

Great Lakes Dredge & Dock CORP
Form S-1/A
July 20, 2007

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As filed with the Securities and Exchange Commission on July 20, 2007

No. 333-143888

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

AMENDMENT NO. 1

to

FORM S-1

**REGISTRATION STATEMENT
UNDER THE SECURITIES ACT OF 1933**

GREAT LAKES DREDGE & DOCK CORPORATION

(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction of
incorporation or organization)

1600
(Primary Standard Industrial
Classification Code Number)

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

**2122 York Road
Oak Brook, Illinois 60523
(630) 574-3000**

(Address, including zip code, and telephone number, including area code, of registrant's principal executive offices)

**Deborah A. Wensel, Chief Financial Officer
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(630) 574-3000**

(Name, address, including zip code, and telephone number, including area code, of agent for service)

Copies of all communications, including communications sent to agent for service, should be sent to:

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**Approximate date of commencement of proposed sale to the public:
As soon as practicable after the effective date of this Registration Statement.**

If any of the securities being registered on this Form are to be offered on a delayed or continuous basis pursuant to Rule 415 under the Securities Act of 1933, please check the following box.

If this Form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, please check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering.

If this Form is a post-effective amendment filed pursuant to Rule 462(c) under the Securities Act, please check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering.

If this Form is a post-effective amendment filed pursuant to Rule 462(d) under the Securities Act, please check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering.

CALCULATION OF REGISTRATION FEE

Title of Each Class of Securities to be Registered	Amount to be Registered(1)	Proposed Maximum Aggregate Offering Price(2)	Amount of Registration Fee(3)
Common Stock, par value \$.0001 per share	13,340,000	\$115,457,700	\$475

- (1) Includes 1,740,000 shares of common stock that may be purchased by the underwriters under an option to purchase additional shares from the selling stockholders.
- (2) Estimated solely for the purpose of computing the amount of the registration fee pursuant to Rule 457(c) under the Securities Act of 1933, as amended, on the basis of the average high and low prices of the Registrant's common stock on July 18, 2007, as reported on the Nasdaq Global Market.
- (3) Reflects prior payment of \$3,070.

The registrant hereby amends this Registration Statement on such date or dates as may be necessary to delay its effective date until the registrant shall file a further amendment which specifically states that this Registration Statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act of 1933 or until this Registration Statement shall become effective on such date as the Commission, acting pursuant to said Section 8(a), may determine.

The information in this prospectus is not complete and may be changed. We may not sell these securities until the registration statement filed with the Securities and Exchange Commission is effective. The prospectus is not an offer to sell these securities nor a solicitation of an offer to buy these securities in any jurisdiction where the offer and sale is not permitted.

SUBJECT TO COMPLETION, DATED JULY 20, 2007

PROSPECTUS

11,600,000 Shares

Great Lakes Dredge & Dock Corporation Common Stock

The selling stockholders, including members of senior management, identified in this prospectus are offering 11,600,000 shares of our common stock. We will not receive any of the proceeds from the sale of shares being sold by the selling stockholders.

Our common stock is traded on The Nasdaq Global Market under the symbol "GLDD." On July 19, 2007, the last reported sale price of our common stock on The Nasdaq Global Market was \$8.80 per share.

Investing in our common stock involves a high degree of risk. See "Risk Factors" beginning on page 12.

	Per Share	Total
Offering price	\$	\$
Discounts and commissions to underwriters	\$	\$
Offering proceeds to selling stockholders	\$	\$

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved these securities or determined if this prospectus is accurate or complete. Any representation to the contrary is a criminal offense.

Certain of the selling stockholders have granted the underwriters the right to purchase up to 1,740,000 additional shares of common stock of common stock on the same terms and conditions as set forth above if the underwriters sell more than 11,600,000 shares of common stock in this offering. The underwriters can exercise this right at any time and from time to time, in whole or in part, within 30 days after the offering.

The underwriters expect to deliver the shares of common stock to investors on or about _____, 2007.

Joint Book-Running Managers

BANC OF AMERICA SECURITIES LLC

LEHMAN BROTHERS

CREDIT SUISSE

CANTOR FITZGERALD & CO.

LAZARD CAPITAL MARKETS

MORGAN JOSEPH

ABN AMRO ROTHSCHILD LLC

, 2007

You should rely only on the information contained in this prospectus. We and the selling stockholders have not, and the underwriters have not, authorized anyone to provide you with different information. We and the selling stockholders are not making an offer to these securities in any jurisdiction where the offer or sale is not permitted. You should assume that the information contained in this prospectus is accurate as of the date on the front of this prospectus only. Our business, financial conditions, results of operations and prospects may have changed since that date.

Information contained in our web site does not constitute part of this prospectus.

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PROSPECTUS SUMMARY

This summary highlights the material information contained elsewhere in this prospectus. This summary may not contain all of the information that you consider before investing in our common stock. You should carefully read this entire prospectus, including "Risk Factors" and our consolidated financial statements, before making an investment decision.

Overview

We are the largest provider of dredging services in the United States, with revenues of \$426.0 million in 2006 and \$126.7 million in the first quarter of 2007. Dredging generally involves the enhancement or preservation of navigability of waterways or the protection of shorelines through the removal or replenishment of soil, sand or rock. The U.S. dredging market consists of three primary types of work: capital, beach nourishment and maintenance. Our "bid market" is defined as the population of domestic projects on which we bid or could have bid if not for capacity constraints. Across the three sectors of the dredging industry, we achieved the leading U.S. market share of projects awarded within our bid market, averaging 37% over the last three years. In addition, we are the only U.S. dredging service provider with significant international operations. Foreign contracts accounted for an average of 18% of our dredging contract revenues over the last three years. Our fleet of 25 dredges, 25 material transportation barges, two drillboats, and numerous other specialized support vessels is the largest and most diverse fleet of any U.S. dredging company. We estimate the replacement cost of our fleet to be in excess of \$1.0 billion in the current market.

We benefit from the Foreign Dredge Act of 1906, or "Dredging Act", and Section 27 of the Merchant Marine Act of 1920, or "Jones Act", which prohibit foreign-built dredges and foreign-owned dredging companies from competing in the United States. The majority of the work within our domestic dredging bid market has historically been performed by us and four other key U.S. competitors, which collectively comprised an average of 81% of the market over the last three years.

Our dredging activities are comprised primarily of the following types of projects:

Domestic Capital. Capital dredging projects consist 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. Today U.S. ports are shallower than many foreign ports, creating a need for port deepening capital projects to maintain competitiveness in international trade. 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. The emerging market for liquefied natural gas, or "LNG," terminals also presents opportunities in the capital dredging sector. Further, we anticipate that over the next eight to ten years there will be significant dredging opportunities related to capital projects to protect and restore wetlands and coastal marshes, particularly those in Louisiana. For example, Congress is currently considering legislation that contemplates \$3.7 billion of Louisiana wetland and coastal restoration work, a significant portion of which we believe will be allocated to capital dredging projects. Capital projects accounted for approximately 34% of our 2006 dredging revenues.

Foreign Capital. Foreign capital projects typically relate to land reclamations, channel deepening and port infrastructure development. We target international opportunities that are well suited to our equipment and where we face reduced competition from our European competitors. Maintaining a presence in foreign markets has enabled us to diversify, particularly during periods of decreased domestic demand. Over the last ten years, we have performed dredging work in Europe, the Middle East, Africa, India, Mexico and South America. Most recently, we have focused our efforts on the opportunities in the Middle East, where we have cultivated a niche market by developing close customer relationships with major developers and seeking

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contracts compatible with the size of our vessels. Our dredging contracts in the Middle East have a longer duration than those in the U.S., and as a result, we have increased visibility with regard to future revenue and fleet utilization. Foreign projects accounted for approximately 23% of our 2006 dredging revenues.

Beach Nourishment. Beach nourishment projects generally involve moving sand from the ocean floor to shoreline locations when erosion threatens shoreline assets. Beach erosion is a continuous problem that has intensified with the rise in coastal development and recent storm activity, particularly in Florida, and has become an important issue for state and local governments concerned with protecting beachfront tourism and real estate. Beach nourishment projects accounted for approximately 25% of our 2006 dredging revenues.

Maintenance. 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, active 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. Maintenance projects accounted for approximately 18% of our 2006 dredging revenues.

We also own 85% of the capital stock of North American Site Developers, Inc. ("NASDI"), a demolition services provider located in the Boston, Massachusetts area. NASDI's principal services consist of interior and exterior demolition of commercial and industrial buildings, salvage and recycling of related materials, and removal of hazardous substances and materials. Since the acquisition of NASDI in 2001, we have operated in two reportable segments: dredging and demolition.

Competitive Strengths

We possess a number of competitive strengths that have allowed us to develop and maintain our leading position within the dredging industry.

Favorable competitive dynamic. We benefit from significant advantages relative to both existing and potential competitors, including (i) our reputation for quality and customer service built up over our 117-year operating history, during which time we have never failed to complete a project; (ii) the long lead time and high capital cost associated with the construction of a new dredge, which we estimate to be between two to three years and \$25 to \$75 million, depending on the type of dredge; and (iii) the requirements of the Dredging Act and the Jones Act, which prohibit foreign-built dredges and foreign-owned dredging companies from competing in the U.S.

Largest and most diverse dredging fleet. We operate the largest and most diverse dredging fleet in the U.S., with over 180 pieces of equipment, including the largest hydraulic dredges in the U.S. The size, versatility and technical capabilities of the fleet improve our competitiveness by affording us the flexibility to select the most efficient equipment for a particular job and enabling us to perform multiple projects at the same time. To maintain the value and effectiveness of our fleet, we emphasize preventative maintenance to minimize downtime, increase profitability, extend vessel life and reduce replacement capital expenditure requirements.

Diversified revenue base. We benefit from a dredging revenue base that is broadly diversified across the three dredging sectors, which have different demand drivers. Capital projects primarily consist of port expansion and deepening work, which is driven by competitiveness among ports and growth in U.S. trade and commerce. Beach nourishment and maintenance projects are more heavily influenced by weather and recurring natural sedimentation and erosion. Revenue within each of our dredging sectors comes from a portfolio of separate

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contracts, which helps to mitigate project-specific risk. For the year ended December 31, 2006, our U.S. dredging revenues were derived from over 70 separate dredging contracts, and no one contract represented more than 8% of our revenues. Our foreign dredging operations and demolition operations further diversify our revenue and customer base.

Specialized capability in capital projects. We are a leader in U.S. capital dredging, which generally requires specialized engineering expertise, specific combinations of equipment and experience in executing complex projects. We believe our extensive experience performing complex projects significantly enhances our ability to win and complete these contracts profitably.

Proprietary and proven project costing methodologies. Over the course of our 117-year operating history, we have developed an extensive proprietary database of publicly-available dredging production records from our own and our competitors' activities and past bidding results. We believe that this database, combined with our accumulated estimating and bidding expertise, is a significant competitive advantage in bidding for new dredging contracts.

Proven, experienced management team. Our top executive management has an average of 25 years of experience in the dredging industry. We believe that management's experience provides us with a significant advantage over our competitors. Our executive management team currently holds approximately 3% of our outstanding common stock. Our board of directors intends to adopt an equity incentive plan to further align the interests of our management team with those of our stockholders, subject to stockholder approval of such equity incentive plan at our 2007 annual meeting.

Business Strategy

Build upon our industry leading market position in domestic capital projects. We intend to maintain and expand the largest, most flexible dredge fleet in the U.S. Our expertise and technical leadership have traditionally been an area of strength for us in executing complex and large-scale capital dredging projects, such as port deepening projects, due to the complicated nature of the work to be performed. In order to accommodate the trend of larger, deeper draft vessels, port expansion and/or significant channel depth increases will be necessary for the nation's largest ports. Additionally, we will pursue the significant opportunities for capital project work to protect and restore the wetlands and coastal marshes in Louisiana. While the actual timing for funding of projects identified under the current Water Resources Development Act, or "WRDA," remains uncertain, we believe there is significant demand for and political interest in such projects in the wake of recent hurricane activity in that region. Outside of WRDA, we anticipate that four Louisiana wetland and coastal restoration projects totaling approximately \$100 million are scheduled to be put out for bid in 2007.

Selectively bid on other profitable projects to maximize fleet utilization. Our fleet, coupled with our sophisticated engineering capabilities, provides us with the ability to deploy the appropriate equipment to efficiently meet the specifications of contracted work. Beach nourishment and maintenance projects are heavily influenced by weather and recurring natural sedimentation and erosion, which typically require such dredging work to be performed at regular intervals. We believe this will provide us with a recurring revenue stream that does not generally have the funding uncertainties of larger-scale capital projects. In addition, we will continue to pursue new growth opportunities in the dredging industry, such as private contracts with utility companies in the emerging LNG terminal market. Four LNG terminal dredging projects have been bid to date, two of which were awarded to us. We have successfully completed one LNG terminal dredging project with revenue totaling \$22 million and are currently performing under a second contract with projected total revenues in excess of \$60 million.

Capture expanding international dredging opportunities. We continue to pursue new business opportunities abroad, with a focus on the Middle East region, which we believe to be one of the world's most robust markets for dredging services, including in excess of \$2.5 billion in work suitable to our fleet that could be put out to bid over the next two to five years. We have developed important customer relationships with key governmental agencies and local leadership in the region. Since 2003, we have been awarded eight contracts with projected total revenue in excess of \$385 million. These relationships have allowed us to individually negotiate certain projects without the work being put out for competitive bid. We intend to leverage our successful international project experience, coupled with our customer relationships and growing reputation, to secure additional business in the region. Consequently, we have and may continue to redeploy a portion of our fleet to the Middle East or other international markets as appropriate to support new business opportunities. We believe that our expansion into international markets will help to further diversify our revenue base and reduce our exposure to possible downturns in our domestic markets.

Continue to focus on new technologies and operational efficiencies. We will continue to pursue and implement technological advancements and improvements to our fleet and processes. These improvements strengthen our ability to adapt to changing market conditions. For example, we have invested in technologies and developed techniques that allow us to perform dredging services in the most environmentally sensitive regions and challenging weather conditions. We expect to continue to make both mechanical and process improvements that will allow us to achieve operational efficiencies and higher margins.

Opportunistically pursue acquisitions. We have a long history of purchasing dredging assets from our competitors, making appropriate modifications and successfully integrating vessels into our existing fleet. For example, one of our domestic competitors recently decided to exit the U.S. market, and we were able to capitalize on this opportunity by acquiring two of its vessels. We intend to continue to pursue selected acquisition opportunities to complement and expand our dredging fleet and solidify our competitive position both domestically and internationally.

Merger with Aldabra Acquisition Corporation

On December 26, 2006, GLDD Acquisitions Corp. merged with a subsidiary of Aldabra Acquisition Corporation. Aldabra was formed for the purpose of raising capital through an initial public offering with the intent to use the proceeds to merge with a business to build long term value. Following the Aldabra merger, and prior to this offering, we are owned approximately 46% by Madison Dearborn Capital Partners IV, L.P. and approximately 3% by our management.

Recent Developments

Purchase of New Equipment

In April of 2007, we entered into agreements to purchase two dredges from C.F. Bean LLC: a 6,400 cubic yard hopper dredge to be named the "Terrapin Island," and a hydraulic dredge, the "Meridian." We then assigned our right to purchase the Meridian to Weeks Marine, Inc. in exchange for the right to purchase from Weeks a larger hydraulic dredge subsequently named the "Ohio." The acquisition of the Ohio and attendant plant was completed on April 25, 2007 for a total purchase price of \$13.6 million, and we plan to spend approximately \$18 million to modify this dredge, with all amounts to be funded under our revolving credit facility or cash on hand. The Terrapin Island purchase was completed on June 15, 2007. We funded the \$25.5 million purchase price through revolver borrowings, which we subsequently refinanced through a long-term operating lease arrangement.

The Terrapin Island has historically had a high utilization rate and will augment our fleet of versatile hopper dredges, while the Ohio's larger size will allow us to modify this vessel to create a

world class hydraulic cutterhead dredge well suited for high margin capital and offshore beach nourishment work. We intend to employ both vessels as soon as practicable, most likely during the last four months of 2007 and at some point over the next two years, we anticipate the Ohio will be taken out of service for a period of time to complete the modifications to the dredge. Based on our prior equipment acquisition experience, we believe we will be able to efficiently integrate both the Terrapin Island and the Ohio to generate incremental revenues and earnings consistent with our historical margin levels for dredges of this type and size. Through the acquisition from Bean, who has since effectively exited the U.S. market, we have strengthened our market position by assuming capacity previously controlled by a significant domestic competitor.

In addition to these new equipment purchases, we intend to spend approximately \$10 million to construct an auxiliary vessel to support our electric cutterhead dredge the "Florida." We expect this vessel will yield significant efficiency improvements and increase the versatility of the Florida, expanding deployment opportunities and utilization rates for that vessel.

We expect that the acquisitions and the auxiliary vessel coupled with consolidated domestic capacity will contribute to our revenue growth and overall profitability. Depending on general market conditions and other variables, once the modifications to the Ohio are complete and the newly acquired dredges and the auxiliary vessel are fully deployed, we anticipate that these vessels will generate approximately \$9 million to \$13 million of incremental EBITDA (as defined on page 10) on an annualized basis, based upon estimated incremental operating income of \$6.5 million to \$10.5 million and estimated depreciation of \$2.5 million.

Warrant Redemption

On June 19, 2007, we issued a notice of redemption to the holders of our outstanding warrants to purchase shares of our common stock. The agreement governing the warrants provides that we are entitled to redeem the warrants if the last trading price of our common stock is at least \$8.50 per share for any 20 trading days within a 30 trading day period ending three business days before the notice of redemption is sent. The redemption date for the warrants was July 19, 2007. All of the warrants were exercised or redeemed as of the redemption date. We are using a portion of the proceeds to repay the balance of the outstanding indebtedness under our revolving senior credit facility and will use the remaining proceeds for identified efficiency enhancements to existing equipment, potential new equipment acquisitions and general corporate purposes.

New Senior Revolving Credit Facility

On June 12, 2007, we entered into a \$155 million new senior revolving credit facility, refinancing the borrowings outstanding under our senior credit facility and our equipment term debt. On June 11, 2007, we bought out an operating lease for three vessels, including the Dredge Texas, for approximately \$11 million, refinancing such purchase under our new senior revolving credit facility.

Estimated Results of Operations

On July 20, 2007, we announced estimated financial results for the six months ended June 30, 2007. For the six months ended June 30, 2007, we estimate contract revenues of between \$234.0 million and \$249.0 million, as compared to \$222.5 million for the six months ended June 30, 2006. We estimate operating income of between \$13.9 million and \$15.0 million, as compared to \$14.1 million for the six months ended June 30, 2006. Year to date operating income was negatively impacted by bad debt expense associated with a project completed in 2006 and additional costs related to our efforts in Texas to reduce personal injury claims, which totaled \$1.2 million. We estimate EBITDA (as defined on page 10) of between \$27.2 million and \$29.2 million for the six months ended June 30, 2007, as compared to \$27.1 million for the six months ended June 30, 2006.

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We estimate EBITDA for the six months ended June 30, 2007 based upon estimated net income of \$2.5 million to \$2.8 million, and adding back estimated net interest expense of \$10.4 million to \$11.2 million, estimated income tax expense of \$1.8 million to \$1.9 million and estimated depreciation and amortization of \$12.5 million to \$13.3 million. EBITDA for the six months ended June 30, 2006 is calculated based upon net income of \$1.4 million, adding back interest expense, net of \$12.2 million, income tax expense of \$1.0 million and depreciation and amortization of \$12.5 million.

At June 30, 2007, we had outstanding debt of \$224 million, which included \$49 million outstanding on our senior revolving credit facility. Subsequent to June 30, 2007, we received cash proceeds related to the warrants totaling \$60.2 million and such proceeds will be used to pay down revolver borrowings. Had such warrants been exercised and the proceeds applied on June 30, 2007, net debt at June 30, 2007 would have been \$163.8 million.

We are currently in the process of preparing our unaudited consolidated financial statements for the quarter and year to date ended June 30, 2007. These financial statements are not currently available and are not expected to be available and reviewed by our auditors prior to the completion of this offering. Estimates of financial results are inherently uncertain and subject to change, and we undertake no obligation to update this information. Actual results may differ due to the completion of management's and the audit committee's final review. You are cautioned not to place undue reliance on the estimates. The estimates set forth above were prepared by our management and are based upon a number of assumptions. These estimates were prepared on the basis of GAAP. This information is a summary of estimated financial data and should be read in conjunction with the "Risk Factors," "Unaudited Pro Forma Condensed Consolidated Financial Statements," "Selected Historical Financial Data," "Management's Discussion and Analysis of Financial Condition and Results of Operations", our unaudited condensed consolidated financial statements and the accompanying notes, and our consolidated financial statements and the accompanying notes appearing elsewhere in this prospectus.

General

We are a Delaware corporation. Our principal executive offices are located at 2122 York Road, Oak Brook, Illinois 60523. The telephone number for our principal executive office is (630) 574-3000. Our internet address is www.gldd.com. The information at this internet address is not part of this prospectus.

Risk Factors

Investment in our common stock involves substantial risks. See "Risk Factors" immediately following this summary for a discussion of certain risks relating to an investment in our common stock.

The Offering

Common stock offered to the public by the selling stockholders	11,600,000 shares
Common stock to be outstanding after this offering	58,458,824 shares
Use of proceeds	We will not receive any of the proceeds from the sales of our common stock by the selling stockholders. See "Use of Proceeds."
Dividend policy	Subject to considerations described below, we anticipate paying quarterly cash dividends of \$1 million per quarter to holders of our common stock beginning in the fourth quarter of 2007. The declaration and payment of dividends will be at the discretion of our board of directors and will depend on many factors, including general economic and business conditions, our strategic plans, our financial results and condition, legal requirements, including restrictions and limitations contained in our senior credit facility and the indenture relating to our senior subordinated debt, and other factors as our board of directors deems relevant. Accordingly, we cannot assure you that we will pay any such dividend. Furthermore, we cannot make any assurances as to the size of any such dividend or that any such dividend, if declared, would continue in future quarters.
Nasdaq Global Market symbol	GLDD

Risk factors

You should carefully read and consider the information set forth under "Risk Factors" beginning on page 12 and all other information set forth in this prospectus before investing in our common stock.

The number of shares that will be outstanding after this offering is based on the number of shares outstanding as of July 19, 2007.

Except as otherwise indicated, all information in this prospectus reflects no exercise of the underwriters' option to purchase 1,740,000 additional shares from certain of the selling stockholders.

The number of shares that will be outstanding assumes delivery of 83,545 warrants for which notice of exercise was delivered subject to guaranteed delivery procedures.

Summary Historical Consolidated Financial Data

The following table sets forth certain of our financial data and should be read in conjunction with "Management's Discussion and Analysis of Financial Conditions and Results of Operations" and our audited and unaudited consolidated financial statements and notes thereto. The summary financial data presented below as of March 31, 2007 and for the three months ended March 31, 2007 and 2006 are unaudited, have been derived from our unaudited consolidated financial statements included elsewhere in this prospectus and have been prepared on the same basis as the audited consolidated financial statements. The summary financial data presented below as of December 31, 2006 and 2005 and for the years ended December 31, 2006, 2005 and 2004 have been derived from our audited consolidated financial statements.

The merger of GLDD Acquisitions Corp. into a wholly-owned subsidiary of Aldabra on December 26, 2006 (the "Aldabra Merger") was accounted for as a reverse acquisition. Under this method of accounting, we were the acquiring company for financial reporting purposes. In accordance with applicable guidance, the Aldabra Merger was considered to be a recapitalization. Accordingly, the merger was treated as the equivalent of our issuing stock for the net monetary assets of Aldabra accompanied by a recapitalization. The net monetary assets of Aldabra, primarily cash, were stated at their fair value, which was equivalent to the carrying value, and accordingly no goodwill or other intangible assets were recorded. The following summary financial data as of and for the three months ended March 31, 2007 and as of and for the year ended December 31, 2006 reflects the financial position, results of operations and our cash flows including the effects of the Aldabra Merger from the date of such transaction. The summary financial data as of December 31, 2005 and 2004 and for the three months ended March 31, 2006 and for the years ended December 31, 2005 and 2004 reflect the financial position, results of operations and cash flows of GLDD Acquisitions Corp. prior to the Aldabra Merger. The accumulated deficit of GLDD Acquisitions Corp. was carried forward to the recapitalized company.

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	Three Months Ended March 31,		Year Ended December 31,		
	2007	2006	2006	2005	2004

(in millions except per share data)

Income Statement Data:

Contract revenues	\$ 126.7	\$ 108.4	\$ 426.0	\$ 423.4	\$ 350.9
Costs of contract revenues	(113.0)	(96.8)	(369.0)	(372.0)	(315.0)
Gross profit	13.7	11.6	57.0	51.4	35.9
General and administrative expenses	(8.0)	(7.3)	(30.5)	(29.3)	(26.7)
Amortization of intangible assets	(0.1)	(0.1)	(0.3)	(0.8)	(4.2)
Subpoena-related expenses	(0.0)	(0.3)	(0.6)	(2.9)	(2.3)
Impairment of goodwill and intangible				(5.7)	
Sale-related expenses					(0.3)
Operating income	5.6	3.9	25.6	12.7	2.4
Interest expense, net	(4.3)	(6.2)	(24.3)	(23.1)	(20.3)
Equity in earnings of joint ventures	0.3	0.1	2.0	2.3	2.3
Minority interests	(0.0)	(0.0)	(0.1)	(0.2)	0.1
Income (loss) before income taxes	1.6	(2.2)	3.2	(8.3)	(15.5)
Income tax benefit (provision)	(0.6)	0.7	(1.0)	1.4	4.4
Net income (loss)	\$ 1.0	\$ (1.5)	\$ 2.2	\$ (6.9)	\$ (11.1)
Redeemable preferred stock dividends(1)		(2.0)	(8.2)	(7.7)	(7.3)
Redemption of preferred stock(1)			(2.8)		
Net income (loss) available to common stockholders	1.0	(3.5)	(8.8)	(14.6)	(18.4)
Basic earnings (loss) per share	\$ 0.02	\$ (0.38)	\$ (0.90)	\$ (1.57)	\$ (1.98)
Basic weighted average shares(1)	39.6	9.3	9.8	9.3	9.3
Diluted earnings (loss) per share	\$ 0.02	\$ (0.38)	\$ (0.90)	\$ (1.57)	\$ (1.98)
Diluted weighted average shares(1)	44.7	9.3	9.8	9.3	9.3

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	Three Months Ended March 31,		Year Ended December 31,		
	2007	2006	2006	2005	2004
Other Data:					
EBITDA(2)	\$ 12.4	\$ 10.2	\$ 52.6	\$ 39.4	\$ 31.7
Net cash flows from operating activities	1.0	4.1	33.9	10.3	17.4
Net cash flows from investing activities	(5.4)	(6.3)	(21.5)	(7.2)	(11.4)
Net cash flows from financing activities	1.0	2.1	(9.4)	(4.5)	(6.8)
Depreciation and amortization	6.5	6.2	25.1	24.6	26.9
Maintenance expense	8.4	8.9	32.7	29.7	22.7
Capital expenditures(3)	7.1	6.9	29.8	12.7	23.1

	As of March 31,		As of December 31,			
	2007	2006	2006	2005		
Balance Sheet Data:						
Cash and equivalents	\$	0.3	\$	3.6	\$	0.6
Working capital		53.0		42.9		49.1
Total assets		534.4		528.4		507.5
Total debt		195.1		194.7		250.8
Total stockholders' equity (deficit)		131.8		128.5		(23.2)

(1) Refer to Note 1 in our Financial Statements for the years ended December 31, 2006, 2005 and 2004 for additional details regarding these amounts.

(2) EBITDA in 2005 includes the impact of a non-cash write-down of goodwill and intangibles for \$5.7 million for the demolition business. For the definition of EBITDA and a reconciliation, please see the discussion immediately following.

(3) Capital expenditures in 2006 include approximately \$3.9 million spent to buy out certain equipment previously under long-term operating leases and \$10.4 million related to the reconfiguration of a dredge into a material handling barge that was funded through a sale-leaseback under a long-term operating lease. Capital expenditures in 2004 include spending of approximately \$12.7 million on equipment that was funded by a sale-leaseback under an operating lease.

EBITDA, as provided herein, represents net income (loss), adjusted for net interest expense, income taxes, depreciation and amortization expense. We present EBITDA as an additional measure by which to evaluate our operating trends. We believe that EBITDA is a measure frequently used to evaluate performance of companies with substantial leverage and that all of our primary stakeholders (i.e. its stockholders, bondholders and banks) use EBITDA to evaluate our period to period performance. Additionally, management believes that EBITDA provides a transparent measure of our recurring operating performance and allows management to readily view operating trends, perform analytical comparisons and identify strategies to improve operating performance. For this reason, we use a measure based upon EBITDA to assess performance for purposes of determining compensation under our incentive plan. 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, our use of EBITDA, instead of a GAAP measure, has limitations as an analytical tool, including the inability to determine profitability or liquidity due to the exclusion of interest 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 our business. For these reasons, we use operating income to measure our operating

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performance and use EBITDA only as a supplement. The following is a reconciliation of EBITDA to net income (loss).

	Three Months Ended March 31,		Years Ended December 31,		
	2007	2006	2006	2005	2004
	(in millions)				
Net income (loss)	\$ 1.0	\$ (1.5)	\$ 2.2	\$ (6.9)	\$ (11.1)
Adjusted for:					
Interest expense, net	4.3	6.2	24.3	23.1	20.3
Income tax expense (benefit)	0.6	(0.7)	1.0	(1.4)	(4.4)
Depreciation and amortization	6.5	6.2	25.1	24.6	26.9
EBITDA	\$ 12.4	\$ 10.2	\$ 52.6	\$ 39.4	\$ 31.7

RISK FACTORS**Risks Related to our Business**

We depend on our ability to continue to obtain federal government dredging contracts, and are therefore greatly impacted by the amount of government funding for dredging projects. A reduction in government funding for dredging contracts can materially reduce our revenues and profits.

A substantial portion of our revenue is derived from federal government dredging contracts. Revenues related to contracts with federal agencies or companies operating under contracts with federal agencies and its percentage as a total of dredging revenue for the three months ended March 31, 2007 and 2006 and the years ended December 31, 2006, 2005, and 2004 were as follows:

	Three Months Ended March 31,		Year Ended December 31,		
	2007	2006	2006	2005	2004
Federal government dredging revenue (in US\$1,000)	\$ 61,245	\$ 42,721	\$ 156,348	\$ 297,101	\$ 235,622
Percent of dredging revenue from federal government	53%	44%	41%	79%	75%

Our dredging operations depend on project funding by various government agencies and are adversely affected by decreased levels of, or delays in, government funding. Beginning in the second half of 2003 and into the first half of 2004, the domestic dredging bid activity declined. Although the Corps' fiscal year 2003 and 2004 budgets were approved at similar levels to the preceding years, it appeared that funds were not being distributed to the Corps' districts. Based on conversations with the Corps' representatives and others in the industry, our management attributed the decline to budgetary pressures given the state of the deficit and the diversion of funds to support the nation's efforts in Iraq. Additionally, during this time period the Corps underwent a reorganization of certain of its administration functions which also delayed its ability to request and receive funding.

As a result of these funding issues, our dredging fleet was underutilized through much of 2004, leading to intense competition and pricing pressures for work that was bid during this period. Although the bidding activity levels improved towards the end of 2004 and throughout 2005, the industry did not have confidence in the market, and continued to bid very aggressively to gain utilization. In the fourth quarter of 2005, as the industry's backlog improved, the pricing finally began to moderate, although pricing has not recovered to the levels seen prior to 2004.

If we are unable, in the future, to obtain bonding for our dredging contracts, our ability to obtain future dredging contracts will be limited, thereby adversely affecting our business.

We, like all dredging service providers, are generally required to post bonds in connection with our domestic dredging contracts to ensure job completion if we fail to finish a project. We have entered into a bonding agreement with Travelers Casualty and Surety Company of America ("Travelers") pursuant to which Travelers acts as surety, issues bid bonds, performance bonds and payment bonds, and obligates itself upon other contracts of guaranty required by us in the day-to-day operations of our dredging and marine construction business. However, Travelers is not obligated under the bonding agreement to issue future bonds for us. Therefore, if we were unable to obtain additional bonds, our ability to take on future work would be severely limited.

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

The dredging and demolition 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 with fixed objects, 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.

We are subject to risks related to our international operations.

Revenue from foreign contracts and its percentage to total dredging revenue for the three months ended March 31, 2007 and 2006 and the years ended December 31, 2006, 2005 and 2004 is as follows:

	Three Months Ended March 31,		Year Ended December 31,		
	2007	2006	2006	2005	2004
Foreign revenue (in US \$1000)	\$ 25,384	\$ 17,227	\$ 86,039	\$ 47,402	\$ 62,862
Percent of revenue from foreign contracts	22%	18%	23%	13%	20%

International operations subject us to additional risks, including:

uncertainties concerning import and export license requirements, tariffs and other trade barriers;

restrictions on repatriating foreign profits back to the United States;

changes in foreign policies and regulatory requirements;

difficulties in staffing and managing international operations;

taxation issues;

greater difficulty in accounts receivable collection and longer collection periods;

currency fluctuations; and

political, cultural and economic uncertainties.

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

Our dredging contract backlog represents our estimate of the revenues that we will realize under contracts remaining to be performed based upon estimates relating to, among other things, the time required to mobilize the necessary assets to and from the project site, as well as the amount and type of material and the time it takes for that material to be dredged. However, these estimates are necessarily subject to fluctuations based upon the amount and type of material that actually must be dredged, as well as factors affecting the time required to complete each job. Consequently, backlog is not necessarily indicative of future revenues or profitability. In addition, a significant amount of our dredging backlog relates to government contracts, which can be canceled at any time without penalty, subject to our right, in some cases, to recover our actual committed costs and profit on work performed up to the date of cancellation.

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Below is our dredging backlog from federal government contracts as of March 31, 2007 and 2006 and December 31, 2006, 2005 and 2004 and the percentage to total backlog as of the same period.

March 31,		December 31,	
2007	2006	2006	2005