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

FORM 10-K

- (Mark One)
- ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**
For the fiscal year ended **December 31, 2013**
- or
- TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**
For the transition period from _____ to _____
Commission file number: 001-33225

Great Lakes Dredge & Dock Corporation
(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction of
incorporation or organization)

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

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

60523
(Zip Code)

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

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

<u>Title of Class</u>	<u>Name of each exchange on which registered</u>
Common Stock, (Par Value \$0.0001)	Nasdaq Stock Market, LLC

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

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

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

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

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

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

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

The aggregate market value of voting stock held by non-affiliates of the Registrant was \$435,108,882 at June 28, 2013. The aggregate market value was computed using the closing price of the common stock as of that date on the Nasdaq Stock Market. (For purposes of a calculating this amount only, all directors and executive officers of the registrant have been treated as affiliates.)

As of March 7, 2014, 59,736,196 shares of Registrant's Common Stock, par value \$.0001 per share, were outstanding.

DOCUMENTS INCORPORATED BY REFERENCE

Part of 10-K
Part III

Documents Incorporated by Reference
Portions of the Proxy Statement to be filed with
the Securities and Exchange Commission in connection
with the 2014 Annual Meeting of Stockholders.

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Cautionary Note Regarding Forward-Looking Statements

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

Although Great Lakes believes that its plans, intentions and expectations reflected in or suggested by such forward-looking statements are reasonable, actual results could differ materially from a projection or assumption in any forward-looking statements. Great Lakes’ future financial condition and results of operations, as well as any forward-looking statements, are subject to change and inherent risks and uncertainties. The forward-looking statements contained in this Annual Report on Form 10-K 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.

Availability of Information

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

Part I

Item 1. Business

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

Organization

Great Lakes is the largest provider of dredging services in the United States. The Company was founded in 1890 as Lydon & Drews Partnership and performed its first project in Chicago, Illinois. The Company changed its name to Great Lakes Dredge & Dock Company in 1905 and was involved in a number of marine construction and landfill projects along the Chicago lakefront and in the surrounding Great Lakes region. Great Lakes now provides dredging services in the East, West, and Gulf Coasts of the United States and worldwide. The Company also owns a specialty contracting service provider which primarily offers environmental and remediation services in the Northeast and Midwest U.S. areas. The Company has a 50% interest in Amboy Aggregates, a sand dredging operation in New Jersey and a 50% interest in TerraSea Environmental Solutions, (“TerraSea”) an environmental remediation services business.

On December 31, 2012, the Company acquired the assets and assumed certain liabilities of Terra Contracting, LLC (“Terra”), a respected provider of a wide variety of essential services for environmental, maintenance and infrastructure-related applications headquartered in Kalamazoo, MI, for a purchase price of approximately \$26 million. The Terra business constitutes the majority of the Company’s redefined environmental & remediation segment.

The Company operates in four operating segments that, through aggregation, comprise two reportable segments: dredging and environmental & remediation, formerly known as the demolition segment. Four operating segments were aggregated into two reportable segments as the segments have similarity in economic margins, services, production processes, customer types, distribution methods and regulatory environment. The Company has determined that the operating segments are the Company’s four reporting units. Financial information about the Company’s reportable segments and operating revenues by geographic region is provided in Notes 9 and 15 to the Company’s consolidated financial statements.

Dredging Operations (approximately 87% of 2013 total revenues)

Dredging generally involves the enhancement or preservation of navigability of waterways or the protection of shorelines through the removal or replenishment of soil, sand or rock. The U.S. primary dredging market consists of three types of work: capital, coastal protection (formerly referred to as beach nourishment) and maintenance. The Company separately categorizes rivers & lakes markets. This type of work typically has separate dredges and a different competitive landscape than the primary coastal markets. 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. The Company experienced an average combined bid market share in the U.S. of 37% over the prior three years, including 29%, 60% and 31% of the domestic capital, coastal protection, and maintenance sectors, respectively. The Company’s average bid market share of rivers & lakes in the two years of activity since its acquisition is 43%.

Over its 123-year history, the Company has grown to be a leader in capital, coastal protection and maintenance dredging in the U.S. In addition, the Company is the only U.S. dredging service provider with significant international operations. Over the prior three years, foreign dredging operations accounted for an average of 16% of the Company’s dredging revenues. The Company’s foreign projects are typically categorized in the capital work type, but are not included in the aforementioned bid market.

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Capital (domestic is approximately 24% of 2013 dredging revenues). Capital dredging consists primarily of port expansion projects, which involve the deepening of channels to allow access by larger, deeper draft ships and the provision of land fill used to expand port facilities. In addition to port work, capital projects also include land reclamations, trench digging for pipelines, tunnels and cables, and other dredging related to the construction of breakwaters, jetties, canals and other marine structures. Although capital work can be impacted by budgetary constraints and economic conditions, these projects typically generate an immediate economic benefit to the ports and surrounding communities.

Foreign (approximately 22% of 2013 dredging revenues). Foreign capital projects typically involve land reclamations, channel deepening and port infrastructure development. The Company targets foreign opportunities that are well suited to the Company's equipment and where it faces reduced competition from its European competitors. Maintaining a presence in foreign markets has enabled the Company to diversify its customer base and take advantage of differences in global economic development. Over the last ten years, the Company has performed dredging work in the Middle East, Africa, India, Australia, the Caribbean and Central and South America. Most recently, the Company has focused its efforts on opportunities in Australia, the Middle East and South America.

Coastal protection (approximately 35% of 2013 dredging revenues). Coastal protection was previously referred to as beach nourishment. Coastal protection is a more accurate description of this important dredging work that protects valuable infrastructure along the coast lines. Coastal protection projects generally involve moving sand from the ocean floor to shoreline locations where erosion threatens shoreline assets. Beach erosion is a continuous problem that has intensified with the rise in coastal development and has become an important issue for state and local governments concerned with protecting beachfront tourism and real estate. Coastal protection via beach nourishment is often viewed as a better response to erosion than trapping sand through the use of sea walls and jetties, or relocating buildings and other assets away from the shoreline. Generally, coastal protection projects take place during the fall and winter months to minimize interference with bird and marine life migration and breeding patterns and coastal recreation activities.

Maintenance (approximately 14% of 2013 dredging revenues). Maintenance dredging consists of the re-dredging of previously deepened waterways and harbors to remove silt, sand and other accumulated sediments. Due to natural sedimentation, most channels generally require maintenance dredging every one to three years, thus creating a recurring source of dredging work that is typically non-deferrable if optimal navigability is to be maintained. In addition, severe weather such as hurricanes, flooding and droughts can also cause the accumulation of sediments and drive the need for maintenance dredging.

Rivers & lakes (approximately 5% of 2013 dredging revenues). Domestic rivers and lakes dredging and related operations typically consist of lake and river dredging, inland levee and construction dredging, environmental restoration and habitat improvement and other marine construction projects. Although the Mississippi River has the largest source of projects on which the Company bids, certain dredges used on these projects are more portable and able to be transported to take advantage of the fragmented market. Generally, inland river and lake projects in the northern U.S. take place in non-winter months because frozen waterways significantly reduce the Company's ability to operate and transport its equipment in the relevant geographies.

Amboy Aggregates. The Company and a New Jersey aggregates company each own 50% of Amboy Aggregates ("Amboy"). Amboy was formed in December 1984 to mine sand from the entrance channel to New York Harbor to provide sand and aggregate for use in road and building construction and for clean land fill. Amboy also imports stone from upstate New York and Nova Scotia and distributes it throughout the New York area. The Company's dredging expertise and its partner's knowledge of the aggregate market form the basis for the joint venture.

Dredging Demand Drivers

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

- *Deep port capital projects.* Most U.S. ports have continual expansion plans that include deepening and widening in order to better compete for international trade. International trade, particularly in the

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intermodal container shipping business, is undergoing significant change as a result of the Panama Canal expansion. Many shipping lines have announced plans to deploy larger ships which, due to the channel dimension requirements, currently cannot use many U.S. ports. Miami has begun deepening its port channels to accommodate the larger vessels. This is expected to put more pressure on U.S. ports such as Savannah, Jacksonville and Charleston to deepen in order to remain competitive. In addition, the Ports of Los Angeles and Long Beach are resuming expansion efforts to remain competitive with deepened East Coast ports. The Company believes that port deepening and expansion work authorized under current and future legislation will continue to provide significant opportunities for the domestic dredging industry.

- *Gulf coast restoration.* There has been continued focus on restoring the barrier islands and wetlands that provide natural protection from storms in the Gulf Coast area. Many restoration projects have commenced to repair coastal areas. Several additional projects are being planned by state and local governments to restore natural barriers. The State of Louisiana has completed a master plan calling for a \$50 billion investment in their coastal infrastructure, with a significant portion involving dredging. The annual bid market for domestic capital dredging, which includes deep port capital dredging and Gulf Coast restoration, averaged \$320 million over the prior three years.
- *Substantial need for coastal protection.* Beach erosion is a continuous problem due to the normal ebb and flow of coastlines as well as the effects of severe storm activity. Growing populations in coastal communities and vital beach tourism are drawing attention to the importance of protecting beachfront assets. Over the past few years, both the federal government and state and local entities have funded beach work recognizing the essential role these natural barriers play in absorbing storm energy and protecting public and private property. Superstorm Sandy has highlighted the need for projects that clear the navigation channels, renourish damaged beaches and mitigate shore erosion from future storms. The annual bid market for coastal protection over the prior three years averaged \$200 million.
- *Required maintenance of U.S. ports.* The channels and waterways leading to U.S. ports have stated depths on which shippers rely when entering those ports. Due to naturally occurring sedimentation and severe weather, active channels require maintenance dredging to ensure that stated depths are at authorized levels. Consequently, the need to maintain channel depth creates a recurring source of dredging work that is non-deferrable if optimal navigability is to be preserved. The U.S. Army Corps of Engineers (the "Corps") is responsible for federally funded projects related to navigation and flood control of U.S. waterways. The maritime industry, including the ports, continues to advocate for Congressional efforts to ensure that a fully funded, recurring maintenance program is in place. The annual bid market for maintenance dredging over the prior three years averaged \$384 million.
- *Need to maintain safe navigability of the U.S. river system.* There are over 12 thousand miles of commercially navigable inland waterways that move more than 566 million tons of commercial goods. Transportation by barge requires less energy, and therefore is both better for the environment as well as costs less, to move cargo than transportation by airplane, railcar or truck. Many industries rely on safe navigability of U.S. inland waterways as a primary means to transport goods and commodities such as coal, chemicals, petroleum, minerals, stones, metals and agricultural products. Natural sedimentation and other circumstances require that the inland waterway system be periodically dredged so that it can be used as intended. The Corps recognizes the need to maintain the safe navigability of U.S. waterways.
- *Domestic and international energy transportation.* The growth in demand for transportation of energy worldwide has driven the need for dredging to support new terminals, harbors, channels and pipelines. Great Lakes has committed vessels to create new berths for liquid natural gas ("LNG") terminals being developed to export abundant energy resources from the west coast of Australia. Great Lakes is also dredging harbors for petroleum export facilities in Brazil. Future global energy demand will necessitate improvements in the infrastructure base around sources of rich resources and countries that import global energy.

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- *Middle East market.* Over the past ten years, the Middle East has been a strong market for dredging services. With the substantial income from oil revenues and real estate development, these countries have been undergoing extensive infrastructure expansion. There continues to be demand for infrastructure development in the Middle East which presents opportunities suited to the Company's equipment in the region.
- *Australia and Southeast Asia.* Port traffic continues to surge in the developing markets throughout Southeast Asia and the Southwest Pacific. Advances in economic output in conjunction with growing populations and greater prosperity are driving increased shipping needs. With this growth in marine traffic comes a need for additional port capacity and infrastructure improvement. Great Lakes is investing resources in these markets and expects to see an increased demand for the Company's dredging services.

Environmental & Remediation Operations (approximately 13% of 2013 total revenues)

The environmental & remediation segment provides soil, water and sediment environmental remediation for the municipal and private party markets. Remediation involves the retrieval and removal of contamination from an environment through the use of separation techniques or disposal based on the quantity and severity of the contamination. The Company had historically provided certain environmental remediation in conjunction with its discontinued demolition business and added additional skillsets through its acquisition of Terra in 2012. Besides environmental remediation, the environmental & remediation segment performs industrial cleaning, abatement services and hazardous waste removal. Additionally, the historical demolition and site preparation businesses are a reporting unit of the environmental & remediation segment, but are classified as discontinued and are currently held for sale.

TerraSea Environmental Solutions. The Company and a European based remediation company each own 50% of TerraSea Environmental Solutions, a remediation business. TerraSea provides water and land based environmental services in the area of clean up and remediation of sediments, soil and groundwater for both marine and land based projects. The joint venture was established to capitalize on the expertise of the two equal partners for projects in the United States offering optimally engineered global solutions for environmental cleanup needs

Environmental & Remediation Demand Drivers

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

- *Increasing requirements for environmental services.* Both the dredging and environmental & remediation businesses have experienced requests for handling contaminated sediments and soils at project sites. The Environmental Protection Agency and several state agencies began to recognize the environmental hazards posed by stored industrial byproducts near waterways. The release of regulated pollutants into major waterways, inland lakes, landfills and public lands require the use of environmental remediation to remove the contaminated sediment.
- *Government mandated remediation.* The Environmental Protection Agency mandates remediation initiatives that are paid for partially or in whole by responsible parties. The capability to provide the environmental clean-up of not only the waterway, but also the processing of the contaminated sediment or any contaminated soil from other brownfield sites provides a targeted growth opportunity for Great Lakes.

For additional details regarding Dredging Operations and Environmental & Remediation Operations, including financial information regarding our international and United States revenues and long-lived assets, see Item 7. "Management's Discussion and Analysis of Financial Condition and Results of Operations," and Item 8. "Financial Statements and Supplementary Data" in this Annual Report on Form 10-K, including Footnote 15 to the Company's consolidated financial statements.

Customers

Dredging

The dredging industry's customers include federal, state and local governments, foreign governments and both domestic and foreign private concerns, such as utilities, oil and other energy companies. Most dredging projects are competitively bid, with the award going to the lowest qualified bidder. Customers generally have few economical alternatives to dredging services. The Corps is the largest dredging customer in the U.S. and has responsibility for federally funded projects related to navigation and flood control. In addition, the U.S. Coast Guard and the U.S. Navy are responsible for awarding federal contracts with respect to their own facilities. In 2013, approximately 51% of the Company's dredging revenues were generated from approximately 53 different contracts with federal agencies or third parties operating under contracts with federal agencies.

Environmental & remediation

Environmental & remediation customers include general contractors, corporations, Superfund potentially responsible parties, environmental engineering and construction firms that commission projects and local government and municipal agencies. This segment benefits from key relationships with certain customers in the general contracting and environmental engineering industries. In 2013, one of the environmental & remediation segment's customers was responsible for approximately 55% of the environmental & remediation segment's annual revenues; however, the loss of this customer would not have a material adverse effect on Great Lakes as a whole.

Bidding Process

Dredging

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

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

Environmental & remediation

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

Bonding and Foreign Project Guarantees

Dredging

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

Great Lakes has an agreement with Zurich American Insurance Company ("Zurich") under which the Company can obtain performance, bid and payment bonds. Great Lakes has never experienced difficulty in obtaining bonding for any of its projects; and Great Lakes has never failed to complete a marine project in its 123 year history. For most foreign dredging projects, letters of credit or bank guarantees issued by foreign banks are required as security for the bid, performance and, if applicable, advance payment guarantees. The Company obtains its letters of credit under the Credit Agreement (as defined below) or its separate facility which is supported by the Export-Import Bank of the United States ("Ex-Im Bank") under Ex-Im Bank's Working Capital Guarantee Program. Foreign bid guarantees are usually 2% to 5% of the service provider's bid. Foreign performance and advance payment guarantees are each typically 5% to 10% of the contract value.

Environmental & remediation

The environmental & remediation segment contracts with both private, non-government customers and governmental entities. In general, it is not required to secure bonding for projects with non-governmental customers but is required to secure bonding for projects with governmental entities.

Competition

Dredging

The U.S. dredging industry is highly fragmented with approximately 250 entities in the U.S. presently operating more than 850 dredges, primarily in maintenance dredging. Most of these dredges are smaller and service the inland, as opposed to coastal, waterways, and therefore do not generally compete with Great Lakes except in our rivers & lakes market. Competition is determined by the size and complexity of the job; equipment bonding and certification requirements; and government regulations. Great Lakes and three other companies comprised approximately 72% of the Company's defined bid market related to domestic capital, coastal protection and maintenance over the prior three years. The foregoing percentage excludes work in the rivers & lakes market. Within the Company's bid market, competition is determined primarily on the basis of price. In addition, the Foreign Dredge Act of 1906, or "Dredging Act," and Section 27 of the Merchant Marine Act of 1920, or "Jones Act," provide significant barriers to entry with respect to foreign competition. Together these two laws prohibit foreign-built, chartered or operated vessels from competing in the U.S. See "Business—Government Regulations" below.

Great Lakes competes with several smaller competitors in the domestic rivers and lakes market. Competition is determined primarily based on the basis of geographic reach, project execution capability and price.

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

Environmental & remediation

The U.S. environmental & remediation and related services industry is highly fragmented and is comprised mostly of small regional companies. The environmental & remediation segment is able to perform both smaller and larger, more complex projects. The environmental & remediation segment competes in the specialty contracting services industry primarily on the basis of its experience, reputation, equipment, key client relationships and price.

Equipment

Dredging

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

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

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

Mechanical Dredges. There are two basic types of mechanical dredges: clamshell and backhoe. In both types, the dredge uses a bucket to excavate material from the channel or ocean floor. The dredged material is placed by the bucket into material barges, or "scows," for transport to the designated disposal area. The scows are emptied by bottom-dumping, direct pump-out or removal by a crane with a bucket. The Company purchased two new scows in 2013 and two additional in 2014 to support its operations. Mechanical dredges are capable of removing hard-packed sediments, blasted rock and debris and can work in tight areas such as along docks or terminals. Clamshell dredges with specialized buckets are ideally suited to handle material requiring environmentally controlled disposal. The Company has the largest fleet of material barges in the domestic industry, which provides cost advantages when dredged material is required to be disposed far offshore or when

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

In addition, the Company has numerous pieces of smaller equipment that support its dredging operations. Great Lakes' domestic dredging fleet is typically positioned on the East and Gulf Coasts, with a smaller number of vessels occasionally positioned on the West Coast, and with many of the rivers & lakes dredges on inland rivers and lakes. The mobility of the fleet enables the Company to move equipment in response to changes in demand. Great Lakes' fleet also includes vessels currently positioned in the Middle East, Australia and Brazil. The Company currently estimates the replacement cost of its entire fleet to be in excess of \$1.5 billion.

The Company continually assesses its need to upgrade and expand its dredging fleet to take advantage of improving technology and to address the changing needs of the dredging market. The Company is also committed to preventive maintenance, which it believes is reflected in the long lives of most of its equipment and its low level of unscheduled downtime on jobs. To the extent that market conditions warrant the expenditures, Great Lakes can prolong the useful life of its vessels indefinitely. The Company has announced the construction of a dual mode articulated tug/barge trailing suction hopper dredge. The articulated tug and hopper dredge are expected to be delivered during the second half of 2016.

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

Environmental & remediation

The environmental & remediation segment owns and operates specialized remediation equipment, including a fleet of excavators equipped with shears, pulverizers, processors, grapples, and hydraulic hammers that provide high-capacity processing of construction and demolition debris for recycling, reclamation and disposal. The Company also owns and maintains a large number of skid-steer loaders, high pressure vacuum equipment trucks, heavy-duty large-capacity loaders, off-highway hauling units and a fleet of tractor-trailers for transporting equipment and materials to and from job sites. The Company rents additional equipment on a project-by-project basis, which allows the Company flexibility to adjust costs to the level of project activity.

Seasonality

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

The Company's environmental & remediation segment operates mainly in the Midwest and East Coast. Similar to the dredging segment, the environmental & remediation segment's projects are impacted by the freezing rivers and lakes during the winter.

Weather

The Company's ability to perform its contracts may depend on weather conditions. Inclement weather can delay the completion of a project, thereby causing the Company to incur additional costs. As part of bidding on fixed price contracts, the Company makes allowances, consistent with historical weather data, for project downtime due to adverse weather conditions. In the event that the Company experiences adverse weather beyond these allowances, a project may require additional days to complete, resulting in additional costs and decreased gross profit margins. Conversely, favorable weather can accelerate the completion of the project, resulting in cost savings and increased gross profit margins. Typically, Great Lakes is exposed to significant weather in the first and fourth quarters, and certain projects are required to be performed in environmental windows that occur during these periods. See "Business-Seasonality" above.

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

Backlog

The Company's contract backlog represents its estimate of the revenues that will be realized under the portion of the contracts remaining to be performed. For dredging contracts these estimates are based primarily upon the time and costs required to mobilize the necessary assets to and from the project site, the amount and type of material to be dredged and the expected production capabilities of the equipment performing the work. For environmental & remediation contracts, these estimates are based on the time and remaining costs required to complete the project, relative to total estimated project costs and project revenues agreed to with the customer. However, these estimates are necessarily subject to variances based upon actual circumstances. Because of these factors, as well as factors affecting the time required to complete each job, backlog is not always indicative of future revenues or profitability. In addition, a significant amount of the Company's dredging backlog relates to federal government contracts, which can be canceled at any time without penalty, subject to the Company's right, in some cases, to recover the Company's actual committed costs and profit on work performed up to the date of cancellation. The Company's backlog may fluctuate significantly from quarter to quarter based upon the type and size of the projects the Company is awarded from the bid market. A quarterly increase or decrease of the Company's backlog does not necessarily result in an improvement or a deterioration of the Company's business. The Company's backlog includes only those projects for which the Company has obtained a signed contract with the customer. The components of the Company's backlog including dollar amount and other related information are addressed in more detail in Item 7. "Management's Discussion and Analysis of Financial Condition and Results of Operations—Bidding Activity and Backlog."

Employees

Dredging

During 2013, the Company employed an average of 456 full-time salaried personnel in the U.S., including those in a corporate function. In addition, the Company employs U.S. hourly personnel, most of whom are unionized, on a project-by-project basis. Crews are generally available for hire on relatively short notice. During 2013, the Company employed a daily average of 628 hourly personnel to meet domestic project requirements.

At December 31, 2013, the Company employed approximately 18 expatriates, 23 foreign nationals and 92 local staff to manage and administer its Middle East operations. During 2013, the Company also employed a daily average of 223 hourly personnel to meet project requirements in the Middle East.

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In addition, the Company employed approximately 26 expatriates to manage and administer the operations of the Wheatstone LNG project in Western Australia at December 31, 2013. During 2013, the Company also employed a daily average of 38 local hourly personnel to meet requirements on the project in Australia.

Environmental & remediation

At December 31, 2013, the environmental & remediation segment employed approximately 139 full-time salaried administrative employees, in addition to an average of 334 hourly employees pursuant to four union agreements. The hourly employees are hired on a project-by-project basis and are generally available for hire on relatively short notice.

Safety

Safety of its employees is one of the highest priorities of Great Lakes. The Company promotes a safety culture committed to training, awareness and mutual responsibility for the wellbeing of workers. Accident prevention, safety and environmental protection have top priority in the Company's business planning, in the overall conduct of its business, and in the operation and maintenance of our vessels and facilities.

Unions

The Company is a party to numerous collective bargaining agreements in the U.S. that govern its relationships with its unionized hourly workforce. However, three unions represent a large majority of our dredging employees—the International Union of Operating Engineers (“IUOE”), Local 25 and the Seafarers International Union. The Company's contracts with IUOE, Local 25 and Seafarers International Union expire in 2015. The Company has not experienced any major labor disputes in the past five years and believes it has good relationships with the unions that represent a significant number of its hourly employees; however, there can be no assurances that the Company will not experience labor strikes or disturbances in the future.

Government Regulations

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

Environmental Matters

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

Certain environmental laws such as the U.S. Comprehensive Environmental Response, Compensation and Liability Act of 1980, and the Oil Pollution Act of 1990 impose strict and, under some circumstances joint and several, liability on owners and operators of facilities and vessels for investigation and remediation of releases and discharges of regulated materials, and also impose liability for related damages to natural resources. The Company's past and ongoing operations involve the use, and from time to time the release or discharge, of

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regulated materials which could result in liability under these and other environmental laws. The Company has remediated known releases and discharges as deemed necessary, but there can be no guarantee that additional costs will not be incurred if, for example, third party claims arise or new conditions are discovered.

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

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

Executive Officers

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

Name	Age	Position
Jonathan W. Berger	55	Chief Executive Officer and Director
William S. Steckel	56	Senior Vice President—Chief Financial Officer
Kyle D. Johnson	52	Executive Vice President and Chief Operating Officer
David E. Simonelli	57	President of Dredging Operations
Maryann Waryjas	62	Senior Vice President—Chief Legal Officer and Corporate Secretary

Jonathan W. Berger, Chief Executive Officer

Mr. Berger was named Chief Executive Officer in September 2010. Mr. Berger was a Partner in KPMG's Corporate Finance practice from 1991 through 1999 and was managing director and co-head of Corporate Finance for Navigant Consulting, Inc., a New York Stock Exchange-listed consulting firm, from 2001 to 2009. Mr. Berger was a Director and Chair of the Audit and Compensation Committees of Boise, Inc. He is a Certified Public Accountant and holds a Bachelor of Science from Cornell University and an M.B.A. from Emory University.

William S. Steckel, Senior Vice President and Chief Financial Officer

Mr. Steckel became Senior Vice President and Chief Financial Officer of Great Lakes in August 2012. From 2010 until joining Great Lakes, Mr. Steckel was the principal at WSS Strategic Advisors, a firm that provided financial, strategic and consulting services to various public and private companies. From 2008 to 2010, Mr. Steckel was with Daystar Technologies, Inc., a developer of technology for solar photovoltaic products, where he joined as CFO and Treasurer and progressed to become CEO, President and a member of the Board of Directors. From 2006 to 2008, he was with privately held Norwood Promotional Products, a supplier of custom imprinted products to the advertising and promotional products industry, where he served as Senior Vice President, CFO and Treasurer. Prior to 2006, Mr. Steckel served in senior financial and general management

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roles with Invensys, St. Jude Medical and CTS Corporation. Mr. Steckel earned his Bachelor of Science in Accounting (Industrial Administration) at Iowa State University and his Master of Business Administration from Western Illinois University. He is also a Certified Public Accountant.

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

Mr. Johnson was promoted to Executive Vice President and Chief Operating Officer in 2013. He had served the Company as a Senior Vice President of Operations from 2009. Previously, he held the position of Vice President and Chief Contract Manager since 2006. He joined the Company in 1983 as a Mechanical Engineer and has since held positions of increasing responsibility in domestic and international engineering and operations, including Area Engineer, Special Projects Manager and Manager of Production Engineering. Mr. Johnson was named Vice President in 2002. Mr. Johnson earned a Bachelor of Science degree in Engineering from Purdue University and a Master's of Science degree in Construction Engineering & Management from Stanford University.

David E. Simonelli, President of Dredging Operations

Mr. Simonelli was named President of Dredging Operations in April 2010. Mr. Simonelli is responsible for the Operations Support Group which includes estimating, engineering, operations, plant and equipment and foreign operations. He was named a Vice President of the Company in 2002 and Special Projects Manager in 1996. He joined the Company in 1978 as a Field Engineer. Mr. Simonelli earned a Bachelor of Science degree in Civil and Environmental Engineering from the University of Rhode Island. He is a member of the Hydrographic Society, the American Society of Civil Engineers and the Western Dredging Association.

Maryann Waryjas, Senior Vice President, Chief Legal Officer and Corporate Secretary

Ms. Waryjas was named Senior Vice President, Chief Legal Officer and Corporate Secretary in August 2012. From 2000 until joining Great Lakes, Ms. Waryjas was a partner at Katten Muchin Rosenman, LLP ("Katten"), where she most recently was co-chair of the firm's Corporate Governance and Mergers and Acquisitions Practices. Ms. Waryjas served two consecutive terms on Katten's Board of Directors. Prior to Katten, Ms. Waryjas was a partner at the Chicago offices of Jenner & Block and Kirkland & Ellis. She received her B.S. degree, magna cum laude, from Loyola University and her J.D. degree, cum laude, from Northwestern University School of Law.

Item 1A. Risk Factors

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

Risks Related to our Business

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

A substantial portion of our revenue is derived from federal government contracts, particularly dredging contracts. Revenues related to dredging contracts with federal agencies or companies operating under contracts with federal agencies and the percentage as a total of dredging revenue for the years ended December 31, 2013, 2012 and 2011 were as follows:

	Year Ended December 31,		
	2013	2012	2011
Federal government dredging revenue (in US \$1,000)	\$329,185	\$405,434	\$289,120
Percent of dredging revenue from federal government	51%	69%	56%

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

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

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

The U.S. government conducts a rigorous competitive process for awarding most contracts. Some contracts include multiple award task order contracts in which several contractors are selected as eligible bidders for future work. We will face strong competition and pricing pressures for any additional contract awards from the U.S. government, and we may be required to qualify or continue to qualify under various multiple award task order contract criteria. Our inability to qualify as an eligible bidder under government contract criteria could

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preclude us from competing for certain government contract awards. In addition, our inability to qualify as an eligible bidder, or to compete successfully when bidding for certain government contracts and to win those contracts, could materially adversely affect our business, operations, revenues and profits.

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

We conduct our business under various types of contracts where costs are estimated in advance of our performance. Most dredging contracts are fixed-price contracts where the customer pays a fixed price per unit (e.g., cubic yard) of material dredged. In addition, most of our demolition and remediation contracts carry similar risks to our fixed-price dredging contracts. Fixed-price contracts carry inherent risks, including risks of losses from underestimating costs, operational difficulties, and other changes that sometimes occur over the contract period. If our estimates prove inaccurate, if there are errors or ambiguities as to contract specifications, or if circumstances change due to, among other things, unanticipated technical problems, difficulties in obtaining permits or approvals, changes in local laws or labor conditions, inclement or hazardous weather conditions, changes in cost of equipment or materials, or our suppliers' or subcontractor's inability to perform, then cost over-runs and delays in performance are likely to occur. We may not be able to obtain compensation for additional work performed or expenses incurred. Additionally, we may be required to pay liquidated damages upon our failure to meet schedule or performance requirements of our contracts. Our failure to accurately estimate the resources and time required for fixed-price contracts or our failure to perform our contractual obligations within the expected time frame and costs could result in reduced profits or, in certain cases, a loss for that contract. If we were to significantly underestimate the costs on one or more significant contracts, the resulting losses could have a material adverse effect on our business, operating results, cash flows or financial condition.

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

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

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

If our results of operations from quarter to quarter fail to meet the expectations of public market analysts and investors, our stock price could be negatively impacted. See Item 7. "Management's Discussion and Analysis of Financial Condition and Results of Operations—Primary Factors that Determine Operating Profitability."

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

Our contracts with federal, state and local governmental customers are subject to various procurement regulations and contract provisions. These regulations also subject us to examinations by government auditors

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and investigators, from time to time, to ensure compliance and to review costs. Violations of government contracting regulations could result in the imposition of civil and criminal penalties, which could include termination of contracts, forfeiture of profits, imposition of payments and fines and suspension or debarment from future government contracting. If we fail to continue to qualify for or are suspended from work under a government contract for any reason, we could suffer a material adverse effect on our business, operating results, cash flows or financial condition.

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

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

Revenue from foreign contracts and its percentage to total dredging revenue for the years ended December 31, 2013, 2012 and 2011 were as follows:

	Year Ended December 31,		
	2013	2012	2011
Foreign revenue (in US \$1,000)	\$138,436	\$112,242	\$77,232
Percent of dredging revenue from foreign countries	22%	19%	15%

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

International operations subject us to additional potential risks, including:

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

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

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

The Company earns significant revenue from governmental entities in the Middle East. Revenue from foreign projects has been concentrated in Bahrain and primarily with the government of Bahrain which comprised 15%, 71% and 61% of our foreign dredging revenues in 2013, 2012 and 2011, respectively. In 2013, a large, single customer contract was signed in Qatar with a local government entity. This contract represented 34% of the Company's 2013 foreign dredging revenue from all sources. The Company continues to maintain significant equipment in the Middle East region and continues to pursue additional contracts in the region.

Certain factors have occurred suggesting that future revenues from projects with governments in the Middle East could decrease. The contraction in the Middle East real estate market has slowed the rate of the region's infrastructure development. If our commercial relationship with Bahrain or Qatar is terminated, the Company's international revenues would be materially and adversely impacted. If the government of Bahrain or Qatar further curtails its infrastructure investment or diversifies its use of dredging vendors, our revenue from these customers could decline further.

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

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

The Company earns significant revenue from a large, single customer foreign contract. The contract is with another dredging company and is subject to terms that limit our ability to control the operations affecting the profitability of the Company's contract. The expected revenue and profit on this contract is subject to material changes based upon the actual time and costs incurred to perform the work and the realization of contract incentives which may be outside the Company's control. Changes in the estimated profitability of this contract may have a material effect on the Company's operating results, cash flows or financial condition until the project is completed, which is expected in 2015.

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

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

We reported a material weakness in our internal control over financial reporting in the fiscal year ending December 2012. Future lapses in disclosure controls and procedures or internal control over financial reporting could materially and adversely affect our operations, profitability or reputation.

In connection with management's assessment of our internal control over financial reporting in the fiscal year ended December 2012 and interim quarterly periods in that fiscal year, we identified a material weakness in our internal control over financial reporting and also restated our financial results for the second and third quarters of 2012. We believe we have taken the steps necessary to remediate the material weakness and the controls implemented to remediate the material weakness were determined to be operating effectively as of December 31, 2013.

There can be no assurance that our disclosure controls and procedures will be effective in the future or that a material weakness or significant deficiency in internal control over financial reporting could not occur. Any such lapses or deficiencies may materially and adversely affect our business, operating results, cash flows or financial condition, restrict our ability to access the capital markets, require us to expend significant resources to correct the lapses or deficiencies, expose us to regulatory or legal proceedings, including litigation brought by private individuals, subject us to fines, penalties or judgments, harm our reputation, or otherwise cause a decline in investor confidence and our stock price.

Further, we have incurred significant costs in connection with the announcement of the restatement and our remediation efforts. These costs include additional professional fees related to the remediation of the material weakness as well as ongoing costs related to litigation arising from the restatement. See Note 12 to our Consolidated Financial Statements for additional information regarding this litigation. There can be no assurances that we will not have to incur additional significant costs in connection with these matters.

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

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

Because of these factors, as well as factors affecting the time required to complete each job, backlog is not necessarily indicative of future revenues or profitability. In addition, a significant amount of our dredging backlog (75% in 2013) relates to federal government contracts, which can be canceled at any time without

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penalty to the government, subject, in most cases, to our contractual right to recover our actual committed costs and profit on work performed up to the date of cancellation.

Below is our dredging backlog from federal government contracts as of December 31, 2013, 2012, and 2011 and the percentage of those contracts to total backlog as of the same date.

	Year Ended December 31,		
	2013	2012	2011
Federal government dredging backlog (in US \$1,000)	\$385,141	\$85,675	\$234,830
Percentage of dredging backlog from federal government	75%	22%	74%

In addition, as of December 31, 2013, 17% of our total backlog relates to a single customer in an international market. Our contract with this customer has certain contractual rights that, if invoked, limit our scope in the project.

The termination, modification or suspension of projects currently in backlog could have a material adverse effect on our financial condition, business, operations and profits.

Our business would be adversely affected if we failed to comply with the Jones Act provisions on coastwise trade, or if those provisions were modified or repealed.

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

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

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

We are generally required to post bonds in connection with our domestic dredging, remediation or demolition contracts and bonds or letters of credit with our foreign dredging contracts to ensure job completion if we ever fail to finish a project. We have entered into a bonding agreement with Zurich, pursuant to which Zurich acts as surety, issues bid bonds, performance bonds and payment bonds, and provides guarantees required by us in the day-to-day operations of our dredging business. However, under certain circumstances as specified in the agreement, Zurich is not obligated under the bonding agreement to issue future bonds for us. Historically, we have had a strong bonding capacity, but surety companies issue bonds on a project-by-project basis and can decline to issue bonds at any time or require the posting of collateral as a condition to issuing any bonds. In addition to our bonds outstanding with Zurich, we also have surety bonds outstanding with Travelers Casualty and Surety Company of America. With respect to our foreign dredging business, we generally obtain letters of credit under our senior credit facility and a separate facility which is supported by Ex-Im under Ex-Im's Working Capital Guarantee Program. However, the amount of letters of credit under these facilities is limited. In addition, access to our senior credit facility and the Ex-Im facility may be limited by failure to meet certain financial requirements or other defined requirements. If we are unable to obtain bonds or letters of credit on terms reasonably acceptable to us, our ability to take on future work would be severely limited.

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

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

The average age of our more significant vessels as of December 31, 2013, by equipment type, is as follows:

<u>Type of Equipment</u>	<u>Quantity</u>	<u>Average Age in Years</u>
Hydraulic Dredges	20	46
Hopper Dredges	7	31
Mechanical Dredges	5	38
Unloaders	1	29
Drillboats	2	37
Material and Other Barges	134	31
Total	169	35

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

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

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

The successful performance of contracts requires a high degree of reliability of our vessels, barges and equipment. The average age of our fleet as of December 31, 2013 was 35 years. Breakdowns not only add to the costs of executing a project, but they can also delay the completion of subsequent contracts, which are scheduled to utilize the same assets. We operate a scheduled maintenance program in order to keep all assets in good working order, but despite this, breakdowns can and do occur.

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

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

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

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

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

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

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

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

Specifically, with regard to our new hopper dredge, we have previously disclosed that we have terminated our contract with the shipyard originally hired for this construction and entered into a contract with a new shipyard at a significantly higher cost. We cannot predict whether and to what extent there may be additional costs associated with building this dredge or further delays in its completion.

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

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

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

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

Our current business strategy includes the divestiture of our demolition business, which presents certain risks and uncertainties.

On February 25, 2014 the Company announced that, during the fourth quarter, the management team proposed, and the board of directors approved, a plan to sell our historical demolition business. The pursuit of the sale of this business raises some of the same risks associated with pursuing acquisitions, including diversion of management's attention from other business concerns; failure to achieve financial or operating objectives; potential loss of customers or key employees; and volatility in the Company's stock price. We cannot predict whether and to what extent we will be successful in effecting a divestiture of our demolition business. Following divestiture, there may be ongoing costs and expenses related to the discontinued operations for certain retained liabilities and asset recoveries. The divestiture of the historic demolition business could result in the Company becoming subject to significant withdrawal liability with respect to one or more multiemployer pension plans in which the subsidiaries in the historic demolition business participate. Some of the multiemployer plans in which we participate are reported to have significant underfunded liabilities. A future incurrence of withdrawal liability could have a material adverse impact on the ongoing costs and expenses related to the discontinued operations. Failure to divest the demolition business could have a material adverse impact on our business, operating results, cash flows or financial condition.

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

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

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

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

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

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

We are a party to numerous collective bargaining agreements in the U.S. that govern our industry's relationships with our unionized hourly workforce. However, three unions represent approximately 55% of our dredging employees—the International Union of Operating Engineers (“IUOE”), Local 25 and the Seafarers International Union. The Company's contracts with IUOE, Local 25 and the Seafarers International Union expire in September 2015. The inability to successfully renegotiate contracts with these unions as they expire, or any future strikes, employee slowdowns or similar actions by one or more unions could have a material adverse effect on our ability to operate our business.

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

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

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

The dredging, demolition and remediation businesses are generally subject to a number of risks and hazards, including environmental hazards, industrial accidents, encountering unusual or unexpected geological formations, cave-ins below water levels, collisions, disruption of transportation services and flooding. These risks could result in damage to, or destruction of, dredges, transportation vessels, other maritime structures and buildings, and could also result in personal injury, environmental damage, performance delays, monetary losses or legal liability to third parties. We may also be exposed to disruption of our operations and loss of use of our equipment that may materially adversely reduce our revenue and profits.

Our safety record is an important consideration for our customers. If serious accidents or fatalities occur or our safety record was to deteriorate, we may be ineligible to bid on certain work, and existing service arrangements could be terminated. Adverse experience with hazards and claims could have a negative effect on our reputation with our existing or potential new customers and our prospects for future work.

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

We maintain various insurance policies, including hull and machinery, pollution liability, general liability and personal injury. We partially self-insure risks covered by our policies. While we reserve for such self-insured exposures when appropriate for accounting purposes, we are not required to, and do not, specifically set aside funds for the self-insured portion of claims. At any given time, we are subject to Jones Act personal injury claims and claims from general contractors and other third parties for personal injuries. Our insurance policies may not be adequate to protect us from liabilities that we incur in our business. We may not be able to obtain similar levels of insurance on reasonable terms, or at all. Our inability to obtain such insurance coverage at acceptable rates or at all could have a material adverse effect on our business, operating results, profits or financial condition.

If we are unable to attract and retain key personnel and skilled labor, our ability to bid for and successfully complete contracts may be negatively impacted.

Our ability to attract and retain reliable, qualified personnel is a significant factor that enables us to successfully bid for and profitably complete our work. This includes members of our management, project managers, estimators, skilled engineers, supervisors, foremen, equipment operators and laborers. The loss of the services of any of our management could have a material adverse effect on us. If we do not succeed in retaining our current key employees and attracting, developing and retaining new highly-skilled employees, our reputation may be harmed and our operations and future earnings may be negatively impacted.

We may not be able to maintain an adequate skilled labor force necessary to operate efficiently and to support our growth strategy. We have from time to time experienced, and may in the future experience, shortages of certain types of qualified equipment operating personnel. The supply of experienced engineers, project managers, field supervisors and other skilled workers may not be sufficient to meet current or expected demand. If we are unable to hire employees with the requisite skills, we may also be forced to incur significant training

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expenses. The occurrence of any of the foregoing could have an adverse effect on our business, operating results, cash flows or financial condition.

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

We rely on information technology (IT) systems in order to achieve our business objectives. Our portfolio of hardware and software products, solutions and services and our enterprise IT systems may be vulnerable to damage or disruption caused by circumstances beyond our control such as catastrophic events, power outages, natural disasters, computer system or network failures, computer viruses, cyber attacks or other malicious software programs. The failure or disruption of our IT systems to perform as anticipated for any reason could disrupt our business and result in decreased performance, significant remediation costs, transaction errors, loss of data, processing inefficiencies, downtime, failure to properly estimate the work or costs associated with projects, litigation and the loss of customers or suppliers. A significant disruption or failure could have a material adverse effect on our business, operating results, cash flows or financial condition. We are incurring costs associated with designing and implementing a new enterprise resource planning software system (ERP) with the objective of gradually migrating to the new system. Capital expenditures and expenses for the ERP for 2014 and beyond will depend upon the pace of conversion. If implementation is not executed successfully, this could result in business interruptions. If we do not complete the implementation of the ERP timely and successfully, we may incur additional costs associated with completing this project and a delay in our ability to improve existing operations, support future growth and enable us to take advantage of new engineering and other applications and technologies.

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

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

Risks Related to our Financing

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

As of December 31, 2013, we had indebtedness of \$285 million consisting of \$250 million of senior subordinated notes and \$35 million of borrowings on our revolving credit facility. Our debt could:

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

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In addition, we currently anticipate financing the construction and completed cost of our new hopper dredge under an operating lease or similar financing structure. If we are unable to secure that financing due to our current debt levels, credit ratings, size of the vessel cost and uncertainty of market conditions, it could have a material effect on the Company's operating results, cash flows or financial condition in future periods.

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

The domestic and worldwide capital and credit markets may experience significant volatility, disruptions and dislocations with respect to price and credit availability. Should we need additional funds or to refinance our existing indebtedness, we may not be able to obtain such additional funds. In 2013, our credit rating was downgraded. As a result, we may have difficulty securing future funding, or funding may be on terms less favorable to us.

We need liquidity to pay our operating expenses, interest on our debt and dividends on our capital stock. Without sufficient liquidity, we will be forced to curtail our operations, and our business will suffer. The principal sources of our liquidity are cash flow from operations and borrowings under our senior credit facility. In the event these resources do not satisfy our liquidity needs, we may have to seek additional financing. The availability of additional financing will depend on a variety of factors such as market conditions, the general availability of credit, the volume of trading activities, our credit ratings and credit capacity, as well as the possibility that customers or lenders could develop a negative perception of our long- or short-term financial prospects if the level of our business activity decreased due to a market downturn. If internal sources of liquidity prove to be insufficient, we may not be able to successfully obtain additional financing on favorable terms, or at all.

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

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

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

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

The current uncertainty in the economic environment and other factors could lead to our goodwill and other intangible assets becoming impaired, which may require us to take significant non-cash charges against earnings.

Under current accounting guidelines, we must assess, at least annually and potentially more frequently, whether the value of our goodwill and other intangible assets have been impaired. Any impairment of goodwill or other intangible assets as a result of such analysis would result in a non-cash charge against earnings, which charge could materially adversely affect our business, operating results, cash flows or financial condition. We test goodwill annually for impairment in the third quarter of each year, or more frequently should circumstances dictate. A significant and sustained decline in our future cash flows, a significant adverse change in the economic environment, slower growth rates or our stock price falling below our net book value per share for a sustained period could result in the need to perform additional impairment analysis in future periods. If we were to conclude that a future write-down of goodwill or other intangible assets is necessary, then we would be required to record a non-cash charge against earnings, which, in turn, could have a material adverse effect on our business, operating results, cash flows or financial condition. In the second quarter of 2013, the Company recorded an impairment charge at its demolition reporting unit of \$21.5 million. See Item 7. “Management’s Discussion and Analysis of Financial Condition and Results of Operations—Critical Accounting Policies and Estimates.

We have made and may continue to make debt or equity investments in privately financed projects in which we could sustain significant losses.

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

Risks Related to our Stock

Our common stock is subject to restrictions on foreign ownership.

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

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

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

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

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

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

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

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

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

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

- changes in market conditions;
- quarterly variations in our operating results;
- operating results that vary from the expectations of management, securities analysts and investors;
- changes in expectations as to our future financial performance;
- announcements of strategic developments, significant contracts, acquisitions and other material events by us or our competitors;
- the operating and securities price performance of other companies that investors believe are comparable to us;

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- future sales of our equity or equity-related securities;
- changes in the economy and the financial markets;
- departures of key personnel;
- changes in governmental regulations; and
- geopolitical conditions, such as acts or threats of terrorism, political instability, civil unrest or military conflicts.

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

Item 1B. Unresolved Staff Comments

None.

Item 2. Properties

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

Dredging

The Company's headquarters are located at 2122 York Road, Oak Brook, Illinois 60523, with approximately 64,275 square feet of office space that it leases with a term expiring in 2019. As of December 31, 2013 the Company owns or leases the following additional facilities:

Dredging

<u>Location</u>	<u>Type of Facility</u>	<u>Size</u>		<u>Leased or Owned</u>
Staten Island, New York	Yard	4.4	Acres	Owned
Morgan City, Louisiana	Yard	6.4	Acres	Owned
Norfolk, Virginia	Yard	15.3	Acres	Owned
Green Cove Springs, Florida	Yard	8.5	Acres	Leased
Norfolk, Virginia	Yard	5.0	Acres	Leased
Chickasaw, AL	Yard	2.0	Acres	Leased
Chesapeake, VA	Storage	2.5	Acres	Leased
Kingwood, Texas	Office	750	Square feet	Leased
Cape Girardeau, Missouri	Office	726	Square feet	Leased
Cape Girardeau, Missouri	Storage	7,200	Square feet	Leased
Cape Girardeau, Missouri	Yard	18.4	Acres	Leased
Little Rock, Arkansas	Yard	7.0	Acres	Leased

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Environmental & remediation

<u>Location</u>	<u>Type of Facility</u>	<u>Size</u>		<u>Leased or Owned</u>
Waltham, Massachusetts*	Office	33,000	Square feet	Leased
Billerica, Massachusetts	Office	10,400	Square feet	Leased
Kalamazoo, Michigan**	Office	33,000	Square feet	Leased
Romulus, Michigan	Office	35,250	Square feet	Leased
Romulus, Michigan	Yard	1.0	Acre	Leased
Grand Rapids, Michigan	Office	7,500	Square feet	Leased

* The environmental & remediation segment leases this facility in Waltham, Massachusetts, from a minority interest owner in Yankee and prior to 2011, a profits interest owner in NASDI, pursuant to a lease that expires in 2016. See Note 13 to the Company's consolidated financial statements.

** The environmental & remediation segment leases the Kalamazoo, Michigan facilities from the President of Terra Contracting Services, LLC who was also the former owner of Terra Contracting, LLC, pursuant to leases expiring in 2015. See Note 13 to the Company's consolidated financial statements.

Item 3. Legal Proceedings

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

In 2009, the Company's subsidiary, NASDI, LLC ("NASDI"), received a letter stating that the Attorney General for the Commonwealth of Massachusetts is investigating alleged violations of the Massachusetts Solid Waste Act. The Company believes that the Massachusetts Attorney General is investigating waste disposal activities at an allegedly unpermitted disposal site owned by a third party with whom NASDI contracted for the disposal of waste in 2007 and 2008. Per the Massachusetts Attorney General's request, NASDI executed a tolling agreement regarding the matter in 2009 and engaged in further discussions with the Massachusetts Attorney General's office. Should a claim be brought, NASDI intends to defend itself vigorously. Based on consideration of all of the facts and circumstances now known, the Company does not believe this claim will have a material impact on its business, financial position, results of operations or cash flows.

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

On March 19, 2013, the Company and three of its current and former executives were sued in a securities class action in the Northern District of Illinois captioned United Union of Roofers, Waterproofers & Allied Workers Local Union No. 8 v. Great Lakes Dredge & Dock Corporation et al., Case No. 1:13-cv-02115. The lawsuit, which was brought on behalf of all purchasers of the Company's securities between August 7, 2012 and March 14, 2013, primarily alleges that the defendants made false and misleading statements regarding the recognition of revenue in the demolition segment and with regard to the Company's internal control over

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financial reporting. This suit was filed following the Company's announcement on March 14, 2013 that it would restate its second and third quarter 2012 financial statements. Two additional, similar lawsuits captioned *Boozer v. Great Lakes Dredge & Dock Corporation et al.*, Case No. 1:13-cv-02339, and *Connors v. Great Lakes Dredge & Dock Corporation et al.*, Case No. 1:13-cv-02450, were filed in the Northern District of Illinois on March 28, 2013, and April 2, 2013, respectively. These three actions were consolidated and recaptioned *In re Great Lakes Dredge & Dock Corporation Securities Litigation*, Case No. 1:13-cv-02115, on June 10, 2013. The plaintiffs filed an amended class action complaint on August 9, 2013, which the defendants moved to dismiss on October 8, 2013. The Company denies liability and intends to vigorously defend this action.

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

In 2012, the Company contracted with a shipyard to perform the functional design drawings, detailed design drawings and follow on construction of a new Articulated Tug & Barge ("ATB") Trailing Suction Hopper Dredge. In April 2013, the Company terminated the contract with the shipyard for default and the counterparty sent the Company a notice requesting arbitration under the contract on the Company's termination for default, including but not limited to the Company's right to draw on letters of credit that had been issued by the shipyard as financial security required in the contract. In May 2013, the Company drew upon the shipyard's letters of credit related to the contract and received \$13.6 million. Arbitration proceedings were initiated. In January 2014, the Company and the shipyard executed a settlement agreement pursuant to which the Company retained \$10.5 million of the proceeds of the financial security and remitted \$3.1 million of those funds to the shipyard, all other claims were released, and the arbitration was dismissed with prejudice.

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

Item 4. Mine Safety Disclosures

Not applicable

Part II

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

Market Information

Our common stock is traded under the symbol “GLDD” on the NASDAQ Global Market. The table below sets forth, for the calendar quarters indicated, the high and low sales prices of the common stock as reported by NASDAQ from January 1, 2012 through December 31, 2013.

	Common Stock	
	High	Low
First Quarter 2012	\$7.82	\$5.65
Second Quarter 2012	\$7.62	\$6.14
Third Quarter 2012	\$7.90	\$6.94
Fourth Quarter 2012	\$9.24	\$6.94

	Common Stock	
	High	Low
First Quarter 2013	\$8.69	\$6.55
Second Quarter 2013	\$8.66	\$6.30
Third Quarter 2013	\$8.69	\$6.28
Fourth Quarter 2013	\$9.33	\$6.99



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	<u>12/31/2009</u>	<u>12/31/2010</u>	<u>12/31/2011</u>	<u>12/31/2012</u>	<u>12/31/2013</u>
Great Lakes Dredge & Dock Corp	158.33	182.34	139.47	232.42	239.45
Peer Average (see below)	121.32	124.01	110.66	132.91	191.68
NASDAQ Composite Index	143.89	168.22	165.19	191.47	264.84

The graph above shows the cumulative total return to stockholders of the Company's common stock during a five year period ending December 31, 2013, the last trading day of our 2013 fiscal year, compared with the return on the NASDAQ Composite Index and a group of our peers which we use internally as a benchmark for our performance. The graph assumes initial investments of \$100 each on December 31, 2008, in GLDD stock (assuming reinvestment of all dividends paid during the period), the NASDAQ Composite Index and the peer group companies, collectively. The peer group is comprised of the following member companies against which we measure our performance for compensation purposes.

<u>Company</u>	<u>Ticker</u>
Dycom Industries, Inc.	DY
Global Industries, Ltd. (prior to its purchase on September 9, 2011 by Technip S.A.)	GLBL
Granite Construction Inc.	GVA
Aegion Corporations, successor to Insituform Technologies, Inc.	AEGN
Layne Christensen Company	LAYN
MasTec, Inc.	MTZ
Matrix Service Company	MTRX
MYR Group Inc.	MYRG
Orion Marine Group, Inc.	ORN
Pike Electric Corporation	PIKE
Primoris Services Corp	PRIM
Sterling Construction Company, Inc.	STRL
Team, Inc.	TISI
Willbros Group, Inc.	WG

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

Holders of Record

As of February 28, 2014, the Company had approximately 34 shareholders of record of the Company's common stock. A substantial number of holders of the Company's common stock are "street name" or beneficial holders, whose shares are held of record by banks, brokers and other financial institutions.

Dividends

Quarterly dividends per common share for the most recent two years were as follows:

	<u>Dividend</u>	
	<u>2013</u>	<u>2012</u>
First Quarter	\$—	\$0.021
Second Quarter	\$—	\$0.021
Third Quarter	\$—	\$0.021
Fourth Quarter	\$—	\$0.250*

* Represents a special cash dividend

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In the fourth quarter of 2012, the board of directors issued a special dividend representing quarterly dividends that likely would have been declared in fourth quarter 2012 as well as the acceleration of dividends for four quarters of 2013 plus an additional return of capital. The declaration and payment of future dividends will be at the discretion of Great Lakes' board of directors and depends on many factors, including general economic and business conditions, the Company's strategic plans, financial results and condition, legal requirements including restrictions and limitations contained in the Company's senior credit agreement, bonding agreements and the indenture relating to the senior unsecured notes and other factors the board of directors deems relevant. Accordingly, the Company cannot ensure the size of any such dividend or that the Company will pay any future dividend.

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Item 6. Selected Financial Data

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

	Year Ended December 31,				
	2013	2012	2011	2010	2009
	(dollars in millions except shares in thousands and per share data)				
Contract revenues	\$ 731.4	\$ 588.4	\$ 520.1	\$ 609.0	\$ 574.3
Costs of contract revenues	631.1	510.3	437.5	491.7	486.1
Gross profit	100.3	78.2	82.6	117.3	88.3
General and administrative expenses	68.0	45.7	40.9	47.2	39.1
Proceeds from loss of use claim	(13.4)	—	—	—	—
Gain on sale of assets—net	(5.8)	(0.2)	(11.7)	(0.4)	(0.7)
Operating income	51.4	32.6	53.5	70.5	49.8
Interest expense—net	(21.9)	(20.9)	(21.4)	(13.4)	(15.7)
Equity in earnings (loss) of joint ventures	1.2	0.1	(0.4)	(0.6)	(0.4)
Loss on foreign currency transactions—net	(0.4)	(0.1)	(0.3)	—	—
Loss on extinguishment of debt	—	—	(5.1)	—	—
Income from continuing operations before income taxes	30.3	11.7	26.3	56.5	33.8
Income tax provision	(10.5)	(5.4)	(9.9)	(22.1)	(13.4)
Income from continuing operations	19.9	6.3	16.3	34.4	20.3
Income (loss) from discontinued operations, net of income taxes	(54.9)	(9.6)	0.9	(0.7)	(5.6)
Net income (loss)	(35.0)	(3.3)	17.3	33.7	14.7
Net (income) loss attributable to noncontrolling interests	0.6	0.6	(0.7)	0.9	2.7
Net income (loss) attributable to common stockholders of Great Lakes Dredge & Dock Corporation	\$ (34.4)	\$ (2.7)	\$ 16.5	\$ 34.6	\$ 17.5
Basic earnings per share attributable to income from continuing operations (1)	\$ 0.33	\$ 0.11	\$ 0.28	\$ 0.59	\$ 0.35
Basic loss per share attributable to loss on discontinued operations, net of income taxes	(0.91)	(0.15)	0.00	(0.01)	(0.10)
Basic earnings (loss) per share attributable to common stockholders of Great Lakes Dredge & Dock Corporation	\$ (0.58)	\$ (0.04)	\$ 0.28	0.57	0.25
Basic weighted average shares	59,495	59,195	58,891	58,647	58,507
Diluted earnings per share attributable to income from continuing operations (1)	\$ 0.33	\$ 0.11	\$ 0.28	\$ 0.59	\$ 0.35
Diluted loss per share attributable to loss on discontinued operations, net of income taxes	(0.90)	(0.15)	0.00	(0.01)	(0.10)
Diluted earnings (loss) per share attributable to common stockholders of Great Lakes Dredge & Dock Corporation	\$ (0.57)	\$ (0.04)	\$ 0.28	0.57	0.25
Diluted weighted average shares	60,101	59,673	59,230	58,871	58,612

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	Year Ended December 31,				
	2013	2012	2011	2010	2009
(in millions)					
Other Data:					
Adjusted EBITDA from continuing operations (2)	\$ 98.9	\$ 74.7	\$ 90.1	\$101.4	\$ 79.3
Net cash flows from operating activities	74.8	(1.9)	24.6	127.8	60.2
Net cash flows from investing activities	(46.3)	(63.4)	(16.7)	(61.9)	(21.3)
Net cash flows from financing activities	22.5	(23.6)	57.4	(20.3)	(46.5)
Depreciation and amortization	46.6	37.4	37.3	31.4	29.7
Maintenance expense	49.5	51.8	43.1	48.2	46.4
Capital expenditures	62.0	76.3	22.9	65.0	23.9

- (1) Refer to Note 1 in the Company's consolidated financial statements for the years ended December 31, 2013, 2012 and 2011 and above information for additional details regarding these calculations.
- (2) See definition of Adjusted EBITDA from continuing operations in Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations.

	As of December 31,				
	2013	2012	2011	2010	2009
(in millions)					
Balance Sheet Data:					
Cash and cash equivalents	\$ 75.3	\$ 24.4	\$113.3	\$ 48.4	\$ 2.8
Working capital	167.2	127.7	195.3	90.1	91.3
Total assets	852.6	826.5	788.5	693.8	665.4
Long term debt, promissory notes and subordinated notes	285.0	263.0	255.0	175.0	186.0
Total stockholder's equity	242.1	273.4	292.5	276.8	244.5

Item 7. Management’s Discussion and Analysis of Financial Condition and Results of Operations

Overview

The Company is the largest provider of dredging services in the United States. In addition, the Company is the only U.S. dredging service provider with significant international operations, which represented 22% of its dredging revenues for 2013.

Dredging generally involves the enhancement or preservation of the navigability of waterways or the protection of shorelines through the removal or replenishment of soil, sand or rock. The U.S. dredging market consists of three primary types of work: capital, coastal protection (formerly referred to as beach nourishment) and maintenance. Capital dredging consists primarily of port expansion projects, which involve the deepening of channels to allow access by larger, deeper draft ships and the provision of land fill used to expand port facilities. In addition to port work, capital projects also include land reclamations, trench digging for pipelines, tunnels, and cables, and other dredging related to the construction of breakwaters, jetties, canals and other marine structures. Coastal protection projects involve moving sand from the ocean floor to shoreline locations where erosion threatens shoreline assets. Maintenance dredging consists of the re-dredging of previously deepened waterways and harbors to remove silt, sand and other accumulated sediments. Due to natural sedimentation, most channels generally require maintenance dredging every one to three years, thus creating a recurring source of dredging work that is typically non-deferrable if optimal navigability is to be maintained. In addition, severe weather such as hurricanes, flooding and droughts can also cause the accumulation of sediments and drive the need for maintenance dredging. Rivers & lakes dredging and related operations typically consist of lake and river dredging, inland levee and construction dredging, environmental restoration and habitat improvement and other marine construction projects.

On December 31, 2012, the Company acquired the assets and assumed certain liabilities of Terra Contracting, LLC (“Terra”), a respected provider of a wide variety of essential services for environmental, maintenance and infrastructure-related applications headquartered in Kalamazoo, MI, for a purchase price of approximately \$26 million. The Terra acquisition has broadened the Company’s environmental & remediation segment with additional services and expertise as well as expanded its footprint in the Midwest.

In the fourth quarter 2013, the management team proposed, and the board of directors approved, a plan to sell the Company’s historical demolition business. The Company has received several indications of interest and expects to finalize disposition of the demolition business in 2014. The historical demolition business has been retrospectively presented as discontinued operations and is no longer reflected in continuing operations, see Note 14 to our consolidated financial statements included in Item 15 of this Annual Report on Form 10-K.

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 37% over the prior three years, including 29%, 60% and 31% of the domestic capital, coastal protection and maintenance sectors, respectively. The Company’s average bid market share of rivers & lakes in the two years of activity since its acquisition is 43%.

The Company operates in two reportable segments: dredging and environmental & remediation.

In 2013, dredging revenues accounted for 87% of revenue. The Company’s fleet of 32 dredges, of which nine are deployed internationally, 19 material transportation barges, two drillboats, and numerous other specialized support vessels is the largest and most diverse fleet of any U.S. dredging company. For the dredging segment, the Company’s fleet of dredging equipment can be utilized on one or many types of work and in various geographic locations. This flexible approach to the Company’s fleet utilization, driven by the project scope and equipment, enables us to move equipment in response to changes in demand for dredging services to take advantage of the most attractive opportunities. The Company estimates the replacement cost of the Company’s fleet to be in excess of \$1.5 billion in the current market.

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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. The advance of multi-jurisdictional cost sharing arrangements are allowing the Corps to utilize funds from sources other than the federal budget to prioritize additional projects where waterway infrastructure improvements can have an impact to large regions. Although some of a project's funding may ultimately be derived from multiple sources, the Corps maintains the authority over the project and is the Company's customer. In 2013, 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 51% of dredging revenues, down slightly from the Company's prior three year average of 62%.

In 2013, environmental & remediation revenues accounted for 13% of total revenue. The environmental & remediation segment's principal services consist of specialty contracting services such as environmental, industrial and hazard materials abatement and remediation services. The majority of the environmental & remediation segment's work is performed in the Midwest U.S. market.

The Company also owns 50% of Amboy Aggregates ("Amboy") and 50% of TerraSea Environmental Solutions ("TerraSea") as joint ventures. Amboy's primary business is dredging sand from the entrance channel to the New York harbor in order to provide sand and aggregate for use in road and building construction and for clean land fill. Amboy also imports stone from upstate New York and Nova Scotia and distributes it throughout the New York area. TerraSea is engaged in the environmental services business through its ability to remediate contaminated soil and dredged sediment treatment.

Contract Revenues

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

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

Costs and Expenses

The components of costs of contract revenues include labor, equipment (including depreciation, maintenance, insurance and long-term rentals), fuel, subcontracts, short-term rentals and project overhead. Hourly labor is generally hired on a project-by-project basis. Much of our domestic hourly labor force is represented by labor unions with collective bargaining agreements that expire at various dates during 2014 through 2016, which historically have been extended without disruption.

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Costs of contract revenues vary significantly depending on the type and location of work performed and assets utilized. Generally, capital dredging projects have the highest margins due to the complexity of the projects, while coastal protection projects have the most volatile margins because they are most often exposed to variability in weather conditions.

The Company's cost structure includes significant annual equipment related costs, including depreciation, maintenance, insurance and long-term equipment rentals, averaging approximately 20% to 23% of total costs of contract revenues over the prior three years. During the year, both equipment utilization and the timing of cost expenditures fluctuate significantly. Accordingly, the Company allocates these 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 the Company's 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. As a result of this methodology, the recorded expense in any interim period may be higher or lower than the actual equipment costs incurred in that interim period.

Primary Factors that Determine Operating Profitability

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

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

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

- *Project execution* —The Company seeks to execute all of its dredging projects consistent with its project estimates. In general, the Company's ability to achieve its project estimates depends upon many factors including weather, variances from estimated project conditions, equipment mobilization time periods, unplanned equipment downtime or other events or circumstances beyond the Company's control. If the Company experiences any of these events and circumstances, the completion of a dredging project will often be accelerated or delayed, as applicable, and, consequently, the Company

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will experience project results that are better or worse than its estimates. The Company does its best to estimate for events and circumstances that are not within its control; however, these situations are inherent in dredging.

Environmental & remediation. The Company's environmental & remediation segment generates revenues when the Company is awarded a contract for specialty contracting services and starts the project. The Company's revenues from its environmental & remediation segment increase or decrease based upon market demand. Like the Company's dredging segment, results of operations for the Company's environmental & remediation segment fluctuate based upon project mix and the Company's ability to execute its projects consistent with its estimates.

Critical Accounting Policies and Estimates

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

Percentage-of-completion method of revenue recognition—The Company's contract revenues are recognized under the percentage-of-completion method, which is by its nature based on an estimation process. For dredging projects, the Company uses engineering estimates of the physical percentage of completion. For environmental & remediation projects, the Company uses estimates of costs incurred to date compared to total estimated costs to determine the percentage of project completion. In preparing estimates, the Company draws on its extensive experience in the dredging and environmental & remediation businesses and its database of historical dredging information to ensure that its estimates are as accurate as possible, given current circumstances. Provisions for estimated losses on contracts in progress are made in the period in which such losses are determined. Change orders are not recognized in revenue until the recovery is probable and collectability is reasonably assured. Claims for additional compensation are not recognized in contract revenues until such claims are settled. Cost and profit estimates are reviewed on a periodic basis to reflect changes in expected project performance.

Impairment of goodwill—Goodwill is tested for impairment at the reporting unit level on an annual basis and between annual tests if an event occurs or circumstances change that would more likely than not reduce the fair value of the reporting unit below its carrying value. The Company believes that this estimate is a critical accounting estimate because: (i) goodwill is a material asset and (ii) the impact of an impairment could be material to the consolidated balance sheet and consolidated statement of operations. The Company performs its annual impairment test as of July 1 each year. The Company operates in two reportable segments: dredging and environmental & remediation. Four operating segments were aggregated into two reportable segments as the segments have similarity in economic margins, services, production processes, customer types, distribution methods and regulatory environment. The Company has determined that the operating segments are the Company's four reporting units.

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

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

In the second quarter of 2013, due to a decline in the overall financial performance and declining cash flows of the demolition reporting unit, the Company recorded an impairment charge of \$21.5 million. See Note 5 in the Company's consolidated financial statements. At both December 31, 2013 and 2012, the dredging segment's goodwill was \$76.6 million. At December 31, 2013 and 2012, the environmental & remediation segment's goodwill was \$2.8 million.

Results of Operations—Fiscal Years Ended December 31, 2013, 2012 and 2011

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

	<u>2013</u>	<u>2012</u>	<u>2011</u>
Contract revenues	100.0%	100.0%	100.0%
Costs of contract revenues	(86.3)	(86.7)	(84.1)
Gross profit	13.7	13.3	15.9
General and administrative expenses	(9.3)	(7.8)	(7.9)
Proceeds from loss of use claim	1.8	—	—
Gain on sale of assets—net	0.8	—	2.3
Operating income	7.0	5.5	10.3
Interest expense—net	(3.0)	(3.6)	(4.1)
Equity in earnings (loss) of joint ventures	0.2	—	(0.1)
Loss on foreign currency transactions—net	—	—	(0.1)
Loss on extinguishment of debt	—	—	(1.0)
Income from continuing operations before income taxes	4.2	1.9	5.0
Income tax provision	(1.4)	(0.9)	(1.9)
Income from continuing operations	2.8	1.0	3.1
Loss from discontinued operations, net of income taxes	(7.5)	(1.6)	0.2
Net income (loss)	(4.7)	(0.6)	3.3
Net (income) loss attributable to noncontrolling interests	0.1	0.1	(0.1)
Net income (loss) attributable to common stockholders of Great Lakes Dredge & Dock Corporation	(4.6)%	(0.5)%	3.2%
Adjusted EBITDA from continuing operations	13.5%	12.7%	17.3%

Adjusted EBITDA from continuing operations

Adjusted EBITDA from continuing operations, as provided herein, represents net income attributable to common stockholders of Great Lakes Dredge & Dock Corporation, adjusted for net interest expense, income taxes, depreciation and amortization expense, debt extinguishment and accelerated maintenance expense for new international deployments. In 2012, the Company modified the Adjusted EBITDA from continuing operations calculation for accelerated maintenance expense for new international deployments that are not directly recoverable under the related dredging contract and are therefore expensed as incurred. The Company does not

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frequently incur significant accelerated maintenance as a part of its international deployments. As such, the exclusion of these accelerated maintenance expenses from the calculation of Adjusted EBITDA from continuing operations allows users of the financial statements to more easily compare our year-to-year results. Adjusted EBITDA from continuing operations is not a measure derived in accordance with accounting principles generally accepted in the United States of America (“GAAP”). The Company presents Adjusted EBITDA from continuing operations as an additional measure by which to evaluate the Company’s operating trends. The Company believes that Adjusted EBITDA from continuing operations is a measure frequently used to evaluate performance of companies with substantial leverage and that the Company’s primary stakeholders (i.e., its stockholders, bondholders and banks) use Adjusted EBITDA from continuing operations to evaluate the Company’s period to period performance. Additionally, management believes that Adjusted EBITDA from continuing operations provides a transparent measure of the Company’s recurring operating performance and allows management to readily view operating trends, perform analytical comparisons and identify strategies to improve operating performance. For this reason, the Company uses a measure based upon Adjusted EBITDA from continuing operations to assess performance for purposes of determining compensation under the Company’s incentive plan. Adjusted EBITDA should not be considered an alternative to, or more meaningful than, amounts determined in accordance with GAAP including: (a) operating income as an indicator of operating performance; or (b) cash flows from operations as a measure of liquidity. As such, the Company’s use of Adjusted EBITDA from continuing operations, instead of a GAAP measure, has limitations as an analytical tool, including the inability to determine profitability or liquidity due to the exclusion of accelerated maintenance expense for new international deployments, interest and income tax expense and the associated significant cash requirements and the exclusion of depreciation and amortization, which represent significant and unavoidable operating costs given the level of indebtedness and capital expenditures needed to maintain the Company’s business. For these reasons, the Company uses operating income to measure the Company’s operating performance and uses Adjusted EBITDA from continuing operations only as a supplement. The following is a reconciliation of Adjusted EBITDA from continuing operations to net income attributable to common stockholders of Great Lakes Dredge & Dock Corporation:

	Year Ended December 31,		
	2013	2012	2011
	(in thousands)		
Net income (loss) attributable to common stockholders of Great Lakes Dredge & Dock Corporation	\$(34,361)	\$ (2,695)	\$16,528
Income (loss) from discontinued operations, net of income taxes	(54,850)	(9,635)	922
Net (income) loss attributable to noncontrolling interest	632	645	(723)
Income from continuing operations	19,857	6,295	16,329
Adjusted for:			
Accelerated maintenance expenses	—	4,672	—
Loss on extinguishment of debt	—	—	5,145
Interest expense—net	21,941	20,925	21,373
Income tax provision	10,460	5,419	9,944
Depreciation and amortization	46,622	37,430	37,282
Adjusted EBITDA from continuing operations	<u>\$ 98,880</u>	<u>\$74,741</u>	<u>\$90,073</u>

Components of Contract Revenues

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

Revenues	2013	2012	2011
Dredging:			
Capital—U.S.	\$153,781	\$175,317	\$156,251
Capital—foreign	138,436	112,242	77,232
Coastal protection	228,868	126,873	135,164
Maintenance	90,833	137,924	116,016
Rivers & lakes	30,684	35,873	35,471
Total dredging revenues	<u>642,602</u>	<u>588,229</u>	<u>520,134</u>
Environmental & remediation*	94,840	201	—
Intersegment revenue	(6,024)	—	—
Total revenues	<u>\$731,418</u>	<u>\$588,430</u>	<u>\$520,134</u>

* Environmental & remediation revenue in 2013 includes Terra which did not operate as part of the Company prior to January 1, 2013.

Year Ended December 31, 2013 Compared to Year Ended December 31, 2012

Total revenue was \$731.4 million in 2013, an increase of \$143.0 million, or 24.3%, from 2012 total revenue of \$588.4 million. The increase was largely attributable to the acquisition of our Terra business and higher coastal protection revenue, which included emergency and supplemental work as a result of Superstorm Sandy. Foreign capital dredging revenue contributed to the increase driven by significant projects in Qatar and Brazil as well as the Wheatstone LNG Project in Western Australia. The increases in total revenue were partially offset by declines in domestic capital dredging, maintenance dredging, and river & lakes revenues. The Company categorizes revenue by service type to understand the market in which the Company operates and to assess how the Company is performing on bidding work or projects and is generating revenue from backlog.

Revenues from domestic capital dredging projects of \$153.8 million in 2013 decreased \$21.5 million, or 12.3%, from 2012 revenues of \$175.3 million. The decrease in domestic capital dredging revenue was primarily attributable a greater amount of deepening work performed in New York and New Jersey in 2012 as well as a large project in Florida that did not reoccur in 2013. These decreases were partially offset by coastal restoration projects in Louisiana that added \$78.7 million to domestic capital dredging revenue in the current year, compared to \$58.4 million in the prior year. The preliminary stages of the PortMiami deepening project also contributed to revenue in 2013. In 2013, the Company earned 100% of its backlog carried forward from December 31, 2012.

Revenues from foreign dredging operations in 2013 totaled \$138.4 million, an increase of \$26.2 million, or 23.3%, from 2012 revenues of \$112.2 million. Foreign dredging revenue was driven by a significant project in Qatar as well as mobilization and commencement of dredging activities for the Wheatstone LNG Project in Western Australia and a project in Brazil. These three contracts in our foreign operations comprise approximately 85% of the foreign dredging revenue earned.

Revenues from coastal protection projects of \$228.9 million in 2013 increased \$102.0 million, or 80.4%, from \$126.9 million in 2012. The significant increase in coastal protection revenue is mainly attributable projects in New York and New Jersey, which included emergency work as well as supplemental work as a result of Superstorm Sandy. Additionally the Company worked on large beach projects in Florida, North Carolina and Delaware. The Company converted 90% of the backlog at December 31, 2012 into revenues during 2013. In 2012, less coastal protection projects were let to bid and those projects were awarded later in the year causing fewer days in which to earn revenue.

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Revenues from maintenance dredging projects in 2013 were \$90.8 million, a decrease of \$47.1 million, or 34.1%, from \$137.9 million in 2012. The Company performed a greater amount of harbor work in 2012 that was not repeated in 2013. Additionally, several large maintenance projects in Louisiana did not reoccur in 2013. The Company executed substantially all its backlog from 2012. The Company worked on projects in Florida, Maryland, Georgia and Tennessee.

Revenues from rivers & lakes projects were \$30.7 million for 2013, a decrease of \$5.2 million, or 14.5%, from \$35.9 million in 2012. The decrease in rivers & lakes revenue was attributable to projects in Mississippi and along the Mississippi River that did not reoccur in 2013. During 2013, Rivers & lakes teamed with Terra on a remediation project in the Midwest and continued work on its large municipal lake project in Texas.

The environmental & remediation segment recorded revenues in 2013 of \$94.8 million. Revenue was driven by our Terra business which did not operate as part of the Company prior to January 1, 2013. Environmental & remediation revenue also includes work performed on a large brownfield remediation project in New Jersey.

Dredging segment gross profit in 2013 increased 8.8% to \$85.2 million from \$78.3 million in 2012, and dredging segment gross profit margin (dredging gross profit divided by dredging revenue) was 13.3% in 2013, consistent with 2012. Gross profit margin was up primarily due to our Wheatstone LNG Project in Australia. This increase was partially offset by lower domestic capital dredging gross profit.

Environmental & remediation segment gross profit was \$15.1 million in 2013 with a gross profit margin of 15.9%. The gross profit margin was mainly attributable to our acquisition of the Terra business which did not become part of the Company until the first quarter of 2013. During the year, the Company worked on two environment remediation projects with strong margins.

Dredging segment operating income for 2013 increased 66.2% to \$54.7 million, from \$32.9 million in 2012 due to the higher gross profit described above, the receipt of the proceeds from the dredge *New York* loss of use claim, as described below, and \$5.8 million of gains in 2013 from the sales of underutilized assets. The increase in dredging segment operating income was partially offset by an increase in general and administrative expenses, specifically related to payroll, legal and professional fees and technical and consulting fees in 2013.

In May 2013, the Company concluded its litigation regarding the dredge *New York* loss of use claim. In January 2008, the Company filed suit against the *M/V Orange Sun* and her owners for damages incurred by the Company in connection with the allision in the approach channel to Port Newark, New Jersey. The Company received \$13.3 million which is included in proceeds from loss of use claim in the consolidated statement of operations for the year ended December 31, 2013.

Environmental & remediation segment operating loss was \$3.3 million for 2013. This loss was driven by general and administrative expenses of which \$8.4 million related to the Terra business acquired on December 31, 2012.

The Company's net interest expense for 2013 totaled \$21.9 million compared with \$20.9 million in 2012. The slight increase is primarily due to interest related to the Company's borrowings under the revolving credit facility.

Income tax expense in 2013 was \$10.5 million compared to \$5.4 million in 2012. This \$5.1 million increase is primarily the result of the improved operating income in 2013. The effective tax rate for the year ended December 31, 2013 was 34.5% compared to 46.3% for the year ended December 31, 2012. The reduction in the effective tax rate is primarily attributable to additional benefits in 2013 from state income tax and research and development credits.

For the year ended December 31, 2013, net income from continuing operations was \$19.9 million compared to net income from continuing operations of \$6.3 million for the year ended December 31, 2012. This \$13.6 million increase was primarily driven by the higher dredging operating income, as described above.

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Adjusted EBITDA from continuing operations (as defined on page 43) was \$98.9 million and \$74.7 million for the years ended December 31, 2013 and 2012, respectively. The increase of \$24.2 million, or 32.4%, is related to the increase in dredging segment operating income described above. In 2013, the Company recorded \$46.6 million of depreciation and amortization expense that is included as a component of operating income, but is excluded for the purposes of calculating Adjusted EBITDA from continuing operations. The depreciation and amortization expense recorded in 2012 was \$37.4 million. In 2013, the Company incurred \$2.4 million of additional depreciation and amortization from the Terra business and \$5.8 million of additional depreciation at the dredging segment for the capital expenditures from the prior year. During 2012, the Company incurred \$4.7 million of accelerated maintenance expenses related to preparation of vessels for the Wheatstone project in Australia that are recognized in the Company's operating income. The Company does not frequently incur significant accelerated maintenance as a part of its international deployments. We have therefore excluded these accelerated maintenance expenses from the calculation of Adjusted EBITDA from continuing operations.

Year Ended December 31, 2012 Compared to Year Ended December 31, 2011

Total revenue was \$588.4 million in 2012, an increase of \$68.3 million, or 13.1%, from 2011 total revenue of \$520.1 million. Higher domestic and foreign capital dredging revenue as well as maintenance revenues were driven by strong execution on prior year backlog and early stages of mobilization for the Wheatstone LNG project in Western Australia. The increases in total revenue were partially offset by declines in coastal protection revenues with fewer contracts performed in 2012 as compared to the larger than normal number of contracts performed in 2011.

Revenues from domestic capital dredging projects of \$175.3 million in 2012 increased \$19.0 million, or 12.2%, from 2011 revenues of \$156.3 million. The Company executed substantially all of its entire backlog from 2011 in addition to 82% of the awards won in 2012. Coastal restoration projects in Louisiana added \$58.4 million to domestic capital dredging revenue in the current year, compared to \$2.2 million in the prior year. This increase was partially offset by a greater number of domestic capital projects worked in the prior year, including the remaining work on the construction of sand berms off the coast of Louisiana, which accounted for approximately \$20.6 million of 2011 revenue that did not reoccur in 2012.

Revenues from foreign dredging operations in 2012 totaled \$112.2 million, an increase of \$35.0 million, or 45.3%, from 2011 revenues of \$77.2 million. 2012 foreign revenue was driven higher with a greater number of large value contracts earned in our Middle East business and early stages of mobilization for the Wheatstone LNG project in Western Australia. Four contracts in our foreign operations comprised over 90% of the revenue earned in 2012.

Revenues from coastal protection projects of \$126.9 million in 2012 decreased \$8.3 million, or 6.1%, from \$135.2 million in 2011. A significant increase in coastal protection projects were bid and awarded in 2011. The Company was able to convert a portion of these prior year awards into revenue in 2011 as the dredging work was performed and revenue was earned. In 2012, less bids for coastal protection were let to bid and they were awarded later in year causing fewer days in which to earn revenue. Additionally, the Company performed emergency work in New York City after Superstorm Sandy that deferred some of the ongoing coastal protection projects.

Revenues from maintenance dredging projects in 2012 were \$137.9 million, an increase of \$21.9 million, or 18.9%, from \$116.0 million in 2011. The Company performed a greater number of contracts at a larger dollar value in 2012 as compared to the prior year. An increased backlog at December 31, 2011 combined with larger dollar value of contracts awarded and strong execution contributed to increase the revenue from maintenance dredging year over year. This increase in revenue was partially muted by atypically high revenue in the first half of 2011 as the Company performed maintenance projects that had been delayed from 2010.

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Revenues from rivers & lakes projects were \$35.9 million for 2012, an increase of \$0.4 million, or 1.1%, from \$35.5 million in 2011. Revenues were in line with the prior year as there was a slight rise in the number of contracts performed, especially for projects on the Mississippi River, which were offset by shorter length and lower value contracts than the prior year.

The environmental & remediation segment includes our Terra business which did not operate as part of the Company prior to January 1, 2013. The historical demolition and site preparation businesses are a reporting unit of the environmental & remediation segment, but are classified as discontinued and are currently held for sale.

Operating income for 2012 decreased 39.1% to \$32.6 million, from \$53.5 million in 2011 due to the lower gross profit described above, \$11.7 million of gains in the prior year from sales of underutilized assets, and higher general and administrative expenses. The prior year also included \$2.2 million of amortization of intangibles from the Rivers & lakes acquisition that were fully amortized by the current year and partially offset the higher expenses.

The Company's net interest expense for 2012 totaled \$20.9 million compared with \$21.4 million in 2011. This decrease is primarily due to the Company's issuance of \$250 million of 7.375% senior notes and the related redemption of the Company's \$175 million of 7.75% senior subordinated notes in the 2011 first quarter. Due to timing requirements, both of these note issuances were outstanding and accruing interest for approximately 30 days in 2011, resulting in duplicative interest expense of approximately \$1.1 million. In addition, in 2012 the Company realized a \$0.1 million gain on interest rate swaps, while 2011 included a \$0.4 million gain. Income tax expense in 2012 was \$5.4 million compared to \$9.9 million in 2011. This \$4.5 million decrease is primarily the result of the decrease in the Company's operating income. The effective tax rate for the year ended December 31, 2012 was 46.3% compared to 37.8% for the year ended December 31, 2011.

For the year ended December 31, 2012, net income from continuing operations was \$11.7 million compared to net income from continuing operations of \$26.3 million for the year ended December 31, 2011. This \$14.6 million decrease was primarily driven by the lower operating income, net of taxes in 2012 as described above.

Adjusted EBITDA from continuing operations (as defined on page 37) was \$74.7 million and \$90.1 million for the years ended December 31, 2012 and 2011, respectively. The decrease of \$15.4 million, or 17.1%, is related to the decrease in dredging segment operating income described above. In 2012, the Company recorded \$37.4 million of depreciation and amortization expense that is included as a component of operating income, but is excluded for the purposes of calculating Adjusted EBITDA from continuing operations. The depreciation and amortization expense recorded in 2011 was \$37.3 million. During 2012, the Company incurred \$4.7 million of accelerated maintenance expenses related to preparation of vessels for the Wheatstone project in Australia that are recognized in the Company's operating income. The Company does not frequently incur significant accelerated maintenance as a part of its international deployments. We have therefore excluded these accelerated maintenance expenses from the calculation of Adjusted EBITDA from continuing operations.

Bidding Activity and Backlog

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

<u>Backlog</u>	<u>December 31, 2013</u>	<u>December 31, 2012</u>	<u>December 31, 2011</u>
Dredging:			
Capital—U.S.	\$ 176,117	\$ 43,177	\$ 109,897
Capital—foreign	98,666	218,953	78,379
Coastal protection	143,498	80,245	84,607
Maintenance	70,633	22,406	31,293
Rivers & lakes	26,158	24,510	15,256
Dredging Backlog	515,072	389,291	319,432
Environmental & remediation	28,330	31,006 †	—
Total Backlog	\$ 543,402	\$ 420,297	\$ 319,432

† December 31, 2012 environmental & remediation backlog includes backlog acquired by the Company on December 31, 2012 in connection with the Terra acquisition.

The Company's contract backlog represents its estimate of the revenues that will be realized under the portion of the contracts remaining to be performed. For dredging contracts these estimates are based primarily upon the time and costs required to mobilize the necessary assets to and from the project site, the amount and type of material to be dredged and the expected production capabilities of the equipment performing the work. For environmental & remediation contracts, these estimates are based on the time and remaining costs required to complete the project relative to total estimated project costs and project revenues agreed to with the customer. However, these estimates are necessarily subject to variances based upon actual circumstances. Because of these factors, as well as factors affecting the time required to complete each job, backlog is not necessarily indicative of future revenues or profitability. Also, 75% of the Company's 2013 dredging backlog relates to federal government contracts, which can be canceled at any time without penalty to the government, subject to the Company's contractual right to recover the Company's actual committed costs and profit on work performed up to the date of cancellation. The Company's backlog may fluctuate significantly from quarter to quarter based upon the type and size of the projects the Company is awarded from the bid market. A quarterly increase or decrease of the Company's backlog does not necessarily result in an improvement or a deterioration of the Company's business. The Company's backlog includes only those projects for which the Company has obtained a signed contract with the customer.

Approximately 91% of the Company's backlog at December 31, 2013 is expected to be completed and converted into revenue in 2014.

Dredging

The 2013 domestic dredging bid market totaled \$1,276.1 million, a 35.8% increase from the 2012 domestic dredging bid market of \$939.3 million. The 2013 bid market saw significantly higher coastal protection contracts let to bid than in the prior year, specifically 200% over the amount of projects let to bid in all of 2012. Much of this work was funded by a special appropriations bill passed in response to Superstorm Sandy to restore miles of coastline damaged by the storm. The 2013 domestic capital dredging bid market greatly increased from the prior year primarily due to the addition of the first two phases of the PortMiami project. Partially offsetting this increase were decreases in contract values let to bid in the maintenance dredging and rivers & lakes markets in the current year. The Company won 54% of the overall 2013 domestic bid market, significantly above its 37% win rate of the overall 2012 domestic bid market. The Company's prior three-year average win rate is 37%. Variability in contract wins from period to period is not unusual. The Company believes trends in its win rate over the prior three year periods provide a historical background against which current year results can be compared.

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The Company's December 31, 2013 contracted dredging backlog was \$515.1 million. This represents an increase of \$125.8 million, or 32.3%, over the Company's December 31, 2012 dredging backlog of \$389.3 million. These amounts do not reflect approximately \$136.4 million of domestic low bids pending formal award and additional phases ("options") pending on projects currently in backlog. At December 31, 2012 the amount of domestic low bids pending award was \$82.1 million. Backlog at December 31, 2013 includes \$151 million related to the first two phases of the PortMiami deepening project that was awarded in the current year. Excluding the backlog for this project, the remaining increase in the Company's annual dredging backlog is attributable to higher value coastal protection and maintenance projects won by the Company in 2013 compared to the prior year.

The Company won 65%, or \$284.3 million, of the domestic capital dredging projects awarded in 2013. Significant new awards during the year included \$174.1 million for the PortMiami deepening project, a New York harbor deepening project and a Louisiana coastal restoration project. Approximately \$176.1 million, or 34%, of the Company's December 31, 2013 contracted dredging backlog consists of domestic capital dredging work, a substantial portion of which is expected to be performed in 2014. Domestic capital dredging backlog at December 31, 2013 was \$132.9 million greater than the prior year. Subsequent to year end, the Company was awarded the remaining option of \$31.6 million on the PortMiami project, bringing the total contract value to \$205.7 million. The government is operating under an approved fiscal year 2014 budget which provided an increase in funding for the Corps. Both the President and Congress continue to put a focus on the importance of our ports to the U.S. economy. Additional funding for work in the Port of Savannah was specifically appropriated in this budget. The Company also anticipates an active bid market related to coastal restoration work in the Gulf over the next twelve months.

Foreign capital dredging backlog decreased to \$98.7 million at December 31, 2013 from \$219.0 million at the end of 2012. The decrease in the Company's foreign backlog is a result of the conclusion of our work on a large land reclamation project in Bahrain which the Company worked on since 2006. Additionally, the Company continued to earn on the Wheatstone LNG project, a project in Brazil and a project in Qatar which decreased backlog in 2013. The Company continues to look for work internationally to fully utilize our fleet of vessels. Growth around developing urban areas has spurred land reclamation and large public projects involving dredging to support expanding populations. Global energy demand necessitates improvements in the infrastructure base around sources of rich resources and countries that import global energy. The Company expects the increase in global population and transportation to provide a source of increased future international revenue.

The Company won 57%, or \$245.2 million, of the coastal protection projects awarded in 2013. A majority of coastal protection projects won during 2013 were for communities in Florida as well as beaches on the New York/New Jersey coast needed as a result of Superstorm Sandy which impacted the East Coast of the U.S. causing damage to a wide area of private and public infrastructure including severe erosion in many beachfront communities. The Company has contracted dredging backlog related to coastal protection of \$143.5 million at December 31, 2013 compared to \$80.2 million at the end of 2012. The Company expects to perform its entire coastal protection backlog throughout 2014. In January 2013, the President signed legislation appropriating \$50.5 billion in emergency funds to assist the needed relief for the region. These monies are helping people rebuild their homes and communities which in many cases abut the coastline and rely upon the beach. The legislation included nearly \$4 billion for long-term Corps projects to clear navigation channels, renourish damaged beaches and mitigate shore erosion from future storms. The Company expects the second wave of projects related to the Sandy funding to be released in the second half of 2014.

The Company won 37%, or \$131.3 million, of the maintenance dredging projects awarded in 2013. The Corps awarded several large maintenance projects in the year including two projects in New York/New Jersey totaling \$45.2 million, a \$10.3 million harbor project in Maryland and six projects in Florida and Georgia. The Company has contracted maintenance dredging backlog at December 31, 2013 of \$70.6 million which is \$48.2 million higher than the backlog of \$22.4 million at December 31, 2012. The Corps' approved fiscal year 2014 budget includes new funding specifically appropriated for port maintenance dredging. Additionally, the Senate

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and the House passed versions of the *Water Resources Reform and Development Act* in 2013 which includes language that will require over time, more money from the Harbor Maintenance Trust Fund (“HMTF”) to be spent on maintenance dredging. The differences in the bills are currently being resolved and we expect passage by the summer of 2014.

Rivers & lakes won 73%, or \$31.2 million, of the projects in the markets where the group operates. Rivers & lakes has contracted backlog of \$26.2 million at December 31, 2013 which is \$1.6 million more than the backlog at December 31, 2012. Rivers & lakes awards in 2013 included a significant remediation project in the Midwest with Terra and a large dredging project in Kansas. Subsequent to year end, the Company was awarded an \$89 million project on Lake Decatur in Illinois.

Environmental & remediation

Environmental & remediation services backlog was \$28.3 million and \$31.0 million at December 31, 2013 and 2012, respectively, a decrease of \$2.7 million year over year. During 2013, the Company was awarded a large environment remediation project in Michigan. Environmental & remediation earned revenue on this project during the year along with other backlog acquired as part of the Terra acquisition in 2012. The Company continued to work on the brownfield remediation project in New Jersey. The decrease in backlog is the result of the revenue earned during 2013.

Liquidity and Capital Resources

The Company’s principal sources of liquidity are net cash flows provided by operating activities, the Company’s revolving credit facility and proceeds from previous issuances of long term debt. See Note 7 in the Company’s consolidated financial statements. The Company’s principal uses of cash are to meet debt service requirements, finance capital expenditures, provide working capital and other general corporate purposes.

The Company’s net cash provided by (used in) operating activities for the years ended December 31, 2013, 2012 and 2011 totaled \$74.8 million, \$(1.9) million and \$24.6 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. In 2013, the increase in net cash provided by operating activities was primarily the result of higher adjusted EBITDA from continuing operations and the recovery of investment in working capital on two significant projects as compared to the same period in the prior year. During 2012, the Company invested nearly \$60 million in working capital on these two projects.

The Company’s net cash flows used in investing activities for the years ended December 31, 2013, 2012 and 2011 totaled \$46.3 million, \$63.4 million and \$16.7 million, respectively. Investing activities in all periods primarily relate to normal course upgrades and capital maintenance of the Company’s dredging fleet. During December 31, 2013, the Company spent \$17.1 million, compared to \$10.4 million in the prior year, on construction in progress for a vessel being built to our specifications. The Company intends to secure financing during construction and upon completion of the vessel. Additionally, the Company sold two vessels during the year which accounted for \$6.7 million in proceeds from dispositions of property and equipment. In the prior year the Company overhauled the engines on the dredge Alaska to provide increased useful life and efficiency which accounted for \$5.5 million of investing capital expenditures in 2012. Additionally, the Company spent \$13.7 million building a semi-permanent pipeline and purchased a storage yard for \$6.4 million during 2012. In 2011, the Company sold the dredges Northerly Island and Victoria Island along with a parcel of land in Channelview, TX adding \$15.6 million in proceeds from dispositions of property and equipment.

The Company’s net cash flows provided by (used in) financing activities for the years ended December 31, 2013, 2012 and 2011 totaled \$22.5 million, \$(23.6) million and \$57.4 million, respectively. The increase in cash provided by financing activities was primarily due to net borrowings of \$35 million on the Company’s revolving credit facility. Additionally during 2012, the Company paid dividends of \$18.6 million and financing

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fees of \$2.0 million related to the revolving credit facility. No dividends or financing fees were paid in 2013. Slightly offsetting the increase, the Company paid \$10.5 million on a promissory note related to the Terra acquisition during 2013. The Company issued \$250 million of 7.375% senior notes in 2011, resulting in \$244.2 million of net proceeds. The Company used a portion of these net proceeds to redeem its \$175 million of 7.75% senior subordinated notes in the first three months of 2011 for \$180.0 million, which included a redemption premium and unpaid interest. The Company also paid \$6.0 million in financing fees on the issuance of the senior notes in 2011.

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

As of December 31, 2013, the Company had \$35.0 million of borrowings and \$89.0 million of letters of credit outstanding, resulting in \$51.0 million of availability under the Credit Agreement.

Depending on the Company's consolidated leverage ratio (as defined in the Credit Agreement), borrowings under the new revolving credit facility will bear interest at the option of the Company of either a LIBOR rate plus a margin of between 1.50% to 2.50% per annum or a base rate plus a margin of between 0.50% to 1.50% per annum.

The new credit facility contains affirmative, negative and financial covenants customary for financings of this type. The Credit Agreement also contains customary events of default (including non-payment of principal or interest on any material debt and breaches of covenants) as well as events of default relating to certain actions by the Company's surety bonding provider. The Credit Agreement requires the Company to maintain a net leverage ratio less than or equal to 4.50 to 1.00 as of the end of each fiscal quarter and a minimum fixed charge coverage ratio of 1.25 to 1.00. At December 31, 2012, the Company's fixed charge coverage ratio was 1.12x, resulting in an event of default under the Credit Agreement.

On March 15, 2013, the Company executed a Waiver and Amendment No. 2 to the Credit Agreement (the "Credit Agreement Waiver and Amendment") pursuant to which the counterparties thereto agreed, among other things, to waive any default, event of default, or possible event of default, as applicable, related to the Company's failure to meet the above-described financial covenant in the Credit Agreement.

Separately, the Company determined that a perfection trigger event had occurred under the Credit Agreement. As a result, the outstanding obligations under the Credit Agreement, which were previously unsecured, became secured by liens on certain of the Company's vessels and all of its domestic accounts receivable, subject to the liens and interests of certain other parties holding first priority perfected liens. Under the original terms of the Credit Agreement, the obligations thereunder that became secured under these circumstances could again become unsecured provided that (i) no event of default has occurred and is continuing and (ii) the Company has maintained for two consecutive quarters, and is projected to maintain for the next two consecutive quarters, a total leverage ratio less than or equal to 3.75 to 1.0. Pursuant to the Credit Agreement Waiver and Amendment, this provision has been amended to add the additional condition that no release of the

liens securing the obligations under the Credit Agreement can occur until the Company has delivered to the lenders its audited financial statements with respect to its fiscal year ending December 31, 2013.

Performance and bid bonds are customarily required for dredging and marine construction projects, as well as some demolition projects. The Company has a bonding agreement with Zurich American Insurance Company (“Zurich”) under which the Company can obtain performance, bid and payment bonds. The Company also has outstanding bonds with Travelers Casualty and Surety Company of America. Bid bonds are generally obtained for a percentage of bid value and amounts outstanding typically range from \$1 million to \$10 million. At December 31, 2013, the Company had outstanding performance bonds with a notional amount of approximately \$819.6 million of which \$81.8 million relates to projects accounted for in discontinued operations. The revenue value remaining in backlog related to the projects of continuing operations totaled approximately \$405.6 million.

In addition to its credit facility, the Company has a \$24 million International Letter of Credit Facility with Wells Fargo Bank, National Association, as successor by merger to Wells Fargo HSBC Trade Bank. This facility is used for performance and advance payment guarantees on foreign contracts, including our long-term land reclamation project in Bahrain. The Company’s obligations under the agreement are collateralized by the Company’s foreign accounts receivable. In addition, the Export-Import Bank of the United States (“Ex-Im Bank”) has issued a guarantee under the Ex-Im Bank’s Working Capital Guarantee Program, which covers 90% of the obligations owing under the facility. The Company had no letters of credit issued under this facility at December 31, 2013. At December 31, 2012, the Company also failed to meet the International Letter of Credit Facility’s requirement of maintaining a minimum fixed charge coverage ratio of 1.25 to 1.0. On March 15, 2013, the Company executed a Waiver to the International Letter of Credit Facility (the “LC Waiver”) pursuant to which the counterparties thereto agreed, among other things, to waive any default, event of default, or possible event of default, as applicable, related to the Company’s failure to meet the above-described financial covenant in the International Letter of Credit Facility.

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 issuance of the senior notes was used to prepay all of the Company’s 7.75% senior subordinated notes due December 2013, including prepayment premiums and accrued and unpaid interest. The remaining net proceeds from the issuance of the senior notes will be used for general corporate purposes, which may include acquisitions. 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.

The Company paid dividends of \$3.7 million through the first three quarters of 2012. In the fourth quarter of 2012, the board of directors paid a special dividend of \$14.9 million representing quarterly dividends that likely would have been declared in the fourth quarter 2012 as well as the acceleration of dividends for the four quarters of 2013 plus an additional return of capital. Prior to that, the Company paid dividends of approximately \$1.2 million each quarter, beginning in the second quarter of 2011, and approximately \$1.0 million each quarter prior to that in 2011. The future declaration and payment of dividends will be at the discretion of the Company’s board of directors and will depend on many factors, including general economic and business conditions, the Company’s strategic plans, its financial results and condition and legal requirements, including restrictions and limitations contained in the Credit Agreement, bonding agreement and the indenture relating to its senior notes. Accordingly, the Company cannot make any assurances as to the size of any such dividend or that it will pay any such dividend in future quarters.

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

The Company believes its cash and cash equivalents, its anticipated cash flows from operations and availability under its revolving credit facility will be sufficient to fund the Company's operations, capital expenditures and the scheduled debt service requirements for the next twelve months. Beyond the next twelve months, the Company's ability to fund its working capital needs, planned capital expenditures, scheduled debt payments and dividends, if any, and to comply with all the financial covenants 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.

Contractual Obligations

The following table summarizes the Company's contractual cash obligations at December 31, 2013. Additional information related to these obligations can be found in Note 7 and Note 12 to the Company's consolidated financial statements.

	Obligations coming due in year(s) ending:				2021 and beyond
	Total (1)	2014	2015-2017 (in millions)	2018-2020	
Long term bank debt (2)	\$ 38.0	\$ 0.9	\$ 37.1	\$ —	\$ —
Senior notes (3)	343.7	18.4	55.3	270.0	—
Unconditional purchase commitments (4)	119.6	53.5	66.1	—	—
Operating lease commitments	83.0	18.6	48.6	12.5	3.3
Total	<u>\$ 584.3</u>	<u>\$ 91.4</u>	<u>\$ 207.1</u>	<u>\$ 282.5</u>	<u>\$ 3.3</u>

- (1) Excluded from the above table are \$0.2 million in liabilities for uncertain tax positions for which the period of settlement is not determinable.
- (2) Represents the credit agreement. At December 31, 2013, total outstanding on this facility was \$35 million. Includes cash interest payments calculated at variable rates between 2.46% and 2.50%.
- (3) Includes cash interest payments calculated at stated fixed rate of 7.375%.
- (4) Includes payments for vessels being built to Company specifications and other contract related commitments.

Other Off-Balance Sheet and Contingent Obligations

The Company had outstanding letters of credit relating to foreign contract guarantees and insurance payment liabilities totaling \$76.9 million at December 31, 2013. The Company has granted liens in 2013 subsequent to the end of the prior fiscal year on a substantial portion of its owned operating equipment as security for borrowings under its Credit Agreement. The Company's Credit Agreement, bonding agreement and the indenture relating to its senior notes also contain provisions that require the Company to maintain certain financial ratios and restrict its ability to pay dividends, incur indebtedness, create liens, and take certain other actions. The Company did not meet one of its financial covenants in the Credit Agreement and the International Letter of Credit Facility at December 31, 2012. Both the Credit Agreement and the International Letter of Credit Facility require the Company to maintain a minimum fixed charge coverage ratio of 1.25 to 1.0. The Company's fixed charge coverage ratio as of December 31, 2012 was 1.12x, resulting in an event of default under the Credit Agreement and the International Letter of Credit Facility. On March 15, 2013, the counterparties thereto agreed,

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among other things, to waive any default, event of default, or possible event of default, as applicable, related to the Company's failure to meet the above-described financial covenant in the Credit Agreement and the International Letter of Credit Facility.

The Company finances certain key vessels, office space, and other equipment used in its operations with off-balance sheet operating lease arrangements with unrelated lessors, requiring annual rentals of \$18.6 million which decline to \$1.5 million over the next nine years subject to future lease arrangements. These off-balance sheet leases contain default provisions, which are triggered by an acceleration of debt maturity under the terms of the Company's Credit Agreement. Additionally, the leases typically contain provisions whereby the Company indemnifies the lessors for the tax treatment attributable to such leases based on the tax rules in place at lease inception. The tax indemnifications do not have a contractual dollar limit. To date, no lessors have asserted any claims against the Company under these tax indemnification provisions.

At December 31, 2013, the Company had outstanding performance bonds with a notional amount of approximately \$819.6 million of which \$81.8 million relates to projects accounted for in discontinued operations. The revenue value remaining in backlog related to the projects of continuing operations totaled approximately \$405.6 million.

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

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

Item 7A. Quantitative and Qualitative Disclosures about Market Risk

A significant portion of the Company's current dredging operations are conducted outside of the U.S., primarily in the Middle East, Australia and Brazil. It is the Company's policy to hedge foreign currency exchange risk on contracts denominated in currencies other than the U.S. dollar, if available. Currently, the majority of the Company's foreign dredging work is in Bahrain. The currency in Bahrain, the Bahraini Dinar, is linked to the U.S. dollar; therefore, there is no foreign currency exposure on these transactions. Additionally, there are no current contracts in Australia or Brazil that present any foreign currency exposure. At December 31, 2013, the Company had no foreign exchange forward contracts outstanding.

At December 31, 2013, the Company had long-term senior notes outstanding with a recorded book value of \$250.0 million. The fair value of these notes, which bear interest at a fixed rate of 7.375%, was \$261.3 million at December 31, 2013 based on market prices. Assuming a 10% decrease in interest rates from the rates at December 31, 2013 the fair value of this fixed rate debt would have increased to \$269.7 million.

A significant operating cost for the Company is diesel fuel, which represents approximately 13% of the Company's costs of contract revenues. The Company uses fuel commodity forward contracts, typically with durations of less than one year, to reduce the impacts of changing fuel prices on operations. The Company does not purchase fuel hedges for trading purposes. Based on the Company's 2014 projected domestic fuel consumption, a 10% increase in the average price per gallon of fuel would have an immaterial effect on fuel expense, after the effect of fuel commodity contracts in place at December 31, 2013. At December 31, 2013 the Company had outstanding arrangements to hedge the price of a portion of its fuel purchases related to domestic dredging work in backlog, representing approximately 80% of its anticipated domestic fuel requirements for 2012. As of December 31, 2013, there were 6.5 million gallons remaining on these contracts. Under these agreements, the Company will pay fixed prices ranging from \$2.87 to \$3.14 per gallon. At December 31, 2013, the fair value asset on these contracts was estimated to be \$0.3 million, based on quoted market prices and is

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recorded in other current assets. A 10% change in forward fuel prices would result in an immaterial change in the fair value of fuel hedges outstanding at December 31, 2013.

Item 8. Financial Statements and Supplementary Data

The consolidated financial statements (including financial statement schedules listed under Item 15 of this Report) of the Company called for by this Item, together with the Report of Independent Registered Public Accounting Firm dated March 11, 2014, are set forth on pages 64 to 103 inclusive, of this Report, and are hereby incorporated by reference into this Item. Financial statement schedules not included in this Report have been omitted because they are not applicable or because the information called for is shown in the consolidated financial statements or notes thereto.

Quarterly Results of Operations (Unaudited)

The following tables set forth our unaudited quarterly results of operations for 2013 and 2012. We have prepared this unaudited information on a basis consistent with the audited consolidated financial statements contained in this report and this unaudited information includes all adjustments, consisting only of normal recurring adjustments that we consider necessary for a fair presentation of our results of operations for the quarters presented. You should read this quarterly financial data along with the Condensed Consolidated Financial

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Statements and the related notes to those statements included in our Quarterly Reports on Form 10-Q filed with the Commission. The operating results for any quarter are not necessarily indicative of the results for the annual period or any future period.

	March 31,	June 30,	Quarter Ended September 30, Unaudited	December 31,
(dollars in millions except shares in thousands and per share data)				
2013				
Contract revenues	\$ 180.2	\$ 147.1	\$ 187.9	\$ 216.3
Costs of contract revenues	(149.4)	(133.4)	(160.0)	(188.3)
Gross profit	30.7	13.8	27.8	28.0
General and administrative expenses	(16.2)	(15.3)	(17.1)	(19.3)
Proceeds from loss of use claim	—	13.3	—	0.1
(Gain) loss on sale of assets—net	—	0.1	(3.2)	(2.6)
Operating income	14.5	11.6	13.9	11.3
Interest expense—net	(5.7)	(5.4)	(5.5)	(5.3)
Equity in earnings (loss) of joint ventures	(0.6)	(0.4)	1.4	0.8
Gain (loss) on foreign currency transactions—net	—	(0.3)	(0.2)	0.1
Income from continuing operations before income taxes	8.2	5.6	9.6	6.9
Income tax provision	(3.5)	(4.1)	(0.7)	(2.1)
Income from continuing operations	4.7	1.5	8.9	4.7
Loss from discontinued operations, net of income taxes	(4.3)	(26.7)	(7.6)	(16.2)
Net income (loss)	0.4	(25.2)	1.3	(11.5)
Net loss attributable to noncontrolling interests	0.0	0.0	0.1	0.5
Net income (loss) attributable to common stockholders of Great Lakes Dredge & Dock Corporation	\$ 0.4	\$ (25.2)	\$ 1.4	\$ (11.0)
Basic earnings per share attributable to income from continuing operations (1)	\$ 0.08	\$ 0.02	\$ 0.15	\$ 0.08
Basic loss per share attributable to loss on discontinued operations, net of income taxes	(0.07)	(0.45)	(0.13)	(0.27)
Basic earnings (loss) per share attributable to common stockholders of Great Lakes Dredge & Dock Corporation	\$ 0.01	\$ (0.42)	\$ 0.02	\$ (0.19)
Basic weighted average shares	59.4	59.4	59.5	59.6
Diluted earnings per share attributable to income from continuing operations (1)	\$ 0.08	\$ 0.02	\$ 0.15	\$ 0.08
Diluted loss per share attributable to loss on discontinued operations, net of income taxes	(0.07)	(0.45)	(0.13)	(0.27)
Diluted earnings (loss) per share attributable to common stockholders of Great Lakes Dredge & Dock Corporation	\$ 0.01	\$ (0.42)	\$ 0.02	\$ (0.19)
Diluted weighted average shares	60.0	59.4	60.1	60.3

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	March 31,	June 30,	Quarter Ended September 30, Unaudited	December 31,
	(dollars in millions except shares in thousands and per share data)			
2012				
Contract revenues	\$ 123.7	\$ 135.4	\$ 138.9	\$ 190.5
Costs of contract revenues	(107.8)	(113.6)	(127.5)	(161.4)
Gross profit	15.9	21.8	11.4	29.1
General and administrative expenses	(11.1)	(10.3)	(9.9)	(14.4)
Gain on sale of assets—net	—	(0.1)	(0.1)	—
Operating income	4.8	11.6	1.5	14.7
Interest expense—net	(5.3)	(5.4)	(5.1)	(5.2)
Equity in earnings of joint ventures	—	—	0.2	—
Loss on foreign currency transactions—net	—	—	—	(0.1)
Income from continuing operations before income taxes	(0.5)	6.2	(3.4)	9.4
Income tax (provision) benefit	0.1	(1.8)	0.2	(3.9)
Income (loss) from continuing operations	(0.4)	4.5	(3.1)	5.5
Income (loss) from discontinued operations, net of income taxes	1.3	(3.2)	(2.2)	(5.6)
Net income (loss)	0.9	1.2	(5.3)	(0.1)
Net loss attributable to noncontrolling interests	0.1	0.1	0.0	0.4
Net income (loss) attributable to common stockholders of Great Lakes Dredge & Dock Corporation	<u>\$ 1.0</u>	<u>\$ 1.3</u>	<u>\$ (5.3)</u>	<u>\$ 0.3</u>
Basic earnings (loss) per share attributable to income from continuing operations (1)	\$ (0.01)	\$ 0.08	\$ (0.05)	\$ 0.09
Basic earnings (loss) per share attributable to loss on discontinued operations, net of income taxes	0.02	(0.05)	(0.04)	(0.09)
Basic earnings (loss) per share attributable to common stockholders of Great Lakes Dredge & Dock Corporation	<u>\$ 0.02</u>	<u>\$ 0.02</u>	<u>\$ (0.09)</u>	<u>\$ (0.00)</u>
Basic weighted average shares	59.0	59.2	59.5	59.3
Diluted earnings (loss) per share attributable to income from continuing operations (1)	\$ (0.01)	\$ 0.08	\$ (0.05)	\$ 0.09
Diluted earnings (loss) per share attributable to loss on discontinued operations, net of income taxes	0.02	(0.05)	(0.04)	(0.09)
Diluted earnings (loss) per share attributable to common stockholders of Great Lakes Dredge & Dock Corporation	<u>\$ 0.02</u>	<u>\$ 0.02</u>	<u>\$ (0.09)</u>	<u>\$ (0.00)</u>
Diluted weighted average shares	59.4	59.5	59.5	59.9

Note: Items may not sum due to rounding.

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

None.

Item 9A. Controls and Procedures

Disclosure Controls and Procedures.

a) Evaluation of disclosure controls and procedures

Our management, with the participation of our Chief Executive Officer and Chief Financial Officer, evaluated the effectiveness of the Company's disclosure controls and procedures, as required by Rule 13a-15(b) under the Securities Exchange Act of 1934 (the "Exchange Act") as of December 31, 2013. Our disclosure controls and procedures are designed to provide reasonable assurance that information required to be disclosed in the reports that we file or submit under the Exchange Act a) is accumulated and communicated to our management, including our Chief Executive Officer and Chief Financial Officer, as appropriate to allow timely decisions regarding disclosure and b) is recorded, processed, summarized and reported within the time periods specified in the Securities and Exchange Commission's rules and forms.

Based on that evaluation, the Chief Executive Officer and the Chief Financial Officer have concluded that the Company's disclosure controls and procedures, as designed and implemented, were effective as of December 31, 2013. Notwithstanding the foregoing, a control system, no matter how well designed, implemented and operated can provide only reasonable, not absolute, assurance that it will detect or uncover failures within the Company to disclose material information otherwise required to be set forth in the Company's periodic reports.

b) Changes in internal control over financial reporting

Management had previously identified a material weakness in the Company's internal control over financial reporting as of December 31, 2012 related to processes and controls to timely and consistently capture and analyze contract change orders in our demolition businesses and insufficient monitoring by corporate office personnel. During 2013, the Company implemented a number of changes in its internal control over financial reporting that have remediated the previously identified material weakness. As previously disclosed, the Company has implemented and executed the Company's remediation plans, and as of December 31, 2013, such remediation plan was successfully tested and the material weakness was deemed remediated.

Other than those described above, there were no changes in our internal control over financial reporting (as defined in Rule 13a-15(f) under the Exchange Act) during the fiscal quarter ended December 31, 2013 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

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

The management of Great Lakes Dredge & Dock Corporation, including its Chief Executive Officer and Chief Financial Officer, is responsible for establishing and maintaining adequate internal control over financial reporting (as defined in Rules 13a-15(f), and 15d-15(f) under the Securities Exchange Act of 1934). Management has used the framework set forth in the report entitled *Internal Control—Integrated Framework* (1992) published by the Committee of Sponsoring Organizations of the Treadway Commission ("COSO") to evaluate the effectiveness of the Company's internal control over financial reporting.

The phrase internal control over financial reporting refers to the process designed by, or under the supervision of, our Chief Executive Officer and Chief Financial Officer, and overseen by our Board of Directors, management and other personnel, to provide reasonable assurance regarding the reliability of financial reporting

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and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles, and includes those policies and procedures that:

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

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

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

Management has concluded that our internal control over financial reporting was effective as of December 31, 2013.

/ s / JONATHAN W. BERGER

Jonathan W. Berger
Chief Executive
Officer and Director

/s / WILLIAM S. STECKEL

William S. Steckel
Senior Vice President and
Chief Financial Officer

March 11, 2014

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

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

We have audited the internal control over financial reporting of Great Lakes Dredge & Dock Corporation and subsidiaries (the “Company”) as of December 31, 2013, based on criteria established in *Internal Control — Integrated Framework (1992)* issued by the Committee of Sponsoring Organizations of the Treadway Commission. The Company’s management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Management’s Annual Report on Internal Control over Financial Reporting. Our responsibility is to express an opinion on the Company’s internal control over financial reporting based on our audit.

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

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

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

In our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2013, based on the criteria established in *Internal Control — Integrated Framework (1992)* issued by the Committee of Sponsoring Organizations of the Treadway Commission.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the consolidated financial statements and financial statement schedule as of and for the year ended December 31, 2013, of the Company and our report dated March 11, 2014 expressed an unqualified opinion on those financial statements and financial statement schedule.

/s/ Deloitte & Touche LLP

Chicago, Illinois
March 11, 2014

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Item 9B. Other Information

None.

Part III

Item 10. Directors, Executive Officers and Corporate Governance

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

Code of Ethics

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

The remaining information called for by this Item 10 is incorporated by reference herein from the discussions under the headings "Election of Directors," "Board of Directors and Corporate Governance" and "Security Ownership of Certain Beneficial Owners and Management" and "Section 16(a) Beneficial Ownership Reporting Compliance" in the definitive Proxy Statement for the 2014 Annual Meeting of Stockholders.

Item 11. Executive Compensation

The information required by Item 11 of Form 10-K is incorporated by reference herein from the discussions under the headings "Executive Compensation Tables" and "Compensation Discussion and Analysis" and "Board of Directors and Corporate Governance" in the definitive Proxy Statement for the 2014 Annual Meeting of Stockholders.

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

The information required by Item 12 of Form 10-K is incorporated by reference herein from the discussion under the heading "Security Ownership of Certain Beneficial Owners and Management" and "Equity Compensation Plan Information" in our definitive Proxy Statement for the 2014 Annual Meeting of Stockholders.

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

The information required by Item 13 of Form 10-K is incorporated by reference herein from the discussions under the headings "Board of Directors and Corporate Governance" and "Change of Control of the Company" and "Certain Relationships and Related Transactions" in the definitive Proxy Statement for the 2014 Annual Meeting of Stockholders.

Item 14. Principal Accounting Fees and Services

The information required by Item 14 of Form 10-K is incorporated by reference herein from the discussion under the heading "Matters Related to Independent Registered Public Accounting Firm" in the definitive Proxy Statement for the 2014 Annual Meeting of Stockholders.

Part IV

Item 15. Exhibits, Financial Statement Schedules

(a) Documents filed as part of this report

1. Financial Statements

The financial statements are set forth on pages 64 to 103 of this Report and are incorporated by reference in Item 8 of this Report.

2. Financial Statement Schedules

All other schedules, except Schedule II—Valuation and Qualifying Accounts on page 104, are omitted because they are not required or the required information is shown in the financial statements or notes thereto.

3. Exhibits

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

GREAT LAKES DREDGE & DOCK CORPORATION AND SUBSIDIARIES

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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

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

We have audited the accompanying consolidated balance sheets of Great Lakes Dredge & Dock Corporation and subsidiaries (the “Company”) as of December 31, 2013 and 2012, and the related consolidated statements of operations, comprehensive income (loss), equity, and cash flows for each of the three years in the period ended December 31, 2013. Our audits also included the financial statement schedule listed in the Index at Item 15. These financial statements and financial statement schedule are the responsibility of the Company’s management. Our responsibility is to express an opinion on the financial statements and financial statement schedule based on our audits.

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

In our opinion, such consolidated financial statements present fairly, in all material respects, the financial position of Great Lakes Dredge & Dock Corporation and subsidiaries as of December 31, 2013 and 2012, and the results of their operations and their cash flows for each of the three years in the period ended December 31, 2013, in conformity with accounting principles generally accepted in the United States of America. Also, in our opinion, such financial statement schedule, when considered in relation to the basic consolidated financial statements taken as a whole, presents fairly, in all material respects, the information set forth therein.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the Company’s internal control over financial reporting as of December 31, 2013, based on the criteria established in *Internal Control — Integrated Framework (1992)* issued by the Committee of Sponsoring Organizations of the Treadway Commission and our report dated March 11, 2014 expressed an unqualified opinion on the Company’s internal control over financial reporting.

/s/ Deloitte & Touche LLP

Chicago, Illinois
March 11, 2014

GREAT LAKES DREDGE & DOCK CORPORATION AND SUBSIDIARIES
Consolidated Balance Sheets
As of December 31, 2013 and 2012
(in thousands, except per share amounts)

	2013	2012
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	\$ 75,338	\$ 24,440
Accounts receivable—net	96,515	124,215
Contract revenues in excess of billings	67,432	50,294
Inventories	32,500	28,460
Prepaid expenses	4,211	3,985
Other current assets	39,953	27,135
Assets held for sale	45,104	55,235
Total current assets	<u>361,053</u>	<u>313,764</u>
PROPERTY AND EQUIPMENT—Net	345,620	335,509
GOODWILL	79,326	79,326
OTHER INTANGIBLE ASSETS — Net	1,976	3,067
INVENTORIES—Noncurrent	38,496	37,392
INVESTMENTS IN JOINT VENTURES	8,256	7,047
ASSETS HELD FOR SALE—Noncurrent	8,856	32,661
OTHER	9,062	17,702
TOTAL	<u>\$852,645</u>	<u>\$826,468</u>
LIABILITIES AND EQUITY		
CURRENT LIABILITIES:		
Accounts payable	\$116,121	\$105,623
Accrued expenses	38,531	35,571
Billings in excess of contract revenues	6,754	9,654
Current portion of long term debt	—	13,047
Liabilities held for sale	32,493	22,129
Total current liabilities	<u>193,899</u>	<u>186,024</u>
7 3/8% SENIOR NOTES	250,000	250,000
REVOLVING CREDIT FACILITY	35,000	—
DEFERRED INCOME TAXES	108,511	106,128
LIABILITIES HELD FOR SALE—Noncurrent	1,212	1,540
OTHER	21,922	9,351
Total liabilities	<u>610,544</u>	<u>553,043</u>
COMMITMENTS AND CONTINGENCIES (Note 12)		
EQUITY:		
Common stock—\$.0001 par value; 90,000 authorized, 59,670 and 59,359 shares issued and outstanding at December 31, 2013 and December 31, 2012, respectively.	6	6
Additional paid-in capital	275,183	271,418
Retained earnings (accumulated deficit)	(31,770)	2,591
Accumulated other comprehensive loss	(473)	(380)
Total Great Lakes Dredge & Dock Corporation equity	<u>242,946</u>	<u>273,635</u>
NONCONTROLLING INTERESTS	(845)	(210)
Total equity	<u>242,101</u>	<u>273,425</u>
TOTAL	<u>\$852,645</u>	<u>\$826,468</u>

See notes to consolidated financial statements.

Great Lakes Dredge & Dock Corporation and Subsidiaries
Consolidated Statements of Operations
For the Years Ended December 31, 2013, 2012 and 2011
(in thousands, except per share amounts)

	2013	2012	2011
CONTRACT REVENUES	\$731,418	\$588,430	\$520,134
COSTS OF CONTRACT REVENUES	631,123	510,272	437,499
GROSS PROFIT	100,295	78,158	82,635
OPERATING EXPENSES:			
GENERAL AND ADMINISTRATIVE EXPENSES	68,039	45,723	40,892
PROCEEDS FROM LOSS OF USE CLAIM	(13,372)	—	—
GAIN ON SALE OF ASSETS—Net	(5,773)	(198)	(11,736)
Total operating income	51,401	32,633	53,479
OTHER EXPENSE:			
Interest expense—net	(21,941)	(20,925)	(21,373)
Equity in earnings (loss) of joint ventures	1,208	124	(406)
Loss on foreign currency transactions—net	(351)	(118)	(282)
Loss on extinguishment of debt	—	—	(5,145)
Total other expense	(21,084)	(20,919)	(27,206)
INCOME FROM CONTINUING OPERATIONS BEFORE INCOME TAXES	30,317	11,714	26,273
INCOME TAX PROVISION	(10,460)	(5,419)	(9,944)
INCOME FROM CONTINUING OPERATIONS	19,857	6,295	16,329
Income (loss) from discontinued operations, net of income taxes	(54,850)	(9,635)	922
NET INCOME (LOSS)	(34,993)	(3,340)	17,251
Net (income) loss attributable to noncontrolling interest	632	645	(723)
NET INCOME (LOSS) ATTRIBUTABLE TO COMMON STOCKHOLDERS OF GREAT LAKES DREDGE & DOCK CORPORATION	\$ (34,361)	\$ (2,695)	\$ 16,528
Basic earnings per share attributable to income from continuing operations	\$ 0.33	\$ 0.11	\$ 0.28
Basic earnings (loss) per share attributable to loss on discontinued operations, net of income taxes	(0.91)	(0.15)	—
Basic earnings (loss) per share attributable to common stockholders of Great Lakes Dredge & Dock Corporation	\$ (0.58)	\$ (0.04)	\$ 0.28
Basic weighted average shares	59,495	59,195	58,891
Diluted earnings per share attributable to income from continuing operations	\$ 0.33	\$ 0.11	\$ 0.28
Diluted earnings (loss) per share attributable to loss on discontinued operations, net of income taxes	(0.90)	(0.15)	—
Diluted earnings (loss) per share attributable to common stockholders of Great Lakes Dredge & Dock Corporation	\$ (0.57)	\$ (0.04)	\$ 0.28
Diluted weighted average shares	60,101	59,673	59,230

See notes to consolidated financial statements.

Great Lakes Dredge & Dock Corporation and Subsidiaries
Consolidated Statements of Comprehensive Income (Loss)
For the Years Ended December 31, 2013, 2012 and 2011
(in thousands)

	<u>2013</u>	<u>2012</u>	<u>2011</u>
Net income (loss)	\$(34,993)	\$(3,340)	\$17,251
Currency translation adjustment—net of tax (1)	(397)	(6)	(267)
Net unrealized (gain) loss on derivatives—net of tax (2)	304	(377)	(87)
Other comprehensive loss—net of tax	(93)	(383)	(354)
Comprehensive income (loss)	(35,086)	(3,723)	16,897
Comprehensive (income) loss attributable to noncontrolling interests	632	645	(723)
Comprehensive income (loss) attributable to Great Lakes Dredge & Dock Corporation	<u>\$(34,454)</u>	<u>\$(3,078)</u>	<u>\$16,174</u>

- (1) Net of income tax (provision) benefit of \$261, \$(7) and \$(177) for the years ended December 31, 2013, 2012 and 2011, respectively.
- (2) Net of income tax (provision) benefit of \$204, \$(250) and \$(58) for the years ended December 31, 2013, 2012 and 2011, respectively.

See notes to consolidated financial statements.

Great Lakes Dredge & Dock Corporation and Subsidiaries
Consolidated Statements of Equity
For the Years Ended December 31, 2013, 2012 and 2011
(in thousands)

	Great Lakes Dredge & Dock Corporation shareholders						Noncontrolling Interests	Total
	Shares of Common Stock	Common Stock	Additional Paid-In Capital	Retained Earnings	Accumulated Other Comprehensive Income (Loss)			
BALANCE—January 1, 2011	58,770	\$ 6	\$ 266,329	\$ 12,261	\$ 357	\$ (2,128)	\$276,825	
Share-based compensation	116	—	1,838	—	—	—	1,838	
Vesting of restricted stock units, including impact of shares withheld for taxes	106	—	(291)	—	—	—	(291)	
Exercise of stock options	6	—	27	—	—	—	27	
Excess income tax benefit from share-based compensation	—	—	55	—	—	—	55	
Acquisition of noncontrolling interest in NASDI, LLC	—	—	(40)	—	—	1,973	1,933	
Dividends declared and paid (\$0.08 per share)	—	—	—	(4,711)	—	—	(4,711)	
Dividend equivalents paid on restricted stock units	—	—	—	(36)	—	—	(36)	
Net income	—	—	—	16,528	—	723	17,251	
Other comprehensive loss—net of tax	—	—	—	—	(354)	—	(354)	
BALANCE—December 31, 2011	58,999	\$ 6	\$ 267,918	\$ 24,042	\$ 3	\$ 568	\$292,537	
Share-based compensation	165	—	3,081	—	—	—	3,081	
Vesting of restricted stock units, including impact of shares withheld for taxes	92	—	(231)	—	—	—	(231)	
Exercise of stock options	103	—	461	—	—	—	461	
Excess income tax benefit from share-based compensation	—	—	189	—	—	—	189	
Dividends declared and paid (\$0.31 per share)	—	—	—	(18,560)	—	—	(18,560)	
Dividend equivalents paid on restricted stock units	—	—	—	(196)	—	—	(196)	
Distributions paid to noncontrolling interests	—	—	—	—	—	(133)	(133)	
Net loss	—	—	—	(2,695)	—	(645)	(3,340)	
Other comprehensive loss—net of tax	—	—	—	—	(383)	—	(383)	
BALANCE—December 31, 2012	59,359	\$ 6	\$ 271,418	\$ 2,591	\$ (380)	\$ (210)	\$273,425	
Share-based compensation	96	—	3,251	—	—	—	3,251	
Vesting of restricted stock units, including impact of shares withheld for taxes	75	—	(308)	—	—	—	(308)	
Exercise of stock options and purchases from employee stock plans	140	—	668	—	—	—	668	
Excess income tax benefit from share-based compensation	—	—	154	—	—	—	154	
Distributions paid to noncontrolling interests	—	—	—	—	—	(3)	(3)	
Net loss	—	—	—	(34,361)	—	(632)	(34,993)	
Other comprehensive loss—net of tax	—	—	—	—	(93)	—	(93)	
BALANCE—December 31, 2013	59,670	\$ 6	\$ 275,183	\$(31,770)	\$ (473)	\$ (845)	\$242,101	

See notes to consolidated financial statements.

Great Lakes Dredge & Dock Corporation and Subsidiaries
Consolidated Statements of Cash Flows
For the Years Ended December 31, 2013, 2012 and 2011
(in thousands)

	2013	2012	2011
OPERATING ACTIVITIES:			
Net income (loss)	\$(34,993)	\$ (3,340)	\$ 17,251
Income (loss) from discontinued operations, net of income taxes	(54,850)	(9,635)	922
Income from continuing operations	19,857	6,295	16,329
Adjustments to reconcile net income to net cash flows used in operating activities:			
Depreciation and amortization	46,622	37,430	37,282
Equity in (earnings) loss of joint ventures	(1,208)	(124)	406
Loss on extinguishment of 7 3/4% senior subordinated notes	—	—	5,145
Deferred income taxes	(304)	4,471	13,727
Gain on dispositions of property and equipment	(5,773)	(198)	(11,736)
Gain on adjustment of contingent earnout	—	(240)	(1,400)
Amortization of deferred financing fees	1,153	1,245	1,515
Unrealized foreign currency (gain) loss	(179)	208	513
Share-based compensation expense	3,251	3,081	1,838
Excess income tax benefit from share-based compensation	(154)	(189)	(55)
Changes in assets and liabilities:			
Accounts receivable	36,260	(17,795)	(22,080)
Contract revenues in excess of billings	(17,142)	(29,661)	(2,961)
Inventories	(5,144)	(2,603)	(4,668)
Prepaid expenses and other current assets	(10,124)	(1,444)	(12,256)
Accounts payable and accrued expenses	22,622	20,253	6,815
Billings in excess of contract revenues	(2,900)	(1,177)	(2,445)
Other noncurrent assets and liabilities	(490)	184	(1,155)
Net cash flows provided by operating activities of continuing operations	86,347	19,736	24,814
Net cash flows provided by (used in) by operating activities of discontinued operations	(11,524)	(21,596)	(251)
Cash provided by (used in) operating activities	74,823	(1,860)	24,563
INVESTING ACTIVITIES:			
Purchases of property and equipment	(66,654)	(60,516)	(28,707)
Proceeds from dispositions of property and equipment	6,953	597	16,679
Acquisition of Terra assets	—	(2,000)	—
Proceeds from vendor performance obligations	13,600	—	—
Net cash flows used in investing activities of continuing operations	(46,101)	(61,919)	(12,028)
Net cash flows used in investing activities of discontinued operations	(153)	(1,524)	(4,688)
Cash used in investing activities	(46,254)	(63,443)	(16,716)

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	<u>2013</u>	<u>2012</u>	<u>2011</u>
FINANCING ACTIVITIES:			
Proceeds from issuance of 7 3/8% senior notes	—	—	250,000
Redemption of 7 3/4% senior subordinated notes	—	—	(175,000)
Senior subordinated notes redemption premium	—	—	(2,264)
Deferred financing fees	—	(2,039)	(5,962)
Repayment of long term note payable	(13,047)	(2,500)	(2,500)
Distributions paid to minority interests	(3)	(133)	—
Dividends paid	—	(18,560)	(4,711)
Dividend equivalents paid on restricted stock units	—	(196)	(36)
Taxes paid on settlement of vested share awards	(308)	(231)	(291)
Repayments of equipment debt	—	—	(9)
Exercise of stock options and purchases from employee stock plans	668	461	27
Excess income tax benefit from share-based compensation	154	189	55
Borrowings under revolving loans	227,000	—	—
Repayments of revolving loans	(192,000)	—	—
Cash provided by (used in) financing activities of continuing operations	22,464	(23,009)	59,309
Cash used in financing activities of discontinued operations	—	(543)	(1,902)
Cash provided by (used in) financing activities	22,464	(23,552)	57,407
Effect of foreign currency exchange rates on cash and cash equivalents	(135)	7	(444)
Net increase (decrease) in cash and cash equivalents	50,898	(88,848)	64,810
Cash and cash equivalents at beginning of period	24,440	113,288	48,478
Cash and cash equivalents at end of period	<u>\$ 75,338</u>	<u>\$ 24,440</u>	<u>113,288</u>
Supplemental Cash Flow Information			
Cash paid for interest	<u>\$ 20,083</u>	<u>\$ 19,462</u>	<u>\$ 12,485</u>
Cash paid (refunded) for income taxes	<u>\$ 1,793</u>	<u>\$ (4,859)</u>	<u>\$ 5,270</u>
Non-cash Investing and Financing Activities			
Property and equipment purchased but not yet paid	<u>\$ 3,552</u>	<u>\$ 7,747</u>	<u>\$ 5,222</u>
Property and equipment purchased on capital leases and equipment notes	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 2,127</u>
Acquisition of noncontrolling interest in NASDI, LLC	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 40</u>
Purchase price of Terra assets comprised of promissory notes and other liabilities	<u>\$ —</u>	<u>\$ 23,798</u>	<u>\$ —</u>

See notes to consolidated financial statements.

GREAT LAKES DREDGE & DOCK CORPORATION AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
AS OF December 31, 2013 AND 2012 AND FOR THE
YEARS ENDED December 31, 2013, 2012 AND 2011
(In thousands, except per share amounts or as otherwise noted)

1. NATURE OF BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

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

Revenue and Cost Recognition on Contracts—Substantially all of the Company’s contracts for dredging services are fixed-price contracts, which provide for remeasurement based on actual quantities dredged. The majority of the Company’s environmental & remediation contracts are also fixed-price contracts, with others performed on a time-and-materials basis. Contract revenues are recognized under the percentage-of-completion method based on the Company’s engineering estimates of the physical percentage completed for dredging projects and based on costs incurred to date compared to total estimated costs for fixed-price environmental & remediation projects. For dredging projects, costs of contract revenues are adjusted to reflect the gross profit percentage expected to be achieved upon ultimate completion. For environmental & remediation contracts, contract revenues are adjusted to reflect the estimated gross profit percentage. Revisions in estimated gross profit percentages are recorded in the period during which the change in circumstances is experienced or becomes known. As the duration of most of the Company’s contracts is one year or less, the cumulative net impact of these revisions in estimates, individually and in the aggregate across our projects, does not significantly affect our results across reporting periods. Provisions for estimated losses on contracts in progress are made in the period in which such losses are determined. Change orders are not recognized in revenue until the recovery is probable and collectability is reasonably assured. Claims for additional compensation due to the Company are not recognized in contract revenues until such claims are settled. Billings on contracts are generally submitted after verification with the customers of physical progress and may not match the timing of revenue recognition. The difference between amounts billed and recognized as revenue is reflected in the balance sheet as either contract revenues in excess of billings or billings in excess of contract revenues. Modifications may be negotiated when a change from the original contract specification is encountered, and a change in project scope, performance methodology and/or material disposal is necessary. Thus, the resulting modification is considered a change in the scope of the original project to which it relates. Significant expenditures incurred incidental to major contracts are deferred and recognized as contract costs based on contract performance over the duration of the related project. These expenditures are reported as prepaid expenses.

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The components of costs of contract revenues include labor, equipment (including depreciation, maintenance, insurance and long-term rentals), subcontracts, fuel and project overhead. Hourly labor is generally hired on a project-by-project basis. Costs of contract revenues vary significantly depending on the type and location of work performed and assets utilized. Generally, capital dredging projects have the highest margins due to the complexity of the projects, while coastal protection projects have the most volatile margins because they are most often exposed to variability in weather conditions.

The Company's cost structure includes significant annual equipment-related costs, including depreciation, maintenance, insurance and long-term rentals. These costs have averaged approximately 20% to 23% of total costs of contract revenues over the prior three years. During the year, both equipment utilization and the timing of fixed cost expenditures fluctuate significantly. Accordingly, the Company allocates these fixed equipment costs to interim periods in proportion to revenues recognized over the year, to better match revenues and expenses. Specifically, at each interim reporting date the Company compares actual revenues earned to date on its dredging contracts to expected annual revenues and recognizes equipment costs on the same proportionate basis. In the fourth quarter, any over or under allocated equipment costs are recognized such that the expense for the year equals actual equipment costs incurred during the year.

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

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

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

Inventories—Inventories consist of pipe and spare parts used in the Company's dredging operations. Pipe and spare parts are purchased in large quantities; therefore, a certain amount of pipe and spare part inventories is not anticipated to be used within the current year and is classified as long-term. Inventories are stated at the lower of net realizable value or weighted average historical cost.

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

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

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

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

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

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

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

Long-Lived Assets—Long-lived assets are comprised of property and equipment and intangible assets subject to amortization. Long-lived assets to be held and used are reviewed for possible impairment whenever events indicate that the carrying amount of such assets may not be recoverable by comparing the undiscounted cash flows associated with the assets to their carrying amounts. If such a review indicates an impairment, the carrying amount would be reduced to fair value. No triggering events were identified in 2013 or 2012. If long-lived assets are to be disposed, depreciation is discontinued, if applicable, and the assets are reclassified as held for sale at the lower of their carrying amounts or fair values less estimated costs to sell.

The Company capitalizes construction in progress and records a corresponding long-term liability for build-to-suit lease agreements where we are considered the owner during the construction period for accounting purposes. There was no build-to-suit equipment capitalized at December 31, 2013.

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

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

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

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

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

Noncontrolling Interest —On January 1, 2009 the Company acquired a 65% interest in Yankee Environmental Services, LLC ("Yankee"). Noncontrolling interest at December 31, 2013 and 2012 is related to the membership interest the Company does not own in Yankee.

Earnings Per Share —Basic earnings per share is computed by dividing net income attributable to common stockholders by the weighted-average number of common shares outstanding during the reporting period. Diluted earnings per share is computed similar to basic earnings per share except that it reflects the potential dilution that could occur if dilutive securities or other obligations to issue common stock were exercised or converted into common stock. For the years ended December 31, 2013, 2012 and 2011 no shares of stock options ("NQSO") and restricted stock units ("RSU") were excluded from the diluted weighted-average common shares outstanding, respectively. For the year ended December 31, 2011, 299 thousand NQSOs were excluded from the calculation of diluted earnings per share based on the application of the treasury stock method, as such options were determined to be anti-dilutive.

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The computations for basic and diluted earnings per share for the years ended December 31, 2013, 2012 and 2011 are as follows:

	<u>2013</u>	<u>2012</u>	<u>2011</u>
Income from continuing operations	\$ 19,857	\$ 6,295	\$16,329
Loss on discontinued operations, net of income taxes, attributable to Great Lakes Dredge & Dock Corporation	(54,218)	(8,990)	199
Net income (loss) attributable to common stockholders of Great Lakes Dredge & Dock Corporation	(34,361)	(2,695)	16,528
Weighted-average common shares outstanding—basic	59,495	59,195	58,891
Effect of stock options and restricted stock units	606	478	339
Weighted-average common shares outstanding—diluted	<u>60,101</u>	<u>59,673</u>	<u>59,230</u>
Earnings per share from continuing operations—basic	\$ 0.33	\$ 0.11	\$ 0.28
Earnings per share from continuing operations—diluted	\$ 0.33	\$ 0.11	\$ 0.28

2. RESTRICTED AND ESCROWED CASH

At December 31, 2013 and 2012, other noncurrent assets include \$1,500 of cash held in escrow as security for the Company's lease rental obligation under a long-term equipment operating lease.

At December 31, 2013 and 2012, assets held for sale include \$2,314 and \$450 of cash, respectively, held in escrow related to an outstanding lawsuit at our discontinued demolition business.

At December 31, 2013 the Company held cash and cash equivalents of \$2,750 in an escrow account related to its sale of a vessel.

3. ACCOUNTS RECEIVABLE AND CONTRACTS IN PROGRESS

Accounts receivable at December 31, 2013 and 2012 are as follows:

	<u>2013</u>	<u>2012</u>
Completed contracts	\$17,361	\$ 40,230
Contracts in progress	62,177	75,167
Retainage	<u>18,506</u>	<u>18,453</u>
	98,044	133,850
Allowance for doubtful accounts	<u>(1,529)</u>	<u>(1,051)</u>
Total accounts receivable—net	<u>\$96,515</u>	<u>\$132,799</u>
Current portion of accounts receivable—net	\$96,515	\$124,215
Long-term accounts receivable and retainage	—	8,584
Total accounts receivable—net	<u>\$96,515</u>	<u>\$132,799</u>

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The components of contracts in progress at December 31, 2013 and 2012 are as follows:

	<u>2013</u>	<u>2012</u>
Costs and earnings in excess of billings:		
Costs and earnings for contracts in progress	\$ 435,470	\$ 288,235
Amounts billed	(370,730)	(240,844)
Costs and earnings in excess of billings for contracts in progress	64,740	47,391
Costs and earnings in excess of billings for completed contracts	2,692	2,903
Total contract revenues in excess of billings	<u>\$ 67,432</u>	<u>\$ 50,294</u>
Billings in excess of costs and earnings:		
Amounts billed	\$(156,794)	\$(331,894)
Costs and earnings for contracts in progress	150,040	322,240
Total billings in excess of contract revenues	<u>\$ (6,754)</u>	<u>\$ (9,654)</u>

4. PROPERTY AND EQUIPMENT

Property and equipment at December 31, 2013 and 2012 are as follows:

	<u>2013</u>	<u>2012</u>
Land	\$ 9,220	\$ 9,205
Buildings and improvements	4,124	3,101
Furniture and fixtures	6,477	4,970
Operating equipment	602,395	549,424
Total property and equipment	<u>622,216</u>	<u>566,700</u>
Accumulated depreciation	(276,595)	(231,191)
Property and equipment—net	<u>\$ 345,620</u>	<u>\$ 335,509</u>

Operating equipment of \$1,704 and \$2,440 was classified as held for sale at December 31, 2013 and 2012, respectively.

Depreciation expense was \$45,531, \$37,249 and \$34,970, for the years ended December 31, 2013, 2012 and 2011, respectively.

5. GOODWILL AND OTHER INTANGIBLE ASSETS

The Company's annual goodwill impairment test is conducted in the third quarter of each year and interim evaluations are performed when the Company determines that a triggering event has occurred that would more likely than not reduce the fair value of goodwill below its carrying value. Due to a decline in the overall financial performance and declining cash flows in the demolition reporting unit, the Company concluded there was a triggering event that required an interim impairment test for the reporting unit in the second quarter of 2013.

The Company performed step one of the demolition reporting unit goodwill impairment test as of June 30, 2013, which compared the fair value of the demolition reporting unit against its carrying amount, including goodwill. In deriving the fair value of the demolition reporting unit, the Company used both a market-based approach and an income-based approach. Under the income approach, the fair value of the reporting unit is based on the present value of estimated future cash flows. Under the market approach, the Company uses the guideline public company method by applying estimated market-based enterprise value multiples to the reporting unit's

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estimated revenue and Adjusted EBITDA. Based on the first step analysis, management concluded that the fair value of the demolition reporting unit was less than its carrying value; therefore, the Company performed step two of the goodwill impairment analysis.

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

Management determined that the demolition reporting unit's implied fair value of goodwill was below the carrying value as of June 30, 2013. As a result, the Company recorded a full impairment charge of \$21,474. The impairment of goodwill recorded at the historical demolition segment, now referred to as the environmental & remediation segment, is included in Income (loss) from discontinued operations, net of taxes.

The Company performed its most recent annual test of impairment as of July 1, 2013 for the goodwill at the remaining reporting units with no indication of goodwill impairment as of the test date. The Company will perform its next scheduled annual test of goodwill in the third quarter of 2014 should no triggering events occur which would require a test prior to the next annual test.

The change in the carrying amount of goodwill during the years ended December 31, 2013 and 2012 is as follows:

	Dredging Segment	Environmental & Remediation Segment	Total
Balance—January 1, 2012	\$76,575	\$ —	\$76,575
Acquisition of Terra Contracting	—	2,751	2,751
Balance—December 31, 2012	<u>76,575</u>	<u>2,751</u>	<u>79,326</u>
Balance—December 31, 2013	<u>\$76,575</u>	<u>\$ 2,751</u>	<u>\$79,326</u>

At December 31, 2013 and 2012, the net book value of identifiable intangible assets was as follows:

As of December 31, 2013	Cost	Accumulated Amortization	Net
Non-compete agreement	\$1,646	\$ 544	\$1,102
Backlog	627	502	125
Trade names	411	82	329
Other	526	106	420
	<u>\$3,210</u>	<u>\$ 1,234</u>	<u>\$1,976</u>
As of December 31, 2012			
Non-compete agreement	\$1,646	\$ 216	\$1,430
Software and databases	1,209	1,136	73
Backlog	627	—	627
Trade names	411	—	411
Other	526	—	526
	<u>\$4,419</u>	<u>\$ 1,352</u>	<u>\$3,067</u>

On December 31, 2012 the Company acquired the assets of Terra Contracting, LLC. ("Terra") resulting in the recognition of additional intangible assets and goodwill. The weighted average amortization period for intangible assets acquired in 2012 is 3.7 years.

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Amortization expense was \$1,091, \$181 and \$2,312, for the years ended December 31, 2013, 2012 and 2011, respectively, and is included as a component of general and administrative expenses. Amortization expense related to intangible assets is estimated to be \$642 in 2014, \$516 in 2015, \$409 in 2016 and \$409 in 2017.

6. ACCRUED EXPENSES

Accrued expenses at December 31, 2013 and 2012 are as follows:

	2013	2012
Payroll and employee benefits	\$13,664	\$ 9,267
Insurance	8,649	7,642
Interest	8,066	7,837
Income and other taxes	3,709	1,426
Percentage of completion adjustment	2,135	1,134
Construction liabilities	—	6,426
Other	2,308	1,839
Total accrued expenses	<u>\$38,531</u>	<u>\$35,571</u>

7. LONG-TERM DEBT

Long-term debt at December 31, 2013 and 2012 is as follows:

	2013	2012
Note payable	\$ —	\$ 13,047
Revolving credit facility	35,000	—
7.375% senior notes	250,000	250,000
Subtotal	285,000	263,047
Current portion of note payable	—	(13,047)
Total	<u>\$285,000</u>	<u>\$250,000</u>

Credit agreement

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

Depending on the Company's consolidated leverage ratio (as defined in the Credit Agreement), borrowings under the new revolving credit facility will bear 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.

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The new credit facility contains affirmative, negative and financial covenants customary for financings of this type. The Credit Agreement also contains customary events of default (including non-payment of principal or interest on any material debt and breaches of covenants) as well as events of default relating to certain actions by the Company's surety bonding provider. The Credit Agreement requires the Company to maintain a net leverage ratio less than or equal to 4.50 to 1.00 as of the end of each fiscal quarter and a minimum fixed charge coverage ratio of 1.25 to 1.00. At December 31, 2012, the Company's fixed charge coverage ratio was 1.12x, resulting in an event of default under the Credit Agreement.

On March 15, 2013, the Company executed a Waiver and Amendment No. 2 to the Credit Agreement (the "Credit Agreement Waiver and Amendment") pursuant to which the counterparties thereto agreed, among other things, to waive any default, event of default, or possible event of default, as applicable, related to the Company's failure to meet the above-described financial covenant in the Credit Agreement.

Separately, the Company determined that a perfection trigger event had occurred under the Credit Agreement. As a result, the outstanding obligations under the Credit Agreement, which were previously unsecured, are now secured by liens on certain of the Company's vessels and all of its domestic accounts receivable, subject to the liens and interests of certain other parties holding first priority perfected liens. Under the original terms of the Credit Agreement, the obligations thereunder that became secured under these circumstances could again become unsecured provided that (i) no event of default has occurred and is continuing and (ii) the Company has maintained for two consecutive quarters, and is projected to maintain for the next two consecutive quarters, a total leverage ratio less than or equal to 3.75 to 1.0. Pursuant to the Credit Agreement Waiver and Amendment, this provision has been amended to add the additional condition that no release of the liens securing the obligations under the Credit Agreement can occur until the Company has delivered to the lenders its audited financial statements with respect to its fiscal year ending December 31, 2013.

The obligations of Great Lakes under the Credit Agreement are unconditionally guaranteed, on a joint and several basis, by each existing and subsequently acquired or formed material direct and indirect domestic subsidiary of the Company. As of December 31, 2013, the Company had \$35,000 in borrowings and \$89,040 of letters of credit outstanding, resulting in \$50,960 of availability under the Credit Agreement. At December 31, 2013, the Company was in compliance with its various financial covenants under its Credit Agreement.

Senior notes

In January 2011, the Company issued \$250,000 of 7.375% senior notes due February 1, 2019. Interest is paid semi-annually and principal is due at maturity.

Other

Great Lakes has a \$24,000 International Letter of Credit Facility with Wells Fargo Bank, National Association, as successor by merger to Wells Fargo HSBC Trade Bank. This facility is used for performance and advance payment guarantees on foreign contracts, including our long-term land reclamation project in Bahrain. The Company's obligations under the agreement are collateralized by the Company's foreign accounts receivable. In addition, the Export-Import Bank of the United States ("Ex-Im Bank") has issued a guarantee under the Ex-Im Bank's Working Capital Guarantee Program, which covers 90% of the obligations owing under the facility. At December 31, 2013, there were no letters of credit outstanding under this facility. At December 31, 2012, the Company failed to meet the International Letter of Credit Facility's requirement of maintaining a minimum fixed charge coverage ratio of 1.25 to 1.0. On March 15, 2013, the Company executed a Waiver to the International Letter of Credit Facility (the "LC Waiver") pursuant to which the counterparties thereto agreed, among other things, to waive any default, event of default, or possible event of default, as applicable, related to the Company's failure to meet the above-described financial covenant in the Credit Agreement and the International Letter of Credit Facility.

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In accordance with the purchase of certain assets of Terra (See Note 14), the Company issued a secured promissory note in the amount of \$10,547 to the former owner of Terra. The balance of the note of \$10,547 was paid in January 2013.

The scheduled principal payments through the maturity date of the Company's long-term debt, excluding equipment notes, at December 31, 2013, are as follows:

Years Ending December 31	
2014	\$ —
2015	—
2016	—
2017	35,000
2018	—
Thereafter	250,000
Total	<u>\$285,000</u>

The Company incurred amortization of deferred financing fees for its long term debt of \$1,153, \$1,245 and \$1,515 for each of the years ended December 31, 2013, 2012 and 2011. Such amortization is recorded as a component of interest expense.

8. 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 December 31, 2013 and 2012, the Company held certain derivative contracts that it uses to manage foreign currency risk, commodity price risk or interest rate risk. The Company does not hold or issue derivatives for speculative or trading purposes. The fair values of these financial instruments are summarized as follows:

Description	At December 31, 2013	Fair Value Measurements at Reporting Date Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Fuel hedge contracts	\$ 332	\$ —	\$ 332	\$ —

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Description	At December 31, 2012	Fair Value Measurements at Reporting Date Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Fuel hedge contracts	\$ 178	\$ —	\$ 178	\$ —

Interest rate swap contracts

In May 2009, the Company entered into two interest rate swap arrangements, which were effective through December 15, 2012, to swap a notional amount of \$50 million from a fixed rate of 7.75% to a floating LIBOR-based rate in order to manage the interest rate paid with respect to the Company's 7.75% senior subordinated notes. Although the senior subordinated notes were redeemed in January 2011, the swaps remained in place. The swaps were not accounted for as a hedge; therefore, the changes in fair value were recorded as adjustments to interest expense in each reporting period. The swaps expired and were settled in December 2012.

Foreign exchange contracts

The Company has various exposures to foreign currencies that fluctuate in relation to the U.S. dollar. The Company periodically enters into foreign exchange forward contracts to hedge this risk. At December 31, 2013 and 2012 there were no outstanding contracts.

Fuel hedge contracts

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

As of December 31, 2013, 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 October 2014. As of December 31, 2013, there were 6.5 million gallons remaining on these contracts which represent approximately 80% of the Company's forecasted fuel purchases through October 2014. Under these swap agreements, the Company will pay fixed prices ranging from \$2.87 to \$3.14 per gallon.

At December 31, 2013, the fair value asset of the fuel hedge contracts was estimated to be \$332 and is recorded in other current assets. At December 31, 2012, the fair value liability of the fuel hedge contracts was estimated to be \$178 and was recorded in accrued expenses. The gain reclassified to earnings from changes in fair value of derivatives, net of cash settlements and taxes, for the year ended December 31, 2013 was \$270. The remaining gains and losses included in accumulated other comprehensive income (loss) at December 31, 2013 will be reclassified into earnings over the next ten months, corresponding to the period during which the hedged fuel is expected to be utilized. The fair values of fuel hedges are corroborated using inputs that are readily observable in public markets; therefore, the Company determines fair value of these fuel hedges using Level 2 inputs.

The 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.

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The fair value of the fuel hedge contracts outstanding as of December 31, 2013 and 2012 is as follows:

	<u>Balance Sheet Location</u>	<u>Fair Value at December 31,</u>	
		<u>2013</u>	<u>2012</u>
Asset derivatives:			
Derivatives designated as hedges			
Fuel hedge contracts	Other current assets	\$ 332	\$ —
Liability derivatives:			
Derivatives designated as hedges			
Fuel hedge contracts	Accrued expenses	\$ —	\$ 178

Assets and liabilities measured at fair value on a nonrecurring basis

All other nonfinancial assets and liabilities measured at fair value in the financial statements on a nonrecurring basis are subject to fair value measurements and disclosures. Nonfinancial assets and liabilities included in our consolidated balance sheets and measured at fair value on a nonrecurring basis consist of goodwill and long-lived assets, including other acquired intangibles.

The Company recorded a goodwill impairment charge of \$21,474 at the demolition reporting unit. The fair value of goodwill was determined using quantitative models that contained significant unobservable inputs. The operations of the business have been discontinued; therefore, the impairment of goodwill is included in income (loss) on discontinued operations, net of tax. The goodwill for the historical demolition business at December 31, 2012 has been reclassified to assets held for sale.

	<u>Fair Value Measurements Using Significant Unobservable Inputs (Level 3)</u>	
	<u>2013</u>	
Goodwill included in assets held for sale		
Balance at January 1,	\$	21,474
Impairment		(21,474)
Balance at December 31,	\$	—

Accumulated other comprehensive loss

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

	<u>2013</u>	<u>2012</u>	<u>2011</u>
Cumulative translation adjustments—net of tax	\$(397)	\$(6)	\$ (267)
Derivatives:			
Reclassification of derivative losses (gains) to earnings—net of tax	270	3	(1,437)
Change in fair value of derivatives—net of tax	34	(380)	1,350
Net unrealized (gain) loss on derivatives—net of tax	304	(377)	(87)
Total other comprehensive loss	\$ (93)	\$(383)	\$ (354)

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

	<u>Statement of Operations Location</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
Derivatives:				
Fuel hedge contracts	Costs of contract revenues	\$450	\$ 5	\$ (2,319)
	Income tax (provision) benefit	<u>180</u>	<u>2</u>	<u>(882)</u>
		<u>\$270</u>	<u>\$ 3</u>	<u>\$(1,437)</u>

Other financial instruments

The carrying value of financial instruments included in current assets and current liabilities approximates fair value due to the short-term maturities of these instruments. Based on timing of the cash flows and comparison to current market interest rates, the carrying value of our senior revolving credit agreement approximates fair value. In January 2011, the Company issued \$250,000 of 7.375% senior notes due February 1, 2019, which were outstanding at December 31, 2013 (See Note 7). The senior notes are senior unsecured obligations of the Company and its subsidiaries that guarantee the senior notes. The fair value of the senior notes was \$261,250 at December 31, 2013, which is a Level 1 fair value measurement as the senior notes value was obtained using quoted prices in active markets.

9. INCOME TAXES

The Company's income tax (provision) benefit from continuing and discontinued operations for the years ended December 31, 2013, 2012 and 2011 is as follows:

	<u>2013</u>	<u>2012</u>	<u>2011</u>
Income tax provision from continuing operations	\$(10,460)	\$(5,419)	\$(9,944)
Income tax benefit from discontinued operations	<u>19,116</u>	<u>7,490</u>	<u>399</u>
Income tax (provision) benefit	<u>\$ 8,656</u>	<u>\$ 2,071</u>	<u>\$(9,545)</u>

The Company's pre-tax income (loss) from domestic and foreign operations for the years ended December 31, 2013, 2012 and 2011 is as follows:

	<u>2013</u>	<u>2012</u>	<u>2011</u>
Domestic operations	\$23,716	\$15,884	\$21,067
Foreign operations	<u>6,601</u>	<u>(4,170)</u>	<u>5,206</u>
Total pre-tax income	<u>\$30,317</u>	<u>\$11,714</u>	<u>\$26,273</u>

The provision for income taxes from continuing operations as of December 31, 2013, 2012 and 2011 is as follows:

	<u>2013</u>	<u>2012</u>	<u>2011</u>
Federal:			
Current	\$ 8,384	\$ 859	\$(4,577)
Deferred	<u>2,107</u>	<u>1,948</u>	<u>13,064</u>
State:			
Current	439	156	339
Deferred	<u>(326)</u>	<u>481</u>	<u>781</u>
Foreign:			
Current	1,831	—	337
Deferred	<u>(1,975)</u>	<u>1,975</u>	<u>—</u>
Total	<u>\$10,460</u>	<u>\$5,419</u>	<u>\$ 9,944</u>

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The Company's income tax provision from continuing operations reconciles to the provision at the statutory U.S. federal income tax rate of 35% as of December 31, 2013, 2012 and 2011 as follows:

	<u>2013</u>	<u>2012</u>	<u>2011</u>
Tax provision at statutory U.S. federal income tax rate	\$10,611	\$4,100	\$ 9,196
State income tax—net of federal income tax benefit	500	245	769
Foreign income tax provision (benefit)	238	—	(1,367)
Change in deferred state tax rate	—	246	—
Changes in unrecognized tax benefits	(196)	(137)	15
Changes in valuation allowance	(500)	228	1,588
Other	(193)	737	(257)
Income tax provision (benefit)	<u>\$10,460</u>	<u>\$5,419</u>	<u>\$ 9,944</u>

At December 31, 2013 and 2012, the Company had gross net operating loss carryforwards for state income tax purposes totaling \$37,537 and \$26,918, respectively. The outstanding carryforwards will expire between 2023 and 2033. At December 31, 2013 and 2012, a valuation allowance has been established for a portion of the deferred tax asset related to these state net operating loss carryforwards in the amount of \$0 and \$720, respectively.

The Company also has foreign gross net operating loss carryforwards of approximately \$7,194 and \$10,164 as of December 31, 2013 and 2012. The net operating losses expire between 2014 and 2033. At December 31, 2013 and 2012, a full valuation allowance has been established for the deferred tax asset of \$2,505 and \$2,632 related to foreign net operating loss carryforwards, respectively, as the Company believes it is more likely than not that the net operating loss carryforwards will not be realized.

As of December 31, 2013 and 2012, the Company had \$253 and \$471, respectively, in unrecognized tax benefits, the recognition of which would have an impact of \$164 and \$241 on the effective tax rate.

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

	<u>2013</u>	<u>2012</u>	<u>2011</u>
Unrecognized tax benefits—January 1	\$ 471	\$ 633	\$630
Gross increases—tax positions in prior period	—	79	3
Gross increases—current period tax positions	42	80	—
Gross decreases—expirations	(201)	(321)	—
Gross decreases—tax positions in prior period	(59)	—	—
Settlements	—	—	—
Unrecognized tax benefits—December 31,	<u>\$ 253</u>	<u>\$ 471</u>	<u>\$633</u>

The Company's policy is to recognize interest and penalties related to income tax matters in income tax expense. As of December 31, 2013 and 2012, the Company had approximately \$18 and \$148, respectively, of interest and penalties recorded.

The Company files income tax returns at the U.S. federal level and in various state and foreign jurisdictions. U.S. federal income tax years prior to 2011 are closed and no longer subject to examination. With few exceptions, the statute of limitations in state taxing jurisdictions in which the Company operates has expired for all years prior to 2009. In foreign jurisdictions in which the Company operates, years prior to 2010 are closed and are no longer subject to examination.

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The Company's deferred tax assets (liabilities) at December 31, 2013 and 2012 are as follows:

	<u>2013</u>	<u>2012</u>
Deferred tax assets:		
Accrued liabilities	\$ 9,427	\$ 8,120
Tax credit carryforwards	2,486	2,366
Foreign NOLs	2,505	2,632
State NOLs	1,599	1,197
Fuel hedges	—	71
Valuation allowance	(2,505)	(3,352)
Total deferred tax assets	<u>13,512</u>	<u>11,034</u>
Deferred tax liabilities:		
Depreciation and amortization	(115,542)	(111,321)
Other liabilities	—	(1,975)
Fuel hedges	(132)	—
Total deferred tax liabilities	<u>(115,674)</u>	<u>(113,296)</u>
Net deferred tax liabilities	<u>\$ (102,162)</u>	<u>(102,262)</u>
As reported in the balance sheet:		
Net current deferred tax assets (included in other current assets)	\$ 6,349	3,866
Net noncurrent deferred tax liabilities	(108,511)	(106,128)
Net deferred tax liabilities	<u>\$ (102,162)</u>	<u>(102,262)</u>

Deferred tax assets relate primarily to reserves and other liabilities for costs and expenses not currently deductible for tax purposes. Deferred tax liabilities relate primarily to the cumulative difference between book depreciation and amounts deducted for tax purposes. With the exception of certain state and foreign net operating loss carryforwards, a valuation allowance has not been recorded to reduce the balance of deferred tax assets at either December 31, 2013, or December 31, 2012, because the Company believes that it is more likely than not that the deferred income tax assets will ultimately be realized.

10. 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 5,800 shares of common stock.

Compensation cost charged to expense related to share-based compensation arrangements was \$3,251 \$3,081 and \$1,838, for the December 31, 2013 2012 and 2011, respectively.

Non-qualified stock options

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

The fair value of the NQSOs was determined at the grant date using a Black-Scholes option pricing model, which requires the Company to make several assumptions. The risk-free interest rate is based on the U.S. Treasury yield curve in effect for the expected term of the option at the time of grant. The annual dividend yield on the Company's common stock is based on estimates of future dividends during the expected term of the

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NQSOs. The expected life of the NQSOs was determined from historical exercise data providing a reasonable basis upon which to estimate the expected life.

For grants issued in 2013, 2012 and 2011, the volatility assumptions were based on historical volatility of Great Lakes and comparable publicly-traded companies, primarily more mature and well-established companies in the engineering and construction sector.

There is not an active market for options on the Company's common stock and, as such, implied volatility for the Company's stock was not considered. Additionally, the Company's general policy is to issue new shares of registered common stock to satisfy stock option exercises or grants of restricted stock.

The weighted-average grant-date fair value of options granted during the years ended December 31, 2013, 2012 and 2011 was \$4.06, \$2.93 and \$2.23 respectively. The fair value of each option was estimated using the following assumptions:

	2013	2012	2011
Expected volatility	58.2%	55.0%	50.0%
Expected dividends	0.0%	1.3%	1.6%
Expected term (in years)	6.0	5.5 - 6.5	5.5 - 6.5
Risk free rate	1.0%	0.7% - 1.0%	1.5% - 2.2%

A summary of stock option activity under the Incentive Plan as of December 31, 2013, and changes during the year ended December 31, 2013, is presented below:

Options	Shares	Weighted Average Exercise Price	Weighted-Average Remaining Contract Term (yrs)	Aggregate Intrinsic Value (\$000's)
Outstanding as of January 1, 2013	1,637	\$ 5.56		
Granted	369	7.56		
Exercised	(84)	4.11		
Forfeited or Expired	(10)	7.56		
Outstanding as of December 31, 2013	1,912	\$ 6.00	7.4	\$ 6,129
Vested at December 31, 2013	1,015	\$ 5.39	6.4	\$ 3,864
Vested or expected to vest at December 31, 2013	1,903	\$ 5.99	8.6	\$ 2,240

Restricted stock units

RSUs generally vest in one installment on the third anniversary of the grant date. The fair value of RSUs was based upon the Company's stock price on the date of grant. A summary of the status of the Company's non-vested RSUs as of December 31, 2013, and changes during the year ended December 31, 2013, is presented below:

Nonvested Restricted Stock Units	Shares	Weighted-Average Grant-Date Fair Value
Outstanding as of January 1, 2013	608	\$ 5.96
Granted	222	7.60
Vested	(112)	5.94
Forfeited	(127)	6.73
Outstanding as of December 31, 2013	591	\$ 6.43
Expected to vest at December 31, 2013	511	\$ 6.27

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As of December 31, 2013, there was \$3,786 of total unrecognized compensation cost related to non-vested NQSOs and RSUs granted under the Plan. That cost is expected to be recognized over a weighted-average period of 1.9 years.

The Incentive Plan permits the employee to use vested shares from RSUs to satisfy the grantee's U.S. federal income tax liability resulting from the issuance of the shares through the Company's retention of that number of common shares having a market value as of the vesting date equal to such tax obligation up to the minimum statutory withholding requirements. The amount related to shares used for such tax withholding obligations was approximately \$308 and \$231 for the years ended December 31, 2013 and 2012, respectively.

Director compensation

The Company uses a combination of cash and share-based compensation to attract and retain qualified candidates to serve on our Board of Directors. Compensation is paid to non-employee directors. Directors who are employees receive no additional compensation for services as members of the Board or any of its committees. All of our directors are non-employee directors with the exception of Mr. Berger. Share-based compensation is paid pursuant to the Incentive Plan. Each non-employee director of the Company received an annual retainer of \$155, payable quarterly in arrears, and was paid 50% in cash and 50% in common stock of the Company. The Chairman of the Board received an additional \$250 of compensation, paid in stock.

In the years ended December 31, 2013, 2012 and 2011, 96 thousand, 93 thousand and 83 thousand shares, respectively, of the Company's common stock were issued to non-employee directors under the Incentive Plan.

11. RETIREMENT PLANS

The Company sponsors four 401(k) savings plans, one covering substantially all non-union salaried employees ("Salaried Plan"), a second covering its hourly employees ("Hourly Plan"), a third plan specifically for its employees that are members of a tugboat union and a fourth for the salary and non-union employees of certain subsidiaries ("Affiliated Plan"). Under the Salaried Plan, the Hourly Plan and the Affiliated Plan, individual employees may contribute a percentage of compensation and the Company will match a portion of the employees' contributions. Additionally, the Salaried Plan and Affiliated Plan includes a profit-sharing component, permitting the Company to make discretionary employer contributions to all eligible employees of these plans. The Company's expense for matching and discretionary contributions for 2013, 2012 and 2011, was \$5,123, \$4,017 and \$3,936, respectively.

The Company also contributes to various multiemployer pension plans pursuant to collective bargaining agreements. The information available to the Company about the multiemployer plans in which it participates, whether via request to the plan or publicly available, is generally dated due to the nature of the reporting cycle of multiemployer plans and legal requirements under the Employee Retirement Income Security Act ("ERISA") as amended by the Multiemployer Pension Plan Amendments Act ("MPPAA"). Based upon these plans' most recently available annual reports, the Company's contribution to these plans were less than 5% of each such plan's total contributions.

At December 31, 2013 a funding improvement plan was in place for the Massachusetts Laborers Pension Fund, a multiemployer plan to which the Company contributes. This plan did not require the Company to pay a surcharge on contributions for years presented. The Company does not expect any future increased contributions to have a material negative impact on its financial position, results of operations or cash flows for future years. The risks of participating in multiemployer plans are different from single employer plans as assets contributed are available to provide benefits to employees of other employers and unfunded obligations from an employer that discontinues contributions are the responsibility of all remaining employers. In addition, in the event of a plan's termination or the Company's withdrawal from a plan, the Company may be liable for a portion of the plan's unfunded vested benefits. However, information from the plans' administrators is not available to permit the Company to determine its share, if any, of unfunded vested benefits. The Company is currently

investigating any potential withdrawal liability associated with the potential sale of the historical demolition segment. At this time, no information is available to determine the value, if any, of a withdrawal liability.

12. COMMITMENTS AND CONTINGENCIES

Commercial commitments

Performance and bid bonds are customarily required for dredging and marine construction projects, as well as some demolition projects. The Company has a bonding agreement with Zurich American Insurance Company (“Zurich”) under which the Company can obtain performance, bid and payment bonds. The Company also has outstanding bonds with Travelers Casualty and Surety Company of America. Bid bonds are generally obtained for a percentage of bid value and amounts outstanding typically range from \$1,000 to \$10,000. At December 31, 2013, the Company had outstanding performance bonds with a notional amount of approximately \$819,584, of which \$81,784 relates to projects accounted for in discontinued operations. The revenue value remaining in backlog related to the projects of continuing operations totaled approximately \$405,561.

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

Legal proceedings and other contingencies

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

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

In 2009, the Company’s subsidiary, NASDI, LLC (“NASDI”), received a letter stating that the Attorney General for the Commonwealth of Massachusetts is investigating alleged violations of the Massachusetts Solid Waste Act. The Company believes that the Massachusetts Attorney General is investigating waste disposal activities at an allegedly unpermitted disposal site owned by a third party with whom NASDI contracted for the disposal of waste materials in 2007 and 2008. Per the Massachusetts Attorney General’s request, NASDI executed a tolling agreement regarding the matter in 2009 and engaged in further discussions with the Massachusetts Attorney General’s office. Should a claim be brought, NASDI intends to defend itself vigorously. Based on consideration of all of the facts and circumstances now known, the Company does not believe this claim will have a material impact on its business, financial position, results of operations or cash flows.

In 2011, NASDI received a subpoena from a federal grand jury in the District of Massachusetts directing NASDI to furnish certain documents relating to certain projects performed by NASDI since January 2005. The Company conducted an internal investigation into this matter and has cooperated with the grand jury’s

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investigation. Based on the limited information known to the Company, the Company cannot predict the outcome of the investigation, the U.S. Attorney's views of the issues being investigated, any action the U.S. Attorney may take, or the impact, if any, that this matter may have on the Company's business, financial position, results of operations or cash flows.

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

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

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

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

In May 2013, the Company concluded its litigation regarding the dredge *New York* loss of use claim. In January 2008, the Company filed suit against the *M/V Orange Sun* and her owners for damages incurred by the

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Company in connection with the allision in the approach channel to Port Newark, New Jersey. The Company received \$13,272 which is included in proceeds from loss of use claim.

Lease obligations

The Company leases certain operating equipment and office facilities under long-term operating leases expiring at various dates through 2022. The equipment leases contain renewal or purchase options that specify prices at the then fair value upon the expiration of the lease terms. The leases also contain default provisions that are triggered by an acceleration of debt maturity under the terms of the Company's Credit Agreement, or, in certain instances, cross default to other equipment leases and certain lease arrangements require that the Company maintain certain financial ratios comparable to those required by its Credit Agreement. Additionally, the leases typically contain provisions whereby the Company indemnifies the lessors for the tax treatment attributable to such leases based on the tax rules in place at lease inception. The tax indemnifications do not have a contractual dollar limit. To date, no lessors have asserted any claims against the Company under these tax indemnification provisions.

Future minimum operating lease payments at December 31, 2013, are as follows:

2014	\$ 18,581
2015	17,773
2016	16,532
2017	14,270
2018	5,871
Thereafter	9,891
Total minimum operating lease payments	<u>\$ 82,918</u>

Total rent expense under long-term operating lease arrangements for the years ended December 31, 2013, 2012 and 2011 was \$21,620, \$18,370 and \$18,316, respectively. This excludes expenses for equipment and facilities rented on a short-term, as-needed basis.

13. RELATED-PARTY TRANSACTIONS

The historical demolition business is operated out of a building owned by a minority interest owner in Yankee and prior to 2011, a profits interest owner in NASDI. In 2013, 2012 and 2011, NASDI and Yankee paid the minority interest owner \$449, \$449 and \$483, respectively, for rent and property taxes.

Our rivers & lakes group operated out of facilities owned by the former owner and an employee of the group. The Company paid \$95, \$95 and \$103 in rent to the building owner during 2013, 2012 and 2011, respectively. The rivers & lakes group relocated part of its operations to a new facility in late 2013.

Certain units of our Environmental & remediation segment operate out of facilities owned by an employee who is also the former owner of Terra. In 2013, the Company paid \$243 for rent on the two properties. As the purchase of Terra occurred on December 31, 2012, the Company paid no rents in 2012 or 2011.

The Company has a current receivable due from TerraSea Environmental Solutions, a joint venture, of \$2,064 at December 31, 2013.

14. BUSINESS COMBINATIONS AND DISPOSITIONS

Discontinued Operations

Businesses or asset groups are reported as discontinued operations when the Company commits to a plan to divest the business or group and the sale of the business or asset group is deemed probable within the next twelve

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months. In the fourth quarter, the management team proposed, and the Board of Directors approved, a plan to sell our historical demolition business. The Company has received indications of interest and expects to finalize disposition of the demolition business in 2014. The disposal group of the historical demolition business has therefore been classified as discontinued operations for all periods presented.

Included in the results of discontinued operations for the year ended December 31, 2013 is a provision of \$18,436 to reduce the net assets of the historical demolition businesses to fair value less costs to sell. Fair values were determined using various factors including a third-party appraisal of equipment, an evaluation of working capital and non-binding letters of interest. The loss on disposition of assets held for sale is subject to change prior to completion of the disposition and could differ materially from the Company's estimate.

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

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

	<u>2013</u>	<u>2012</u>	<u>2011</u>
Revenue	\$ 39,550	\$ 100,602	\$ 107,199
Income (loss) before income taxes from discontinued operations	\$(55,530)	\$ (17,125)	\$ 523
Preliminary loss on disposal of assets held for sale	(18,436)	—	—
Income tax benefit	19,116	7,490	399
Income (loss) from discontinued operations, net of income taxes	<u><u>\$(54,850)</u></u>	<u><u>\$ (9,635)</u></u>	<u><u>\$ 922</u></u>

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

	<u>2013</u>	<u>2012</u>
Assets:		
Accounts receivable—net	\$15,445	\$24,928
Contract revenues in excess of billings	13,130	19,355
Other current assets	14,825	8,512
Property and equipment—net	8,765	11,030
Goodwill	—	21,474
Other intangible assets—net	91	157
Assets of discontinued operations	<u><u>\$52,256</u></u>	<u><u>\$85,456</u></u>
Liabilities:		
Accounts payable	\$ 9,480	\$13,783
Accrued expenses	4,091	6,669
Reserve for loss on disposal	18,436	—
Other current liabilities	486	1,677
Other liabilities	1,212	1,540
Liabilities of discontinued operations	<u><u>\$33,705</u></u>	<u><u>\$23,669</u></u>

Terra Contracting acquisition

On December 31, 2012, the Company acquired the assets including certain assumed liabilities of Terra, a provider of a wide variety of essential services for environmental, maintenance and infrastructure-related

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applications headquartered in Kalamazoo, MI, for a purchase price of approximately \$26 million. The Terra acquisition broadened the Company's environmental & remediation segment with additional services and expertise as well as expanded its footprint in the Midwest. The seller may receive cash payments for any of the calendar years ended 2013, 2014 and 2015 if certain earnings based criteria are met. Per the purchase agreement, for each calendar year, the earnout payment amount shall be equal to (i) 25% of the amount, up to \$500, by which EBITDA exceeds \$4,000 plus (ii) 50% of the amount by which EBITDA exceeds \$4,500; provided, that in no event shall seller receive an amount more than \$2,000. At December 31, 2013 and 2012, the fair value of the recorded earnout liability was \$1,833 and \$1,636 of which \$725 and \$647 is recorded in accrued liabilities and \$1,108 and \$989 is recorded in other liabilities, respectively. After assuming the seller's indebtedness, the acquisition was funded with a seller note of \$10,547 and future contingent consideration. In addition, \$2,000 of cash was placed in escrow pursuant to the indemnification clauses in the purchase agreement. The balance of the note was paid in January 2013.

The purchase price has been allocated to the assets acquired and liabilities assumed using estimated fair values as of the acquisition date. Tangible assets acquired of \$27 million primarily were receivables of \$14.6 million and property, plant, and equipment of \$11.3 million. Finite-lived intangible assets acquired of \$2.7 million were primarily related to a non-compete agreement and also included acquired backlog, patents and trade names. The acquired backlog is being amortized on a straight-line basis over one year while all other finite-lived intangible assets are being amortized on a straight-line basis over five years. Liabilities assumed of \$18.3 million, includes primarily \$17.5 million of accounts payable. Goodwill of \$2.8 million represents the excess of cost over the fair value of the net tangible and intangible assets acquired.

As the acquisition took place on December 31, 2012, no income or earnings of Terra were included in the consolidated statement of operations of the Company for the period ended December 31, 2012.

15. SEGMENT INFORMATION

The Company and its subsidiaries currently operate in two reportable segments: dredging and environmental & remediation. The Company's financial reporting systems present various data for management to run the business, including profit and loss statements prepared according to the segments presented. Management uses operating income to evaluate performance between the two segments. Segment information for 2013, 2012 and 2011, is provided as follows:

	2013	2012	2011
Dredging:			
Contract revenues	\$642,602	\$588,229	\$520,134
Operating income	54,683	32,947	53,793
Depreciation and amortization	44,118	37,279	37,176
Total assets	821,253	757,666	742,292
Property and equipment—net	330,689	323,082	298,140
Goodwill	76,575	76,575	76,575
Investment in joint ventures	8,256	7,047	6,923
Capital expenditures	57,902	64,598	22,860
Environmental & remediation:			
Contract revenues	94,840	201	—
Operating income (loss)	(3,282)	(314)	(314)
Depreciation and amortization	2,504	150	106
Total assets	31,392	68,802	46,168
Property and equipment—net	14,931	12,427	901
Goodwill	2,751	2,751	—
Capital expenditures	4,100	—	—

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	2013	2012	2011
Intersegment:			
Contract revenues	\$ (6,024)	\$ —	\$ —
Total:			
Contract revenues	731,418	588,430	520,134
Operating income	51,401	32,633	53,479
Depreciation and amortization	46,622	37,430	37,282
Total assets	852,645	826,468	788,460
Property and equipment—net	345,620	335,509	299,041
Goodwill	79,326	79,326	76,575
Investment in joint ventures	8,256	7,047	6,923
Capital expenditures	62,002	64,598	22,860

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

	2013	2012	2011
Capital dredging— U.S.	\$ 153,781	\$ 175,317	\$ 156,251
Capital dredging—foreign	138,436	112,242	77,232
Coastal protection dredging	228,868	126,873	135,164
Maintenance dredging	90,833	137,924	116,016
Rivers & lakes	30,684	35,873	35,471
Total dredging	<u>\$ 642,602</u>	<u>\$ 588,229</u>	<u>\$ 520,134</u>

The Company derived revenues and gross profit from foreign project operations for the years ended December 31, 2013, 2012, and 2011, as follows:

	2013	2012	2011
Contract revenues	\$ 138,436	\$ 112,242	\$ 77,232
Costs of contract revenues	(117,029)	(104,038)	(63,256)
Gross profit	<u>\$ 21,407</u>	<u>\$ 8,204</u>	<u>\$ 13,976</u>

In 2013, foreign revenues were primarily from projects in the Middle East as well as for the Wheatstone LNG project in Western Australia. In 2012, the majority of the Company's foreign revenue came from projects in the Middle East. The majority of the Company's long-lived assets are marine vessels and related equipment. At any point in time, the Company may employ certain assets outside of the U.S., as needed, to perform work on the Company's foreign projects. As of December 31, 2013 and 2012, long-lived assets with a net book value of \$104,099 and \$88,003, respectively, were located outside of the U.S.

The Company's primary customer is the U.S. Army Corps of Engineers (the "Corps"), which has responsibility for federally funded projects related to waterway navigation and flood control. In 2013, 2012 and 2011, 45.0%, 68.9% and 55.6%, respectively, of contract revenues were earned from contracts with federal government agencies, including the Corps, as well as other federal entities such as the U.S. Coast Guard and U.S. Navy. At December 31, 2013 and 2012, approximately 48.7% and 32.6%, respectively, of accounts receivable, including contract revenues in excess of billings and retainage, were due on contracts with federal government agencies. The Company depends on its ability to continue to obtain federal government contracts, and indirectly, on the amount of federal funding for new and current government dredging projects. Therefore, the Company's operations can be influenced by the level and timing of federal funding.

In 2013, the Company earned significant revenue from a large, single customer foreign contract. The contract is with another dredging company and is subject to terms that limit our ability to control the operations

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affecting the profitability of the Company's contract. The expected revenue and profit on this contract is subject to material changes based upon the actual time and costs incurred to perform the work and the realization of contract incentives which may be outside the Company's control. Changes in the estimated profitability of this contract may have a material effect on the Company's operating results, cash flows or financial condition until the project is completed, which is expected in 2015.

Prior to 2013, revenue from foreign projects was concentrated in Bahrain and primarily with the government of Bahrain which comprised of 14.2% and 9.1% of total revenue in 2012 and 2011, respectively. At December 31, 2013 and 2012, approximately 13.1% and 24.5%, respectively, of accounts receivable, including retainage and contract revenues in excess of billings, were due on contracts with the government of Bahrain. There is a dependence on future projects in the Bahrain region, as vessels are currently located there. However, certain of the vessels located in Bahrain can be moved back to the U.S. or all can be moved to other international markets as opportunities arise.

16. SUBSIDIARY GUARANTORS

The Company's long-term debt at December 31, 2013 includes \$250,000 of 7.375% senior notes due February 1, 2019. The Company's obligations under these senior unsecured notes are guaranteed by the Company's 100% owned domestic subsidiaries. Such guarantees are full, unconditional and joint and several.

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

- (i) balance sheets as of December 31, 2013 and 2012;
- (ii) statements of operations and comprehensive income (loss) for the years ended December 31, 2013, 2012 and 2011; and
- (iii) statements of cash flows for the years ended December 31, 2013, 2012 and 2011.

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

ASSETS	Subsidiary Guarantors	Non- Guarantor Subsidiaries	GLDD Corporation	Eliminations	Consolidated Totals
CURRENT ASSETS:					
Cash and cash equivalents	\$ 71,939	\$ 3,399	\$ —	\$ —	\$ 75,338
Accounts receivable—net	95,476	1,039	—	—	96,515
Receivables from affiliates	131,984	7,337	12,205	(151,526)	—
Contract revenues in excess of billings	63,591	3,841	—	—	67,432
Inventories	32,500	—	—	—	32,500
Prepaid expenses	3,913	—	298	—	4,211
Other current assets	19,636	137	20,180	—	39,953
Assets held for sale	41,763	11,877	—	(8,536)	45,104
Total current assets	460,802	27,630	32,683	(160,062)	361,053
PROPERTY AND EQUIPMENT—Net	345,612	8	—	—	345,620
GOODWILL	79,326	—	—	—	79,326
OTHER INTANGIBLE ASSETS—Net	1,976	—	—	—	1,976
INVENTORIES — Noncurrent	38,496	—	—	—	38,496
INVESTMENTS IN JOINT VENTURES	8,256	—	—	—	8,256
INVESTMENTS IN SUBSIDIARIES	1,212	—	638,955	(640,167)	—
ASSETS HELD FOR SALE—Noncurrent	8,796	60	—	—	8,856
OTHER	3,886	3	5,193	(20)	9,062
TOTAL	\$ 948,362	\$ 27,701	\$ 676,831	\$ (800,249)	\$ 852,645
LIABILITIES AND EQUITY					
CURRENT LIABILITIES:					
Accounts payable	\$ 115,235	\$ 754	\$ 132	\$ —	\$ 116,121
Payables to affiliates	96,270	24,862	30,394	(151,526)	—
Accrued expenses	28,086	15	10,430	—	38,531
Billings in excess of contract revenues	6,754	—	—	—	6,754
Current portion of long term debt	—	—	—	—	—
Liabilities held for sale	38,158	2,871	—	(8,536)	32,493
Total current liabilities	284,503	28,502	40,956	(160,062)	193,899
7 3/8% SENIOR NOTES	—	—	250,000	—	250,000
REVOLVING CREDIT FACILITY	—	—	35,000	—	35,000
DEFERRED INCOME TAXES	—	—	108,531	(20)	108,511
LIABILITIES HELD FOR SALE—Noncurrent	1,212	—	—	—	1,212
OTHER	21,679	—	243	—	21,922
Total liabilities	307,394	28,502	434,730	(160,082)	610,544
Total Great Lakes Dredge & Dock Corporation Equity	640,968	(801)	242,946	(640,167)	242,946
NONCONTROLLING INTERESTS	—	—	(845)	—	(845)
TOTAL EQUITY	640,968	(801)	242,101	(640,167)	242,101
TOTAL	\$ 948,362	\$ 27,701	\$ 676,831	\$ (800,249)	\$ 852,645

GREAT LAKES DREDGE & DOCK CORPORATION AND SUBSIDIARIES
CONDENSED CONSOLIDATING BALANCE SHEET
AS OF DECEMBER 31, 2012
(In thousands)

ASSETS	<u>Subsidiary Guarantors</u>	<u>Non- Guarantor Subsidiaries</u>	<u>GLDD Corporation</u>	<u>Eliminations</u>	<u>Consolidated Totals</u>
CURRENT ASSETS:					
Cash and cash equivalents	\$ 24,272	\$ 168	\$ —	\$ —	\$ 24,440
Accounts receivable—net	124,215	—	—	—	124,215
Receivables from affiliates	102,971	3,882	38,115	(144,968)	—
Contract revenues in excess of billings	50,294	—	—	—	50,294
Inventories	28,460	—	—	—	28,460
Prepaid expenses	3,883	—	102	—	3,985
Other current assets	13,465	22	13,648	—	27,135
Assets held for sale	53,694	5,344	—	(3,803)	55,235
Total current assets	401,254	9,416	51,865	(148,771)	313,764
PROPERTY AND EQUIPMENT—Net	335,500	9	—	—	335,509
GOODWILL	79,326	—	—	—	79,326
OTHER INTANGIBLE ASSETS—Net	3,067	—	—	—	3,067
INVENTORIES—Noncurrent	37,392	—	—	—	37,392
INVESTMENTS IN JOINT VENTURES	7,047	—	—	—	7,047
INVESTMENTS IN SUBSIDIARIES	2,127	—	618,954	(621,081)	—
ASSETS HELD FOR SALE—Noncurrent	32,294	367	—	—	32,661
OTHER	11,356	3	6,343	—	17,702
TOTAL	<u>\$ 909,363</u>	<u>\$ 9,795</u>	<u>\$ 677,162</u>	<u>\$ (769,852)</u>	<u>\$ 826,468</u>
LIABILITIES AND EQUITY					
CURRENT LIABILITIES:					
Accounts payable	\$ 105,622	\$ —	\$ 1	\$ —	\$ 105,623
Payables to affiliates	101,475	4,845	38,648	(144,968)	—
Accrued expenses	27,157	18	8,396	—	35,571
Billings in excess of contract revenues	9,654	—	—	—	9,654
Current portion of long term debt	13,047	—	—	—	13,047
Liabilities held for sale	24,262	1,670	—	(3,803)	22,129
Total current liabilities	281,217	6,533	47,045	(148,771)	186,024
7 3/8% SENIOR NOTES	—	—	250,000	—	250,000
REVOLVING CREDIT FACILITY	—	—	—	—	—
DEFERRED INCOME TAXES	(16)	—	106,144	—	106,128
LIABILITIES HELD FOR SALE—Noncurrent	1,540	—	—	—	1,540
OTHER	8,803	—	548	—	9,351
Total liabilities	291,544	6,533	403,737	(148,771)	553,043
Total Great Lakes Dredge & Dock Corporation Equity	617,819	3,262	273,635	(621,081)	273,635
NONCONTROLLING INTERESTS	—	—	(210)	—	(210)
TOTAL EQUITY	<u>617,819</u>	<u>3,262</u>	<u>273,425</u>	<u>(621,081)</u>	<u>273,425</u>
TOTAL	<u>\$ 909,363</u>	<u>\$ 9,795</u>	<u>\$ 677,162</u>	<u>\$ (769,852)</u>	<u>\$ 826,468</u>

GREAT LAKES DREDGE & DOCK CORPORATION AND SUBSIDIARIES
CONDENSED CONSOLIDATING STATEMENT OF OPERATIONS AND COMPREHENSIVE INCOME (LOSS)
FOR THE YEAR ENDED DECEMBER 31, 2013

(In thousands)

	<u>Subsidiary Guarantors</u>	<u>Non- Guarantor Subsidiaries</u>	<u>GLDD Corporation</u>	<u>Eliminations</u>	<u>Consolidated Totals</u>
Contract revenues	\$ 718,041	\$ 24,932	\$ —	\$ (11,555)	\$ 731,418
Costs of contract revenues	(614,908)	(27,770)	—	11,555	(631,123)
Gross profit	103,133	(2,838)	—	—	100,295
OPERATING EXPENSES:					
General and administrative expenses	68,029	10	—	—	68,039
Proceeds from loss of use claim	(13,372)	—	—	—	(13,372)
Gain on sale of assets—net	(5,775)	—	2	—	(5,773)
Operating income (loss)	54,251	(2,848)	(2)	—	51,401
Interest expense—net	(136)	(256)	(21,549)	—	(21,941)
Equity in earnings (loss) of subsidiaries	212	—	59,477	(59,689)	—
Equity in earnings of joint ventures	1,208	—	—	—	1,208
Loss on foreign currency transactions—net	(3)	(348)	—	—	(351)
Income (loss) from continuing operations before income taxes	55,532	(3,452)	37,926	(59,689)	30,317
Income tax (provision) benefit	293	4	(10,757)	—	(10,460)
Income (loss) from continuing operations	55,825	(3,448)	27,169	(59,689)	19,857
Loss from discontinued operations, net of income taxes	(55,106)	(1,448)	(62,162)	63,866	(54,850)
Net income (loss)	719	(4,896)	(34,993)	4,177	(34,993)
Net loss attributable to noncontrolling interests	—	—	632	—	632
Net income (loss) attributable to Great Lakes Dredge & Dock Corporation	<u>\$ 719</u>	<u>\$ (4,896)</u>	<u>\$ (34,361)</u>	<u>\$ 4,177</u>	<u>\$ (34,361)</u>
Comprehensive income (loss) attributable to Great Lakes Dredge & Dock Corporation	<u>\$ 1,023</u>	<u>\$ (5,293)</u>	<u>\$ (34,454)</u>	<u>\$ 4,270</u>	<u>\$ (34,454)</u>

GREAT LAKES DREDGE & DOCK CORPORATION AND SUBSIDIARIES
CONDENSED CONSOLIDATING STATEMENT OF OPERATIONS AND COMPREHENSIVE INCOME (LOSS)
FOR THE YEAR ENDED DECEMBER 31, 2012
(In thousands)

	<u>Subsidiary Guarantors</u>	<u>Non- Guarantor Subsidiaries</u>	<u>GLDD Corporation</u>	<u>Eliminations</u>	<u>Consolidated Totals</u>
Contract revenues	\$ 588,430	\$ —	\$ —	\$ —	\$ 588,430
Costs of contract revenues	(509,620)	(652)	—	—	(510,272)
Gross profit	78,810	(652)	—	—	78,158
OPERATING EXPENSES:					
General and administrative expenses	42,547	31	3,145	—	45,723
(Gain) loss on sale of assets—net	(293)	—	95	—	(198)
Operating income (loss)	36,556	(683)	(3,240)	—	32,633
Interest expense—net	(580)	(133)	(20,212)	—	(20,925)
Equity in earnings (loss) of subsidiaries	(1)	—	36,888	(36,887)	—
Equity in earnings of joint ventures	124	—	—	—	124
Loss on foreign currency transactions—net	(118)	—	—	—	(118)
Income (loss) from continuing operations before income taxes	35,981	(816)	13,436	(36,887)	11,714
Income tax (provision) benefit	(6)	—	(5,413)	—	(5,419)
Income (loss) from continuing operations	35,975	(816)	8,023	(36,887)	6,295
Loss from discontinued operations, net of income taxes	(9,798)	(1,707)	(11,363)	13,233	(9,635)
Net income (loss)	26,177	(2,523)	(3,340)	(23,654)	(3,340)
Net loss attributable to noncontrolling interests	—	—	645	—	645
Net income (loss) attributable to Great Lakes Dredge & Dock Corporation	<u>\$ 26,177</u>	<u>\$ (2,523)</u>	<u>\$ (2,695)</u>	<u>\$ (23,654)</u>	<u>\$ (2,695)</u>
Comprehensive income (loss) attributable to Great Lakes Dredge & Dock Corporation	<u>\$ 25,800</u>	<u>\$ (2,529)</u>	<u>\$ (3,078)</u>	<u>\$ (23,271)</u>	<u>\$ (3,078)</u>

GREAT LAKES DREDGE & DOCK CORPORATION AND SUBSIDIARIES
CONDENSED CONSOLIDATING STATEMENT OF OPERATIONS AND COMPREHENSIVE INCOME (LOSS)
FOR THE YEAR ENDED DECEMBER 31, 2011
(In thousands)

	<u>Subsidiary Guarantors</u>	<u>Non- Guarantor Subsidiaries</u>	<u>GLDD Corporation</u>	<u>Eliminations</u>	<u>Consolidated Totals</u>
Contract revenues	\$ 518,200	\$ 4,513	\$ —	\$ (2,579)	\$ 520,134
Costs of contract revenues	(433,641)	(6,437)	—	2,579	(437,499)
Gross profit	84,559	(1,924)	—	—	82,635
OPERATING EXPENSES:					
General and administrative expenses	37,479	58	3,355	—	40,892
Gain on sale of assets—net	(11,747)	—	11	—	(11,736)
Operating income (loss)	58,827	(1,982)	(3,366)	—	53,479
Interest expense—net	(489)	(156)	(20,728)	—	(21,373)
Equity in earnings (loss) of subsidiaries	(10)	—	56,518	(56,508)	—
Equity in earnings of joint ventures	(406)	—	—	—	(406)
Loss on foreign currency transactions—net	(264)	(18)	—	—	(282)
Loss on extinguishment of debt	—	—	(5,145)	—	(5,145)
Income (loss) from continuing operations before income taxes	57,658	(2,156)	27,279	(56,508)	26,273
Income tax (provision) benefit	5	5	(9,954)	—	(9,944)
Income (loss) from continuing operations	57,663	(2,151)	17,325	(56,508)	16,329
Income (loss) from discontinued operations, net of income taxes	679	2,328	(74)	(2,011)	922
Net income (loss)	58,342	177	17,251	(58,519)	17,251
Net income attributable to noncontrolling interests	—	—	(723)	—	(723)
Net income (loss) attributable to Great Lakes Dredge & Dock Corporation	<u>\$ 58,342</u>	<u>\$ 177</u>	<u>\$ 16,528</u>	<u>\$ (58,519)</u>	<u>\$ 16,528</u>
Comprehensive income attributable to Great Lakes Dredge & Dock Corporation	<u>\$ 58,255</u>	<u>\$ (90)</u>	<u>\$ 16,174</u>	<u>\$ (58,165)</u>	<u>\$ 16,174</u>

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

(In thousands)

	<u>Subsidiary Guarantors</u>	<u>Non- Guarantor Subsidiaries</u>	<u>GLDD Corporation</u>	<u>Eliminations</u>	<u>Consolidated Totals</u>
OPERATING ACTIVITIES:					
Net cash flows provided by (used in) operating activities of continuing operations	\$ 126,736	\$ (7,748)	\$ (32,641)	\$ —	\$ 86,347
Net cash flows used in operating activities of discontinued operations	(5,049)	(6,475)	—	—	(11,524)
Cash provided by (used in) operating activities	121,687	(14,223)	(32,641)	—	74,823
INVESTING ACTIVITIES:					
Purchases of property and equipment	(66,654)	—	—	—	(66,654)
Proceeds from dispositions of property and equipment	6,953	—	—	—	6,953
Proceeds from vendor performance obligations	13,600	—	—	—	13,600
Net change in accounts with affiliates	(37,282)	(302)	—	37,584	—
Net cash flows used in investing activities of continuing operations	(83,383)	(302)	—	37,584	(46,101)
Net cash flows used in investing activities of discontinued operations	(153)	—	—	—	(153)
Cash provided by (used in) investing activities	(83,536)	(302)	—	37,584	(46,254)
FINANCING ACTIVITIES:					
Repayment of long term note payable	(2,500)	—	(10,547)	—	(13,047)
Distributions paid to minority interests	—	—	(3)	—	(3)
Taxes paid on settlement of vested share awards	—	—	(308)	—	(308)
Net change in accounts with affiliates	—	10,342	8,603	(18,945)	—
Capital contributions	—	926	(926)	—	—
Exercise of stock options and purchases from employee stock plans	—	—	668	—	668
Excess income tax benefit from share-based compensation	—	—	154	—	154
Borrowings under revolving loans	—	—	227,000	—	227,000
Repayments of revolving loans	—	—	(192,000)	—	(192,000)
Net cash flows provided by (used in) financing activities of continuing operations	(2,500)	11,268	32,641	(18,945)	22,464
Net cash flows provided by financing activities of discontinued operations	12,016	6,623	—	(18,639)	—
Cash provided by financing activities	9,516	17,891	32,641	(37,584)	22,464
Effect of foreign currency exchange rates on cash and cash equivalents	—	(135)	—	—	(135)
Net increase in cash and cash equivalents	47,667	3,231	—	—	50,898
Cash and cash equivalents at beginning of period	24,272	168	—	—	24,440
Cash and cash equivalents at end of period	<u>\$ 71,939</u>	<u>\$ 3,399</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 75,338</u>

GREAT LAKES DREDGE & DOCK CORPORATION AND SUBSIDIARIES
CONDENSED CONSOLIDATING STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2012

(In thousands)

	<u>Subsidiary Guarantors</u>	<u>Non- Guarantor Subsidiaries</u>	<u>GLDD Corporation</u>	<u>Eliminations</u>	<u>Consolidated Totals</u>
OPERATING ACTIVITIES:					
Net cash flows provided by (used in) operating activities of continuing operations	\$ 48,544	\$ (831)	\$ (27,977)	\$ —	\$ 19,736
Net cash flows used in operating activities of discontinued operations	(20,636)	(960)	—	—	(21,596)
Cash provided by (used in) operating activities	27,908	(1,791)	(27,977)	—	(1,860)
INVESTING ACTIVITIES:					
Purchases of property and equipment	(60,516)	—	—	—	(60,516)
Proceeds from dispositions of property and equipment	597	—	—	—	597
Acquisition of Terra assets	(2,000)	—	—	—	(2,000)
Net cash flows used in investing activities of continuing operations	(61,919)	—	—	—	(61,919)
Net cash flows used in investing activities of discontinued operations	(1,524)	—	—	—	(1,524)
Cash used in investing activities	(63,443)	—	—	—	(63,443)
FINANCING ACTIVITIES:					
Deferred financing fees	—	—	(2,039)	—	(2,039)
Repayment of long term note payable	(2,500)	—	—	—	(2,500)
Distributions paid to minority interests	—	—	(133)	—	(133)
Dividends paid	—	—	(18,560)	—	(18,560)
Dividend equivalents paid on restricted stock units	—	—	(196)	—	(196)
Taxes paid on vested share awards	—	—	(231)	—	(231)
Net change in accounts with affiliates	(46,135)	(2,351)	48,486	—	—
Exercise of stock options	—	—	461	—	461
Excess income tax benefit from share-based compensation	—	—	189	—	189
Net cash flows provided by (used in) financing activities of continuing operations	(48,635)	(2,351)	27,977	—	(23,009)
Net cash flows provided by (used in) financing activities of discontinued operations	(543)	—	—	—	(543)
Cash provided by (used in) financing activities	(49,178)	(2,351)	27,977	—	(23,552)
Effect of foreign currency exchange rates on cash and cash equivalents	—	7	—	—	7
Net decrease in cash and cash equivalents	(84,713)	(4,135)	—	—	(88,848)
Cash and cash equivalents at beginning of period	108,985	4,303	—	—	113,288
Cash and cash equivalents at end of period	<u>\$ 24,272</u>	<u>\$ 168</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 24,440</u>

GREAT LAKES DREDGE & DOCK CORPORATION AND SUBSIDIARIES
CONDENSED CONSOLIDATING STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2011
(In thousands)

	<u>Subsidiary Guarantors</u>	<u>Non- Guarantor Subsidiaries</u>	<u>GLDD Corporation</u>	<u>Eliminations</u>	<u>Consolidated Totals</u>
OPERATING ACTIVITIES:					
Net cash flows provided by (used in) operating activities of continuing operations	\$ 63,432	\$ (2,185)	\$ (36,433)	\$ —	\$ 24,814
Net cash flows provided by (used in) operating activities of discontinued operations	(958)	707	—	—	(251)
Cash provided by (used in) operating activities	62,474	(1,478)	(36,433)	—	24,563
INVESTING ACTIVITIES:					
Purchases of property and equipment	(28,707)	—	—	—	(28,707)
Proceeds from dispositions of property and equipment	16,679	—	—	—	16,679
Net cash flows used in investing activities of continuing operations	(12,028)	—	—	—	(12,028)
Net cash flows used in investing activities of discontinued operations	(4,688)	—	—	—	(4,688)
Cash used in investing activities	(16,716)	—	—	—	(16,716)
FINANCING ACTIVITIES:					
Proceeds from issuance of 7 3/8% senior notes	—	—	250,000	—	250,000
Redemption of 7 3/4% senior subordinated notes	—	—	(175,000)	—	(175,000)
Senior subordinated notes redemption premium	—	—	(2,264)	—	(2,264)
Deferred financing fees	—	—	(5,962)	—	(5,962)
Repayment of long term note payable	(2,500)	—	—	—	(2,500)
Dividends paid	—	—	(4,711)	—	(4,711)
Dividend equivalents paid on restricted stock units	—	—	(36)	—	(36)
Taxes paid on vested share awards	—	—	(291)	—	(291)
Net change in accounts with affiliates	19,222	6,163	(25,385)	—	—
Capital contributions	—	—	—	—	—
Repayments of equipment debt	(9)	—	—	—	(9)
Exercise of stock options	—	—	27	—	27
Borrowings under revolving loans	—	—	55	—	55
Net cash flows provided by financing activities of continuing operations	16,713	6,163	36,433	—	59,309
Net cash flows used in financing activities of discontinued operations	(1,902)	—	—	—	(1,902)
Cash provided by financing activities	14,811	6,163	36,433	—	57,407
Effect of foreign currency exchange rates on cash and cash equivalents	—	(444)	—	—	(444)
Net increase in cash and cash equivalents	60,569	4,241	—	—	64,810
Cash and cash equivalents at beginning of period	48,416	62	—	—	48,478
Cash and cash equivalents at end of period	<u>\$ 108,985</u>	<u>\$ 4,303</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 113,288</u>

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Great Lakes Dredge & Dock Corporation
Schedule II—Valuation and Qualifying Accounts
For the Years Ended December 31, 2013, 2012 and 2011
(In thousands)

Description	Beginning Balance	Additions		Deductions	Ending balance
		Charged to costs and expenses	Charged to other accounts		
Year ended December 31, 2011					
Allowances deducted from assets to which they apply:					
Allowances for doubtful accounts	<u>\$ 855</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 855</u>
Year ended December 31, 2012					
Allowances deducted from assets to which they apply:					
Allowances for doubtful accounts	<u>\$ 855</u>	<u>\$ 946</u>	<u>\$ —</u>	<u>\$ (750)</u>	<u>\$1,051</u>
Year ended December 31, 2013					
Allowances deducted from assets to which they apply:					
Allowances for doubtful accounts	<u>\$ 1,051</u>	<u>\$ 478</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$1,529</u>

I. EXHIBIT INDEX

<u>Number</u>	<u>Document Description</u>
2.1	Amended and Restated Agreement and Plan of Merger dated as of December 22, 2003, among Great Lakes Dredge & Dock Corporation, GLDD Acquisitions Corp., GLDD Merger Sub, Inc. and Vectura Holding Company LLC. (1)
2.2	Agreement and Plan of Merger by and among GLDD Acquisitions Corp., Aldabra Acquisition Corporation, and certain shareholders of Aldabra Acquisition Corporation and GLDD Acquisitions Corp., dated as of June 20, 2006. (2)
2.3	Agreement and Plan of Merger, dated as of August 21, 2006, among Great Lakes Dredge & Dock Holdings Corp., Aldabra Acquisition Corporation, and GLH Merger Sub, L.L.C. (3)
3.1	Amended and Restated Certificate of Incorporation of Great Lakes Dredge & Dock Holdings Corp., effective December 26, 2006 (now renamed Great Lakes Dredge & Dock Corporation). (4)
3.2	Third Amended and Restated Bylaws of Great Lakes Dredge & Dock Corporation, effective as of March 8, 2011. (5)
3.3	Certificate of Ownership and Merger of Great Lakes Dredge & Dock Corporation with and into Great Lakes Dredge & Dock Holdings Corp. (6)
4.1	Indenture, dated January 28, 2011, by and among the Company, certain subsidiary guarantors named therein and Wells Fargo Bank, National Association, as trustee. (7)
4.2	Supplemental Indenture, dated May 6, 2011, among NASDI, LLC, a Delaware limited liability company, a subsidiary of Great Lakes Dredge & Dock Corporation, as issuer, the Company, the existing Guarantors, and Wells Fargo Bank, National Association, as trustee (33)
4.3	Supplemental Indenture, dated January 15, 2013, among Terra Contracting Services, LLC, a Delaware limited liability company, a subsidiary of Great Lakes Dredge & Dock Corporation, as issuer, the Company, the existing Guarantors, and Wells Fargo Bank, National Association, as trustee (34)
4.4	Form of 7.375% Senior Note due 2019 (filed as <u>Exhibit A</u> to the Indenture, dated January 28, 2011, by and among the Company, certain subsidiary guarantors named therein and Wells Fargo Bank, National Association, as trustee). (7)
4.5	Specimen Common Stock Certificate for Great Lakes Dredge & Dock Corporation. (11)
10.1	Third Amended and Restated Underwriting and Continuing Indemnity Agreement, dated as of December 22, 2003, among Great Lakes Dredge & Dock Corporation, certain of its subsidiaries, Travelers Casualty and Surety Company and Travelers Casualty and Surety Company of America. (9)
10.2	First Amendment to Third Amended and Restated Underwriting and Continuing Indemnity Agreement, dated as of September 30, 2004, by and among Great Lakes Dredge & Dock Corporation, certain of its subsidiaries, Travelers Casualty and Surety Company and Travelers Casualty and Surety Company of America. (10)
10.3	Second Amendment to Third Amended and Restated Underwriting and Continuing Indemnity Agreement, dated as of November 14, 2005, by and among the Great Lakes Dredge & Dock Corporation, the subsidiaries of Great Lakes Dredge & Dock Company, Travelers Casualty and Surety Company, United Pacific Insurance Company, Reliance National Insurance Company, Reliance Surety Company and Travelers Casualty and Surety Company of America. (13)

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<u>Number</u>	<u>Document Description</u>
10.4	Third Amendment to Third Amended and Restated Underwriting and Continuing Indemnity Agreement dated as of September 28, 2006, by and among Great Lakes Dredge & Dock Corporation, certain of its subsidiaries, Travelers Casualty and Surety Company and Travelers Casualty and Surety Company of America. (14)
10.5	Fourth Amendment to Third Amended and Restated Underwriting and Continuing Indemnity Agreement dated as of June 12, 2007, by and among Great Lakes Dredge & Dock Corporation, certain of its subsidiaries, Travelers Casualty and Surety Company of America. (18)
10.6	Fifth Amendment to Third Amended and Restated Underwriting and Continuing Indemnity Agreement dated as of April 27, 2009, by and among Great Lakes Dredge & Dock Corporation, certain of its subsidiaries, Travelers Casualty and Surety Company of America. (15)
10.7	Sixth Amendment to Third Amended and Restated Underwriting and Continuing Indemnity Agreement, dated January 24, 2011, by and among the Company, the subsidiaries of the Company party thereto, Travelers Casualty and Surety Company and Travelers Casualty and Surety Company of America. (7)
10.8	Seventh Amendment to Third Amended and Restated Underwriting and Continuing Indemnity Agreement, dated as of November 11, 2011, by and among Great Lakes Dredge & Dock Corporation, certain of its subsidiaries, Travelers Casualty and Surety Company and Travelers Casualty and Surety Company of America. (26)
10.9	International Letter of Credit Agreement, dated September 29, 2006, by and among Great Lakes Dredge & Dock Corporation and Wells Fargo Bank, National Association, as successor by merger to Wells Fargo HSBC Trade Bank, as amended (the “International Letter of Credit Facility”). (23)
10.10	First Amendment to International Letter of Credit Agreement, dated July 16, 2007, by and among Great Lakes Dredge & Dock Corporation and Wells Fargo Bank, National Association, as successor by merger to Wells Fargo HSBC Trade Bank, as amended (the “International Letter of Credit Facility”). (16)
10.11	Second Amendment to International Letter of Credit Agreement dated September 29, 2009, by and among Great Lakes Dredge & Dock Corporation, Great Lakes Dredge & Dock Company, LLC and Wells Fargo Bank, National Association, as successor by merger to Wells Fargo HSBC Trade Bank, as amended (the “International Letter of Credit Facility”). (17)
10.12	Third Amendment to International Letter of Credit Agreement dated June 12, 2012, by and among Great Lakes Dredge & Dock Corporation, Great Lakes Dredge & Dock Company, LLC and Wells Fargo Bank, National Association, as successor by merger to Wells Fargo HSBC Trade Bank, as amended (the “International Letter of Credit Facility”). (34)
10.13	Waiver to International Letter of Credit Agreement, dated as of March 15, 2013, to the International Letter of Credit Agreement, by and among Great Lakes Dredge & Dock Corporation, Great Lakes Dredge & Dock Company, LLC and Wells Fargo Bank, National Association. (31)
10.14	Reaffirmation, Ratification and Assumption Agreement dated December 26, 2006, by and between Great Lakes Dredge & Dock Corporation (formerly named Great Lakes Dredge & Dock Holdings Corp.) and Wells Fargo Bank, National Association, as successor by merger to Wells Fargo HSBC Trade Bank, as amended (the “International Letter of Credit Facility”). (6)
10.15	Amended and Restated Management Equity Agreement dated December 26, 2006 by and among Aldabra Acquisition Corporation, Great Lakes Dredge & Dock Holdings Corp. and each of the other persons identified on the signature pages thereto. †(6)
10.16	Employment Agreement between the Company and Jonathan W. Berger. †(12)
10.17	Employment Agreement between the Company and Bruce J. Biemeck. †(12)

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Number	Document Description
10.18	Employment Agreement dated as of April 9, 2012 between Great Lakes Dredge & Dock Corporation and David E. Simonelli. †(27)
10.19	Employment Agreement dated as of April 26, 2012 between Great Lakes Dredge & Dock Corporation and Kyle D. Johnson. †(28)
10.20	Offer letter, dated as of August 9, 2012 to William S. Steckel. †(34)
10.21	Second Amended and Restated Great Lakes Dredge & Dock Company, LLC Annual Bonus Plan effective as of January 1, 2012. †(25)
10.22	401(k) Savings Plan. †(19)
10.23	401(k) Lost Benefit Plan. †(11)
10.24	Amended and Restated Great Lakes Dredge & Dock Corporation Supplemental Savings Plan effective January 1, 2014. *†
10.25	Lease Agreement between North American Site Developers, Inc. and MJC Berry Enterprises, LLC, dated as of December 31, 2006. (20)
10.26	Form of Investor Rights Agreement among Aldabra Acquisition Corporation, Great Lakes Dredge & Dock Holdings Corp., Madison Dearborn Capital Partners IV, L.P., certain stockholders of Aldabra Acquisition Corporation and certain stockholders of GLDD Acquisitions Corp. (3)
10.27	Limited Liability Company Agreement, dated April 30, 2008, by and among NASDI Holdings Corporation, Christopher A. Berardi and NASDI, LLC. (21)
10.28	Great Lakes Dredge & Dock Corporation 2007 Long-Term Incentive Plan. †(35)
10.29	Form of Great Lakes Dredge & Dock Corporation Non-Qualified Stock Option Agreement pursuant to the Great Lakes Dredge & Dock Corporation 2007 Long-Term Incentive Plan. †(22)
10.30	Form of Great Lakes Dredge & Dock Corporation Restricted Stock Unit Award Agreement pursuant to the Great Lakes Dredge & Dock Corporation 2007 Long-Term Incentive Plan. †(22)
10.31	Form of Great Lakes Dredge & Dock Corporation Performance Vesting RSU Award Agreement pursuant to the Great Lakes Dredge & Dock Corporation 2007 Long-Term Incentive Plan. †(22)
10.32	Asset Purchase Agreement dated as of December 31, 2010 among Great Lakes Dredge & Dock Corporation, L.W. Matteson, Inc., Lawrence W. Matteson and Larry W. Matteson. (8)
10.33	Registration Rights Agreement, dated January 28, 2011, by and among the Company, certain subsidiary guarantors named therein and the initial purchasers named therein. (7)
10.34	Credit Agreement dated as of June 4, 2012 by and among Great Lakes Dredge & Dock Corporation, as Borrower, the other Credit Parties party thereto, the financial institutions from time to time party thereto as lenders, Wells Fargo Bank, National Association, as Administrative Agent, Swingline Lender and an Issuing Lender, Bank of America N.A., as Syndication Agent and PNC Bank, National Association, BMO Harris Bank N.A. and Fifth Third Bank, as Co-Documentation Agents. (29)
10.35	First Amendment to Credit Agreement dated as of December 11, 2012 by and among Great Lakes Dredge & Dock Corporation, as Borrower, the other Credit Parties party thereto, the financial institutions from time to time party thereto as lenders, Wells Fargo Bank, National Association, as Administrative Agent, Swingline Lender and an Issuing Lender, Bank of America N.A., as Syndication Agent and PNC Bank, National Association, BMO Harris Bank N.A. and Fifth Third Bank, as Co-Documentation Agents. (30)

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<u>Number</u>	<u>Document Description</u>
10.36	Waiver and Amendment No. 2 to Credit Agreement, dated as of March 15, 2013, by and among Great Lakes Dredge & Dock Corporation, the other Credit Parties party thereto, Wells Fargo Bank, National Association, as Administrative Agent, Swingline Lender and an Issuing Lender, and the other lenders party thereto. (31)
10.37	Amendment No. 3 to Credit Agreement, dated as of July 3, 2013, by and among Great Lakes Dredge & Dock Corporation, the other Credit Parties party thereto, Wells Fargo Bank, National Association, as Administrative Agent, Swingline Lender and an Issuing Lender, and the other lenders party thereto. (32)
10.38	Lender-Surety Priority Agreement, dated as of June 4, 2012, by and between Wells Fargo Bank, National Association and Zurich American Insurance Company and its subsidiaries and affiliates. (34)
10.39	Agreement of Indemnity, dated as of September 7, 2011, by and among Great Lakes Dredge & Dock Corporation, Great Lakes Dredge & Dock Company, LLC, Lydon Dredging and Construction Company, Ltd., Fifty-Three Dredging Corporation, Dawson Marine Services Company, Great Lakes Dredge & Dock Environmental, Inc. f/k/a Great Lakes Caribbean Dredging, Inc., NASDI, LLC, NASDI Holdings Corporation, Yankee Environmental Services, LLC, Great Lakes Dredge & Dock (Bahamas) Ltd. and Zurich American Insurance Company and its subsidiaries and affiliates. (34)
10.40	Vessel Construction Agreement, dated January 10, 2014, by and between Eastern Shipbuilding Group, Inc. and Great Lakes Dredge & Dock Company, LLC. *#
12.1	Ratio of Earnings to Fixed Charges.*
14.1	Code of Business Conduct and Ethics. (24)
21.1	Subsidiaries of Great Lakes Dredge & Dock Corporation. *
23.1	Consent of Deloitte & Touche LLP. *
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 January 6, 2004 (Commission file no. 333-64687).

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- (2) Incorporated by reference to Great Lakes Dredge & Dock Corporation's Current Report on Form 8-K filed with the Commission on June 22, 2006 (Commission file no. 333-64687).
- (3) Incorporated by reference to Great Lakes Dredge & Dock Holding Corp.'s Registration Statement on Form S-4 filed with the Commission on August 24, 2006 (Commission file no. 333-136861-01).
- (4) Incorporated by reference to Great Lakes Dredge & Dock Corporation's Registration Statement on Form 8-A filed with the Commission on December 26, 2006 (Commission file no. 001-33225).
- (5) Incorporated by reference to Great Lakes Dredge & Dock Corporation's Current Report on Form 8-K filed with the Commission on March 14, 2011 (Commission file no. 001-33225).
- (6) Incorporated by reference to Great Lakes Dredge & Dock Corporation's Current Report on Form 8-K filed with the Commission on December 29, 2006 (Commission file no. 001-33225).
- (7) Incorporated by reference to Great Lakes Dredge & Dock Corporation's Current Report on Form 8-K filed with the Commission on January 28, 2011 (Commission file no. 001-33225).
- (8) Incorporated by reference to Great Lakes Dredge & Dock Corporation's Current Report on Form 8-K filed with the Commission on January 3, 2011 (Commission file no. 001-33225).
- (9) Incorporated by reference to Great Lakes Dredge & Dock Corporation's Current Report on Form 8-K/A filed with the Commission on August 17, 2010 (Commission file no. 001-33225).
- (10) Incorporated by reference to Great Lakes Dredge & Dock Corporation's Current Report on Form 8-K/A filed with the Commission on August 17, 2010 (Commission file no. 001-33225).
- (11) Incorporated by reference to Great Lakes Dredge & Dock Corporation's Annual Report on Form 10-K filed with the Commission on March 22, 2007 (Commission file no. 001-33225).
- (12) Incorporated by reference to Great Lakes Dredge & Dock Corporation's Current Report on Form 8-K filed with the Commission on September 8, 2010 (Commission file no. 001-33225).
- (13) Incorporated by reference to Great Lakes Dredge & Dock Corporation's Current Report on Form 8-K filed with the Commission on November 17, 2005 (Commission file no. 333-64687).
- (14) Incorporated by reference to Great Lakes Dredge & Dock Corporation's Current Report on Form 8-K filed with the Commission on October 4, 2006 (Commission file no. 333-64687).
- (15) Incorporated by reference to Great Lakes Dredge & Dock Corporation's Current Report on Form 8-K filed with the Commission on April 29, 2009 (Commission file no. 001-33225).
- (16) Incorporated by reference to Great Lakes Dredge & Dock Corporation's Current Report on Form 8-K/A filed with the Commission on August 17, 2010 (Commission file no. 001-33225).
- (17) Incorporated by reference to Great Lakes Dredge & Dock Corporation's Current Report on Form 8-K filed with the Commission on October 5, 2009 (Commission file no. 001-33225).
- (18) Incorporated by reference to Great Lakes Dredge & Dock Corporation's Current Report on Form 8-K/A filed with the Commission on August 17, 2010 (Commission file no. 001-33225).
- (19) Incorporated by reference to Great Lakes Dredge & Dock Corporation's Annual Report on Form 10-K filed with the Commission on March 30, 2005 (Commission file no. 333-64687).
- (20) Incorporated by reference to Great Lakes Dredge & Dock Corporation's Current Report on Form 8-K filed with the Commission on February 20, 2007 (Commission file no. 001-33225).
- (21) Incorporated by reference to Great Lakes Dredge & Dock Corporation's Current Report on Form 8-K filed with the Commission on May 6, 2008 (Commission file no. 001-33225).
- (22) Incorporated by reference to Great Lakes Dredge & Dock Corporation's Current Report on Form 8-K filed with the Commission on July 1, 2011 (Commission file no. 001-33225).
- (23) Incorporated by reference to Great Lakes Dredge & Dock Corporation's Current Report on Form 8-K/A filed with the Commission on August 17, 2010 (Commission file no. 001-33225).
- (24) Incorporated by reference to Great Lakes Dredge & Dock Corporation's Current Report on Form 8-K filed with the Commission on May 11, 2010 (Commission file no. 001-33225).
- (25) Incorporated by reference to Great Lakes Dredge & Dock Corporation's Current Report on Form 8-K filed with the Commission on January 17, 2012 (Commission file no. 001-33225).
- (26) Incorporated by reference to Great Lakes Dredge & Dock Corporation's Current Report on Form 8-K filed with the Commission on November 16, 2011 (Commission file no. 001-33225).
- (27) Incorporated by reference to Great Lakes Dredge & Dock Corporation's Current Report on Form 8-K filed with the Commission on April 13, 2012 (Commission file no. 001-33225).

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- (28) Incorporated by reference to Great Lakes Dredge & Dock Corporation's Current Report on Form 8-K filed with the Commission on May 2, 2012 (Commission file no. 001-33225).
 - (29) Incorporated by reference to Great Lakes Dredge & Dock Corporation's Current Report on Form 8-K filed with the Commission on June 7, 2012 (Commission file no. 001-33225).
 - (30) Incorporated by reference to Great Lakes Dredge & Dock Corporation's Current Report on Form 8-K filed with the Commission on December 14, 2012 (Commission file no. 001-33225).
 - (31) Incorporated by reference to Great Lakes Dredge & Dock Corporation's Current Report on Form 8-K filed with the Commission on March 19, 2013 (Commission file no. 001-33225).
 - (32) Incorporated by reference to Great Lakes Dredge & Dock Corporation's Current Report on Form 8-K filed with the Commission on July 10, 2013 (Commission file no. 001-33225).
 - (33) Incorporated by reference to Great Lakes Dredge & Dock Corporation's Current Report on Form 8-K filed with the Commission on May 9, 2011 (Commission file no. 001-33225).
 - (34) Incorporated by reference to Great Lakes Dredge & Dock Corporation's Annual Report on Form 10-K filed with the Commission on March 29, 2013 (Commission file no. 001-33225).
 - (35) Incorporated by reference to Great Lakes Dredge & Dock Corporation's Definitive Proxy Statement on Schedule 14A, filed with the Commission on April 4, 2012 (Commission file no. 001-33225).
- * Filed herewith
- # Portions of this exhibit have been omitted pending a determination by the Securities and Exchange Commission as to whether these portions should be granted confidential treatment.
- † Compensatory plan or arrangement

GREAT LAKES DREDGE & DOCK CORPORATION
(As Amended and Restated Effective January 1, 2014)

Supplemental Savings Plan

ARTICLE I
PURPOSE

The purpose of the Great Lakes Dredge & Dock Corporation Supplemental Savings Plan (the "Plan") is to enhance the ability of Great Lakes Dredge & Dock Corporation (the "Company") to attract and retain employees by providing a select group of senior management and highly compensated employees of the Company and its Affiliates with an opportunity to supplement their retirement income outside of the Company's tax-qualified Savings Plan.

ARTICLE II
DEFINITIONS

2.1 "**Account**" means, collectively, the Participant's Base Salary Deferral Account, Bonus Deferral Account, Matching Account, Profit Sharing Account and Discretionary Contribution Account.

2.2 "**Affiliate**" means (i) any person or entity that directly or indirectly controls, is controlled by or is under common control with the Company and/or (ii) to the extent provided by the Committee, any person or entity in which the Company has a significant interest. The term "control" (including, with correlative meaning, the terms "controlled by" and "under common control with"), as applied to any person or entity, means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of such person or entity, whether through the ownership of voting or other securities, by contract or otherwise.

2.3 "**Base Salary**" means a Participant's regular base salary, including (i) the amount of any deferrals or reductions under this Plan, the Savings Plan or any other employee benefit plan of the Company or an Affiliate and (ii) any base salary payable as a short-term disability benefit.

2.4 "**Base Salary Deferral Account**" means the record maintained by the Company for each Participant for the cumulative amount of (a) Salary amounts deferred under Sections 4.1 and 4.2 of the Plan and (b) increases or decreases to those amounts for deemed investments as provided in Article V.

2.5 "**Beneficiary**" means the person or persons designated in writing by a Participant in accordance with procedures established by the Committee to receive the benefits specified hereunder in the event of the Participant's death. No beneficiary designation shall become effective until it is filed with the Committee. If there is no such designation or if there is no surviving designated Beneficiary, then the Participant's surviving spouse shall be the Beneficiary. If there is no surviving spouse to receive any benefits payable in accordance with the preceding sentence, the duly appointed and currently acting personal representative of the Participant's estate shall be the Beneficiary.

2.6 “**Board**” means the Board of Directors of the Company.

2.7 “**Bonus**” means the regular annual cash bonus earned by a Participant under the Company’s annual incentive compensation plan, including the amount of any deferrals or reductions under this Plan, the Savings Plan or any other employee benefit plan of the Company or an Affiliate.

2.8 “**Bonus Deferral Account**” means the record maintained by the Company for each Participant for the cumulative amount of (a) any Bonus deferred under Sections 4.1 and 4.2 of the Plan and (b) increases or decreases to such amount for deemed investments as provided in Article V.

2.9 “**Change in Control**” means a Change in Control as defined in the Company’s 2007 Long-Term Incentive Plan, or any successor plan.

2.10 “**Claimant**” means a Participant or Beneficiary who files a claim pursuant to Article XI.

2.11 “**Code**” means the Internal Revenue Code of 1986, as amended.

2.12 “**Committee**” means the committee appointed to administer the Plan as provided in Section 9.1.

2.13 “**Company**” means Great Lakes Dredge & Dock Corporation.

2.14 “**Compensation Committee**” means the Compensation Committee of the Board.

2.15 “**Disability**” or “**Disabled**” means that the Participant (a) is unable to engage in any substantially gainful activity by reason of any medically determinable physical or mental impairment which can be expected to result in death or can be expected to last for a continuous period of not less than 12 months, or (b) is, by reason of any medically determinable physical or mental impairment which can be expected to result in death or can be expected to last for a continuous period of not less than 12 months, receiving income replacement benefits for a period of not less than 3 months under any disability or accident or health plan covering employees of the Company and Affiliates.

2.16 “**Discretionary Contribution Account**” means the record maintained by the Company for each Participant who has an account balance for the cumulative amount of (a) discretionary employer contributions pursuant to Section 4.5 of the Plan and (b) increases or decreases to those amounts for deemed investments as provided in Article V.

2.17 “**Distribution Election**” means the election by a Participant made in accordance with Article VII that specifies the time and form in which the Participant’s vested Account will be distributed.

2.18 “**Eligible Employee**” means an employee of the Company or an Affiliate selected by the Committee in accordance with Article III.

2.19 “**Investment Fund**” means any of the notional investments as may be designated by the Company from time to time for purposes of determining the increase or decrease in value of the Accounts. Investment Funds shall be unfunded.

2.20 “**Matching Account**” means the record maintained by the Company for each Participant who has an account balance for the cumulative amount of (a) matching contributions pursuant to Section 4.3 of the Plan and (b) increases or decreases to those amounts for deemed investments as provided in Article V.

2.21 “**Participant**” means an Eligible Employee who becomes a participant in this Plan in accordance with Article III.

2.22 “**Plan**” means the Great Lakes Dredge & Dock Corporation Supplemental Savings Plan, as amended from time to time.

2.23 “**Plan Year**” means the calendar year.

2.24 “**Profit Sharing Account**” means the record maintained by the Company for each Participant who has an account balance for the cumulative amount of (a) profit sharing contributions pursuant to Section 4.4 of the Plan and (b) increases or decreases to those amounts for deemed investments as provided in Article V.

2.25 “**Salary**” means a Participant’s Base Salary for services to the Company or an Affiliate by the Participant during the Plan Year.

2.26 “**Savings Plan**” means the Company’s 401(k) Savings Plan or such other 401(k) plan maintained by the Company or one of its Affiliates in which the Participant participates.

2.27 “**Separation from Service**” means a “separation from service” under Section 409A of the Code. A Separation from Service occurs if the facts and circumstances indicate that the Company and its Affiliates reasonably anticipate that no further services will be performed after a certain date or that the level of bona fide services the Participant will perform after such date (whether as an Employee or as an independent contractor) will decrease to no more than 20 percent of the average level of bona fide services performed (whether as an Employee or as an independent contractor) over the immediately preceding 36-month period (or the full period of services if the Participant has been providing services for less than 36 months). Notwithstanding the foregoing, the employment relationship is treated as continuing while the Participant is on military leave, sick leave or other bona fide leave of absence if the period of leave does not exceed six months, or if longer, so long as the Participant retains the right to reemployment with the Company or an Affiliate under an applicable statute or contract.

2.28 “**Vested Interest**” means a Participant’s nonforfeitable interest in his or her Account, determined in accordance with Article VI.

**ARTICLE III
ELIGIBILITY AND PARTICIPATION**

3.1 **Eligibility.** Eligible Employees for a Plan Year shall consist of those management or highly-compensated employees of the Company or an Affiliate designated by the Committee; provided, however, that any employee who is not eligible to participate in the Savings Plan as of the first day of a Plan Year (or such later date on which such employee first becomes eligible to participate in the Plan for such Plan Year) shall not be considered an Eligible Employee hereunder for such Plan Year. As of the effective date of the Plan, the Eligible Employees shall include each employee of one of the following entities who is employed in a Vice-President or more senior position and whose Base Salary and projected target Bonus exceeds the compensation limit under Section 401(a) (17) of the Code for the applicable Plan Year (\$255,000 for 2013; \$260,000 for 2014): Great Lakes Dredge and Dock Corporation, Great Lakes Dredge & Dock Company, LLC (other than employees of the L.W. Matteson Division unless they are also employed in a vice-president or more senior position of the Company), NASDI, LLC, Yankee Environmental Services, LLC, Terrasea Environmental Solutions LLC and Terra Contracting Services, LLC. After the effective date of the Plan, and commencing October 1, 2014 with respect to the 2015 Plan Year, the Company shall determine the employees who are Eligible Employees in accordance with the foregoing sentence as of October 1st immediately preceding the applicable Plan Year. The Board or the Compensation Committee may, from time to time, change which employees are Eligible Employees under the Plan.

3.2 **Participation.** An Eligible Employee shall become a Participant in the Plan by electing to make a deferral of Base Salary or Bonus for a Plan Year in accordance with Article IV or becoming entitled to a profit sharing contribution pursuant to Section 4.4 or a discretionary employer contribution pursuant to Section 4.5. Except as otherwise determined by the Committee, an employee shall participate in the Plan with respect to a Plan Year only if the Company had determined that such employee was an Eligible Employee as of October 1st immediately preceding the first day of such Plan Year and such Eligible Employee submitted any elections required under the Plan during the open enrollment period offered by the Company prior to the first day of such Plan Year. No amounts shall be deferred or allocated to a Participant's Account under this Plan with respect to compensation earned or services performed prior to the date the Participant's participation in the Plan commences.

**ARTICLE IV
PARTICIPANT DEFERRALS AND EMPLOYER CONTRIBUTIONS**

4.1 **Deferrals.** Effective for Plan Years beginning on or after January 1, 2014, a Participant may elect to defer for each Plan Year up to 50% of the Participant's Salary and up to 100% of the Participant's Bonus, subject to such additional guidelines and limitations adopted by the Committee. Deferrals from Salary shall be withheld in substantially equal amounts from Salary payable for the Plan Year to which the deferral election relates. Deferrals from Bonus shall be withheld from the Bonus otherwise payable for the Plan Year to which the deferral election relates. Elections to defer Salary and Bonus are irrevocable, except as otherwise provided in the Plan and permitted under Section 409A of the Code.

4.2 Elections to Defer.

(a) Base Salary. Except as otherwise provided under Section 4.2(c) or (d), an Eligible Employee may elect to defer his or her Base Salary prior to the first day of the calendar year for which such Base Salary would be earned. Base Salary that is payable after the last day of a Plan Year for services performed during the final payroll period that includes the last day of such Plan Year shall be treated as Base Salary that is earned in the subsequent Plan Year in which such Base Salary is payable.

(b) Bonus. Except as otherwise provided under Section 4.2(c) or (d), an Eligible Employee may elect to defer his or her Bonus prior to the first day of the calendar year for which such Bonus would be earned.

(c) Special Rule. Notwithstanding the foregoing, to the extent the Committee permits an Eligible Employee to commence participation in the Plan prior to the first day of a Plan Year, such Eligible Employee may make an initial deferral election under this Section 4.2 and an initial Distribution Election under Section 7.1 within 30 calendar days of first becoming eligible to participate under the Plan; provided, however, that in such event such deferral election shall apply only to Base Salary and Bonus, as applicable, that is earned after the date of such election. The deferral election with respect to the Bonus will be limited to the total amount of the Bonus earned for such Plan Year multiplied by the ratio of the number of days remaining in the performance period for which the Bonus is earned after the date of the election over the total number of days in the performance period.

(d) Earlier or Later Deadlines. The Committee may, in its sole discretion, (i) establish earlier deadlines during which elections under this Section 4.2 and distribution elections under Section 7.1 must be made or (ii) permit Eligible Employees to elect to defer performance-based Bonuses on or prior to June 30 preceding the end of the performance period with respect to which the Bonus for the Plan Year relates; provided, however, that (i) if the relevant performance period does not end on December 31, the enrollment period shall end at least six months before the conclusion of the applicable performance period, (ii) the Eligible Employee must perform services continuously from the later of the beginning of the performance period or the date the performance criteria are established through the date an election is made when allowed under this Section 4.2(d); and (iii) in no event may an election to defer performance-based compensation be made after such a performance-based Bonus has become readily ascertainable.

(e) Crediting of Deferrals to Deferral Accounts. The Committee shall establish and maintain a Base Salary Deferral Account for each Eligible Employee who elects to defer his or her Base Salary and a Bonus Deferral Account for each Eligible Employee who elects to defer his or her Bonus under this Section 4.2. The Participant's Base Salary Deferral Account and Bonus Deferral Account shall be bookkeeping accounts maintained by the Company and shall reflect the amount of the Base Salary and Bonus credited hereunder on behalf of the Participant. The Company shall credit elective deferrals to a Participant's Base Salary Deferral Account or Bonus Deferral Account as soon as administratively practicable following the date on which the Participant's compensation is reduced by the amount of such elective deferral.

4.3 Matching Contributions. Effective for Plan Years beginning on or after January 1, 2014, as soon as administratively practicable following the end of each Plan Year, the Matching Account of each Participant who was employed by the Company or one of its Affiliates as of the last day of such Plan Year shall be credited with a matching contribution equal to the excess of:

(a) 100% of the sum of the elective deferrals credited to the Participant's Deferral Account under Section 4.2 of this Plan for such Plan Year plus the maximum amount of elective deferrals, other than catch-up contributions, that could have been credited to the Participant's account under the Savings Plan for such Plan Year, excluding in each case any such elective deferrals that exceed 6% of such Participant's compensation for such Plan Year, as defined in the Savings Plan, but without regard to the limit imposed under 401(a)(17) of the Code, over

(b) the maximum amount of matching contributions that could have been allocated to the Participant's account under the Savings Plan for such Plan Year if the Participant had deferred the maximum amount permissible under the Savings Plan for such Plan Year.

The Committee shall establish and maintain a Matching Account for each Participant who is entitled to receive matching contributions under this Section 4.3. The Participant's Matching Account shall be a bookkeeping account maintained by the Company and shall reflect the amount of the matching contributions credited hereunder on behalf of the Participant. The Company shall credit a matching contribution to a Participant's Matching Account as soon as administratively practicable following the end of the Plan Year for which such contribution is made.

4.4 Profit Sharing Contributions. In addition to the matching contributions, if any, allocated to a Participant's Account pursuant to Section 4.3, for each Plan Year, beginning on or after January 1, 2013, the Participant's Profit Sharing Account shall be credited with an amount equal to:

(a) the Profit Sharing Contribution, if any, that would have been allocated to the Participant's account for such Plan Year under the Savings Plan, without regard to the limitations under Sections 401(a)(17) and 415 of the Code, which Profit Sharing Contribution shall be determined in the sole discretion of the Company,

(b) minus the Profit Sharing Contribution actually allocated to such Participant's account under the Savings Plan for such Plan Year.

The Company shall credit a profit sharing contribution to a Participant's Profit Sharing Account as soon as administratively practicable after the related profit sharing contribution is allocated to the Participant's account under the Savings Plan. Profit sharing contributions credited to a Participant's Profit Sharing Account pursuant to this Section 4.4 shall vest in accordance with the terms and conditions set forth in Section 6.2.

4.5 **Discretionary Contributions.** In addition, for any one or more Plan Years beginning on or after January 1, 2013, the Company may credit a discretionary employer contribution to the Discretionary Contribution Account maintained for the benefit of any one or more Participants, in such amount, if any, as the Board or Compensation Committee shall determine in its sole discretion. Discretionary employer contributions shall be or become vested in accordance with Section 6.3. The terms of any discretionary employer contributions credited to a Participant's Discretionary Contribution Account shall be set forth in an addendum to this Plan.

ARTICLE V DEEMED INVESTMENT OF ACCOUNTS

5.1 **Participant Elections.** Each Participant shall make an election, at the time and in the manner prescribed by the Committee, regarding the deemed investment of his or her Account among the Investment Funds made available by the Committee. If no such election is made, the Participant's Account shall be deemed invested in a default Investment Fund selected by the Committee from time to time.

5.2 **Investment Funds.** The Committee shall determine the Investment Funds that are available for the deemed investment of Accounts, and communicate such available Investment Funds to Participants. The Committee may alter, modify, eliminate or replace any Investment Fund and, if it does so, it may provide affected Participants a different and/or modified Investment Fund in place of the Investment Fund being altered, modified, eliminated or replaced. Participants shall be allowed to select the Investment Funds in which their Accounts will be deemed invested, and the portion of each Account deemed invested in each selected Investment Funds, by communicating such selection to the Company in such form as shall be determined by the Committee. The Participants shall be allowed to make the selection described in the preceding sentence in accordance with the frequency specified by the Committee, which shall be at least annually. The Committee shall establish from time to time and communicate to Participants a default Investment Fund in which the Accounts of a Participant who does not select one or more Investment Funds shall be deemed invested. The Company may invest Company assets, or establish a grantor trust to invest assets, in Investment Funds to provide for the payment of benefits under the Plan, but shall not be required to do so.

5.3 **Valuation of Accounts.** Unless otherwise determined by the Committee, each Account shall be adjusted no less frequently than quarterly to reflect the increases or decreases that the Accounts would have experienced had they actually been invested in the Investment Funds chosen by the applicable Participant (or in the default Investment Fund, if and as applicable).

ARTICLE VI VESTING

6.1 **Vesting in Base Salary Deferral Account, Bonus Deferral Account and Matching Account.** Each Participant shall be 100% vested at all times in the Participant's Base Salary Deferral Account, Bonus Deferral Account and Matching Account.

6.2 **Vesting in Profit Sharing Account.** Each Participant shall be vested in such Participant's Profit Sharing Account if (i) such Participant has been continuously employed by the Company or one of its Affiliates for a period of at least three years or (ii) such Participant's employment with the Company and its Affiliates terminates due to death or Disability or after the Participant has attained age 65.

6.3 **Vesting in Discretionary Contribution Account.** As of the date the Board or Compensation Committee determines that a discretionary employer contribution shall be credited to a Participant's Discretionary Contribution Account, the Board or Compensation Committee, as the case may be, shall determine, in its sole discretion, the terms and conditions on which such discretionary employer contribution, and any earnings thereon, shall be or become vested.

6.4 **Vesting Upon Change in Control or Plan Termination.** Each Participant shall be 100% vested in the Participant's entire Account, to the extent not already vested, upon (i) a Change in Control or (ii) the termination of the Plan; provided that any profit sharing contributions or discretionary employer contributions credited to a Participant's Account after the Change in Control, and any earnings or losses with respect to such contributions, shall vest in accordance with Section 6.2 or 6.3, as the case may be.

6.5 **Effect of Violation of Certain Agreements.** If a Participant violates any restrictive covenants agreement or any non-solicitation or non-compete agreement that the Participant has signed with the Company or an Affiliate, the Participant shall forfeit the Participant's entire Account under the Plan, other than the Participant's Base Salary Deferral Account and Bonus Deferral Account, regardless of whether the Participant was vested in the amounts being forfeited. The Committee shall determine whether a Participant has violated any such agreement in its sole discretion.

6.6 **Effect of Separation from Service.** If a Participant incurs a Separation from Service, that portion of his or her Profit Sharing Account or Discretionary Account in which the Participant does not have a Vested Interest shall thereupon be forfeited and shall not be reinstated notwithstanding any subsequent reemployment by the Company or any Affiliate.

ARTICLE VII DISTRIBUTIONS

7.1 **Timing of Commencement of Distributions.** For each Plan Year, the amounts credited to each of the Participant's Base Salary Deferral Account, Bonus Deferral Account, Matching Account, Profit Sharing Account and Discretionary Contribution Account, in each case as adjusted by any earnings or losses on such amounts, shall be paid or commence to be paid, in the manner elected by the Participant pursuant to Section 7.2 (or in a lump sum payment upon the Participant's death), upon the earliest to occur of the following distribution dates:

- (a) the six-month anniversary of the date of the Participant's Separation from Service or, if elected by the Participant in accordance with this Section 7.1, any of the first, second, third, fourth or fifth anniversaries of such Separation from Service;
- (b) the date on which the Company determines that the Participant has become Disabled;
- (c) the date of the Participant's death or

(d) if elected by the Participant in accordance with this Section 7.1, a specified distribution date that is at least three years after the last day of the Plan Year with respect to which such Distribution Election applies.

The timing of distribution pursuant to this Section 7.1, including pursuant to any Participant election permitted hereunder, shall apply separately with respect to (i) the Base Salary deferred with respect to such Plan Year, (ii) the Bonus deferred with respect to such Plan Year, (iii) the matching contribution with respect to such Plan Year, (iv) the profit sharing contribution with respect to such Plan Year and (v) any discretionary employer contribution with respect to such Plan Year. All Distribution Elections by a Participant shall be made prior to the first day of the Plan Year to which such election applies, except to the extent that later deferral elections and Distribution Elections are permitted pursuant to Section 4.2(c) or 4.2(d) of this Plan and Section 409A of the Code. Distributions shall be paid or begin within 90 days after the scheduled distribution date; provided that to the extent an amount is credited to the Participant's Account after such 90-day period, any distributions of such amount that are otherwise payable prior to the date credited to the Participant's Account shall be payable within 45 days after the date credited to the Participant's Account.

7.2 Form of Distribution. A Participant shall separately elect that the amounts credited to each of the Participant's Base Salary Deferral Account, Bonus Deferral Account, Matching Account, Profit Sharing Account and, to the extent required or permitted by the Board or the Committee, Discretionary Contribution Account with respect to each Plan Year be distributed in either (i) a lump sum payment or (ii) annual installments over a period of up to 10 years. Each installment shall be determined by dividing the value of the Participant's Account as of the applicable valuation date by the number of remaining installments. All distributions shall be paid in cash.

7.3 Special Distribution Provisions.

(a) **Default Distribution Election.** If a Participant fails to make an election specifying the time or form in which all or any portion of the amounts credited to the Participant's Account for a Plan Year will be paid, the Participant shall be deemed to have elected to receive (i) a lump sum distribution, if the Participant has failed to make an election specifying the form of payment, and (ii) a payment upon the six-month anniversary of the Participant's Separation from Service, if the Participant has failed to make an election specifying the time of payment upon Separation from Service.

(b) **Small Account.** Notwithstanding Sections 7.1 and 7.2, if the value of the Participant's Account under the Plan (and all plans required to be aggregated with the Plan under Section 409A of the Code) is less than or equal to the applicable dollar amount under Section 402(g)(1)(B) of the Code at any time on or after the date of the Participant's Separation from Service, the Committee may provide that the recipient shall receive a lump sum payment of the Participant's Account, provided the payment results in the termination and liquidation of the entirety of the Participant's interest in the Plan (and all plans required to be aggregated with the Plan under Section 409A of the Code).

(c) **Discretionary Contributions.** At the time the Board or Committee determines that a discretionary contribution will be credited to a Participant's Discretionary Contribution Account, the Board or Committee shall specify the time and form of distribution of such contribution, as adjusted for any earnings or losses thereon. Alternatively, the Board or Committee may require or permit the Participant to elect the time and form of such distribution in accordance with Sections 7.1 and 7.2.

7.4 **Changing Distribution Elections.** A Participant may change his or her Distribution Election with respect to any Plan Year as to timing and/or form of payment if:

(a) the change does not accelerate any payments within the meaning of Section 409A of the Code;

(b) the Participant executes a new Distribution Election at least 12 months prior to the earliest date payment would have commenced under the prior Distribution Election;

(c) any payments under the new Distribution Election will not commence earlier than five years from the date the payments would have otherwise commenced under the prior Distribution Election; and

(d) the new Distribution Election will not take effect until 12 months after the date it was executed by the Participant.

For purposes of this Section, payments made in the form of installments shall be treated as a single payment.

7.5 **Death.**

(a) **Form and Time of Payment.** Notwithstanding Sections 7.1 and 7.2, in the case of the death of a Participant, either while employed by the Company or an Affiliate, or prior to distribution of the Participant's entire Account, the Participant's Account shall be distributed to the Participant's Beneficiary in a lump sum as soon as administratively possible and in no event later than 90 days following the death of the Participant.

(b) **Designation of Beneficiary.** A Participant may designate one or more Beneficiaries (who may be designated contingently or successively) by filing a written notice of designation with the Committee in such form as the Committee may prescribe. Each designation will automatically revoke any prior designations by the same Participant. Any Beneficiary designation will be effective as of the date on which the written designation is received by the Committee during the lifetime of the Participant.

7.6 **Payments on Account of Failure to Comply with Section 409A of the Code.** If any portion of the Participant's Account that has not yet been distributed must be included in the Participant's taxable income for a calendar year pursuant to Section 409A of the Code, the Committee shall distribute the portion of the Account that has been included in the Participant's taxable income as soon as administratively practicable.

7.7 **Valuation Date.** In the event that any valuation date contemplated by this Article VII is not a business day, then the valuation date shall be the immediately preceding business day.

7.8 **Change in Control.** Notwithstanding anything to the contrary in this Article, in the event that a Change in Control occurs that is also a “change in control event” within the meaning of Section 409A of the Code, the Board, as constituted immediately prior to such Change in Control, may elect to terminate the Plan in accordance with Section 409A of the Code, in which case each Participant’s Account shall be distributed to the Participant as soon as administratively possible and in no event later than one year after the date on which the Plan is terminated.

7.9 **Permitted Acceleration of Payment.** The Company may permit acceleration of the time or schedule of any payment or amount scheduled to be paid pursuant to a payment under the Plan provided such acceleration would be permitted by the provisions of Treasury Reg. §1.409A-3(j)(4), including the following events:

(a) **Domestic Relations Order.** A payment may be accelerated if such payment is made to an alternate payee pursuant to and following the receipt and qualification of a domestic relations order as defined in Section 414(p) of the Code.

(b) **Compliance with Ethics Agreements and Legal Requirements.** A payment may be accelerated as may be necessary to comply with ethics agreements with the federal government or as may be reasonably necessary to avoid the violation of federal, state, local or foreign ethics law or conflicts of laws, in accordance with the requirements of Section 409A of the Code and the Treasury regulations thereunder.

(c) **Other Events.** A payment may be accelerated in the Committee’s discretion in connection with such other events and conditions as permitted by Section 409A of the Code and the Treasury regulations thereunder.

7.10 **Facility of Payment.** If the Committee determines that any Participant or Beneficiary is unable to care for his or her affairs because of illness or injury or because he or she is a minor, any amounts due to such Participant or Beneficiary under this Plan may be paid to any of the following, as the Committee may determine: (i) the spouse or parent of such Participant or Beneficiary; (ii) a legal representative or duly-appointed guardian of such Participant or Beneficiary or (iii) some other person duly designated to receive such payments on behalf of such Participant or Beneficiary.

ARTICLE VIII AMENDMENT AND TERMINATION

The Board or the Compensation Committee may, at its sole discretion, amend or terminate the Plan at any time provided that the amendment or termination shall not adversely affect the vested or accrued rights or benefits of any Participant without the Participant’s prior consent. Notwithstanding the foregoing, the Company may amend the Plan at any time, without the consent of any Participant, as necessary or desirable to comply with the requirements of Section 409A of the Code.

**ARTICLE IX
ADMINISTRATION**

9.1 **Committee.** A Committee shall be appointed by, and serve at the pleasure of, the Compensation Committee. The number of members comprising the Committee shall be determined by the Compensation Committee, which may from time to time vary the number of members. A member of the Committee may resign by delivering a written notice of resignation to the Compensation Committee. The Compensation Committee or the Board may remove any member, with or without cause, by delivering a copy of its resolution of removal to such member. If no Committee has been appointed, the Compensation Committee shall serve as the Committee.

9.2 **Committee Action.** The Committee shall act at meetings by affirmative vote of a majority of the members of the Committee. Any action permitted to be taken at a meeting may be taken without a meeting if, prior to such action, a written consent to the action is signed by a majority of members of the Committee and such written consent is filed with the minutes of the proceedings of the Committee. A member of the Committee shall not vote or act upon any matter which relates solely to himself or herself as a Participant. Any member of the Committee may execute any certificate or other written direction on behalf of the Committee.

9.3 **Powers of the Committee.** The Committee, on behalf of the Participants and their Beneficiaries, shall enforce the Plan in accordance with its terms, shall be charged with the general administration of the Plan, and shall have all powers necessary to accomplish its purposes, including, but not limited to, the following:

(a) to select the Investment Funds;

(b) to compute and certify to the amount and kind of benefits payable to Participants and their Beneficiaries;

(c) to maintain all records that may be necessary for the administration of the Plan;

(d) to provide for the disclosure of all information and the filing or provision of all reports and statements to Participants, Beneficiaries or governmental agencies as shall be required by law;

(e) to make and publish such rules for the regulation of the Plan and procedures for the administration of the Plan as are not inconsistent with the terms hereof;

(f) to appoint agents and to delegate to them such powers and duties in connection with the administration of the Plan as the Committee may from time to time prescribe; and

(g) to take all actions necessary for the administration of the Plan.

9.4 **Construction and Interpretation.** The Committee shall have full discretion to construe and interpret the terms and provisions of this Plan, which interpretations or construction shall be final and binding on all parties, including but not limited to the Company and any Participant or Beneficiary.

9.5 **Compensation and Expenses.** The members of the Committee shall serve without compensation for their services hereunder. The Committee is authorized at the expense of the Company to employ such legal counsel or other advisors as it may deem advisable to assist in the performance of its duties hereunder. Expenses and fees in connection with the administration of the Plan shall be paid by the Company.

ARTICLE X MISCELLANEOUS

10.1 **Unsecured General Creditor.** Participants and their Beneficiaries, heirs, successors, and assigns shall have no legal or equitable rights, claims, or interest in any specific property or assets of the Company. No assets of the Company shall be held in any way as security for the fulfilling of the obligations of the Company under this Plan. Any and all of the Company's assets shall be, and remain, the general unpledged, unrestricted assets of the Company. The Company's obligation under the Plan shall be merely that of an unfunded and unsecured promise of the Company to pay money in the future, and the rights of the Participants and Beneficiaries shall be no greater than those of unsecured general creditors. It is the intention of the Company that this Plan be unfunded for purposes of the Code and for purposes of Title I of the Employee Retirement Income Security Act of 1974, as amended.

10.2 **Non-assignability.** Neither a Participant nor a Beneficiary may voluntarily or involuntarily anticipate, assign, or alienate (either at law or in equity) any benefit under the Plan, and the Committee shall not recognize any such anticipation, assignment, or alienation. Furthermore, a benefit under the Plan shall not be subject to attachment, garnishment, levy, execution, or other legal or equitable process. Any attempted sale, conveyance, transfer, assignment, pledge or encumbrance of the rights, interests, or benefits provided pursuant to the terms of the Plan or the levy of any attachment or similar process thereupon, shall be null and void and without effect.

10.3 **Taxes.** The Company shall deduct from all payments made under this Plan all applicable federal or state taxes required by law to be withheld. The Company also may, to the extent permitted under Section 409A of the Code, reduce a Participant's Account balance to provide for the withholding of employment taxes pursuant to Section 3121(v) of the Code prior to the distribution of such Account.

10.4 **Governing Law.** To the extent not preempted by federal law, the Plan shall be construed in accordance with, and shall be governed by, the laws of the state Illinois without regard to any conflict of laws provisions thereunder.

10.5 **Gender and Number.** Except when otherwise indicated by the context, the masculine gender shall also include the feminine gender and vice versa, and the singular shall also include the plural and vice versa.

10.6 **No Right to Continued Employment.** Nothing contained in the Plan shall confer upon any Participant any right with respect to the continuation of the Participant's employment by, or consulting relationship with, the Company or an Affiliate, or interfere in any way with the right of the Company or an Affiliate, subject to the terms of any separate employment agreement or other contract to the contrary, at any time to terminate such services or to increase or decrease the compensation of the Participant.

10.7 **Section 409A.** The provisions of the Plan shall be construed and interpreted in a manner consistent with the requirements for avoiding taxes or penalties under Section 409A of the Code. If the Committee determines that any amounts payable hereunder may be taxable to a Participant under Section 409A of the Code, the Company may (i) adopt such amendments to the Plan and appropriate policies and procedures, including amendments and policies with retroactive effect, that the Committee determines necessary or appropriate to preserve the intended tax treatment of the benefits provided by the Plan and/or (ii) take such other actions as the Committee determines necessary or appropriate to avoid or limit the imposition of an additional tax under Section 409A; provided, that neither the Company nor any of its Affiliates nor any other person or entity shall have any liability to a Participant or Beneficiary with respect to the tax imposed by Section 409A of the Code.

10.8 **Provisions Severable.** To the extent that any one or more of the provisions of the Plan shall be invalid, illegal or unenforceable in any respect, the validity, legality and enforceability of the remaining provisions shall not in any way be affected or impaired.

10.9 **Headings.** The article and section headings are for convenience only and shall not be used in interpreting or construing the Plan.

ARTICLE XI CLAIMS PROCEDURE AND LEGAL ACTIONS

11.1 **Filing a Claim.** A Participant or Beneficiary who believes that he or she is being denied a benefit to which such Participant or Beneficiary is entitled under the Plan may file a written request for such benefit with the Committee, setting forth his or her claim. The request must be addressed to the Committee at the Company's principal place of business.

11.2 **Claim Decision.** Upon receipt of a claim, the Committee shall advise the Claimant that a reply shall be forthcoming within 90 days and shall, in fact, deliver such reply within such period. The Committee may, however, extend the reply period for an additional 90 days for special circumstances. If the claim is denied in whole or in part, the Committee shall inform the Claimant in writing, using language calculated to be understood by the Claimant, setting forth: (i) the specified reason or reasons for such denial; (ii) the specific reference to pertinent provisions of this Plan on which such denial is based; (iii) a description of any additional material or information necessary for the Claimant to perfect his or her claim and an explanation of why such material or such information is necessary; (iv) appropriate information as to the steps to be taken if the Claimant wishes to submit the claim for review; and (v) the time limits for requesting a review under Section 11.3.

11.3 **Request For Review.** Within 60 days after the receipt by the Claimant of the written decision described above, the Claimant may request in writing a review of the determination of the Committee. Such review shall be completed by the Committee. Such request must be addressed to the Committee, at the Company's then principal place of business. The Claimant or his or her duly authorized representative may, but need not, review the pertinent documents and submit issues and comments in writing for consideration by the Committee. If the Claimant does not request a review within such 60-day period, the Participant shall be barred and estopped from challenging the Committee's determination.

11.4 **Review of Decision.** Within 60 days after the receipt of a request for review by the Committee, after considering all materials presented by the Claimant, the Committee shall inform the Claimant in writing, in a manner calculated to be understood by the Claimant, the decision setting forth the specific reasons for the decision and any specific references to the pertinent provisions of this Plan on which the decision is based. If special circumstances require that the 60 day time period be extended, the Committee shall so notify the Claimant and shall render the decision as soon as possible, but no later than 120 days after receipt of the request for review.

11.5 **Legal Actions.** Any legal action involving benefits claimed or legal obligations relating to or arising under this Plan may be filed only in Federal District Court in the city of Chicago, Illinois. By participating in this Plan, each Participant shall be deemed to have elected to waive any right to a jury trial.

ARTICLE XII EFFECTIVE DATE

The Plan was initially effective as of November 15, 2013. The Plan, as amended and restated as set forth herein, is effective as of January 1, 2014.

The Company hereby agrees to the provisions of the Plan and in witness of its agreement, the Company by its duly authorized officer has executed the Plan on the date written below.

GREAT LAKES DREDGE & DOCK CORPORATION

By: /s/ William S. Steckel
Title: CFO
Date: March 6, 2014

PORTIONS OF THIS EXHIBIT HAVE BEEN REDACTED PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT UNDER RULE 24B-2 OF THE SECURITIES EXCHANGE ACT OF 1934, AS AMENDED. INFORMATION FOR WHICH CONFIDENTIAL TREATMENT HAS BEEN REQUESTED IS OMITTED, MARKED WITH “[*]” AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION.

FINAL EXECUTION COPY

VESSEL CONSTRUCTION AGREEMENT

THIS VESSEL CONSTRUCTION AGREEMENT (“Agreement”) is made as of the 10 day of January, 2014 between Eastern Shipbuilding Group, Inc. (“Builder”), a Florida corporation whose mailing address is 2200 Nelson Street, Panama City, Florida 32401 and Great Lakes Dredge & Dock Company, LLC (“Owner”), a limited liability company organized and existing under and by virtue of the laws of the State of Delaware, whose mailing address is 2122 York Road, Oak Brook, Illinois 60523, for the construction of one (1) dual mode articulated tug/barge trailing suction hopper dredge according to the Contract Documents, for the Contract Price, and with delivery as shown in Exhibit A.

WITNESSETH:

ARTICLE 1 – DEFINITIONS

Capitalized terms used and not defined elsewhere in this Agreement shall have the respective meaning ascribed to such terms in this Article 1.

“**ABS**” – shall mean the American Bureau of Shipping.

“**Affiliates**” – as used herein, shall mean any entity which controls, is controlled by, or is under common control with another entity. An entity is deemed to control another if it owns directly or indirectly at least fifty percent (50%) of (i) the shares entitled to vote at a general election of directors of such other entity, or (ii) the voting interest in such other entity if such other entity does not have either shares or directors.

“**Agreement**” – as defined in the Preamble.

“**ATB Unit**” or “**Unit**” – shall mean the Tug and Barge when combined as a dual mode articulated tug/barge trailing suction hopper dredge as set forth in the Contract Documents.

“**Barge**” – shall mean that certain barge which forms an integral part of the articulated tug/barge, trailing suction hopper dredge and to be constructed by the Builder for the Owner under this Agreement.

“**Builder**” – as defined in the Preamble.

“**Builder’s Invoice**” – shall mean an invoice in the form prescribed in Exhibit F-2.

“**Builder’s Personnel**” – shall mean all employees of the Builder and the employees of any Subcontractor of the Builder, at any tier.

“**Builder’s Process**” – is defined as the Detailed Construction Documentation of the Vessels, including lofting, numerical control code and/or tapes, and material lists, and the manner and methods to perform the Work, all of which have been developed by the Builder for the Work contemplated by this Agreement.

“**Certificate of Completion and Delivery**” – as defined in Article 5.6.

PORTIONS OF THIS EXHIBIT HAVE BEEN REDACTED PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT UNDER RULE 24B-2 OF THE SECURITIES EXCHANGE ACT OF 1934, AS AMENDED. INFORMATION FOR WHICH CONFIDENTIAL TREATMENT HAS BEEN REQUESTED IS OMITTED, MARKED WITH “[*]” AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION.

“Change Order” – as used herein, the term “Change Order” shall mean a written instrument prepared by the Builder and signed by the Owner and the Builder, stating their agreement upon: (1) a change in the Work; (2) the amount of the adjustment in the Contract Price, if any; and (3) the extent of the adjustment in the Delivery Date, if any.

“Contract” – as defined in Article 16.1.

“Contract Documents” – as defined in Article 16.1.

“Contract Drawings” – shall mean those drawings provided by the Owner to the Builder as identified in Exhibit C-1.

“Contract Price” – shall mean the price for the ATB Unit to be constructed pursuant to this Agreement as shown on Exhibit A as adjusted by any Modifications thereto and any price adjustments allowed by this Agreement.

“Day(s)” – as referred to hereunder shall mean Gregorian Calendar days, unless otherwise defined. Each Day shall be a single twenty-four hour period commencing at 12:00 a.m., local time.

“Delivery” – shall mean the Builder’s transfer of possession and the Owner’s acceptance of each Vessel completed in accordance with the Contract Documents, subject to the warranties set forth in Article 11, as evidenced by the Builder’s and the Owner’s execution of a Protocol of Delivery and Acceptance in the form of Exhibit M.

“Delivery Date” – shall mean the date shown on Exhibit A on which the ATB Unit is required to be delivered to the Owner, as such date may be adjusted pursuant to this Agreement.

“Delivery Payment” – as indicated in Article 5.3 and Exhibit Q.

“Design” – shall mean the design of an ATB Unit, consisting of a Tug and Barge, as described and comprised in Exhibits B and C, and shall also include all drawings and documents embodying such design and all Intellectual Property embodied in such documents, as specified in the Contract Documents and as provided by the Owner.

“Detail Design Drawings” – shall mean those drawings developed by the Builder from the Functional Design Drawings.

“Detailed Construction Documentation” – shall mean all construction documentation of the Vessels and ATB Unit created by the Builder or its Subcontractors, but specifically not including Detail Design Drawings.

“Disputed Liquidated Damages” – as described in Article 8.7.

“Dock Trials” – shall mean the testing, alongside the dock, of any portion of the Work by the Builder or Owner prior to, and as a condition to, Delivery.

“Dredging System” – shall mean those components of the ATB Unit and their supporting subsystems (including but not limited to automation) required in order for the ATB Unit to perform dredging, including but not limited to dredge pumps, slurry piping and valves, jet pumps, jet piping and valves, hopper door system, overflow ducts and system, dragarms and hoisting machinery, and bow connection.

“Effective Date” – shall be the date upon which this Agreement has been signed by the Builder and the Owner.

PORTIONS OF THIS EXHIBIT HAVE BEEN REDACTED PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT UNDER RULE 24B-2 OF THE SECURITIES EXCHANGE ACT OF 1934, AS AMENDED. INFORMATION FOR WHICH CONFIDENTIAL TREATMENT HAS BEEN REQUESTED IS OMITTED, MARKED WITH “[*]” AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION.

“Financial Security” – shall have the meaning set forth in Article 12.

“Force Majeure” – as described in Article 7.1.

“Functional Design Drawings” – shall mean those drawings provided by the Owner, which are identified in Exhibit C-2, and derived from the Contract Drawings and Specifications.

“Good Shipbuilding Practice” – as used herein, shall mean the construction of a ship or vessel, with due consideration to good commercial quality, incorporating the specified components in order to meet Specifications requirements, utilizing good, first quality construction and testing methods to ensure that the completed ATB Unit will conform fully to the Contract Documents and all requirements of the Regulatory Authorities.

“Intellectual Property” – shall mean all: (i) inventions (whether or not patentable), utility patents, design patents, industrial designs and utility models, as well as all applications for the foregoing and all international proprietary rights associated therewith; (ii) copyrights, copyright registrations and copyright applications, and all other rights associated with the foregoing and the underlying works of authorship; (iii) trademarks, service marks, business identifiers, trade dress, trade names and brand names, all registrations and applications therefor and all goodwill associated with the foregoing; (iv) mask works and mask work registrations; (v) vessel hull design registrations and applications; (vi) trade secrets; and (vii) all other statutorily recognized types of intellectual property.

“Indebtedness” – with respect to any Person shall mean, any indebtedness of such Person, whether or not contingent, including, without limitation, any guarantee of an indebtedness and however evidenced including, without limitation, bonds, notes, debentures or similar instruments, letters of credit, bid, performance and payment bonds (or reimbursement agreements in respect thereof), banker’s acceptances, capital lease obligations or the deferred and unpaid purchase price of any property.

“Interim Installment Payment(s)” – shall mean the payment due upon completion of a Milestone in accordance with Article 5.2 and Exhibit Q.

“Lien” – shall mean any lien, mortgage, pledge, assignment, security interest, charge or encumbrance of any kind (including any conditional sale or other title retention agreement, any lease in the nature thereof, and any agreement to give any security interest) and any option, trust or other preferential arrangement having the practical effect of any of the foregoing.

“Lien Release” – shall mean a lien release in favor of each Vessel and the Owner, executed by the Builder and each Material Subcontractor or Supplier, in the form of Exhibit G-1 and G-2.

“Materials” – shall mean everything, other than the Owner Furnished Items, that is required for the construction and Delivery of the Vessels in compliance with the Contract Documents, including, without limitation, all materials, supplies, machinery, machinery parts, equipment, electronics, hardware, piping, timber, ferrous and non-ferrous plate, shapes and other tangible items that are incorporated or used in or that are identified to be incorporated or used in the construction of the Vessels.

“Material Subcontract” – shall mean any contract, series of contracts and/or series of purchase orders of the Builder with its Subcontractor, Supplier, or vendor in connection with the Work with an aggregate value in excess of \$500,000.

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“Material Subcontractor or Supplier” – shall mean any builder, Subcontractor or Supplier of the Builder providing goods and/or services in excess of \$500,000 in the aggregate in respect of the Work.

“Milestone(s)” – shall mean the milestone events set forth in Exhibits Q, Q-1 and Q-2.

“Milestone Certificate” – is a certificate, in the form set forth in Exhibit F, attesting to the completion of each stage of the Work referred to in Article 5.2 and corresponding to the Milestone Schedule.

“Milestone Schedule” – shall mean the schedule of Milestones set forth in Exhibits Q, Q-1 and Q-2.

“Modification” – shall mean (1) a written amendment to the Contract signed by both parties, or (2) a Change Order. All written amendments and Change Orders shall be effective only if signed by a duly authorized representative of the Owner and the Builder.

“Owner” – as defined in the Preamble.

“Owner Furnished Items” – shall mean those items purchased by the Owner and to be installed in the Vessels by the Builder as part of the Work as defined in Exhibit E.

“Owner Group” – as defined in Article 23.1.

“Owner Personnel” – shall mean all employees of the Owner, the Owner’s Representative, and the employees of any subcontractor of the Owner (excluding the Builder Personnel), at any tier.

“Owner’s Representative” – as described in Article 17.3.

“Partial Lien Release” – shall mean a partial lien release in favor of each Vessel and the Owner, executed by the Builder and each Material Subcontractor or Supplier, in the form of Exhibit L-1 and L-2.

“Person” – shall mean an individual, or any corporation, partnership, limited liability company, joint venture, association, joint-stock company, trust, unincorporated organization or government or agency or political subdivision thereof (including any subdivision or ongoing business of any such entity or substantially all of the assets of any such entity, subdivision or business).

“Project Schedule” – as defined in Article 6.4.

“Protocol of Delivery and Acceptance” – shall mean a document in the form of Exhibit M to be executed by the Builder and the Owner upon Delivery of the ATB Unit.

“Regulatory Approved Drawings” – shall mean the final Functional Design Drawings as approved and stamped for approval by ABS.

“Regulatory Authority(ies)” – as used herein shall mean, individually, the United States Coast Guard, the American Bureau of Shipping, U.S. Public Health Service, International Maritime Organization, Customs and Border Protection, Environmental Protection Agency and any other applicable governmental body or agency responsible for ensuring compliance with requirements imposed by United States law, regulation, convention, classification society or other requirement applicable to the Vessels, any subgroup of the forgoing and, collectively, any and all such authorities.

“Retained Amount” – as defined in Article 4.4.

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“**Sea Trials**” – as defined in Article 4.3.

“**Specifications**” – shall mean the specifications attached hereto as Exhibit B.

“**Subcontractor**” – shall mean any person other than employees, engaged by the Builder to execute any part of the Work under this Agreement.

“**Supplier**” – shall mean any person responsible for the supply, manufacture, construction, installation or delivery to the Builder of any of the Materials other than Owner.

“**System Tests**” – as defined in Article 4.4.

“**Tug**” – shall mean that certain tug which forms an integral part of the articulated tug/barge, trailing suction hopper dredge and to be constructed by the Builder for the Owner under this Agreement.

“**Vessel(s)**” – shall refer, where the context so requires, to the Tug and Barge separately or the ATB Unit in combination.

“**Warranty Period**” – as used herein shall mean a 365 Day period following Delivery of the ATB Unit, as the same may be extended pursuant to Section 11.2, or in the case of a warranty given by a third party, such period specified in such warranty.

“**Warranty Notification**” – as defined in Article 11.1.

“**Work**” – shall mean the work required to be performed by the Builder in accordance with the Contract Documents, whether performed by the Builder or any Subcontractor of the Builder and whether completed or partially completed, and includes all labor, Materials, equipment and services provided or to be provided by or on behalf of the Builder to fulfill the Builder’s obligations hereunder. The Work shall also include the Builder’s obligation to pay in due course for all such labor, Materials, equipment and services provided or to be provided on behalf of the Builder to fulfill the Builder’s obligations hereunder.

“**Working Days**” – shall mean “business days,” Monday through Friday, excluding holidays and weekends.

Terms defined in this Agreement, which are used in the other Contract Documents or Change Orders but not otherwise defined therein, shall have the meanings designated in this Agreement.

ARTICLE 2 – SCOPE AND PRICE

2.1 The object of the Contract is the construction by the Builder of one (1) dual mode articulated tug/barge trailing suction hopper dredge for the sum of the Contract Price, all in accordance with the Contract Documents, and to be delivered to the Owner by the Delivery Date shown on Exhibit A for the ATB Unit. The ATB Unit shall be constructed according to the Contract Documents.

2.2 For the Contract Price, the Builder agrees, at its own risk and expense, to build at its shipyards located in Panama City, Florida, complete and deliver to the Owner, afloat at the Builder’s shipyard, on or before the Delivery Date, the ATB Unit, which at the time of Delivery is to be constructed, outfitted and tested in accordance with the Contract Documents. The Contract Price to be paid by the Owner for the Work for the Vessels shall be as set forth on Exhibit A and may only be adjusted in accordance with the terms of this Agreement.

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2.3 The Builder shall use its commercially reasonable best efforts to obtain delivery terms from its Subcontractors and Suppliers so as to enable the Builder to meet the Project Schedule. Further, in the event any Change Orders are issued pursuant to Article 9 hereof, the Builder shall use its commercially reasonable best efforts to obtain the most favorable pricing and delivery terms from its Subcontractors and Suppliers in order to minimize the cost effect of such Change Order on the Contract Price and its impact, if any, on the Delivery Date.

2.4 The Builder agrees to furnish a suitable location at its shipyard(s) for the full and timely construction of the ATB Unit, storage of the Owner Furnished Items, together with all labor, management, tools, equipment, Materials, services and fees necessary for the construction, completion, inspection and certification of the Vessels and ATB Unit.

2.5 Subject to Article 19, the Builder will comply with and construct the Vessels and ATB Unit to be in compliance with the requirements of governing Regulatory Authorities. All fees and charges of a Regulatory Authority shall be for the account of and paid by the Builder; except that Owner shall pay the fees for obtaining the Regulatory Approved Drawings.

2.6 Subject to Article 19, in the construction of the Vessels and ATB Unit, the Builder will not knowingly violate the applicable requirements of the Regulatory Authorities which have jurisdiction and which are in effect or announced to come into effect on or before the date of this Agreement. In the event the Builder becomes aware that any portion of the Contract Documents do not comply with such rules, regulations and requirements of the Regulatory Authorities, the Builder shall promptly notify the Owner of said non-compliance and the Builder and the Owner shall agree on any Modification necessary to secure compliance and any alterations in the Work caused by such changes shall be the subject of a Change Order. If there are changes after the execution of this Agreement in the rules and regulations promulgated by the Regulatory Authorities applicable to each Vessel and the ATB Unit, alterations in the Work caused by such change shall be authorized and paid for by Owner as a Change Order.

2.7 The Builder will provide and/or install and commission all Materials shown in the Specifications, including the installation of the Owner Furnished Items, except those items which the Specifications state are to be installed by the Owner or its separate contractors. With respect to such items to be installed by the Owner or its separate contractors, the Builder shall provide reasonable assistance, subject to any Modification if required, with respect to such installation in accordance with the Contract Documents and the Project Schedule (as defined in Article 6.4). The Builder shall receive and inspect for, and note on the carrier's receipt, any shipping damage that is reasonably ascertainable upon a visual inspection, check as to agreement with bills of lading, store, protect and insure all Owner Furnished Items against physical damage or loss from all insurable risks as set forth in Article 10. Provided that the Builder has complied with the obligations of this Article, the Builder shall not be liable for any damage to the Owner Furnished Items that arises prior to delivery to the Builder's shipyard. As soon as reasonably practical, but in no case later than the next Working Day following delivery of the Owner Furnished Items to the Builder's shipyard, the Builder shall notify the Owner's Representative of the delivery of the

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Owner Furnished Items, who shall, at the Owner’s expense and risk, inspect the Owner Furnished Items. The Builder does not accept responsibility for the fitness or condition of the Owner Furnished Items prior to their receipt and inspection as aforesaid. The Builder shall be liable to the Owner for any damage to or loss of the Owner Furnished Items occurring during the Builder’s custody thereof which may arise from any event. The Owner shall be responsible for providing the Builder accurate values of all Owner Furnished Items. The cost of technical support required to commission the Owner Furnished Items after installation by the Builder shall be the responsibility of the Owner. The Builder shall allow sufficient working area and time to allow the timely and safe installation and commissioning of equipment and loading of supplies prior to the Vessel’s departure voyage. Manufacturer’s and supplier’s commissioning of the Owner Furnished Items shall be scheduled by the Builder in cooperation with the Owner and with Owner being responsible for any costs and expenses charged by the suppliers of such Owner Furnished Items.

2.8 Exhibit E attached hereto identifies all Owner Furnished Items and vendor furnished information for the Owner Furnished Items together with the Owner’s cost of said equipment and appurtenances for use in determining the policy value of the Builder’s Risk Insurance under Article 10.1(c). The cost of the Builder’s Risk Insurance for the Owner Furnished Items (for values shown in Exhibit E) shall be for the account of and paid by the Builder. If the Owner requests the Builder to place additional insurance, the cost to the Owner will be the Builder’s incremental cost for such additional insurance. The Owner Furnished Items and vendor furnished information shall be delivered free of cost to the Builder at the Builder’s shipyard by the dates set forth in Exhibit E. It shall be the Owner’s responsibility to timely provide all Owner Furnished Items to the Builder with all necessary attachments, accessories, sensors, alarms, fittings, and other items required for proper installation and further such Owner Furnished Items shall be delivered along with all necessary documentation, certifications, drawings and manuals including those required by any applicable classification societies or regulatory bodies. In the event the Builder becomes aware of any incompleteness or deficiency with respect to any Owner Furnished Items, it shall promptly notify the Owner. The Owner shall be responsible for all commissioning and start-up dock trial and sea trial costs, fees, and expenses charged by the suppliers of Owner Furnished Items, except to the extent that the Owner incurs extra charges as a result of the negligence of the Builder or Builder’s Subcontractors or Builder’s breach of this Agreement.

2.9 Subject to Article 4.1, the Builder will allow the Owner and/or its representatives at all reasonable times to examine the Vessel, the Work and Materials during construction.

2.10 It is understood that the Builder is an independent contractor in the performance of the Work, maintaining complete control of its workers, the worksite and its operations. Neither the Builder nor anyone employed or engaged by it shall become an agent, representative, servant or employee of the Owner in the performance of the Work or any part of it. The Owner shall have no right or authority to supervise, direct, instruct or otherwise give orders to the Builder’s Personnel or to bind the Builder in any way to any third party. The Builder shall have no power whatsoever to bind the Owner in any way in any dealings between the Builder and third parties and shall not attempt or purport to do so. All portions of the Work that the Builder does not perform shall be performed under subcontracts or other appropriate agreement between the Builder and the Subcontractor performing the Work, and the Owner shall have no liability for such

Subcontracts. Nothing contained in the Contract Documents shall create any contractual relationship between the Owner and any Subcontractor of the Builder. Notwithstanding the foregoing, for informational purposes only, the Builder shall furnish to the Owner at its request a copy of each Material Subcontract it enters into in connection with the Work. The Builder shall be allowed to redact certain financial information that it maintains is confidential and/or proprietary in nature, unless the Builder relies upon such financial information when presenting a Modification to the Owner.

ARTICLE 3 – DESIGN RESPONSIBILITY AND OWNERSHIP

3.1 It shall be the Owner’s responsibility to finalize the development of the Design (but excluding Detail Design Drawings which are the Builder’s responsibility) and Functional Design Drawings and to obtain the Regulatory Approved Drawings, all of which shall be class approved stamped drawings and provided to Builder by the dates specified in Exhibits C-1 and C-2. In addition, the Owner shall timely deliver to the Builder the Barge model, which is based upon the Regulatory Approved Drawings, as set forth in Exhibit C-3. The Owner shall ensure that the Tug model, which is based upon the Regulatory Approved Drawings, as set forth in Exhibit C-3, is timely available at Ship Architects Incorporated for the Builder’s use. The Builder acknowledges that the Owner is not responsible for delivering the Tug model beyond the functional design level to the Builder, and the Builder shall obtain a license, if necessary, directly from Ship Architects Incorporated (“SAI”) for the delivery and use of the Tug model. Owner shall pay the expense for the development of the Tug model through the functional design level as well as any license fee that may be charged by SAI for a one time license for the use of the Tug model. The Builder shall be responsible for and develop, at the Builder’s expense, the Detail Design Drawings and the Detailed Construction Documentation based upon the Regulatory Approved Drawings. The Builder shall be responsible for any defects, deficiencies or errors in the Detail Design Drawings or the Detailed Construction Documentation unless caused by defects, deficiencies or errors in the Functional Design Drawings or Regulatory Approved Drawings as provided to Builder. Builder acknowledges that the ATB Barge and ATB Tug Drawing Packages identified in Exhibit C-4 have been provided by the Owner to the Builder for the Builder’s review and use in its pricing of the ATB Unit and its agreement to the Contract Price set forth herein.

3.2 The Builder shall not be responsible with respect to the functionality of the Design of the Vessel(s) and the ATB Unit.

3.3 The Builder and the Owner agree that if, due to no fault of the Builder, the critical path of progress of the Work is delayed as a result of late receipt of or defects, deficiency or errors in the Functional Design Drawings or the Regulatory Approved Drawings from the Owner’s design agents, the Builder shall be entitled to claim a Change Order in accordance with the procedures set forth in Article 9. The Builder shall only be entitled to rely upon this Article 3.3 provided that (a) written notice explaining the circumstances of the delay and the anticipated effect on the critical path is given to the Owner within ten (10) Working Days of the Builder’s first knowledge of the delay; (b) the Builder has used all reasonably available means to avoid such delay; and (c) the Builder is unable to reasonably adjust its planned Project Schedule.

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3.4 The ATB Unit’s Contract Documents prepared by or for the Owner or its subcontractors in connection with the Work and any Intellectual Property they embody is and shall remain the sole and exclusive property of the Owner. Nothing contained herein shall be deemed to transfer any right of title or ownership of any Intellectual Property to the Builder and nothing herein contained shall be deemed to limit the Owner’s right to market, license, sell, use, modify or construct from such Intellectual Property for or to others.

3.5 The Builder shall ensure that all of its design professionals or Subcontractors agree to transfer and convey all title and ownership in the Detail Design Drawings and any Intellectual Property they embody to the Owner. Without limiting the foregoing, the Owner shall upon reasonable request be entitled to review the terms of such contracts prior to execution thereof by the Builder. The Builder shall be allowed to redact certain financial information from such contracts that is confidential and/or proprietary in nature.

3.6 All Intellectual Property and all works conceived, generated, created, developed and/or authored by Builder and Builder Group (individually or jointly) under this Agreement and related specifically to the Vessels shall be considered a work made for hire to the extent the law provides. Whether or not any Intellectual Property conceived, generated and/or authored by Builder and Builder Group (individually or jointly) is, or is not, considered work made for hire, Builder and Builder Group agree to convey and assign to Owner all of Builder and Builder Group’s worldwide rights, title and interest in and to in any Intellectual Property developed, conceived and/or generated under this Agreement, and Builder and Builder Group agree to fully cooperate (without further compensation) with Owner’s efforts to file, register, enforce and/or protect Owner’s rights to the Intellectual Property, and Builder and Builder Group will execute the necessary documents to ensure that all Intellectual Property conceived, generated, created, developed and/or authored under this Agreement is assigned to and/or vests in Owner. Notwithstanding any of the foregoing, any Intellectual Property developed by the Builder and which is related to general design elements, including design and techniques applied by Builder to prior vessels for other customers, and which is not unique to the Vessels, shall be retained by the Builder; provided, however, that the Owner shall have a perpetual non-exclusive license to use such Intellectual Property to the extent necessary in its operation, maintenance and repair of the Vessels.

3.7 The Builder covenants and agrees that its use of the Design, Functional Design Drawings, Regulatory Approved Drawings, or Detail Design Drawings shall be solely for purposes of performance of this Agreement, including, without limitation, any warranty obligations that arise hereunder. Without limiting the foregoing, the Builder shall not use a Vessel’s or the ATB Unit’s Design, Functional Design Drawings, Regulatory Approved Drawings, Detail Design Drawings, Specifications or any Intellectual Property associated with the foregoing to design, construct or have constructed on its behalf or on behalf of any Person, any other vessel or part thereof.

3.8 It is further understood that any Builder’s Process derived by the Builder from the Design, Specifications, Contract Documents, or the Builder furnished equipment are the property of the Builder.

3.9 The Builder agrees that in the event any third party presents to the Builder a design substantially similar to a Vessel’s or the ATB Unit’s Design utilized under this Agreement, the Builder agrees to promptly notify the Owner and reasonably cooperate with the Owner in the Owner’s determination of whether such design infringes by a third party of any Intellectual Property rights associated with a Vessel’s or the ATB Unit’s Design.

3.10 The Owner agrees that the Builder’s Process is and shall remain the property of the Builder and may not be disclosed by the Owner to any third party or used directly or indirectly by the Owner or any third party in the construction of a vessel for the Owner by any party other than the Builder.

3.11 The Builder agrees that the Design, Functional Design Drawings, Regulatory Approved Drawings Detail Design Drawings, Specifications and any Intellectual Property associated with the foregoing may not be disclosed by the Builder to any third party or used directly or indirectly by the Builder or any third party in the construction of a vessel by the Builder for any Person other than the Owner.

3.12 The Builder agrees to fully cooperate, and have its employees, subcontractors and agents fully cooperate, with the Owner in the procurement, prosecution, maintenance, protection and enforcement of all Intellectual Property rights associated with each Vessel’s and the ATB Unit’s Design. This cooperation includes, but is not limited to, the execution of any documents required by the Owner or any U.S. or foreign Intellectual Property office to establish and/or perfect the Owner’s exclusive ownership of such Intellectual Property.

ARTICLE 4 – TRIALS AND DELIVERY

4.1 The Owner shall, at its own expense, have the right at any time during normal business hours to inspect the Vessels, the Work and Materials and the progress being made in the Work and further shall have the right to have any qualified person of its choosing make inspection and examination of the Vessels in various stages of construction, subject to the Builder’s right to deny access to any Person who, in the Builder’s reasonable opinion, does not comply with the Builder’s health, safety, environmental, insurance or security policies, which policies shall be provided to the Owner within a reasonable time upon request.

4.2 Upon installation of any of the Vessels’ machinery, equipment, systems, which includes the components of the Dredging System, and Owner Furnished Items, each item will be tested to ensure its proper operation in accordance with the Schedule as called for in the Specifications. Materials and consumables necessary for operational testing, including but not limited to fresh water, fuels, oils, greases, filters, hydraulic fluids, shall be furnished by and for the account of the Builder. In accordance with Article 16.3, the Owner shall pay the Builder for materials and consumables on board the Vessels at the time of Delivery.

4.3 When the Builder has completed the Work on the Vessels, the ATB Unit will undergo Dock Trials to demonstrate that the Work and all of the Vessels’ machinery, equipment and systems operate in accordance with the Contract Documents. The Owner will be given a minimum seven (7) Working Days advance written notice of the scheduled dates for Dock

Trials. Upon satisfactory completion of Dock Trials, and satisfactory correction of any of defective or non-compliant Work, the ATB Unit shall go on Sea Trials immediately prior to the intended Delivery to the Owner. The ATB Unit will undergo Sea Trials to demonstrate that the Work is completed, and including without limit, that the Vessels and their machinery, equipment and systems operate satisfactorily while the Vessels are in service and the Vessels and ATB Unit were constructed in accordance with the Contract Documents and all applicable requirements of the Regulatory Authorities. During any trials, the ATB Unit will be inspected by the Regulatory Authorities, the Builder and the Owner.

4.4 The Builder and the Owner acknowledge that the ATB Unit’s Dredging System can only be effectively tested by loading and unloading a quantity of material into and out of the ATB Unit’s hopper (the “System Tests”), and that the System Tests during Sea Trials are essential to demonstrate that the Work and all the Vessels’ machinery, equipment and systems operate in accordance with the Contract Documents. The Owner shall provide at its cost the operating crew for performance of the System Tests and all necessary permits required to conduct the System Tests. In the event that the System Tests cannot be completed at the time of the Sea Trials or within seventy-two hours of the completion of Sea Trials and the cause for such lack of completion of the System Tests is not due to any breach of the Contract by the Builder or any act or omission of the Builder, the Owner shall take Delivery of the ATB Unit provided that all other requirements for Delivery are completed, and the Owner shall withhold \$500,000.00 from the Delivery Payment (the “Retained Amount”) until such time as the System Tests have been satisfactorily completed. The Owner and the Builder shall perform the System Tests. The Owner shall notify the Builder in writing, and in the same form as Exhibit P, of any defects in the Dredging System within fifteen (15) Working Days of the performance of the System Tests. In the event the Owner has not notified the Builder of a defect in the Dredging System within such time, the Owner shall pay the Retained Amount to the Builder. Any defects in the Dredging System attributable to Builder discovered during the System Tests and timely notified to the Builder shall be remedied by the Builder in accordance with the provisions of this Article 4, after which the Owner shall pay the Retained Amount to the Builder less the following, as applicable:

(a) deductions from the early completion premium or additions to the late completion liquidated damages for each Day the ATB Unit is out of service to effect repairs to the Dredging System, at the applicable rate specified in Article 8;

(b) deductions from the early completion premium or additions to the late completion liquidated damages for each Day the System Tests exceed three (3) Days of testing (or a length of time as otherwise agreed by the parties), at the applicable rate specified in Article 8; and

(c) any costs to the Owner reimbursable under Article 11.2 of this Agreement.

4.5 The Builder acknowledges that the Vessels are being built as part of a dual mode articulated tug/barge trailing suction hopper dredge and that the construction and operation of each component part so as to operate as one fully integrated dual mode articulated tug/barge trailing suction hopper dredge is the object of the Contract. Acceptance by and Delivery to the Owner shall be subject to and conditioned upon the successful Sea Trials, Dock Trial and System Tests of the ATB Unit and not its component parts.

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If the Owner is not satisfied with the Work, the Owner will promptly, and in any event within five (5) Working Days after conclusion of the Dock Trials and/or Sea Trials (as applicable), notify the Builder in writing, setting forth the nature and character of the problem in sufficient detail to fully apprise the Builder of same in the form attached as Exhibit P. The Builder shall work as expeditiously as possible to resolve the problem so that the ATB Unit conforms with the Contract Documents. When the trials and tests are complete and the problems, if any, are resolved to the Owner’s reasonable satisfaction, Delivery of the ATB Unit will be deemed achieved, subject to the Builder’s compliance with Article 5.6.

If a complaint regarding the Work under this Article 4 cannot be resolved and settled by the parties, then such complaint shall be settled in the manner provided for in Article 25 of this Agreement. During the pendency of such dispute and at the direction of Owner, Builder will proceed to resolve the Owner’s complaint on a time and material basis as defined in Article 9.7. If it is determined that the Work directed by Owner was not required by the Contract Documents, then Owner will pay Builder for such Work on a time and material basis as defined in Article 9.7 and the Delivery Date shall be adjusted by the number of Days the Work directed by Owner took to complete. The party who does not prevail in this dispute will also be required to pay any costs of additional testing and Dock Trials, Sea Trials or Systems Test. If it is determined that the Work was required by the Contract Documents, then the Work shall be deemed to have been part of the Contract Price and no additional amount shall be due to the Builder and the Builder shall be deemed to have been required to correct the Work, subject to liquidated damages for delays provided in this Agreement and, at Builder’s sole cost and expense, to such additional testing and Dock Trials, Sea Trials or System Tests as may be required in order to complete and satisfactorily test the Work in accordance with the Contract Documents.

4.6 The Owner shall provide to the Builder a Shipyard Contract Deficiency Report in the form of Exhibit P as a means to communicate items that need to be addressed by the Builder before Delivery.

4.7 The Builder shall deliver the ATB Unit to the Owner in accordance with the Contract on or before the Delivery Date free and clear of liens and encumbrances and with Lien Release(s) in the forms of Exhibits G-1 and G-2, as required by Article 5.6, provided the Builder has been paid all amounts due under this Agreement.

4.8 Delivery shall be made safely afloat at the Builder’s shipyard in Panama City, Florida or at a location mutually agreed by the Owner and the Builder. If Delivery is made at an offshore location, the costs of such offshore delivery will be the subject of a Change Order for the account of the Owner; provided, however, that if the ATB Unit is delivered offshore immediately after the Sea Trials have been successfully completed, no Change Order or additional monies shall be due by the Owner.

ARTICLE 5 – PAYMENT

5.1 The Work shall be performed by the Builder in consideration of the Owner’s payment of the Contract Price for each Vessel in the manner set forth in Exhibit A of this Agreement and Change Orders.

5.2 The Owner agrees to pay the Contract Price of each Vessel to the Builder in Interim Installment Payments which shall correlate to the Milestone Schedule as set forth in Exhibit Q. In the event that the Owner shall fail to pay the first Interim Installment Payment as provided by Exhibit Q due to no fault of the Builder, the Builder shall have the right, at its sole discretion, to (i) cancel this Agreement, in which event the Builder shall have no further obligation to the Owner hereunder, or (ii) suspend performance of the Agreement until such first Interim Installment Payment is received. In the event of such suspension, the Project Schedule, including the Delivery Date, shall be adjusted commensurately with the period of suspension. If the Builder has not achieved the progress of Work required for an Interim Installment Payment, the Owner shall not be required to make the Interim Installment Payment until such time as the Builder certifies, to the satisfaction of the Owner, that it has achieved the Milestone necessary for the Interim Installment Payment.

5.3 Except for the first Interim Installment Payment, the Builder shall furnish a Milestone Certificate for each Milestone for any of the Vessels which shall state (i) the stage of Work achieved; (ii) that the Work completed complies with the Contract Documents; and (iii) that, subject to payment by the Owner therefor, there are no liens upon said Vessel for labor or Materials covered by this Interim Installment Payment for said Vessel, except those created by the Owner, its subcontractors, vendors, or employees. The Milestone Certificate shall be executed and certified by the President or Chief Financial Officer of the Builder. The Builder shall provide notice to the Owner within five (5) Working Days of receipt of any liens filed against the Work or a Vessel. If a lien claim is filed against the Vessel or the Work on the Vessel or any portion of the Work is seized in connection with any asserted lien, the Owner shall not be obligated to make payment until the lien is resolved to the reasonable satisfaction of the Owner or the lien is fully released by bonding or other appropriate means. Milestone Certificates for each Milestone shall be furnished to the Owner along with a Partial Lien Release(s) in the form of Exhibits L-1 and L-2 in favor of the Vessels and the Owner executed by the Builder and its Subcontractors, as applicable. The Builder shall submit a Builder’s Invoice in connection with each Interim Installment Payment as set forth in Exhibit Q.

5.4 The Builder will give the Owner written and electronic notice of the intended date of issuance of a relevant Milestone Certificate, not more than ten (10) Working Days nor less than five (5) Working Days before issuance. The form of Milestone Certificate is attached as Exhibit F-1 to this Agreement. Except for the first Interim Installment Payment, and with respect to any Interim Installment Payment which is disputed and subject to resolution pursuant to Article 5.5, Interim Installment Payments will be made by the Owner within ten (10) Working Days of receipt of the relevant Milestone Certificate, or within ten (10) Working Days of resolution of such dispute under Article 5.5, accompanied by appropriate Lien Release(s) and Builder’s Invoice, in the form attached as Exhibit F-2 (except that the Delivery Payment will be made by the Owner upon Delivery of the ATB Unit).

5.5 Except for disputes arising with respect to the final Milestone, if the Owner objects upon receipt of the Milestone Certificate on grounds that the pertinent Milestone has not been reached, the dispute will be resolved pursuant to the provisions of Article 25 hereof.

5.6 As of the time of Delivery of each Vessel, the Builder shall have executed and delivered to the Owner (a) a Certificate of Completion and Delivery in the form of Exhibit H (including all documents listed therein) stating (i) that the Vessel has been completed, (ii) that all trials and tests have been satisfactorily completed (except, if applicable, the System Tests), and (iii) that the Vessel complies with the Contract Documents and is free from any known defects in the Builder’s Materials and workmanship; (b) final lien waivers from the Builder, in the form of Exhibits G-1 and G-2; (c) the Detail Design Drawings, including any and all modifications thereto to reflect the as-built design and construction of the Vessel which shall be delivered to Owner within five (5) Days of Delivery if available but in no event later than thirty (30) Days after Delivery with the understanding that the Builder shall always use commercially reasonable efforts to deliver the as built drawings as expeditiously as possible upon or after Delivery of each of the Vessels; (d) any other documents set forth in the Specifications; and (e) any other document reasonably required by the Owner, by applicable law or by any Regulatory Authority in order for the Owner to have the Vessel documented in the Owner’s name and to allow the ATB Unit to commence operations as a trailing suction hopper dredge inspected under 46 C.F.R. Sub-Chapter C, and meeting Sub-Part I of Part 174, with a coastwise endorsement in the United States, the foregoing being collectively referred to as the “Delivery Documents”. The Delivery Documents shall not include any certificate or approval from any Regulatory Authority required to be obtained by Owner as owner or operator of the Vessels. Upon receipt of all Delivery Documents, the Owner shall execute and deliver to the Builder a Protocol of Delivery and Acceptance in the form set forth in Exhibit M.

5.7 Upon Delivery as evidenced by a fully executed Protocol of Delivery and Acceptance or in the event the Owner refuses to accept a Vessel, despite the Builder’s complete satisfaction and fulfillment of Builder’s obligations hereunder, the Owner shall pay the Builder:

1. The Delivery Payments indicated in Exhibits Q-1 and Q-2;
2. Plus any amounts due and payable by the Owner that have not been paid to date;
3. Plus any applicable State or Local Sales and/or Use Taxes, unless the Owner has provided to the Builder documents required by Florida law to obtain a sales or use tax exemption (the Builder agrees to provide reasonable assistance as requested by the Owner for obtaining any available exemption(s));
4. Plus or less any changes in the Contract Price resulting from fully executed Change Orders that have not been paid or credited prior to Delivery;
5. Plus the cost of any stores paid for by the Builder on board the ATB Unit at the time of Delivery;

6. Less the liquidated damages for delay that may have accrued in accordance with Article 8 below. If the amount of liquidated damages payable pursuant to Article 8 shall exceed the sum of (1) through (5), above, the Builder shall pay the difference to the Owner at the time of Delivery; and
7. Less any Retained Amount.

5.8 In the event of any dispute between the Owner and the Builder at the time of Delivery, which the Owner reasonably determines is not material to the functionality and performance of the Vessels and their systems, the Builder and the Owner shall reserve their respective rights regarding the dispute and Delivery of the ATB Unit shall be made subject to such reservation. The Builder shall not withhold or otherwise delay or encumber the Delivery of the ATB Unit and the Owner shall not withhold acceptance of the ATB Unit or the payment of all amounts due and payable pursuant to Article 5.7. The Builder shall deliver the Builder’s Certificate to the offices of Marine Documentation in Falling Water, West Virginia to be held in escrow and released upon the Owner’s payment of eighty percent (80%) of the final payment for such Vessel to the Builder with the twenty percent (20%) balance of the final payment for such Vessel to be held in escrow by the law offices of Baker Donelson and released to the Builder upon the issuance of the Certificate of Documentation by the U.S. Coast Guard National Vessel Documentation Center.

5.9 All payments will be due by wire transfer or other payment in good funds unless otherwise specified herein. The Builder and the Owner shall furnish wire transfer payment instructions to the other party. Any and all late payments shall accrue interest at the thirty-day Libor rate plus two percent (2%) from the date that the payment was due until paid.

5.10 Payments by the Owner shall be without prejudice to all rights, defenses and remedies of the Owner in respect of the ATB Unit and this Agreement.

5.11 Additions, deletions or extra items requested by the Owner from the Contract Documents shall be initiated and performed by the Builder without delay. Any increase or decrease in the Contract Price from a change or adjustment agreed to in accordance with Article 9 shall be deemed a part of the Contract Price. Where the increase or decrease in the Contract Price has not been agreed upon, the Interim Installment Payment shall be estimated based on the Owner’s good faith estimate of the increase or decrease in the Contract Price due to such change or adjustment, unless the Owner and the Builder agree otherwise. At the time the increase or decrease in the Contract Price is agreed upon between the Owner and the Builder, an appropriate adjustment will be made in the subject Interim Installment Payments to reflect the variance, if any, between the Owner’s estimate and the agreed adjustment in the Contract Price.

5.12 In the event that an increase or decrease in the Contract Price due to change or adjustment under Article 9 below is not mutually agreed to prior to Delivery of the ATB Unit to the Owner, appropriate adjustment of any overpayment or underpayment shall be made promptly upon final determination in accordance with Article 25 as to the increase or decrease and any adjustments required to the Contract Price shall be paid or refunded within ten (10) Working Days.

5.13 If a change or adjustment shall result in an agreed increase or decrease in the Contract Price for the ATB Unit, all Interim Installment Payments thereafter relating to the ATB Unit shall take account of such increased or decreased Contract Price. The first such Interim Installment Payment that becomes due after the subject increase or decrease shall be adjusted by an amount equal to the product of (a) the amount of the increase or decrease in the Contract Price and (b) the aggregate percentage of the Contract Price required to be paid on or before the due date of such Interim Installment Payment.

5.14 The Owner and the Builder agree that the sum of the Contract Price for the Vessels as set forth in Exhibit A shall be paid by the Owner by the aggregate of (i) payments by the Owner to the Builder in accordance with the Tug Milestone Schedule set forth in Exhibit Q-1; and (ii) payments by the Owner to the Builder in accordance with the Barge Milestone Schedule set forth in Exhibit Q-2.

ARTICLE 6 – PROSECUTION OF THE WORK AND PROJECT SCHEDULE

6.1 In consideration for the Contract Price, the Builder shall provide all things required for the complete performance of the Work, except for such items as are specifically required by the Contract Documents to be furnished by the Owner. The Builder shall at all times prosecute the Work diligently so as to ensure completion of the ATB Unit in full accordance with the Contract Documents by the Delivery Date. The Builder shall at all times furnish sufficient numbers or amounts of properly skilled and qualified workers, acceptable materials and equipment and adequate services and tools and equipment necessary for the Work and to ensure the delivery of the ATB Unit by the Delivery Date.

6.2 The Builder shall perform all of the Work in accordance with Good Shipbuilding Practice, all applicable laws, applicable codes and standards, and the Contract Documents. All engineering and design services provided by Builder shall be provided utilizing Good Shipbuilding Practice and the generally accepted standard of care, skill and diligence as would be provided by a national shipbuilder to the U.S. maritime industry. The ATB Unit shall be constructed in a good and workmanlike manner consistent with Good Shipbuilding Practice and in accordance with the class standards set forth in the Specifications, Contract Documents and the requirements of the governing Regulatory Authorities. All Work of the Builder requiring certification shall be certified.

6.3 The Builder understands that time is of the essence for the Owner and that an essential cause for the Owner’s decision to enter into this Agreement with the Builder is the representation by the Builder that, except for causes of Force Majeure or other delays excused in accordance with the terms of this Agreement, the Builder can and will perform the Work and can and will deliver the ATB Unit by the Delivery Date shown on Exhibit A. The Builder shall not take on additional work in its yard(s) which would adversely impact the delivery of the ATB Unit. In the event that the Builder is unable to complete and deliver the ATB Unit by its Delivery Date as a result of a Force Majeure event or other event causing delay, the Builder will work with full dispatch in order to complete the delayed ATB Unit in the most timely manner achievable by the Builder, including, without limitation, acceleration of the Work by all reasonable means available. In the event the delay is caused by a Force Majeure event or another

event which would allow Builder an extension of the Delivery Date under this Agreement, the additional cost including overtime incurred by the Builder to accelerate completion of the Work will be the subject of a Change Order; provided, however, that the Owner shall have the right to review and approve any acceleration of the Work or any recovery plan proposed by the Builder before it is implemented by the Builder. The Builder shall not, under any circumstances, make a decision that it is more economically advantageous for the Builder to pay liquidated damages than to allocate all necessary resources to the construction of the delayed ATB Unit that, if so allocated, would prevent the delay or lessen the delay and the Owner shall have the right to a mandatory injunction requiring the Builder to complete the Work with all due diligence. Notwithstanding anything to the contrary in Article 25, the Owner may seek such mandatory injunction in the exclusive venue selected by the parties in Article 25 hereof.

6.4 The Builder has provided to the Owner a preliminary schedule attached hereto as Exhibit K. No later than thirty (30) Days following the execution of this Agreement, the Builder shall submit to the Owner a project schedule and execution plan (the “Project Schedule”) in electronic form in its native format and a .pdf. The Owner and the Builder each acknowledge that the Project Schedule is a tool to be used to measure the Builder’s progress. Such schedule shall indicate dates for commencement, completion of the Work, and an overall project execution strategy. All points of interface between the Owner and the Builder (i.e., all instances where performance of the Builder’s Work depends upon the Owner) and appropriate constraints shall be included in the Project Schedule. In particular, the required delivery date of Owner Furnished Items shall be included in the Project Schedule so that the Owner may schedule its delivery to the Builder. In addition to any and all other parts of the Work shown, said Project Schedule shall indicate the dates of expected completion of each Milestone task set forth in Exhibit Q. The Builder shall use and be entitled to rely upon information provided by the Owner for its installation of the Owner Furnished Items and shall bear no liability for any critical path schedule impacts due to the late delivery of the Owner Furnished Items. Nonetheless, the Builder agrees to exercise due diligence to overcome the late delivery of any Owner Furnished Items that have an impact on the critical path of the Project Schedule. If the Builder shall incur any additional expense, the Builder shall notify the Owner about the details supporting such additional expense and the Builder shall be entitled to a Change Order in the agreed amount of such extra expense.

6.5 During the performance of the Work, the Project Schedule shall be updated to show the progress of the Work and shall be submitted to the Owner for its review every four (4) weeks, commencing after the Builder’s submittal of the original Project Schedule and shall hold project status meetings with the Owner’s Representative every week for the final eight (8) weeks. If the progress of the Work in comparison to the Project Schedule evidences that the Builder is not on schedule and the Owner so notifies the Builder, the Builder shall, within twenty (20) Working Days thereafter, provide a recovery plan to the Owner for the Owner’s review and approval, which recovery plan must set forth a revised Project Schedule with a re-sequencing and/or acceleration of elements of the Work in order to complete the ATB Unit by the Delivery Date. Except as provided to the contrary in Article 6.3, the Builder shall be responsible for all costs and expenses incurred by the Builder in the implementation of the recovery plan.

6.6 The Owner acknowledges that the Functional Design Drawings, the Regulatory Approved Drawings, the Barge Model (to the extent of functional design), the Tug Model (to the extent of functional design) and the Owner Furnished Items have critical importance to the maintenance and achievement of the Delivery Date. The Owner also acknowledges that the failure to timely deliver the aforementioned items may cause a delay in the completion of the Work, and may cause Builder to incur additional costs over and above those projected for this Agreement. In the event that completion of the Work is delayed as a direct result of Owner’s failure to timely provide the aforementioned items, the Delivery Date will be extended by a period equal to the period of the delay. In the event Builder incurs additional costs directly related to the Work as a direct result of Owner’s failure to timely provide the aforementioned items, Owner shall compensate Builder for reasonable costs related to the Work that Builder may demonstrate as resulting from the delay. In all instances of delay in delivery of the aforementioned items, Builder shall demonstrate that the path of the Work has been affected and that the Builder was not able to adjust the planned Project Schedule to avoid extension of the Delivery Date or the incurrence of additional costs. In the event the Builder determines that the late delivery of the aforementioned items is affecting the Project Schedule such that the Delivery Date must be extended and/or that additional costs will be incurred by the Builder as a direct result of such late delivery, the Builder shall notify the Owner in writing of such event as soon as possible but no later than fifteen (15) Working Days after knowledge thereof and provide all pertinent details and documents to support any proposed extension of the Delivery Date and/or any additional costs the Builder anticipates incurring as a result of such delay. In the event the Builder is unable to quantify the expected delay or additional cost, the Builder shall provide its best estimate and shall update and revise the estimate as additional information becomes available. The Builder shall be precluded from asserting any claim for an extension of the Delivery Date and/or for additional costs, which is not timely made in accordance with this Article 6.6. Notwithstanding anything herein to the contrary, the Builder shall continue with the performance of the Work even if there is a dispute regarding the delay and cost effect of any delay in providing the aforementioned items, which dispute shall be resolved pursuant to Article 25 hereof.

ARTICLE 7 – FORCE MAJEURE

7.1 The Builder shall not be liable for failure to perform its obligation under this Agreement during such time period the Builder’s performance is prevented by reason of a Force Majeure event. The Delivery Date of the ATB Unit shall be subject to extension by reason of Force Majeure provided that the critical path of the Work is shown to have been affected by such Force Majeure event and the Builder is unable to reasonably adjust its planned Project Schedule. Subject to Articles 7.2 through 7.5, the parties agree that such causes shall include, but not be limited to, the following: all strikes, lockouts, or any other industrial disturbance (not within the control of the Builder and not involving its own workers); shortages, unavailability, inadequacy or delays in receiving fuel supplies or electricity, supplies, Materials and equipment (not within the control of the Builder); delivery of defective Materials and equipment (not within the control of Builder); acts of God, war, preparation for war, the intervention of the Military or other agencies of government, blockade, sabotage (not involving the Builder’s own workers or the Builder’s Subcontractors), terrorism and vandalism (not involving the Builder’s own workers or the Builder’s Subcontractors), riots, insurrection; extraordinary rain, landslides, floods, named tropical storms or hurricanes which affect the Builder’s shipyard, tornadoes, earthquakes, collisions, fire, epidemics and lightning. No such extension, however, shall suspend, alter or

affect the Builder’s right to receive or the Owner’s duty, if any, to compensate for all Work completed through the date of suspension. The Builder shall notify the Owner in writing promptly of any Force Majeure event and shall furnish an estimate of the extent of any Force Majeure delay as soon as reasonably practical but not exceeding twenty (20) Working Days after learning of a Force Majeure event. The Builder shall include with that notice (a) a description of the event, (b) its occurrence date, (c) its expected duration and (d) its expected effect on the Project Schedule and the Delivery Date of the ATB Unit. The Builder shall inform the Owner in writing of the end of a Force Majeure event as soon as reasonably practical after its cessation but not exceeding twenty (20) Working Days and include an estimate of the delay in any Delivery Date, if any, caused by that event. Upon receipt of the Builder’s notice of a Force Majeure event, the Owner shall, within ten (10) Working Days thereafter, either acknowledge in writing its agreement that such event is to be treated as a Force Majeure event, or state any objections, and the reasons therefor, to acceptance of this event as a Force Majeure event. If the Owner objects to the Builder’s notice or does not respond within ten (10) Working Days, the matter shall be reserved and referred to resolution under Article 25. If the Owner does not respond within ten (10) Working Days, the Force Majeure event shall be considered approved. If completion of the ATB Unit is delayed by a Force Majeure event, the Delivery Date of the ATB Unit shall be adjusted by a period equal to the period specifically and exclusively resulting from the Force Majeure event.

7.2 Delays caused by weather conditions shall only be Force Majeure where caused by landslide, lightning, flood, windstorm, hurricane, named tropical storm, earthquake, tornado or extraordinary rains which prevent Work occurring out of doors at the Builder’s shipyard.

7.3 Delays caused by labor shortages and other shortages or inability to perform resulting directly from and that arise immediately following named tropical storms or hurricanes shall only be considered Force Majeure if the Builder shall have provided to the Owner within ten (10) Days following its notice of the Force Majeure event a plan by the Builder demonstrating that the Builder will take all reasonable efforts in order to mitigate the effects and delays arising from such shortages or inability to perform in an expedient manner.

7.4 Should there be local area, state or federal government interferences in the Builder’s shipyard, this interference will only be considered Force Majeure if exercised by the governmental entity pursuant to clear legal authority. If exercised without clear legal authority, it will only be considered Force Majeure if the Builder reasonably exercises its legal rights to oppose such interference, by all reasonable legal means in order that interference will not cause delays in delivery of the ATB Unit.

7.5 It is expressly understood by the Builder that delays in receiving supplies, materials and equipment shall not be considered Force Majeure unless (a) caused by strikes or lockouts of workmen other than those in the employ of the Builder, or (b) the Builder establishes to the reasonable satisfaction of the Owner that (i) the Builder timely ordered and paid for as required such supplies, materials and equipment; (ii) the Builder exercised due diligence to obtain delivery; (iii) no other source of supply was reasonably available; and (iv) the Builder is unable to reasonably adjust its Project Schedule to maintain scheduled critical path progress of the Work.

7.6 Should the Builder claim adjustments to the Delivery Date for the ATB Unit for one hundred and eighty (180) or more Days in the aggregate for reasons it claims are related to Force Majeure event(s), the Owner, at its sole option and in its discretion, shall have the right to terminate this Contract for convenience by giving seven (7) Days prior written notice to the Builder of the Owner’s intent to terminate for convenience under this Article. In such event, the Builder shall release the ATB Unit, and the Work and any Materials or equipment relating thereto to the Owner and invoice the Owner (a) for the portion of the Contract Price(s) allocable to the Work in progress performed on and Material commitments made for the ATB Unit as of the effective date of the termination, less the aggregate of previous payments relating to the ATB Unit; and (b) for all documented expenditures made and costs incurred reasonably necessary to the settling or discharging outstanding commitments relating to the ATB Unit entered into by the Builder in performing under this Contract. The Owner shall pay all undisputed amounts at the time the Builder releases the ATB Unit to the Owner with any disputed amounts being subject to the dispute resolution provisions of Article 25 of this Agreement. In the event of termination for Force Majeure pursuant to this Article by the Owner, the Owner’s right to terminate shall be its sole and exclusive remedy and the provisions of Article 14 shall not apply and the termination shall not be deemed to be on account of a Builder default. Unless specifically provided in this Agreement, the Owner shall not under any circumstances be responsible or liable to the Builder, or its Suppliers or Subcontractors of any tier, for any incidental, consequential or special damages or expenses of any type or kind, including, but not limited to, loss of time, loss of profit or earnings, or losses related to detrimental reliance upon the existence of the Agreement, whether or not such losses directly or indirectly arise out of the Agreement, or from any actions taken by the Owner at any time to terminate the Agreement. Extensions of the Delivery Date due to the delay of the Owner under Article 6.6 shall not be included in the calculation of Days in connection with the Owner’s right to cancel under this Article 7.6.

ARTICLE 8 – LIQUIDATED DAMAGES FOR DELAY

8.1 In the event the Builder shall deliver the ATB Unit later than its Delivery Date, the Builder shall pay to the Owner as liquidated damages in the form of a reduction in the Contract Price, to the extent any amounts are still owing, and any balance in cash, the amount of \$15,000 per day for each and every Day for the first thirty (30) Days that the actual date of Delivery for the ATB Unit occurs after the Delivery Date for the ATB Unit.

8.2 In the event the Builder shall deliver the ATB Unit later than thirty (30) Days after the Delivery Date, the Builder shall pay to the Owner as liquidated damages in the form of a reduction in the Contract Price, to the extent any amounts are still owing, and any balance in cash, the amount of \$20,000 per Day for each and every Day that the actual date of Delivery for the ATB Unit exceeds thirty (30) Days after the Delivery Date for the ATB Unit up to sixty (60) Days of delay.

8.3 In the event the Builder shall deliver the ATB Unit later than sixty (60) Days after the Delivery Date but less than ninety-one (91) Days after the Delivery Date, the Builder shall pay to the Owner as liquidated damages in the form of a reduction in the Contract Price, to the extent any amounts are still owing, and any balance in cash, the amount of \$25,000 per Day for each and every Day that the actual date of Delivery for the ATB Unit exceeds sixty (60) Days after the Delivery Date up to ninety (90) Days of delay.

PORTIONS OF THIS EXHIBIT HAVE BEEN REDACTED PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT UNDER RULE 24B-2 OF THE SECURITIES EXCHANGE ACT OF 1934, AS AMENDED. INFORMATION FOR WHICH CONFIDENTIAL TREATMENT HAS BEEN REQUESTED IS OMITTED, MARKED WITH “[*]” AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION.

8.4 In the event the Builder shall deliver the ATB Unit later than ninety (90) Days after the Delivery Date but less than one hundred twenty (120) Days after the Delivery Date, the Builder shall pay to the Owner as liquidated damages in the form of a reduction in the Contract Price, to the extent any amounts are still owing, and any balance in cash, the amount of \$30,000 per Day for each and every Day that the actual date of Delivery for the ATB Unit exceeds ninety (90) Days after the Delivery Date up to one hundred twenty (120) Days of delay.

8.5 In the event the Builder shall deliver the ATB Unit later than one hundred twenty (120) days after the Delivery Date but less than one hundred fifty (150) Days after the Delivery Date, the Builder shall pay to the Owner as liquidated damages in the form of a reduction in the Contract Price, to the extent any amounts are still owing, and any balance in cash, the amount of \$35,000 per Day for each and every Day that the actual date of Delivery for the ATB Unit exceeds one hundred twenty (120) Days after the Delivery Date up to one hundred fifty (150) Days of delay.

8.6 In the event the Builder shall deliver the ATB Unit later than one hundred fifty (150) Days after the Delivery Date but less than one hundred eighty (180) Days after the Delivery Date, the Builder shall pay to the Owner as liquidated damages in the form of a reduction in the Contract Price, to the extent any amounts are still owing, and any balance in cash, the amount of \$40,000 per Day for each and every Day that the actual date of Delivery for the ATB Unit exceeds one hundred fifty (150) Days after the Delivery Date up to one hundred eighty (180) Days of delay.

8.7 In no event shall the total amount of liquidated damage for delay in Delivery exceed \$4,950,000.

8.8 It is understood and agreed that in the event of late Delivery of 180 Days or less, the Owner shall suffer damages which are difficult to ascertain, and the Builder and the Owner acknowledge and agree that liquidated damages in the amounts set forth herein are a reasonable estimate of the anticipated damages that the Owner may suffer as a result of delayed delivery and are not a penalty. It is understood and agreed by and between the Builder and the Owner that such reduction in the Contract Price for the liquidated damages or payment of any balance in cash shall be in lieu of all other delay damages available to the Owner under this Agreement or at law or in equity (except for the injunctive relief set forth in Article 6.3), if any, and shall be construed as liquidated damages and as a waiver of any rights or remedies available for the failure to timely complete the ATB Unit on or before the Delivery Date. Such liquidated damages shall be the Owner's sole and exclusive remedy for any damages due specifically to late delivery of 180 Days or less of the ATB Unit and the Owner specifically waives all other rights or remedies at law or in equity (except for injunctive relief) for any such late delivery.

8.9 In the event the Builder shall not have delivered the ATB Unit on or before one hundred eighty-one (181) Days after its Delivery Date, the Builder shall be in default and, in addition to the liquidated damages due up to the date of termination, and the other rights and remedies available to the Owner under this Agreement, the Owner may, at its option, immediately terminate this Contract upon written notice to the Builder.

PORTIONS OF THIS EXHIBIT HAVE BEEN REDACTED PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT UNDER RULE 24B-2 OF THE SECURITIES EXCHANGE ACT OF 1934, AS AMENDED. INFORMATION FOR WHICH CONFIDENTIAL TREATMENT HAS BEEN REQUESTED IS OMITTED, MARKED WITH “[*]” AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION.

8.10 Any liquidated damages claimed by the Owner but disputed by the Builder (“Disputed Liquidated Damages”) shall be deposited promptly by the Builder prior to Delivery of the ATB Unit in an escrow account at a mutually agreeable financial institution in the joint names of the Builder and the Owner pending resolution of the dispute in accordance with Article 25 of this Agreement.

ARTICLE 9 – CHANGES IN THE WORK

9.1 The Owner reserves the right to make any deductions from or additions to the Work on giving due notice in writing to the Builder, the cost of any such changes to be agreed upon in advance by the Owner and the Builder, and added to, or deducted from the total Contract Price for the ATB Unit. If any such change will affect the current Delivery Date of the ATB Unit, or if any delays shall have occurred which, according to the terms of this Agreement, require an adjustment of the Delivery Date, the Delivery Date shall be adjusted accordingly. A statement of the changes in the Work, including any increased or reduced amount of the Contract Price, and/or any adjustment to the current Delivery Date, shall be submitted in a proposed Change Order to the Owner by the Builder. Said Change Order shall be agreed or disputed in writing by the Owner within ten (10) Working Days. The Change Order form to be utilized is attached hereto as Exhibit I. In the event the Owner shall dispute the Builder’s proposed Change Order, the Builder shall nonetheless proceed to make the change so required on a time and materials basis as set forth below in Article 9.7. The undisputed portion shall be reflected in an adjustment in the amount of the applicable Interim Installment Payment and the disputed amount resolved in accordance with Article 25 of this Agreement.

9.2 Changes in the Work or to any Contract Document may be accomplished after execution of this Agreement, and without invalidating the Contract, by Change Order, subject to the limitations herein.

9.3 Changes in the Work shall be performed under applicable provisions of the Contract Documents, and the Builder shall proceed promptly making any such changes.

9.4 When the Owner and the Builder agree on adjustments in the Contract Price or adjustments of the Delivery Date, or Modifications in the Specifications or any Contract Documents or otherwise reach agreement upon the adjustments, such agreement shall be effective only upon execution of an appropriate Change Order, signed only by the authorized signatories identified in Article 21.2.

9.5 If the Builder wishes to make a claim for an increase in the Contract Price for any change in any part of the Work as a result of any change in the applicable rules of the Regulatory Agencies which require changes to the Contract Documents as contemplated in Article 2.6 or if the Builder wishes to make a claim for an increase in the Contract Price for any variation between the Contract Drawings and the Functional Design Drawings which variation causes an increase in the cost to the Builder to build the Vessel, the Builder shall give the Owner written

notice thereof in the form of a proposed Change Order. The Builder shall provide the proposed Change Order within fifteen (15) Working Days of the Builder's discovery of any such change in the Work. Except in an emergency endangering life or property in which case the Builder may proceed, the Builder shall not proceed with the claimed change in the Work covered by the proposed Change Order unless and until the proposed Change Order has been approved in writing and signed by one of the authorized signatories of the Owner identified in Article 21.2, in the form of an approved Change Order. If the Owner and the Builder cannot agree on the entitlement to a Change Order, the amount of the adjustment in the Contract Price or the adjustment of the Delivery Date, the Owner may direct the Builder to perform such Work and shall pay the Builder the undisputed amount of the Work (assuming the Owner concurs that there has been a change in the Work but disputes the adjustment in the Contract Price requested by the Builder) performed in furtherance of the Change Order on the basis set forth in Article 9.1, without waiver of the Owner's right to thereafter to submit the disputed amount to resolution pursuant to Article 25 hereof.

9.6 Cost of any change considered an addition or a deletion shall be on a fixed price basis, unless some other method of pricing is agreed by the Builder and the Owner. Cost of any change considered a substitution shall be the difference between the cost of the new substituted item and the originally specified item.

9.7 Any Work performed on a time and material basis during the Agreement shall be based upon \$60.00 per hour for labor. The Builder's mark-up for materials purchased from a third party shall be the Builder's cost plus ten percent (10%).

9.8 Any Change Order in an amount greater than \$10,000 shall include an itemized breakdown of all estimated labor and materials to perform the Change Order and the Builder's detailed computations of the projected cost of the Change Order.

9.9 Each approved Change Order shall be deemed to include all direct and indirect costs, including delay, local disruption, cumulative disruption, cumulative impact, acceleration and like costs associated with, resulting from, or incidental to an approved Change Order including such costs that may be incurred by the Builder, its Subcontractors and its Suppliers. The Builder hereby agrees that upon its acceptance of an approved Change Order, the Builder shall be deemed to waive and release all claims against the Owner for any and all additional costs or delays in a relevant Delivery Date, including, without limitation, costs and delays based on any legal or equitable theory such as cumulative disruption or cumulative impact theories, resulting from an approved Change Order.

9.10 No change in the Work under this Agreement, whether by way of alteration or addition to or deletion of the Work, shall be the basis of a change to the Contract Price or a change in a relevant Delivery Date unless and until such alteration or addition or deletion has been authorized by a Change Order executed and issued in accordance with and in strict compliance with the requirements of this Article 9.

ARTICLE 10 – INSURANCE

10.1 At any and all times during the term of this Agreement, the Builder shall at its own expense maintain, with an insurance company or companies authorized to do business in the state in which Work is to be performed and reasonably acceptable to the Owner, insurance coverages of the kind and in the minimum amounts as follows:

(a) Worker’s Compensation Insurance including occupational disease and coverage under the United States Longshore and Harbor Worker’s Compensation Act, such insurance to cover all benefits provided by the applicable Act, also Employer’s Liability Insurance extended to include coverage for Maritime Employer’s Liability (i.e., Jones Act, Death on the High Seas Act and transportation, wages, maintenance and cure) with minimum limits of \$1,000,000 in any one occurrence.

(b) Commercial General Liability Insurance with an endorsement specifically covering the liabilities assumed by the Builder under this Agreement or evidence of blanket contractual liability that specifically addresses the exposures of this Agreement, sudden and accidental seepage and pollution coverage, watercraft exclusion deleted or modified to address the exposures of this Agreement, and “in rem” endorsement with minimum limits of \$1,000,000 per occurrence.

(c) Builder’s Risk Insurance naming the Owner as a named insured and loss payee, as its interests may appear, covering the Vessels, the Work, Materials and Owner Furnished Items once they arrive at Builder’s yard(s) for their full insurable value against all risks as per builder’s risk insurance policy terms, including but not limited to fire, while under construction and/or fitting out and/or on Dock Trials, Sea Trials or System Tests, including Materials in buildings, workshops, yards and docks of the Builder, or on quays, pontoons, craft, etc., and against all risks as per builder’s risk policy terms while in transit between Builder’s facilities (but only after the delivery of Owner Furnished Items to Builder’s yard) and/or the Vessel, wherever she may be lying, also all risks of loss or damage through collapse of supports or ways from any cause whatever, and all liability risks of the Builder and the Owner with respect to construction and delivery of the Vessel. Any provisions of the Builder’s Risk Insurance liability coverages that would limit liability coverage for any assured to liabilities “as owner,” or words of similar effect, or that would exclude liabilities for injury or death of “employees” of an assured, while part of the Vessel’s crew for purposes of Dock Trials or Sea Trials, must be deleted or appropriately modified by endorsement to the policy.

(d) Hull & Machinery, Protection & Indemnity (P&I) and Pollution for any owned and/or bareboat chartered vessels used by Builder in conjunction with the construction of the Vessels:

- i. Hull & Machinery per American Institute Hull Clauses (amended for the vessel operations at the shipyard) or equivalent to the fair market value of the vessel. Any references to “other than owner” or other owner limitations will be deleted by endorsement to the policy as respects the naming of the Owner as an additional assured;

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- ii. P&I per P&I form SP 23 or equivalent (amended for the vessel operations at the shipyard) with a minimum limit of \$1,000,000 per occurrence. Any references to “other than owner” or other owner limitations will be deleted by endorsement to the policy as respects the naming of the Owner as an additional assured;

(e) Pollution Coverage for Vessels under Repair, Construction or Modification per WQIS policy wording or equivalent, inclusive of the Builder’s responsibility for pollution liability and/or Certificate of Financial Responsibility (COFR) with a minimum limit of \$5,000,000.

(f) Bumbershoot or Excess Liabilities providing excess liability coverage above the primary liability coverages in subparts (a) through (e) above with a minimum limit of \$25,000,000. To the extent limits above this \$25,000,000 minimum limit are purchased by the Builder, such additional limits shall also cover the Owner as an additional insured with the same provisions as noted for the \$25,000,000 minimum limit.

10.2 Prior to Work, the Builder shall procure, from each of its insurers, in respect of risks assumed by the Builder under this Agreement, a written and enforceable specific endorsement of the Builder’s policies (excluding worker’s compensation, which is noted below) to provide a blanket and unrestricted waiver of the underwriter’s or insurers’ rights of subrogation in favor of the Owner and shall be endorsed to name the Owner Group, as defined in Article 23, and their successors and assigns as additional insured. The Builder agrees that its policies shall be primary in all cases. Any insurance that may be carried by the Owner shall be excess over and above the amount recoverable under the policies of the Builder. The policies of insurance procured by the Builder shall acknowledge that said policies are primary, and that no pro-rata contributions are required by the Owner and/or any member of Owner Group and/or the Owner’s insurers and/or Owner Group’s insurers. The Builder further agrees that its worker’s compensation insurance policies shall be endorsed to designate the Owner Group, as defined in Article 23, and their successors and assigns, as an alternate and statutory employer and shall be endorsed to provide a blanket and unrestricted waiver of its underwriters’ or insurers’ rights of subrogation. All deductibles will be for the account of the Builder.

10.3 Certificates of Insurance. Before commencing Work, the Builder shall furnish the Owner with Certificates of Insurance indicating (1) the insurance coverages and amounts of insurance as required; (2) the names of the insurance company or companies providing the aforesaid coverages; (3) the effective and expiration dates of policies; (4) that the Owner will be given thirty (30) Days written advance notice of any cancellation, non-renewal or material change in any policy, or in the event of non-payment of premiums, ten (10) Working Days written advance notice; (5) waiver of subrogation endorsement has been attached to all policies; (6) that all members of the Owner Group have been named as additional insureds by endorsements attached to all policies (except for worker’s compensation), provided that the Owner shall be named as a named insured and loss payee under the Builder’s Risk insurance policy; and (7) the territorial limits of all policies.

10.4 The Owner's Representative and the Owner's separate vendor representatives or contractors performing work on or in connection with the ATB Unit shall, at all times including Sea Trials and the Systems Test, be deemed to be agents or contractors of the Owner. The Owner and separate contractors shall provide the Builder with evidence of insurance (including Longshore and Harbor Worker's Compensation coverage) naming the Builder as an alternate and statutory employer and shall be endorsed to provide a blanket and unrestricted waiver of its underwriters' or insurers' rights of subrogation, which covers them under commercial terms and limits consistent with Builder's Insurance Requirements for Companies with Employees Working at Builder's Facilities dated July 1, 2010, at no cost or expense to the Builder.

10.5 Partial Loss: If any Vessel, and/or Materials, Work, and/or Owner Furnished Items relating to that Vessel is damaged by any cause whatsoever prior to the Delivery Date of the Vessel, and such damage does not constitute a total loss, the proceeds of insurance up to an amount of \$1,000,000 in respect of such damage payable under the Builder's Risks Insurance policy required in accordance with Article 10.1(c) shall be payable to Builder, who shall use the monies exclusively for the repair of such damage, as soon as reasonably practicable, all in accordance with the requirements of this Agreement and the Specifications and to the satisfaction of the classification society, any applicable Regulatory Authorities, and the Owner's Representative. The Builder will provide the Owner with documentation to verify the proper use of the insurance proceeds to fully repair the damage or loss to the Vessels(s). Any insured loss in excess of \$1,000,000 resulting from such damage or loss shall be payable jointly to Owner and Builder, and deposited in an escrow account established by the Owner and the Builder and paid to the Builder in accordance with a new milestone payment schedule for the repairs, to be agreed between the Owner and the Builder, which schedule shall provide for timely payment to Builder of sums required for deposits on necessary Materials, and timely payment for repair work performed. If repairing the damage will unavoidably have the effect of delaying the Delivery Date of the Vessel, then the damage may be deemed a Force Majeure event and the provisions of Article 7.1 shall apply; provided, however, if the loss or damage is caused by the negligence of the Builder or any of its Subcontractors or the Builder's breach of this Agreement, liquidated damages shall be owed to the Owner for any extension of the Delivery Date due to such loss or damage subject to the limitations of Article 8 hereof.

10.6 Total Loss: In the event that any Vessel becomes an actual or agreed or constructive total loss within the terms of the Builder's Risks Insurance required in accordance with Article 10.1(c), Owner, in its sole discretion, may elect within thirty (30) Working Days after the Vessel is determined to be an actual or agreed or constructive total loss, either:

- (i) to have Builder commence construction of a new Vessel for Owner pursuant to the terms and conditions of this Agreement, at a new mutually agreed Delivery Date, Contract Price and Interim Installment Payment Schedule, in which event the insurance proceeds shall be paid to Owner, or

- (ii) to terminate this Agreement, as to the total loss Vessel, upon the happening of which Owner shall be relieved of any further obligation to Builder under this Agreement relating to that Vessel (except that the Owner shall pay to the Builder for any Work performed and Materials supplied by the Builder up to the date of such Total Loss), and Owner shall be entitled to receive and shall be paid directly from the builder’s risk insurer an amount equal to the total of:
 - A. all payments relating to the Vessel previously made to Builder by or on behalf of Owner, plus
 - B. the total costs of any Owner Furnished Items relating to that Vessel, including installation.

Collectively, A and B above, the “Total Loss Amount.”

10.7 In the event the Owner elects to exercise its option under Article 10.6(i), the Contract Price for the rebuilt Vessel(s) shall only be adjusted by the Builder’s demonstrated increase in its cost to rebuild the Vessel over its original Contract Price, including the Builder’s profit and overhead.

10.8 Upon Owner’s election under Article 10.6(ii) for payment in full of the Total Loss Amount to the Owner, Owner shall have the first option ahead of the Builder to purchase the Vessel(s) in its current state from the Builder’s risk insurer. If Owner does not elect to purchase the Vessel(s), the Builder may purchase the remains of the Vessel(s) and the Work, Materials and Owner Furnished Items relating to the subject Vessel(s) from the Builder’s risk insurer. In such event, the Builder shall ensure that the Intellectual Property of the Owner is fully protected.

ARTICLE 11 – WARRANTY

11.1 The Builder shall designate at least sixty (60) Days prior to Delivery, a Warranty Manager for the ATB Unit. The Warranty Manager shall be familiar with the Work and all of the Builder’s Suppliers, vendors and/or Subcontractors. The Warranty Manager shall work with the Owner’s Representative in (i) understanding the nature of any warranty claim; (ii) coordinating with the Builder or the Builder’s Suppliers, vendors or Subcontractors a remedy; and (iii) assisting in coordinating payments on any third-party vendor or Subcontractor work. Within a reasonable time but in any event no later than twenty (20) Working Days after becoming aware of a warranty claim, the Owner shall issue a warranty notification to the Builder in the form of Exhibit J (“Warranty Notification”). Upon receipt of a Warranty Notification, the Warranty Manager will take all reasonable steps, as outlined above, to resolve the claim.

11.2 The Builder warrants that the Work and the ATB Unit are constructed in accordance with the Contract Documents and shall be free from defects in workmanship and materials for a period of three hundred sixty-five (365) Days after the Delivery of the ATB Unit. The Builder will replace or repair any defects in its Work that are discovered within such three hundred sixty-five (365) Day period. The Owner shall notify the Builder of any defects it may discover in a prompt manner but in no event later than thirty (30) Days after the expiration of the Warranty Period. Subject to Article 11.4, this warranty shall extend to likewise warrant such

replaced or repaired Work for an additional (i.e. after the three hundred sixty-five (365) Day period has expired) ninety (90) Day period after satisfactory completion of the repair Work. Under no circumstances shall the warranty on any Work exceed four hundred fifty-five (455) Days from Delivery of the ATB Unit. Where, because of the geographical distances involved, it would be impractical to return the ATB Unit to the Builder for repairs or replacements under this warranty, the Owner, after giving reasonable notice to the Builder in order to allow the Builder, at its option, to inspect such alleged defect(s) and make the necessary repairs or replacement, and if the Builder elects not to make such repairs at the location of the ATB Unit in an expedient manner or at another reputable shipyard selected by the Builder and reasonably acceptable to the Owner, the Owner may effect the necessary repairs at other available facilities, and the Builder will reimburse the Owner for those costs, including mobilization and demobilization of the Vessel(s); provided, however, in no circumstances, shall the amount of reimbursement of costs of making the repairs (including mobilization and demobilization) exceed the costs calculated on the time and material rates as set forth Article 9.7. Nothing contained herein shall obligate the Builder at any time to repair or replace the ATB Unit, or any Work or component part thereof, where and to the extent such repair and/or replacement is caused by ordinary wear and tear or the negligent operation or maintenance of the ATB Unit, or its equipment, by the Owner or third parties.

11.3 The Builder shall use its commercially reasonable efforts to effect warranty repairs without necessitating that the ATB Unit be removed or prevented from commercial service to the benefit of the Owner.

11.4 The Builder shall advise the Owner of, and deliver the original documentation for, any manufacturer’s warranties applicable to equipment or Materials furnished by the Builder or its Subcontractors or Suppliers and the Builder shall make reasonable efforts with the manufacturer to arrange for warranties to commence in favor of the Owner on the date of Delivery of the ATB Unit. The Builder shall assign, convey and transfer over to the Owner any warranty issued by any third party for any Materials purchased by the Builder and installed on the Vessels. In the event that any such third party warranty cannot be enforced directly by the Owner, the Builder shall provide reasonable assistance to the Owner for enforcement of such warranties. The Builder shall provide the Owner with any standard commercially available operating and maintenance manuals with respect to all equipment installed in the Vessels in accordance with the quantities set forth in the Specifications. The Builder’s warranty expressly excludes defects in equipment, Design (but excluding Detail Design Drawings which are the responsibility of the Builder), or Materials manufactured by others or provided by the Owner, but shall include any defects related to installation of Materials.

11.5 Without limiting the warranty of Article 11.2, if within three hundred sixty five (365) Days after Delivery of the ATB Unit, any of the Work performed by the Builder or its Subcontractors and warranted hereunder is found to be not in accordance with the requirements of the Contract Documents, the Builder shall correct it promptly after receipt of written notice from the Owner to do so in accordance with Article 11.1. It shall be the duty and obligation of the Owner to within thirty (30) Days of becoming aware give the Builder written notice after discovery thereof of the failure of any part of the Work as a result of defective workmanship or defective materials, giving full information as supported by photographs, where possible.

11.6 The Builder warrants that it will purchase paint as specified in the Specifications and that it will prepare the surface and apply the paint in accordance with the manufacturer’s specifications and recommendations, and the Builder makes no warranty, express or implied, with respect to the fitness of the specified paint or the manufacturer’s specifications and recommendations. The Builder will require the paint and/or coatings manufacturer’s field representative to be present at the time the Builder is applying paint and/or coatings and shall obtain the representative’s approval for the paint and/or coating systems to be applied and the preparation and procedures being followed by the Builder. The Owner shall be provided with a copy of all inspection reports provided to the Builder by the representative. The Builder shall provide reasonable assistance to the Owner to obtain paint warranties from the paint manufacturers, and any warranty defects with respect to the paint or coatings systems shall be asserted by the Owner only against such manufacturer.

11.7 Except for the expressed limited Warranty set forth in this Article 11, the Owner hereby waives and releases the Builder and its employees from and against damage to and/or loss of the ATB Unit, delay, demurrage, loss of profits, loss of use, or any other consequential or punitive damages of any kind, whether such claim is based in contract, rehibition, negligence, strict liability, or otherwise, arising out of any defect and/or negligent design, the selection or choice of specifications and/or materials and/or component parts, manufacture, construction, fabrication, workmanship, labor and/or installation of equipment, materials and/or components or from any unseaworthy condition or any other defective condition of the ATB Unit, it being specifically understood and agreed that any such defects reported and/or occurring after the Warranty Period (and the extension of any Warranty Period) and all damages to the ATB Unit, loss of profits, demurrages, delay, losses of use or other consequential or punitive damage of any kind whatsoever resulting therefrom, shall not be the responsibility of the Builder.

11.8 THE WARRANTY EXPRESSLY PROVIDED IN ARTICLE 11 IS EXPRESSLY IN LIEU OF ALL OTHER WARRANTIES, EXPRESS OR IMPLIED BY LAW OR OTHERWISE, INCLUDING ANY WARRANTY OF MERCHANTABILITY OR THAT THE ATB UNIT’S MATERIALS OR SERVICES ARE FIT FOR ANY PARTICULAR PURPOSE OR USE, AND THE REMEDIES PROVIDED HEREUNDER ARE THE OWNER’S SOLE AND EXCLUSIVE REMEDY FOR BREACH OF WARRANTY AND ARE SPECIFICALLY IN LIEU OF ALL OTHER REMEDIES OR DAMAGES, WHETHER DIRECT, INDIRECT, SPECIAL, PUNITIVE OR CONSEQUENTIAL.

ARTICLE 12 – PAYMENT AND PERFORMANCE BONDS

12.1 The Builder shall obtain payment and performance bonds in form and substance reasonably acceptable to Owner issued by a financially sound surety naming Owner as Obligee guaranteeing the payment and performance obligations of Builder in the maximum amount of \$30,000,000.00 at a cost to be paid 50/50 by the Owner and Builder (the “Financial Security”). The aforesaid bonds must be furnished to the Owner within thirty (30) Days after the Effective Date of this Agreement or prior to commencement of Work, whichever occurs sooner.

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12.2 If any Financial Security required under this Article 12 has not been issued and delivered to the Owner when due by the Builder, the Owner shall have the option, in its sole and absolute discretion, to terminate this Agreement by giving seven (7) Days prior written notice to the Builder of termination under this Article unless the Builder shall have delivered the required Financial Security to the Owner prior to the end of such seven (7) Day period.

**ARTICLE 13 – ELIMINATION OF INCIDENTAL AND
CONSEQUENTIAL DAMAGES**

13.1 EXCEPT AS SPECIFICALLY PROVIDED FOR HEREIN TO THE CONTRARY, IT IS UNDERSTOOD AND AGREED BY THE PARTIES HERETO THAT NEITHER PARTY SHALL IN ANY WAY BE LIABLE OR RESPONSIBLE TO THE OTHER FOR ANY INCIDENTAL OR CONSEQUENTIAL DAMAGES OF ANY KIND OR NATURE, INCLUDING BUT NOT LIMITED TO LOSS OF PROFITS AND LOSS OF USE OF THE ATB UNIT OR THE SHIPYARD FROM ANY CAUSE OF ACTION OF ANY KIND OR NATURE (COLLECTIVELY “CONSEQUENTIAL DAMAGES”), AND IRRESPECTIVE AND WITHOUT REGARD TO THE CAUSE THEREOF INCLUDING BUT NOT LIMITED TO NEGLIGENCE WHETHER IN WHOLE OR IN PART, STRICT LIABILITY, FAULT, CONTRACT, WARRANTY OR ANY OTHER CAUSES ATTRIBUTABLE TO EITHER PARTY, ARISING OUT OF OR IN CONNECTION WITH OR PERTAINING TO THIS AGREEMENT OR THE VESSEL CONSTRUCTED HEREUNDER. THE ELIMINATION OF INCIDENTAL AND CONSEQUENTIAL DAMAGES AS PROVIDED HEREIN IS AN ESSENTIAL CONDITION OF THIS AGREEMENT AND EACH PARTY ACKNOWLEDGES THAT THE OTHER WOULD NOT HAVE ENTERED INTO THIS AGREEMENT WITHOUT SAID ELIMINATION OF INCIDENTAL OR CONSEQUENTIAL DAMAGES FOR THE CONSIDERATION SET FORTH HEREIN FOR THE CONSTRUCTION OF THE VESSEL. THIS WAIVER OF INCIDENTAL OR CONSEQUENTIAL DAMAGES SHALL NOT APPLY OR EXTEND TO A CLAIM ASSERTED BY A THIRD PARTY FOR WHICH A PARTY IS ENTITLED TO INDEMNIFICATION PURSUANT TO THE TERMS OF THIS AGREEMENT.

ARTICLE 14 – DEFAULT AND TERMINATION

14.1 The following events shall constitute events of default by the Builder:

14.1.1 There is filed by or against the Builder in any court a petition in bankruptcy or insolvency or for reorganization or for the appointment of a receiver or trustee of all or a portion of the Builder’s property, or an order of discharge of the Builder is ordered by any court; or

14.1.2 The Owner’s materials, supplies, and equipment identified with the ATB Unit are removed from the Builder’s shipyard without the Owner’s consent or applied to a vessel not owned by the Owner; or

14.1.3 The Builder makes an assignment for the benefit of creditors or petitions for or enters into an agreement or agreements with its creditors, and by reason of any of these events the Builder’s obligations under this Agreement are assigned to or are to be or are performed by a person other than the Builder; or

14.1.4 The Builder materially fails to execute or perform the Work in accordance with this Agreement; or

14.1.5 The Builder materially fails to cause the removal or bonding of any liens or privileges, except in the case of the Owner not making timely payment to the Builder in accordance with this Agreement or those liens or privileges created by the Owner or the Owner’s subcontractors or vendors, filed or otherwise existing against the Work or the ATB Unit; or

14.1.6 The Builder materially disregards laws, ordinances, rules, regulations or orders of any public authority having jurisdiction over the Work on the ATB Unit and which has a material adverse effect on the performance of the Work; or

14.1.7 Delay in the construction or Delivery of the ATB Unit that would permit the Owner to terminate the Agreement as to the ATB Unit under Article 8.9; or

14.1.8 The Builder fails to deliver any of the Financial Security to the Owner within the time required under Article 12.

14.2 The Owner shall provide the Builder with written notice of any event of default under Article 14.1 (except Article 14.1.1 in which case the Builder shall provide immediate notice to the Owner upon Builder’s knowledge of such filing), and (except where termination occurs pursuant to Articles 8.9 or 12.2 hereof in which case there shall be no curative period), the Builder shall be entitled to cure the noticed event of default within thirty (30) Days (or sixty (60) Days in the event of a default under Article 14.1.4) after receipt of the Owner’s written notice. If the Builder does not cure the noticed event of default, in addition to and without prejudice to any other remedies it may have under this Agreement, the Owner may terminate the Agreement in writing, transport, at the Builder’s expense, the Work in progress and the Owner Furnished Items pertaining to the Vessels from the Builder’s shipyard to another location, and complete such Work by such means as the Owner deems fit, subject to the Owner’s duties to use commercially reasonable efforts to mitigate costs of such completion.

14.3 Upon the Owner’s termination of the Agreement becoming effective pursuant to this Article 14, and upon the Owner’s election to remove the Work from the Builder’s shipyard, the Builder will promptly undertake, at its sole cost, to place all Work and Owner Furnished Items pertaining to the Vessels in a suitable condition for transportation to another location. The Builder will provide the Owner access to such Work and Owner Furnished Items and provide reasonable assistance to the Owner in the removal from Builder’s shipyard of any Work completed to the date when the Work was discontinued, and shall allow the Owner and the Owner’s Representative continuing access to the Builder’s shipyard and storage areas for a period of one hundred twenty (120) Days following the effective date of the termination of the Contract in order to remove the Work and any related Materials that have been paid for by the Owner and the Owner Furnished Items to another location. The Owner shall be liable to pay to the Builder for only those parts of the Work incorporated into, supplied or delivered to the Vessels by the Builder less the amount of the Contract Price previously paid by the Owner and subject further to any offsets or deductions the Owner may have against the Builder pursuant to this Agreement.

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14.4 If the Owner terminates the Agreement, in whole or in part, for the Builder’s default in accordance with terms of this Agreement, the Owner may thereafter call upon any applicable Financial Security and invoke all rights and remedies available to it pursuant to the applicable Financial Security that is to be provided by the Builder pursuant to Article 12 of this Agreement.

14.5 In the event of any termination by the Owner, the Owner may require the Builder promptly to assign and/or deliver to the Owner all or any (a) bids or proposals; (b) subcontracts; (c) construction plans; (d) Materials, tools and equipment (to the extent paid for by the Owner); (e) rental agreements; (f) Work, including the Vessels (to the extent the Owner has title to same in accordance with Article 22.1); and (g) any other commitments directly related to the Vessels which the Owner, in its sole discretion, chooses to take by assignment, and in the case of assignments hereunder, the Builder shall promptly execute and deliver to the Owner written assignments of same.

14.6 In the event of a termination for default under Article 14.1.1 or 14.1.3 which is not cured in accordance with Article 14.2, at the Owner’s option, the Owner shall have access and use of the Builder’s shipyard and all equipment of the Builder in the Builder’s shipyard, as may be required by the Owner to perform the completion of the Vessels provided for in this Agreement. Such access and use by the Owner shall continue until such time as the ATB Unit is completed and issued vessel documentation as contemplated in this Agreement. The use of the property and equipment will be free of rent and any other charges for such use. The Owner agrees to maintain and preserve, or cause to be maintained and preserved, all property and equipment of the Builder used by the Owner in good order and repair.

14.7 In the event of a termination for default under Article 14.1 which is not cured in accordance with Article 14.2, the Builder shall be liable for and shall reimburse the Owner for the aggregate of all reasonable and documented costs or expenses actually incurred and paid by the Owner for completion of the ATB Unit in accordance with the Contract Documents that are in excess of the remaining balance of the Contract Price not previously paid to the Builder.

14.8 The following events shall constitute events of default by the Owner:

14.8.1 The Owner shall fail to make any payment when required under this Agreement, and such payment is not made within five (5) Working Days after the Owner’s receipt of written notice of the failure of payment from the Builder to the Owner (but always subject to rights of the Owner to dispute that the payment is due, in whole or in part, and/or to withhold such payment in whole or in part, in accordance with the provisions of this Agreement);

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14.8.2 There is filed by or against the Owner in any court a petition in bankruptcy or insolvency or for reorganization or for the appointment of a receiver or trustee of all or a portion of the Owner’s property, or an order of discharge of the Owner is ordered by said Court;

14.8.3 The Owner makes an assignment for the benefit of creditors or petitions for or enters into an agreement or agreements with its creditors, and by reason of any of these events the Owner’s obligations under this Agreement are assigned to or are to be or are performed by a person other than the Owner; or

14.8.4 The Owner, without limitation, fails to perform any other material obligation of the Owner under this Agreement.

14.9 If the Owner fails to timely cure a default in accordance with Article 14.8.1, then the Builder may, in its sole discretion, suspend or reschedule progress of the Work (such right being in addition to any other right granted hereunder or by operation of law) until such time as it receives the overdue payment from the Owner. In the event the Owner has disputed that the amount claimed by the Builder is due, in whole or in part, and so long as the Owner has paid any undisputed portion of the claimed amount due, the Builder shall continue with the Work with all due diligence and in accordance with this Agreement. Furthermore, whether or not the Builder has suspended or rescheduled progress of the Work as aforesaid, if an event of default set forth in Article 14.8 occurs, the Builder may elect to terminate this Agreement after giving thirty (30) Days written notice to the Owner of its intent to terminate. However, during the thirty (30) Day period referred to above, the Owner shall have the absolute right to cure any such default. If such default is not timely cured, the Builder may, at its option, terminate the Agreement in whole or in part, and either (i) demand performance from the Owner or seek resolution of the default through the procedure set forth in Article 25, (ii) sell the ATB Unit or each Vessel in its then present condition and location at a public auction announced at least twenty (20) Days in advance in the *Houston Chronicle* and *Wall Street Journal* provided at least twenty (20) Days advance written notice of the auction has been provided to the Owner, or (iii) complete the Vessels for sale to a third party and apply the proceeds of sale, net of all expenses, to any unpaid balance due and owing to the Builder. The excess proceeds from any such auction or sale shall be paid to the Owner. Nothing in this Article 14.9 shall preclude additional notice by the Builder or the Owner of any such auction or sale on any industry trade internet sites.

14.10 Delay by the Owner or its representatives in providing to the Builder or its agents any Owner-supplied information, documents and/or goods or materials for the construction of the ATB Unit shall be covered by the appropriate provisions of Article 9 relating to Changes in the Work.

14.11 The failure of either party to exercise any rights conferred upon it under any provision of this Agreement or applicable law with respect to any breach or default by the other party shall constitute neither a waiver of its rights under any other provision of this Agreement with respect to such breach or default, nor a waiver of its rights under the same or any other provision of this Agreement with respect to any other breach or default.

ARTICLE 15 – APPLICABLE LAW

This Agreement and any disputes arising in connection herewith shall be governed, without consideration of conflicts of law, by and construed in accordance with the laws of the State of Florida.

ARTICLE 16 – CONTRACT

16.1 The Contract Documents consist of this Agreement and all Exhibits, including the Specifications listed in Exhibit B, the Contract Drawings listed in Exhibit C-1, the Functional Design Drawings listed in Exhibit C-2 and all written Modifications issued after execution of this Agreement, including, without limitation, any Modification to any of the foregoing reflected in the Regulatory Approved Drawings and Modification approved by Change Orders, and represent the entire agreement between the Owner and the Builder. These form the Contract, and all are as fully a part of the Contract as if attached to this Agreement or repeated herein. The invalidity or unenforceability of any phrase, sentence, clause or section in the Contract shall not affect the validity or enforceability of the remaining portions of the Contract, or any part thereof. The Contract may be amended or modified only by a written Modification.

16.2 The intent of the parties as enumerated in the Contract Documents is for the Builder to build the ATB Unit in accordance with the Contract Documents for the Contract Price by the Delivery Date. If there are any conflicts or inconsistencies between the terms of this Agreement and the Specifications, then to the extent of such conflicts or inconsistencies, this Agreement shall prevail, but in all other respects, the Specifications shall be in full force and effect. If there are any conflicts or inconsistencies among the terms of the Specifications, the Functional Design Drawings and the Contract Drawings, the terms of the Specifications shall take precedence.

16.3 Unless expressly stipulated to the contrary, the Builder shall provide and pay for all services, labor, overtime labor, standby labor, methods, Materials (including fuel, lubricating oils, hydraulic oils, greases, fresh water), equipment, transportation, taxes, permits and fees and all other facilities and services necessary to complete the ATB Unit for the Contract Price within the Delivery Date. Notwithstanding the foregoing, to the extent applicable and not exempted, the Owner will pay sales and use taxes due on materials, labor and equipment incorporated into the Work or incurred in connection with the sale or delivery of the ATB Unit. The Owner shall take over and pay for, at the Builder’s documented cost plus seven and a half percent (7.5%), reasonable amounts of all stores remaining aboard the ATB Unit at the time of Delivery, excluding fresh water, but including fuel oil, diesel oil, lubricating oil, hydraulic oil, and greases.

16.4 Inconsistencies between other Contract Documents and this Agreement shall be governed by this Agreement. All general language or requirements contained in the Specifications and all other requirements inconsistent or in conflict with the provisions of this Agreement are superseded by this Agreement, it being the intent of the parties that the provisions of this Agreement shall prevail.

**ARTICLE 17 – INSPECTION, ACCESS, TESTS
AND OFFICIAL CERTIFICATES**

17.1 During construction, the Builder shall provide the Owner facilities and access to inspect the Vessels, Materials, workmanship, plans, tests and movements. The Builder shall provide a suitable office for up to four (4) of the Owner’s personnel and the Builder shall provide access to suitable facilities for same and conditions such as a meeting table, drawing table and chairs, desks, locking file cabinets, private telephone with voice messaging, private fax/scanner, printer, computer modem, extra phone line, copy machine, secure LAN or WiFi internet connection, heat and air conditioning. The Builder may deny access to the Owner and any representative, agent, employee of the Owner or its other contractors if in the Builder’s sole discretion such persons do not comply with the Builder’s health, safety, environmental and insurance policies or special security requirements, which shall be provided to Owner upon request. In such an event, the Builder shall promptly advise the Owner, stating the specific cause(s), the denial.

17.2 All of the workmanship and Materials required under this Agreement, while the same is in the process of fabrication, erection, construction, installation and performance, shall be inspected promptly by the Owner and shall be accepted promptly in accordance with the Contract Documents or rejected promptly in accordance therewith. Failure to object will not prevent or preclude the Owner from later identifying defects or rejecting workmanship which defective Materials and workmanship shall be replaced or repaired by the Builder in accordance with the terms of Article 11.

17.3 The Owner shall appoint one or more “Owner’s Representative(s)” and the Owner shall inform the Builder in writing as to the extent of authority the Owner has granted to each Owner’s Representative. The Owner may appoint additional Owner Representatives and/or change previously appointed Owner Representatives.

17.4 Tests and Inspections:

17.4.1 Tests, inspections and approvals of portions of the Work required by the Contract Documents or by applicable laws, ordinances, rules, regulations or orders of Regulatory Authorities shall be made at an appropriate time. Unless otherwise provided, the Builder shall make arrangements for such tests, inspections and approvals and shall bear all related costs of tests, inspections and approvals, including the consumable fluids used in the cleaning and testing of the Work. Unless otherwise reasonably requested by the Owner, the Builder shall give the Owner at least twenty-four (24) hours advance notice of when and where tests and inspections are to be made so the Owner may observe such procedures.

17.4.2 If the Owner reasonably determines that portions of the Work require additional testing, inspection or approval not included under Article 17.4.1, the Owner will instruct the Builder to make arrangements for such additional testing, inspection or approval by an entity acceptable to the Owner, and the Builder shall give at least three (3) Working Days notice to the Owner of when and where tests and inspections are to be made so the Owner may

observe such procedures. The Builder shall bear the cost of such tests. If any re-testing or re-inspection conducted by the Builder as provided in this Article 17.4.2 affirms that the Builder’s original Materials and workmanship was in accordance with the Contract Documents, the Builder shall be reimbursed by the Owner for the out of pocket costs for such additional testing and inspection and the Builder shall receive an adjustment of the Delivery Date for the time it took to conduct such tests and inspections if such additional testing and inspection affected the critical path progress of the Work.

17.4.3 If any testing or inspection conducted by the Builder as provided in Article 17.4.2 discloses that any methods or means of construction or material or workmanship are not acceptable under the Contract Documents, the Builder shall promptly remedy the Work so as to comply with the Contract Documents.

17.4.4 Required certificates of testing, inspection or approval shall, unless otherwise required by the Contract Documents, be obtained by the Builder and promptly delivered to the Owner.

17.4.5 If the Owner is to observe tests, inspections or approvals required by the Contract Documents, the Owner will do so promptly and at the normal place of testing.

17.4.6 Neither the observations of the Owner nor inspections, tests, or approvals by persons other than the Builder shall relieve the Builder from its obligations to perform the Work in accordance with the Contract Documents.

17.5 If requested by the Owner, the Builder promptly, but no later than ten (10) Working Days following such request, and no earlier than forty-five (45) Days following the end of Builder’s latest fiscal quarter, shall provide to the Owner true and correct copies of quarterly unaudited financial statements of the Builder and annual audited financial statements of the Builder consisting of a balance sheet and an income statement (including any notes or comments thereto).

ARTICLE 18 – ASSIGNMENT OF THE AGREEMENT

This Agreement shall inure to the benefit of the Builder and the Owner and their successors and assigns and shall be binding upon the Builder and the Owner and their successors and assigns; provided that the Builder shall not assign this Agreement or any interest hereunder without the prior written consent of the Owner. If the Builder assigns its rights under this Agreement after obtaining the Owner’s prior written consent thereto, the Builder shall nonetheless and at all times remain jointly and severally liable with any such assignee under this Agreement. The Owner may at any time, without the consent of the Builder, sell the ATB Unit and/or assign this Agreement, or assign any or all of the Owner’s rights and interests under this Agreement, but the Owner shall nonetheless and at all times remain jointly and severally liable under the Agreement. The Builder agrees that such a sale and/or assignment shall not be grounds for termination of this Agreement. The Builder agrees to cooperate with the Owner and execute any additional documents and instruments, and take such additional actions, as the Owner may reasonably request to facilitate any such sale or assignment, including, without limitation, any assignment in connection with any construction and/or charter financing provided to the Owner for the construction or charter of the Vessel(s) and/or the ATB Unit.

ARTICLE 19 – COMPLIANCE WITH REGULATIONS

The Builder shall comply with laws, rules, regulations and requirements of any Regulatory Authorities that are applicable and existing at the time of the execution of this Agreement that are in effect or which shall become effective as to the Vessels and which affect the construction of works, plants and vessels, in or on navigable waters and the shores thereof, and all other waters subject to the control of the United States as set forth in the Contract Documents and shall procure at its own expense such permits from the United States and from state and local authorities in the jurisdiction in which the Builder is constructing the ATB Unit as may be necessary in connection with beginning or carrying on the completion of the Work, and shall at times comply with all United States, state and local laws in the jurisdiction in which the Builder is constructing the ATB Unit in any way affecting the Work and affecting any documentation of such work with the U.S. Coast Guard. Any changes in laws or regulations or any different interpretation of such existing laws and regulations of any of the applicable Regulatory Authorities that come into effect after the execution of this Agreement and that affect either the Work or Delivery Date(s) or Contract Price (s) will be subject of a Change Order to the Contract.

ARTICLE 20 – INTELLECTUAL PROPERTY INDEMNIFICATION

20.1 The Builder agrees to defend, at its own expense, and indemnify and hold harmless the Owner and/or any of the Owner Group, as defined in Article 23.1, for any claim or action brought by any third party against the Owner and/or any of the Owner Group, as defined in Article 23.1, for actual or alleged infringement (including contributory or vicarious infringement) of any Intellectual Property right (including, but not limited to, misappropriation of trade secrets) based upon the Materials, processes, machinery and equipment supplied by the Builder and embodied in the Detail Design Drawings and the Work. The Owner agrees to defend, at its own expense, and indemnify and hold harmless the Builder and/or any of the Builder Group, as defined in Article 23.2, for any claim or action brought by any third party against the Builder and/or any of the Builder Group, as defined in Article 23.2, for actual or alleged infringement (including contributory or vicarious infringement) of any Intellectual Property right (including, but not limited to, misappropriation of trade secrets) based upon the materials, processes, machinery and equipment supplied by the Owner or embodied in the Contract Drawings, the Functional Design Drawings, the Barge model (to the extent of functional design), the Tug model (to the extent of functional design) or the ATB Barge and ATB Tug Drawing Packages referenced in Exhibit C-4 and provided by the Owner to the Builder pursuant to Article 3.1 hereof.

The parties further agree to defend, indemnify and hold harmless the other party and its respective Group from and against any and all liabilities, losses, costs, damages, and expenses (including reasonable attorneys’ fees) associated with any such claim or action incurred by the other party and/or its respective Group arising under this Article 20.1. The Builder shall have the sole right, but not the obligation, to conduct and control the defense of any such claim or action under this Section arising out of the materials, processes, machinery and equipment used or

supplied by the Builder and embodied in the Work, as well as all negotiations for its settlement or compromise, unless otherwise mutually agreed to in writing between the parties hereto. The Builder agrees to give the Owner, and the Owner agrees to give the Builder, as appropriate, prompt written notice of any written threat, warning or notice of any such claim or action. If in any such suit so defended, all or any part of the Builder’s Work (or any component, equipment or material thereof that is supplied by the Builder) is held to constitute an infringement or violation of any third party’s intellectual property rights and is enjoined, or if in respect of any claim of infringement the Builder deems it advisable to do so, the Builder shall at its sole option and absolute discretion take one or more of the following actions at no additional cost to the Owner: (a) procure the right to continue the use of the same without material interruption for the Owner or (b) take back the infringing component, equipment or material and restore it with non-infringing component, equipment or material acceptable to the Owner at no additional cost to the Owner.

20.2 The Builder represents and warrants that it possesses all Intellectual Property rights to the Builder’s Process necessary to perform the Work. The Owner represents and warrants to the Builder that it owns or has the legal right to use all Intellectual Property rights embodied in the Contract Drawings, the Functional Design Drawings, the Barge model (to the extent of functional design), the Tug model (to the extent of functional design) and/or the ATB Barge and ATB Tug Drawing Packages referenced in Exhibit C-4.

ARTICLE 21 – NOTICES AND COMMUNICATIONS

21.1 Notices required hereunder shall be sent in accordance with the following and at the addresses hereinafter set forth. Any notice or communication required or permitted to be given hereunder shall be given in writing, shall be effective only if given in one of the following manners, and shall be deemed given and deemed received: (a) if mailed by United States Registered or Certified Mail, postage prepaid, return receipt requested, on the fifth Working Day after the notice is deposited in an official United States mail receptacle with postage prepaid; (b) if given by facsimile transmission or electronic mail, on the date transmitted provided that receipt is confirmed; (c) if given by nationally utilized overnight courier, on the first Working Day after it is sent prepaid; (d) if hand delivered, on the date a receipt is obtained from the person to whom same is delivered. Notices hereunder shall be addressed as follows:

If to the Owner:

GREAT LAKES DREDGE & DOCK COMPANY, LLC
2122 York Road
Oak Brook, Illinois 60523
Attention: Steven W. Becker
Vice President – Chief Mechanical Engineer
Fax: 630-574-2909
Voice: 630-574-3000
Email: swbecker@gldd.com

with a copy to:

Kathleen Mackie LaVoy
Vice President – General Counsel, Dredging Operations
Great Lakes Dredge & Dock Co., LLC
2122 York Road
Oak Brook, IL 60523
Fax: 630-574-2909
Voice: 630-574-3468

Email: KMLaVoy@gldd.com

and a copy to:

Maryann Waryjas
Senior Vice President – Chief Legal Officer
Great Lakes Dredge & Dock Corporation
2122 York Road
Oak Brook, IL 60523
Fax: 630-574-2909
Voice: 630-574-2900

Email: mwaryjas@gldd.com

If to the Builder:

EASTERN SHIPBUILDING GROUP, INC.
2200 Nelson Street
Panama City, Florida 32401
Fax: (850) 763-7904
Voice: (850) 763-1900
Attention: Brian R. D’Isernia, President

Email: BRD@easternshipbuilding.com

with a copy to:

Dan Lozier
General Counsel
Eastern Shipbuilding Group, Inc.
2200 Nelson Street
Panama City, Florida 32401
Fax: (850) 763-7904
Voice: (850) 763-1900

Email: dlozier@easternshipbuilding.com

21.2 Notwithstanding any other provision of this Agreement, all final authorizations and agreements concerning deductions from, additions to, or modifications of the Design or Specifications or any agreements that concern changes in the stipulated Delivery Date of the ATB Unit and/or Contract Price of the ATB Unit shall not be valid or binding on either party unless signed by one of the below designated representatives for each party or their respective successors in office:

PORTIONS OF THIS EXHIBIT HAVE BEEN REDACTED PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT UNDER RULE 24B-2 OF THE SECURITIES EXCHANGE ACT OF 1934, AS AMENDED. INFORMATION FOR WHICH CONFIDENTIAL TREATMENT HAS BEEN REQUESTED IS OMITTED, MARKED WITH “[*]” AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION.

OWNER: Jonathan W. Berger, CEO
David E. Simonelli, President
Steven W. Becker, Vice President & Chief Mechanical Engineer

BUILDER: Brian R. D’Isernia, President
Kenneth R. Munroe, Executive Vice-President

Each party agrees that at least one of its designated representatives will be available for consultation during normal working hours. It is further agreed that each party may change one or more of the above-designated representatives upon three (3) Working Days prior written notice in accordance herewith.

ARTICLE 22 – TITLE AND SECURITY

22.1 Title in and to the Vessels as they are constructed shall progressively vest, and once vested shall in all events remain, in the Owner, not the Builder, as the Vessels are constructed to the extent the Interim Installment Payment pertaining to that portion of the Work has been paid by the Owner. Title to all Materials and equipment or other items furnished by the Builder shall vest in the Owner when the same has been paid by the Owner. Without regard to the provisions of this Article 22.1, the Builder shall be subject to the risk of loss of the Vessels and their Materials and the Work until completed and the ATB Unit is delivered to and accepted by the Owner and an executed Protocol of Delivery and Acceptance is delivered as provided in this Agreement. The Owner’s title to the Vessels, the Materials and the Work is subject to a possessory lien and any applicable security interest in favor of the Builder to the extent, if any, that the Builder has not been paid.

22.2 If, notwithstanding the express provision of Article 22.1 or otherwise of this Agreement, the Vessels or any of the property to which the Owner holds title as described in this Article, is for any reason deemed by any court of competent jurisdiction not to be the property of, and owned by, the Owner, the Builder, to the extent it has any interest therein, alternatively hereby grants a first priority security interest in the Vessels and all of such property in favor of the Owner. The security interest granted hereby in the alternative shall secure all of the Builder’s obligations to the Owner under this Article. The Owner shall have the right to file without any further consent or signature of the Builder one or more UCC 1 Financing Statements at Owner’s expense against the Builder covering the Vessels and any or all of such property. In such Financing Statement(s) the Owner shall be entitled to give notice of its ownership of the Vessels and other property, and in the alternative, its security interest therein.

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22.3 Immediately upon any property described in this Article becoming or being deemed the property of the Owner under the provisions of this Article, the Builder shall conspicuously mark or cause to be marked on the bow of the Vessel, and also on all such other property or its packaging, the Builder’s Hull Number for the Vessel, and without prejudice to the Owner’s rights hereunder, the Builder shall take all necessary steps to cause all such property to be numbered and marked as aforesaid by itself or by its Suppliers and Subcontractors with all reasonable expedition.

22.4 The Builder shall use its best efforts to arrange its contractual arrangements with all of its Subcontractors and Suppliers such that full effect will be given to the provisions of this Article and without limiting the foregoing, shall ensure that all property shall be supplied on the following conditions:

(a) that the title to such property supplied by a Subcontractor or Supplier (whether in the course of construction or completed and whether before or after delivery to the Builder) shall vest immediately in the Builder (and thence, pursuant to Article 22.1, immediately in the Owner), subject only to the Subcontractor’s or Supplier’s possessory lien, if any, for any unpaid balance of the purchase price of such property; and

(b) that the Subcontractor or Supplier shall not, upon receipt by it of the purchase price for such property, be entitled, as against the Owner, to claim any title or lien therein by reason of obligations or liabilities of the Builder to the Subcontractor or Supplier in respect of any other deliveries made by the Subcontractor or Supplier to the Builder, or for any other reason.

22.5 In addition to any other rights that may exist at common law or by statute or under this Agreement, the Builder shall be entitled to a possessory lien on the undelivered Vessels and on any Materials furnished by the Builder relating to the Vessels for any unpaid portion of the Contract Price for the ATB Unit that is then actually due and payable.

ARTICLE 23 – INDEMNIFICATION

23.1 THE BUILDER SHALL RELEASE, INDEMNIFY, DEFEND AND HOLD HARMLESS THE OWNER, ITS PARENT, OFFICERS, AGENTS, EMPLOYEES, SUBSIDIARIES, AFFILIATES, SUCCESSORS, ASSIGNS AND VESSELS (HEREINAFTER COLLECTIVELY REFERRED TO AS “OWNER GROUP”) AGAINST ANY AND ALL LIABILITY, CLAIMS, DEMANDS, LOSSES, SUITS, LIENS, CAUSES OF ACTION OF EVERY KIND AND CHARACTER AND THE COSTS THEREOF INCLUDING, WITHOUT LIMITATION, COURT COSTS, ANY OTHER LITIGATION EXPENSES, ATTORNEYS FEES, SETTLEMENTS AND JUDGMENTS, FOR PERSONAL INJURY (INCLUDING, BUT NOT LIMITED TO, CLAIMS, DEMANDS, OR SUITS FOR BODILY INJURIES, EMOTIONAL AND PSYCHOLOGICAL INJURIES, ILLNESSES, DISEASES, DEATH, LOSS OF SERVICES, LOSS OF SOCIETY, DIMINISHED EARNINGS CAPACITY, MAINTENANCE AND CURE, WAGES, WORKER’S COMPENSATION) OR PROPERTY LOSS OR DAMAGE WHICH IS BROUGHT AGAINST ANY MEMBER OF THE OWNER GROUP BY ANY MEMBER OF THE BUILDER GROUP AND WHICH ARE ALLEGED TO ARISE OUT OF, BE INCIDENT TO, ARISE IN CONNECTION WITH, OR RESULT FROM OCCURRENCES THAT ARISE BEFORE DELIVERY. THE BUILDER AGREES TO DEFEND AND INDEMNIFY THE OWNER GROUP WHETHER THE SUIT OR CLAIMS ARE OCCASIONED, BROUGHT

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ABOUT, OR CAUSED IN WHOLE OR IN PART BY THE NEGLIGENCE, FAULT OR STRICT LIABILITY (INCLUDING UNSEAWORTHINESS) OF THE OWNER GROUP. THE BUILDER ALSO AGREES TO INDEMNIFY THE OWNER GROUP FOR ALL COSTS, EXPENSES, AND ATTORNEYS FEES EXPENDED BY THE OWNER GROUP IN THE ENFORCEMENT OF THIS ARTICLE 23.1.

THE BUILDER FURTHER REPRESENTS TO THE OWNER THAT THE BUILDER’S FACILITIES DO NOT HAVE ANY CONDITION OF POLLUTION OR CONTAMINATION THAT COULD GIVE RISE TO LIABILITY OF THE OWNER GROUP FOR REMEDIATION, CLEANUP, DAMAGES, PENALTIES, OR COSTS OF ANY KIND. THE BUILDER AGREES TO RELEASE, DEFEND, INDEMNIFY AND HOLD THE OWNER GROUP HARMLESS AGAINST AND IN RESPECT OF ALL CLAIMS, LOSSES, LIABILITIES, REMEDIATION OR CLEAN-UP COSTS, OR ANY FINES, PENALTIES, ASSESSMENTS, OR EXPENSES WHICH MAY BE IMPOSED UPON, INCURRED BY, OR ASSESSED AGAINST ANY MEMBER OF THE OWNER GROUP BY ANY OTHER PARTY OR PARTIES (INCLUDING, WITHOUT LIMITATION, A GOVERNMENTAL ENTITY), ARISING OUT OF, IN CONNECTION WITH, OR RELATING TO THE SUBJECT MATTER OF THE AGREEMENT INCLUDING: (A) THE BUILDER’S BREACH OF ANY OF THE REPRESENTATIONS SET FORTH ABOVE IN THIS SECTION; OR (B) ANY ENVIRONMENTAL POLLUTION OR CONDITION OF CONTAMINATION ON THE BUILDER’S FACILITIES THAT MAY GIVE RISE TO LIABILITY, EVEN IF NOT DISCOVERED UNTIL A LATER DATE. BUILDER SHALL INSURE THE DEFENSE, INDEMNITY AND HOLD HARMLESS OBLIGATIONS SET FORTH IN THIS AGREEMENT.

23.2 THE OWNER SHALL RELEASE, INDEMNIFY, DEFEND AND HOLD HARMLESS THE BUILDER, ITS PARENT, OFFICERS, AGENTS, EMPLOYEES, SUBSIDIARIES, SUBCONTRACTORS, AFFILIATES, SUCCESSORS, ASSIGNS AND VESSELS (HEREINAFTER AND BEFORE COLLECTIVELY REFERRED TO AS “BUILDER GROUP”) AGAINST ANY AND ALL LIABILITY, CLAIMS, DEMANDS, LOSSES, SUITS, LIENS, CAUSES OF ACTION OF EVERY KIND AND CHARACTER AND THE COSTS THEREOF INCLUDING, WITHOUT LIMITATION, COURT COSTS, ANY OTHER LITIGATION EXPENSES, ATTORNEYS FEES, SETTLEMENTS AND JUDGMENTS, FOR PERSONAL INJURY (INCLUDING, BUT NOT LIMITED TO, CLAIMS, DEMANDS, OR SUITS FOR BODILY INJURIES, EMOTIONAL AND PSYCHOLOGICAL INJURIES, ILLNESSES, DISEASES, DEATH, LOSS OF SERVICES, LOSS OF SOCIETY, DIMINISHED EARNINGS CAPACITY, MAINTENANCE AND CURE, WAGES, WORKER’S COMPENSATION) OR PROPERTY LOSS OR PROPERTY DAMAGE (EXCEPT FOR THE VESSELS, THE MATERIALS, OWNER FURNISHED ITEMS OR THE WORK WHICH ARE SPECIFICALLY EXCLUDED HEREFROM) WHICH IS BROUGHT AGAINST ANY OF THE BUILDER GROUP BY ANY MEMBER OF THE OWNER GROUP AND WHICH ARE ALLEGED TO ARISE OUT OF, BE INCIDENT TO, ARISE IN CONNECTION WITH, OR RESULT FROM OCCURRENCES THAT ARISE BEFORE DELIVERY. THE OWNER AGREES TO DEFEND AND INDEMNIFY THE BUILDER GROUP WHETHER THE SUIT OR CLAIMS ARE OCCASIONED, BROUGHT

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ABOUT, OR CAUSED IN WHOLE OR IN PART BY THE NEGLIGENCE, FAULT OR STRICT LIABILITY (INCLUDING UNSEAWORTHINESS) OF THE BUILDER GROUP. THE OWNER ALSO AGREES TO INDEMNIFY THE BUILDER GROUP FOR ALL COSTS, EXPENSES, AND ATTORNEYS FEES EXPENDED BY THE BUILDER GROUP IN THE ENFORCEMENT OF THIS ARTICLE 23.2. OWNER SHALL INSURE THE DEFENSE, INDEMNITY AND HOLD HARMLESS OBLIGATIONS SET FORTH IN THIS AGREEMENT. OWNER SHALL FURTHER DEFEND, INDEMNIFY AND HOLD THE BUILDER GROUP HARMLESS FROM AND AGAINST ANY AND ALL LOSS, LIABILITY, DAMAGES OR EXPENSE (INCLUDING ATTORNEYS’ FEES) INCURRED BY THE BUILDER GROUP AND ARISING OUT OF ANY CLAIM MADE BY SIGNAL INTERNATIONAL, LLC AGAINST THE BUILDER GROUP AS A RESULT OF THE NEGLIGENCE OR OTHER LEGAL FAULT OF THE OWNER.

23.3 The foregoing indemnity obligations shall also include reasonable attorneys’ fees, investigation costs and other costs and expenses incurred by the other party and/or its indemnitees with respect to the matters described in this Agreement.

23.4 The indemnification provisions set forth in this Article shall survive the termination of this Agreement.

ARTICLE 24 – Reserved

ARTICLE 25 – DISPUTE RESOLUTION

25.1 Whenever disputes, disagreements, or misunderstandings arise, the Builder and the Owner will attempt to resolve the issue(s) involved by good faith discussion and mutual agreement as soon as practicable.

25.2 Failing resolution by mutual agreement, the aggrieved party shall document the dispute, disagreement, or misunderstanding by notifying the other party in writing detailing the relevant facts, identifying unresolved issues, specifying the clarification or remedy sought, and detailing the rationale as to why the clarification/remedy is appropriate. The other party shall submit a written position on the matter(s) in dispute within ten (10) Working Days after being notified. The parties will then meet within five (5) Working Days thereafter to further discuss the issue(s) in dispute and such meeting will include a duly authorized officer of the Owner and a duly authorized officer of the Builder. If this process does not resolve the dispute, the aggrieved party may then pursue resolution under the remaining provisions of this Article 25.

25.3 Articles 25.3 through 25.5 shall only apply to disputes that have a monetary value, excluding costs and attorneys’ fees of less than \$500,000. For the purposes hereof, those types of disputes shall be described as a “Work Dispute.” Work Disputes shall be subject to Articles 25.4 through 25.5 and decided by an independent marine surveyor selected by the parties (“Surveyor”), which shall be binding upon the parties and non-appealable.

25.4 Work Disputes shall be submitted to the Surveyor who shall be experienced in shipbuilding matters. The parties agree to utilize an experienced and independent marine surveyor from Dufour, Laskay & Strouse, Inc. ("DLS") to serve as the Surveyor. In the event DLS has a conflict of interest, refuses, or is otherwise unable for any reason to timely decide the Work Dispute, the Work Dispute shall be submitted to a qualified marine surveyor selected by the ABS.

25.5 To invoke the process under Article 25.3, either party shall provide written notice to the other party pursuant to Article 21, with a copy to the Surveyor setting forth:

- (a) the issue(s) to be decided by the Surveyor; and
- (b) that resolution under Article 25.3 is requested.

25.6 Articles 25.6 through 25.20 shall only apply to disputes that have a monetary value, excluding costs and attorneys' fees of more than \$500,000 but less than \$3,000,000. For the purposes hereof, this type of dispute shall be described as an "Arbitration Dispute." Any dispute other than an Arbitration Dispute arising between the Owner and the Builder, relating to the interpretation or performance of this Agreement, shall not be subject to this arbitration provision, and there shall be no compulsory arbitration except in the case of an Arbitration Dispute. Arbitration Disputes shall be subject to the arbitration provisions herein provided.

25.7 Arbitration Disputes shall be submitted to arbitration. No more than ten (10) Working Days after a party has invoked arbitration as set forth in Article 25.8 below, each party shall select an arbitrator and notify the other party of the arbitrator selected. All arbitrators shall be selected from the list of approved arbitrators of the Society of Maritime Arbitrators and shall be knowledgeable with commercial shipbuilding practices. The two (2) arbitrators so selected shall then select a third arbitrator from the list of approved arbitrators of the Society of Maritime Arbitrators within ten (10) Working Days of the date of the selection of the last party appointed arbitrator. If any party or the two (2) arbitrators fail to timely appoint the third arbitrator, the arbitrator shall be selected from the approved list of arbitrators of the Society of Maritime Arbitrators. The arbitrators shall decide on each issue or dispute presented to them by a majority vote. In all circumstances, the arbitration shall be conducted in New Orleans, Louisiana.

25.8 To invoke arbitration under this Article 25.7, a party shall provide the other party written notice of its decision to invoke arbitration, which written notice shall also set forth the following:

- (a) The disputes or issues to be arbitrated, including a concise statement of the factual basis therefor and a reference to the relevant provisions of the Contract Documents related to such disputes or issues to be arbitrated; and
- (b) That arbitration is demanded.

25.9 The arbitrators shall not be bound by the rules of evidence or civil procedure, but rather may consider such writings and oral presentations as reasonable shipbuilders and businessmen would use in the conduct of their day-to-day affairs, and may require the parties to submit some or all of their presentation orally or in written form as the arbitrators may deem

appropriate. The parties acknowledge that arbitrations should be conducted in a more cost efficient and timely basis than court litigation. Nonetheless, the parties agree that some limited discovery is appropriate to ensure a full and fair hearing. Accordingly, the parties agree to the following limited discovery in the event of an Arbitration Dispute: (i) the exchange of all documents and things which are relevant to the disputes or issues submitted to the arbitration panel (“Initial Exchange”) which Initial Exchange shall include documents and things that are both supportive and not supportive of a party’s position; (ii) interrogatories and requests for production of documents and things, each of which shall not exceed twenty (20) in number, including subparts (“Written Discovery”); (iii) documents only subpoenas on third parties; and (iv) five (5) depositions per party. The parties shall conduct the Initial Exchange no later than thirty (30) Days after the third arbitrator is selected. All Written Discovery shall be exchanged within fifteen (15) Days of the Initial Exchange. The parties shall respond to the Written Discovery within twenty (20) Days from receipt thereof. All depositions shall be scheduled within forty (40) Working Days after receiving responses to Written Discovery. In the event either party believes additional discovery is needed for a full and fair hearing of the disputes or issues, a party may submit a request to the arbitration panel for such additional discovery, which shall be permitted by the arbitration panel for good cause shown.

25.10 The parties may follow such rules and procedures as are agreed to between the parties. If the parties cannot agree to such rules and procedures within ten (10) Working Days of an election to submit the dispute to arbitration, then the Commercial Arbitration Rules of the American Arbitration Association shall apply.

25.11 Any arbitration may include any other person substantially involved in a common question of fact or law whose presence is required if complete relief is to be accorded in arbitration, provided that such other person has agreed to be bound by such arbitration.

25.12 The arbitration panel shall have the authority to retain such impartial expert assistance as they deem necessary to assist them in making a full and fair evaluation of the claims of the parties and to include the cost of arbitration reasonable compensation and reimbursement of expenses for any expert so retained.

25.13 Either party may apply to the arbitration panel seeking injunctive relief until the arbitration award is rendered or the controversy is otherwise resolved. Either party also may, without waiving any remedy under this Agreement, seek from any court having jurisdiction any interim or provisional relief that is necessary to protect the rights or property of that party, pending the establishment of the arbitration panel (or pending the arbitration panel’s determination of the merits of the controversy).

25.14 The arbitral award shall be made and payable in United States dollars, free of any tax, deduction or off-set and in accordance with the arbitral award. The arbitration panel shall use all reasonable efforts to render a decision within 210 Days following the appointment of the third arbitrator.

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25.15 The arbitration panel shall render a written explanation of the reasons for its award, which explanation shall contain a full statement of the facts as found and the rules of law applied in reaching same. All costs of the arbitration proceedings, except attorneys’ fees and expenses, shall be divided equally between the parties. Each party shall bear all attorneys’ fees and expenses that it incurs in connection with arbitration.

25.16 Any decision(s) and/or award made by the arbitration panel must be by a majority of the arbitrators and shall be final, incontestable, and binding on the parties hereto. Such decision(s) and/or award shall be fully enforceable, and judgment thereon may be entered by, or application may be made for judicial acceptance to, any court having jurisdiction thereof.

25.17 The parties hereto agree that any decision(s) and/or award of the arbitration panel shall be binding on the parties and not be subject to any appeal to any court or any other authority or panel except as permitted by applicable law.

25.18 The parties hereto agree that the decision(s) and/or award of the arbitration panel shall be the sole and exclusive remedy between them regarding any claims, counterclaims, issues, or accountings presented or pled to the arbitration panel. Neither party shall have the right to commence or prosecute any action before any court on any dispute, conflict, or controversy arising out of or in relation to this Agreement, except for an action to compel arbitration in accordance with this Article or for provisional relief in accordance with Article 25.13, or for enforcement of the decision(s) and/or award of the arbitration panel.

25.19 Neither a party nor an arbitrator may disclose the existence, content, or results of any arbitration hereunder without the prior written consent of both parties.

25.20 The provisions contained in this Article 25 shall survive the termination and/or expiration of this Agreement.

25.21 Any other disputes arising under or related to this Agreement which fall outside Articles 25.1 through 25.20 shall be litigated by the parties in federal district court in the Eastern District of Louisiana, which the parties have mutually selected as the exclusive venue for any such litigation. The parties agree and waive any objection to the inconvenience of the venue and further waives the right they may have to a trial by jury.

ARTICLE 26 – TAXES, DUTIES, AND CONTRACT EXPENSES

26.1 The Builder shall pay all local, state, and federal taxes, federal import duties, workers’ compensation, social security or old age benefits of any nature, unemployment tax, and any other similar taxes, charges, assessments and contributions of any kind now or hereafter payable in connection with the construction of the Vessels imposed upon, or with respect to, or measured by, Materials and labor utilized in the construction of the Vessels, or the wages, salaries or other remunerations paid to persons employed in connection with the performance of this Agreement, and the Builder shall indemnify and hold the Owner harmless from any and all liability and expense by reason of the Builder’s failure to pay such taxes, charges, assessments and contributions.

26.2 The Owner agrees to pay such state or local sales or use or other taxes, if any, as may be mandatorily imposed by law in connection with the sale and Delivery of the Vessels. It is the intention of the Owner, however, to avoid or minimize, to the greatest extent lawfully possible, the imposition of any state sales or use or other taxes with respect to the Vessels. This may involve claiming any lawfully available exemption(s), such as the “removal” exemption, the “interstate or foreign commerce” exemption, the “resale” exemption, or taking delivery of the ATB Unit in a location outside the boundaries of the State of Florida. The Builder shall use reasonable efforts to cooperate with the Owner to achieve exemption from such sales or use or other taxes, but only to the extent permitted by applicable laws and regulations, and shall provide the Owner with all such documentation as may be needed from the Builder to assist the Owner in establishing exemption from such sales or use or other taxes.

ARTICLE 27 – LIENS AND ENCUMBRANCES

27.1 Following payment of the sums due to the Builder by the Owner hereunder, the Builder agrees to deliver the ATB Unit to the Owner free and clear of any and all liens, claims, encumbrances and rights in rem in favor of the Builder or any workmen, material men, Suppliers, Subcontractors, or others to whom the Builder is responsible, excluding liens, mortgages or encumbrances created by the Owner.

27.2 Provided that the Owner has complied with its payment obligations, in the event of the filing or attaching of any lien or encumbrances created or suffered by or through the Builder or any of its Subcontractors or Suppliers against the Vessels before final payment, the Owner may, but shall not be required to, satisfy the same out of any amount remaining to be paid to the Builder hereunder, except where the Builder notifies the Owner of a bona fide dispute between the Builder and such lienor. When final payment is to be made under this Agreement, as condition precedent thereto, the Owner may, in its discretion, require that the Builder provide to the Owner a statement certifying and indemnifying the Owner against any liens or rights in rem of any kind against the ATB Unit or its respective machinery, fittings, or equipment which relate to actions of the Builder and excluding any liens or encumbrances created by the Owner.

27.3 In addition to and notwithstanding the foregoing, and provided that the Owner has complied with its payment obligations, the Builder agrees to be fully responsible for and to defend, indemnify the Owner and hold it harmless from and against all liens and claims for labor, material, taxes, privileges and licenses arising out of, in connection with, or resulting from the operations or activities of the Builder, its employees or agents or Subcontractors and the employees or agents of their Subcontractors, and agrees to defend any such claim asserted or suit brought against the Owner and/or the Vessels and to pay any judgment rendered in any such action and reimburse the Owner for any attorneys’ fees and costs it may have incurred in the enforcement of this indemnity, provided, however, that the Owner shall have the right, if it so elects, to participate at its own expense in the defense of any such claims or suits, but such participation shall not operate to affect the Builder’s liability and obligation hereunder.

27.4 The Owner agrees to be fully responsible for and to defend, indemnify the Builder and hold it harmless from and against all liens and claims for labor, materials, taxes, privileges and licenses arising out of, in connection with, or resulting from the operations or activities of

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the Owner, its employees or agents or subcontractors and the employees or agents of their subcontractors, and agrees to defend any such claim asserted or suit brought against the Builder and to pay any judgment rendered in any such action and reimburse the Builder for any attorneys’ fees and costs it may have incurred in the enforcement of this indemnity, provided, however, that the Builder shall have the right, if it so elects, to participate at its own expense in the defense of any such claims or suits, but such participation shall not operate to affect the Owner’s liability and obligation hereunder.

ARTICLE 28 – Reserved

ARTICLE 29 – GENERAL

29.1 This Agreement may be executed in several counterparts, all of which may be taken to be one and the same agreement. The parties may manually execute this Agreement, but each party agrees that a facsimile, PDF, or other electronic transmission of such signature shall be deemed binding on each party, and the parties agree not to contest the validity of this Agreement by reason of the fact that a manually executed copy has not been delivered.

29.2 The Builder acknowledges and agrees that certain information relating to the Owner that may be disclosed to or otherwise acquired by the Builder in connection with this Agreement and the negotiations leading up to its execution by one or both parties, may constitute material, confidential and non-public information, which shall be governed by the mutual Non-Disclosure Agreement existing between the parties. The Builder will not make any announcement or disclosure of the fact that such discussions have occurred, or of the terms of this Agreement without the Owner’s written consent, which shall not unreasonably withheld, except to the extent required by law. In addition, the Builder and the Owner mutually agree not to make any public statements or provide information to any third party which disparages the other party, provided, however, that each party shall be permitted to make press releases or other disclosure as required by law in the reasonable opinion of each party’s securities counsel.

29.3 THIS AGREEMENT SUPERSEDES ALL PRIOR AGREEMENTS, PROMISES, CORRESPONDENCE, DISCUSSIONS, REPRESENTATIONS AND UNDERSTANDINGS, EXCEPT THOSE EXPRESSLY SET FORTH HEREIN. NO OTHER AGREEMENTS, PROMISES, CORRESPONDENCE, DISCUSSIONS, REPRESENTATIONS OR UNDERSTANDINGS, EITHER EXPRESS OR IMPLIED, UNLESS EXPRESSLY SET FORTH HEREIN, ARE BINDING BETWEEN THE PARTIES.

29.4 In no event shall this Agreement be subject to or interpreted in accordance with the United Nations Convention on Contracts for the International Sale of Goods.

29.5 The headings in this Agreement are for convenience only and are not to be used in the interpretation of the associated language.

29.6 This Agreement may only be modified or amended in writing, signed by both parties.

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IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed by their proper authorized representatives, thereunto duly authorized.

WITNESSES:

/s/ **David E. Simonelli**

/s/ **Kenneth R. Munroe**

WITNESSES:

/s/ **David E. Simonelli**

/s/ **Steven W. Becker**

BUILDER:

EASTERN SHIPBUILDING GROUP, INC.

/s/ Brian R. D’Isernia

By: **Brian R. D’Isernia**

Its: **President**

DATE: **January 10, 2014**

OWNER:

GREAT LAKES DREDGE & DOCK CO., LLC

/s/ Jonathan W. Berger

By: **Jonathan W. Berger**

Its: **CEO**

DATE: **January 9, 2014**

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EXHIBIT A

VESSEL CONTRACT PRICE AND DELIVERY DATE

The construction of the ATB Unit and Delivery Date is contingent on the Owner furnishing Owner-furnished materials as shown on and by the deadlines set forth in Exhibit E.

Schedule of Vessel(s)

The ATB Unit shall be a dual mode articulated tug/barge trailing suction hopper dredge as follows:

Vessel ESG Hull No. 252	GLDD 14,000 BHP Class Design 150’ x 52’ x 33’ ATB Hopper Dredge Tug
Vessel ESG Hull No. 253	GLDD 15,000 cy Class Design 433’ x 92’ x 36’ ATB Hopper Dredge Barge

The ATB Unit shall be constructed in accordance with the Contract Documents for the following Contract Price and Delivery Date:

Contract Price and Delivery Date

The Delivery Date and Contract Price for the ATB Unit shall be as follows:

Vessel	Design	Contract Price *	Delivery Dates
ATB Unit			
Vessel No. 1 ESG Hull No. 252	GLDD 14,000 BHP ATB Hopper Dredge Tug	\$38,454,018	32 Months after Effective Date
Vessel No. 2 ESG Hull No. 253	GLDD 15,000 cu. yard ATB Hopper Dredge Barge	\$58,174,692	32 Months after Effective Date

* Contract Price Adjusted to Account for Changes Reflected in Exhibit A-1

ATB Unit Steelweight

In an effort to reduce the likelihood of unanticipated weight changes, Builder shall:

- Notify the Owner at any time changes are made to scantling level drawings
- Provide detailed weight estimates on a monthly basis during all phases of the project

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The Contract Price shall be adjusted either up or down at the value specified below for each short ton difference between the applicable Vessel’s actual neat steel weight and the neat weight allowance noted below. For purposes of adjusting the Contract Price, the actual neat steel weight shall be that weight of the applicable Vessel’s hull structural steel assembly as derived from the Vessel’s modeled configuration using the fabricated scantlings and the engineering software “Ship Constructor.”

Barge – [*] per short ton*

Tug – [*] per short ton*

Barge

It is emphasized that every effort shall be made to minimize unnecessary Barge weight, particularly structural weight. To that end, where applicable, Builder shall work with the Owner to identify areas where “or equal” substitutions (including high strength steel) have the potential to result in significant weight savings, subject to Builder’s right to a Change Order in accordance with Article 9.

The Contract price for the Barge hull noted above includes a neat steel weight allowance of [*] Short Tons less Owner furnished steel consisting of [*] A36 and [*] EH36. For purposes of this Agreement, neat steel weight is defined as the Barge’s hull structural steel assembly as noted in the Construction Specification for the Barge (Exhibit B), Sections 2.100, 2.200, 2.300, 2.400, 2.450, 2.500 (excluding fluidizing piping and bottom doors), 2.570, 2.600, 2.650, 2.670, 3.100 and 3.200, trimmed and fitted for weldout and is exclusive of any drop-offs, paint and pre-construction primer, welding or welding electrodes, construction or erection padeyes/brackets, or other construction weldments or appurtenances.

Tug

It is possible that in the course of Tug design development, it becomes necessary to increase hull scantling sizes in order for the Tug to achieve the design draft. The Contract Price for the Tug hull noted above includes a neat steel weight allowance of [*] Short Tons. For purposes of this Agreement, neat steel weight is defined as the Tug’s hull structural steel assembly as noted in the Construction Specification for the Tug (Exhibit B), Sections 2.6, 2.7, 2.8, 2.9, 2.10, 2.11, 2.12 and 2.13.5, trimmed and fitted for weldout and is exclusive of any drop-offs, paint and pre-construction primer, welding or welding electrodes, construction or erection padeyes/brackets, or other construction weldments or appurtenances.

* Rate Unit Qualifications:

1. Rate is applicable only to Grade A “mild-steel” structural components.
2. Replacement of “mild steel” with high strength steel is not applicable to this unit rate.

The Contract Price includes an allowance of [*] for the medium voltage electrical umbilical and disconnect system between the Barge and the Tug. The Contract Price shall be increased by the amount of any and all costs for such system in excess of such allowance.

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EXHIBIT A-1
RECENT CHANGES

[*]

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**EXHIBIT B
SPECIFICATIONS**

Tug

Specifications for the Construction of a 15,000 BHP Class Tug	Rev -	November 29, 2013
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Barge

Specifications for the Construction of a 433' x 92' x 36' ATB Dredge Barge	Rev -	November 29, 2013
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The Specifications will be initialed by a duly-authorized representative of the Owner and the Builder.

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**EXHIBIT C-1
CONTACT DRAWINGS**

ATB BARGE CONTRACT DRAWINGS PACKAGE

Dwg #	Description	Revision	Delivery Date
111-01	Shell Arrangement	D	RFP
117-01	Midship Section	F	RFP
117-02	Notch Structure	A	RFP
117-04	Transverse Web Frames, Bow and Stern	D	RFP
117-05	Bulbous Bow Structure	B	RFP
117-06	Longitudinal Bulkheads	D	RFP
117-07	Transverse Bulkheads	B	RFP
117-08	Forecastle Structure	B	RFP
117-09	Hogback Structure	E	RFP
117-10	Connector Structure	A	RFP
130-01	Main Deck	D	RFP
130-02	Tween Deck	D	RFP
130-03	Forecastle Deck	B	RFP
500-02	Auxiliary Machinery Arrangement	B	RFP
573-03	Hopper Coaming	E	RFP
573-07	Hopper Slopes & Keelson	D	RFP
581-02	Chain Locker and Hawse Pipes	B	RFP
801-01	General Arrangement	C	RFP
801-02	Outboard Profile	B	RFP
839-01	Lines Plan	B	RFP

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ATB TUG CONTRACT DRAWINGS PACKAGE

Dwg #	Description	Revision	Delivery Date
101-002	General Arrangement	7	RFP
117-002	Midship Section	A	RFP
802-001	Outboard Profile	A	RFP
802-002	Inboard Profile	A	RFP
FRC80-000	Specifications	—	RFP
FRC80-010	Strength Calculations	—	RFP
FRC80E100-1	GROUP MOTOR STARTER PANEL	—	RFP
FRC80E110-1	GROUP STARTER DIAGRAM	—	RFP
FRC80E300-1	PORT LOCAL CONTROL PANEL	—	RFP
FRC80E310-1	PORT LOCAL CONTROL DIAGRAM-1	—	RFP
FRC80E320-1	PORT LOCAL CONTROL DIAGRAM-2	—	RFP
FRC80E400-1	STBD LOCAL CONTROL PANEL	—	RFP
FRC80E410-1	STBD LOCAL CONTROL DIAGRAM	—	RFP
FRC80E500-1	REMOTE CONTROL PANEL	—	RFP
FRC80E510-1	REMOTE CONTROL DIAGRAM-POD	—	RFP
FRC80E600-1	PORTABLE CONTROLLER	—	RFP
FRC80E610-1	PORTABLE CONTROLLER CONNECTER	—	RFP
FRC80E700-1	LUB ELECT SYSTEM	—	RFP
FRC80E900-1	INTER TERMINAL WIRING	—	RFP
FRC80H102-1	HYDRAULIC DIAGRAM	—	RFP
FRC80H210-1	HYDRAULIC PORT UNIT	—	RFP
FRC80H220-1	HYD STBD UNIT	—	RFP
FRC80H300-1	HYDRAULIC ACC UNIT	—	RFP
RC80H400-1	TERMINAL BLOCK ASSY	—	RFP

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FRC80H500-1	R-CYLINDER BLOCLK ASSY	—	RFP
FRC80H600-1	F-CYLINDER BLOCK ASSY	—	RFP
FRC80H700-1	COUPLER HOSE ARRANGEMENT	—	RFP
FRC80H800-1	COUPLER PIPING PLAN	—	RFP
FRC80H810-1	HYDRAULIC PARTS ARRAGEMENT	—	RFP
FRC80M-022	Properties of Materials of Important Parts	—	RFP
FRC80M100-2	GENERAL ARRANGEMENT	—	RFP
FRC80M200-2	ONBOARD PLAN	—	RFP
FRC80M230-1	COUPLER OUTLINE	—	RFP
FRC80M300-1	PRESSING SHOE ASSY	—	RFP
FRC80M400-2	MAIN BEARING ASSY	—	RFP
FRC80M500-1	CONNECTING PIN ASSY	—	RFP
FRC80M600-1	THRUST BLOCK ASSY	—	RFP
FRC80M700-1	F-CYLINDER ASSY	—	RFP
FRC80M800-1	RACK CYLINDER ASSY	—	RFP
FRC80M900-1	RACK PIESES	—	RFP
FRC80G100-1	LUB PIPING	—	RFP
FRC80G200-1	LUB SYSTEM PUMP UNIT	—	RFP
FRC80G300-1	LUB MAIN FEEDER	—	RFP
FRC80G310-1	LUB SUB-FEEDER-1	—	RFP
FRC80G320-1	LUB SUB FEEDER-2	—	RFP
FRC80-011-1	Supplier Information VFI	—	RFP
FRC80M290-2	DELIVERY STYLE-1	—	RFP
FRC80M292-1	DELIVERY STYLE-2	—	RFP
FRC-80-050	Installation manual	—	RFP
FRC-80-060	Instruction for Installation to Shipyard	—	RFP
101-021	Lines Plan	—	3/17/2014

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EXHIBIT C-2

FUNCTIONAL DESIGN DRAWINGS

ATB BARGE FUNCTIONAL PACKAGE

Dwg #	Description	Revision	Delivery Date
100-01	Welding Standards	B	3/2/2014
100-03	Structural Standard Methods	A	3/2/2014
111-01	Shell Arrangement	D	3/2/2014
113-01	Inner Bottom (Tank Top)	A	3/2/2014
114-02	Hull Fittings	B	3/2/2014
117-01	Midship Section	E	3/2/2014
117-02	Notch Structure	A	3/2/2014
117-04	Transverse Web Frames, Bow and Stern	C	3/2/2014
117-05	Bulbous Bow Structure	B	3/2/2014
117-06	Longitudinal Bulkheads	C	3/2/2014
117-07	Transverse Bulkheads	B	3/2/2014
117-08	Forecastle Structure	A	3/2/2014
117-09	Hogback Structure	E	3/2/2014
117-10	Connector Structure	A	3/2/2014
117-11	Overflow Structure	B	3/2/2014
117-12	Bottom Dump Door Cylinder Support Structure	A	3/2/2014
117-13	Poop Structure	B	3/2/2014
130-01	Main Deck	D	3/2/2014
130-02	Tween Deck	D	3/2/2014
130-03	Forecastle Deck	B	3/2/2014
130-04	Poop Deck	B	3/2/2014
163-01	Sea Chest Arrangement & Details	A	3/2/2014
169-01	Hull Structural Closures Schedule	A	3/2/2014

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169-04	Stack Structure	A	3/2/2014
169-05	Removal Access & Handling, Machinery Room	A	3/2/2014
171-01	Masts	A	3/2/2014
182-01	Foundations, Aux Engine & Reduction Gears	A	3/2/2014
182-02	Bow Thruster Structure	A	3/2/2014
185-01	Foundations, Gensets	A	3/2/2014
185-03	Foundations, Air Compressors	A	3/2/2014
185-04	Foundations, Misc Machinery	A	3/2/2014
185-06	Foundations, Dredge Piping & Fittings	A	3/2/2014
185-08	Foundations, Hydraulic System Equipment	A	3/2/2014
185-10	Foundations, Draghead Gantries	B	3/2/2014
185-11	Foundations, Intermediate Gantries	B	3/2/2014
185-14	Foundations, Anchor System Equipment	A	3/2/2014
185-15	Foundations, Mooring & Towing System	A	3/2/2014
185-16	Foundation, Crane	A	3/2/2014
185-17	Foundations, Draghead Winches	A	3/2/2014
256-01	SW Engine Cooling System Diagram	A	3/23/2014
256-10	Generator Cooling System Diagram	A	3/23/2014
259-01	Diesel Engine Exhaust System Diagram	A	3/23/2014
259-02	Diesel Engine Combustion Air Diagram	A	3/23/2014
261-01	Fuel Oil Service System Diagram	A	3/23/2014
262-01	Lube Oil System Diagram	A	3/23/2014
300-01	Cableway Routing Arrangement	B	3/2/2014
300-02	Cable List B/M	A	3/2/2014
301-01	Electrical Standards	A	3/2/2014
313-01	Electrical One Line Diagram DC	A	3/30/2014
321-01	Electrical One Line Diagram AC	B	3/30/2014

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321-02	Power System Plan, Main Deck & Above	D	3/30/2014
321-03	Power System Plan, Machinery Spaces	B	3/30/2014
332-01	Exterior Lighting Arrangement,	B	3/30/2014
332-02	Interior Lighting Arrangement	E	3/30/2014
332-03	Machinery Lighting Arrangement	C	3/30/2014
422-01	Navigation and Signal Light Arrangement	B	3/30/2014
436-02	Emergency Shutdown & Alarm EWD	A	3/30/2014
500-01	Major Equipment List	A	3/2/2014
500-02	Auxiliary Machinery Arrangement	B	3/2/2014
505-01	Piping Standards	A	3/2/2014
506-10	Vents and Soundings System Diagram	C	3/23/2014
512-11	Machinery Ventilation Diagram	A	3/23/2014
514-10	HVAC System Diagram	A	3/23/2014
521-11	Fire and Washdown System Diagram	A	3/23/2014
524-13	Jet Water System Diagram	B	3/23/2014
524-14	Gland Seal Diagram	A	3/23/2014
526-10	Deck Drains & Scuppers System Diagram	A	3/23/2014
528-10	Plumbing Drainage System Diagram	A	3/23/2014
529-10	Ballast System Diagram	A	3/23/2014
529-11	Bilge System Diagram	B	3/23/2014
533-10	Potable Water System Diagram	A	3/23/2014
541-01	Independent Tanks	A	3/2/2014
541-11	Fuel Oil Transfer System Diagram	B	3/23/2014
551-10	Compressed Air System Diagram	A	3/23/2014
556-01	Swell Compensator Cylinder Arrangement	B	3/2/2014
568-01	Bow Thruster Arrangement	A	3/2/2014
573-01	Deck Crane Arrangement	B	3/2/2014

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573-03	Hopper Coaming	E	3/2/2014
573-05	Lifting Gear Arrangement	A	3/2/2014
573-06	Bottom Door Arrangement	A	3/2/2014
573-07	Hopper Slopes	D	3/2/2014
573-20	Dredge System Diagram	A	3/23/2014
573-23	Slurry Valve Flushing Diagram	A	3/23/2014
573-25	Overflow Arrangement	B	3/2/2014
573-38	Loading Manual	A	3/2/2014
573-39	Trunion Slide Structure	B	3/2/2014
581-01	Anchor Arrangement	A	3/2/2014
581-02	Chain Locker and Howse Pipes	A	3/2/2014
582-01	Mooring & Towing Arrangement	B	3/2/2014
583-01	Life Saving & Safety Plan	A	3/23/2014
583-04	Fire Extinguisher List	A	3/23/2014
583-05	Fire Control Plan	A	3/23/2014
583-06	Equipment Numerical Calc	A	3/2/2014
583-10	Lifesaving Equipment Installation Details	A	3/23/2014
583-26	Dragarm Davit Arrangement	A	3/2/2014
593-10	Waste Oil System Diagram	C	3/23/2014
600-03	Outfitting Standards	A	3/2/2014
602-01	Hull Markings	B	3/2/2014
612-01	Hand Rails, Exterior	A	3/2/2014
612-02	Hand Rails, Interior	E	3/2/2014
612-03	Bulwarks	A	3/2/2014
612-13	Machinery Guards	A	3/2/2014
622-01	Gratings, Machinery Space	B	3/2/2014
622-02	Internal Tank Gratings	A	3/2/2014

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622-03	External Gratings & Access	B	3/2/2014
623-01	Ladders, Vertical	B	3/2/2014
623-02	Ladders, Inclined	D	3/2/2014
633-01	Anodes & Cathodic Protection System	A	3/23/2014
721-02	Aux Cooling System Diagram	A	3/23/2014
801-01	General Arrangement	C	3/2/2014
801-02	Outboard Profile	B	3/2/2014
801-03	Inboard Profile	A	3/2/2014
801-04	Crew Lounge Arrangement	A	3/2/2014
835-01	Longitudinal Strength Calculations	A	3/23/2014
835-02	Hydrostatic Tables	B	3/23/2014
835-03	Tank Capacity Tables	B	3/23/2014
835-04	Hopper Capacity Tables	A	3/23/2014
835-06	Capacity Plan	A	3/23/2014
835-07	Weight Estimate	A	3/23/2014
835-09	Loading Conditions	A	3/23/2014
835-10	Intact Stability Calcs	A	3/23/2014
835-11	Longitudinal Bending Moment Calcs	A	3/23/2014
835-13	Electrical Load Analysis AC	A	3/30/2014
835-14	Electrical Load Analysis DC	A	3/30/2014
997-01	Docking Plan	A	3/2/2014

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ATB TUG FUNCTIONAL PACKAGE

Dwg #	Description	Revision	Delivery Date
096-001	Weights and CG Estimate	A	4/24/2014
100-001	Welding Schedule	A	3/17/2014
101-002	General Arrangement	A	3/17/2014
111-001	Shell Plating Key Plan	—	3/17/2014
114-001	Rudder Arrangement	—	3/17/2014
117-002	Midship Section	A	3/17/2014
117-101	Scantlings Bow Thru Frame 16	—	3/17/2014
117-102	Scantlings Fr 17 Thru 46	—	3/17/2014
117-103	Scantlings Fr 47 Thru Transom	—	3/17/2014
117-104	Scantlings Superstructure	—	3/17/2014
163-001	Sea Chest	—	3/17/2014
167-001	Manholes & Hatches A&D	—	3/17/2014
167-002	WT & Weathertight Doors A&D	—	3/17/2014
167-003	Hatch Details	—	3/17/2014
170-001	Mast Arrangement	—	3/17/2014
233-001	Propulsion Drive Train Arrangement	A	3/17/2014
233-002	Propulsion Engines Foundation	—	3/17/2014
256-001	Main and Aux RW Cooling System B.O.D.	A	4/7/2014
256-002	Main and Aux RW Cooling System Diagram	A	4/7/2014
259-001	Exhaust Piping Arrgt. B.O.D.	B	4/7/2014
259-002	Exhaust Piping Arrgt. Diagram	A	4/7/2014
261-001	Quick Closing Valve Diagram	—	4/7/2014
264-001	LO Fill and Transfer System Diagram	B	4/7/2014
264-002	LO Fill and Transfer System B.O.D.	A	4/7/2014
264-003	Dirty Oil System B.O.D.	A	4/7/2014
264-004	Dirty Oil System Diagram	A	4/7/2014
313-001	Electronics Room Arrangement	—	4/14/2013
401-001	Navigational Lights Arrangement	—	4/14/2013

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427-001	Navigational Lighting	—	4/14/2013
500-001	Machinery Arrangement	—	3/17/2014
506-001	Tank Vents & Sounds B.O.D.	B	4/7/2014
506-002	Tank Vents & Sounds Diagram	B	4/7/2014
513-001	Machinery Ventilation Diagram	—	4/7/2014
513-002	Machinery Ventilation B.O.D.	—	4/7/2014
521-001	Fire Main System B.O.D.	B	4/7/2014
521-002	Fire Main System Diagram	B	4/7/2014
526-001	Weather Deck Drains Piping System B.O.D	A	4/7/2014
526-002	Weather Deck Drains Piping System Diagram	B	4/7/2014
528-001	Sanitary Drains and Sewage System B.O.D.	A	4/7/2014
528-002	Sanitary Drains and Sewage System Diagram	A	4/7/2014
529-001	Bilge & Ballast System B.O.D.	B	4/7/2014
529-002	Bilge & Ballast System Diagram	A	4/7/2014
532-001	Main and Aux Engine FW Cooling System B.O.D.	—	4/7/2014
532-002	Main and Aux Engine FW Cooling System Diagram	A	4/7/2014
532-003	Main Engine Expansion Tanks	—	4/7/2014
532-004	Stand-By Generator Expansion Tank	—	4/7/2014
533-001	Potable Water System B.O.D.	B	4/7/2014
533-002	Potable Water System Diagram	A	4/7/2014
541-001	Fuel Oil Service System B.O.D.	B	4/7/2014
541-002	Fuel Oil Service System Diagram	B	4/7/2014
541-003	Fuel Oil Fill and Transfer System Diagram	B	4/7/2014
541-004	Fuel Oil Fill and Transfer System B.O.D.	C	4/7/2014
551-001	Compressed Air System B.O.D.	C	4/7/2014
551-002	Compressed Air System Diagram	C	4/7/2014
555-001	Vessel Safety Plan	—	4/14/2014

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555-002	Structural Fire Protection Plan	B	3/17/2014
573-001	Machinery Trolley Arrangement and Details	—	3/17/2014
581-001	Anchor Handling A&D	—	3/17/2014
582-001	Bulwark & Mooring Fittings	—	3/17/2014
585-001	Rescue Boat and Liferaft Arrangement and Details	—	3/17/2014
585-001	Rescue Boat and Liferaft Arrangement and Details	A	3/17/2014
602-001	Hull Marking Diagram	—	3/17/2014
603-002	Underwater Inspection in Lieu of Drydocking	—	3/17/2014
611-001	Fender Installation Diagram	B	3/17/2014
612-001	Ladders A&D	—	3/17/2014
612-002	Handrails and Stanchions	—	3/17/2014
622-001	Grating Arrangement & Details	—	3/17/2014
623-001	Tug-Barge Access	—	3/17/2014
625-001	Windows A+D	—	3/17/2014
633-001	Cathodic Protection Plan	—	3/17/2014
662-001	Bridge Arrangement	—	3/17/2014
662-002	EOS Arrangement	—	3/17/2014
801-001	Navigational Bridge Visibility	—	3/17/2014
802-001	Outboard Profile	B	3/17/2014
802-002	Inboard Profile	A	3/17/2014
831-002	Moulded Line Convention	—	4/14/2014
835-001	Midship Section Calculations	—	3/17/2014
835-004	Main and Aux RW Cooling System Calculations	—	4/7/2014
835-006	Fuel Oil Service System Calculations	B	4/7/2014
835-007	Bilge & Ballast System Calcs	A	4/7/2014
835-008	Compressed Air System Calculations	C	4/7/2014
835-009	Fuel Oil Fill and Transfer System Calculations	B	4/7/2014

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835-010	Potable Water System Calcs	A	4/7/2014
835-011	Dirty Oil System Calculations	A	4/7/2014
835-012	LO Fill and Transfer System Calculations	A	4/7/2014
835-014	Hull Structural Calculations	—	3/17/2014
835-015	Superstructure Calculations	—	3/17/2014
835-016	Steering System Foundation Calculations	—	3/17/2014
835-017	Main Engine, Reduction Gear & Shaft Gen. Foundation Calculations	—	3/17/2014
835-018	Generator Foundation Calculations	—	3/17/2014
835-019	Stores Crane Foundation Calculations	—	3/17/2014
835-020	Boat Davit and Boat Cradle Foundation Calculations	—	3/17/2014
835-021	Forward Capstan Foundation Calculations	—	3/17/2014
835-023	Exhaust Piping Arrgt. Calculations	B	4/7/2014
835-024	Sanitary Drains and Sewage System Calculations	A	4/7/2014
835-028	Fire Main System Calculations	B	4/7/2014
835-029	Mast Foundation Calculations	—	3/17/2014
835-030	Machinery Ventilation Calculations	—	4/7/2014
835-030	Machinery Ventilation Calculations	—	4/7/2014
835-031	Forward Bitts Foundation Calculations	—	3/17/2014
835-032	FEA Coupler Meshed Model	—	3/17/2014
835-033	Midship Bitts Foundation Calculations	—	3/17/2014
835-034	Aft Bitts Foundation Calculations	—	3/17/2014
835-035	Forward Towing Bitt Foundation Calculations	—	3/17/2014
835-036	Aft Towing Bitt Foundation Calculations	—	3/17/2014
835-037	Forward Staple Foundation Calculations	—	3/17/2014
835-038	ABS Equipment Number Calculation	—	3/17/2014
835-039	Aft Capstan Foundation Calculations	—	3/17/2014
835-040	Sea Chest Calcs	—	3/17/2014

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870-000	Low Voltage Electrical System B.O.D.	—	4/14/2014
870-001	Electrical Load Analysis	—	4/14/2014
870-002	480V Distribution	—	4/14/2014
870-003	480V Distribution Panels	—	4/14/2014
870-004	208Y/120V Power Distribution	—	4/14/2014
870-006	DC Power Distribution	—	4/14/2014
892-000	Lighting System B.O.D.	—	4/14/2014
892-001	Lighting System	—	4/14/2014
892-002	120VAC Receptacle System	—	4/14/2014
997-001	Blocking Plan	—	3/17/2014
XXX-XXX	Emergency Shutdown	—	4/14/2014

GLDD DREDGE EQUIPMENT FUNCTIONAL PACKAGE

<u>Dwg #</u>	<u>Description</u>	<u>Revision</u>	<u>Delivery Date</u>
151-10-25356	ATB Sliding Trunnion Hull Connection Arrgmt 36 In Dragarm	2	2/15/2014
151-38-23519	ATB 50 In P.D. Sheave Box No. 1 Assy	2	2/15/2014
151-38-23524	ATB 36 In P.D. Sheave Box Assembly	2	2/15/2014
151-38-23535	ATB Swell Compensator Sheave Box Assembly	2	2/15/2014
151-38-23541	ATB Gimble Davit Suspension Block Assembly	2	2/15/2014
151-38-25286	ATB Draghead Davit Arrgmt 36 In Dragarm	4	2/15/2014
151-38-25287	ATB Gimbal Davit Arrgmt 36 In Dragarm	4	2/15/2014
151-38-25288	ATB Trunnion Davit Arrgmt 36 In Dragarm Brusselle Hoist	3	2/15/2014
151-38-25323	ATB Trunnion Davit Service Frame Assembly 36 In Dragarm	2	2/15/2014
151-38-25332	ATB Trunnion Davit Service Frame Details 36 In Dragarm	—	2/15/2014
151-38-25390	ATB Draghead Davit Frame Details 36 In Dragarm	1	2/15/2014
151-38-25391	ATB 50 In P.D. Sheave Assy & Details Draghead Davit	—	2/15/2014

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151-38-25392	ATB Swivel Sheave Housing Details Draghead Davit	1	2/15/2014
151-38-25393	ATB Swivel Sheave Misc Details Draghead Davit	1	2/15/2014
151-38-25394	ATB Pivot Bracket Details Draghead & Gimbal Davits	—	2/15/2014
151-38-25440	ATB Draghead Davit Lube Lines Arrgmt & Details	1	2/15/2014
151-38-25441	ATB 50 In P.D. Sheave Box No. 1 Details	1	2/15/2014
151-38-25487	ATB Draghead Davit Cylinder Anchor Bracket Detail	1	2/15/2014
151-38-25487	ATB Draghead Davit Cylinder Anchor Bracket Detail	2	2/15/2014
151-38-25488	ATB Gimbal Davit Frame Details 36 In Dragarm	1	2/15/2014
151-38-25489	ATB 36 In P.D. Sheave Assy & Details Gimbal Davit	—	2/15/2014
151-38-25490	ATB Swivel Sheave Housing Details Gimbal Davit	—	2/15/2014
151-38-25491	ATB Swivel Sheave Misc Details Gimbal Davit	—	2/15/2014
151-38-25492	ATB Gimbal Davit Lube Lines Arrgmt & Details	—	2/15/2014
151-38-25494	ATB Gimbal Davit Cylinder Anchor Bracket Detail	1	2/15/2014
151-38-25496	ATB Sheave Lip Seal (Garlock Part No. 21267-4190-Rev1)	1	2/15/2014
151-38-25519	ATB Gimbal Davit Suspension Block Housing Detail	—	2/15/2014
151-38-25520	ATB Gimbal Davit Suspension Block Cover Detail	—	2/15/2014
151-38-25521	ATB Gimbal Davit Suspension Block Misc Details	—	2/15/2014
151-38-25935	ATB Trunnion Davit Foundation Details	2	2/15/2014
151-38-25936	ATB Trunnion Davit Guide Rails Details	1	2/15/2014
151-38-25937	ATB Trunnion Davit Assembly 36 In Dragarm	1	2/15/2014
151-38-25938	ATB Trunnion Davit Frame Details 36 In Dragarm	1	2/15/2014
151-38-25939	ATB Trunnion Davit Service Platform and Ladder Details	1	2/15/2014
151-38-25940	ATB Trunnion Davit Misc. Details 36 In Dragarm	—	2/15/2014
151-38-25941	ATB Trunnion Davit Hoist Slack Wire Sensor Arrgmt and Details	1	2/15/2014
151-38-26046	ATB Trunnion Davit Cylinder Arrgmt & Details	1	2/15/2014
151-38-26065	ATB Trunnion Davit Foundation Walkway Details	1	2/15/2014
151-38-26135	ATB 36 In P.D. Sheave Box Details	—	2/15/2014

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151-38-26136	ATB 120 Ft Dragarm, Davits & Hoists Arrgmt	—	2/15/2014
151-38-26149	ATB Swell Compensator Sheave Box Details	—	2/15/2014
151-38-26154	ATB 50 In P.D. Sheave Box No. 2 Assy	—	2/15/2014
151-38-26155	ATB 50 In P.D. Sheave Box No. 2 Details	—	2/15/2014
151-38-26156	ATB Swell Compensator Cyl. & Sheave Box Fndtn Arrgmt & Details	—	2/15/2014
151-38-26165	ATB Gimbal Davit Hoist Foundation Arrgmt and Details	—	2/15/2014
151-38-26166	ATB Draghead Davit Hoist Foundation Arrgmt and Details	—	2/15/2014
151-38-26169	ATB Trunnion Davit Cable Carrier Arrgmt and Details	—	2/15/2014
151-61-25019	36 In Draghead Assy With (2) Piece Magnum Visor	—	2/15/2014
151-61-xxxxx	Connector Details 36 In Draghead	—	2/15/2014
151-61-xxxxx	Visor Details 36 In Draghead	—	2/15/2014
151-61-xxxxx	Misc. Details 36 In Draghead	—	2/15/2014
151-61-xxxxx	Visor Hydraulic Cylinder Assy 36 In Draghead	—	2/15/2014
151-61-xxxxx	Visor Jet Water Hose Detail 36 In Draghead	—	2/15/2014
151-61-xxxxx	Connector Wear Liner Details 36 In Draghead	—	2/15/2014
151-61-xxxxx	Visor Wear Liner Details 365 In Draghead	—	2/15/2014
151-66-25133	ATB Dredging Equipment Hydraulic Functional Diagram	3	2/15/2014
151-67-23548	ATB 67 In I D Telescopic Overflow Arrgmt	2	2/15/2014
151-67-23550	ATB Hopper Door Actuator Arrgmt	6	2/15/2014
151-67-23551	ATB Hopper Bottom Dumping Door Detail	4	2/15/2014
151-67-25225	ATB Hopper Bottom Dumping Door Actuator Details	2	2/15/2014
151-67-25226	ATB Hopper Bottom Dumping Door Seal Arrgmt	3	2/15/2014
151-67-25227	ATB Hopper Bottom Dumping Door Perimeter Seal Detail	1	2/15/2014
151-67-25228	ATB Hopper Bottom Dumping Door Seal Frame Detail	2	2/15/2014
151-67-25229	ATB Hopper Bottom Dumping Door Center Line Seal Detail	1	2/15/2014
151-67-25328	ATB Hopper Bottom Dumping Door Actuator Cylinder Support	1	2/15/2014

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151-67-25329	ATB Hopper Bottom Dumping Door Actuator Rod Guide	—	2/15/2014
151-67-25330	ATB Hopper Bottom Dumping Door Actuator Wedge Detail	—	2/15/2014
151-67-25331	ATB Hopper Bottom Dumping Door Seal Frame and Closing Bar Fixture	—	2/15/2014
151-67-25354	ATB Hopper Door Cylinder Support Beams	—	2/15/2014
151-71-23544	Slurry System Schematic	4	2/15/2014
151-71-24443	Moveable Overflow Tube Details Telescopic Overflow	—	2/15/2014
151-71-25009	ATB 36 In Dia.x 120 Ft Dragarm Assembly	2	2/15/2014
151-71-25357	ATB Sliding Trunnion Assembly 36 In Dragarm	—	2/15/2014
151-71-25358	ATB Sliding Trunnion Piece Detail 36 In Dragarm	1	2/15/2014
151-71-25359	ATB Sliding Trunnion Misc Details 36 In Dragarm	—	2/15/2014
151-71-25360	ATB Sliding Trunnion & Service Fr. Supp. Detail 36 In Dragarm	1	2/15/2014
151-71-25361	ATB Trunnion Elbow Detail 36 In Dragarm	—	2/15/2014
151-71-25362	ATB Trunnion Elbow & Armpiece Detail 36 In Dragarm	—	2/15/2014
151-71-25362	ATB Trunnion Elbow & Armpiece Detail 36 In Dragarm	—	2/15/2014
151-71-25365	ATB Jet Water Piping Arrgmt & Details 36 in Dragarm	—	2/15/2014
151-71-25366	ATB Jet Water Hose Details 36 in Dragarm	—	2/15/2014
151-71-25369	ATB Suction Hose Details 36 in Dragarm	—	2/15/2014
151-71-25370	ATB Armpiece Details 36 In Dragarm	—	2/15/2014
151-71-25371	ATB Suction Pipe Details 36 In Dragarm	—	2/15/2014
151-71-25372	ATB Gimbal Ring Assembly 36 In Dragarm	—	2/15/2014
151-71-25373	ATB Gimbal Ring Details 36 In Dragarm	—	2/15/2014
151-71-25374	ATB Gimbal Ring Misc Details 36 In Dragarm	—	2/15/2014
151-71-25375	ATB Turning Gland Assembly 36 In Dragarm	1	2/15/2014
151-71-25376	ATB Turning Gland Details 36 in Dragarm	1	2/15/2014
151-71-25406	ATB Dragarm Pick Point & Davit Layout 36 In Dragarm	—	2/15/2014
151-71-25442	Fixed Overflow Tube Details Telescopic Overflow	—	2/15/2014

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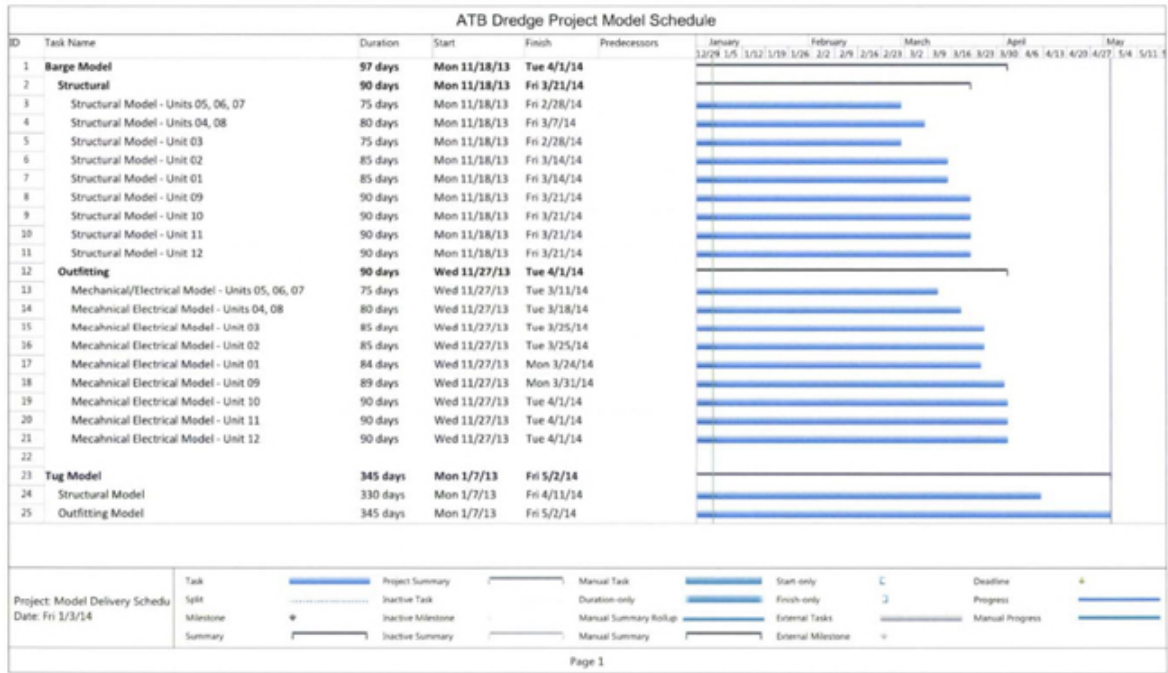
151-71-25444	Upper Platform Details Telescopic Overflow	—	2/15/2014
151-71-25445	Inlet Screen Arrgmt & Details Telescopic Overflow	—	2/15/2014
151-71-25447	Green Valve Arrgmt & Details Telescopic Overflow	—	2/15/2014
151-71-25448	Green Valve Liner Arrgmt & Details Telescopic Overflow	—	2/15/2014
151-71-25449	Green Valve Actuator Link & Misc. Details Telescopic Overflow	—	2/15/2014
151-71-25450	Green Valve Hydraulic Cylinder Support Arrgmt & Details Telescopic Overflow	—	2/15/2014
151-71-25540	ATB 24 In Dia. 50 Lb. Slurry Gate Valve Assy With GCC Liners	1	2/15/2014
151-71-25541	ATB Seal Retainer 24 In Dia. 50 Lb & 150 Lb Slurry Gate Valve	—	2/15/2014
151-71-25542	ATB Body Detail For GCC Liner 24 In Dia. 50 Lb Slurry Gate Valve	—	2/15/2014
151-71-25543	ATB Bonnet Detail 24 In Dia. 50 Lb. Slurry Gate Valve	—	2/15/2014
151-71-25544	ATB Hydraulic Cyl. Assy 24 In Dia. 50 Lb & 150 Lb Slurry Gate Valve	—	2/15/2014
151-71-25545	ATB Misc. Details 24 In Dia. 50 Lb & 150 Lb Slurry Gate Valve	1	2/15/2014
151-71-25546	ATB Position Sensor Support Details 24 In Dia. 50 Lb & 150 Lb Slurry Gate Valve	1	2/15/2014
151-71-25549	ATB Hull Trunnion Suction Inlet Casting Detail	1	2/15/2014
151-71-25627	ATB 36 In Dia. 50 Lb. Slurry Gate Valve Assy	—	2/15/2014
151-71-25807	ATB 24 In Dia. 50 Lb. Slurry Gate Valve Assy With HS-400 Liners	1	2/15/2014
151-71-25808	ATB Body Detail With HS-400 Liner 24 In Dia. 50 Lb Slurry Gate Valve	—	2/15/2014
151-71-25898	36 In 150 Lb Slurry Gate Valve Assy	—	2/15/2014
151-71-25899	Seal Retainer 36 In 150 Lb Slurry Gate Valve	—	2/15/2014
151-71-25900	Body Detail For GCC Liners 36 In 150 Lb Slurry Gate Valve	—	2/15/2014
151-71-25901	Bonnet Detail 36 In 150 Lb Slurry Gate Valve	—	2/15/2014
151-71-25902	Misc. Details 36 In 150 Lb Slurry Gate Valve	—	2/15/2014
151-71-26060	ATB 36 in Dragarm Hydraulic and Electrical Arrgmt and Details	—	2/15/2014
151-71-26061	ATB 36 in Dragarm Electrical Equipment Enclosures	—	2/15/2014

PORTIONS OF THIS EXHIBIT HAVE BEEN REDACTED PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT UNDER RULE 24B-2 OF THE SECURITIES EXCHANGE ACT OF 1934, AS AMENDED. INFORMATION FOR WHICH CONFIDENTIAL TREATMENT HAS BEEN REQUESTED IS OMITTED, MARKED WITH “[*]” AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION.

151-71-26062	ATB Service Frame Hydraulic Piping and Electrical Cable Arrgmt 36 in Dragarm	—	2/15/2014
151-71-26063	ATB Service Frame Hydraulic Piping and Electrical Cable Details 36 in Dragarm	—	2/15/2014
151-71-26064	ATB Service Frame Hydraulic Piping Details 36 in Dragarm	—	2/15/2014
151-71-26155	Body Detail With HS-400 Liners 24 In 150 Lb Slurry Gate Valve	—	2/15/2014
151-71-26174	24 In 150 Lb Slurry Gate Valve Assy	—	2/15/2014
151-71-26176	Bonnet Detail 24 In 150 Lb Slurry Gate Valve	—	2/15/2014
151-71-xxxxx	30 In 150 Lb Slurry Gate Valve Assy	—	2/15/2014
151-71-xxxxx	Body Detail For GCC Liners 30 In 150 Lb Slurry Gate Valve	—	2/15/2014
151-71-xxxxx	Bonnet Detail 30 In 150 Lb Slurry Gate Valve	—	2/15/2014
151-71-xxxxx	Seal Retainer 30 In 150 Lb Slurry Gate Valve	—	2/15/2014
151-71-xxxxx	Hydraulic Cylinder Assy 30 In 150 Lb Slurry Gate Valve	—	2/15/2014
151-71-xxxxx	Misc. Details 30 In 150 Lb Slurry Gate Valve	—	2/15/2014
151-71-xxxxx	Position Sensor Support Details 30 In 150 Lb Slurry Gate Valve	—	2/15/2014
151-81-24639	ATB Jet Water System Diagram	2	2/15/2014

EXHIBIT C.3

ATB DREDGE PROJECT MODEL SCHEDULE



PORTIONS OF THIS EXHIBIT HAVE BEEN REDACTED PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT UNDER RULE 24B-2 OF THE SECURITIES EXCHANGE ACT OF 1934, AS AMENDED. INFORMATION FOR WHICH CONFIDENTIAL TREATMENT HAS BEEN REQUESTED IS OMITTED, MARKED WITH “[*]” AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION.

EXHIBIT C-4

ATB BARGE CONTRACT DRAWINGS PACKAGE – AUGUST 2013

<u>Dwg #</u>	<u>Description</u>	<u>Revision</u>	<u>Delivery Date</u>
151-14-24640	SEA VALVE FLUSHING SCHEMATIC	A	Aug-13
T267-101-008	Hull Structural Closure Schedule	P	Aug-13
T267-102-004	Docking Plan	P	Aug-13
T267-267-002	Hull Fittings	P	Aug-13
T267-269-001	Independent Tanks	P	Aug-13
T267-427-001	Navigation and Signal Light Arrangement	A	Aug-13
T267-430-001	Mooring & Towing Arrangement	P	Aug-13
T267-482-001	Bow Discharge Arrangement	P	Aug-13
T267-482-001	BOW DISC	P	Aug-13
T267-482-002	OVERFLOW ARGMTN	A	Aug-13
T267-482-004	36IN Dragarm Arrangement	A	Aug-13
T267-482-005	Dragarm w Magum Visor Arrangement	P	Aug-13
T267-482-006	50IN PD Sheve Bx Assbly	P	Aug-13
T267-482-007	Swell Comp Cylinder Arrangement	A	Aug-13
T267-482-008	Swell Comp Sheave Box Assy	P	Aug-13
T267-482-012	GIMBAL DAVIT BLOCK	P	Aug-13
T267-482-013	Dredge Loading & Unloading System Diagram	P	Aug-13
T267-482-016	GIMBAL DAVIT ARRGMNT	P	Aug-13
T267-482-017	Gland Seal Diagram	P	Aug-13
T267-482-018	Jet Water System Diagram	A	Aug-13
T267-482-021	SLIDE TRUN ARGMNT	P	Aug-13
T267-482-022	TRUN DAVIT ARGMT	P	Aug-13
T267-482-024	36IN PD Sheave Box Assembly	A	Aug-13
T267-500-001	Major Equipment List	P	Aug-13
T267-503-001	Life Saving & Safety Plan	P	Aug-13
T267-503-002	Fire Control Plan	P	Aug-13
T267-505-001	Fire Extinguisher List	P	Aug-13
T267-520-001	Ladders, Inclined	B	Aug-13
T267-520-005	Gratings, Machinery Space	P	Aug-13
T267-520-007	Exterior Gratings A & D	A	Aug-13
T267-580-001	Plumbing Drainage System Diagram	P	Aug-13
T267-583-001	Fire & Washdown System Diagram	P	Aug-13
T267-583-005	EQUIP NUMERAL CALC W-TUG	P	Aug-13
T267-584-002	Potable Water System Diagram	P	Aug-13
T267-701-001	1 Fuel Oil Transfer System Diagram	P	Aug-13
T267-713-001	Lube Oil System Diagram	P	Aug-13
T267-721-001	SW Engine Cooling System Diagram	P	Aug-13
T267-722-002	Generator Cooling System Diagram	P	Aug-13
T267-732-001	Compressed Air Diagram	P	Aug-13
T267-744-002	Diesel Engine Combustion Air Diagram	P	Aug-13
T267-744-003	Diesel Engine Exhaust System Diagram	P	Aug-13

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EXHIBIT C-4

T267-803-001	Bilge System Diagram	A	Aug-13
T267-803-002	Deck Drains & Scuppers System Diagram	P	Aug-13
T267-821-001	Vents and Soundings System Diagram	B	Aug-13
T267-861-001	1 ONE LINE	P	Aug-13
T267-861-002	ONE LINE DIA	P	Aug-13
T267-871-001	Machinery Lighting Arrangement	B	Aug-13
T267-875-001	1 LOAD ANALYSIS	P	Aug-13
T267-875-002	Elect Load Analysis DC	P	Aug-13
T267-880-001	1 CABLEWAY ROUTING	P	Aug-13
T267-881-001	CABLE LIST & BOM	P	Aug-13
T267-891-001	INT LIGHT ARRANGEMENT	C	Aug-13
T267-893-001	EXT LIGHT ARRGMNT	A	Aug-13
151-38-26136	ATB 120 Ft Dragarm, Davits & Hoists Arrgmt	—	Aug-13
151-38-25286	ATB Draghead Davit Arrgmt 36 In Dragarm REV 1	1	Aug-13
151-38-25286	ATB Draghead Davit Arrgmt 36 In Dragarm Rev 2	2	Aug-13
151-38-25286	ATB Draghead Davit Arrgmt 36 In Dragarm Rev 4	4	Aug-13
151-38-25333	ATB Draghead Davit Weight Spreadsheet 10 Sep 12	—	Aug-13
151-38-25334	ATB Draghead Davit FEA Report 7 Sep 12	—	Aug-13
151-38-25335	ATB Draghead Davit Cylinder Bracket FEA Report 11 Sep 12	—	Aug-13
151-38-25390	ATB Draghead Davit Frame Details 36 In Dragarm Rev 1	1	Aug-13
151-38-25390	ATB Draghead Davit Frame Details 36 In Dragarm	—	Aug-13
151-38-25391	ATB 50 In P.D. Sheave Assy & Details Draghead Davit	—	Aug-13
151-38-25392	ATB Swivel Sheave Housing Details Draghead Davit Rev 1	1	Aug-13
151-38-25392	ATB Swivel Sheave Housing Details Draghead Davit	—	Aug-13
151-38-25393	ATB Swivel Sheave Misc Details Draghead Davit Rev 1	1	Aug-13
151-38-25393	ATB Swivel Sheave Misc Details Draghead Davit	—	Aug-13
151-38-25394	ATB Pivot Bracket Details Draghead & Gimbals Davits	—	Aug-13
151-38-25440	ATB Draghead Davit Lube Lines Arrgmt & Details Rev 1	1	Aug-13
151-38-25440	ATB Draghead Davit Lube Lines Arrgmt & Details	—	Aug-13
151-38-25487	ATB Draghead Davit Cylinder Anchor Bracket Detail Rev 1	1	Aug-13
151-38-25487	ATB Draghead Davit Cylinder Anchor Bracket Detail	—	Aug-13
151-38-25496	ATB Sheave Lip Seal (Garlock Part No 21267-4190- Rev 1)	—	Aug-13
151-38-26166	ATB Draghead Davit Hoist Foundation Arrgmt and Details	—	Aug-13
151-38-26172	ATB Draghead Davit Hoist Foundation FEA Report	—	Aug-13
	ATB Draghead Davit 36 In Dragarm Cylinder Bracket FEA Report 4 Dec 12	—	Aug-13
	Dredge ATB Draghead Davit Deck Loads For 36 In Dragarm 1 Oct 12	—	Aug-13
151-38-23541	ATB Gimble Davit Suspension Block Assembly Rev 2	2	Aug-13
151-38-25287	ATB Gimbals Davit Arrgmt 36 In Dragarm REV 1	1	Aug-13

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EXHIBIT C-4

151-38-25287	ATB Gimbal Davit Arrgmt 36 In Dragarm Rev 2	2	Aug-13
151-38-25287	ATB Gimbal Davit Arrgmt 36 In Dragarm Rev 4	4	Aug-13
151-38-25340	ATB Gimble Davit Weight Spreadsheet 14 Sep 12	—	Aug-13
151-38-25341	ATB Gimble Davit FEA Report 18 Sep 12	—	Aug-13
151-38-25342	ATB Gimble Davit Cylinder Bracket FEA Report 17 Sep 12	—	Aug-13
151-38-25487	ATB Draghead Davit Cylinder Anchor Bracket Detail Rev 2	2	Aug-13
151-38-25488	ATB Gimbal Davit Frame Details 36 In Dragarm Rev 1	1	Aug-13
151-38-25488	ATB Gimbal Davit Frame Details 36 In Dragarm	—	Aug-13
151-38-25489	ATB 36 In P.D. Sheave Assy & Details Gimbal Davit	—	Aug-13
151-38-25490	ATB Swivel Sheave Housing Details Gimbal Davit	—	Aug-13
151-38-25491	ATB Swivel Sheave Misc Details Gimbal Davit	—	Aug-13
151-38-25492	ATB Gimbal Davit Lube Lines Arrgmt & Details	—	Aug-13
151-38-25494	ATB Gimbal Davit Cylinder Anchor Bracket Detail Rev 1	1	Aug-13
151-38-25494	ATB Gimbal Davit Cylinder Anchor Bracket Detail	—	Aug-13
151-38-25519	ATB Gimbal Davit Suspension Block Housing Detail	—	Aug-13
151-38-25520	ATB Gimbal Davit Suspension Block Cover Detail	—	Aug-13
151-38-25521	ATB Gimbal Davit Suspension Block Misc Details	—	Aug-13
151-38-26165	ATB Gimbal Davit Hoist Foundation Arrgmt and Details	—	Aug-13
151-38-26171	ATB Gimbal Davit Hoist Foundation FEA Report	—	Aug-13
	ATB Gimbal Davit 36 In Dragarm Cylinder Bracket FEA Report 11 Dec 12	—	Aug-13
	Dredge ATB Gimbal Davit Deck Loads For 36 In Dragarm 1 Oct 12	—	Aug-13
151-38-23519	ATB 50 In P.D. Sheave Box No. 1 Assy Rev 2	2	Aug-13
151-38-23524	ATB 36 In P.D. Sheave Box Assembly Rev 2	2	Aug-13
151-38-23535	ATB Swell Compensator Sheave Box Assembly Rev 2	2	Aug-13
151-38-25441	ATB 50 In P.D. Sheave Box No. 1 Details	—	Aug-13
151-38-26135	ATB 36 In P.D. Sheave Box Details	—	Aug-13
151-38-26149	ATB Swell Compensator Sheave Box Details	—	Aug-13
151-38-26154	ATB 50 In P.D. Sheave Box No. 2 Assy	—	Aug-13
151-38-26155	ATB 50 In P.D. Sheave Box No. 2 Details	—	Aug-13
151-38-26156	ATB Swell Compensator Cyl. & Sheave Box Fndtn Arrgmt & Details	—	Aug-13
151-38-26173	ATB Swell Compensator Cyl. & Sheave Box Foundation FEA Report 29 May 13	—	Aug-13
151-38-25288	ATB Trunnion Davit Arrgmt 36 In Dragarm Brusselle Hoist Rev 1	1	Aug-13
151-38-25288	ATB Trunnion Davit Arrgmt 36 In Dragarm Brusselle Hoist Rev 3	3	Aug-13
151-38-25323	ATB Trunnion Davit Service Frame Assembly 36 In Dragarm Rev 2	2	Aug-13
151-38-25332	ATB Trunnion Davit Service Frame Details 36 In Dragarm	—	Aug-13
151-38-25935	ATB Trunnion Davit Foundation Details Rev 1	1	Aug-13

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EXHIBIT C-4

151-38-25935	ATB Trunnion Davit Foundation Details Rev 2	2	Aug-13
151-38-25935	ATB Trunnion Davit Foundation Details	—	Aug-13
151-38-25936	ATB Trunnion Davit Guide Rails Details Rev 1	1	Aug-13
151-38-25936	ATB Trunnion Davit Guide Rails Details	—	Aug-13
151-38-25937	ATB Trunnion Davit Assembly 36 In Dragarm Rev 1	1	Aug-13
151-38-25937	ATB Trunnion Davit Assembly 36 In Dragarm	—	Aug-13
151-38-25938	ATB Trunnion Davit Frame Details 36 In Dragarm Sheet 1 of 2 Rev 1	1	Aug-13
151-38-25938	ATB Trunnion Davit Frame Details 36 In Dragarm Sheet 1 of 2	—	Aug-13
151-38-25938	ATB Trunnion Davit Frame Details 36 In Dragarm Sheet 2 of 2 Rev 1	1	Aug-13
151-38-25938	ATB Trunnion Davit Frame Details 36 In Dragarm Sheet 2 of 2	—	Aug-13
151-38-25939	ATB Trunnion Davit Service Platform and Ladder Details Rev 1	1	Aug-13
151-38-25939	ATB Trunnion Davit Service Platform and Ladder Details	—	Aug-13
151-38-25940	ATB Trunnion Davit Misc Details 36 In Dragarm	—	Aug-13
151-38-25941	ATB Trunnion Davit Hoist Slack Wire Sensor Arrgmt and Details Rev 1	1	Aug-13
151-38-25941	ATB Trunnion Davit Hoist Slack Wire Sensor Arrgmt and Details	—	Aug-13
151-38-26046	ATB Trunnion Davit Cylinder Arrgmt & Details Rev 1	1	Aug-13
151-38-26046	ATB Trunnion Davit Cylinder Arrgmt & Details	—	Aug-13
151-38-26065	ATB Trunnion Davit Foundation Walkway Details Rev 1	1	Aug-13
151-38-26065	ATB Trunnion Davit Foundation Walkway Details	—	Aug-13
151-38-26149	ATB Trunnion Davit Foundation 36 In Dragarm FEA Report 12 Apr 13	—	Aug-13
151-38-26150	ATB Trunnion Davit Frame 36 In Dragarm FEA Report 22 May 13	—	Aug-13
151-38-26169	ATB Trunnion Davit Cable Carrier Arrgmt and Details	—	Aug-13
	ATB Trunnion Davit Foundation 36 In Dragarm FEA Report 7 Mar 13 (2)	—	Aug-13
151-67-23550	ATB Hopper Door Actuator Arrgmt Rev 3	3	Aug-13
151-67-23550	ATB Hopper Door Actuator Arrgmt Rev 4	4	Aug-13
151-67-23550	ATB Hopper Door Actuator Arrgmt Rev 5	5	Aug-13
151-67-23550	ATB Hopper Door Actuator Arrgmt Rev 6	6	Aug-13
151-67-25225	ATB Hopper Bottom Dumping Door Actuator Details Rev 1	1	Aug-13
151-67-25225	ATB Hopper Bottom Dumping Door Actuator Details Rev 2	2	Aug-13
151-67-25328	ATB Hopper Bottom Dumping Door Actuator Cylinder Support Rev 1	1	Aug-13
151-67-25328	ATB Hopper Bottom Dumping Door Actuator Cylinder Support	—	Aug-13
151-67-25329	ATB Hopper Bottom Dumping Door Actuator Rod Guide	—	Aug-13
151-67-25330	ATB Hopper Bottom Dumping Door Actuator Wedge Detail	—	Aug-13

PORTIONS OF THIS EXHIBIT HAVE BEEN REDACTED PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT UNDER RULE 24B-2 OF THE SECURITIES EXCHANGE ACT OF 1934, AS AMENDED. INFORMATION FOR WHICH CONFIDENTIAL TREATMENT HAS BEEN REQUESTED IS OMITTED, MARKED WITH “[*]” AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION.

EXHIBIT C-4

151-67-25354	ATB Hopper Door Cylinder Support Beams	—	Aug-13
151-67-25328	ATB Hopper Bottom Dumping Door Actuator Cylinder Support Rev 1	1	Aug-13
151-67-25354	ATB Hopper Door Cylinder Support Beams	—	Aug-13
151-67-25226	ATB Hopper Bottom Dumping Door Seal Arrgmt Rev 1	1	Aug-13
151-67-25226	ATB Hopper Bottom Dumping Door Seal Arrgmt Rev 2	2	Aug-13
151-67-25226	ATB Hopper Bottom Dumping Door Seal Arrgmt Rev 3	3	Aug-13
151-67-25227	ATB Hopper Bottom Dumping Door Perimeter Seal Detail Rev 1	1	Aug-13
151-67-25228	ATB Hopper Bottom Dumping Door Seal Frame Detail Rev 1	1	Aug-13
151-67-25228	ATB Hopper Bottom Dumping Door Seal Frame Detail Rev 2	2	Aug-13
151-67-25229	ATB Hopper Bottom Dumping Door Center Line Seal Detail Rev 1	1	Aug-13
151-67-25331	ATB Hopper Bottom Dumping Door Seal Frame and Closing Bar Fixture Sht 1 of 2 Rev 2	2	Aug-13
151-67-25331	ATB Hopper Bottom Dumping Door Seal Frame and Closing Bar Fixture Sht 1 of 2	—	Aug-13
151-67-25331	ATB Hopper Bottom Dumping Door Seal Frame and Closing Bar Fixture Sht 2 of 2	—	Aug-13
151-67-23551	ATB Hopper Bottom Dumping Door Detail Rev 3	3	Aug-13
151-67-23551	ATB Hopper Bottom Dumping Door Detail Rev 4	4	Aug-13
151-67-23548	ATB 67 In I D Telescopic Overflow Arrgmt Rev 2	2	Aug-13
151-71-25009	ATB 36 In Dia x 120 Ft Dragarm Assembly Rev 2	2	Aug-13
151-71-25370	ATB Armpiece Details 36 In Dragarm	—	Aug-13
151-71-25406	ATB Dragarm Pick Point & Davit Layout 36 In Dragarm	—	Aug-13
151-71-26060	ATB 36 in Dragarm Hydraulic and Electrical Arrgmt and Details Sht 1 of 4	—	Aug-13
151-71-26060	ATB 36 in Dragarm Hydraulic and Electrical Arrgmt and Details Sht 2 of 4	—	Aug-13
151-71-26060	ATB 36 in Dragarm Hydraulic and Electrical Arrgmt and Details Sht 3 of 4	—	Aug-13
151-71-26060	ATB 36 in Dragarm Hydraulic and Electrical Arrgmt and Details Sht 4 of 4	—	Aug-13
151-71-26061	ATB 36 in Dragarm Electrical Equipment Enclosures	—	Aug-13
151-71-25372	ATB Gimbal Ring Assembly 36 In Dragarm	—	Aug-13
151-71-25373	ATB Gimbal Ring Details 36 In Dragarm	—	Aug-13
151-71-25374	ATB Gimbal Ring Misc Details 36 In Dragarm	—	Aug-13
151-71-26062	ATB Service Frame Hydraulic Piping and Electrical Cable Arrgmt 36 In Dragarm	—	Aug-13
151-71-26063	ATB Service Frame Hydraulic Piping and Electrical Cable Details 36 In Dragarm	—	Aug-13
151-71-26064	ATB Service Frame Hydraulic Piping Details 36 in Dragarm	—	Aug-13
151-71-25357	ATB Sliding Trunnion Assembly 36 In Dragarm	—	Aug-13
151-71-25358	ATB Sliding Trunnion Piece Detail 36 In Dragarm Rev 1	1	Aug-13
151-71-25358	ATB Sliding Trunnion Piece Detail 36 In Dragarm	—	Aug-13

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EXHIBIT C-4

151-71-25359	ATB Sliding Trunnion Misc Details 36 In Dragarm	—	Aug-13
151-71-25360	ATB Sliding Trunnion Service Fr Supp Detail 36 In Dragarm Rev 1	1	Aug-13
151-71-25360	ATB Sliding Trunnion & Service Fr Supp Detail 36 In Dragarm Rev 1	1	Aug-13
151-71-25360	ATB Sliding Trunnion & Service Fr Supp Detail 36 In Dragarm	—	Aug-13
151-71-25361	ATB Trunnion Elbow Detail 36 In Dragarm	—	Aug-13
151-71-25362	ATB Trunnion Elbow & Armpiece Detail 36 In Dragarm	—	Aug-13
	Trunnion Slide	—	Aug-13
151-71-23544	Slurry System Schematic	4	Aug-13
151-71-23544	Slurry System Schematic	4	Aug-13
151-71-25540	ATB 24 In Dia. 50 Lb. Slurry Gate Valve Assy With GCC Liners Rev 1	1	Aug-13
151-71-25541	ATB Seal Retainer 24 In Dia. 50 Lb & 150 Lb Slurry Gate Valve	—	Aug-13
151-71-25542	ATB Body Detail For GCC Liner 24 In Dia. 50 Lb Slurry Gate Valve	—	Aug-13
151-71-25543	ATB Bonnet Detail 24 In Dia. 50 Lb. Slurry Gate Valve	—	Aug-13
151-71-25544	ATB Hydraulic Cyl. Assy 24 In Dia. 50 Lb & 150 Lb Slurry Gate Valve	—	Aug-13
151-71-25545	ATB Misc.Details 24 In Dia. 50 Lb & 150 Lb Slurry Gate Valve Rev 1	1	Aug-13
	24 Inch GCC Lined	—	Aug-13
151-71-25541	ATB Seal Retainer 24 In Dia. 50 Lb & 150 Lb Slurry Gate Valve	—	Aug-13
151-71-25543	ATB Bonnet Detail 24 In Dia. 50 Lb. Slurry Gate Valve	—	Aug-13
151-71-25544	ATB Hydraulic Cyl. Assy 24 In Dia. 50 Lb & 150 Lb Slurry Gate Valve	—	Aug-13
151-71-25545	ATB Misc.Details 24 In Dia. 50 Lb & 150 Lb Slurry Gate Valve Rev 1	1	Aug-13
151-71-25807	ATB 24 In Dia. 50 Lb. Slurry Gate Valve Assy With HS-400 Liners Rev 1	1	Aug-13
151-71-25808	ATB Body Detail With HS-400 Liner 24 In Dia. 50 Lb Slurry Gate Valve	—	Aug-13
	24 Inch HS400 Lined	—	Aug-13
151-71-25540	ATB 24 In Dia. 50 Lb. Slurry Gate Valve Assy	—	Aug-13
151-71-25627	ATB 36 In Dia. 50 Lb. Slurry Gate Valve Assy	—	Aug-13
151-71-25627	ATB 36 In Dia. 50 Lb. Slurry Gate Valve Assy	—	Aug-13
151-71-25369	ATB Suction Hose Details 36 in Dragarm	—	Aug-13
151-71-25371	ATB Suction Pipe Details 36 In Dragarm	—	Aug-13
151-71-25361	ATB Trunnion Elbow Detail 36 In Dragarm	—	Aug-13
151-71-25362	ATB Trunnion Elbow & Armpiece Detail 36 In Dragarm	—	Aug-13
151-71-25549	ATB Hull Trunnion Suction Inlet Casting Detail Rev 1	1	Aug-13
151-71-25549	ATB Hull Trunnion Suction Inlet Casting Detail	—	Aug-13
151-71-25375	ATB Turning Gland Assembly 36 In Dragarm Rev 1	1	Aug-13
151-71-25375	ATB Turning Gland Assembly 36 In Dragarm	—	Aug-13

PORTIONS OF THIS EXHIBIT HAVE BEEN REDACTED PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT UNDER RULE 24B-2 OF THE SECURITIES EXCHANGE ACT OF 1934, AS AMENDED. INFORMATION FOR WHICH CONFIDENTIAL TREATMENT HAS BEEN REQUESTED IS OMITTED, MARKED WITH “[*]” AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION.

EXHIBIT C-4

151-71-25376	ATB Turning Gland Details 36 in Dragarm Rev 1	1	Aug-13
151-71-25376	ATB Turning Gland Details 36 in Dragarm	—	Aug-13
	Turning Gland	—	Aug-13
151-71-25365	ATB Jet Water Piping Arrgmt & Details 36 in Dragarm	—	Aug-13
151-71-25366	ATB Jet Water Hose Details 36 in Dragarm	—	Aug-13
151-81-24639	ATB Jet Water System Diagram Rev 2	2	Aug-13

ATB BARGE CONTRACT DRAWINGS PACKAGE – SEPTEMBER 2013

<u>Dwg #</u>	<u>Description</u>	<u>Revision</u>	<u>Delivery Date</u>
732-001	Compressed Air Diagram (Barge)	P	Sept-13
	Unit Breaks with Stock Shown on Lines Plan	P	Sept-13
	GLDD Build Strategy		Sept-13
	ATB Hopper Barge Model		Sept-13

ATB BARGE CONTRACT DRAWINGS PACKAGE – OCTOBER 2013

<u>Dwg #</u>	<u>Description</u>	<u>Revision</u>	<u>Delivery Date</u>
266-001	Chain Locker and Hawse Pipes	P	Oct-13
266-001	Chain Locker and Hawse Pipes	A	Oct-13
266-001	Chain Locker and Hawse Pipes, Sheet 3	P	Oct-13
267-001	Bulwarks	P	Oct-13
267-001	Bulwarks	P1	Oct-13
267-002	Hull Fittings	P	Oct-13
269-001	Independent Tanks	P	Oct-13
278-001	Anodes & Cathodic Protection System	P	Oct-13
311-001	Hopper Coaming	P	Oct-13
311-001	Hopper Coaming	A	Oct-13
311-001	Hopper Coaming	B	Oct-13
311-001	Hopper Coaming	C	Oct-13
330-001	Deck Crane Arrangement	P	Oct-13
330-001	Deck Crane Arrangement	A	Oct-13
404-001	Bow Thruster Arrangement	P	Oct-13
418-001	Masts	P	Oct-13
427-001	Navigation and Signal Light Arrangement	P	Oct-13
427-001	Navigation and Signal Light Arrangement	P1	Oct-13
427-001	Navigation and Signal Light Arrangement	A	Oct-13
430-001	Mooring & Towing Arrangement	P	Oct-13
431-001	Anchor Arrangement	P	Oct-13
435-001	Hogback Structure	P	Oct-13
435-001	Hogback Structure	A	Oct-13
435-001	Hogback Structure	B	Oct-13
435-001	Hogback Structure	C	Oct-13
435-001	Hogback Structure	D	Oct-13

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EXHIBIT C-4

482-001	Bow Discharge Arrangement	P	Oct-13
482-002	Overflow Arrangement	P	Oct-13
482-002	Overflow Arrangement	A	Oct-13
482-004	36" Dragarm Arrangement	P	Oct-13
482-004	36" Dragarm Arrangement	A	Oct-13
482-005	Dragarm w Magnum Visor Arrangement	P	Oct-13
482-006	50" PD Sheave Box Assembly	P	Oct-13
482-007	Swell Compensator Cylinder Arrangement	P	Oct-13
482-007	Swell Compensator Cylinder Arrangement	A	Oct-13
482-008	Swell Compensator Sheave Box Assembly	P	Oct-13
482-009	Connector Structure	P	Oct-13
482-011	Dragarm Davit Arrangement	P	Oct-13
482-012	Gimbal Davit Block Assembly	P	Oct-13
482-013	Dredge Loading and Unloading System Diagram	P	Oct-13
482-016	Gimbal Davit Arrangement	P	Oct-13
482-017	Gland Seal Diagram	P	Oct-13
482-018	Jet Water System Diagram	P	Oct-13
482-018	Jet Water System Diagram	A	Oct-13
482-019	Overflow Structure	A	Oct-13
482-020	Slurry Valve Flushing Diagram	P	Oct-13
482-021	Slide Trunnion Arrangement	P	Oct-13
482-022	Trunnion Davit Arrangement	P	Oct-13
482-023	Trunnion Slide Structure	P	Oct-13
482-023	Trunnion Slide Structure	A	Oct-13
482-024	36 IN PD Sheave Box Assembly	P	Oct-13
482-024	36 IN PD Sheave Box Assembly	A	Oct-13
482-025	Bottom Dump Door Cylinder Support Structure	P	Oct-13
500-001	Major Equipment List	P	Oct-13
500-002	Auxiliary Machinery Arrangement	P	Oct-13
503-001	Life Saving & Safety Plan	P	Oct-13
503-002	Fire Control Plan	P	Oct-13
505-001	Fire Extinguisher List	P	Oct-13
510-001	Crew Lounge Arrangement	P	Oct-13
520-001	Ladders, Inclined	B	Oct-13
520-002	Hand Rails, Interior	A	Oct-13
520-005	Gratings/Machinery Space	P	Oct-13
520-006	Internal Tank Gratings	P	Oct-13
520-007	Exterior Gratings A & D	P	Oct-13
520-007	Exterior Gratings A & D	A	Oct-13
533-001	Hand Rails, Exterior	P	Oct-13
580-001	Plumbing Drainage System Diagram	P	Oct-13
583-001	Fire / Washdown System Diagram	P	Oct-13
583-005	Equipment Numerical Calc	P	Oct-13

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EXHIBIT C-4

101-001	Lines Plan	P2	Oct-13
101-002	General Arrangement	A	Oct-13
101-003	Welding Standards	P	Oct-13
101-003	Welding Standards	A	Oct-13
101-004	Inboard Profile	P	Oct-13
101-005	Outboard Profile	P	Oct-13
101-005	Outboard Profile	A	Oct-13
101-006	Auxiliary Machinery Arrangement	A	Oct-13
101-006	Auxiliary Machinery Arrangement	A1	Oct-13
101-008	Hull Structural Closures Schedule	P	Oct-13
101-017	Tank Capacity Tables	P	Oct-13
101-020	Ship Motion Factors	P	Oct-13
101-020	Ship Motion Factors	P	Oct-13
101-021	Notch Structure FEA	P	Oct-13
101-026	Equipment Numeral Calculation Combined	A	Oct-13
102-001	Cargo Hopper FEA Development	P1	Oct-13
102-004	Docking Plan	P	Oct-13
102-005	Capacity Plan	P	Oct-13
102-005	Capacity Plan	P2	Oct-13
111-001	Shell Arrangement	A	Oct-13
130-004	Poop Deck	P	Oct-13
214-001	Poop Structure	P	Oct-13
218-001	Notch Structure	P	Oct-13
231-001	Shell Arrangement	P	Oct-13
231-001	Shell Arrangement	B	Oct-13
231-001	Shell Arrangement	C	Oct-13
233-001	Tank Top	P	Oct-13
233-001	Tank Top, Sheet 2	P1	Oct-13
233-001	Tank Top, Sheet 2	P2	Oct-13
233-001	Tank Top, Sheet 2	P3	Oct-13
234-001	Main Deck	P	Oct-13
234-001	Main Deck	A	Oct-13
234-001	Main Deck	A	Oct-13
234-001	Main Deck	B	Oct-13
234-001	Main Deck	C	Oct-13
235-001	Tween Deck	P	Oct-13
235-001	Tween Deck	A	Oct-13
235-001	Tween Deck	B	Oct-13
235-001	Tween Deck	C	Oct-13
235-002	Hopper Slopes & Keelson	P	Oct-13
235-002	Hopper Slopes & Keelson	A	Oct-13
235-002	Hopper Slopes & Keelson	B	Oct-13
235-002	Hopper Slopes & Keelson	C	Oct-13

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EXHIBIT C-4

236-001	Midship Section	P1	Oct-13
236-001	Midship Section	A	Oct-13
236-001	Midship Section	B	Oct-13
236-001	Midship Section	C	Oct-13
236-001	Midship Section	D	Oct-13
236-002	Transverse Bulkheads	P	Oct-13
236-002	Transverse Bulkheads	P1	Oct-13
236-002	Transverse Bulkheads	A	Oct-13
236-002	Transverse Bulkheads	A	Oct-13
236-002	Transverse Bulkheads, Sheet 3	P1	Oct-13
236-002	Transverse Bulkheads, Sheets 1-3	P2	Oct-13
236-002	Transverse Bulkheads, Sheet 5	P	Oct-13
236-002	Transverse Bulkheads, Sheets 1 & 3	P3	Oct-13
236-002	Transverse Bulkheads, Sheet 6	P	Oct-13
236-002	Transverse Bulkheads, Sheet 2	P	Oct-13
236-003	Transverse Web Frames, Bow and Stern	P	Oct-13
236-003	Transverse Web Frames, Bow and Stern Sheets 6-7-8-9	P	Oct-13
236-003	Transverse Web Frames, Bow and Stern	P1	Oct-13
236-003	Transverse Web Frames, Bow and Stern	A	Oct-13
237-002	Longitudinal Bulkheads	P	Oct-13
237-002	Longitudinal Bulkheads	P1	Oct-13
237-002	Longitudinal Bulkheads	A	Oct-13
237-002	Longitudinal Bulkheads	B	Oct-13
238-001	Bulbous Bow Structure	P	Oct-13
238-001	Bulbous Bow Structure	A	Oct-13
238-003	Bottom Door Arrangement	P	Oct-13
238-004	Bow Thruster Structure	P	Oct-13
238-004	Bow Thruster Structure	P	Oct-13
253-001	Forecastle Deck	P	Oct-13
253-001	Forecastle Deck	A	Oct-13
253-002	Forecastle Structure	P	Oct-13
253-002	Forecastle Structure	P1	Oct-13
253-002	Forecastle Structure	A	Oct-13
261-001	Hull Markings	P	Oct-13
261-001	Hull Markings	A	Oct-13
262-001	Sea Chest Arrangement & Details	P	Oct-13
262-001	Sea Chest Arrangement & Details	A	Oct-13
263-002	Foundation, Crane	P	Oct-13
263-007	Foundations, Dragarm Gantries	P	Oct-13
263-007	Foundations, Draghead Gantries	A	Oct-13
263-008	Foundations, Draghead Winches	P	Oct-13
263-010	Foundations, Gensets	P	Oct-13
263-012	Foundations, Intermediate Gantries	P	Oct-13

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EXHIBIT C-4

263-012	Foundations, Intermediate Gantries	A	Oct-13
263-012	Foundations, Intermediate Gantries	P1	Oct-13
263-015	Foundations, Dredge Piping & Fittings	P	Oct-13
584-002	Potable Water System Diagram	P	Oct-13
612-002	Hand Rails, Interior	P	Oct-13
701-001	Fuel Oil Transfer System Diagram	P1	Oct-13
713-001	Lube Oil System Diagram	P	Oct-13
714-001	Waste Oil System Diagram	P	Oct-13
714-001	Waste Oil System Diagram	A	Oct-13
714-001	Waste Oil System Diagram	B	Oct-13
721-001	SW Engine Cooling System Diagram	P	Oct-13
722-002	Generator Cooling System Diagram	P	Oct-13
732-001	Compressed Air System Diagram	P	Oct-13
744-002	Diesel Engine Combustion Air Diagram	P	Oct-13
744-003	Diesel Engine Exhaust System Diagram	P	Oct-13
792-001	Emergency Shutdown & Alarm List	P	Oct-13
801-001	General Arrangement	P	Oct-13
803-001	Bilge System Diagram	P	Oct-13
803-001	Bilge System Diagram	A	Oct-13
803-002	Deck Drains & Scupper System Diagram	P	Oct-13
821-001	Vents and Soundings System Diagram	P	Oct-13
821-001	Vents and Soundings System Diagram	A	Oct-13
821-001	Vents and Soundings System Diagram	B	Oct-13
835-001	Longitudinal Strength Calculations	P	Oct-13
835-002	Hydrostatic Tables	P	Oct-13
839-001	Lines Plan	P	Oct-13
861-001	Electrical One Line Diagram AC	P	Oct-13
861-001	Electrical One Line Diagram AC	P1	Oct-13
861-002	Electrical One Line Diagram DC	P	Oct-13
871-001	Machinery Lighting Arrangement	P	Oct-13
871-001	Machinery Lighting Arrangement	A	Oct-13
871-001	Machinery Lighting Arrangement	B	Oct-13
871-002	Power System Plan, Machinery Spaces	P	Oct-13
871-002	Power System Plan, Machinery Spaces	P1	Oct-13
871-003	Power System Plan, Main Deck & Above	P	Oct-13
871-003	Power System Plan, Main Deck & Above	P1	Oct-13
871-003	Power System Plan, Main Deck & Above	A	Oct-13
875-001	Electrical Load Analysis AC	P	Oct-13
875-001	Electrical Load Analysis AC	P1	Oct-13
875-002	Electrical Load Analysis DC	P	Oct-13
880-001	Cableway Routing Arrangement	P	Oct-13
880-001	Cableway Routing Arrangement	P1	Oct-13
881-001	Cable List BoM	P	Oct-13

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EXHIBIT C-4

891-001	Interior Lighting Arrangement	P	Oct-13
891-001	Interior Lighting Arrangement	P1	Oct-13
891-001	Interior Lighting Arrangement	B	Oct-13
891-001	Interior Lighting Arrangement	C	Oct-13
893-001	Exterior Lighting Arrangement	P	Oct-13
893-001	Exterior Lighting Arrangement	P1	Oct-13
893-001	Exterior Lighting Arrangement	A	Oct-13
102-004	Docking Plan	P	Oct-13
SK-1	Proposed Hogback Framing Sketch 1	P	Oct-13
SK-2	Proposed Tank Top Between Doors		Oct-13
SK-3	Proposed Bow Thruster Layout		Oct-13
262-001	Lube Oil System Diagram	A	Oct-13
259-002	Diesel Engine Combustion Air Diagram	A	Oct-13
521-011	Fire & Washdown System Diagram	A	Oct-13
529-010	Ballast System Diagram	A	Oct-13
529-011	Bilge System Diagram	B	Oct-13
573-020	Dredge Loading and Unloading System Diagram	A	Oct-13
321-001	Electrical One Line Diagram AC	A	Oct-13
332-001	Exterior Lighting Arrangement	B	Oct-13
332-002	Interior Lighting Arrangement	D	Oct-13
332-003	Machinery Lighting Arrangement	C	Oct-13
300-001	Cableway Routing Arrangement	A	Oct-13
321-003	Power System Plan, Machinery Spaces	A	Oct-13
117-01	Midship Section	E	Oct-13
117-06	Longitudinal Bulkheads	C	Oct-13
117-09	Hogback Structure	E	Oct-13
117-11	Overflow Structure	B	Oct-13
117-12	Bottom Dump Door Cylinder Support Structure	A	Oct-13
573-03	Hopper Coaming	E	Oct-13
100-01	Welding Standards	B	Oct-13
117-05	Bulbous Bow Structure	B	Oct-13
171-01	Masts	A	Oct-13
182-02	Bow Thruster Structure	A	Oct-13
185-10	Foundations, Draghead Gantries	B	Oct-13
185-11	Foundations, Intermediate Gantries	B	Oct-13
185-16	Foundations, Crane	A	Oct-13
573-07	Hopper Slopes & Keelson	D	Oct-13
422-01	Navigation and Signal Light Arrangement	B	Oct-13
169-04	Stack Structure	P	Oct-13
185-01	Foundations, Genset	A	Oct-13
506-10	Vents and Soundings System Diagram	C	Oct-13
528-10	Plumbing Drainage System Diagram	A	Oct-13
533-10	Potable Water Sustum Diagram	A	Oct-13

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EXHIBIT C-4

259-01	Diesel Engine Exhaust System Diagram	A	Oct-13
526-10	Deck Drains & Scuppers System Diagram	A	Oct-13
100-03	Structural Standard Methods	A	Oct-13
117-02	Notch Structure	A	Oct-13
573-39	Trunion Slide Support Structure	B	Oct-13
261-01	Fuel Oil Service System Diagram	P	Oct-13
541-01	Independent Tanks	A	Oct-13
573-06	Bottom Door Arrangement	A	Oct-13
573-27	50 IN PD Sheave Box Assembly	A	Oct-13
573-28	Gimbal Davit Arrangement	A	Oct-13
573-30	Trunion Davit Arrangement	A	Oct-13
573-32	Swell Compensator Sheave Box Assembly	A	Oct-13
573-33	Gimbal Davit Block Assembly	A	Oct-13
573-35	36 IN Dragarm Arrangement	B	Oct-13
573-37	Sliding Trunion Arrangement	A	Oct-13
583-26	Dragarm Davit Arrangement	A	Oct-13
633-01	Anodes & Cathodic Protection System	A	Oct-13
169-01	Hull Structural Closure Schedule	A	Oct-13
556-01	Swell Compensator Cylinder Arrangement	B	Oct-13
568-01	Bow Thruster Arrangement	A	Oct-13
573-01	Deck Crane Arrangement	B	Oct-13
573-25	Overflow Arrangement	B	Oct-13
602-01	Hull Markings	B	Oct-13
612-01	Hand Rails, Exterior	A	Oct-13
622-02	Internal Tank Gratings	A	Oct-13
801-03	Inboard Profile	A	Oct-13
185-06	Foundations, Dredge Piping - Fittings	A	Oct-13
114-02	Hull Fittings	B	Oct-13
573-29	36 IN PD Sheave Box Assembly	B	Oct-13
573-36	Dragarm w Magnum Visor Arrangement	A	Oct-13
582-01	Mooring & Towing Arrangement	B	Oct-13
583-10	Lifesaving Equipment Installation	A	Oct-13
622-03	Exterior Gratings Arrangements and Details	B	Oct-13
801-01	General Arrangement	B	Oct-13
801-02	Outboard Profile	B	Oct-13
801-04	Crew Lounge Arrangement	A	Oct-13
182-01	Foundations, Aux Engine, Pump & Reduction Gear	P	Oct-13
111-01	Shell Arrangement	D	Oct-13
113-01	Tank Top	A	Oct-13
573-24	Bow Discharge Arrangement	B	Oct-13
583-01	Life Saving & Safety Plan	A	Oct-13
583-05	Fire Control Plan	A	Oct-13
612-02	Hand Rails Interior	C	Oct-13

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EXHIBIT C-4

623-01	Ladders, Vertical	B	Oct-13
632-02	Ladders, Inclined	D	Oct-13
185-17	Foundations, Draghead Winches	A	Oct-13
622-01	Gratings, Machinery Space	B	Oct-13
117-13	Poop Structure	B	Oct-13
130-04	Poop Deck	B	Oct-13
117-04	Transverse Web Frames Bow & Stern	C	Oct-13
301-01	Electrical Standard Methods	A	Oct-13
501-01	Piping Standards	A	Oct-13
185-15	Foundations, Mooring & Towing System	P	Oct-13
500-02	Auxiliary Machinery Arrangement	B	Oct-13
573-04	Bow Discharge Structure	P	Oct-13
835-01	Longitudinal Strength Calculations	A	Oct-13
835-02	Hydrostatic Tables	B	Oct-13
835-03	Tank Capacity Tables	B	Oct-13
835-04	Hopper Capacity Tables	A	Oct-13
835-06	Capacity Plan	A	Oct-13
835-07	Weight Estimate & Distribution	A	Oct-13
835-09	Loading Conditions	A	Oct-13
835-10	Intact Stability Calculations	A	Oct-13
835-11	Longitudinal Bending Moment Calculations	A	Oct-13
839-01	Lines Plan	B	Oct-13
843-06	Load Line Estimate	A	Oct-13
997-01	Docking Plan	A	Oct-13
185-14	Foundations, Anchor System Equipment	P	Oct-13

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EXHIBIT C-4

ATB TUG CONTRACT DRAWINGS PACKAGE – AUGUST 2013

Dwg #	Description	Revision	Delivery Date
259-002	Exh Pipe Arr	P2	Aug-13
264-004	Dirty Oil Sys Diagram	—	Aug-13
521-002	Fire Main System Diagram	P2	Aug-13
529-002	Bilge and Ballast Diagram	P2	Aug-13
541-002	FO Service Sys Diagram	P2	Aug-13
551-002	Compressed Air Sys Diagram	P2	Aug-13
101-002	General Arrangement	7	Aug-13
117-002	Midship Section	A	Aug-13
117-101	Scantlings Bow Thru Frame 16	—	Aug-13
117-102	Scantlings Fr 17 Thru 46	—	Aug-13
117-103	Scantlings Fr 47 Thru Transom	—	Aug-13
117-104	Scantlings Superstructure	—	Aug-13
167-003	Hatch Details	P1	Aug-13
233-002	Propulsion Engines Fdns	—	Aug-13
802-001	Outboard Profile	A	Aug-13
802-002	Inboard Profile	A	Aug-13
870-002	480V Distribution	2	Aug-13
870-003	480V Distribution Panels	2	Aug-13
870-004	208V/120V Power Distribution	2	Aug-13
870-006	DC Power Distribution	2	Aug-13
T266-264-002	FENDER INSTL DIAG	P2	Aug-13
T266-300-001	Manholes & Hatches A&D	P1	Aug-13
T266-427-001	Navigation Lighting	P1	Aug-13
T266-510-001	WT & Weat Doors A&D	P1	Aug-13
T266-534-001	Ladders A&D	P1	Aug-13
T266-582-002	SAN DRAINS & SEWAGE	—	Aug-13
T266-584-001	Potable Water System Diagram	—	Aug-13
T266-711-001	LO Fill and Trans Sys Diagram	—	Aug-13
T266-820-001	TANK VENTS-SOUNDS PLAN	A	Aug-13
T267-804-001	WEATHER DK DRAINS	—	Aug-13

ATB TUG CONTRACT DRAWINGS PACKAGE – SEPTEMBER 2013

Dwg #	Description	Revision	Delivery Date
101-002	General Arrangement (Tug)	7	Sept-13
	GLDD Build Strategy		Sept-13
	ATB Hopper Tug Model		Sept-13

ATB TUG CONTRACT DRAWINGS PACKAGE – OCTOBER 2013

101-023	Connection Geometry	—	Oct-13
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EXHIBIT C-4

101-023	Connection Geometry	—	Oct-13
101-002	General Arrangement – Hold Plan & Main Deck	—	Oct-13
101-002	General Arrangement – Hold Plan & Main Deck	1	Oct-13
890-001	Articouple System Block Diagram	A	Oct-13
876-001	MAK Engine Control System	A	Oct-13
890-001	Articouple One Line Diagram	0	Oct-13
T266-101-002	General Arrangement	3	Oct-13
T266-101-002	General Arrangement	4	Oct-13
T266-101-002	General Arrangement	5	Oct-13
T266-101-002	General Arrangement - IN PROCESS	6	Oct-13
T266-101-021	Lines Model	—	Oct-13
T266-101-021	Rhino Lines Model	—	Oct-13
T266-101-045	Navigation Bridge Visibility	P1	Oct-13
T266-109-002	Structural Fire Protection	P1	Oct-13
T266-109-002	Structural Fire Protection	—	Oct-13
T266-167-003	Hatch Details	P1	Oct-13
T266-233-001	Propulsion Arrangement	P1	Oct-13
T266-233-001	Propulsion Arrangement	—	Oct-13
T266-256-002	Main and Aux Raw Water Cooling System Diagram	P2	Oct-13
T266-259-002	Exhaust Piping Arrangement	P2	Oct-13
T266-264-002	Fender Installation Diagram	P2	Oct-13
T266-264-004	Dirty Oil System Diagram	—	Oct-13
T266-300-001	Manholes & Hatches Arrangement & Details	P1	Oct-13
T266-401-001	Rudder Arrangement	—	Oct-13
T266-427-001	Navigational Lighting	P1	Oct-13
T266-501-001	Rescue Boat and Liferaft Arrangement & Details	P1	Oct-13
T266-506-002	Tank Vents & Sounds Diagram	P2	Oct-13
T266-510-001	WT and Weathertight Doors Arrangement & Details	P1	Oct-13
T266-513-001	Machinery Ventilation	P1	Oct-13
T266-521-002	Fire Main System Diagram	P2	Oct-13
T266-529-002	Bilge and Ballast Diagram	P2	Oct-13
T266-532-002	Main and Aux FW Cooling System Diagram	P2	Oct-13
T266-533-002	Potable Water System Diagram	P2	Oct-13
T266-534-001	Ladders Arrangement & Details	P1	Oct-13
T266-541-002	Fuel Oil Service System Diagram	P2	Oct-13
T266-541-003	Fuel Oil Fill - Transfer System	P2	Oct-13
T266-582-002	SANITARY DRAINS & SEWAGE SYSTEM DIAGRAM	—	Oct-13
T266-584-001	Potable Water System Diagram	—	Oct-13
T266-603-002	Underwater Inspection In Lieu of Drydocking	P1	Oct-13
T266-625-001	Window Arrangement & Details	P1	Oct-13
T266-701-001	FUEL OIL FILLING AND TRANSFER SYSTEM DIAGRAM	—	Oct-13
T266-703-001	Fuel Oil System Diagram	—	Oct-13

PORTIONS OF THIS EXHIBIT HAVE BEEN REDACTED PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT UNDER RULE 24B-2 OF THE SECURITIES EXCHANGE ACT OF 1934, AS AMENDED. INFORMATION FOR WHICH CONFIDENTIAL TREATMENT HAS BEEN REQUESTED IS OMITTED, MARKED WITH “[*]” AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION.

EXHIBIT C-4

T266-711-001	Lube Oil Fill and Transfer System Diagram	—	Oct-13
T266-730-001	Compressed Air System Diagram	P2	Oct-13
T266-730-001	Compressed Air System Diagram	—	Oct-13
T266-743-001	Exhaust Piping Arrangement Diagram	—	Oct-13
T266-800-001	Bilge and Ballast Diagram	—	Oct-13
T266-804-001	Weather Deck Drains	—	Oct-13
T266-813-001	FIRE MAIN SYSTEM DIAGRAM	—	Oct-13
T266-820-001	Vents and Sounds	—	Oct-13
T266-820-001	Vents and Sounds	A	Oct-13
T266-870-001	Electrical Load Analysis	P1	Oct-13
T266-870-001	Electrical Load Analysis	P2	Oct-13
T266-870-002	480V Distribution Notes and Drawing Index	P1	Oct-13
T266-870-003	480V Distribution Panels Notes and Drawing Index	P1	Oct-13
T266-870-004	208V/120V Power Distribution Notes and Drawing Index	P1	Oct-13
T266-870-006	DC Power Distribution Notes and Drawing Index	P1	Oct-13
T266-890-001	120VAC Lighting System Drawing Index and Notes	P1	Oct-13
256-001	Main and Aux Raw Water Cooling System Diagram Design Basis	—	Oct-13
259-001	Exhaust Piping Arrangement Design Basis	—	Oct-13
264-003	Dirty Oil System Design Basis	1	Oct-13
506-001	Vents & Sounds Design Basis	—	Oct-13
506-001	Vents & Sounds Design Basis	A	Oct-13
521-001	Fire Main Design Basis	—	Oct-13
526-001	Weather Deck Drains Design Basis	—	Oct-13
528-001	SANITARY DRAINS & SEWAGE SYSTEM BASIS OF DESIGN	—	Oct-13
528-001	Sanitary Drains & Sewage System Basis of Design	A	Oct-13
529-001	Bilge & Ballast Design Basis	—	Oct-13
532-001	Fresh Water Design Basis	—	Oct-13
533-001	Potable Water Design Basis	—	Oct-13
541-004	FO Fill & Transfer Design Basis	—	Oct-13
541-001	FO Fill & Transfer Design Basis	A	Oct-13
551-001	Compressed Air Design Basis	—	Oct-13
551-001	Compressed Air Design Basis	A	Oct-13
584-201	Potable Water Design Basis	A	Oct-13
584-301	Potable Water Calculations	—	Oct-13
701-201	FUEL OIL FILLING AND TRANSFER SYSTEM BASIS OF DESIGN	A	Oct-13
701-301	FUEL OIL FILLING AND TRANSFER SYSTEM CALCULATIONS	—	Oct-13
711-201	Lube Oil Design Basis	—	Oct-13
711-301	Lube Oil Calculations	—	Oct-13
743-201	Exhaust Piping Design Basis	A	Oct-13
743-301	Exhasut Piping Calculations	—	Oct-13

PORTIONS OF THIS EXHIBIT HAVE BEEN REDACTED PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT UNDER RULE 24B-2 OF THE SECURITIES EXCHANGE ACT OF 1934, AS AMENDED. INFORMATION FOR WHICH CONFIDENTIAL TREATMENT HAS BEEN REQUESTED IS OMITTED, MARKED WITH “[*]” AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION.

EXHIBIT C-4

800-201	Bilge & Ballast Design Basis	A	Oct-13
800-301	Bilge & Ballast Calculations	—	Oct-13
813-201	FIRE MAIN SYSTEM BASIS OF DESIGN	A	Oct-13
813-301	FIRE MAIN SYSTEM CALCULATIONS	—	Oct-13
835-006	Fuel Oil Calculations	—	Oct-13
835-008	Compressed Air Calculations	—	Oct-13
835-011	Dirty Oil System Calculations	—	Oct-13
835-024	SANITARY DRAINS AND SEWAGE SYSTEM CLACULATIONS	—	Oct-13
870-000	Low Voltage Electrical System Basis of Design	P1	Oct-13
890-000	Lighting System Basis of Design	P1	Oct-13
	SAi Report - General Hydrostatics and Curves of Form of Bare Hull		Oct-13
	SAi Report - COF and General Hydrostatics of Hull with Skeg, Gondolas, and Head Boxes (Faired Lines)		Oct-13
500-001	Machinery Arrangement	P1	Oct-13
835-007	Bilge and Ballast Calculations	A	Oct-13
835-023	Exhaust Piping Arrangement Calculations	A	Oct-13
100-001	Welding Schedule	P1	Oct-13
261-001	Quick Cosing Valve Diagram	P1	Oct-13
401-001	Navigational Light Arrangement	P1	Oct-13
532-003	Main Engine Expansion Tanks	P1	Oct-13
581-001	Anchor Handling Arrangement and Details	P1	Oct-13
532-002	Fresh Water Cooling Diagram	—	Oct-13
101-021	Hull Lines Plan	P1	Oct-13
997-001	Blocking Plan	P1	Oct-13
259-002	Exhaust Piping Arrangement	A	Oct-13
526-002	Weather Deck Drains Diagram	A	Oct-13
256-002	Main and Aux Raw Water Cooling System Diagram	—	Oct-13
602-001	Hull Marking Diagram	P2	Oct-13
870-000	Low Voltage Electrical System	P2	Oct-13
892-000	Lighting Basis of Design	P2	Oct-13
802-001	Outboard Profile	—	Oct-13
802-002	Inboard Profile	—	Oct-13
526-001	Weather Deck Drains System Basis of Design	A	Oct-13
551-001	Compressed Air System Basis of Design	B	Oct-13
541-004	Fuel Oil Fill and Transfer System Basis of Design	B	Oct-13
541-001	Fuel Oil Service System Basis of Design	B	Oct-13
264-003	Dirty Oil System Basis of Design	A	Oct-13
533-001	Potable Water System Basis of Design	B	Oct-13
259-001	Exhaust Piping Arrangement Basis of Design	B	Oct-13
117-002	Midship Section	—	Oct-13
506-001	Tank Vents and Sounds Basis of Design	B	Oct-13
870-002	480V Distribution	P2	Oct-13

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EXHIBIT C-4

870-003	480V Distribution Panels	P2	Oct-13
870-004	208V/120V Power Distribution	P2	Oct-13
870-006	DC Power Distribution	P2	Oct-13
870-001	Electrical Load Analysis	P3	Oct-13
529-001	Bilge and Ballast Basis of Design	B	Oct-13
529-002	Bilge and Ballast Diagram	A	Oct-13
101-002	General Arrangement	7	Oct-13
111-001	Shell Plating Key Plan	P1	Oct-13
264-001	LO Filling & Transfer Diagram	A	Oct-13
801-001	Navigational Bridge Visibility	—	Oct-13
167-002	WT & Weat Doors Arrangement & Details	—	Oct-13
802-001	Outboard Profile	A	Oct-13
167-003	Hatch Details	P2	Oct-13
802-002	Inboard Profile	A	Oct-13
101-002	General Arrangement	7	Oct-13
513-002	Machinery Ventilation Basis of Design	P2	Oct-13
835-001	Midship Calculations	—	Oct-13
555-001	Vessel Safety Plan	P1	Oct-13
117-102	Scantlings Fr 17 Thru 46	—	Oct-13
870-LIGHT	Lighting Calculations	—	Oct-13
555-002	Structural Fire Protection	A	Oct-13
521-002	Fire Main System Diagram	A	Oct-13
521-001	Fire Main System Basis of Design	B	Oct-13
835-028	Fire Main System Calculations	A	Oct-13
612-002	Handrails and Stanchions	P1	Oct-13
117-101	Scantlings Bow Thru Frame 16	—	Oct-13
117-103	Scantlings Fr 47 Thru Transom	—	Oct-13
117-104	Scantlings Superstructure	—	Oct-13
233-002	Propulsion Engines Fdns	—	Oct-13
603-002	UWILD	—	Oct-13
167-001	Manholes & Hatches Arrangement & Details	P2	Oct-13
117-002	Midship Section	A	Oct-13
612-001	Ladders Arrangement & Details	P2	Oct-13
585-001	Rescue Boat and Lifeboat Arrangement & Details	—	Oct-13
611-001	Fender Installation Drawing	—	Oct-13
892-002	120VAC Receptacle System	P2	Oct-13
892-001	Lighting Layout	P2	Oct-13
603-002	Moulded Line Convention	P2	Oct-13

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EXHIBIT D

(RESERVED)

PORTIONS OF THIS EXHIBIT HAVE BEEN REDACTED PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT UNDER RULE 24B-2 OF THE SECURITIES EXCHANGE ACT OF 1934, AS AMENDED. INFORMATION FOR WHICH CONFIDENTIAL TREATMENT HAS BEEN REQUESTED IS OMITTED, MARKED WITH “[*]” AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION.

EXHIBIT E

GLDD ATB DREDGE OWNER FURNISHED EQUIPMENT/MATERIALS

WI#	QTY	DESCRIPTION	VALUE	IN YARD DATE
ATB BARGE ITEMS				
10.00		A36 Steel Plate (1767.36 ST)	[*]	6-Jan-14 – 28-Feb-14
10.00		AH / DH Steel Plate (10.47 ST)	[*]	6-Jan-14 – 28-Feb-14
10.00		Bulb Flat (Weight in A36 Steel Plate Above)	[*]	6-Jan-14 – 28-Feb-14
10.00		Taisei Coupler System Ladder Components	[*]	1-Apr-14
10.15	6 Each	IMS Watertight Sliding Doors	[*]	1-May-14
16.00	2 Each	Schottel TT-2 Bowthrusters	[*]	1-Feb-15
16.01	2 Each	Bow Thruster Controls	Inclusive of Thrusters	1-Feb-15
16.02	2 Each	Motorelli Motori Bowthruster Motors	Inclusive of Electrical Package	1-Feb-14
19.02	1 Each	Seahorse Systems MSD & (2) Lift Station Pumps	[*]	13-Jan-14
20.01	1 Each	Caterpillar C32 Auxiliary Generator w Shipped Loose Components	[*]	13-Jan-14
22.01	2 Each	EMDSI Model ME20G7C-T3 Dredge Engines (Reference SS Proposal MJB061112-6)	[*]	1-Jun-14
22.02	2 Each	OCG SA401 Dredge Pump Gearbox	[*]	1-Jun-14
22.03	2 Each	Dredge Pump Couplings included with engine package (22.01)		1-Jun-14
22.05	2 Each	Maxim Silencers included with engine package (22.01)	Inclusive of EMD Engine Package	1-Jun-14

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22.07	2 Each	Hagler Systems / GIW 36x40 LSA 84 Dredge Pumps	[*]	15-Dec-14
26.01	2 Each	Motorelli Motori 1000kw Jet Pump Motors	Inclusive of Electrical Package	1-Feb-14
26.02	2 Each	OCG SA201 Jet Pump Gearbox	[*]	1-Jun-14
26.03	2 Each	Jet Pump Couplings		1-Jun-14
26.05	2 Each	Hagler Systems / GIW 20x20 WBC 46 Jet Pumps	[*]	1-Dec-14
32.01	1 Each	BOSS 11T/107 Oily Water Separator (OWS)	[*]	1-Feb-14
34.01	2 Each	Quincy Model 340 Air Compressors (Air Receivers Builder Furnished)		6-Jan-14
34.01	1 Each	Quincy Model D5120HP Air Compressor (Air Receiver Builder Furnished)	[*]	6-Jan-14
34.01	1 Each	Hankinson Air Dryer		6-Jan-14
35.01	1 Each	Emerson Fuel Oil metering system	[*]	1-Jun-15
38.01	2 Each	Gimbal Davit Gantries	[*]	1-Oct-15
38.01	2 Each	Gimbal Davit Cylinders	[*]	1-Oct-15
38.01	2 Each	Draghead Davit Gantries	[*]	1-Oct-15
38.01	2 Each	Draghead Davit Cylinders	[*]	1-Oct-15
38.01	2 Each	Trunnion Davit Gantries with Service Frames	[*]	1-Oct-15
38.01	2 Each	Trunnion Davit Cylinders	[*]	1-Oct-15
38.02	6 Each	Brusselle Dragarm Winches	[*]	1-Apr-14
38.02	2 Each	Swell Compensator Rams	[*]	1-Aug-15
56.01	24 Each	Shots, 2-5/8" Grade 2 Stud Link Anchor Chain with connecting hardware	[*]	6-Jan-14
56.01	2 Each	Steel Stockless AC-14 Type HHP Anchors		6-Jan-14
56.02	1 Each	Coastal Marine Equipment 1W26231-126-00 Left Hand Anchor Windlass	[*]	1-Sep-15

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56.02	1 Each	Coastal Marine Equipment 1W26231-126-00 Right Hand Anchor Windlass		1-Sep-15
56.03	2 Each	Coastal Marine Equipment C20-15-71-131 Deck Capstans		1-Sep-15
60.01	2 Each	Techcrane Deck Cranes w Extended Pedestal	[*]	1-Dec-14
66.01	1 Each	Bosch Rexroth HPU, Valve Stands, Emergency Closing Devices, Swell Compensation System	[*]	1-May-14
67.02	6 Each	Bottom Door Cylinders	[*]	1-Aug-15
67.03	2 Each	Overflow Cylinders	[*]	1-Aug-15
67.03	2 Each	Hopper Overflow Assemblies	[*]	1-Apr-15
67.04	8 Each	Stainless Steel Sounding Winches	Inclusive of Bow Connection Arrangement	1-May-14
68.02	3 Each	Transformers	[*]	1-Jun-15
68.02	2 Each	Switchboards		1-Jun-15
68.02	1 Each	Shore Connection Box		1-Jun-15
68.03	8 Each	Variable Frequency Drives for (2) Jet Pumps, (2) Bow Thrusters, (4) Hydraulic Pumps		1-Jun-15
68.12	1 Each	Barge Console	Inclusive of Tug System	1-Jun-15
68.13	1 Each	Vingtor PA / GA System		1-Jun-15
68.14	1 Each	Beier Machinery Alarm and Monitoring System		1-Jun-15
68.15	1 Each	Beier Vessel Security System		1-Jun-15
68.16	1 Each	VOSTA Integrated Monitoring and Control System – IMC (Dredge)	[*]	1-Jun-15
68.16	1 Each	Dredge Maintenance Desk		1-Jun-15
68.17	1 Each	Set, Production Instrumentation (IMS System)	[*]	1-Nov-15
71.01	2 Each	Arm Pieces, Pivot Arms, and Gimbal Rings	[*]	1-Nov-15

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71.02	2 Each	Dragheads	[*]	1-Nov-15
71.02	2 Each	Draghead Visors	[*]	1-Nov-15
71.02	4 Each	Draghead Visor Cylinders	[*]	1-Nov-15
71.03	1 Each	FEDUR Suction Piping System	[*]	1-Apr-14
71.03	1 Each	FEDUR Discharge Piping System	[*]	1-Oct-14
71.04	31 Each	Slurry Valves	[*]	1-Jun-14
71.05	1 Each	Machine Fabriek Bow Connection Arrangement	[*]	1-May-14
TBD	2 Each	Green Valve Cylinders	[*]	1-Aug-15
81.01	96 Each	Jet Water Nozzles	[*]	1-Nov-14

ATB TUG ITEMS

12.10	1 Each	EBI TC-10 Telescopic Boom Crane	[*]	1-Jun-14
14.01	2 Each	MaK 12 M 32 C Main Engines	[*]	20-Jan-14
14.01	2 Each	Main Engine HT Cooling – GEA PHE Plate Heat Exchangers	TBD	1-Mar-14
14.01	2 Each	Main Engine LT Cooling – GEA PHE Plate Heat Exchangers Heat Exchangers	TBD	1-Mar-14
14.01	2 Each	Maxim Water Evaporators (Watermakers)	[*]	1-Mar-14
14.01	2 Each	Starting Air Compressors	[*]	1-Apr-15
14.02	2 Each	OCG Model SA-382-25 Reduction Gears	[*]	1-Aug-14
14.02	2 Each	Schottel Type SCP 109/4-XG Controllable Pitch Propeller Systems	[*]	1-Aug-14
15.01	2 Each	Schottel Modified WAG 19A Nozzles		1-Aug-14
15.01	1 Each	Type 530 BRA 45-40-15-CC 2-piece Van Der Velden Steering System	[*]	1-Aug-14

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19.02	1 Each	Seahorse Systems MSD	[*]	13-Jan-14
20.01	1 Each	Caterpillar C32 Auxiliary Generator	[*]	6-Sept-14
20.01	1 Each	Caterpillar C18 Emergency Generator	[*]	6-Sept-14
35.05	1 Each	BOSS 11T/107 Oily Water Separator (OWS)	[*]	1-Feb-14
56.02	1 Each	Coastal Marine Equipment FWD Capstan CME C17-15- 61-131	[*]	1-Sep-15
56.02	1 Each	Coastal Marine Equipment AFT Capstan CME C95-30- 127-131		1-Sep-15
56.03	1 Each	Taisei Coupler System	[*]	1-Apr-14
68.00	1 Each	L-3 50-60Hz Power Generation and Distribution System (DOES NOT INCLUDE 240VAC OR 120VAC)	[*]	1-Jun-15
68.00	1 Each	L-3/SAM Integrated Monitoring and Control System (Dredge)	Inclusive of Barge System	1-Jun-15
68.11	1 Each	Beier Machinery Alarm and Monitoring System	[*]	1-Jun-15
70.00	1 Each	Beier Vessel Security System		1-Jun-15
70.00	1 Each	Beier Navigation and Communication System		1-Jun-15
70.17	1 Each	Vingtor PA / GA System		1-Jun-15
76.00	1 Each	Ned Deck Marine Rescue Boat Davit	[*]	15-Apr-14
76.00	1 Each	FAST-RSQ RSQ-475A Rescue Boat		15-Apr-14

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EXHIBIT F-1

FORM OF MILESTONE CERTIFICATE

Pursuant to the Vessel Construction Agreement, dated January _____, 2014, between Great Lakes Dredge & Dock Corporation, as the Owner and _____, as the Builder, completion of the following Milestone upon Hull No. _____ is hereby certified:

Milestone Completed (Description):

The Work completed up to this Milestone complies with the Contract Documents.

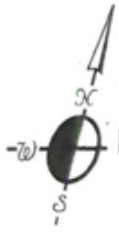
Subject to payment by the Owner of the amounts up to and including this Milestone, there are no liens upon said Vessels for labor, Materials or equipment covered by and up to the Interim Installment Payment for this Milestone for said Vessels.

By: _____

Date: _____

EXHIBIT F-2

FORM OF BUILDER'S INVOICE



EASTERN SHIPBUILDING GROUP

P.O. BOX 960
2200 NELSON ST.
PANAMA CITY, FL 32402
PHONE (850) 763-1900
FAX (850) 763-7904
EMAIL info@easternshipbuilding.com

Date

GREAT LAKES DREDGE & DOCK CO. INC.
2122 York Road
Oak Brook, Illinois 605523

Attention: Mr. Steven Becker

Terms: Due Upon Receipt

RE: ESG Hull #xxx

INVOICE NUMBER #####

Per Vessel Construction Contract - Exhibit Q-1

10%-	<u>\$0.00</u>
INVOICE TOTAL	<u>\$0.00</u>

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EXHIBIT G-1

FORM OF BUILDER'S FINAL LIEN RELEASE AND WAIVER

FOR AND SUBJECT TO VALUE RECEIVED, in payment of all Interim Installment Payments and the Final Payment for Hull No. _____, _____ ("Lienor" and "Builder"), hereby waives, releases and relinquishes any and all right to claim any lien or other right or privilege with respect to the construction of Hull No. ____ (the "Vessel") constructed for Great Lakes Dredge & Dock Co., LLC, the Owner at the facilities located at Panama City Florida pursuant to a Vessel Construction Agreement dated January , 2014, as amended between the Owner and the Builder for work done or material provided by Lienor to the Vessel.

Lienor also warrants and affirms that all wages for labor, payroll taxes and insurance, invoices for materials, supplies, and services provided by others to Lienor including Material Subcontractors and Suppliers related to the work or materials furnished by Lienor to the Vessel through the date of the Waiver have been paid in full or will be paid in due course.

IN WITNESS WHEREOF, Lienor has executed and delivered this Lien Release and Waiver as of _____, 201 .

:

: _____

Lienor: _____

Its: _____

PORTIONS OF THIS EXHIBIT HAVE BEEN REDACTED PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT UNDER RULE 24B-2 OF THE SECURITIES EXCHANGE ACT OF 1934, AS AMENDED. INFORMATION FOR WHICH CONFIDENTIAL TREATMENT HAS BEEN REQUESTED IS OMITTED, MARKED WITH “[*]” AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION.

EXHIBIT G-2

FORM OF SUBCONTRACTORS’ AND SUPPLIERS’ FINAL LIEN RELEASE AND WAIVER

FOR VALUE RECEIVED, the receipt and sufficiency of which is hereby acknowledged, _____ (“Lienor”), hereby waives, releases and relinquishes any and all right to claim any lien or other right or privilege with respect to the construction of Hull No. _____ (the “Vessel”) constructed for Great Lakes Dredge & Dock Co., LLC (“Owner”) and _____ (“Builder”), at the facilities located at _____ pursuant to a Vessel Construction Agreement dated January , 2014, as amended between the Owner and the Builder for work done and/or material provided by Lienor to the Vessel listed on the attached schedule.

Lienor also warrants and affirms that all wages for labor, payroll taxes and insurance, invoices for materials, supplies, and services provided by others to Lienor related to the work or materials furnished by Lienor to the Vessel through the date of the release as listed on the Schedule attached hereto have been paid in full or will be paid in due course.

IN WITNESS WHEREOF, Lienor has executed and delivered this Lien Release and Waiver as of _____, 201 .

LIENOR: _____

By: _____

Its: _____

EXHIBIT H

FORM OF CERTIFICATE OF COMPLETION AND DELIVERY

It is hereby certified that in accordance Vessel Construction Agreement, dated January _____, 2014 the ATB Unit, identified by Hull Numbers _____, (i) has been completed; (ii) that all trials and tests have been satisfactorily completed; and (iii) that the ATB Unit complies with the Contract Documents and is free from known defects in Builder’s materials and workmanship. The original copies of following documents have been or are hereby delivered to the Owner:

I. For the Barge:

- A. The Builder shall obtain and furnish to the Owner the following fully satisfied and executed certificates (with assistance from the Owner as required):
 - 1. Interim Class Society Certificate, for Unrestricted Service as an unmanned cargo barge;
 - 2. Class Society Provisional Load Line Certificate for Oceans Service;
 - 3. United States, International (ITC69), and Standard (Regulatory) Tonnage Certificates;
 - 4. Builder’s Certificate CG-1261;
 - 5. American Bureau of Shipping (ABS) or other applicable equipment certificates (Builder Furnished Equipment); and
 - 6. U.S. Coast Guard Certificate of Inspection.
- B. Except as otherwise provided, the Builder shall obtain and furnish the following certificates (with assistance of the Owner as required):
 - 1. Stability Certification (Owner’s Standard Format). Owner’s naval architect for the Barge and Tug shall produce an incline procedure/experiment and Stability Booklet, direct the inclining experiment in conjunction with the Builder, finalize the Stability Booklet and submit it along with the results of the inclining experiment to the Builder for submittal to ABS for its review and approval. Builder shall obtain from ABS an approved Stability Booklet;
 - 2. Deadweight Certificate. Owner’s naval architect for the Barge and Tug shall produce an incline procedure/experiment and Stability Booklet, direct the inclining experiment in conjunction with the Builder, finalize the Stability Booklet and submit it along with the results of the including experiment to the Builder for submittal to ABS for its review and approval. Builder shall obtain from ABS an approved Stability Booklet. Deadweight will be certified in the approved Stability Booklet;

3. [Intentionally deleted.]
4. Certificate of Alternate Compliance;
5. Radiotelephony Certificate (FCC) - by Owner;
6. MARPOL Certificates and Publications;
7. International Oil Pollution Prevention Certificate (Builder supplied). All engine EIAPPs (Owner supplied);
8. SOPEP - by the Owner; and
9. Miscellaneous:
 - a. Potable water certificate of fitness;
 - b. Pressure vessels certificates (as supplied by Owner or Builder);
 - c. Machinery emissions certificates (Owner supplied);
 - d. Procedures and arrangement manual (Owner supplied); and
 - e. Loading Manual (Owner supplied).

II. For the Tug:

- A. Except as otherwise provided the Builder shall obtain and furnish the following certificates to the Owner at Delivery (with assistance of the Owner as required):
 1. International Load line Certificate;
 2. Interim Class Society ~~✘~~ A1, ~~✘~~ AMS, ACCU, Ocean Towing Vessel Unlimited Service;
 3. U.S. Coast Guard Inspected and Certified - Unlimited Ocean Towing Service;
 4. USCG NVIC 1-78 for Automated Engine Rooms;
 5. Panama Canal Tonnage Certificate;
 6. SOLAS Safety Construction and Equipment Certificates;
 7. SOLAS Cargo Ship Safety Construction Certificate;
 8. SOLAS Cargo Ship Safety Equipment Certificate;
 9. SOLAS Cargo Ship Safety Radio Certificate;
 10. Navigation Lights Certificate;

PORTIONS OF THIS EXHIBIT HAVE BEEN REDACTED PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT UNDER RULE 24B-2 OF THE SECURITIES EXCHANGE ACT OF 1934, AS AMENDED. INFORMATION FOR WHICH CONFIDENTIAL TREATMENT HAS BEEN REQUESTED IS OMITTED, MARKED WITH “[*]” AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION.

11. MARPOL Certificates (Conformance to MARPOL Annex I, II, IV, and VI-Oil, NLS, Sewage and Air by USCG/EPA). “Engine International Air Pollution Prevention (EIAPP) Certificate,” is Owner supplied. “International Oil Pollution Prevention (IOPP) Certificate” is Builder supplied. “International Air Pollution Prevention (IAPP) Certificate” is Owner supplied.
12. ASME Certificates (for pressure vessels as required) – Form U-1A (as supplied by Owner or Builder);
13. Builder’s Certificate;
14. F.C.C. Radio Communication License (Owner to apply for);
15. International Admeasurement Certificate;
16. Stability Letter from Class Society under the Class Society/USCG MOU;
17. Compass Adjustment Deviation Card;
18. Label Certificate for Marine Sanitation Device (Owner supplied);
19. Anchor Certificates;
20. Lifting Eyes to be marked with SWL;
21. Padeyes and Lashing Points (test certificates);
22. Deadweight Certificate (Owner supplied);
23. Automation Test Procedure (Owner supplied);
24. Anti-foulant certificate;
25. GMDSS Certificate of Compliance;
26. Machinery space hoisting crane and all other lifting gear certifications (as supplied by Owner or Builder);
27. Pipe and Structural Steel Mill Certificates (as supplied by Owner or Builder); and
28. Proof of US Public Health Compliance for food preparation and vermin prevention.

III. The above original certificates and documents for both the Tug and Barge have been mounted in frames onboard the Vessels by the Builder when so required by the issuing agency or Regulatory Authorities.

This _____ day of _____, 201 .

By _____
Its:

PORTIONS OF THIS EXHIBIT HAVE BEEN REDACTED PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT UNDER RULE 24B-2 OF THE SECURITIES EXCHANGE ACT OF 1934, AS AMENDED. INFORMATION FOR WHICH CONFIDENTIAL TREATMENT HAS BEEN REQUESTED IS OMITTED, MARKED WITH "[*]" AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION.

EXHIBIT I

FORM OF CHANGE ORDER

Request for Variation Order

Project	Great Lakes Dredging & Docking	Date	_____
System Name:	_____	Hull	_____
		Change Order #	801
Requested By:	_____		
Contractor	Eastern Shipbuilding Group		
Reason for Change:	_____		
Present Condition:	_____		
Proposed Change:	_____		
Cost Impact	Description	Hours	Cost
			\$0.00
	Price per vessel		\$0.00
	Total Cost of Change	Total	\$0.00
	Total		\$0.00
Schedule Impact		0	

This form is to be used for all work that is performed beyond the scope of the contract specifications and drawings.

THIS VARIATION ORDER, ONCE FULLY EXECUTED BY THE OWNER'S DULY AUTHORIZED REPRESENTATIVE AND THE BUILDER'S DULY AUTHORIZED REPRESENTATIVE, SHALL CONSTITUTE A FULL AND FINAL RESOLUTION, SETTLEMENT AND ACCORD AND SATISFACTION WITH RESPECT TO ALL COSTS AND TIME ASSOCIATED WITH THE WORK DESCRIBED HEREIN. COSTS ARE DEFINED TO INCLUDE ALL DIRECT AND INDIRECT LABOR COSTS, ALL MATERIAL AND EQUIPMENT COSTS AND ALL IMPACT COSTS RELATED TO AND/OR OCCASIONED AS A CONSEQUENCE OF OR BY THE PERFORMANCE OF THIS WORK DESCRIBED HEREIN (INCLUDING ANY CLAIM FOR DELAY, DISRUPTION OR ANY OTHER INCIDENTAL CLAIM OF THE BUILDER), AS WELL AS TAXES, INSURANCE, BONDS, GENERAL CONDITIONS OVERHEAD AND PROFIT. ALL OTHER TERMS AND CONDITIONS OF THE AGREEMENT REMAIN IN FULL FORCE AND EFFECT.

ACTION: _____
Signature _____
Approved by (Shipyard PM) _____

Approved By Owner: Signature _____
Denied By Owner: Signature _____

PORTIONS OF THIS EXHIBIT HAVE BEEN REDACTED PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT UNDER RULE 24B-2 OF THE SECURITIES EXCHANGE ACT OF 1934, AS AMENDED. INFORMATION FOR WHICH CONFIDENTIAL TREATMENT HAS BEEN REQUESTED IS OMITTED, MARKED WITH “[*]” AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION.

EXHIBIT J

FORM OF OWNER’S WARRANTY NOTIFICATION TO BUILDER

[DATE]

ATTN: WARRANTY MANAGER

This is to advise that a warranty event covered under the Vessel Construction Agreement between Great Lakes Dredge & Dock Co., LLC (“Owner”) and _____ (“Builder”) has occurred as described below:

[Describe Event]

The Owner requests the following remedial action:

[Describe Remedial Action]

Sincerely Yours,

[Name of Owner Representative]

PORTIONS OF THIS EXHIBIT HAVE BEEN REDACTED PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT UNDER RULE 24B-2 OF THE SECURITIES EXCHANGE ACT OF 1934, AS AMENDED. INFORMATION FOR WHICH CONFIDENTIAL TREATMENT HAS BEEN REQUESTED IS OMITTED, MARKED WITH “[*]” AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION.

EXHIBIT K

BUILDER’S PRELIMINARY SCHEDULE

See Attached Schedule K-1 Tug (Rev. F)

See Attached Schedule K-2 Barge (Rev. H)

PORTIONS OF THIS EXHIBIT HAVE BEEN REDACTED PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT UNDER RULE 24B-2 OF THE SECURITIES EXCHANGE ACT OF 1934, AS AMENDED. INFORMATION FOR WHICH CONFIDENTIAL TREATMENT HAS BEEN REQUESTED IS OMITTED, MARKED WITH “[*]” AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION.

EXHIBIT K-1

[*]

PORTIONS OF THIS EXHIBIT HAVE BEEN REDACTED PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT UNDER RULE 24B-2 OF THE SECURITIES EXCHANGE ACT OF 1934, AS AMENDED. INFORMATION FOR WHICH CONFIDENTIAL TREATMENT HAS BEEN REQUESTED IS OMITTED, MARKED WITH “[*]” AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION.

EXHIBIT K-2

[*]

PORTIONS OF THIS EXHIBIT HAVE BEEN REDACTED PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT UNDER RULE 24B-2 OF THE SECURITIES EXCHANGE ACT OF 1934, AS AMENDED. INFORMATION FOR WHICH CONFIDENTIAL TREATMENT HAS BEEN REQUESTED IS OMITTED, MARKED WITH “[*]” AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION.

EXHIBIT L-1

FORM OF BUILDER’S PARTIAL LIEN RELEASE AND WAIVER

FOR AND SUBJECT TO VALUE RECEIVED, in payment of Interim Installment Payment No. _____ in the amount of \$ _____ for Hull No. _____, _____ (“Lienor” and “Builder”), hereby waives, releases and relinquishes any and all right to claim any lien or other right or privilege up to and including this Interim Installment Payment with respect to the construction of Hull No. _____ (the “Vessel”) constructed for Great Lakes Dredge & Dock Co., LLC, the Owner at the facilities located at Panama City, Florida pursuant to a Vessel Construction Agreement dated January _____, 2014, as amended between the Owner and the Builder for work done or material provided by Lienor to the Vessel as of the date of this release.

Lienor also warrants and affirms that all wages for labor, payroll taxes and insurance, invoices for materials, supplies, and services provided by others to Lienor including Material Subcontractors and Suppliers related to the work or materials furnished by Lienor to the Vessel through the date of the Waiver have been paid in full or will be paid in due course.

IN WITNESS WHEREOF, Lienor has executed and delivered this Partial Lien Release and Waiver as of _____, 201_____ .

: _____

Lienor: _____

Its: _____

PORTIONS OF THIS EXHIBIT HAVE BEEN REDACTED PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT UNDER RULE 24B-2 OF THE SECURITIES EXCHANGE ACT OF 1934, AS AMENDED. INFORMATION FOR WHICH CONFIDENTIAL TREATMENT HAS BEEN REQUESTED IS OMITTED, MARKED WITH "[*]" AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION.

EXHIBIT L-2

**FORM OF SUBCONTRACTORS' AND SUPPLIERS' PARTIAL
LIEN RELEASE AND WAIVER**

FOR VALUE AND PAYMENTS RECEIVED TO DATE, the receipt and sufficiency of which is hereby acknowledged, _____ ("Lienor"), hereby waives, releases and relinquishes any and all right to claim any lien or other right or privilege with respect to the construction of Hull No. _____ (the "Vessel") constructed for Great Lakes Dredge & Dock Co., LLC ("Owner") and _____ ("Builder"), at the facilities located at _____ pursuant to a Vessel Construction Agreement dated January _____, 2014, as amended between the Owner and the Builder for work done and/or material provided by Lienor to the Vessel listed on the attached schedule. Lienor also warrants and affirms that all wages for labor, payroll taxes and insurance, invoices for materials, supplies, and services provided by others to Lienor related to the work or materials furnished by Lienor to the Vessel through the date of the release as listed on the attached Schedule have been paid in full or will be paid in due course.

IN WITNESS WHEREOF, Lienor has executed and delivered this Lien Release and Waiver as of _____, 201_____ .

LIENOR: _____

By: _____

Its: _____

PORTIONS OF THIS EXHIBIT HAVE BEEN REDACTED PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT UNDER RULE 24B-2 OF THE SECURITIES EXCHANGE ACT OF 1934, AS AMENDED. INFORMATION FOR WHICH CONFIDENTIAL TREATMENT HAS BEEN REQUESTED IS OMITTED, MARKED WITH “[*]” AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION.

EXHIBIT M

FORM OF PROTOCOL OF DELIVERY AND ACCEPTANCE

BUILDER: _____

OWNER: Great Lakes Dredge & Dock Company, LLC

Name of Vessel: “_____” (Hull No. _____ under the Vessel Construction Agreement)

SPARES, STORES ABOARD AT DELIVERY _____

EXCEPTIONS: (Check one) See attached list None

EXCEPT for the items noted on the attached list, if any, and subject to the Builder’s warranty of title and warranties as to materials and workmanship as set forth in the Vessel Construction Agreement dated as of _____, 2013 between the Builder and the Owner (the “Agreement”), the above referenced ATB Unit and its equipment are hereby delivered by the Builder and accepted by the Owner and deemed to be in compliance with the Agreement. The Builder hereby acknowledges its continuing duties and responsibilities relating to the ATB Unit with respect to the Builder’s warranty of title and warranties as to materials and workmanship, as provided in the Agreement. The Builder further acknowledges its ongoing obligation to correct all exceptions listed on the attached list, if any. The Owner hereby assumes risk of loss of or damage to the ATB Unit occurring after the execution of this Protocol, subject to the Builder’s obligations noted above.

DATE OF ACCEPTANCE:

TIME OF ACCEPTANCE:

PLACE OF ACCEPTANCE:

Great Lakes Dredge & Dock Co., LLC

By: _____

By: _____

Its: _____

Its: _____

PORTIONS OF THIS EXHIBIT HAVE BEEN REDACTED PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT UNDER RULE 24B-2 OF THE SECURITIES EXCHANGE ACT OF 1934, AS AMENDED. INFORMATION FOR WHICH CONFIDENTIAL TREATMENT HAS BEEN REQUESTED IS OMITTED, MARKED WITH “[*]” AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION.

EXHIBIT N

(RESERVED)

PORTIONS OF THIS EXHIBIT HAVE BEEN REDACTED PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT UNDER RULE 24B-2 OF THE SECURITIES EXCHANGE ACT OF 1934, AS AMENDED. INFORMATION FOR WHICH CONFIDENTIAL TREATMENT HAS BEEN REQUESTED IS OMITTED, MARKED WITH “[*]” AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION.

EXHIBIT O

Reserved

PORTIONS OF THIS EXHIBIT HAVE BEEN REDACTED PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT UNDER RULE 24B-2 OF THE SECURITIES EXCHANGE ACT OF 1934, AS AMENDED. INFORMATION FOR WHICH CONFIDENTIAL TREATMENT HAS BEEN REQUESTED IS OMITTED, MARKED WITH "[*]" AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION.

EXHIBIT P

SHIPYARD CONTRACT DEFICIENCY REPORT

Vessel Name: _____

Report Number: _____

Date: _____

References:

a) Contract/Specification Reference: _____

b) Drawing Reference: _____

c) Other (specify): _____

Contract Requirements: _____

Description of Deficiency: _____

Impact of Deficiency: _____

(i.e., Will delay completion xx days, safety hazard, inability to complete contract line item, etc.)

Recommended Corrective Action: _____

Authorization:

Owner Representative

Shipyard Representative

EXHIBIT Q

INTERIM INSTALLMENT AND MILESTONE SCHEDULE

The Contract Price shall be paid by the Owner to the Builder in installments as follows:

- (a) First Interim Installment as set forth in Exhibits Q-1 and Q-2 within 2 Working Days of execution of the legally binding Agreement between the Owner and the Builder.
- (b) Additional Installments as Follows:
 - As set forth in Q-1 and Q-2.
- (c) Other Payment Terms:
 - 1) Any and all payments under this Agreement shall be made in United States dollars.
 - 2) Any and all payments under this Agreement shall be made via Wire Transfer to the following:
 - a. If to Builder:
 - Eastern Shipbuilding Group, Inc. _____
 - Account Number: [*]
 - Regions Bank _____
 - Birmingham, AL
 - [*]
 - b. If to the Owner:
 - Great Lakes Dredge & Dock Company, LLC
 - Account# [*]
 - Bank of America
 - Chicago, Illinois
 - [*]

PORTIONS OF THIS EXHIBIT HAVE BEEN REDACTED PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT UNDER RULE 24B-2 OF THE SECURITIES EXCHANGE ACT OF 1934, AS AMENDED. INFORMATION FOR WHICH CONFIDENTIAL TREATMENT HAS BEEN REQUESTED IS OMITTED, MARKED WITH “[*]” AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION.

EXHIBIT Q-1

TUG MILESTONE SCHEDULE

1. Progress Payment Schedule for:

ESG Hull #252 Contract for One (1) ATB Tug GL302

<u>Payment #</u>	<u>ATB Tug Payment Description</u>	<u>Percent %</u>
1	Upon Contract Signing	[*]
2	Sixty (60) Days After Contract Signing	[*]
3	Upon Initial Order of Steel	[*]
4	Upon Initial Cutting of Steel	[*]
5	Upon Completion of Plating of First Hull Module	[*]
6	Upon Completion of Plating of All Hull Modules	[*]
7	Upon Completion of Hull Welding	[*]
8	Upon Installation of Rudders, Shafting and Propellers	[*]
9	Upon Launch of Vessel	[*]
10	Upon Initial Startup of OFE Main Engines	[*]
11	Upon Vessel Delivery – Panama City, FL.	[*]

PORTIONS OF THIS EXHIBIT HAVE BEEN REDACTED PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT UNDER RULE 24B-2 OF THE SECURITIES EXCHANGE ACT OF 1934, AS AMENDED. INFORMATION FOR WHICH CONFIDENTIAL TREATMENT HAS BEEN REQUESTED IS OMITTED, MARKED WITH “[*]” AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION.

EXHIBIT Q-2

BARGE MILESTONE SCHEDULE

2. Progress Payment Schedule for:

ESG Hull#253 Contract for One (1) ATB Dredge Barge GL151

<u>Payment #</u>	<u>ATB Dredge Barge Description</u>	<u>Percent %</u>
1	Upon Contract Signing	[*]
2	Sixty (60) Days After Contract Signing	[*]
3	Upon Initial Order of Steel	[*]
4	Upon Initial Cutting of Steel	[*]
5	Upon Completion of Plating of First Hull Module	[*]
6	Upon Substantial Completion of Lofting & Pipe Spooling	[*]
7	Upon Completion of Plating of All Hull Modules	[*]
8	Upon Completion of Hull Welding	[*]
9	Upon Completion of Welding Superstructure	[*]
10	Upon Launch of Vessel	[*]
11	Upon Vessel Delivery – Panama City, FL.	[*]

Ratio of Earnings to Fixed Charges
Great Lakes Dredge & Dock Corporation
(dollars in thousands)

	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
Pretax income (loss) from continuing operations (1)	\$34,137	\$57,138	\$26,679	\$11,590	\$29,109
Fixed charges	24,228	21,046	28,795	27,594	28,556
Capitalized Interest	(162)	(34)	—	—	(522)
Distributed income of equity investees	621	—	—	—	—
	<u>\$58,824</u>	<u>\$78,150</u>	<u>\$55,474</u>	<u>\$39,184</u>	<u>\$57,143</u>
Fixed charges:					
Interest expense and amortized deferred financing costs	\$16,283	\$13,559	\$21,374	\$20,920	\$21,941
Estimated interest expense in operating leases	7,945	7,487	7,421	6,674	6,615
Preference security dividend requirements	—	—	—	—	—
Total fixed charges	<u>\$24,228</u>	<u>\$21,046</u>	<u>\$28,795</u>	<u>\$27,594</u>	<u>\$28,556</u>
Ratio of earnings to fixed charges	<u>2.4</u>	<u>3.7</u>	<u>1.9</u>	<u>1.4</u>	<u>2.0</u>

(1) Before adjustment for noncontrolling interests in consolidated subsidiaries and income (loss) from equity investees.

SUBSIDIARIES OF THE REGISTRANT

<u>Name</u>	<u>Jurisdiction of Incorporation</u>
Great Lakes Dredge & Dock Company, LLC	Delaware
Dawson Marine Services Company	Delaware
Great Lakes Dredge & Dock Environmental, Inc.	Delaware
Fifty-Three Dredging Corporation	New Jersey
Great Lakes Dredge & Dock Australia Pty Ltd.	Australia
Great Lakes Dredge & Dock Co Brasil Ltda.	Brazil
Great Lakes Dredge & Dock India Private Ltd.	India
Lydon Dredging & Construction Co. Ltd.	Canada
Great Lakes Dredge & Dock (Bahamas) Ltd.	Bahamas
GLDD Mexicana, S. de R.L. de C.V.	Mexico
NASDI Holdings Corporation	Delaware
NASDI, LLC	Delaware
Terra Contracting Services, LLC	Delaware
Yankee Environmental Services, LLC	Delaware

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We consent to the incorporation by reference in Registration Statement No. 333-153207 on Form S-3 and Registration Statement Nos. 333-150067 and 333-185350 on Form S-8 of our reports dated March 11, 2014, relating to the consolidated financial statements and financial statement schedule of Great Lakes Dredge & Dock Corporation and subsidiaries (the “Company”), and the effectiveness of the Company’s internal control over financial reporting, appearing in this Annual Report on Form 10-K of Great Lakes Dredge & Dock Corporation for the year ended December 31, 2013.

/s/ Deloitte & Touche LLP

Chicago, Illinois

March 11, 2014

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

CERTIFICATION

I, Jonathan W. Berger, certify that:

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

Date: March 11, 2014

/s/ Jonathan W. Berger

 Jonathan W. Berger
 Chief Executive Officer

CERTIFICATION

I, William S. Steckel, certify that:

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

Date: March 11, 2014

/s/ William S. Steckel

William S. Steckel
Senior Vice President and Chief Financial
Officer

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

In connection with the Annual Report of Great Lakes Dredge & Dock Corporation (the "Company") on Form 10-K for the year ended December 31, 2013, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Jonathan W. Berger, Chief Executive Officer of the Company, certify pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

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

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

/s/ Jonathan W. Berger

Jonathan W. Berger
Chief Executive Officer
Date: March 11, 2014

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

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

In connection with the Annual Report of Great Lakes Dredge & Dock Corporation (the "Company") on Form 10-K for the year ended December 31, 2013, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, William S. Steckel, 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:

- (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/ William S. Steckel

William S. Steckel

Senior Vice President and Chief Financial Officer

Date: March 11, 2014

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