$ (984)
Total		
Contract revenues	$ 170,586	$ 163,119
Operating loss	(624)	(89)

Foreign dredging revenue of $19,154 for the three months ended March 31, 2017 was mostly attributable to work done in the Middle East. Foreign dredging revenue for the three months ended March 31, 2016 was $1,509.

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.

12. Subsidiary guarantors

The Company’s long-term debt at March 31, 2017 includes $275,000 of 7.375% senior notes due February 1, 2019. The Company’s obligations under these senior unsecured notes are guaranteed by the Company’s 100% owned domestic subsidiaries. Such guarantees are full, unconditional and joint and several.

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

(i) balance sheets as of March 31, 2017 and December 31, 2016;

(ii) statements of operations and comprehensive income (loss) for the three months ended March 31, 2017 and 2016; and

(iii) statements of cash flows for the three months ended March 31, 2017 and 2016.

GREAT LAKES DREDGE & DOCK CORPORATION AND SUBSIDIARIES
CONDENSED CONSOLIDATING BALANCE SHEET
AS OF MARCH 31, 2017
(In thousands)

ASSETS	Subsidiary Guarantors	Non-Guarantor Subsidiaries	GLDD Corporation	Eliminations	Consolidated Totals
CURRENT ASSETS:					
Cash and cash equivalents	$ 6,439	$ 454	$ 2	$ —	$ 6,895
Accounts receivable — net	91,385	—	—	—	91,385
Contract revenues in excess of billings	75,403	293	—	—	75,696
Inventories	38,307	—	—	—	38,307
Prepaid expenses and other current assets	79,545	258	35	—	79,838
Total current assets	291,079	1,005	37	—	292,121
PROPERTY AND EQUIPMENT—Net	419,263	5	—	—	419,268
GOODWILL AND OTHER INTANGIBLE ASSETS—Net	84,927	—	—	—	84,927
INVENTORIES — Noncurrent	51,995	—	—	—	51,995
INVESTMENTS IN JOINT VENTURES	5,756	—	—	—	5,756
ASSETS HELD FOR SALE—Noncurrent	9,118	—	—	—	9,118
RECEIVABLES FROM AFFILIATES	9,350	4,283	165,214	(178,847)	—
INVESTMENTS IN SUBSIDIARIES	3,733	—	533,318	(537,051)	—
OTHER	8,013	1	6,428	—	14,442
TOTAL	$ 883,234	$ 5,294	$ 704,997	$ (715,898)	$ 877,627
LIABILITIES AND EQUITY					
CURRENT LIABILITIES:					
Accounts payable	$ 87,383	$ 257	$ —	$ —	$ 87,640
Accrued expenses	74,822	995	4,964	—	80,781
Billings in excess of contract revenues	8,893	—	—	—	8,893
Current portion of long term debt	1,277	—	1,162	—	2,439
Total current liabilities	172,375	1,252	6,126	—	179,753
7 3/8% SENIOR NOTES	—	—	273,248	—	273,248
REVOLVING CREDIT FACILITY	—	—	115,500	—	115,500
NOTES PAYABLE	—	—	12,995	—	12,995
DEFERRED INCOME TAXES	(1,833)	—	59,664	—	57,831
PAYABLES TO AFFILIATES	168,827	4,255	5,765	(178,847)	—
OTHER	6,601	—	171	—	6,772
Total liabilities	345,970	5,507	473,469	(178,847)	646,099
TOTAL EQUITY	537,264	(213)	231,528	(537,051)	231,528
TOTAL	$ 883,234	$ 5,294	$ 704,997	$ (715,898)	$ 877,627

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

ASSETS	Subsidiary Guarantors	Non-Guarantor Subsidiaries	GLDD Corporation	Eliminations	Consolidated Totals
CURRENT ASSETS:					
Cash and cash equivalents	$ 11,037	$ 128	$ 2	$ —	$ 11,167
Accounts receivable — net	86,690	1,401	—	—	88,091
Contract revenues in excess of billings	94,731	281	—	—	95,012
Inventories	37,137	—	—	—	37,137
Prepaid expenses and other current assets	75,496	323	—	—	75,819
Total current assets	305,091	2,133	2	—	307,226
PROPERTY AND EQUIPMENT—Net	413,002	6	—	—	413,008
GOODWILL AND OTHER INTANGIBLE ASSETS—Net	85,075	—	—	—	85,075
INVENTORIES — Noncurrent	52,602	—	—	—	52,602
INVESTMENTS IN JOINT VENTURES	4,734	—	—	—	4,734
ASSETS HELD FOR SALE—Noncurrent	9,299	—	—	—	9,299
RECEIVABLES FROM AFFILIATES	11,524	6,883	82,340	(100,747)	—
INVESTMENTS IN SUBSIDIARIES	3,695	—	636,216	(639,911)	—
OTHER	14,692	1	6,951	—	21,644
TOTAL	$ 899,714	$ 9,023	$ 725,509	$ (740,658)	$ 893,588
LIABILITIES AND EQUITY					
CURRENT LIABILITIES:					
Accounts payable	$ 102,654	$ 514	$ 17	$ —	$ 103,185
Accrued expenses	58,192	970	9,881	—	69,043
Billings in excess of contract revenues	4,963	178	—	—	5,141
Current portion of long term debt	1,320	—	1,145	—	2,465
Total current liabilities	167,129	1,662	11,043	—	179,834
7 3/8% SENIOR NOTES	—	—	272,998	—	272,998
REVOLVING CREDIT FACILITY	—	—	104,111	—	104,111
NOTE PAYABLE	—	—	13,293	—	13,293
DEFERRED INCOME TAXES	(1,833)	—	70,282	—	68,449
PAYABLES TO AFFILIATES	88,573	6,433	5,741	(100,747)	—
OTHER	6,862	—	151	—	7,013
Total liabilities	260,731	8,095	477,619	(100,747)	645,698
TOTAL EQUITY	638,983	928	247,890	(639,911)	247,890
TOTAL	$ 899,714	$ 9,023	$ 725,509	$ (740,658)	$ 893,588

GREAT LAKES DREDGE & DOCK CORPORATION AND SUBSIDIARIES
CONDENSED CONSOLIDATING STATEMENT OF OPERATIONS AND COMPREHENSIVE LOSS
FOR THE THREE MONTHS ENDED MARCH 31, 2017
(In thousands)

	Subsidiary Guarantors	Non-Guarantor Subsidiaries	GLDD Corporation	Eliminations	Consolidated Totals
Contract revenues	$ 170,451	$ 703	$ —	$ (568)	$ 170,586
Costs of contract revenues	(153,173)	(1,799)	—	568	(154,404)
Gross profit	17,278	(1,096)	—	—	16,182
OPERATING EXPENSES:					
General and administrative expenses	16,789	—	6	—	16,795
Loss on sale of assets—net	11	—	—	—	11
Operating income (loss)	478	(1,096)	(6)	—	(624)
Interest expense—net	(11)	—	(5,571)	—	(5,582)
Equity in earnings (loss) of subsidiaries	6	—	(434)	428	—
Equity in earnings of joint ventures	1	—	—	—	1
Other income (expense)	215	(7)	—	—	208
Loss from continuing operations before income taxes	689	(1,103)	(6,011)	428	(5,997)
Income tax (provision) benefit	—	(14)	2,288	—	2,274
Income (loss) from continuing operations	689	(1,117)	(3,723)	428	(3,723)
Loss from discontinued operations, net of income taxes	(20,900)	—	(13,065)	20,900	(13,065)
Net loss	$ (20,211)	$ (1,117)	$ (16,788)	$ 21,328	$ (16,788)
Comprehensive loss	$ (20,945)	$ (1,145)	$ (17,550)	$ 22,090	$ (17,550)

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

	Subsidiary Guarantors	Non-Guarantor Subsidiaries	GLDD Corporation	Eliminations	Consolidated Totals
Contract revenues	$ 163,579	$ —	$ —	$ (460)	$ 163,119
Costs of contract revenues	(142,183)	(1,406)	—	460	(143,129)
Gross profit	21,396	(1,406)	—	—	19,990
OPERATING EXPENSES:					
General and administrative expenses	20,085	4	—	—	20,089
Gain on sale of assets—net	(10)	—	—	—	(10)
Operating income (loss)	1,321	(1,410)	—	—	(89)
Interest expense—net	(181)	—	(5,540)	—	(5,721)
Equity in loss of subsidiaries	(82)	—	(1,149)	1,231	—
Equity in loss of joint ventures	(115)	—	—	—	(115)
Other expense	(755)	(8)	—	—	(763)
Income (loss) before income taxes	188	(1,418)	(6,689)	1,231	(6,688)
Income tax (provision) benefit	(1)	—	2,654	—	2,653
Net income (loss)	$ 187	$ (1,418)	$ (4,035)	$ 1,231	$ (4,035)
Comprehensive income (loss)	$ 187	$ (1,009)	$ (3,626)	$ 822	$ (3,626)

GREAT LAKES DREDGE & DOCK CORPORATION AND SUBSIDIARIES
CONDENSED CONSOLIDATING STATEMENT OF CASH FLOWS
FOR THE THREE MONTHS ENDED MARCH 31, 2017
(In thousands)

	Subsidiary Guarantors	Non-Guarantor Subsidiaries	GLDD Corporation	Eliminations	Consolidated Totals
OPERATING ACTIVITIES:					
Cash provided by (used in) operating activities	4,489	(14)	(9,535)	—	(5,060)
INVESTING ACTIVITIES:					
Purchases of property and equipment	(17,452)	—	—	—	(17,452)
Proceeds from dispositions of property and equipment	265	—	—	—	265
Changes in restricted cash	7,035	—	—	—	7,035
Net change in accounts with affiliates	—	—	(82,783)	82,783	—
Transfer to parent	—	—	81,000	(81,000)	—
Cash used in investing activities	(10,152)	—	(1,783)	1,783	(10,152)
FINANCING ACTIVITIES:					
Deferred financing fees	—	—	(58)	—	(58)
Repayments of long term note payable	—	—	(283)	—	(283)
Taxes paid on settlement of vested share awards	—	—	(164)	—	(164)
Repayments of equipment debt	(376)	—	—	—	(376)
Net change in accounts with affiliates	82,441	342	—	(82,783)	—
Transfer to parent	(81,000)	—	—	81,000	—
Exercise of options and purchases from employee stock plans	—	—	434	—	434
Borrowings under revolving loans	—	—	28,112	—	28,112
Repayments of revolving loans	—	—	(16,723)	—	(16,723)
Cash provided by financing activities	1,065	342	11,318	(1,783)	10,942
Effect of foreign currency exchange rates on cash and cash equivalents	—	(2)	—	—	(2)
Net increase (decrease) in cash and cash equivalents	(4,598)	326	—	—	(4,272)
Cash and cash equivalents at beginning of period	11,037	128	2	—	11,167
Cash and cash equivalents at end of period	$ 6,439	$ 454	$ 2	$ —	$ 6,895

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

	Subsidiary Guarantors	Non-Guarantor Subsidiaries	GLDD Corporation	Eliminations	Consolidated Totals
OPERATING ACTIVITIES:					
Cash provided by (used in) operating activities	$ 14,147	$ (787)	$ (10,400)	$ —	$ 2,960
INVESTING ACTIVITIES:					
Purchases of property and equipment	(14,917)	—	—	—	(14,917)
Proceeds from dispositions of property and equipment	25	—	—	—	25
Net change in accounts with affiliates	26,753	—	—	(26,753)	—
Cash provided by investing activities	11,861	—	—	(26,753)	(14,892)
FINANCING ACTIVITIES:					
Repayments of long term note payable	—	—	(265)	—	(265)
Repayments of term loan facility	—	—	(1,250)	—	(1,250)
Repayment of equipment debt	(367)	—	—	—	(367)
Net change in accounts with affiliates	(629)	376	(26,500)	26,753	—
Transfer to parent	(23,000)	—	23,000	—	—
Exercise of options and purchases from employee stock plans	—	—	415	—	415
Borrowings under revolving loans	—	—	38,000	—	38,000
Repayments of revolving loans	—	—	(23,000)	—	(23,000)
Cash provided by (used in) financing activities	(23,996)	376	10,400	26,753	13,533
Effect of foreign currency exchange rates on cash and cash equivalents	—	109	—	—	109
Net increase (decrease) in cash and cash equivalents	2,012	(302)	—	—	1,710
Cash and cash equivalents at beginning of period	12,035	2,147	2	—	14,184
Cash and cash equivalents at end of period	$ 14,047	$ 1,845	$ 2	$ —	$ 15,894

Item 2. M anagement's Discussion and Analysis of Financial Condition and Results of Operations.

Cautionary note regarding forward-looking statements

Certain statements in this Quarterly Report on Form 10-Q may constitute "forward-looking" statements as defined in Section 27A of the Securities Act of 1933 (the "Securities Act"), Section 21E of the Securities Exchange Act of 1934 (the "Exchange Act"), the Private Securities Litigation Reform Act of 1995 (the "PSLRA") or in releases made by the Securities and Exchange Commission ("SEC"), all as may be amended from time to time. Such forward-looking statements involve known and unknown risks, uncertainties and other important factors that could cause the actual results, performance or achievements of Great Lakes Dredge & Dock Corporation and its subsidiaries ("Great Lakes" or the "Company"), or industry results, to differ materially from any future results, performance or achievements expressed or implied by such forward-looking statements. Statements that are not historical fact are forward-looking statements. Forward-looking statements can be identified by, among other things, the use of forward-looking language, such as the words "plan," "believe," "expect," "anticipate," "intend," "estimate," "project," "may," "would," "could," "should," "seeks," or "scheduled to," or other similar words, or the negative of these terms or other variations of these terms or comparable language, or by discussion of strategy or intentions. These cautionary statements are being made pursuant to the Securities Act, the Exchange Act and the PSLRA with the intention of obtaining the benefits of the "safe harbor" provisions of such laws. Great Lakes cautions investors that any forward-looking statements made by Great Lakes are not guarantees or indicative of future performance. Important assumptions and other important factors that could cause actual results to differ materially from those forward-looking statements with respect to Great Lakes, include, but are not limited to, risks and uncertainties that are described in Item 1A. "Risk Factors" of Great Lakes' Annual Report on Form 10-K for the year ended December 31, 2016, and in other securities filings by Great Lakes with the SEC.

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

General

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

Dredging generally involves the enhancement or preservation of navigability of waterways or the protection of shorelines through the removal or replenishment of soil, sand or rock. Domestically, our work generally is performed in coastal waterways and deep water ports. The U.S. dredging market consists of four primary types of work: capital, coastal protection, maintenance and rivers & lakes. The Company's bid market is defined as the aggregate dollar value of domestic dredging projects on which the Company bid or could have bid if not for capacity constraints ("bid market"). The Company experienced an average combined bid market share in the U.S. of 42% over the prior three years, including 61%, 39%, 27% and 38% of the domestic capital, coastal protection, maintenance and rivers & lakes sectors, respectively.

The Company's largest domestic dredging customer is the U.S. Army Corps of Engineers (the "Corps"), which has responsibility for federally funded projects related to navigation and flood control of U.S. waterways. In the first three months of 2017, the Company's dredging revenues earned from contracts with federal government agencies, including the Corps as well as other federal entities such as the U.S. Coast Guard and the U.S. Navy were approximately 73% of dredging revenues, above the Company's prior three year average of 66%.

The Company's environmental & infrastructure segment provides environmental and geotechnical construction as well as soil, water and sediment environmental remediation for the state, local and private party markets. Environmental and geotechnical construction includes the creation, repair or stabilization of environmental barriers including slurry walls, in-situ stabilization, coal combustion residuals pond cap and close, dam and levee rehabilitation and other specialty civil construction. Remediation involves the containment, immobilization or removal of contamination from an environment through the use of any combination of isolation, treatment or exhumation techniques, including off-site disposal, based on the quantity and severity of the contamination. The environmental & infrastructure segment, which is comprised of Great Lakes Environmental & Infrastructure, LLC ("GLEI") and Terra Contracting Services, LLC ("Terra"), accounted for 11% of total revenues in the first three months of 2017.

The Company has two operating segments: dredg ing and environmental & infrastructure, which are also the Company's two reportable segments. The Company has determined that dredging, GLEI and Terra are the Company's three reporting units.

Results of operations

The following tables set forth the components of net income (loss) and Adjusted EBITDA from continuing operations, as defined below, as a percentage of contract revenues for the three months ended March 31, 2017 and 2016:

	Three Months Ended March 31,	
	2017	2016
Contract revenues	100.0%	100.0%
Costs of contract revenues	(90.5)	(87.7)
Gross profit	9.5	12.3
General and administrative expenses	9.8	12.4
(Gain) loss on sale of assets—net	—	—
Operating loss	(0.3)	(0.1)
Interest expense—net	(3.3)	(3.5)
Equity in earnings (loss) of joint ventures	—	(0.1)
Other income (expense)	0.1	(0.5)
Loss from continuing operations before income taxes	(3.5)	(4.2)
Income tax benefit	1.3	1.6
Loss from continuing operations	(2.2)	(2.6)
Loss from discontinued operations, net of income taxes	(7.7)	—
Net loss	(9.9)	(2.6)
Adjusted EBITDA from continuing operations	8.3%	7.9%

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

	Three Months Ended March 31,	
(in thousands)	2017	2016
Net loss	$ (16,788)	$ (4,035)
Loss from discontinued operations, net of income taxes	(13,065)	—
Loss from continuing operations	(3,723)	(4,035)
Adjusted for:		
Interest expense—net	5,582	5,721
Income tax benefit	(2,274)	(2,653)
Depreciation and amortization	14,571	13,928
Adjusted EBITDA from continuing operations	$ 14,156	$ 12,961

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

	Three Months Ended March 31,		
Revenues (in thousands)	2017	2016	Change
Dredging:			
Capital—U.S.	$ 66,601	$ 51,937	28.2%
Capital—foreign	19,154	1,509	1,169.3%
Coastal protection	40,335	47,213	(14.6)%
Maintenance	21,913	37,583	(41.7)%
Rivers & lakes	5,051	6,771	(25.4)%
Total dredging revenues	153,054	145,013	5.5%
Environmental & infrastructure	19,224	19,090	0.7%
Intersegment revenue	(1,692)	(984)	72.0%
Total revenues	$ 170,586	$ 163,119	4.6%

For the three months ended March 31, 2017, total revenue was $170.6 million, up from $163.1 million for the same period in the prior year, representing an increase of $7.5 million or 5%. For the three months ended March 31, 2017, the Company experienced increases in domestic capital, foreign capital and environmental & infrastructure revenues which were partially offset by decreases in coastal protection, maintenance and rivers & lakes revenues.

Capital dredging consists primar ily of port expansion projects, which involve the deepening of channels and berthing basins to allow access by larger, deeper draft ships and the provision of land fill used to expand port facilities. In addition to port work, capital projects also include coastal restoration and land reclamations, trench digging for pipelines, tunnels and cables, and other dredging related to the construction of breakwaters, jetties, canals and other marine structures. Domestic capital dredging for the three months ended M arch 31, 2017 was $66.6 million compared to $51.9 million for the same period in 2016. The increase in domestic capital dredging revenues for the three months ended March 31, 2017 was largely attributable to revenue earned on coastal restoration projects i n Louisiana and the Savannah Harbor deepening project. The increased revenue from these projects during the first quarter of 2017 was partially offset by greater revenue earned on a liquefied natural gas ("LNG") project in Texas during the same period of 2 016. Further, work on a deepening project on the Delaware River and a project in Florida also contributed to revenue for the three months ended March 31, 2017.

Foreign capital projects typically involve land reclamations, channel deepening and port infrastructure development. In the first quarter of 2017, foreign dredging was $19.2 million, an increase of $17.6 million, as compared to the same period in the prior year. Revenue for the three months ended March 31, 2017 was attributable to a project in Saudi Arabia, two projects in Bahrain and a project in Brazil. In comparison, revenue for the first three months of 2016 was driven by the final stages of demobilization on the Suez Canal project.

Coastal protection projects generally involve moving sand from the ocean floor to shoreline locations where erosion threatens shoreline assets. Coastal protection revenue for the three months ended March 31, 2017 was $40.3 million, down $6.9 million or 15%, from $47.2 million for the first three months of 2016. The decrease in coastal protection revenue for the first three months of 2017 was attributable to a lower amount of revenue earned on large projects in New Jersey and New York for the repair of shorelines damaged as a result of Superstorm Sandy and recent winter storms as compared to the first quarter of 2016. In addition, the prior year included revenue from projects in Florida that were not worked in the current year. This decrease was partially offset by greater revenue earned on a coastal protection project in Virginia. A project in Delaware also contributed to revenue during the first quarter of 2017.

Maintenance dredging consists of the re-dredging of previously deepened waterways and harbors to remove silt, sand and other accumulated sediments. Maintenance revenue for the first quarter of 2017 was $21.9 million, down $15.7 million, or 42%, from $37.6 million for the same period in the prior year. The decrease in maintenance dredging revenues for the first three months of 2017 was mostly attributable to prior year revenue earned on large projects in Georgia, Florida and Massachusetts that did not repeat during the current year. The decrease was partially offset by a greater amount of maintenance revenue earned in New York and New Jersey as compared to the first quarter of 2016. Maintenance projects in Maryland, North Carolina, Pennsylvania, Florida and Delaware also contributed to revenue during the first three months of 2017.

Rivers & lakes dredging and related operations typically consist of lake and river dredging, inland levee and construction dredging, environmental restoration and habitat improvement and other marine construction projects. Rivers & lakes revenue for the three months ended March 31, 2017 was $5.1 million, down $1.7 million, or 25%, from $6.8 million in the first quarter of 2016. The decrease in rivers & lakes revenue for the first three months of 2017 was driven by a greater amount of revenue earned on a reservoir project in Kansas, which was able to operate during the winter months, in the prior year. This decrease was partially offset by revenue earned on projects in New Jersey, Florida, Mississippi and Illinois.

The environmental & infrastructure segment's services include environmental and geotechnical construction, specifically, slurry wall construction, in-situ stabilization, large scale reclamation and habitat restoration. In addition, the segment provides remediation services which involve the containment, immobilization or removal of contamination from an environment through the use of any combination of isolation, treatment or exhumation techniques, including off-site disposal, based on the quantity and severity of the contamination. For the three months ended March 31, 2017, the environmental & infrastructure segment recorded revenues of $19.2 million, a $0.1 million, or 1%, increase from $19.1 million for the same prior year period. Environmental & infrastructure revenue for the first three months of 2017 included work on remediation projects in Florida, New Jersey and Colorado and a geotechnical project in California. Revenue on these projects was mostly offset by a greater amount of revenue earned in the environmental & infrastructure's service lines during the first quarter of 2016. During the fourth quarter of 2016, the Company sold assets associated with certain service lines of the environmental & infrastructure segment's business, excluding assets supporting the remediation service line. Further, a greater amount of revenue was earned on a large mine project in Washington during the prior year period.

Consolidated gross profit for the three months ended March 31, 2017 was $16.2 million, down $3.8 million or 19%, compared to $20.0 million in the same period of the prior year. Gross profit margin for the three months ended March 31, 2017 decreased to 9.5% from 12.3% in the first quarter of 2016. The decrease in gross profit for the three months ended March 31, 2017 was attributable to fewer domestic dredging projects with strong performance and higher maintenance expense, driven by a higher number of dry dockings during the first quarter of 2017 than in the comparable quarter of the prior year. In comparison, the Company experienced strong performance on several coastal protection and maintenance projects during the prior year period. This decrease in gross profit was partially offset by stronger contract margins and lower overhead in the environmental & infrastructure segment, primarily related

to improved absorption of the segment's downsized fleet of equipment, and stronger margins on foreign capital and certain domestic capital projects, specifically coastal restoration projects in Louisiana, during the first quarter of 2017 as compared to the prior year period.

General and administrative expenses for the three months ended March 31, 2017 and 2016 totaled $16.8 million and $20.1 million, respectively. The $3.3 million change in general and administrative expenses was mostly attributable to a $2.4 million decrease in payroll and benefits primarily related to the service lines of the environmental & infrastructure segment's business sold in the fourth quarter of 2016 and a $1.3 million decrease in legal and professional fees during the first three months of 2017.

For the three months ended March 31, 2017, the Company experienced an operating loss of $0.6 million, a change of $0.5 million, from an operating loss of $0.1 million in the same prior year period. The change in the Company's operating loss for the first three months of 2017 was attributable to a decrease in gross profit partially offset by a decrease in general and administrative expenses, as described above.

Net interest expense for the three months ended March 31, 2017 was $5.6 million, down $0.1 million, or 2%, from interest expense of $5.7 million for the same period in the prior year. The change in interest expense was mostly attributable to a decrease in expense related to the Company's senior secured term loan facility, which was paid in full during the fourth quarter of 2016, mostly offset by an increase in expense associated with the Company's revolving credit facility.

For the three months ended March 31, 2017 and 2016, the income tax benefit was $2.3 million and $2.7 million, respectively. The effective tax rate for the three months ended March 31, 2017 was 37.9%, in line with the effective tax rate of 39.7% for the same period of 2016.

The Company experienced a net loss from continuing operations of $3.7 million and a diluted loss per share attributable to continuing operations of $0.06 for the three months ended March 31, 2017, compared to a net loss from continuing operations of $4.0 million and a diluted loss per share attributable to continuing operations of $0.07 for the same period of 2016. The change in net loss from continuing operations for the first three months of 2017 was driven by the change in operating loss, as described above, partially offset by a $1.1 million improvement in equity in earnings (loss) of joint ventures and other income (expense) during the current year period.

Adjusted EBITDA from continuing operations (as defined on page 28) for the three months ended March 31, 2017 was $14.2 million, up $1.2 million, or 9%, from Adjusted EBITDA from continuing operations of $13.0 million for the same prior year period. The change in Adjusted EBITDA from continuing operations during the current year period was attributable to the positive change in equity in earnings (loss) of joint ventures and other income (expense) and a decrease in general and administrative expenses partially offset by lower gross profit, as described above, compared to the first quarter of 2016.

Results by segment

Dredging

Dredging segment revenues for the three months ended March 31, 2017 were $153.1 million, up $8.0 million, or 6%, compared to revenues of $145.0 million for the same prior year period. For the three months ended March 31, 2017, the dredging segment experienced increases in domestic and foreign capital revenues which were partially offset by decreases in maintenance, coastal protection and rivers & lakes revenues. The increase in current year revenues was driven by coastal restoration projects in Louisiana, the Savannah Harbor deepening project and a foreign capital project in Saudi Arabia. In comparison, revenue during the first three months of 2016 was driven by a greater amount of revenue earned on large coastal protection projects in New Jersey and New York for the repair of shorelines damaged as a result of Superstorm Sandy and recent winter storm events, maintenance work in Georgia, Florida and Massachusetts and a reservoir project in Kansas.

For the three months ended March 31, 2017, the dredging segment gross profit was $14.5 million, down from a gross profit of $23.4 million in the same period of 2016. Further, dredging segment gross profit margin for the three months ended March 31, 2017 decreased to 9.5% from gross profit margin of 16.1% for the first quarter of 2016. The decrease in dredging segment gross profit for the three months ended March 31, 2017 was attributable to fewer domestic dredging projects with strong performance and higher maintenance expense, driven by a higher number of dry dockings during the first quarter of 2017 than in the comparable quarter of the prior year. In comparison, the Company experienced strong performance on several coastal protection and maintenance projects during the prior year period. This decrease in gross profit was partially offset by stronger margins on foreign capital and certain domestic capital projects, specifically coastal restoration projects in Louisiana as compared to the prior year period.

For the three months ended March 31, 2017, operating income was $2.1 million, an $8.5 million decrease from $10.6 million in the first three months of 2016. The change in operating income for the first three months of 2017 is the result of lower gross profit,

described above. The decrease in gross profit was partially offset by a decrease in general and administrative expenses, mostly related to a $0.9 million decrease in legal and professional fees.

Environmental & infrastructure

Environmental & infrastructure segment revenues for the three months ended March 31, 2017 were $19.2 million, up $0.1 million, or 1%, from revenue of $19.1 million for the first three months of 2016. Environmental & infrastructure revenues for the first three months of 2017 included work on remediation projects in Florida, New Jersey and Colorado and a geotechnical project in California. Revenue on these projects was mostly offset by a greater amount of revenue earned in the environmental & infrastructure's service lines during the first quarter of 2016. During the fourth quarter of 2016, the Company sold assets associated with certain service lines of the environmental & infrastructure segment's business, excluding assets supporting the remediation service line. Further, a greater amount of revenue was earned on a large mine project in Washington during the prior year period.

The environmental & infrastructure segment experienced a gross profit of $1.7 million and a negative gross profit of $3.4 million for the three months ended March 31, 2017 and 2016, respectively. For the first three months of 2017, the environmental & remediation segment experienced a gross profit margin of 8.9% compared to a negative gross profit margin of 17.6% for the same period of the prior year. The change in gross profit during the current year period was driven by stronger contract margins and lower overhead, primarily related to improved absorption of the segment's downsized fleet of equipment, during the first quarter of 2017 as compared to the prior year period.

For the three months ended March 31, 2017, the environmental & infrastructure segment experienced an operating loss of $2.7 million compared to an operating loss of $10.7 million for the same period of the prior year. The $8.0 million change in operating loss for the three months ended March 31, 2017 is mostly attributable to the improved gross profit, as described above, and a decrease in general and administrative expenses, specifically, a $1.9 million decrease in payroll and benefits primarily related to the service lines of the environmental & infrastructure segment's business which was sold in the fourth quarter of 2016 and $0.3 million decrease in legal and professional fees. Operating loss was also positively impacted by a $0.7 million improvement in other income (expense) during the current year period.

Bidding activity and backlog

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

Backlog (in thousands)	**March 31, 2017**	**December 31, 2016**	**March 31, 2016**
Dredging:			
Capital - U.S.	$ 262,609	$ 234,575	$ 386,638
Capital - foreign	20,009	22,025	1,750
Coastal protection	85,228	109,871	124,949
Maintenance	48,146	56,929	43,931
Rivers & lakes	40,591	44,298	75,898
Dredging Backlog	456,583	467,698	633,166
Environmental & infrastructure	59,707	37,645	77,266
Total Backlog	$ 516,290	$ 505,343	$ 710,432

The Company's contract backlog represents its estimate of the revenues that will be realized under the portion of the contracts remaining to be performed. For dredging contracts these estimates are based primarily upon the time and costs required to mobilize the necessary assets to and from the project site, the amount and type of material to be dredged and the expected production capabilities of the equipment performing the work. For environmental & infrastructure contracts, these estimates are based on the time and remaining costs required to complete the project relative to total estimated project costs and project revenues agreed to with the customer. However, these estimates are necessarily subject to variances based upon actual circumstances. Because of these factors, as well as factors affecting the time required to complete each job, backlog is not always indicative of future revenues or profitability. Also, 61% of the Company's March 31, 2017 dredging backlog relates to federal government contracts, which can be canceled at any time without penalty to the government, subject to the Company's contractual right to recover the Company's actual committed costs and profit on work performed up to the date of cancellation. The Company's backlog may fluctuate significantly from quarter to quarter based upon the type and size of the projects the Company is awarded from the bid market. A quarterly increase or decrease of the Company's backlog does not necessarily result in an improvement or a deterioration of the Company's business. The Company's backlog includes only those projects for which the Company has obtained a signed contract with the customer.

The domestic dredging bid market for the 2017 quarter ended March 31, 2017 totaled $177.9 million. This represe nts an increase of $51.7 million compared to the first three months of 2016. Awards during the current year period include a coastal restoration project in the Gulf of Mexico, maintenance projects in Louisiana, Texas, North Carolina and Connecticut and a c oastal protection project in New Jersey. The bid market for the three months ended March 31, 2017 was up compared to the prior year primarily due to the award of an $88 million coastal restoration project in the Gulf of Mexico during the first quarter of 2 017. For the contracts awarded in the current year, the Company won 100%, or $11.2 million, of the coastal protection projects, 86%, or $88.5 million, of the domestic capital projects, 19%, or $12.0 million, of the maintenance projects and no rivers & lake s projects through March 31, 2017. The Company won 63% of the overall domestic bid market for the first three months of 2017, which is above the Company's prior three year average of 42%. Variability in contract wins from quarter to quarter is not unusual and one quarter's win rate is generally not indicative of the win rate the Company is likely to achieve for a full year.

The Company's contracted dredging backlog was $456.6 million at March 31, 2017 compared to $467.7 million of backlog at December 31, 2016. These amounts do not reflect approximately $32.0 million of domestic low bids pending formal award and additional phases ("options") pending on projects currently in backlog at March 31, 2017. At December 31, 2016 the amount of domestic low bids and options pending award was $24.6 million.

Domestic capital dredging backlog at March 31, 2017 was $28.0 million higher than at December 31, 2016. During the first three months of 2017, the Company was awarded an $88 million coastal restoration project in the Gulf of Mexico. For the three months ended March 31, 2017, the Company continued to earn revenue on several coastal restoration projects in Louisiana, the Savannah Harbor deepening project and a deepening project on the Delaware River which were in backlog at December 31, 2016. The Company is encouraged by the new administration's focus on repairing and rebuilding America's infrastructure, including our nation's ports and waterways. The Panama Canal expansion was completed during the second quarter of 2016, which continues to put pressure on the ports on the East Coast to continue with their studies and plans to deepen and widen in anticipation of the post-Panamax vessels. The Company anticipates that Jacksonville will likely be the next port that will be let for bid, potentially in the third quarter of 2017. Further, Charleston and Port Everglades continue to look promising to potentially commence their port deepening projects in 2018. In April 2016, the federal court in New Orleans approved the October 2015 settlement, of approximately $20 billion, between the United States, the five Gulf States and BP for damages from the Deepwater Horizon oil spill. Louisiana will receive a minimum of $6.8 billion for claims related to natural resource damages under the Oil Pollution Act, Clean Water Act civil penalties, and the State's various economic claims. Many of the Gulf States previously committed to spending a portion of the fines received to repair the natural resources impacted by the oil spill, including on coastal restoration projects that include dredging. Although the bulk of the fines are to be paid over the next 15 to 18 years, the Company expects several coastal restoration projects envisioned by the States to come to fruition in the next couple of years providing a new source of domestic capital dredging projects on which the Company will bid.

Foreign capital dredging backlog at March 31, 2017 was $2.0 million lower than at December 31, 2016. During the first three months of 2017, the Company was awarded a sand supply project in the Middle East. Upcoming projects expected to be awarded are not being completed under the tight time constraints that were required on prior years' large infrastructure projects. As a result, anticipated margins in the current year are expected to be lower than margins experienced internationally over the past several years. The world's need for reclaimed land continues to expand to support global energy consumption, seaborne trade, population growth and tourism, all of which are expected to add nearly 400 viable dredging projects over the next six years. Besides the Middle East, the Company is working on projects and continues to pursue ancillary work in South America where we have positioned a clamshell dredge and operate as a reputable regional provider. The Company expects the additional opportunities globally to provide a continued source of future international dredging revenue.

Coastal protection dredging backlog at March 31, 2017 was $24.6 million lower than at December 31, 2016. In the first three months of 2017, the Company was awarded an option on a coastal protection project in New Jersey. In comparison, the Company was awarded a larger coastal protection project in Virginia during the prior year period. During the first three months of 2017, the Company continued to earn revenue on several large coastal protection projects in New Jersey and New York as well as on the large project in Virginia which were in backlog at December 31, 2016. Funding related to Northeastern U.S. beach replenishment continues to be released and the Company is anticipating these new dredging projects along the coast to extend through 2017. Federal and state government actions continue to support the repair and improvement of America's coastline through the completion of protective beaches and berms.

Maintenance dredging backlog was down $8.8 million from December 31, 2016. During the first three months of 2017, the Company was awarded maintenance projects in North Carolina, Maryland and Delaware. During the first three months of 2017, the Company continued to earn revenue on projects in Maryland, Pennsylvania, Florida and Delaware which were in backlog at December 31, 2016. Congressional leaders recently agreed to a budget for fiscal year 2017. The Company expects it to be sent to the President for his signature later this week or next. Despite the delay, the Company believes the budget agreed to by Congressional leaders would be beneficial to the Company because it provides for a record budget for the Corps of $6 billion and exceeds the increase in Harbor

Maintenance Trust Fund ("HMTF") spending for maintenance dredging as required by the 2014 Water Resources and Development Act. Further, the House and the Senate passed the water resources development bill, rebranded as the Water Infrastructure Improvements for the Nation Act ("WIIN") during the fourth quarter of 2016. WIIN emphasizes previous Water Resources Reform and Development Act ("WRRDA") language which calls for full use of the HMTF for its int ended purpose of maintaining future access to the waterways and ports that support our nation's economy. Further, WIIN ensures that Harbor Maintenance Tax ("HMT") funding targets will increase by three percent over the prior year, even if the HMT revenue e stimates decrease, to continue annual progress towards full use of the HMT by 2025. Through the increased appropriation of HMTF monies, the Company anticipates an increase in harbor projects to be let for bid throughout 2017 and beyond.

Rivers & lakes backlog at March 31, 2017 was down by $3.7 million from backlog at December 31, 2016. For the three months ended March 31, 2017, the Company continued to earn revenue on projects in New Jersey, Florida, Mississippi, Illinois and a reservoir project in Kansas which were in backlog at December 31, 2016. The Corps' work plan for fiscal year 2017 includes several upper Mississippi River projects to open channels that are often clogged by silt and sediment from upstream, in addition to planned levee repair along the Mississippi River. Additionally, the Company's rivers & lakes dredges are well suited for inland marsh projects in Louisiana that are expected to be let to bid through the Coastal Protection and Restoration Authority over the next year.

Environmental & infrastructure services backlog increased $22.1 million from December 31, 2016. During the first three months of 2017, the Company was awarded a levee project in California, remediation projects in New Jersey and South Dakota and two geotechnical projects in California. For the three months ended March 31, 2017, the Company continued to earn revenue on remediation projects in Florida, New Jersey and Colorado which were in backlog at December 31, 2016. As part of the environmental & infrastructure segment's initiatives, the Company intends to focus on geographical expansion in the geotechnical services business. The Company anticipates an increase in levee work in 2017 due to the recent flooding in the Northwest. Additionally, the Company anticipates additional contracting opportunities arising from the transformation of the U.S. energy infrastructure, specifically related to the remediation requirements as mandated by the Environmental Protection Agency's rule to regulate the disposal of coal combustion residuals from electric utilities promulgated in June 2015.

Liquidity and capital resources

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

The Company's cash provided by (used in) operating activities for the three months ended March 31, 2017 and 2016 totaled $(5.1) million and $3.0 million, respectively. Normal increases or decreases in the level of working capital relative to the level of operational activity impact cash flow from operating activities. The increase in cash used in operating activities in the first three months of 2017 compared to the same period in the prior year was driven by a greater investment in working capital during the current year period.

The Company's cash flows used in investing activities for the first three months of 2017 and 2016 totaled $10.2 million and $14.9 million, respectively. Investing activities in both periods primarily relate to normal course upgrades and capital maintenance of the Company's dredging fleet. During the three months ended March 31, 2017, the Company spent $13.4 million on the construction of a dual mode articulated tug/barge trailing suction hopper dredge ("ATB"), compared to $8.4 million in the same period in the prior year. In connection with the termination of the Company's former revolving credit facility, the Company was required to issue cash collateral of $7.0 million related to two letters of credit during the fourth quarter of 2016. During the first quarter of 2017, new letters of credit were issued under the Company's new credit facility and the cash used to collateralize the previous letters of credit was paid back in full to the Company.

The Company's cash flows provided by financing activities for the three months ended March 31, 2017 and 2016 totaled $10.9 million and $13.5 million, respectively. The decrease in net cash flows provided by financing activities is primarily due to net borrowings on the Company's revolver during the first three months of 2017 of $11 million, compared to net borrowings of $15 million for the same period in the prior year. Further, the Company had a $1.5 million payment on the senior secured term loan facility during the prior year period. The senior secured term loan facility was paid in full during the fourth quarter of 2016.

Credit agreement

On December 30, 2016, the Company, Great Lakes Dredge & Dock Company, LLC, NASDI Holdings, LLC, Great Lakes Dredge & Dock Environmental, Inc., Great Lakes Environmental & Infrastructure Solutions, LLC and Great Lakes Environmental & Infrastructure, LLC (collectively, the "Credit Parties") entered into a revolving credit and security agreement, as subsequently amended, (the "Credit Agreement") with certain financial institutions from time to time party thereto as lenders, PNC Bank, National

Association, as Agent, PNC Capital Markets, The PrivateBank and Trust Company, Suntrust Robinson Humphrey, I nc., Capital One, National Association and Bank of America, N.A., as Joint Lead Arrangers and Joint Bookrunners, Texas Capital Bank, National Association, as Syndication Agent and Woodforest National Bank, as Documentation Agent. The Credit Agreement, whic h replaced the Company's former revolving credit agreement, provides for a senior secured revolving credit facility in an aggregate principal amount of up to $250 million, subfacilities for the issuance of standby letters of credit up to a $250 million sub limit and swingline loans up to a $25 million sublimit. The maximum borrowing capacity under the Credit Agreement is determined by a formula and may fluctuate depending on the value of the collateral included in such formula at the time of determination. T he Credit Agreement also includes an increase option that will allow the Company to increase the senior secured revolving credit facility by an aggregate principal amount of up to $100 million. This increase is subject to lenders providing incremental comm itments for such increase, the Credit Parties having adequate borrowing capacity and provided that no default or event of default exists both before and after giving effect to such incremental commitment increase.

The Credit Agreement contains customary representations and affirmative and negative covenants, including a springing financial covenant that requires the Credit Parties to maintain a fixed charge coverage ratio (ratio of earnings before income taxes, depreciation and amortization, net interest expenses, non-cash charges and losses and certain other non-recurring charges, minus capital expenditures, income and franchise taxes, to net cash interest expense plus scheduled cash principal payments with respect to debt plus restricted payments paid in cash) of not more than 1.10 to 1.00. The Credit Parties are also restricted in the amount of capital expenditures they may make in each of the next three fiscal years. The Credit Agreement also contains customary events of default (including non-payment of principal or interest on any material debt and breaches of covenants) as well as events of default relating to certain actions by the Company's surety bonding providers. The obligations of the Credit Parties under the Credit Agreement will be unconditionally guaranteed, on a joint and several basis, by each existing and subsequently acquired or formed material direct and indirect domestic subsidiary of the Company. Borrowings under the Credit Agreement were or will be used to refinance existing indebtedness under the Company's former revolving credit agreement, refinance existing indebtedness under the Company's former term loan agreement, pay fees and expenses related to the Credit Agreement, finance acquisitions permitted under the Credit Agreement, finance ongoing working capital and for other general corporate purposes. The Credit Agreement matures on December 30, 2019; provided that the maturity date would be accelerated to November 3, 2018 if the Company fails to refinance its unsecured senior notes that mature February 1, 2019. The refinanced notes must have a maturity on or after March 31, 2020.

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

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

As of March 31, 2017, the Company had $115.5 million of borrowings on the revolver and $62.7 million of letters of credit outstanding, resulting in $45.1 million of availability under the Credit Agreement. Borrowings under the line of credit may be limited based on the Company's requirements to comply with its covenants.

Surety agreements

Performance and bid bonds are customarily required for dredging and marine construction projects, as well as some environmental & infrastructure projects. The Company has bonding agreements with Argonaut Insurance Company, Berkley Insurance Company, Chubb Surety, Liberty Mutual Insurance Company and Zurich American Insurance Company ("Zurich"), under which the Company can obtain performance, bid and payment bonds. The Company also has outstanding bonds with Travelers Casualty and Surety Company of America. Bid bonds are generally obtained for a percentage of bid value and amounts outstanding typically range from $1 million to $10 million. At March 31, 2017, the Company had outstanding performance bonds totaling approximately $1,189.0 million, of which $44.9 million relates to projects from the Company's historical environmental & infrastructure businesses. The revenue value remaining in backlog related to these projects totaled approximately $429.6 million.

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

Pursuant to the terms of sale of our historical demolition business, the Company received an indemnification from the buyer for losses resulting from the bonding arrangement. The Company intends to aggressively pursue enforcement of the indemnification provisions if the buyer of the historical demolition business is found to be in default of its obligations. The Company cannot estimate the amount or range of recoveries related to the indemnification or resolution of the Company's responsibilities under the surety bond. The surety bond claim impact has been included in discontinued operations and is discussed in Note 10 to the Company's condensed consolidated financial statements.

Senior notes

In January 2011, the Company issued $250 million in aggregate principal amount of its 7.375% senior notes due February 1, 2019. Approximately $180 million of the net proceeds from the original issuance of the senior notes were used to prepay all of the Company's 7.75% senior subordinated notes due December 2013, including prepayment premiums and accrued and unpaid interest. In November 2014, the Company issued an additional $25 million in aggregate principal amount of its 7.375% senior notes due February 1, 2019. The proceeds from this issuance were used to repay indebtedness incurred under our senior secured revolving credit facility in connection with the acquisition of Magnus Pacific Corporation and for general corporate purposes. The indenture governing the senior notes, among other things, limits the ability of the Company and its restricted subsidiaries to (i) pay dividends, or make certain other restricted payments or investments; (ii) incur additional indebtedness and issue disqualified stock; (iii) create liens on its assets; (iv) transfer and sell assets; (v) merge, consolidate or sell all or substantially all of its assets; (vi) enter into certain transactions with affiliates; (vii) create restrictions on dividends or other payments by its restricted subsidiaries and (viii) create guarantees of indebtedness by restricted subsidiaries. These covenants are subject to a number of important limitations and exceptions that are described in the indenture governing the senior notes.

Other

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

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

Critical accounting policies and estimates

In preparing its consolidated financial statements, the Company follows GAAP, which is described in Note 1 to the Company's December 31, 2016 Consolidated Financial Statements included on Form 10-K. The application of these principles requires significant judgments or an estimation process that can affect the results of operations, financial position and cash flows of the Company, as well as the related footnote disclosures. The Company continually reviews its accounting policies and financial information disclosures. There have been no material changes in the Company's critical accounting policies or estimates since December 31, 2016.

Item 3. Quantitative and Qualitative Disclosures about Market Risk.

The market risk of the Company's financial instruments as of March 31, 2017 has not materially changed since December 31, 2016. The market risk profile of the Company on December 31, 2016 is disclosed in Item 7A. "Quantitative and Qualitative Disclosures about Market Risk" of the Company's Annual Report on Form 10-K for the year ended December 31, 2016.

Item 4. C ontrols and Procedures.

a) Evaluation of disclosure controls and procedures.

Our management, with the participation of our Chief Executive Officer and Chief Financial Officer, evaluated the effectiveness of the Company's disclosure controls and procedures, as required by Rule 13a-15(b) and 15d-15(b) under the Securities Exchange Act of 1934 (the "Exchange Act") as of March 31, 2017. Our disclosure controls and procedures are designed to ensure that information required to be disclosed in the reports that we file or submit under the Exchange Act a) is accumulated and communicated to our management, including our Chief Executive Officer and Chief Financial Officer, as appropriate to allow timely decisions regarding disclosure and b) is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms.

Our Chief Executive Officer and Chief Financial Officer concluded that our disclosure controls and procedures were effective as of March 31, 2017 in providing such a reasonable assurance.

b) Changes in internal control over financial reporting.

There have been no changes in our internal control over financial reporting (as defined in Rule 13a-15(f) under the Exchange Act) during the fiscal quarter ended March 31, 2017 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

P ART II — Other Information

Item 1. Legal Proceedings.

See Note 8 “Commitments and Contingencies” in the Notes to Condensed Consolidated Financial Statements.

Item 1A. Risk Factors.

There have been no material changes during the three months ended March 31, 2017 to the risk factors previously disclosed in Item 1A. “Risk Factors” in the Company’s Annual Report on Form 10-K for the year ended December 31, 2016

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

None.

Item 3. Defaults Upon Senior Securities.

None.

Item 4. Mine Safety Disclosures.

Not applicable.

Item 5. Other Information

None.

Item 6. E xhibits

10.1	Second Amended and Restated Employment Agreement between Great Lakes Dredge & Dock Corporation and Kyle D. Johnson, dated as of April 17, 2017. †*
10.2	Consulting Agreement between Great Lakes Dredge & Dock Corporation and Lasse Petterson, dated as of March 1, 2017. †*
10.3	Employment Agreement between Great Lakes Dredge & Dock Corporation and Lasse Petterson, dated as of April 28, 2017. † (1)
31.1	Certification Pursuant to Rules 13a-14 and 15d-14 under the Securities Exchange Act of 1934, as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002. *
31.2	Certification Pursuant to Rules 13a-14 and 15d-14 under the Securities Exchange Act of 1934, as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002. *
32.1	Certification Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002. *
32.2	Certification Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002. *
101.INS	XBRL Instance Document. *
101.SCH	XBRL Taxonomy Extension Schema. *
101.CAL	XBRL Taxonomy Extension Calculation Linkbase. *
101.DEF	XBRL Taxonomy Extension Definition Linkbase. *
101.LAB	XBRL Taxonomy Extension Label Linkbase. *
101.PRE	XBRL Taxonomy Extension Presentation Linkbase. *

(1) Incorporated by reference to Great Lakes Dredge & Dock Corporation's Current Report on Form 8-K filed with the Commission on May 1, 2017 (Commission file no. 001-33225).
*   Filed herewith
† Compensatory plan or arrangement

S IGNATURE

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

Great Lakes Dredge & Dock Corporation
(registrant)

By: /s/ MARK W. MARINKO

Mark W. Marinko
Senior Vice President and Chief Financial Officer
(Principal Financial and Accounting Officer and Duly Authorized Officer)

Date: May 3, 2017

E XHIBIT INDEX

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* Filed herewith

† Compensatory plan or arrangement

Exhibit 10.1

SECOND AMENDED AND RESTATED EMPLOYMENT AGREEMENT

This **AMENDED AND RESTATED EMPLOYMENT AGREEMENT** (the " **Agreement** ") is made as of the 17th day of April, 2017 (the " **Agreement Date** "), by and between Great Lakes Dredge & Dock Corporation (the " **Corporation** "), with and on behalf of its wholly-owned subsidiary, Great Lakes Dredge & Dock Company, LLC (" **GLDD LLC** ") (together, the " **Company** "), and Kyle D. Johnson (" **Executive** ").

RECITALS

WHEREAS , Executive is currently employed by the Company;

WHEREAS , Executive and the Company have previously agreed to and operated under the terms of an employment agreement dated April 26, 2012 as amended by the Amended and Restated Employment Agreement on May 8, 2014 (as amended, the " **Original Agreement** "); and

WHEREAS , Executive and the Company agree to amend and restate the Original Agreement in its entirety by setting forth the terms and conditions of their agreements and understandings in this Agreement, which shall replace and supersede all terms and conditions contained within the Original Agreement as of the date first written above.

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

ARTICLE I
EMPLOYMENT SERVICES

1.1 Term of Employment

. Executive's employment under this Agreement shall commence on April 17 *,* 2017 (the " **Start Date** ") and continue until the second annual anniversary of such date, unless terminated earlier pursuant to **Article III** herein (the " **Initial Employment Term** "). The Employment Term shall be extended automatically for successive one-year periods unless, at least 90 days prior to expiration of the Employment Term, either party gives written notice to the other party that he/it does not wish to renew the Agreement (such one year extension(s) and the Initial Employment Term to be, collectively, the " **Employment Term** "). The last day of employment for which the Executive is compensated as an active employee of the Company shall be referred to as the " **Termination Date** ."

1.2 Position and Duties

. During the Employment Term, Executive shall hold the position of GLDD LLC's Executive Vice President and Chief Operating Officer, and shall report to GLDD LLC's President of the Dredging Division. Executive shall perform such duties and responsibilities as are consistent with a senior employee and those duties as may be assigned to Executive by GLDD LLC's President of the Dredging Division from time to time. For the avoidance of doubt, Executive's duties and responsibilities may be changed per instruction of GLDD LLC's President of the Dredging Division, so long as such duties and responsibilities are generally consistent with those assigned to an Executive Vice President and Chief Operating

Officer of a company or division of comparable size in a compa rable industry. Executive shall devote Executive's full business time, attention, skill and energy to the business and affairs of the Company, and shall use Executive's reasonable best efforts to perform such responsibilities in a diligent, loyal, and bus inesslike manner so as to advance the best interests of the Company. Executive shall act in conformity with Company's written and oral policies and within the limits, budgets and business plans set by the Company, and shall adhere to all rules and regulat ions in effect from time to time relating to the conduct of executives of the Company. Executive's office will be at the principal executive offices of the Company and Executive will be expected to conduct his activities from such office other than when t raveling on behalf of the Company. Notwithstanding the foregoing, Executive shall be permitted to devote a reasonable amount of time and effort to civic and charitable organizations and managing personal investments; but only to the extent that such activ ities, individually or as a whole, do not materially interfere with the execution of Executive's duties hereunder, or otherwise violate any provision of this Agreement. Executive shall not become involved in the management of any corporation, partnership or other entity, including serving on the board of directors of any publicly traded company, without the written consent of the Corporation's Board of Directors (the " **Board** ").

1.3 Service on Board

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

ARTICLE II
COMPENSATION

2.1 Base Salary

. The Company shall pay Executive an annual base salary of $338,250 (" **Base Salary** "), payable in accordance with the general payroll practices of the Company. The Board will review Executive's performance and Base Salary annually and may, in its sole discretion, increase Executive's Base Salary or may decrease it by up to 10 percent if there is a similar salary reduction affecting all officers in the dredging division of the Company (the " **Dredging Division Officers** ").

2.2 Incentive Compensation

. Executive will be eligible to participate in any annual performance bonus plans and long-term incentive plans established or maintained by the Company for its Dredging Division Officers, including, but not limited to, the Annual Bonus Plan or such similar or successor plans as the Company may establish. Such bonus will be paid in accordance with the Company's standard practice, but in any event no later than 2.5 months after the end of the calendar year in which Executive earns such bonus.

2.3 Equity Compensation

. Except as provided for in Section 6.2, Executive will be eligible to participate on the same terms in any equity-based compensation plans established or maintained by the Company for its Dredging Division Officers, including but not limited to the Company's 2007 Long-Term Incentive Plan and any successor thereto.

2.4 Employee Benefit Plans

. Executive will be eligible to participate on substantially the same basis as the Company's Dredging Division Officers in any employee benefit plans offered by the Company including, without limitation, the Company's

Supplemental Savings Plan (or any successor thereto), medical, dental, short-term and long-term disability, life, profit sharing and nonqualified deferred compensation arrangements. The Company reserves the right to modify, suspend or discontinue any and all of the plans, practices, policies and programs at any time without recourse by Executive, so long as Company takes such action generally with respect to all other Dredging Division Officers.

2.5 Vacation

. Executive will be entitled to twenty-two (22) days of paid vacation per calendar year, subject to the Company's vacation policy as in effect from time-to-time. The Company may, at its discretion, increase (but not decrease) Executive's vacation entitlement.

2.6 Business Expenses

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

ARTICLE III
TERMINATION OF EMPLOYMENT

3.1 Voluntary Resignation

. Executive may terminate his employment for any reason by giving the Company 60 days' prior written notice of a voluntary resignation date (" **Resignation Date** "). For purposes of this Agreement, delivery of a notice of non-renewal of the Employment Term by the Executive will be considered voluntary resignation effective as of the date that the Employment Term expires as a result of the notice of non-renewal. Upon receiving Executive's notice of intent to resign or not renew, the Company may require that Executive cease performing services for the Company at any time before the Resignation Date, so long as the Company continues Executive's Base Salary under **Section 2.1** and employee benefits under **Section 2.4** through the Resignation Date.

In the event of a voluntary resignation and within 30 days of Executive's notice of intent to resign or not renew, the Company shall in its sole discretion, by giving written notice, elect between the following options. Should the Company fail to elect an option within the time specified, option (a) shall be considered the default decision.

(a) Executive shall not be entitled to receive any compensation or benefits from the Company following the Resignation Date and shall not be subject to the restrictive covenants contained in **Sections 4.2** through **4.4** ; or

(b) Executive shall be eligible for the compensation and benefits (" **Resignation Pay** ") described in this **Section 3.1(b)** (the period over which the amounts are payable in **Section 3.1(b)** is referred to as the (" **Resignation Severance Period** "), subject to the requirements set forth in **Section 3.6** and **Section 3.7** .

(i) A payment equal to 18 months of Executive's then current Base Salary, less applicable withholdings. This amount will be paid in equal installments on each regularly scheduled payroll pay date during the 24 month period that begins on the Resignation Date, subject to **Section 3.6.**

(ii) Subject to the terms and conditions d escribed herein, the Company will continue to provide Executive (and his spouse and eligible dependents, to the extent they have been provided with coverage on the date immediately prior to the Resignation Date and otherwise continue to be eligible for cov erage under the terms of the applicable governing documents) with group medical and dental for 24 months following the Resignation Date. During this 24 month period, the Company will reduce Executive's cash Resignation Pay by his share of the cost of thes e benefits, which shall be equal to the cost of such benefits for similarly situated employees of the Company. After this 24 month period, Executive (and his spouse and eligible dependents, as applicable) will be eligible for continuation coverage under C OBRA or other similar state statute. Notwithstanding the foregoing, the Company may find alternate medical and dental plan coverage if, by law or other restrictions outside the control of the Company, continued coverage under the Company's health plans is not permitted.

Except as otherwise provided under law, this Agreement, or the terms of any employee benefit plans in which Executive participates, Executive shall not be entitled to receive any additional compensation or benefits from the Company after the Resignation Date.

3.2 Termination By Company With Cause

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

For purposes of this Agreement, " **Cause** " means:

(a) A material breach by Executive of **Sections 4.1** or **4.2** of this Agreement (regarding the non-competition and confidentiality provisions);

(b) The commission of a criminal act by Executive against the Company, including but not limited to fraud, embezzlement or theft;

(c) The conviction, plea of no contest or *nolo contendere,* deferred adjudication or un-adjudicated probation of Executive for any felony or any crime involving moral turpitude; or

(d) Executive's failure or refusal to carry out, or comply with, in any material respect, any lawful directive of the Company's Chief Executive Officer (or Executive's direct supervisor at the time), which is consistent with the terms of the Agreement and with the Company's written plans and policies, and which is not remedied within 30 days after Executive's receipt of written notice from the Company.

3.3 Termination By Company Without Cause

. The Company may terminate Executive's employment without Cause by giving written notice to Executive designating an

immediate or future Termination Date. Executive's voluntary resignation of employment due to a material diminution of Executive's position, authority, duties or responsibilities or due to any material breach by the Company of this Agreement shall be treated as a termination by Company without Cause; *provided* that, (a) such voluntary resignation oc curs within 65 days following the initial occurrence of such event, (b) Executive provided written notice of such event to the Board and the Chief Executive Officer within 30 days of such event, and (c) the Company failed to cure such event or breach withi n 30 days of receipt of such written notice from Executive. It shall not be considered a material diminution of Executive's authority, duties or responsibilities to the extent such authority, duties or responsibilities are changed in accordance with **Sectio n 1.2** . For purposes of this Agreement, delivery of a notice of non-renewal of the Employment Term by the Company will be considered a termination without Cause effective as of the date that the Employment Term expires as a result of the notice of non-rene wal.

In the event of a termination without Cause during the Employment Term, Executive shall be eligible to receive the benefits described in **Sections 3.3(a)** and **(b)** , below (collectively, " **Severance Pay** "), subject to the requirements set forth in **Section 3.6** and **Section 3.7** . The period over which the amounts in **Section 3.3(a)(i)** or **(a)(ii)** , as applicable, are payable is referred to as the " **Severance Period** ."

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

(i) A payment equal to 24 months of the Executive's then current Base Salary, less applicable withholdings. This amount will be paid in equal installments on each regularly scheduled payroll pay date during the 24 month period that begins on the Termination Date, subject to **Section 3.6.**

(ii) The prior fiscal year's annual bonus payable 100% in cash and the Supplemental Savings Plan benefits earned through the Termination Date. Such amount will be paid in equal installments on each regularly scheduled payroll pay date for the remainder of the Severance Period, beginning on the date when all other Company executives receive such payments, but in no event later than March 15 of the year following the Termination Date.

(iii) Subject to the terms and conditions described herein, the Company will continue to provide Executive (and his spouse and eligible dependents, to the extent they have been provided with coverage on the date immediately prior to the Termination Date and otherwise continue to be eligible for coverage under the terms of the applicable governing documents) with group medical and dental, for 24 months following the Termination Date. During this 24 month period, the Company will reduce Executive's cash Severance Pay by his share of the cost of these benefits, which shall be equal to the cost of such benefits for similarly situated employees of the Company. After this 24 month period, Executive (and his spouse and eligible dependents, as applicable) will be eligible for continuation coverage under COBRA or other similar state statute. Notwithstanding the foregoing, the Company may find alternate medical and dental plan coverage if,

by law or other restrictions outside the control of the Company, continued coverage under the Company's health plans is not permitted.

(iv) The Company will pay for and provide to Executive outplacement services with an outplacement firm of Executive's choosing, provided that the Company shall not be responsible to pay for such services to the extent such services (aa) exceed $15,000 or (bb) are provided more than one year following the Release Effective Date (as defined below).

(b) If Executive is terminated without Cause, Executive will receive full vesting credit for any outstanding unvested equity awards.

Except as otherwise provided under law, this Agreement, or the terms of any employee benefit plans in which Executive participates, Executive shall not be entitled to receive any additional compensation or benefits from the Company after the Termination Date.

3.4 Change in Control

. If, contemporaneous with or within twelve months after a Change in Control (as defined below), the Company terminates Executive's employment other than for Cause, Executive will be eligible to receive, in lieu of those payments provided under **Section 3.3,** as applicable: (a) two times his then current Base Salary; and (b) the pro rata portion of the prior fiscal year's annual bonus payable in cash and the Supplemental Savings Plan benefits earned through the Termination Date as described in **Section 3.3(a)(ii)** (together, the " **Change in Control Payment** "), subject to the requirements set forth in **Section 3.6** . The Base Salary, prior years bonus (pro rata), and Supplemental Savings Plan benefits will be made in a lump sum cash payment as soon as practicable, but in no event more than 10 days after the Termination Date (on or after the date of the Change in Control). Any remaining payments will be paid in equal installments on each regularly scheduled payroll pay date during the 24 month period that begins on the Termination Date, subject to **Section 3.6** . In addition, Executive will be eligible for the continued health plan coverage described in **Section 3.3(a)(iii)** and will receive full vesting credit for any outstanding unvested equity awards consistent with and subject to the limitations of **Section 3.6.**

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

(i) The "beneficial ownership" (as defined in Rule 13d-3 under the Securities Exchange Act of 1934, as amended (the "Exchange Act")) of securities representing 30% or more of the combined voting power of the then outstanding voting securities of the Corporation entitled to vote generally in the election of directors (the " **Corporation Voting Securities** ") is accumulated, held or acquired by a Person (as defined in Section 3(a)(9) of the Exchange Act, as modified, and used in Sections 13(d) and 14(d) thereof) (other than the Corporation, any trustee or other fiduciary holding securities under an employee benefit plan of the Corporation, holders of capital stock of the Corporation as of the date hereof or an affiliate thereof, any corporation owned, directly or indirectly, by the Corporation's stockholders in substantially the same proportions as their ownership of stock of the Corporation); *provided, however* that any acquisition

from the Corporation or any acquisition pursuant to a transaction that complies with clauses (A), (B) and (C) of subparagraph (iii) of this paragraph will not be a Change in Control under this subparagraph (i), and *provided further,* that immediately prior to such accumulation, holding or acquisition, such Person was not a direct or indirect beneficial owner of 25% or more of the Corporation Voting Securities; or

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

(iii) Consummation by the Corporation of a reorganization, merger or consolidation, or sale or other disposition of all or substantially all of the assets of the Corporation or the acquisition of assets or stock of another entity (a " **Business Combination** "), in each case, unless immediately following such Business Combination: (A) more than 60% of the combined voting power of then outstanding voting securities entitled to vote generally in the election of directors of (x) the corporation resulting from such Business Combination (the " **Surviving Corporation** "), or (y) if applicable, a corporation that as a result of such transaction owns the Corporation or all or substantially all of the Corporation's assets either directly or through one or more subsidiaries (the ‘‘ **Parent Corporation** "), is represented, directly or indirectly by Corporation Voting Securities outstanding immediately prior to such Business Combination (or, if applicable, is represented by shares into which such Corporation Voting Securities were converted pursuant to such Business Combination), and such voting power among the holders thereof is in substantially the same proportions as their ownership, immediately prior to such Business Combination, of the Corporation Voting Securities; (B) no Person (excluding any employee benefit plan (or related trust) of the Corporation or such corporation resulting from such Business Combination) beneficially owns, directly or indirectly, 20% or more of the combined voting power of the then outstanding voting securities eligible to elect directors of the Parent Corporation (or, if there is no Parent Corporation, the Surviving Corporation) except to the extent that such ownership of the Corporation existed prior to the Business Combination; and (C) at least a majority of the members of the board of directors of the Parent Corporation (or, if there is no Parent Corporation, the Surviving Corporation) were members of the Incumbent Board at the time of the execution of the initial agreement, or of the action of the Board, providing for such Business Combination; or

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

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

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

3.5 Additional Vesting

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

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

(b) Retirement . Upon Executive's Retirement from the Company, Executive will receive full vesting of any of his outstanding equity awards. It shall be Executive's choice to elect Retirement under this Section 3.5 or voluntary resignation under Section 3.1. If the term "Retirement" is not defined within a particular equity award, or if the award agreement defers to the definition of "Retirement" contained within an employment agreement, then for purposes of that award, " **Retirement** " shall mean Executive's termination of employment, other than for Cause (as defined in **Section 3.2** , above), which meets all of the following criteria:

(i) The sum of (x) the continuous full years of Service (as defined in the 2007 Long-Term Incentive Plan) by Executive to the Company or a GLDD Entity (defined below) and (y) the attained age in full years of Executive on the date of Executive's termination of employment total no less than 75 (the " **Rule of 75** "). A leave of absence which is agreed to between the Company and Executive in writing for medical reasons or for military service shall not constitute a break in Service for this purpose. Take for example, an executive who was born on June 27, 1963, and started full-time employment with the Company on July 1, 1990, and works continuously as an employee until a termination of employment

on December 31, 2016. In such case, such executive's full years of Service are 26 years and his attained age on the date of termination is 53 years. The total is 79 years, so the executive satisfies the Rule of 75;

(ii) Executive signs a Restrictive Covenant Agreement, in a form satisfactory to the Company, in anticipation of his Retirement, if the Company requests that he do so, within the timeframe given to Executive to sign by the Company. For purposes of this Agreement, a "Restrictive Covenant Agreement" shall mean an agreement between the Company and the Executive, in a form satisfactory to the Company, governing confidentiality, non-solicitation of customers and/or employees, non-competition and/or similar matters, which may be a free-standing agreement or contained in an employment, consulting or other written agreement, and which may be entered into subsequent to the date of this Agreement. In no event will any non-competition or non-solicitation provision contained within the Restrictive Covenant Agreement be broader in scope or duration or otherwise less favorable to Executive than the covenants contained in Section 4 herein; and

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

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

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

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

3.6 Execution of Separation Agreement

. As a condition to receiving the Resignation Pay, the Severance Pay or the Change in Control Payment set forth in **Section 3.1** , **3.3** or **3.4** , respectively, Executive must execute and return to the Company, and not revoke any part of, a separation agreement containing a general release and waiver of claims against the Company and its respective officers, directors, stockholders, employees and affiliates with respect to Executive's employment, and other customary terms, in a form and substance reasonably acceptable to the Company and Executive. The Company shall deliver to Executive such release within ten (10) days following the Termination Date and Executive shall deliver an original, signed release to the Company within twenty-one (21) business days (or such longer period as may be required by applicable law to constitute an effective release of all claims, but no longer than 45 days after the after receipt of the same from the Company) (the " **Release Effective Date** "). Notwithstanding anything in this Agreement to the contrary, no payments pursuant to **Section 3.1** , **3.3** or **3.4** shall be made prior to the date that both (a) Executive has delivered an original, signed release to the Company and (b) the revocability period (if any) has elapsed, and provided that any payments that would otherwise be made during the first sixty (60)

days following Executive's termination of employment will be made on the 65th day. If Executive does not deliver an origina l, signed release to the Company by the Release Effective Date, (i) Executive's rights shall be limited to those made available to Executive under **Section 3.2** above, and (ii) the Company shall have no obligation to pay or provide to Executive any amount or benefits described in **Section 3.1** , **3.3** or **3.4** , or any other monies on account of the termination of Executive's employment. Any obligation of the Company to provide Resignation Pay or Severance Pay shall cease: (A) upon Executive's death, if Company -pro vided life insurance proceeds are paid to Executive's estate; (B) if Executive materially breaches any of his obligations under **Articles IV** or **V** ; or (C) if, after Executive's Termination Date, the Company discovers facts or information that establish that Executive committed an act that would have constituted Cause, as defined under **Section 3.2(a)** , **(b)** or **(c)** .

3.7 Section 409A

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

3.8 Excess Parachute Payments

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

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

under Code Section 280G). For purposes of this **Section 3.8** , present value shall be determined in accordance with Section 280G(d)(4) of the Code. For purposes of thi s **Section 3.8** , the " **Parachute Value** " of a payment or benefit means the present value as of the date of the change of control of the portion of such payment that constitutes a "parachute payment" under Section 280G(b)(2) of the Code, as valued in accordance with Section 280G of the Code any interpretive guidance thereunder.

3.9 Removal from any Boards and Positions

. If Executive's employment is terminated for any reason under this Agreement, Executive will, immediately upon Executive's Termination Date, be deemed to have resigned from (a) if a member, the Board as well as the board of directors of any GLDD Entity (as defined below) or any other board to which he has been appointed or nominated by or on behalf of the Company, (b) any position with the Company or any GLDD Entity, including, but not limited to, as an officer of the Company or any GLDD Entity, and (c) any fiduciary positions with respect to the Company's benefit plans. In addition, and as a condition to receiving the Resignation Pay described in **Section 3.1** , the Severance Pay described in **Section 3.3** , or the Change in Control Payment described in **Section 3.4** , Executive shall take any and all necessary steps to effectuate his resignation from such positions.

3.10 Subsequent Discovery of Cause

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

3.11 Recoupment of Incentive Compensation

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

ARTICLE IV
EXCLUSIVITY OF SERVICES AND RESTRICTIVE COVENANTS

4.1 Confidential Information

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

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

i. products or services, unannounced products or services, product or service development information (or other proprietary product or service information);

ii. fees, costs, bids and pricing structures and quotations or proposals given to agents, customers, sureties, suppliers, or prospective customers, agents, sureties or suppliers, or received from any such person or entity;

iii. accounting or financial records;

iv. strategic business plans;

v. information system applications or strategies;

vi. customer and vendor lists and employee lists and directories;

vii. marketing plans, bidding strategies and processes, and negotiation strategies, whether past, current, or future;

viii. accounting and business methods;

ix. legal advice and/or attorney work product;

x. trade secrets and other proprietary information;

xi. information, analysis or strategies regarding acquisitions, mergers, other business combinations, divestitures, recapitalizations, or new ventures; and

xii. nonpublic information that was acquired by Executive concerning the requirements and specifications of the Company's or any other GLDD Entity's agents, vendors, contractors, customers, or potential customers.

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

4.2 Noncompetition

. During the Employment Term and for the 24 month period following the Termination Date for any reason except in the case of a voluntary resignation under **Section 3.1(a)** (the " **Restricted Period** "), Executive will not, on behalf of himself or any other entity, have an ownership interest in or become employed or engaged by, or otherwise participate in or render services to, any business or enterprise (including, without limitation, any division, group or franchise of a larger organization) within the Geographical Area (as defined below) that engages in any dredging or any other business engaged in by the Company;

provided, however, that this restriction shall not prohibit Executive from passive beneficial ownership of less than three percent of any class of securities of a publicly-held corporation whose stock is traded on a U.S. national securities exchang e or traded in the over-the-counter market. For the purpose of this provision, " **Geographical Area** " means the United States of America and any other country in which the Company has worked in the three years prior to the Termination Date. Unless specifica lly restricted by this **Section 4.2** , Executive will be free to engage in any employment or business in any area, dredging or otherwise, regardless of resignation or termination with or without Cause. Notwithstanding anything in this **Article IV** to the contr ary, Executive may, at any time during the Restricted Period, provide written notice to the Company that (a) describes a particular business or employment opportunity that he is interested in pursuing or in which he may wish to engage, and (b) request that the Company agree that the opportunity so described would not violate this **Section 4.2** . Within a reasonable time, the Company will send Executive a written response, indicating whether or not the Company consents to Executive engaging in the opportunity described in his notice.

4.3 Non-Solicitation

. During the Restricted Period, Executive shall not (except in the case of a voluntary resignation under **Section 3.l(a)** and other than in furtherance of Executive's legitimate job duties on behalf of Company), directly or indirectly, on Executive's own behalf or for any other person or entity: (a) solicit for employment, hire or engage, or attempt to solicit for employment, hire or engage, any person who is or was employed by the Company within the six (6) month period prior to the solicitation, hire or engagement, or (b) otherwise interfere with the relationship between any such person and the Company.

4.4 Non-Interference with Business Relationships

. During the Restricted Period, Executive shall not (except in the case of a voluntary resignation under **Section 3.1(a)** and other than in furtherance of Executive's legitimate job duties on behalf of the Company), directly or indirectly, on Executive's own behalf or for any other person or entity: (a) solicit, for a purpose related to a competitive activity (i.e., an activity prohibited by **Section 4.2**), any customer, vendor or agent of the Company that was doing business with the Company during the six month period prior to the solicitation; or (b) induce, or attempt to induce, any customer, vendor or agent of the Company to reduce or cease doing business with the Company, or otherwise interfere with the relationship between such entity and the Company.

4.5 Equitable Modification

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

4.6 Remedies

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

upon a breach by Executive of any provision of thi s **Article IV** , any outstanding Severance Pay shall cease and be forfeited, and Executive shall immediately reimburse the Company for any Severance Pay previously paid.

ARTICLE V
POST-TERMINATION OBLIGATIONS

5.1 <u>Return of Company Materials</u>

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

5.2 <u>Executive Cooperation</u>

. During Executive's employment with the Company and for a period of 24 months after the Termination Date, Executive shall, upon reasonable notice, furnish the Company with such information as may be in Executive's possession or control, and cooperate with the Company in any reasonable manner that the Company may request, including without limitation conferring with the Company, with regard to any litigation, claim, or other dispute in which the Company is or may become a party. If Executive is not receiving full Resignation Pay or Severance Pay, then the Company shall compensate the Executive at a rate of $2,000 per day less any partial payment paid for that day. The Company shall reimburse Executive for all reasonable out-of-pocket expenses incurred by Executive in fulfilling Executive's obligations under this **Section 5.2** . Payment for Executive's cooperation and expenses shall be made within 30 days of when services were rendered. The Company will make any such reimbursement within 30 days of the date Executive provides the Company with documentary evidence of such expense consistent with the policies of the Company. Notwithstanding anything to the contrary, any such reimbursement shall be administered so as to comply with Treasury Regulation Section 1.409A-3(i)(1)(iv).

ARTICLE VI
MISCELLANEOUS

6.1 <u>Notices</u>

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

If to Executive, to the address listed on the signature page hereto or the last address on file in the records of the Company.

If to the Company:

Great Lakes Dredge & Dock Company, LLC
2122 York Road
Oak Brook, IL 60523
Attn: President of the Dredging Division
fax: (630) 574-3007
telephone: (630) 574-3000

with a copy to:

Great Lakes Dredge & Dock Company, LLC
2122 York Road
Oak Brook, IL 60523
Attn: General Counsel
fax: (630) 574-3007
telephone: (630) 574-3000

or such other address as may hereafter be specified by notice given by either party to the other party. Executive shall promptly notify the Company of any change in his address set forth on the signature page.

6.2 <u>Company Stock Retention</u>

. Executive shall be subject to the Company's stock retention guidelines and policies in effect from time-to-time. Notwithstanding the foregoing, Executive's ownership requirement shall not be greater than two (2) times his base salary.

6.3 <u>Withholding</u>

. The Company may withhold from any payment that it is required to make under this Agreement amounts sufficient to satisfy applicable withholding requirements under any federal, state or local law, or any other amounts rightfully and legally due and owing to the Company from Executive.

6.4 <u>Successors and Assigns</u>

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

6.5 <u>No Waiver</u>

. No failure or delay by the Company or Executive in enforcing or exercising any right or remedy hereunder will operate as a waiver thereof. No modification, amendment or waiver of this Agreement or consent to any departure by Executive from any of the terms or conditions thereof, will be effective unless in writing and signed by the Chairman or Lead Director of the Company's Board, unless otherwise specified herein. Any such waiver or consent will be effective only in the specific instance and for the purpose for which given.

6.6 <u>Severability; Survivability</u>

. If any term or provision of this Agreement shall be held to be invalid or unenforceable, the remaining terms and provisions hereof shall not be affected thereby and shall be enforced to the fullest extent permitted under law. Executive's

obligations in **Sections 4.1** , **5.1** and **5.2** shall survive and continue in full force notwithstanding the termination of this Agreement or Executive's employment for any reason. Executive's obligations in **Articles IV** and **V** shall survive and continue in full force and effect notwithstanding the termination of this Agreement or Executive's employment for any reason, if there is a separation agreement in effect pursuant to **Section 3.6** and Executive is receiving Resignati on Pay or Severance Pay pursuant to that separation agreement.

6.7 <u>Execution in Counterparts</u>

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

6.8 <u>Governing Law; Waiver of Jury</u>

. This Agreement shall be governed by and construed in accordance with the internal laws of the State of Illinois, without regard to its conflict of law principles. For the purposes of any suit, action or other proceeding arising out of this Agreement or with respect to Executive's employment hereunder, the parties: (a) agree to submit disputes to arbitration as set forth in **Section 6.11** and (b) waive their respective rights to a jury trial of any claims and any causes of action.

6.9 <u>Construction</u>

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

6.10 <u>Entire Agreement; Amendments</u>

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

6.11 <u>ARBITRATION OF DISPUTES</u>

. ANY CONTROVERSY OR CLAIM ARISING OUT OF OR RELATING TO THIS CONTRACT, OR THE BREACH THEREOF, SHALL BE SETTLED BY ARBITRATION ADMINISTERED BY THE AMERICAN ARBITRATION ASSOCIATION IN ACCORDANCE WITH ITS EMPLOYMENT ARBITRATION RULES AND MEDIATION PROCEDURES INCLUDING THE OPTIONAL RULES FOR EMERGENCY MEASURES OF PROTECTION. THE CONTROVERSY SHALL BE SUBMITTED TO ONE ARBITRATOR, EACH PARTY MAY STRIKE OR REJECT UP TO THREE POTENTIAL ARBITRATORS WITH THE SELECTIONS ALTERNATING BETWEEN THE COMPANY AND THE PARTY AND SELECTED FROM THE ROSTER OF ARBITRATORS OF THE AMERICAN ARBITRATION ASSOCIATION. THE PLACE OF ARBITRATION SHALL BE DUPAGE COUNTY, IL. JUDGMENT ON THE AWARD RENDERED BY THE ARBITRATOR MAY BE ENTERED IN ANY COURT HAVING JURISDICTION THEREOF. THE DECISION OF THE ARBITRATOR SHALL BE FINAL AND BINDING ON THE PARTIES.

6.12 Costs Relating to Disputes

. In the event that an arbitration under **Section 6.11** arises out of this Agreement, if Executive is the prevailing party, he shall be entitled to an award of reasonable attorney fees and the Company shall pay for the arbitrator's and administrative fees of the arbitration. If the Company is the prevailing party, then each party shall bear its own costs and expenses and an equal share of the arbitrator's and administrative fees of arbitration.

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

Great Lakes Dredge & Dock Corporation

By: /s/ Mark W. Marinko

Title: Interim Chief Executive Officer and Senior Vice President and Chief Financial Officer

Kyle D. Johnson

/s/ Kyle D. Johnson

Exhibit 10.2

CONSULTING AGREEMENT

THIS CONSULTING AGREEMENT is made and entered into this 1st day of March, 2017 *("Effective Date"),* by and between Great Lakes Dredge & Dock Corporation (the *"Company")* and Lasse J. Petterson *("Consultant").*

WHEREAS, the Company desires to engage the services of Consultant, and Consultant desires to serve, as an independent contractor to the Company, in connection with certain services to be determined by the Company, all in accordance with the terms and conditions set forth in this Consulting Agreement.

NOW, THEREFORE, in consideration of the promises and mutual covenants contained in this Consulting Agreement, the parties agree as follows:

1. Engagement. Pursuant to the terms and conditions contained in this Consulting Agreement, the Company now engages Consultant to provide, and Consultant hereby agrees to provide to the Company, the *"Consulting Services"* (as defined below).

2. Consulting Services. During the Term of this Consulting Agreement, Consultant shall provide Consulting Services to the Company as set forth on Exhibit A and as may be designated in writing by the Chairman of the Board of Directors (the "*Board*"), the Interim Chief Executive Officer of the Company, or each of his designee and agreed to by Consultant. Consultant shall devote such time, effort, and attention to providing the Consulting Services as may be required to fully, timely and professionally perform the Consulting Services.

3. Relationship of the Parties.

a. The parties mutually agree, intend, and understand that, in performance of the Consulting Services under this Consulting Agreement, Consultant at all times will act and perform solely as an independent contractor in the performance of the Consulting Services and otherwise, and not as (and shall not be) an employee of the Company. This Consulting Agreement shall not be deemed to represent in any way that Consultant was hired by the Company to perform Consulting Services as an employee, nor does it constitute a contract of employment. Consultant will make no representations to third parties inconsistent with the relationship established by this Consulting Agreement; *provided, however*, that Consultant shall have no obligation to disclaim the previous announcement of his hiring as Chief Executive Officer if asked about his employment status with the Company by third parties.

b. The Company shall provide Consultant with instructions, if any, and information necessary to perform the Consulting Services in the manner required by the Company; *provided, however,* that Consultant shall at all times exercise independent judgment and be free from direction and control by the Company in connection with the actual performance of the Consulting Services.

c. Company and Consultant recognize that Consultant also serves as a director *("Director")* on the Company's Board. If or when the obligations of this Consulting Agreement are inconsistent or conflict with the fiduciary duties or obligations of Consultant as a Director,

Consultant's fiduciary duties or obligations as a Director shall take precedence over the obligations of this Consulting Agreement.

d. All amounts payable through this Consulting Agreement to Consultant shall be paid without any reduction by the Company for any taxes, including but not limited to foreign or federal, state or local income, employment, self-employment or withholding taxes. It is the intention of the parties that Consultant shall be solely responsible for the payment of all taxes, fines, penalties or assessments imposed on or related to Consultant's activities pursuant to this Consulting Agreement. Consultant shall indemnify, defend and hold harmless the Company, and each of its respective officers, directors, representatives, agents and employees, from and against any and all liabilities which the Company may incur as a result of any failure by Consultant to pay any local, state or federal income, employment, self-employment or withholding tax, including without limitation any failure to timely pay any estimated tax. If it is determined at any time that Consultant is not an independent contractor under this Consulting Agreement, Consultant agrees to indemnify and hold harmless the Company for any and all taxes, interest, penalties, liabilities, expenses, and any other costs resulting from or arising out of such determination. This obligation shall survive the expiration of this Consulting Agreement.

e. Except as otherwise agreed in writing by the parties, Consultant shall be solely responsible for any and all expenses incurred in connection with the provision of Consulting Services pursuant to this Consulting Agreement.

f. During the Term, Consultant shall not be entitled to participate in any insurance, pension plans, bonus plans, or other employee benefits provided by the Company to its employees.

g. During the Term, Consultant shall have no authority whatsoever to direct any actions of the Company, to exercise control over the Company, to exercise any management or control over any vessels owned or operated by the Company, or to act on behalf of any officer of the Company. During the Term, Consultant shall not carry out any such actions, and if requested to do so, shall decline. For purposes of this subsection, the term "the Company" includes the Company as identified above, and all parent, subsidiary, and affiliated entities.

4. Remuneration. In full payment and satisfaction for Consultant's provision of Consulting Services pursuant to this Consulting Agreement, the Company shall pay Consultant the following rate:

a. Two Thousand Five Hundred Dollars and No Cents ($2,500.00) per each day in which Consulting Services are provided by Consultant not to exceed Twenty-Five Thousand Dollars and No Cents ($25,000.00) in any given month, payable within ten (10) business days of presentation of an invoice as set forth below.

The remuneration provided under this Section shall be in addition to, and is unrelated to, the compensation that Consultant receives as a Director. Consultant shall book travel arrangements through the Company's corporate travel provider. The Company will reimburse Consultant for other reasonable travel and/or expenses related to his provision of Consulting Services, so long as

receipts for the amou nt of such expenses are submitted and approved by the Company's Interim Chief Executive Officer.

Consultant shall submit an invoice to the Company's Interim Chief Executive Officer on a monthly basis including a detailed summary of Consultant Services performed and the time engaged on each matter.

5. Outside Business Activities . Consultant retains the right to engage in lawful outside business activities; *provided, however* , that his involvement in such outside activities does not cause Consultant to breach any provision of this Consulting Agreement, including without limitation those contained in Sections 7, 8, 9, and 10 .

6. Term . The term of Consultant's engagement under this Consulting Agreement shall commence on the Effective Date and shall continue for a period of two (2) months (the *" Initial Term ")*. This Consulting Agreement may be renewed for successive one (1) month terms upon written notice from the Company given at least ten (10) days prior to the end of the Initial Term or any subsequent renewal term (each a *" Subsequent Term ")*. If not renewed, this Consulting Agreement shall automatically terminate upon the conclusion of the then-applicable Initial Term or Subsequent Term. The Initial Term and any Subsequent Term collectively shall be referred to as the *" Term. "* This Consulting Agreement may be terminated by either party during the Term upon seven (7) days' written notice, by mutual agreement of the parties, or shall au tomatically terminate upon the commencement of Consultant's employment relationship with the Company.

7. Non-Defamation and Confidentiality . In further consideration of the payments and benefits set forth above, Consultant agrees to refrain from making any defamatory comments to anyone (including, but not limited to, the Company's current, past, or potential customers) concerning the Company, its employees, agents, operations, or plans. Consultant agrees that any inquiries concerning the Company shall be directed to the Company for response. Consultant further understands and agrees that an essential and material condition of this Consulting Agreement is that the existence and terms of this Consulting Agreement are to remain strictly confidential and not to be disclosed by Consultant to any person other than to his attorney, accountant, or spouse, if any, or as may be required by law; *provided, however* , that, if asked by third parties about the capacity in which he is providing the Consulting Services, Consultant may truthfully respond that he is providing services as a consultant. In the sole discretion of the Company, the Consulting Agreement may be filed with the Securities and Exchange Commission.

8. Restrictive Covenants .

In the event of a conflict between these restrictive covenants and a restrictive covenant in any other agreement between the Parties, the stricter covenant(s) shall govern.

a. Confidential Information. Consultant acknowledges and agrees that the Confidential Information (as defined below) of the Company and any other entity related to the Company (each, a *" Related Entity ")* that he obtained during the course of his employment by the Company or in the performance of the Consulting Services under this Consulting Agreement is the property of the Company or such other Related Entity. Consultant will never, directly or indirectly,

disclose, publish, or use any Confidential Information of which Consultant has become aware, whether or not such information was developed by him, except in the proper performa nce of his services or duties. All duties and obligations set forth in this Consulting Agreement regarding Confidential Information shall be in addition to those which exist under the Illinois Trade Secrets Act and at common law.

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

i. products or services, unannounced products or services, product or service development information (or other proprietary product or service information);
ii. fees, costs, bids and pricing structures and quotations or proposals given to agents, customers, sureties, suppliers, or prospective customers, agents, sureties or suppliers, or received from any such person or entity;
iii. accounting or financial records;
iv. strategic business plans;
v. information system applications or strategies;
vi. customer and vendor lists and employee lists and directories;
vii. marketing plans, bidding . strategies and processes, and negotiation strategies, whether past, current, or future;
viii. accounting and business methods;
ix. legal advice and/or attorney work product;
x. trade secrets and other proprietary information;
xi. information, analysis or strategies regarding acquisitions, mergers, other business combinations, divestitures, recapitalizations, or new ventures; and
xii. nonpublic information that was acquired by Consultant concerning the requirements and specifications of the Company's or any other Related Entity's agents, vendors, contractors, customers, or potential customers.

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

b. Equitable Modification . If any court of competent jurisdiction shall deem any provision in this Section 8 too restrictive, the other provisions shall stand, and the court shall modify the unduly restrictive provision to the point of greatest restriction permissible by law.

c. Remedies . Consultant acknowledges that the agreements and covenants contained in this Section 8 are essential to protect the Company and its business and are a condition

precedent to entering into this Consulting Agreement. Should Consultant breach any covenants in this Section 8 , then among other remedies, the duration of the covenant shall be extended by the period of any such breach. Consultant agrees that ir reparable harm would result from Consultant's breach or threat to breach any provision of this Section 8 , and that monetary damages alone would not provide adequate relief to the Company for the harm incurred. Consultant agrees that in addition to money da mages, the Company shall be entitled to seek and obtain temporary, preliminary, and permanent injunctive relief restraining Consultant from committing or continuing any breach without being required to post a bond. Without limiting the foregoing, upon a br each by Consultant of any provision of this Section 8 , any outstanding Remuneration for the Consulting Services under Section 4 shall cease and be forfeited, and Consultant shall immediately reimburse the Company for any Remuneration previously paid under this Consulting Agreement.

9. Representations and Warranties of Consultant . Consultant represents and warrants to the Company that Consultant shall comply with all applicable provisions of law and other rules and regulations of any and all governmental authorities, including those relating to licensure or certification and the regulation of the provision of Consulting Services by Consultant pursuant to this Consulting Agreement. Any and all ideas of literary, artistic, or musical materials of Consultant which Consultant may use in provision of the Consulting Services will be original and will not contravene any common law or any statutory copyright, proprietary, or other rights whatsoever. Consultant has not accepted nor agreed to accept, and will not solicit, receive, accept, or agree to accept, directly or indirectly, from any person, other than the Company, any money, service, or other valuable consideration for the inclusion of any matter as a part of any Consulting Services.

10. Ownership . The work product created, conceived, or developed by Consultant in connection with the Consulting Services, or which derive from information or materials Consultant has received from the Company, including but not limited to any writings of Consultant (the *" Work Product ")* shall be and is the exclusive property of the Company, including all copyrights and other intellectual property rights embodied therein. If any Work Product or any portion thereof, whether or not such Work Product was created at the direction of the Company, is copyrightable, it shall be deemed to be a "work made for hire," as such term is defined in the United States Copyright Act. If, for any reason, any such copyrightable Work Product created by Consultant is excluded from the definition of a "work made for hire," Consultant hereby assigns and conveys to the Company the entire right, title, and interest in and to such Work Product, including Work Product created in connection with Services performed for the Company prior to the date of execution of this Consulting Agreement. Consultant shall cooperate with the Company or its designees and execute documents of assignment, declarations, and other documents which may be prepared by the Company, and take such other necessary actions as reasonably directed by the Company, to effect the foregoing or to perfect or enforce any proprietary rights resulting from or related to this Consulting Agreement.

11. Claims by Consultant . Any claim or cause of action by Consultant against the Company shall not constitute a defense to the enforcement of the covenants set forth in this Consulting Agreement and shall not be used to prohibit injunctive relief.

12. Severability . In the event that any provision, term, condition, paragraph, sentence, or subpart in this Consulting Agreement shall for any reason be held by a court of competent

jurisdiction to be invali d, illegal, or unenforceable in any respect, such invalidity, illegality or unenforceability shall not affect any other term or condition of this Consulting Agreement, but this Consulting Agreement shall be construed in all respects as if such invalid, ill egal, or unenforceable term had been omitted.

13. Reasonable Restrictions . Each of the provisions of this Consulting Agreement is intended to be in compliance with, and not to violate public policy. Consultant acknowledges that all of the provisions contained in this Consulting Agreement, including the covenants and confidentiality provisions, are reasonable and necessary to protect the legitimate interests of the Company.

14. Indemnification . The Company agrees, to the fullest extent permitted by law, to indemnify and hold harmless the Consultant against all damages, liabilities or costs including reasonable attorneys' fees and defense costs, arising out of or in any way connected with this Consulting Agreement or the performance by Consultant of any Services under this Consulting Agreement .

15. Waiver . In consideration of the potential risks to the Consultant in rendering professional services in connection with this Consulting Agreement, the Company agrees to make no claim and hereby waives, to the fullest extent permitted by law, any claim or cause of action of any nature against the Consultant which may arise out of or in connection with this Consulting Agreement or the performance by Consultant of any Services under this Consulting Agreement except as expressly set forth in this Agreement.

16. Voluntary Execution . Each of the parties hereto has read this Consulting Agreement, understands it, and voluntarily agrees to be bound by its terms. Consultant acknowledges that he has had adequate opportunity to consult with legal counsel before signing this Consulting Agreement. In agreeing to sign this Consulting Agreement, Consultant has not relied on any statements or explanations made by the Company, except as specifically set forth in this Consulting Agreement. Nothing in th is Consulting Agreement shall supersede any provision of the Employment Agreement which was executed by Consultant on December 23, 2016.

17. Governing Law; Consent to Jurisdiction; Waiver of Jury . This Consulting Agreement shall be governed by and construed in accordance with the internal laws of the State of Illinois, without regard to its conflict of law principles. For the purposes of any suit, action, or other proceeding arising out of this Consulting Agreement or with respect to Consultant's services hereunder, the parties: (i) agree to submit to the exclusive jurisdiction of the federal courts located in Cook County, Illinois or state courts located in DuPage County, Illinois; (ii) waive any objection to personal jurisdiction or venue in such jurisdiction, and agree not to plead or claim *forum non conveniens;* and (iii) WAIVE THEIR RESPECTIVE RIGHTS TO A JURY TRIAL OF ANY CLAIMS AND CAUSES OF ACTION, AND AGREE TO HAVE ANY MATTER HEARD AND DECIDED SOLELY BY THE FOREGOING NAMED COURT.

* **

IN WITNE SS WHEREOF, the parties to this Consulting Agreement have executed or caused to be executed this Consulting Agreement as of the date first written above.

CONSULTANT

Printed Name: Lasse J. Petterson

Address:

Address:

Signature: /s/ Lasse J. Petterson

GREAT LAKES DREDGE & DOCK CORP.

Printed Name: Mark W. Marinko

Title: Interim Chief Executive Officer and Senior Vice President and Chief Financial Officer

Signature: /s/ Mark W. Marinko

EXHIBIT A

Consulting Services shall consist of and be limited to the following which the Company represents do not violate the Jones Act:

- Advise the Board and management on strategic planning matters
- Consult with the Compensation Committee or its designee on the 2017 and 2018 compensation programs
- Provide supplemental reviews of senior management to Interim CEO, Compensation Committee or its designee
- Evaluate organizational design and provide insight into recommended changes to organization structure
- Review risk management of finance/banking relations and cash flow challenges
- Evaluate general and administrative spending of corporate entity and divisions
- Provide guidance and best practices consultation regarding the ATB construction process
- Review risk management processes of operational divisions and international projects

Exhibit 31.1

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

CERTIFICATION

I, Lasse J. Petterson, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Great Lakes Dredge & Dock Corporation;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant’s other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

    (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

    (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

    (c) Evaluated the effectiveness of the registrant’s disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

    (d) Disclosed in this report any change in the registrant’s internal control over financial reporting that occurred during the registrant’s most recent fiscal quarter (the registrant’s fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant’s internal control over financial reporting; and

5. The registrant’s other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant’s auditors and the audit committee of the registrant’s board of directors (or persons performing the equivalent functions):

    (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant’s ability to record, process, summarize and report financial information; and

    (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant’s internal control over financial reporting.

Date: May 3, 2017

/s/ Lasse J. Petterson

Lasse J. Petterson
Chief Executive Officer

Exhibit 31.2

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

CERTIFICATION

I, Mark W. Marinko, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Great Lakes Dredge & Dock Corporation;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant’s other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   (c) Evaluated the effectiveness of the registrant’s disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (d) Disclosed in this report any change in the registrant’s internal control over financial reporting that occurred during the registrant’s most recent fiscal quarter (the registrant’s fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant’s internal control over financial reporting; and

5. The registrant’s other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant’s auditors and the audit committee of the registrant’s board of directors (or persons performing the equivalent functions):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant’s ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant’s internal control over financial reporting.

Date: May 3, 2017

/s/ Mark W. Marinko

Mark W. Marinko
Senior Vice President and Chief Financial Officer

Exhibit 32.1

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

In connection with the Quarterly Report of Great Lakes Dredge & Dock Corporation (the “Company”) on Form 10-Q for the period ended March 31, 2017, as filed with the Securities and Exchange Commission on the date hereof (the “Report”), I, Lasse J. Petterson, Chief Executive Officer of the Company, certify pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to my knowledge:

(1) The Report fully complies with the requirements of Section 13(a) or Section 15(d) of the Securities Exchange Act of 1934, as amended; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

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

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

Date: May 3, 2017

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

Exhibit 32.2

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

In connection with the Quarterly Report of Great Lakes Dredge & Dock Corporation (the “Company”) on Form 10-Q for the period ended March 31, 2017, as filed with the Securities and Exchange Commission on the date hereof (the “Report”), I, Mark W. Marinko, Senior Vice President and Chief Financial Officer of the Company, certify pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to my knowledge:

(1) The Report fully complies with the requirements of Section 13(a) or Section 15(d) of the Securities Exchange Act of 1934, as amended; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

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

/s/ Mark W. Marinko
Mark W. Marinko
Senior Vice President and Chief Financial Officer

Date: May 3, 2017

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