Great Lakes Dredge & Dock CORP
Form 424B3
May 01, 2007

Filed Pursuant to Rule 424(b)(3)
Registration Statement No: 333-136861-01

PROSPECTUS

GREAT LAKES DREDGE & DOCK CORPORATION

18,178,900 Shares of Common Stock

This prospectus relates to the offer and sale of an aggregate of 18,178,900 shares of the common stock of Great Lakes Dredge & Dock Corporation, which Great Lakes may issue upon exercise of outstanding warrants of Aldabra Acquisition Corporation. The warrants became exercisable for shares of common stock of Great Lakes in connection with the merger of Aldabra into a wholly owned subsidiary of Great Lakes on December 26, 2006.

Great Lakes common stock and warrants are traded on The Nasdaq Global Market under the symbols GLDD and GLDDW, respectively. The last reported sales prices of Great Lakes common stock and warrants as reported by The Nasdaq Global Market on April 13, 2007 were $7.33 and $2.42, respectively, per share.

See Risk Factors beginning on page 6 for a discussion of certain factors which should be considered in an investment of securities offered hereby.

THESE SECURITIES HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE SECURITIES AND EXCHANGE COMMISSION OR ANY STATE SECURITIES COMMISSION NOR HAS THE SECURITIES AND EXCHANGE COMMISSION OR ANY STATE SECURITIES COMMISSION PASSED UPON THE ACCURACY OR ADEQUACY OF THIS PROSPECTUS. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

The date of this prospectus is May 1, 2007.

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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 exercising your warrants and buying shares of 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. 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. We achieved a combined U.S. market share of the projects awarded within our bid market of 36%, 31% and 43% in 2006, 2005 and 2004, respectively. In addition, we are the only U.S. dredging service provider with significant international operations, which averaged 18% of our dredging contract revenues over the last three years. Our fleet of 27 dredges, 25 material transportation barges, two drillboats, and numerous other specialized support vessels is the largest and most diverse fleet in the U.S. We estimate our fleet would cost in excess of $1.0 billion to build in the current market.

Our largest domestic dredging customer is the U.S. Army Corps of Engineers, or the Corps, which has responsibility for federally funded projects related to navigation and flood control. In 2006, approximately 41% of our dredging 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.

We also own 85% of the capital stock of North American Site Developers, Inc. (NASDI), a demolition service 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. One NASDI management stockholder retains a 15% non-voting interest in NASDI, which is reflected as the minority interest in the Company s consolidated financial statements. Since the acquisition of NASDI in 2001, the Company has operated in two reportable segments: dredging and demolition.

Merger with Aldabra Acquisition Corporation

On December 26, 2006, GLDD Acquisitions Corp. merged with a subsidiary of Aldabra Acquisition Corporation. Aldabra was a blank check company 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. The stockholders of GLDD Acquisitions Corp. received 28,906,189 shares of Aldabra common stock in exchange for all of GLDD Acquisitions Corp. s common and preferred equity securities. Aldabra then merged into an indirect wholly-owned subsidiary and, in connection with this holding company merger, the stockholders of Aldabra, including the former GLDD Acquisitions Corp. stockholders, received shares of our common stock and Aldabra s warrants became exercisable for shares of our common stock. We refer to these transactions in this prospectus as the Aldabra Merger.

The Company is owned approximately 67% by Madison Dearborn Capital Partners IV, L.P. (MDP) and approximately 5% by Great Lakes management. Included in the 28,906,189 of shares at December 31, 2006, were 516,658 shares held in escrow pending the delivery of closing financial statements of GLDD Acquisitions Corp. and the final determination of the working capital and net indebtedness amounts. Such shares were released from escrow following finalization of these amounts. In addition, an additional 120,511 shares were issued to the former GLDD Acquisitions Corp. shareholders as a result of the post-closing adjustment.

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 *gldd.com.* The information at this internet address is not part of this prospectus.

The Offering

The following summary highlights selected information about the terms of the warrants and the common stock issuable upon exercise of the warrants. For a more detailed description of the common stock and warrants, see Description of Capital Stock.

Issuer	Great Lakes Dredge & Dock Corporation.
Equity Securities Offered	The warrants are exercisable for an aggregate of 18,178,900 shares of our common stock.
Common Stock Outstanding	40,106,189 shares as of March 31, 2007.
Expiration of Warrants	The warrants are scheduled to expire at 5:00 p.m. eastern standard time on February 16, 2009.
Exercise of Warrants	Each warrant is exercisable for one share of common stock at a price of $5.00 per share.
Redemption	The Company may redeem the warrants in whole and not in part, at the price of $.01 per warrant, at any time after the warrants became exercisable, upon not less than 30 days prior written notice of redemption to each warrant holder; provided that the last sales price of the common stock has been at least $8.50 per share, on each of 20 trading days within any 30 trading day period ending on the third business day prior to the date on which notice of redemption is given.
Listing of Warrants/Common Stock	The warrants are currently traded on The Nasdaq Global Market under the symbol GLDDW. Our common stock is currently traded on The Nasdaq Global Market under the symbol GLDD.
Dividends	We have never paid or declared any cash dividends on our common stock or other securities. Our ability to pay dividends is restricted by certain covenants contained in our senior credit agreement, as well as subject to limitations contained in the indenture relating to our subordinated debt.
Voting	Each share of our common stock is entitled to one vote per share on all matters to be voted upon by stockholders generally. So long as MDP, our principal stockholder, owns capital stock of the Company that possesses 50% or more of the voting power of all capital stock of the Company entitled to vote generally in the election of directors, MDP may designate up to two directors of the Company, each of whom must be a U.S. citizen under applicable maritime laws (as defined in the certificate of incorporation) to have four votes in each matter submitted to directors of the Company for vote. Any director designated as having four votes in each matter submitted to the directors will have four votes in each matter submitted to any committee on which such director serves.
Liquidation	Upon a dissolution or winding up of Great Lakes, holders of common stock will share proportionately in all assets available for distribution, after the satisfaction of all debts and other liabilities and amounts payable on shares of preferred stock, if any.
Registration Statement	We have agreed that we will maintain the effectiveness of the registration statement of which this prospectus is part to permit the holders of warrants to exercise their warrants until the date on which all of the warrants have been exercised (except in connection with a going private transaction).

Summary Historical Consolidated Financial Data

The following table sets forth certain financial data regarding the Company and should be read in conjunction with Management s Discussion and Analysis of Financial Conditions and Results of Operations and our audited consolidated financial statements and notes thereto. The summary financial data presented below have been derived from the Company s audited consolidated financial statements. The merger with Aldabra was accounted for as a reverse acquisition. Under this method of accounting, Great Lakes was 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 Great Lakes 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 year ended December 31, 2006 reflects the financial position, results of operations and cash flows of Great Lakes including the effects of the Aldabra Merger from the date of such transaction. The summary financial data as of 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.

	Year Ended December 31, 2006	2005	2004
	(in millions except per share data)		
Income Statement Data:			
Contract revenues	$ 426.0	$ 423.4	$ 350.9
Costs of contract revenues	(369.0)	(372.0)	(315.0)
Gross profit	57.0	51.4	35.9
General and administrative expenses	(30.5)	(29.3)	(26.7)
Amortization of intangible assets	(0.3)	(0.8)	(4.2)
Subpoena-related expenses	(0.6)	(2.9)	(2.3)
Impairment of goodwill and intangible		(5.7)	
Sale-related expenses			(0.3)
Operating income	25.6	12.7	2.4
Interest expense, net	(24.3)	(23.1)	(20.3)
Sale-related financing costs			
Equity in earnings (loss) of joint ventures	2.0	2.3	2.3
Minority interests	(0.2)	(0.2)	0.1
Income (loss) before income taxes	3.2	(8.3)	(15.5)
Income tax benefit (provision)	(1.0)	1.4	4.4
Net income (loss)	$ 2.2	$ (6.9)	$ (11.1)
Redeemable preferred stock dividends (1)	(8.2)	(7.7)	(7.3)
Redemption of preferred stock (1)	(2.8)		
Net income (loss) available to common stockholders	$ (8.8)	$ (14.6)	$ (18.4)
Basic and diluted earnings (loss) per share (1)	$ (0.90)	$ (1.57)	$ (1.98)
Basic and diluted weighted average shares	9,780	9,288	9,288

	Year Ended December 31, 2006	2005	2004
Other Data:			
EBITDA (2)	$ 52.6	$ 39.4	$ 31.7
Net cash flows from operating activities	33.9	10.3	17.4
Net cash flows from investing activities	(21.5)	(7.2)	(11.4)
Net cash flows from financing activities	(9.4)	(4.5)	(6.8)
Depreciation and amortization	25.1	24.9	26.9
Maintenance expense	32.7	29.7	22.7
Capital expenditures (3)	29.8	12.7	23.1

	As of December 31, 2006	2005
Balance Sheet Data:		
Cash and equivalents	$ 3.6	$ 0.6
Working capital	42.9	48.4
Total assets	528.4	507.5
Total debt	194.7	250.8
Total stockholder s equity (deficit)	128.5	78.1

(1) Refer to Note 1 in the Company s 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

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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 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. The Company presents EBITDA as an additional measure by which to evaluate the Company s operating trends. The Company believes that EBITDA is a measure frequently used to evaluate performance of companies with substantial leverage and that all of its primary stakeholders (i.e. its stockholders, bondholders and banks) use EBITDA to evaluate the Company s period to period performance. Additionally, management believes that EBITDA 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, EBITDA is the measure the Company uses to assess performance for purposes of determining compensation under its 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, the Company s 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 the Company s business. For these reasons, the Company uses operating income to measure its operating performance and uses EBITDA only as a supplement. The following is a reconciliation of EBITDA to net income (loss).

	Years Ended December 31,		
	2006	**2005**	**2004**
	(in millions)		
Net income (loss)	$ 2.2	$ (6.9)	$ (11.1)
Adjusted for:			
Interest expense, net	24.3	23.1	20.3
Income tax expense (benefit)	1.0	(1.4)	(4.4)
Depreciation and amortization	25.1	24.6	26.9
EBITDA	$ 52.6	$ 39.4	$ 31.7

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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 years ended December 31, 2006, 2005, and 2004 were as follows:

	Year Ended 2006	2005	2004
Federal government dredging revenue (in US $1,000)	$ 156,348	$ 297,101	$ 235,622
Percent of dredging revenue from federal government	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 upon our failure 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 years ended December 31, 2006, 2005 and 2004 is as follows:

	Year ended 2006		2005		2004	
Foreign revenue (in US $1000)	$ 86,039		$ 47,402		$ 62,862	
Percent of revenue from foreign contracts	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.

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

	December 31, 2006		2005		2004	
Government contracts in backlog (in US$1,000)	$ 75,315		$ 99,630		$ 233,482	
Percent of government contracts in backlog	21	%	38	%	83	%

Our profitability is subject to inherent risks because of the fixed-price nature of most of our contracts.

Substantially all of our contracts with our customers are fixed-price contracts. Under a fixed-price contract, the customer agrees to pay a specified price for our performance of the entire contract. Fixed-price contracts carry inherent risks, including risks of losses from underestimating costs, operational difficulties and other changes that may occur over the contract period. One of the most significant factors affecting the profitability of a dredging project is the weather at the project site. Inclement or hazardous weather conditions can result in substantial delays in dredging and additional contract expenses. Due to these factors, it is possible that we will not be able to perform our obligations under fixed-price contracts without incurring additional expenses. If we were to significantly underestimate the costs on one or more significant contracts, the resulting losses could have a material adverse effect on us.

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 relationships with our unionized hourly workforce. However, four primary agreements apply to approximately 84% of such employees. The inability to successfully renegotiate contracts with these unions as they expire, 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.

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. Compliance with these laws increases our operating costs in comparison to non-U.S. dredging operations. We are responsible for monitoring the ownership of our common stock to ensure our 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 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. Foreign vessels generally have lower construction costs and generally operate at significantly lower costs than we do in the U.S. markets, which would likely result in reduced pricing for dredging work. We believe that continued efforts may be made to modify or repeal the Jones Act laws currently benefiting U.S. flag vessels. If these efforts are successful, it could result in significantly increased competition and have a material adverse effect on our business, results of operations and financial condition.

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

We have a significant amount of indebtedness. As of December 31, 2006, we had outstanding long-term indebtedness of $194.7 million and stockholders equity of $128.5 million. This amount of debt is substantial and our debt could:

- require us to dedicate a substantial portion of our cash flow from operations to payments on our indebtedness, thereby reducing the availability of our cash flow to fund working capital, capital expenditures and other general corporate purposes;

- limit our flexibility in planning for, or reacting to, changes in our business and the industry in which we operate;

- place us at a competitive disadvantage compared to our less leveraged competitors; or

- increase our vulnerability to both general and industry-specific adverse economic conditions; and limit, among other things, our ability to borrow additional funds.

For example, due to the reduction in our earnings in 2004, we needed to seek an amendment from our senior lenders of the covenants in our senior credit agreement to provide greater flexibility. In exchange, our capital spending limits were reduced and our borrowing availability under our senior credit agreement was reduced. In addition, we obtained certain waivers during 2005 on the minimum net worth requirements under our bonding agreement. See Management s Discussion and Analysis of Financial Condition and Results of Operations Liquidity and Capital Resources.

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.

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 older vessels will increase.

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

Type of Equipment	Quantity	Weighted Average Age in Years
Hydraulic Dredges	13	39
Hopper Dredges	8	24
Mechanical Dredges	6	33
Unloaders	1	22
Drillboats	2	30
Material Barges	95	27
Total	125	29

Remaining economic life has not been presented because it is difficult to quantify. 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 invest maintenance and capital expenditures into equipment to extend the economic life.

In addition, 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, may require us to make additional expenditures. For example, if the U.S. Coast Guard enacts new standards, we may be required to make significant expenditures for alterations or the addition of new equipment. In order to satisfy any such requirement, we may be required to take our vessels out of service for extended periods of time, with corresponding losses of revenues. In the future, market conditions may not justify these expenditures or enable us to operate our older vessels profitably during the remainder of their economic lives.

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.

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 courts. Because we are not generally protected by the limits imposed by state workers compensation statutes, we have greater exposure for claims made by these employees as compared to employers whose employees are not covered by these provisions.

For example, in the normal course of business, we are a party to various personal injury lawsuits. We maintain insurance to cover claims that arise from injuries to our hourly workforce subject to a deductible. Over the last year, there has been an increase in suits filed in Texas due in large part to two Texas law firms aggressively pursuing personal injury claims on behalf of dredging workers resident in Texas. Aggressive medical advice is increasing the seriousness of claimed injuries and the amount demanded in settlement. In fiscal 2006, $4.5 million was recorded for our self-insured portion of these liabilities. While our recorded self insurance reserves represent our best estimate of the outcomes of these claims, should these trends persist, we could continue to be negatively impacted in the future. See Note 18, Commitments and Contingencies in the notes to our audited consolidated financial statements.

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

Our operations and facilities 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 other hazardous substances and materials; and air emissions. We are also subject to laws designed to protect certain marine species and habitats. Compliance with these statutes and regulations can delay performance of particular projects and increase related

project costs. These delays and increased costs could have a material adverse effect on our results of operations.

Our projects may involve demolition, excavation, transportation, management and disposal of hazardous waste and other hazardous substances and materials. Various laws strictly regulate the removal, treatment and transportation of hazardous waste and other hazardous substances and 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 materials, 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 that our clients incur, which may be material. The failure of certain contractual protections, including any indemnification from our clients or subcontractors, to protect us from incurring such liability could have a material adverse effect on our business, financial condition or results of operations.

Our demolition business (NASDI) depends on key customer relationships and our reputation in the Boston contract market developed and maintained by our key operations manager. Loss of any of these elements would materially reduce our demolition revenues and profits.

Demolition contracts are entered into on a project by project basis, so NASDI does not have continuing contractual commitments with its demolition customers beyond the terms of the current contract. We benefit from key relationships with certain general and construction contractors in the Boston market. We also benefit from our reputation in the Boston market developed over years of successfully performing on projects. Both of these aspects of the business were developed and are maintained through the demolition business key manager. The inability to maintain relationships with these customers or obtain new customers based on NASDI s reputation would reduce the revenue and profitability from demolition contracts. The inability of NASDI to retain its key demolition manager would have a material adverse affect on NASDI s current customer relationships and reputation.

Risks Related to our Common Stock

Ownership of our common stock is highly concentrated and, as a result, our principal stockholder influences our affairs significantly.

MDP owns approximately 67% of our outstanding common stock. As a result, MDP has the voting power to significantly influence our policies, business and affairs, and the outcome of any corporate transaction or other matter, including mergers, consolidations and the sale of all, or substantially all, of our assets. This concentration in control may have the effect of delaying, deterring or preventing a change in control that otherwise could result in a premium in the price of our common stock.

In addition, as long as MDP owns our capital stock with 50% or more of the voting power of our capital stock, MDP will have the power to designate up to two directors who will be entitled to four votes in each matter submitted to our directors for vote. As a result of this provision, MDP will be able to determine the outcome of matters submitted to a vote of the board of directors, notwithstanding that representatives of MDP do not at the time constitute a majority of the board of directors.

Registration rights held by MDP and other stockholders may have an adverse effect on the market price of our common stock.

An investor rights agreement provides for certain registration rights with respect to shares held by those former Aldabra stockholders who are party to the investor rights agreements (the Aldabra Registrable Securities) and with respect to shares of common stock held by MDP (the MDP Registrable Securities) and with respect to shares held by certain other Great Lakes stockholders party to the investor rights agreement (the Other Registrable Securities). Approximately 28,805,439 shares are entitled to registration rights, or approximately 72% of our outstanding shares. Holders of at least a majority of MDP Registrable Securities, or Aldabra Registrable Securities after February 17, 2008, will have the right to demand registration under the Securities Act of 1933, as amended, of all or any portion of their registrable securities subject to certain amount and time limitations. Holders of MDP Registrable Securities may demand three long-form registrations and an unlimited number of short-form registrations, while holders of Aldabra Registrable Securities may only demand one long-form registration and one short-form registration. Additionally, whenever we propose to register any of our securities under the Securities Act and the registration form used for the registration of registrable securities, parties to the investor rights agreement will have the right to request the inclusion of their registrable securities in such registration. The resale of these shares in the public market upon exercise of those registration rights could adversely affect the market price of our common stock.

Our charter will limit the ownership of our common stock by individuals or entities that are not U.S. citizens. This restriction could limit the liquidity of our common stock.

In order to ensure compliance with maritime laws, our charter prohibits persons who are not U.S. citizens for purposes of maritime laws from owning greater than 22.5% of our total outstanding stock or 90% of the stock permitted under maritime laws, whichever is less. This requirement may have an adverse impact on the liquidity or market value of our common stock, because holders may be unable to sell stock to non-U.S. citizens. Any purported transfer of common stock in violation of these provisions will be ineffective to transfer the common stock or any voting, dividend or other rights in respect of the common stock. See Description of Capital Stock.

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 also 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 act by written consent or to call special meetings after such time as the existing stockholders own less than 25% of our common stock;

- 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;

- ability of MDP to elect directors that have the majority of the voting power of the board of directors; 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 were obtained. See Description of Capital Stock.

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 our senior credit facilities and the indenture governing our senior subordinated notes, as well as Delaware law and state regulatory authorities. In addition, we and our subsidiaries are permitted under the terms of our debt agreements to incur additional indebtedness that may restrict or prohibit the payment of dividends. 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.

We are a controlled company within the meaning of the Nasdaq rules and, as a result, will qualify for, and intend to rely on, exemptions from certain corporate governance requirements.

We are a controlled company under the rules of The Nasdaq Stock Market. Under these rules, a company of which more than 50% of the voting power is held by a group is a controlled company and may elect not to comply with certain Nasdaq corporate governance requirements, including (1) the requirement that a majority of the board of directors consist of independent directors, (2) the requirement that the nominating committee be composed entirely of independent directors, and (3) the requirement that the compensation committee be composed entirely of independent directors. We intend to rely on this exemption as long as it is available to us, and therefore do not have, and do not intend to have, a majority of independent directors or nominating and compensation committees consisting entirely of independent directors. Accordingly, you may not have the same protections afforded to stockholders of companies that are subject to all of the Nasdaq s corporate governance requirements.

Our quarterly operating results may vary significantly, which could negatively impact our stock price.

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

- inclement or hazardous weather conditions that may result in substantial delays in dredging and additional contract expenses;
- 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 suffer or be negatively impacted.

CAUTIONARY NOTICE REGARDING FORWARD-LOOKING STATEMENTS

This prospectus contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. These statements may be found throughout this prospectus, particularly under the headings Prospectus Summary, Risk Factors, Dividend Policy, Management s Discussion and Analysis of Financial Condition and Results of Operations and Business, among others. Forward-looking statements typically are identified by the use of terms such as may, will, should, expect, anticipate, believe, estimate, intend and sim although some forward-looking statements are expressed differently. You should consider statements that contain these words carefully because they describe our expectations, plans, strategies and goals and beliefs concerning future business conditions, our results of operations, financial position, and our business outlook or state other forward-looking information based on currently available information. The factors listed above under the heading Risk Factors and in the other sections of this prospectus provide a discussion of the most significant risks, uncertainties and events that could cause our actual results to differ materially from the expectations expressed in our forward-looking statements.

The forward-looking statements made in this prospectus relate only to events as of the date on which the statements are made. We undertake no obligation to update any forward-looking statement to reflect events or circumstances after the date on which the statement is made or to reflect the occurrence of unanticipated events, except to the extent required by applicable securities law.

USE OF PROCEEDS

We cannot predict whether some, all or none of the warrants will be exercised. The warrants to which this prospectus relates are exercisable at an exercise price of $5.00 per share. If all of the warrants were exercised, the gross proceeds to us would be $90,894,500. We intend to use any net proceeds from the exercise of the warrants for general corporate purposes.

DIVIDEND POLICY

We have never paid or declared any cash dividends on our common stock or other securities. Our ability to pay dividends is restricted by certain covenants contained in our senior credit agreements, as well as subject to limitations contained in the indenture relating to our subordinated debt.

MARKET INFORMATION

Our common stock and warrants have been traded under the symbols GLDD, and GLDDW, respectively, on The NASDAQ Global Market since December 27, 2006. The table below sets forth, for the calendar quarters indicated, the high and low sales prices of the common stock and warrants as reported by NASDAQ.

	Common Stock		Warrants	
	High	**Low**	**High**	**Low**
Fourth quarter 2006	$ 7.50	$ 5.00	$ 1.65	$ 1.45
First quarter 2007	$ 7.48	$ 6.11	$ 2.39	$ 1.50
Second quarter 2007 (through April 13, 2007)	$ 7.45	$ 6.67	$ 2.45	$ 1.84

On April 13, 2007, the reported closing sales prices of our common stock and warrants on The NASDAQ Global Market were $7.33 and $2.42 per share, respectively.

We made no repurchases of our equity securities during the fourth quarter of 2006 or first quarter 2007.

Holders of Record

As of March 31, 2007, we had approximately 39 shareholders of record of our common stock and one holder of record of our warrants.

UNAUDITED PRO FORMA CONDENSED CONSOLIDATED STATEMENT OF OPERATIONS

The following unaudited pro forma condensed consolidated statement of operations was derived by applying pro forma adjustments to Great Lakes consolidated financial statements included elsewhere in this registration statement. The unaudited pro forma condensed consolidated statement of operations gives effect to the Aldabra Merger as if it had occurred at the beginning of the period (January 1, 2006).

The unaudited pro forma condensed consolidated statement of operations for the year ended December 31, 2006 is for informational purposes only and should be read in conjunction with the historical financial statements of Great Lakes and Aldabra and the related notes thereto. The unaudited pro forma condensed consolidated information is not necessarily indicative of the results of operations that may have actually occurred had the Aldabra Merger taken place on the date indicated, or the operating results of the combined company.

The unaudited pro forma condensed consolidated financial statement was prepared treating the Aldabra Merger as a recapitalization of Great Lakes. Because Aldabra was not an operating company, the Aldabra Merger was treated as the issuance of shares of Great Lakes for the net tangible assets (consisting principally of cash) of Aldabra and no goodwill was recorded in connection with the Aldabra Merger.

Unaudited Pro Forma Condensed Consolidated Statement of Operations

	Year Ended December 31, 2006 Great Lakes (dollars in thousands)	Adjustments		Pro Forma
Contract revenues	$ 425,980	$		$ 425,980
Costs of contract revenues	368,991			368,991
Gross profit	56,989			56,989
General and administrative expenses	31,376		(a)	31,376
Operating income	25,613			25,613
Interest expense, net	(24,343)	6,061	(b)	(18,282)
Equity in earnings of joint venture	2,041			2,041
Minority interests	(155)			(155)
Income before income taxes	3,156	6,061		9,217
Income tax benefit (expense)	(971)	(2,390)	(c)	(3,361)
Net income (loss)	$ 2,185	$ 3,671		$ 5,856
Redeemable preferred stock dividends	(8,198)	8,198	(d)	
Redemption of preferred stock	(2,790)	2,790	(d)	
Net income (loss) available to common stockholders	$ (8,803)	14,659		$ 5,856
Basic earnings per share	$ (8.80)			$ 0.15
Basic weighted average shares	1,000		(e)	40,106
Diluted earnings per share	$ (8.80)			$ 0.13
Diluted weighted average shares	1,000		(e)	44,176

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Notes to Unaudited Pro Forma Condensed Consolidated Statement of Operations

(dollars in thousands)

Significant Assumptions and Adjustments

(a) The historical expenses incurred by Aldabra consisted principally of professional fees relating to the search for an acquisition and to Aldabra s SEC reporting requirements, franchise and capital based taxes, directors and officers insurance expenses, travel expenses principally related to the search for an acquisition, and administrative fees that are expected to be discontinued upon the finalization of the transaction with Great Lakes. It is not anticipated that these expenses will carryover to Great Lakes because (i) Great Lakes is already an SEC reporting company (ii) Aldabra merged into Great Lakes such that no additional franchise taxes will be payable; and (iii) Great Lakes has existing D&O insurance covering its officers and directors, who will continue to manage the Company. Because Aldabra was not an operating company, its administrative expenses and search costs related to finding an acquisition candidate will not be incurred in the future. Therefore, pro forma effect has not been given to Aldabra s historical expenses. Any incremental expenses that will be incurred by Great Lakes are not estimable at this time, but are not expected to be significant.

(b) Great Lakes used the proceeds from the Aldabra Merger to paydown $51,300 in term debt. This adjustment reflects the reduction in interest expense from the paydown of that term debt. Average interest rate on the senior bank term debt was 9.5% for the year ended December 31, 2006.

	Year ended December 31, 2006	
Elimination of interest expense related to debt repaid	$	4,303
Reduction in amortization of deferred financing costs	1,758	
	$	6,061

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

(d) In connection with the purchase of the Company in 2003, Redeemable Preferred Stock was issued to the shareholders. Dividends on the Company s Series A and Series B Preferred Stock were cumulative semiannually and payable upon declaration at a rate of 8% commencing December 23, 2003. The preferred stock was recorded at its redemption and liquidation value of $1,000 per share, or $87,000 plus accrued and unpaid dividends. In 2006, $8,198 of preferred stock dividends were accrued. The holders of Preferred Stock were entitled to payment before any capital distribution was made with respect to any Junior Securities and had no voting rights. The fair value of stock received was in excess of the carrying value of the Redeemable Preferred Stock at the time of the exchange. Therefore, the net loss available to common shareholders for the year ended December 31, 2006 was adjusted by $2,790. The statement of operations gives effect to the merger on January 1, 2006 and therefore the accumulated dividends and effects of redemption of the preferred stock were reversed from the pro forma results.

(e) 40,106,189 shares were outstanding as a result of the merger, which includes 516,658 shares released from escrow and an additional 120,511 shares issued in finalization of the net indebtedness and working capital adjustments. Those shares were used to calculate basic EPS on a pro forma basis. Diluted EPS assumes conversion of all outstanding stock warrants at the current conversion price of $5.00 per warrant. As a result, an additional 4,069,782 shares were included in diluted weighted average shares outstanding.

SELECTED HISTORICAL CONSOLIDATED FINANCIAL DATA

The following table sets forth selected financial data and should be read in conjunction with Management s Discusion and Analysis of Financial Condition and Results of Operations and our audited consolidated financial statements and notes thereto. The selected financial data presented below have been derived from the Company s consolidated financial statements. The acquisition of Great Lakes Dredge & Dock Corporation by MDP in December 2003 was accounted for as a purchase in accordance with Statement of Financial Accounting Standards (SFAS) No. 141, Business Combinations, resulting in a new basis of accounting subsequent to the transaction. Therefore, for presentation below and throughout this prospectus, financial information relating to the Company prior to the acquisition by MDP is denoted as Predecessor Basis, while financial information relating to the Company subsequent to is denoted as Successor Basis.

The merger with Aldabra was accounted for as a reverse acquisition. Under this method of accounting, Great Lakes was 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 Great Lakes 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 selected financial data of and for the years ended December 31, 2006, 2005, 2004, 2003 and 2002 reflect the financial position, results of operations and cash flows of GLDD Acquisitions Corp. prior to the Aldaba Merger. The accumulated deficit of GLDD Acquisitions Corp. was carried forward to the recapitalized Company.

	Successor Company			**Predecessor Company**	
	Year Ended December 31,				
	2006	**2005**	**2004**	**2003**	**2002**
	(in millions except per share data)				
Income Statement Data:					
Contract revenues	$ 426.0	$ 423.4	$ 350.9	$ 398.8	$ 362.6
Costs of contract revenues	(369.0)	(372.0)	(315.0)	(328.2)	(294.6)
Gross profit	57.0	51.4	35.9	70.6	68.0
General and administrative expenses	(30.5)	(29.3)	(26.7)	(27.9)	(29.8)
Amortization of intangible assets	(0.3)	(0.8)	(4.2)		
Subpoena-related expenses	(0.6)	(2.9)	(2.3)		
Impairment of goodwill and intangible		(5.7)			
Sale-related expenses			(0.3)	(10.6)	
Operating income	25.6	12.7	2.4	32.1	38.2
Interest expense, net	(24.3)	(23.1)	(20.3)	(20.7)	(21.1)
Sale-related financing costs				(13.1	
Equity in earnings (loss) of joint ventures	2.0	2.3	2.3	1.4	(0.1)
Minority interests	(0.2)	(0.2)	0.1		0.4
Income (loss) before income taxes	3.2	(8.3)	(15.5)	(0.3)	17.4
Income tax benefit (provision)	(1.0)	1.4	4.4	(1.3)	(4.4)
Net income (loss)	$ 2.2	$ (6.9)	$ (11.1)	$ (1.6)	$ 13.0
Redeemable preferred stock dividends (1)	(8.2)	(7.7)	(7.3)		
Redemption of preferred stock (1)	(2.8)				
Net income (loss) available to common stockholders	$ (8.8)	$ (14.6)	$ (18.4)	$ (1.6)	$ 13.0
Basic and diluted earnings (loss) per share (1)	$ (0.90)	$ (1.57)	$ (1.98)	$ (32.0)	$ 260.0
Basic and diluted weighted average shares	9,780	9,288	9,288	50	50

	Successor Company	**Predecessor Company**

	Year Ended December 31,				
	2006	**2005**	**2004**	**2003**	**2002**
Other Data:					
EBITDA (2)	$ 52.6	$ 39.4	$ 31.7	$ 49.8	$ 54.4
Net cash flows from operating activities	33.9	10.3	17.4	19.7	28.4
Net cash flows from investing activities	(21.5)	(7.2)	(11.4)	(183.4)	(17.2)
Net cash flows from financing activities	(9.4)	(4.5)	(6.8)	164.9	(12.3)
Depreciation and amortization	25.1	24.9	26.9	16.3	15.9
Maintenance expense	32.7	29.7	22.7	27.9	25.9
Capital expenditures (3)	29.8	12.7	23.1	37.7	18.3

	Successor Company			Predecessor Company	
	As of December 31,				
	2006	2005	2004	2003	2002
Balance Sheet Data:					
Cash and equivalents	$ 3.6	$ 0.6	$ 2.0	$ 2.8	$ 1.5
Working capital	42.9	48.4	39.2	50.5	14.6
Total assets	528.4	507.5	508.6	522.9	287.5
Total debt	194.7	250.8	254.3	258.7	172.8
Total stockholder s equity (deficit)	128.5	78.1	85.9	97.0	(12.4)

(1) Refer to Note 1 of our audited financial statements included in this prospectus 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. In 2003 EBITDA includes the impact of sale-related expenses totaling $10.6 million, related to the sale of the Company in 2003. 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 sale-leaseback under an operating lease. Capital expenditures in 2003 include approximately $15.0 million used to buy out certain operating equipment previously under operating lease, and $3.6 million related to a barge being constructed as part of a like-kind exchange.

EBITDA, as provided herein, represents net income (loss), adjusted for net interest expense, income taxes, depreciation and amortization expense. The Company presents EBITDA as an additional measure by which to evaluate the Company s operating trends. The Company believes that EBITDA is a measure frequently used to evaluate performance of companies with substantial leverage and that all of its primary stakeholders (i.e. its stockholders, bondholders and banks) use EBITDA to evaluate the Company s period to period performance. Additionally, management believes that EBITDA 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, EBITDA is the measure the Company uses to assess performance for purposes of determining compensation under its 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, the Company s 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 the Company s business. For these reasons, the Company uses operating income to measure its operating performance and uses EBITDA only as a supplement. The following is a reconciliation of EBITDA to net income (loss).

	Successor Company			Predecessor Company	
	Years Ended December 31,				
	2006	2005	2004	2003	2002
	(in millions)				
Net income (loss)	$ 2.2	$ (6.9)	$ (11.1)	$ (1.6)	$ 13.0
Adjusted for:					
Interest expense, net	24.3	23.1	20.3	20.7	21.1
Sale-related financing costs				13.1	
Income tax expense (benefit)	1.0	(1.4)	(4.4)	1.3	4.4
Depreciation and amortization	25.1	24.6	26.9	16.3	15.9
EBITDA	$ 52.6	$ 39.4	$ 31.7	$ 49.8	$ 54.4

MANAGEMENT S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion should be read in conjunction with our consolidated financial statements contained elsewhere in this prospectus. This discussion contains forward-looking statements based on current expectations that involve risks and uncertainties. Actual results and the timing of certain events may differ significantly from those projected in such forward-looking statements due to a number of factors, including those set forth in Risk Factors and elsewhere in this prospectus.

Overview

Great Lakes is the largest provider of dredging services in the United States. 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, in which sectors the Company has experienced an average combined bid market share in the U.S. of 37% over the past three years. The Company s largest domestic dredging customer is the U.S. Army Corps of Engineers, which has responsibility for federally funded projects related to navigation and flood control. In 2006, approximately 41% of the Company s dredging 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. This percentage of revenues from the federal government is significantly down from the prior three year average (2003-2005) of 75%. The Company anticipates this percentage will increase once the Corps funding issues are resolved. Therefore, the Company tracks the annual appropriation process, to the extent that information is available, to assist it in planning for and managing its operations. However, the Company continues to diversify its revenue base, taking on additional work overseas, as well as private work domestically. The Company has continued its role as the only U.S. dredging contractor with significant international operations, which represented an average of 18% of its dredging contract revenues over the past three years. The international operations provide additional customer diversification, which can be particularly beneficial if there is a downturn in the domestic economy.

The Company also owns 85% of the capital stock of North American Site Developers, Inc. (NASDI), a demolition service 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. One NASDI management stockholder retains a 15% non-voting interest in NASDI, which is reflected as the minority interest in the Company s consolidated financial statements. Since the acquisition of NASDI in 2001, the Company has operated in two reportable segments: dredging and demolition.

Recent Developments

In April 2007, Great Lakes announced it had entered into agreements to purchase two dredges. On April 10, 2007, Great Lakes entered into agreements to purchase from affiliates of C.F. Bean LLC (Bean) the Eagle I, a 6,400 cubic yard hopper dredge and the Meridian, a hydraulic dredge, along with attendant plant, for an aggregate purchase price of $52.5 million. The Company announced that it also intends to invest approximately $12 million of additional funds to upgrade and outfit certain equipment, for a total expenditure of $64.5 million.

On April 13, 2007, Great Lakes assigned to Weeks Marine, Inc. its right to purchase the hydraulic dredge Meridian and its attendant plant. Great Lakes will instead purchase from Weeks Marine the Beachbuilder, a large hydraulic dredge, for $13.3 million. This transaction is advantageous to Great Lakes because the Beachbuilder s larger size will allow the Company to modify this vessel to create a world class hydraulic cutterhead dredge well suited for capital and offshore beach nourishment work. The acquisitions of the Eagle I from Bean and the Beachbuilder from Weeks, as well as the modifications to the Beachbuilder will be accomplished within the $64.5 million estimate of expenditures that had been previously announced by Great Lakes.

The acquisitions and modifications are expected to be financed through a combination of long term lease financing and a new senior credit facility. It is expected that these two dredges will enhance the Company s competitive strength in capital and beach dredging. Also, with the increase in capacity Great Lakes will be able to take on additional domestic and foreign work. It is the Company s intention to employ both the Eagle I and the Beachbuilder in 2007. The Beachbuilder will operate while the new fabrications for this dredge are being constructed

Contract Revenues

Most of the Company s dredging contracts are obtained through competitive bidding on terms specified by the party inviting the bid. The nature of the specified services dictates the types of equipment, material and labor involved, all of which 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 using a cost-to-cost approach for demolition projects. For dredging projects, costs of contract revenues are adjusted to reflect the gross profit percentage expected to be achieved upon ultimate completion of each dredging project. For demolition 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. Claims for additional compensation due the Company are not recognized in contract revenues until such claims are settled. Billings on contracts are generally submitted after verification with the customers of physical progress and may not match the timing of revenue recognition. The difference between amounts billed and recognized as revenue is reflected in the balance sheet as either contract revenues in excess of billings or billings in excess of contract revenues. Modifications may be negotiated when a change from the original contract specifications is encountered, necessitating a change in project scope or performance methodology and/or material disposal. Significant expenditures incurred incidental to major contracts are deferred and recognized as costs of contracts 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, insurance, fuel, maintenance and supplies), subcontracts, rentals, lease expense, and project overhead. The hourly labor is generally hired on a project basis and laid off upon the completion of the project. Costs of contract revenues vary significantly depending on the type and location of work performed and assets utilized. Generally, capital projects have the highest margins due to the complexity of the projects, while beach nourishment projects have the most volatile margins because they are most often exposed to weather conditions.

The Company s cost structure includes significant annual fixed costs, including depreciation, maintenance, insurance and long-term equipment rentals, averaging approximately 22% to 25% of total costs of contract revenues. 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 fixed equipment costs. In the fourth quarter, any over and under allocated fixed equipment costs are recognized such that the expense for the year equals actual fixed equipment costs. As a result of this methodology, the recorded expense in any interim period may be higher or lower than the actual fixed equipment costs incurred.

Critical Accounting Policies and Estimates

The Company s significant accounting policies are discussed in the notes to the financial statements. The application of certain of these policies requires significant judgments or an estimation process that can affect the results of operations, financial position and cash flows of the Company, as well as the related footnote disclosures. The Company 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 demolition projects, the Company uses estimates of remaining costs-to-complete to determine project percent complete. In preparing its estimates, the Company draws on its extensive experience in the dredging and demolition businesses and its database of historical information to assure 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. Claims for additional compensation are not recognized in contract revenues until such claims are settled. It is reasonably possible that cost and profit estimates may be reviewed on a periodic basis to reflect changes in expected project performance.

Impairment of goodwil. SFAS No. 142. Goodwill and Other Intangible Assets requires that goodwill be 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. Great Lakes believes that this estimate is a critical accounting estimate because: (1) goodwill is a material asset and (2) the impact of an impairment could be material to the consolidated balance sheets, as well as the consolidated statement of operations.

The Company assesses the fair value of the reporting unit considering the market approach and income approach. Under the market approach, the fair value of the Company was based on a valuation by a third party in conjunction with the Aldabra Merger. 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, expected periods the assets will be utilized, appropriate discount rates and other variables. The estimates are based on assumptions that the Company believes to be reasonable, but which are unpredictable and inherently uncertain. Changes in these estimates and assumptions could materially affect the determination of fair value and/or goodwill impairment. Actual future results may differ from those estimates.

At December 31, 2006, goodwill represents the purchase price in excess of the net amount assigned to assets acquired and liabilities assumed by MDP on December 23, 2003. Goodwill was allocated between the Company s two reporting units, Dredging and Demolition at that time based on the value assigned to each unit. At December 31, 2006 and 2005, Dredging goodwill was $79 million and Demolition goodwill was $19 million. Goodwill was tested for impairment during the third quarter of 2006. At which time it was concluded that the fair value of the reporting unit was in excess of the carrying value. The next annual impairment test will be performed on September 30, 2007.

Impairment of long-lived assets. In assessing the recoverability of the Company s long-lived assets, primarily operating equipment and intangible assets other than goodwill, the Company makes assumptions regarding estimated future cash flows and other factors to determine the fair value of the respective assets. As it relates to its operating equipment, the Company may estimate cash flows and make assumptions regarding useful lives based on internal historical operating data. If these estimates or their related assumptions change the fair value of these assets in the future, the Company may be required to record impairment charges.

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

Income taxes. The Company calculates its current and deferred tax provision based on estimates and assumptions that could differ from the actual results reflected in income tax returns filed during the subsequent year. Adjustments based on filed returns are recorded when identified, which is generally in the third quarter of the subsequent year for U.S. federal and state provisions. The amount of income taxes the Company pays is subject to ongoing audits by federal, state and foreign tax authorities, which may result in proposed assessments. The Company s estimate for the potential outcome for any uncertain tax issue is highly judgmental. Management believes it has adequately provided for potential losses that are both probable and reasonably estimable related to these matters. However, the Company s future results may include favorable or unfavorable adjustments to estimated tax liabilities in the period the assessments are made or resolved or when statutes of limitation on potential assessments expire.

Quarterly Results of Operations

The following tables set forth the components of net income (loss) on a quarterly basis for the years ended December 31, 2006 and 2005.

	Quarter Ended March 31 (in millions except per share data)	June 30	Sept. 30	Dec. 31
2006				
Contract revenues	$ 108.4	$ 114.1	$ 81.7	$ 121.8
Costs of contract revenues	(96.8)	(96.5)	(72.2)	(103.5)
Gross profit	11.6	17.6	9.5	18.3
General and administrative expenses	(7.3)	(7.1)	(6.3)	(9.8)
Amortization of intangible assets	(0.1)	(0.1)	(0.1)	(0.1)
Subpoena-related expenses	(0.3)	(0.1)	(0.2)	
Operating income	3.9	10.3	2.9	8.4
Interest expense, net	(6.2)	(6.0)	(5.1)	(7.0)
Equity in earnings of joint ventures	0.1	0.5	0.7	0.8
Minority interest	0.0	(0.1)	(0.0)	
Income (loss) before income taxes	(2.2)	4.7	(1.5)	2.2
Income tax benefit (provision)	0.7	(1.7)	0.5	(0.5)
Net income (loss)	$ (1.5)	$ 3.0	$ (1.0)	$ 1.7
Redeemable preferred stock dividends	(2.0)	(2.0)	(2.2)	(2.0)
Redemption of preferred stock				(2.8)
Net income (loss) available to common stockholders	$ (3.5)	$ 1.0	$ (3.2)	$ (3.1)
Basic and diluted earnings (loss) per share	$ (0.38)	$ (0.10)	$ (0.35)	$ (0.27)
Basic and diluted weighted average shares	9,288	9,288	9,288	11,256

	Quarter Ended March 31	June 30	Sept. 30	Dec. 31
	(in millions except per share data)			
2005				
Contract revenues	$ 99.9	$ 93.4	$ 119.7	$ 110.4
Costs of contract revenues	(92.9)	(82.0)	(103.1)	(94.0)
Gross profit	7.0	11.4	16.6	16.4
General and administrative expenses	(6.7)	(7.0)	(7.5)	(8.1)
Amortization of intangible assets	(0.2)	(0.2)	(0.2)	(0.2)
Subpoena-related expenses	(0.9)	(0.9)	(0.5)	(0.6)
Impairment of goodwill and intangible			(5.7)	
Operating income (loss)	(0.8)	3.3	2.7	7.5
Interest expense, net	(6.3)	(4.6)	(6.4)	(5.8)
Equity in earnings of joint ventures	(0.1)	0.9	1.0	0.5
Minority interest	0.0	(0.2)	(0.1)	0.1
Income (loss) before income taxes	(7.2)	(0.6)	(2.8)	2.3
Income tax benefit (provision)	2.5	0.1	(0.9)	(0.3)
Net income (loss)	$ (4.7)	$ (0.5)	$ (3.7)	$ 2.0
Redeemable preferred stock dividends	(1.8)	(1.9)	(2.0)	(2.0)
Net income (loss) available to common stockholders	$ (6.5)	$ (2.4)	$ (5.7)	$ (0.0)
Basic and diluted earnings (loss) per share	$ (0.70)	$ (0.26)	$ (0.61)	$ (0.00)
Basic and diluted weighted average shares	9,288	9,288	9,288	9,288

Results of Operations Fiscal Years

The following table sets forth the components of net income as a percentage of contract revenues for the years ended December 31.

	2006	2005	2004
Contract revenues	100.0 %	100.0 %	100.0 %
Costs of contract revenues	(86.6)	(87.9)	(89.8)
Gross profit	13.4	(12.1)	10.2
General and administrative expenses	(7.1)	(6.9)	(7.6)
Amortization of intangible assets	(0.1)	(0.2)	(1.2)
Subpoena-related expenses	(0.1)	(0.7)	(0.7)
Impairment of goodwill and intangible		(1.3)	
Operating income	6.1	3.0	0.7
Interest expense, net	(5.8)	(5.5)	(5.8)
Equity in earnings of joint ventures	0.4	0.5	0.7
Minority interest			
Income (loss) before income taxes	0.7	(2.0)	(4.4)
Income tax benefit (provision)	(0.2)	0.3	1.2
Net income (loss)	0.5		