

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549
FORM 10-Q**

(Mark One)

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

For the quarterly period ended June 30, 2016
OR

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

For the transition period from _____ to _____

Commission File Number:
1-33891



ORION GROUP HOLDINGS, INC.

(Exact name of registrant as specified in its charter)

DELAWARE

(State or other jurisdiction of
incorporation or organization)

26-0097459

(I.R.S. Employer
Identification Number)

**12000 Aerospace Avenue, Suite 300
Houston, Texas**

(Address of principal executive offices)

77034

(Zip Code)

713-852-6500

(Registrant's telephone number, including area code)

ORION MARINE GROUP, INC.

(Former name, former address and former fiscal year, if changed since last report)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate website, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files).

Yes ☒ No ☐

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

Large accelerated filer ☐ Accelerated filer ☒ Non-accelerated filer ☐ Smaller reporting company ☐

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

As of August 5, 2016, 27,680,643 shares of the Registrant's common stock, \$0.01 par value, were outstanding.

ORION GROUP HOLDINGS, INC.
Quarterly Report on Form 10-Q for the period ended June 30, 2016
INDEX

PART I	FINANCIAL INFORMATION	
	Item 1	Financial Statements (Unaudited)
		<u>Condensed Consolidated Balance Sheets at June 30, 2016 and December 31, 2015</u>
		<u>Condensed Consolidated Statements of Operations for the Three and Six Months Ended June 30, 2016 and 2015</u>
		<u>Consolidated Statements of Comprehensive (Loss) Income for the Three and Six Months Ended June 30, 2016 and 2015</u>
		<u>Consolidated Statement of Stockholders' Equity for the Six Months Ended June 30, 2016</u>
		<u>Condensed Consolidated Statements of Cash Flows for the Six Months Ended June 30, 2016 and 2015</u>
		<u>Notes to Condensed Consolidated Financial Statements</u>
	Item 2	<u>Management's Discussion and Analysis of Financial Condition and Results of Operations</u>
	Item 3	<u>Quantitative and Qualitative Disclosures About Market Risk</u>
	Item 4	<u>Controls and Procedures</u>
PART II	OTHER INFORMATION	
	Item 1	<u>Legal Proceedings</u>
	Item 1A	<u>Risk Factors</u>
	Item 2	<u>Unregistered Sale of Equity Securities and Use of Proceeds</u>
	Item 3	<u>Defaults upon Senior Securities</u>
	Item 4	<u>Mine Safety Disclosures</u>
	Item 5	<u>Other Information</u>
	Item 6	<u>Exhibits</u>
		<u>SIGNATURES</u>

Part I - Financial Information
Item 1 Financial Statements

Orion Group Holdings, Inc. and Subsidiaries
Condensed Consolidated Balance Sheets
(In Thousands, Except Share and Per Share Information)

	June 30, 2016	December 31, 2015
ASSETS	(Unaudited)	(Audited)
Current assets:		
Cash and cash equivalents	\$ 1,512	\$ 1,345
Accounts receivable:		
Trade, net of allowance of \$0 and \$0, respectively	68,599	72,358
Retainage	34,994	21,040
Other current	3,592	5,313
Income taxes receivable	83	83
Inventory	5,395	4,867
Deferred tax asset	3,108	3,108
Costs and estimated earnings in excess of billings on uncompleted contracts	48,401	59,608
Assets held for sale	6,375	6,375
Prepaid expenses and other	3,766	4,627
Total current assets	175,825	178,724
Property and equipment, net	164,384	165,989
Accounts receivable, non-current	765	222
Retainage, non-current	4,337	14,393
Inventory, non-current	4,911	6,218
Goodwill	66,351	65,982
Intangible assets, net of amortization	25,676	29,319
Other noncurrent	1,085	615
Total assets	\$ 443,334	\$ 461,462
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Current debt, net of debt issuance costs	\$ 21,365	\$ 12,004
Accounts payable:		
Trade	41,533	52,719
Retainage	1,002	1,671
Accrued liabilities	15,998	22,149
Taxes payable	507	813
Billings in excess of costs and estimated earnings on uncompleted contracts	27,039	28,484
Total current liabilities	107,444	117,840
Long-term debt, net of debt issuance costs	88,356	94,605
Other long-term liabilities	2,216	1,813
Deferred income taxes	18,165	19,345
Interest rate swap liability	1,242	145
Total liabilities	217,423	233,748
Commitments and contingencies		
Stockholders' equity:		
Preferred stock -- \$0.01 par value, 10,000,000 authorized, none issued	—	—
Common stock -- \$0.01 par value, 50,000,000 authorized, 28,393,898 and 27,992,589 issued; 27,682,667 and 27,281,358 outstanding at June 30, 2016 and December 31, 2015, respectively	279	279
Treasury stock, 711,231 and 711,231 shares, at cost, as of June 30, 2016 and December 31, 2015, respectively	(6,540)	(6,540)
Accumulated other comprehensive loss	(1,242)	(145)
Additional paid-in capital	170,046	168,736
Retained earnings	63,368	65,384
Total stockholders' equity	225,911	227,714
Total liabilities and stockholders' equity	\$ 443,334	\$ 461,462

The accompanying notes are an integral part of these condensed consolidated financial statements

Orion Group Holdings, Inc. and Subsidiaries
Condensed Consolidated Statements of Operations
(In Thousands, Except Share and Per Share Information)
(Unaudited)

	Three months ended June 30,		Six months ended June 30,	
	2016	2015	2016	2015
Contract revenues	\$ 140,301	\$ 86,091	\$ 269,924	\$ 167,546
Costs of contract revenues	123,355	80,066	238,267	153,065
Gross profit	16,946	6,025	31,657	14,481
Selling, general and administrative expenses	16,899	8,794	32,437	17,486
Gain on sale of assets, net	(234)	(57)	(606)	(100)
Operating income (loss) from operations	281	(2,712)	(174)	(2,905)
Other (expense) income				
Other income	9	—	22	—
Interest income	—	4	1	17
Interest expense	(1,600)	(252)	(3,117)	(490)
Other expense, net	(1,591)	(248)	(3,094)	(473)
Loss before income taxes	(1,310)	(2,960)	(3,268)	(3,378)
Income tax benefit	(502)	(1,115)	(1,252)	(1,276)
Net loss attributable to Orion	\$ (808)	\$ (1,845)	\$ (2,016)	\$ (2,102)
Basic loss per share	\$ (0.03)	\$ (0.07)	\$ (0.07)	\$ (0.08)
Diluted loss per share	\$ (0.03)	\$ (0.07)	\$ (0.07)	\$ (0.08)
Shares used to compute loss per share				
Basic	27,464,683	27,352,523	27,383,748	27,478,514
Diluted	27,464,683	27,352,523	27,383,748	27,478,514

The accompanying notes are an integral part of these condensed consolidated financial statements

Orion Group Holdings, Inc. and Subsidiaries
Consolidated Statements of Comprehensive (Loss) Income
(In Thousands)
(Unaudited)

	Three months ended June 30,		Six months ended June 30,	
	2016	2015	2016	2015
Net loss	\$ (808)	\$ (1,845)	\$ (2,016)	\$ (2,102)
Change in fair value of cash flow hedge, net of tax benefit of \$195 and \$680, respectively	(315)	—	(1,097)	—
Total comprehensive loss attributable to Orion	\$ (1,123)	\$ (1,845)	\$ (3,113)	\$ (2,102)

The accompanying notes are an integral part of these condensed consolidated financial statements

Orion Group Holdings, Inc. and Subsidiaries
Consolidated Statement of Stockholders' Equity
(In Thousands, Except Share Information)
(Unaudited)

	Common Stock		Treasury Stock		Accumulated Other Comprehensive Income (Loss)	Additional Paid-In Capital	Retained Earnings	Total
	Shares	Amount	Shares	Amount				
Balance, December 31, 2015	27,992,589	\$ 279	(711,231)	\$ (6,540)	\$ (145)	\$ 168,736	\$ 65,384	\$ 227,714
Stock-based compensation	—	\$ —	—	\$ —	\$ —	\$ 1,302	\$ —	\$ 1,302
Exercise of stock options	3,924	\$ —	—	\$ —	\$ —	\$ 8	\$ —	\$ 8
Issuance of restricted stock	402,945	\$ —	—	\$ —	\$ —	\$ —	\$ —	\$ —
Cash flow hedge (net of tax)	—	\$ —	—	\$ —	\$ (1,097)	\$ —	\$ —	\$ (1,097)
Forfeiture of restricted stock	(5,560)	\$ —	—	\$ —	\$ —	\$ —	\$ —	\$ —
Net loss	—	\$ —	—	\$ —	\$ —	\$ —	\$ (2,016)	\$ (2,016)
Balance, June 30, 2016	28,393,898	\$ 279	(711,231)	\$ (6,540)	\$ (1,242)	\$ 170,046	\$ 63,368	\$ 225,911

The accompanying notes are an integral part of these condensed consolidated financial statements

Orion Group Holdings, Inc. and Subsidiaries
Condensed Consolidated Statements of Cash Flows
(In Thousands)
(Unaudited)

	Six months ended June 30,	
	2016	2015
Cash flows from operating activities:		
Net loss	\$ (2,016)	\$ (2,102)
Adjustments to reconcile net loss to net cash provided by		
Operating activities:		
Depreciation and amortization	17,203	10,654
Deferred financing cost amortization	620	—
Bad debt expense	—	11
Deferred income taxes	(1,180)	(1,160)
Stock-based compensation	1,302	1,315
Gain on sale of property and equipment	(606)	(100)
Change in operating assets and liabilities:		
Accounts receivable	1,037	(11,135)
Income tax receivable	—	233
Inventory	779	(97)
Prepaid expenses and other	861	356
Costs and estimated earnings in excess of billings on uncompleted contracts	11,207	(932)
Accounts payable	(11,857)	6,282
Accrued liabilities	(5,469)	(946)
Income tax payable	(306)	(730)
Billings in excess of costs and estimated earnings on uncompleted contracts	(1,444)	(4,792)
Deferred revenue	—	(34)
Net cash provided by (used in) operating activities	<u>10,131</u>	<u>(3,177)</u>
Cash flows from investing activities:		
Proceeds from sale of property and equipment	888	166
Contributions to CSV life insurance	(471)	—
TAS acquisition adjustment	(369)	—
Purchase of property and equipment	(12,513)	(7,533)
Net cash used in investing activities	<u>(12,465)</u>	<u>(7,367)</u>
Cash flows from financing activities:		
Borrowings from Credit Facility	32,000	—
Payments made on borrowings from Credit Facility	(29,021)	(4,541)
Loan costs from Credit Facility	(486)	—
Exercise of stock options	8	28
Purchase of shares into treasury	—	(3,101)
Net cash provided by (used in) financing activities	<u>2,501</u>	<u>(7,614)</u>
Net change in cash and cash equivalents	167	(18,158)
Cash and cash equivalents at beginning of period	1,345	38,893
Cash and cash equivalents at end of period	<u>\$ 1,512</u>	<u>\$ 20,735</u>
Supplemental disclosures of cash flow information:		
Cash paid during the period for:		
Interest	\$ 2,588	\$ 490
Taxes (net of refunds)	\$ 235	\$ 434

The accompanying notes are an integral part of these condensed consolidated financial statements

Orion Group Holdings, Inc. and Subsidiaries
Notes to Condensed Consolidated Financial Statements
(Tabular Amounts in thousands, Except for Share and per Share Amounts)
(Unaudited)

1. Description of Business and Basis of Presentation

Description of Business

On May 19, 2016, the Board of Directors of Orion Marine Group, Inc. approved a name change to Orion Group Holdings, Inc. (the “Company”), to better reflect its operating profile and strategic outlook, following the acquisition of a commercial concrete construction company. The Company now operates as two segments: the heavy civil marine construction segment, which will continue to operate under the Orion Marine Group brand and logo, and the commercial concrete construction segment, which will continue to operate under the TAS Commercial Concrete brand and logo.

Orion Group Holdings, Inc., its subsidiaries and affiliates, provide a broad range of construction and specialty services both on and off the water in the continental United States, Alaska, Canada and the Caribbean Basin through its heavy civil marine construction and commercial concrete construction segments. The Company’s heavy civil marine construction segment services include marine transportation facility construction, marine pipeline construction, marine environmental structures, dredging of waterways, channels and ports, environmental dredging, design, and specialty services. Its commercial concrete construction segment provides turnkey concrete construction services including pour and finish, dirt work, layout, forming, rebar, and mesh across the light commercial structural and other associated business areas. The Company is headquartered in Houston, Texas with offices throughout its operating areas.

The tools used by the chief operating decision maker to allocate resources and assess performance are based on two reportable and operating segments: heavy civil marine construction and commercial concrete construction.

Although we describe the business in this report in terms of the services the Company provides, the base of customers and the areas in which the Company operates, the Company has determined that its operations currently comprise two reportable segments pursuant to Financial Accounting Standards Board (“FASB”) Accounting Standards Codification (“ASC”) Topic 280 - Segment Reporting. In previous reporting periods, the Company reported its financial information based on one reportable segment, now known as the heavy civil marine construction segment. With the acquisition of TAS, the Company has expanded to two reportable and operating segments, adding the commercial concrete construction segment. See [Note 3](#) for more information on the acquisition of TAS.

In making this determination, the Company considered the similar economic characteristics of its operations. For the heavy civil marine construction segment, the methods used, and the internal processes employed, to deliver heavy civil marine construction services are similar throughout the segment, including standardized estimating, project controls and project management. This segment has the same customers with similar funding drivers, and it complies with regulatory environments driven through Federal agencies such as the U.S. Army Corps of Engineers, U.S. Fish and Wildlife Service, U.S. Environmental Protection Agency (“EPA”) and the U.S. Occupational Safety and Health Administration (“OSHA”), among others. Additionally, the segment is driven by macro-economic considerations including the level of import/export seaborne transportation, development of energy related infrastructure, cruise line expansion and operations, marine bridge infrastructure development, waterway pipeline crossings and the maintenance of waterways. These considerations, and others, are key catalysts for future prospects and are similar across the segment.

For the commercial concrete construction segment, the Company also considered the similar economic characteristics of these operations. The methods used, and the internal processes employed, to deliver commercial concrete construction services are similar throughout the segment, including standardized estimating, project controls and project management. This segment complies with regulatory environments such as OSHA. Additionally, this segment is driven by macro-economic considerations, including movements in population, commercial real estate development, institutional funding and expansion, and recreational development, specifically in metropolitan areas of Texas. These considerations, and others, are key catalysts for future prospects and are similar across the segment.

Basis of Presentation

The accompanying condensed consolidated financial statements and financial information included herein have been prepared pursuant to the interim period reporting requirements of Form 10-Q. Consequently, certain information and note disclosures normally included in financial statements prepared in accordance with accounting principles generally accepted in the United States ("U.S. GAAP") have been condensed or omitted. Readers of this report should also read our consolidated financial statements and the notes thereto included in our Annual Report on Form 10-K for the fiscal year ended December 31, 2015 ("2015 Form 10-K") as well as Item 7 – *Management's Discussion and Analysis of Financial Condition and Results of Operations* also included in our 2015 Form 10-K.

In the opinion of management, the accompanying unaudited condensed consolidated financial statements contain all adjustments considered necessary for a fair presentation of the Company's financial position, results of operations, and cash flows for the periods presented. Such adjustments are of a normal recurring nature. Interim results of operations for the three and six months ended June 30, 2016 are not necessarily indicative of the results that may be expected for the year ending December 31, 2016.

In addition, we have made certain reclassifications to prior period amounts in order to conform to the current period's presentation.

2. Summary of Significant Accounting Principles

The preparation of consolidated financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Management's estimates, judgments and assumptions are continually evaluated based on available information and experience; however, actual amounts could differ from those estimates. Please refer to Note 2 of the Notes to Consolidated Financial Statements included in our 2015 Form 10-K for a discussion of other significant estimates and assumptions affecting our condensed consolidated financial statements which are not discussed below.

On an ongoing basis, the Company evaluates the significant accounting policies used to prepare its condensed consolidated financial statements, including, but not limited to, those related to:

- Revenue recognition from construction contracts;
- Allowance for doubtful accounts;
- Assessing of goodwill and other long-lived assets for indicators of impairment;
- Income taxes;
- Self-insurance; and
- Stock-based compensation.

Revenue Recognition

For financial statement purposes, the Company records revenue on construction contracts using the percentage-of-completion method, measured by the percentage of actual contract costs incurred to date to total estimated costs for each contract. This method is used because management considers contract costs incurred to be the best available measure of progress on these contracts. Contract revenue is derived from the original contract price adjusted for agreed upon change orders. Contract costs include all direct costs, such as material and labor, and those indirect costs incurred that are related to contract performance such as payroll taxes and insurance. General and administrative costs are charged to expense as incurred. Incentive fees, if available, are billed to the customer based on the terms and conditions of the contract. Pending claims are recognized as an increase in contract revenue only when the collection is deemed probable and if the amount can be reasonably estimated for purposes of calculating total profit or loss on long-term contracts. The Company records revenue and the unbilled receivable for project claims to the extent of costs incurred and to the extent management believes related collection is probable and includes no profit on claims recorded. In accordance with ASC 605-35-25-30, as of June 30, 2016, the Company recognized a claim of approximately \$11.0 million with a customer. The Company believes collection of this claim is probable, although the full amount of the recorded claim may not be recognized. Changes in job performance, job conditions and estimated profitability, including those arising from final contract settlements, may result in revisions to costs and revenues and are recognized in the period in which the revisions are determined. Provisions for estimated losses on uncompleted contracts are made in the period in which such losses are determined, without regard to the percentage of completion. Revenue is recorded net of any sales taxes collected and paid on behalf of the customer, if applicable.

The current asset “costs and estimated earnings in excess of billings on uncompleted contracts” represents revenues recognized in excess of amounts billed, which management believes will be billed and collected within one year of the completion of the contract. The liability “billings in excess of costs and estimated earnings on uncompleted contracts” represents billings in excess of revenues recognized.

The Company’s projects are typically short in duration, and usually span a period of less than one year. Historically, the Company has not had cause to combine or segment contracts.

Classification of Current Assets and Liabilities

The Company includes in current assets and liabilities amounts realizable and payable in the normal course of contract completion.

Cash and Cash Equivalents

The Company considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents. At times, cash held by financial institutions may exceed federally insured limits. The Company has not historically sustained losses on its cash balances in excess of federally insured limits. Cash equivalents at June 30, 2016 and December 31, 2015 consisted primarily of money market mutual funds and overnight bank deposits.

Foreign Currencies

Historically, the Company’s exposure to foreign currency fluctuations has not been material and has been limited to temporary field accounts, located in foreign countries where it performs work. Foreign currency fluctuations were immaterial in this reporting period.

Risk Concentrations

Financial instruments that potentially subject the Company to concentrations of credit risk principally consist of accounts receivable.

The Company depends on its ability to continue to obtain federal, state and local governmental contracts, and indirectly on the amount of funding available to these agencies for new and current governmental projects. Therefore, a portion of the Company’s operations may be dependent upon the level and timing of government funding. Statutory mechanics liens provide the Company high priority in the event of lien foreclosures following financial difficulties of private owners, thus minimizing credit risk with private customers.

Accounts Receivable

Accounts receivable are stated at the historical carrying value, less allowances for doubtful accounts. The Company has significant investments in billed and unbilled receivables as of June 30, 2016. Billed receivables represent amounts billed upon the completion of small contracts and progress billings on large contracts in accordance with contract terms and milestone achievements. Unbilled receivables on fixed-price contracts, which are included in costs in excess of billings, arise as revenues are recognized under the percentage-of-completion method. Unbilled amounts on cost-reimbursement contracts represent recoverable costs and accrued profits not yet billed. Revenue associated with these billings is recorded net of any sales tax, if applicable. Past due balances over 90 days and other higher risk amounts are reviewed individually for collectability. In establishing an allowance for doubtful accounts, the Company evaluates its contract receivables and costs in excess of billings and thoroughly reviews historical collection experience, the financial condition of its customers, billing disputes and other factors. The Company writes off uncollectible accounts receivable against the allowance for doubtful accounts if it is determined that the amounts will not be collected or if a settlement is reached for an amount that is less than the carrying value. As of June 30, 2016 and December 31, 2015, the Company had not recorded an allowance for doubtful accounts.

Balances billed to customers but not paid pursuant to retainage provisions in construction contracts generally become payable upon contract completion and acceptance by the owner.

The Company negotiates change orders and claims with its customers. Unsuccessful negotiations of claims could result in a change to contract revenue that is less than amounts recorded, which could result in the recording of a loss. Successful claims negotiations could result in the recovery of previously recorded losses. Significant losses on receivables could adversely affect the Company’s financial position, results of operations and overall liquidity.

Advertising Costs

The Company primarily obtains contracts through an open bid process, and therefore advertising costs are not a significant component of expense. Advertising costs are expensed as incurred.

Environmental Costs

Costs related to environmental remediation are charged to expense. Other environmental costs are also charged to expense unless they increase the value of the property and/or provide future economic benefits, in which event the costs are capitalized. Environmental liabilities, if any, are recognized when the expenditure is considered probable and the amount can be reasonably estimated.

Fair Value Measurements

The Company evaluates and presents certain amounts included in the accompanying condensed consolidated financial statements at “fair value” in accordance with U.S. GAAP, which requires the Company to base its estimates on assumptions that market participants, in an orderly transaction, would use to price an asset or liability, and to establish a hierarchy that prioritizes the information used to determine fair value. Refer to [Note 8](#) for more information regarding fair value determination.

The Company generally applies fair value valuation techniques on a non-recurring basis associated with (1) valuing assets and liabilities acquired in connection with business combinations and other transactions; (2) valuing potential impairment loss related to long-lived assets; and (3) valuing potential impairment loss related to goodwill and indefinite-lived intangible assets.

Inventory

Current inventory consists of parts and small equipment held for use in the ordinary course of business and is valued at the lower of cost (using historical average cost) or market. Where shipping and handling costs are incurred by the Company, these charges are included in inventory and charged to cost of contract revenue upon use. Non-current inventory consists of spare parts (including engines, cutters and gears) that require special order or long-lead times for manufacture or fabrication, but must be kept on hand to reduce equipment downtime.

Property and Equipment

Property and equipment are recorded at cost. Ordinary maintenance and repairs that do not improve or extend the useful life of the asset are expensed as incurred. Major renewals and betterments of equipment are capitalized and depreciated generally over three to seven years until the next scheduled maintenance.

When property and equipment are retired or otherwise disposed of, the cost and accumulated depreciation are removed from the accounts and any resulting gain or loss is included in results of operations for the respective period. Depreciation is computed using the straight-line method over the estimated useful lives of the related assets for financial statement purposes, as follows:

Automobiles and trucks	3 to 5 years
Buildings and improvements	5 to 30 years
Construction equipment	3 to 15 years
Vessels and other equipment	1 to 15 years
Office equipment	1 to 5 years

The Company generally uses accelerated depreciation methods for tax purposes where appropriate.

Dry-docking costs are capitalized and amortized on the straight-line method over a period ranging from three to 15 years. Dry-docking costs include, but are not limited to, the inspection, refurbishment and replacement of steel, engine components, tailshafts, mooring equipment and other parts of the vessel. Amortization related to dry-docking activities is included as a component of depreciation. These costs and the related amortization periods are periodically reviewed to determine if the estimates are accurate. If warranted, a significant upgrade of equipment may result in a revision to the useful life of the asset, in which case the change is accounted for prospectively.

Property and equipment are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset or asset group may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to estimated undiscounted future cash flows expected to be generated by the asset. If the carrying amount of an asset exceeds its estimated future cash flows, an impairment charge is recognized in the amount by which the carrying amount of the asset exceeds the fair value of the asset. Assets to be disposed of are separately presented in the balance sheet and reported at the lower of the carrying amount or the fair value, less the costs to sell, and are no longer depreciated. Assets held for sale at June 30, 2016 and December 31, 2015 are expected to be disposed of within one year.

Goodwill and Other Intangible Assets

Goodwill

The Company has acquired businesses and assets in purchase transactions that resulted in the recognition of goodwill. Goodwill represents the costs in excess of fair values assigned to the identifiable assets acquired and liabilities assumed in the acquisition. In accordance with U.S. GAAP, acquired goodwill is not amortized, but is subject to impairment testing at least annually or more frequently if events or circumstances indicate that the asset more likely than not may be impaired. The Company determined that its operations comprise two reporting units for goodwill impairment testing, which match its two operating segments for financial reporting.

At June 30, 2016, goodwill totaled \$66.4 million, of which \$33.8 million relates to the heavy civil marine construction segment and \$32.6 million relates to the commercial concrete construction segment. The Company assesses the fair value of its reporting units based on a weighted average of valuations based on market multiples, discounted cash flows, and consideration of its market capitalization. The key assumptions used in the discounted cash flow valuations are discount rates, weighted average cost of capital and perpetual growth rates applied to cash flow projections. Also, inherent in the discounted cash flow valuation models are past performance, projections and assumptions in current operating plans, and revenue growth rates over the next five years. These assumptions contemplate business, market and overall economic conditions. Other considerations are assumptions that market participants may use and analysis of comparable companies.

The Company's annual impairment test of goodwill is performed as of October 31 of each year or when circumstances arise that indicate a possible impairment might exist. Test of impairment requires a two-step process to be performed to analyze whether or not goodwill has been impaired. The first step of this test, used to identify potential impairment, compares the estimated fair value of a reporting unit with its carrying amount. The second step, if necessary, quantifies the impairment. The underlying assumptions used for determining fair value, as discussed above, require significant judgment and are susceptible to change from period to period and could potentially cause a material impact to the income statement. In the future, the Company's estimated fair value could be negatively impacted by extended declines in stock price, changes in macroeconomic indicators, sustained operating losses, and other factors which may affect of assessment of fair value.

Intangible Assets

Intangible assets that have finite lives are amortized. In addition, the Company evaluates the remaining useful life of intangible assets in each reporting period to determine whether events and circumstances warrant a revision of the remaining period of amortization. If the estimate of an intangible asset's remaining life is changed, the remaining carrying value of such asset is amortized prospectively over that revised remaining useful life. Intangible assets that have indefinite lives are not amortized, but are subject to impairment testing at least annually or more frequently if events or circumstances indicate that the asset more likely than not may be impaired.

The Company has one indefinite-lived intangible asset, a trade name, which is tested for impairment annually on October 31, or whenever events or circumstances indicate that the carrying amount of the trade name may not be recoverable. Impairment is calculated as the excess of the trade name's carrying value over its fair value. The fair value of the trade name is determined using the relief from royalty method, a variation of the income approach. This method assumes that if a company owns intellectual property, it does not have to "rent" the asset and is, therefore, "relieved" from paying a royalty. Once a supportable royalty rate is determined, the rate is then applied to the projected revenues over the expected remaining life of the intangible assets to estimate the royalty savings. This approach is dependent on a number of factors, including estimates of future growth and trends, royalty rates, discount rates and other variables.

Stock-Based Compensation

The Company recognizes compensation expense for equity awards over the vesting period based on the fair value of these awards at the date of grant. The computed fair value of these awards is recognized as a non-cash cost over the period the employee

provides services, which is typically the vesting period of the award. The fair value of options granted is estimated on the date of grant using the Black-Scholes option-pricing model. The fair value of restricted stock grants is equivalent to the fair value of the stock issued on the date of grant, and is measured as the mean price of the stock on the date of grant.

Compensation expense is recognized only for share-based payments expected to vest. The Company estimates forfeitures at the date of grant based on historical experience and future expectations. See [Note 14](#) for further discussion of the Company's stock-based compensation plan.

Income Taxes

The Company determines its consolidated income tax provision using the asset and liability method prescribed by U.S. GAAP, which requires the recognition of income tax expense for the amount of taxes payable or refundable for the current period and for deferred tax liabilities and assets for the future tax consequences of events that have been recognized in an entity's financial statements or tax returns. The Company must make significant assumptions, judgments and estimates to determine its current provision for income taxes, its deferred tax assets and liabilities, and any valuation allowance to be recorded against any deferred tax asset. The current provision for income tax is based upon the current tax laws and the Company's interpretation of these laws, as well as the probable outcomes of any tax audits. The value of any net deferred tax asset depends upon estimates of the amount and category of future taxable income reduced by the amount of any tax benefits that the Company does not expect to realize. Actual operating results and the underlying amount and category of income in future years could render current assumptions, judgments and estimates of recoverable net deferred taxes inaccurate, thus impacting the Company's financial position and results of operations. The Company computes deferred income taxes using the liability method. Under the liability method, deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. Under the liability method, the effect on deferred tax assets and liabilities of a change in tax rates is recognized as income in the period that includes the enactment date.

The Company accounts for uncertain tax positions in accordance with the provisions of ASC 740-10 which prescribes a recognition threshold and measurement attribute for financial statement disclosure of tax positions taken, or expected to be taken, on its consolidated tax return. The Company evaluates and records any uncertain tax positions based on the amount that management deems is more likely than not to be sustained upon examination and ultimate settlement with the tax authorities in the tax jurisdictions in which it operates.

Insurance Coverage

The Company maintains insurance coverage for its business and operations. Insurance related to property, equipment, automobile, general liability, and a portion of workers' compensation is provided through traditional policies, subject to a deductible or deductibles. A portion of the Company's workers' compensation exposure is covered through a mutual association, which is subject to supplemental calls.

The heavy civil marine construction segment maintains three levels of excess loss insurance coverage, totaling \$150.0 million in excess of primary coverage. This excess loss coverage responds to most of its liability policies when a primary limit of \$1.0 million has been exhausted; provided that the primary limit for Contingent Maritime Employer's Liability is \$10.0 million and the Watercraft Pollution Policy primary limit is \$5.0 million. The commercial concrete construction segment maintains two levels of excess loss insurance coverage, totaling \$25.0 million in excess of primary coverage. This excess loss coverage responds to most of its liability policies when a primary limit of \$1.0 million has been exhausted.

Separately, the Company's heavy civil marine construction segment employee health care is provided through a trust administered by a third party. Funding of the trust is based on current claims. The administrator has purchased appropriate stop-loss coverage. Losses on these policies up to the deductible amounts are accrued based upon known claims incurred and an estimate of claims incurred but not reported. The accruals are derived from known facts, historical trends and industry averages to determine the best estimate of the ultimate expected loss. Actual claims may vary from estimates. Any adjustments to such reserves are included in the consolidated results of operations in the period in which they become known. The Company's commercial concrete construction segment employee health care is provided through two policies. A fully funded policy is offered primarily to salaried employees and their dependents while a partially self-funded plan with an appropriate stop-loss is offered primarily to hourly employees and their dependents. The self-funded plan is funded to the maximum exposure and, as a result, is expected to receive a partial refund after the policy expiration.

The accrued liability for insurance includes incurred but not reported claims of \$4.7 million and \$8.0 million at June 30, 2016 and December 31, 2015, respectively.

Recent Accounting Pronouncements

The FASB issues accounting standards and updates (each, an "ASU") from time to time to its Accounting Standards Codification, which is the primary source of U.S. GAAP. The Company regularly monitors ASUs as they are issued and considers applicability to its business. All ASUs are adopted by their respective due dates and in the manner prescribed by the FASB. The following are those recently issued ASUs most likely to affect the presentation of the Company's condensed consolidated financial statements:

In March 2016, the FASB issued ASU 2016-09, *Improvements to Employee Share-Based Payment Accounting*. The FASB issued this update as part of its Simplification Initiative. The areas for simplification in this Update involve several aspects of the accounting for share-based payment transactions, including the income tax consequences, classification of awards as either equity or liabilities, and classification on the statement of cash flows. The guidance is effective for fiscal years beginning after December 15, 2016, including interim periods within those annual periods. The Company is currently evaluating the impact to its financial statements.

In February 2016, the FASB issued ASU 2016-02, *Leases (Topic 842)*. The FASB issued this update to increase the transparency and comparability among organizations by recognizing lease assets and lease liabilities on the balance sheet and disclosing key information about leasing arrangements. The guidance is effective for fiscal years beginning after December 15, 2018, including interim periods within those annual periods. The Company is currently evaluating the impact to its financial statements.

In May 2014, the FASB issued ASU 2014-09, *Revenue from Contracts with Customers*. This comprehensive new revenue recognition standard will supersede existing revenue guidance under U. S. GAAP. The standard's core principle is that a company will recognize revenue when it transfers promised goods or services to customers in an amount that reflects the consideration to which the company expects to be entitled in exchange for those goods or services. In doing so, companies will need to use more judgment and make more estimates, including identifying performance obligations in the contract, estimating the amount of variable consideration to include in the transaction price and allocating the transaction price to each separate performance obligation. The effective date of this guidance was deferred through the issuance of ASU 2015-14 and is effective for the Company beginning January 1, 2018. The Company is currently evaluating the impact to its financial statements.

During the periods presented in these condensed consolidated financial statements, the Company adopted other new accounting pronouncements other than those noted above that are discussed in the notes where applicable.

3. Business Acquisition

On August 5, 2015, the Company completed its acquisition of all the issued and outstanding memberships interest of T.A.S. Commercial Concrete Construction, LLC, T.A.S. Commercial Concrete Solutions, LLC, directly and indirectly all of the issued and outstanding membership interests of T.A.S. Proco, LLC, and 49% of the issued and outstanding membership interests of GLM Concrete Solutions, LLC, collectively known as "TAS", which is headquartered in Houston, Texas, for approximately \$112 million in cash. The purpose of the acquisition was primarily to achieve growth by expanding the Company's current service offerings in addition to expansion into new markets. The tangible assets acquired include accounts receivable, prepaid assets, work in progress and fixed assets.

The purchase price has been allocated to the fair value of the assets acquired and liabilities assumed, as indicated in the table below. Although we believe our estimates of the fair value of the assets and liabilities acquired are accurate, these estimates are subject to change and may result in an increase or decrease in goodwill, particularly with any other working capital adjustments during the measurement period. This measurement period may extend up to one year from the acquisition date.

Under the acquisition method of accounting, the total acquisition consideration is allocated to the acquired tangible and intangible assets and assumed liabilities of TAS based on their estimated fair values as of the closing of the acquisition. The table below outlines the total actual acquisition consideration allocated to the fair values of TAS's tangible and intangible assets and liabilities as of August 5, 2015 and subsequent adjustments:

Accounts receivable	\$	54,987
Costs and estimated earnings in excess of billings on uncompleted contracts		4,372
Prepaid expenses and other current assets		828
Fixed assets, net		15,720
Investment in GLM Concrete Services, LLC		76
Goodwill		33,817
Other intangible assets		33,650
Accounts payable		(18,458)
Accrued expenses and other current liabilities		(13,015)
Total Acquisition Consideration At August 5, 2015	\$	111,977
Working Capital Adjustment		(1,633)
Final Adjustment ⁽¹⁾	\$	385
Total Acquisition Consideration	\$	110,729

(1) On June 17, 2016, the Company and TAS agreed to an amendment of the original purchase agreement. The purpose of this amendment was to revise the total purchase price by \$385 thousand for certain adjustments to post-closing items.

The excess of the acquisition consideration over the fair value of assets acquired and liabilities assumed was allocated to goodwill. The goodwill of \$32.6 million arising from the acquisition consists primarily of synergies and business opportunities expected to be realized from the purchase of the Company. Goodwill for tax purposes is \$32.6 million, which is amortizable over a 15 year period.

Finite-lived intangible assets include customer relationships and contractual backlog. Indefinite-lived intangible assets acquired include the trade name. (See [Note 9](#)).

The fixed assets acquired include construction equipment, office equipment, building improvements, and automobiles and trucks and will be depreciated in accordance with Company policy, generally 3 to 15 years.

The external costs associated with the transaction incurred and recorded during 2015 were approximately \$400,000 and were included in selling, general and administrative expenses.

Pro Forma Results (unaudited)

The Company has calculated the pro forma impact of the acquisition of TAS on our operating results for the three and six months ended June 30, 2015. The following pro forma results give effect to this acquisition, assuming the transaction occurred on January 1, 2015.

	Pro Forma Results		Pro Forma Results	
	For the Three Months Ended		For the Six Months Ended	
	June 30, 2015		June 30, 2015	
Contract Revenues	\$	136,565	\$	275,930
Operating (loss) income from continuing operations	\$	(695)	\$	2,666
Net (loss) income	\$	(1,171)	\$	298
Basic (loss) income per share	\$	(0.04)	\$	0.01
Diluted (loss) income per share	\$	(0.04)	\$	0.01

The Company derived the pro forma results of the acquisition based upon historical financial information obtained from the seller and certain management assumptions. The pro forma adjustments related to incremental amortization expense associated with the acquired finite-lived intangible assets and interest expense associated with borrowings to effect the transaction, assuming a January 1, 2015 effective transaction date. In addition, the tax impact of these adjustments was calculated at a 35% statutory rate.

These pro forma results are not necessarily indicative of the results that would have been obtained had the acquisition of TAS been completed on January 1 of the respective period, or that may be obtained in the future.

4. Concentration of Risk and Enterprise Wide Disclosures

Accounts receivable include amounts billed to governmental agencies and private customers and do not bear interest. Balances billed to customers but not paid pursuant to retainage provisions generally become payable upon contract completion and acceptance by the owner. The table below presents the concentrations of current receivables (trade and retainage) at June 30, 2016 and December 31, 2015, respectively:

	June 30, 2016		December 31, 2015	
Federal Government	\$ 2,177	2%	\$ 4,230	5%
State Governments	3,439	3%	1,274	1%
Local Governments	17,085	17%	16,650	18%
Private Companies	80,892	78%	71,244	76%
Total receivables	\$ 103,593	100%	\$ 93,398	100%

At June 30, 2016 and December 31, 2015 no single customer accounted for more than 10% of total current receivables.

Additionally, the table below represents concentrations of revenue by type of customer for the three and six months ended June 30, 2016 and 2015, respectively:

	Three months ended June 30,				Six months ended June 30,			
	2016	%	2015	%	2016	%	2015	%
Federal	\$ 7,776	6%	\$ 11,083	13%	\$ 11,932	4%	\$ 23,667	14%
State	10,462	7%	12,942	15%	15,829	6%	22,572	13%
Local	22,470	16%	30,015	35%	42,147	16%	51,306	31%
Private	99,593	71%	32,051	37%	200,016	74%	70,001	42%
Total contract revenues	\$ 140,301	100%	\$ 86,091	100%	\$ 269,924	100%	\$ 167,546	100%

In the three and six months ended June 30, 2016, no single customer generated more than 10% of total contract revenues. In the three and six months ended June 30, 2015, a local port authority generated 15.1% and 11.4%, respectively, of total contract revenues.

The Company does not believe that the loss of any one of its customers would have a material adverse effect on the Company or its subsidiaries and affiliates since no single specific customer sustains such a large portion of receivables or contract revenue over time.

In addition, the commercial concrete construction segment primarily purchases concrete from select suppliers. The loss of one of these suppliers could adversely impact short-term operations.

5. Contracts in Progress

Contracts in progress are as follows at June 30, 2016 and December 31, 2015:

	June 30, 2016	December 31, 2015
Costs incurred on uncompleted contracts	\$ 893,371	\$ 782,934
Estimated earnings	136,699	132,694
	1,030,070	915,628
Less: Billings to date	(1,008,708)	(884,504)
	\$ 21,362	\$ 31,124
Included in the accompanying condensed consolidated balance sheet under the following captions:		
Costs and estimated earnings in excess of billings on uncompleted contracts	\$ 48,401	\$ 59,608
Billings in excess of costs and estimated earnings on uncompleted contracts	(27,039)	(28,484)
	\$ 21,362	\$ 31,124

Costs and estimated earnings in excess of billings on completed contracts totaled \$1.1 million at June 30, 2016.

6. Property and Equipment

The following is a summary of property and equipment at June 30, 2016 and December 31, 2015:

	June 30, 2016	December 31, 2015
Automobiles and trucks	\$ 2,506	\$ 2,749
Building and improvements	31,374	28,226
Construction equipment	164,880	159,963
Vessels and other equipment	84,992	89,485
Office equipment	7,011	6,057
	290,763	286,480
Less: accumulated depreciation	(172,950)	(164,371)
Net book value of depreciable assets	117,813	122,109
Construction in progress	8,340	5,649
Land	38,231	38,231
	\$ 164,384	\$ 165,989

For the three months ended June 30, 2016 and 2015, depreciation expense was \$6.8 million and \$5.2 million, respectively. For the six months ended June 30, 2016 and 2015, depreciation expense was \$13.6 million and \$10.6 million, respectively. Substantially all depreciation expense is included in the cost of contract revenue in the Company's Condensed Consolidated Statements of Operations. Substantially all of the assets of the Company are pledged as collateral under the Company's Credit Agreement (as defined in [Note 11](#)).

Substantially all of the Company's long-lived assets are located in the United States.

During 2015, the Company committed to a plan to review property and equipment within the heavy civil marine construction segment and adopted a plan to dispose of underutilized assets. These assets have been separately presented in the Condensed Consolidated Balance Sheets as "Assets held for sale" and are no longer depreciated. In connection with this disposal plan, the Company determined that the carrying value of certain of these assets exceeded its fair value, and consequently, the Company recorded an impairment loss of \$1.7 million on those assets, which included any expected costs to sell. Additionally, various other assets were identified as underutilized and will be sold for salvage value. Approximately \$6.4 million remain as held for sale on the Company's Consolidated Balance Sheet at June 30, 2016. The Company expects to dispose of the remaining assets within one year of the balance sheet date.

7. Inventory

Current inventory at June 30, 2016 and December 31, 2015, of \$5.4 million and \$4.9 million respectively, consisted primarily of spare parts and small equipment held for use in the ordinary course of business.

Non-current inventory at June 30, 2016 and December 31, 2015 of \$4.9 million and \$6.2 million respectively, consisted primarily of spare engine components or items which require longer lead times for sourcing or fabrication for certain of the Company's assets to reduce equipment downtime.

8. Fair Value

The fair value of financial instruments is the amount at which the instrument could be exchanged in a current transaction between willing parties. Due to their short term nature, the Company believes that the carrying value of its accounts receivable, other current assets, accounts payable and other current liabilities approximate their fair values.

The Company classifies financial assets and liabilities into the following three levels based on the inputs used to measure fair value in the order of priority indicated:

- Level 1- fair values are based on observable inputs such as quoted prices in active markets for identical assets or liabilities;
- Level 2 - fair values are based on pricing inputs other than quoted prices in active markets for identical assets and liabilities and are either directly or indirectly observable as of the measurement date; and
- Level 3- fair values are based on unobservable inputs in which little or no market data exists.

Financial assets and liabilities are classified in their entirety based on the lowest level of input that is significant to the fair value measurement. The Company's assessment of the significance of a particular input to the fair value requires judgment and may affect the placement of assets and liabilities within the fair value hierarchy levels.

The following table sets forth by level within the fair value hierarchy the Company's recurring financial assets and liabilities that were accounted for at fair value on a recurring basis as of June 30, 2016 and December 31, 2015:

	Fair Value Measurements			
	Carrying Value	Level 1	Level 2	Level 3
June 30, 2016				
Assets:				
Cash surrender value of life insurance policy	\$ 906	—	906	—
Liabilities:				
Derivatives	\$ 2,012	—	2,012	—
December 31, 2015				
Assets:				
Cash surrender value of life insurance policy	\$ 436	—	436	—
Liabilities:				
Derivatives	\$ 235	—	235	—

The Company's derivatives, which are comprised of interest rate swaps, are valued using a discounted cash flow analysis that incorporates observable market parameters, such as interest rate yield curves and credit risk adjustments that are necessary to reflect the probability of default by us or the counterparty. These derivatives are classified as a Level 2 measurement within the fair value hierarchy. See [Note 11](#) for additional information on the Company's derivative instrument.

Our commercial concrete segment has life insurance policies covering 4 employees with a combined face value of \$11.1 million. The policies are invested in mutual funds and the fair value measurement of the cash surrender balance associated with these policies is determined using Level 2 inputs within the fair value hierarchy and will vary with investment performance. These assets are included in the "Other noncurrent" asset section in the consolidated balance sheets.

Other Fair Value Measurements

The fair value of financial instruments is the amount at which the instrument could be exchanged in a current transaction between willing parties. Due to their short term nature, the Company believes that the carrying value of its accounts receivable, other current assets, accounts payable and other current liabilities approximate their fair values.

In 2015, the Company acquired the assets of TAS, which resulted in the valuation of acquired assets and liabilities on a non-recurring basis, classified as Level 3 in the fair value hierarchy, of which there are none in the current year. See [Note 3](#) for further information associated with the values recorded in our TAS acquisition.

The fair value of the Company's debt at June 30, 2016 and December 31, 2015 approximated its carrying value of \$113.6 million and \$110.6 million, respectively, as interest is based on current market interest rates for debt with similar risk and maturity. If the Company's debt was measured at fair value, it would have been classified as a Level 2 measurement in the fair value hierarchy.

9. Goodwill and Intangible Assets

Goodwill

The table below summarizes changes in goodwill recorded by the Company during the periods ended June 30, 2016 and December 31, 2015, respectively:

	June 30, 2016	December 31, 2015
Beginning balance, January 1	\$ 65,982	\$ 33,798
Additions	369	32,184
Ending balance	<u>\$ 66,351</u>	<u>\$ 65,982</u>

No indicators of goodwill impairment were identified during the six months ended June 30, 2016.

Intangible assets

The tables below present the activity and amortization of finite-lived intangible assets:

	Six months ended June 30,	
	2016	2015
Intangible assets, January 1	\$ 34,362	\$ 7,602
Additions	—	—
Total intangible assets, end of period	<u>34,362</u>	<u>7,602</u>
Accumulated amortization, January 1	\$ (11,933)	\$ (7,515)
Current year amortization	(3,644)	(56)
Total accumulated amortization	<u>(15,577)</u>	<u>(7,571)</u>
Net intangible assets, end of period	<u>\$ 18,785</u>	<u>\$ 31</u>

Finite-lived intangible assets were acquired as part of the purchase of TAS which included contractual backlog and customer relationships. Contractual backlog was valued at approximately \$8.7 million and will be amortized over two years. Customer relationships were valued at approximately \$18.1 million and will be amortized over eight years. Both of these assets will be amortized using an accelerated method based on the pattern in which the economic benefits of the assets are consumed. For the six months ended June 30, 2016, \$3.6 million of amortization expense was recognized for these assets. Future expense remaining of approximately \$18.8 million will be amortized as follows:

2016	\$ 3,643
2017	4,554
2018	3,168
2019	2,462
2020	1,955
Thereafter	3,003
	<u>\$ 18,785</u>

Additionally, an indefinite-lived asset (trade name) was acquired as part of the purchase of TAS and valued at approximately \$6.9 million. This asset will not be amortized but rather will be tested for impairment at least annually or when indicators of impairment exist. No indicators of impairment existed at June 30, 2016.

10. Accrued Liabilities

Accrued liabilities at June 30, 2016 and December 31, 2015 consisted of the following:

	June 30, 2016	December 31, 2015
Accrued salaries, wages and benefits	\$ 7,952	\$ 8,115
Accrual for insurance liabilities	4,718	7,998
Property taxes	1,296	2,020
Sales taxes	1,429	1,991
Interest	—	112
Payable to TAS Seller	—	728
Other accrued expenses	603	1,185
Total accrued liabilities	\$ 15,998	\$ 22,149

11. Long-term Debt, Line of Credit and Derivatives

The Company entered into a syndicated credit agreement (the "Credit Agreement") on August 5, 2015 with Regions Bank, as administrative agent and collateral agent, and the following co-syndication agents: Bank of America, N.A., BOKF, NA dba Bank of Texas, Branch Banking & Trust Company, Frost Bank, Bank Midwest, a division of NBH Bank, N.A., IBERIABANK, KeyBank NA, Trustmark National Bank, and First Tennessee Bank NA. The primary purpose of the Credit Agreement was to finance the acquisition of TAS, to provide a revolving line of credit, and to provide financing to extinguish all prior indebtedness with Wells Fargo Bank, National Associates, as administrative agent, and Wells Fargo Securities, LLC.

The Credit Agreement, which may be amended from time to time, provides for borrowings under a revolving line of credit and swingline loans with a commitment amount of \$50.0 million and a term loan with a commitment amount of \$135.0 million (together, the "Credit Facility"). The Credit Facility is guaranteed by the subsidiaries of the Company, secured by the assets of the Company, including stock held in its subsidiaries, and may be used to finance general corporate and working capital purposes, to finance capital expenditures, to refinance existing indebtedness, to finance permitted acquisitions and associated fees, and to pay for all related expenses to the Credit Facility. Interest is due and is computed based on the designation of the loan, with the option of a Base Rate Loan (the base rate plus the Applicable Margin), or an Adjusted LIBOR Rate Loan (the adjusted LIBOR rate plus the Applicable Margin). Interest is due on the last day of each quarter end for Base Rate Loans and at the end of the LIBOR rate period for Adjusted LIBOR Rate Loans. The rate for all loans at the time of loan origination was 4.75%. Principal balances drawn under the Credit Facility may be prepaid at any time, in whole or in part, without premium or penalty. Amounts repaid under the revolving line of credit may be re-borrowed. The Credit Facility matures on August 5, 2020.

Total debt issuance costs, which included underwriter fees, legal fees and syndication fees were approximately \$4.5 million. During the first quarter of 2016, the Company executed the First Amendment of the Credit Agreement and additional costs were incurred of approximately \$0.5 million. These costs were initially capitalized as non-current deferred charges and amortized using the effective interest rate method over the duration of the loan. During the first quarter of 2016, the Company adopted ASU 2015-03, *Interest - Imputation of Interest, Simplifying the Presentation of Debt Issuance Costs*. Upon adoption of this guidance, debt issuance costs are now presented as a direct deduction from the carrying amount of the debt liability, of which \$0.8 million was allocated to current debt and \$3.1 million was allocated to long-term debt as of June 30, 2016. As of December 31, 2015, \$0.5 million was allocated to current debt and \$3.6 million was allocated to long-term debt.

The quarterly weighted average interest rate for the Credit Facility as of June 30, 2016 was 3.81%.

Provisions of the revolving line of credit and accordion

The Company has a maximum borrowing availability under the revolving line of credit and swingline loans (as defined in the Credit Agreement) of \$50.0 million. The letter of credit sublimit is equal to the lesser of \$20.0 million and the aggregate unused amount of the revolving commitments then in effect. The swingline sublimit is equal to the lesser of \$5.0 million and the aggregate unused amount of the revolving commitments then in effect.

Revolving loans may be designated as Base Rate Loan or Adjusted LIBOR Rate Loans, at the Company's request, and must be made in an aggregate minimum amount of \$1.0 million and integral multiples of \$250,000 in excess of that amount. Swingline loans must be made in an aggregate minimum amount of \$250,000 and integral multiples of \$50,000 in excess of that amount. The Company may convert, change, or modify such designations from time to time.

The Company is subject to a Commitment Fee for the unused portion of the maximum available to borrow under the revolving line of credit. The Commitment Fee, which is due quarterly in arrears, is equal to the Applicable Margin of the actual daily amount by which the Aggregate Revolving Commitments exceeds the Total Revolving Outstanding. The revolving line of credit termination date is the earlier of the Credit Facility termination date, August 5, 2020, or the date the outstanding balance is permanently reduced to zero. The Company has the intent and ability to repay the amounts outstanding on the revolving line of credit within one year, therefore, the outstanding balance as of June 30, 2016 has been classified as current.

As of June 30, 2016, the outstanding balance on the revolving line of credit was \$12.0 million and was designated as an Adjusted LIBOR Rate Loan at a rate of 4.00%. There was also an outstanding letter of credit in the amount of \$1.1 million as of June 30, 2016, which reduced the maximum borrowing availability on the revolving line of credit to \$36.9 million as of June 30, 2016. The Company made payments of \$14.0 million on the outstanding revolving balance during the second quarter of 2016. Subsequent to June 30, 2016, the Company drew \$10.0 million from the revolving line of credit to use for working capital needs.

Provisions of the term loan

The original principal amount of \$135.0 million for the term loan commitment shall be repaid in quarterly installment payments (as stated in the Credit Agreement). At June 30, 2016, the outstanding term loan component of the Credit Facility totaled \$101.6 million and was secured by specific assets of the Company. The table below outlines the total remaining payment amounts annually for the next five years for the term loan through maturity of the Credit Facility:

2016	\$	5,062
2017		11,813
2018		13,500
2019		15,188
2020		56,062
	\$	<u>101,625</u>

The Company made the scheduled quarterly principal payment of \$1.7 million and additional payments of \$1.6 million, which reduced the outstanding principal balance to \$101.6 million at June 30, 2016. The current portion of debt is \$10.1 million and the non-current portion is \$91.5 million. As of June 30, 2016, the term loan was designated as an Adjusted LIBOR Rate Loan with an interest rate of 4.00%.

Financial covenants

Restrictive financial covenants under the Credit Facility include:

- A consolidated Fixed Charge Coverage Ratio as of the end of any fiscal quarter to be less than 1.25 to 1.00.
- A consolidated Leverage Ratio to not exceed the following during each noted period:
 - Closing Date through and including December 31, 2015, to not exceed 3.25 to 1.00;
 - Fiscal Quarter Ending March 31, 2016, to not exceed 4.00 to 1.00;
 - Fiscal Quarter Ending June 30, 2016, to not exceed 3.75 to 1.00;
 - Fiscal Quarter Ending September 30, 2016, to not exceed 3.25 to 1.00;
 - Fiscal Quarter Ending December 31, 2016, to not exceed 3.00 to 1.00;
 - Fiscal Quarter Ending March 31, 2017, to not exceed 2.75 to 1.00;
 - Fiscal Quarter Ending June 30, 2017 and each Fiscal Quarter thereafter, to not exceed 2.50 to 1.00.

As of June 30, 2016, the Company was in compliance with all financial covenants.

In addition, the Credit Facility contains events of default that are usual and customary for similar arrangements, including non-payment of principal, interest or fees; breaches of representations and warranties that are not timely cured; violation of covenants; bankruptcy and insolvency events; and events constituting a change of control.

The Company expects to meet its future internal liquidity and working capital needs, and maintain or replace its equipment fleet through capital expenditure purchases and major repairs, from funds generated by its operating activities for at least the next 12 months. The Company believes that its cash position and available borrowings together with cash flow from its operations is adequate for general business requirements and to service its debt.

Derivative Financial Instruments

On September 16, 2015, the Company entered into a series of receive-variable, pay-fixed interest rate swaps to hedge the variability in the interest payments on 50% of the aggregate principal amount of the Regions Term Loan outstanding, beginning with a notional amount of \$67.5 million. There are a total of five sequential interest rate swaps to achieve the hedged position and each year on August 31, with the exception of the final swap, the existing interest rate swap is scheduled to expire and will be immediately replaced with a new interest rate swap until the expiration of the final swap on July 31, 2020. At inception, these interest rate swaps were designated as a cash flow hedge for hedge accounting, and as such, the effective portion of unrealized changes in market value are recorded in accumulated other comprehensive income (loss) and reclassified into earnings during the period in which the hedged forecasted transaction affects earnings. Gains and losses from hedge ineffectiveness are recognized in current earnings. The change in fair market value of the swaps as of June 30, 2016 is \$1.2 million, which is reflected in the balance sheet as a liability.

12. Income Taxes

The Company's effective tax rate is based on expected income, statutory rates and tax planning opportunities available to it. For interim financial reporting, the Company estimates its annual tax rate based on projected taxable income (or loss) for the full year and records a quarterly tax provision in accordance with the anticipated annual rate. The effective rate for the six months ended June 30, 2016 and 2015 was 38.3% and 37.7%, respectively. The 2016 effective tax rate differed from the Company's statutory rate of 35% primarily due to state income taxes and the non-deductibility of certain permanent items, such as incentive stock compensation expense. The 2015 effective tax rate differed from the Company's statutory rate of 35% primarily due to state income taxes and the non-deductibility of certain permanent items, such as incentive stock compensation expense, offset by a benefit related to the domestic production gross receipts deduction.

The Company assessed the realizability of its deferred tax assets at June 30, 2016, and considered whether it was more likely than not that some portion or all of the deferred tax assets will not be realized. The realization of deferred tax assets depends upon the generation of future taxable income, which includes the reversal of deferred tax liabilities related to depreciation, during the periods in which these temporary differences become deductible.

The Company has a tax effected net operating loss carryforward ("NOL") of approximately \$3.7 million for state income tax reporting purposes due to the losses sustained in various states. The Company believes it will be able to partially utilize these NOLs against future income primarily with reversing of temporary differences attributable to depreciation and due to expiration dates well into the future. However, the Company has determined that a portion of the NOLs specifically related to Florida will more likely than not be unable to be fully utilized. Therefore, a valuation allowance of \$1.6 million was established during the third quarter of 2015 for this portion of the NOL. For federal tax reporting purposes, the Company has utilized its ability to carry losses back prior to 2015. Approximately \$1.1 million remains as a federal tax carryforward, which the Company believes it will be able to utilize before expiration.

The Company does not believe that its tax positions will significantly change due to any settlement and/or expiration of statutes of limitations prior to December 31, 2016.

13. Earnings (Loss) Per Share

Basic earnings (loss) per share are based on the weighted average number of common shares outstanding during each period. Diluted earnings per share are based on the weighted average number of common shares outstanding and the effect of all dilutive common stock equivalents during each period. The exercise price for certain stock options awarded by the Company exceeds the average market price of the Company's common stock. Such stock options are antidilutive and are not included in the

computation of earnings (loss) per share. In the three months ended June 30, 2016 and June 30, 2015, no potential common stock equivalents were included as the effect of such would be anti-dilutive. For the three month periods ended June 30, 2016 and June 30, 2015, the Company had 2,358,684 and 2,012,770 securities, respectively, that were potentially dilutive in future earnings per share calculations. For the six months ended June 30, 2016 and June 30, 2015, the Company had 2,239,139 and 2,002,337 securities, respectively, that were potentially dilutive in future earnings calculations. Such dilution will be dependent on the excess of the market price of our stock over the exercise price and other components of the treasury stock method.

The following table reconciles the denominators used in the computations of both basic and diluted loss per share:

	Three months ended June 30,		Six months ended June 30,	
	2016	2015	2016	2015
Basic:				
Weighted average shares outstanding	27,464,683	27,352,523	27,383,748	27,478,514
Diluted:				
Total basic weighted average shares outstanding	27,464,683	27,352,523	27,383,748	27,478,514
Effect of dilutive securities:				
Common stock options	—	—	—	—
Total weighted average shares outstanding assuming dilution	27,464,683	27,352,523	27,383,748	27,478,514
Anti-dilutive stock options	2,317,572	950,817	2,237,217	954,328
Shares of common stock issued from the exercise of stock options	—	—	3,924	3,970

14. Stock-Based Compensation

The Compensation Committee of the Company's Board of Directors is responsible for the administration of the Company's stock incentive plans, which include the 2011 Long Term Incentive Plan, or the "2011 LTIP", which was approved by shareholders in May 2011 and authorized the maximum aggregate number of shares of common stock to be issued at 3,000,000. In general, the Company's 2011 LTIP provides for grants of restricted stock and stock options to be issued with a per-share price equal to the fair market value of a share of common stock on the date of grant. Option terms are specified at each grant date, but are generally 10 years from the date of issuance. Options generally vest over a three to five year period.

In the three months ended June 30, 2016 and 2015, compensation expense related to stock based awards outstanding was \$869,000 and \$510,000, respectively. In the six months ended June 30, 2016 and 2015, compensation expense related to stock based awards outstanding was \$1.3 million and \$1.3 million, respectively.

In May 2016, the Company granted certain executives options to purchase 519,314 shares of common stock and used the Black Scholes option pricing model to estimate the fair value of these options using the following assumptions:

Grant-date fair value	\$	1.67
Risk-free interest rate		1.06%
Expected volatility		49%
Expected term of options (in years)		3.0
Dividend yield		—%

The risk-free interest rate is based on interest rates on U.S. Treasury zero-coupon issues that match the contractual terms of the stock option grants. The expected term represents the period in which the Company's equity awards are expected to be outstanding.

Also, in May 2016, certain officers and executives of the Company were awarded 384,359 shares of restricted common stock. The fair value on the date of the grant was \$4.94 per share.

In May 2016, the Company awarded certain executives 68,977 shares of performance based stock options, with 100% of shares to be earned based on the achievement of an objective return on invested capital measured over a two-year performance period. The fair value on the date of the grant of \$4.94 per share.

The Company applies a 3.2% forfeiture rate to its restricted stock and option grants from the 2011 LTIP and a 5.5% forfeiture rate on all other plans.

In the three months ended June 30, 2016 and June 30, 2015, no options were exercised, generating no proceeds to the Company. In the six months ended June 30, 2016, 3,924 options were exercised, generating proceeds to the Company of approximately \$8,000. In the six months ended June 30, 2015, 3,970 options were exercised, generating proceeds to the Company of approximately \$28,000.

At June 30, 2016, total unrecognized compensation expense related to unvested stock and options was approximately \$3.7 million, which is expected to be recognized over a period of approximately two years.

15. Commitments and Contingencies

From time to time the Company is a party to various lawsuits, claims and other legal proceedings that arise in the ordinary course of business. These actions typically seek, among other things, compensation for alleged personal injury, breach of contract, property damage, punitive damages, civil penalties or other losses, or injunctive or declaratory relief. With respect to such lawsuits, the Company accrues reserves when it is probable a liability has been incurred and the amount of loss can be reasonably estimated. The Company does not believe any other proceedings, individually or in the aggregate, would be expected to have a material adverse effect on results of operations, cash flows or financial condition.

16. Segment Information

The Company currently operates in two reportable segments: heavy civil marine construction and commercial concrete construction. The Company's financial reporting systems present various data for management to run the business, including profit and loss statements prepared according to the segments presented. Management uses operating income to evaluate performance between the two segments. Segment information for the periods presented is provided as follows:

	Three months ended June 30, 2016	Three months ended June 30, 2015	Six months ended June 30, 2016	Six months ended June 30, 2015
Heavy Civil Marine Construction				
Contract revenues	\$ 79,966	\$ 86,091	\$ 142,381	\$ 167,546
Operating loss	(1,212)	(2,712)	(4,354)	(2,905)
Depreciation and amortization expense	(5,176)	(5,209)	(10,243)	(10,654)
Total Assets	\$ 297,207	\$ 342,136	\$ 297,207	\$ 342,136
Property, Plant and Equipment, net	149,912	158,642	149,912	158,642
Commercial Concrete Construction				
Contract revenues	\$ 60,335	\$ —	\$ 127,543	\$ —
Operating income	1,493	—	4,180	—
Depreciation and amortization expense	(3,477)	—	(6,960)	—
Total Assets	\$ 146,127	\$ —	\$ 146,127	\$ —
Property, Plant and Equipment, net	14,472	—	14,472	—

There were no intersegment revenues between the Company's two reportable segments for the three and six months ended June 30, 2016 and 2015. The heavy civil marine construction segment had foreign revenues of \$3.7 million and \$11.3 million for the three months ended June 30, 2016 and 2015 and \$6.1 million and \$18.5 million for the six months ended June 30, 2016 and 2015. These revenues are derived from projects in Mexico and the Caribbean and are paid in U.S. dollars. There was no foreign revenue for the commercial concrete construction segment.

17. Related Party Transactions

Upon the completion of the acquisition of TAS, the Company entered into a lease arrangement with an entity in which an employee owns an interest. This lease is for office space and yard facilities used by the commercial concrete construction segment. Annual lease expense will be approximately \$820,000, of which approximately \$205,000 and \$410,000 represented lease expense during the three and six months ended June 30, 2016, respectively.

Item 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

CAUTIONARY STATEMENT CONCERNING FORWARD-LOOKING STATEMENTS

Unless the context otherwise indicates, all references in this quarterly report to "Orion," "the Company," "we," "our," or "us" are to Orion Group Holdings, Inc. and its subsidiaries taken as a whole.

Certain information in this Quarterly Report on Form 10-Q, including but not limited to Management's Discussion and Analysis of Financial Condition and Results of Operations ("MD&A"), may constitute forward-looking statements as such term is defined within the meaning of the "safe harbor" provisions of Section 27A of the Securities Exchange Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended.

All statements other than statements of historical facts, including those that express a belief, expectation, or intention are forward-looking statements. The forward-looking statements may include projections and estimates concerning the timing and success of specific projects and our future production, revenues, income and capital spending. Our forward-looking statements are generally accompanied by words such as "estimate," "project," "predict," "believe," "expect," "anticipate," "potential," "plan," "goal" or other words that convey the uncertainty of future events or outcomes.

We have based these forward-looking statements on our current expectations and assumptions about future events. While our management considers these expectations and assumptions to be reasonable, they are inherently subject to significant business, economic, competitive, regulatory and other risks, contingencies and uncertainties, most of which are difficult to predict and many of which are beyond our control, including unforeseen productivity delays and other difficulties encountered in project execution, levels of government funding or other governmental budgetary constraints, and contract cancellation at the discretion of the customer. These and other important factors, including those described under "Risk Factors" in Item 1A of the Company's Annual Report on Form 10-K for the year ended December 31, 2015 ("2015 Form 10-K") may cause our actual results, performance or achievements to differ materially from any future results, performance or achievements expressed or implied by these forward-looking statements. The forward-looking statements in this quarterly report on Form 10-Q speak only as of the date of this report; we disclaim any obligation to update these statements unless required by securities law, and we caution you not to rely on them unduly.

MD&A provides a narrative analysis explaining the reasons for material changes in the Company's (i) financial condition since the most recent fiscal year-end, and (ii) results of operations during the current fiscal year-to-date period and current fiscal quarter as compared to the corresponding periods of the preceding fiscal year. In order to better understand such changes, this MD&A should be read in conjunction with the Company's fiscal 2015 audited consolidated financial statements and notes thereto included in its 2015 Form 10-K, Item 7 Management's Discussion and Analysis of Financial Condition and Results of Operations included in our 2015 Form 10-K and with our unaudited condensed consolidated financial statements and related notes appearing elsewhere in this quarterly report.

Overview

On May 19, 2016, the Board of Directors of Orion Marine Group, Inc. approved a name change to Orion Group Holdings, Inc. (the "Company"), to better reflect its operating profile and strategic outlook, following the acquisition of a commercial concrete construction company. The Company now operates as two segments: the heavy civil marine construction segment, which will continue to operate under the Orion Marine Group brand and logo, and the commercial concrete constructions segment, which will continue to operate under the TAS Commercial Concrete brand and logo.

Orion Group Holdings, Inc., its subsidiaries and affiliates, provide a broad range of construction and specialty services both on and off the water in the continental United States, Alaska, Canada and the Caribbean Basin through its heavy civil marine construction and commercial concrete construction segments. The Company's heavy civil marine construction segment services include marine transportation facility construction, marine pipeline construction, marine environmental structures, dredging of waterways, channels and ports, environmental dredging, design, and specialty services. Its commercial concrete construction segment provides turnkey concrete construction services including pour and finish, dirt work, layout, forming, rebar, and mesh across the light commercial structural and other associated business areas. The Company is headquartered in Houston, Texas with offices throughout its operating areas.

Our contracts are obtained primarily through competitive bidding in response to "requests for proposals" by federal, state and local agencies and through negotiation and competitive bidding with private parties and general contractors. Our bidding activity

and strategies are affected by such factors as our backlog, current utilization of equipment and other resources, job location, our ability to obtain necessary surety bonds and competitive considerations. The timing and location of awarded contracts may result in unpredictable fluctuations in the results of our operations.

Most of our revenue is derived from fixed-price contracts. We record revenue on construction contracts using the percentage-of-completion method, measured by the percentage of contract costs incurred to date to total estimated costs for each contract. There are a number of factors that can create variability in contract performance and therefore impact the results of our operations. The most significant of these include the following:

- completeness and accuracy of the original bid;
- increases in commodity prices such as concrete, steel and fuel;
- customer delays, work stoppages, and other costs due to weather and environmental restrictions;
- availability and skill level of workers; and
- a change in availability and proximity of equipment and materials.

All of these factors can have a negative impact on our contract performance, which can adversely affect the timing of revenue recognition and ultimate contract profitability. We plan our operations and bidding activity with these factors in mind and they have not had a material adverse impact on the results of our operations in the past.

Second quarter 2016 recap and 2016 Outlook

During the second quarter, we are encouraged by the productivity of our operations and the sustained level of opportunities we see. We experienced slightly slower productivity in both operating segments during the quarter as a result of heavy rainfall, primarily in Texas. In our heavy civil marine construction segment, we have materially completed the remaining troubled Tampa projects. With these projects substantially behind us, we are confident that new management in our Tampa office have the tools and structure in place for profitable operations in the future. Bridge projects funded by various state departments of transportation, as well as projects led by local port authorities, continue to be let at normal levels. We are also hopeful for a more normalized year of lettings from the U.S. Corps of Engineers with fiscal year 2016 funding in place. The commercial concrete construction segment continues to perform well, particularly in the Dallas market with solid market drivers and new bid opportunities in the private sector, reflecting increases in capital projects, both in new construction and refurbishment of existing infrastructure.

Heavy Civil Marine Construction Segment

Demand for our heavy civil marine construction services remains strong. We continue to see solid demand to help maintain and expand the infrastructure that facilitates the movement of goods and people on and over waterways. Specifically, we continue to see bid opportunities from our private sector energy related customers as they expand their marine facilities related to the storage, transportation and refining of domestically produced energy. Over the long term, we expect further opportunities in this sector from petrochemical related customers, energy exporters, and liquefied natural gas facilities. Opportunities from local port authorities also remain solid, many of which are related to the upcoming completion of the Panama Canal expansion project. Additionally, we expect to see some bid opportunities related to coastal restoration funded through the Resources and Ecosystems Sustainability, Tourism Opportunities and Revived Economy of the Gulf Coast Act of 2011 (the "RESTORE Act") towards the end of 2016. We believe the adjustments we have made to our capital assets will allow us to better meet market demand for projects from both our public and private customers in the future.

In the long-term, we see positive trends in demands for our services in our end markets, including:

- General demand to repair and improve degrading U. S. marine infrastructure;
- Improving economic conditions and increased activity in the petrochemical industry and energy related companies will necessitate capital expenditures, including larger projects, as well as maintenance call-out work;
- Expected increases in cargo volume and future demands from larger ships transiting the Panama Canal that will require ports along the Gulf Coast and Atlantic Seaboard to expand port infrastructure as well as perform additional dredging services;
- The Water Resources Reform and Development Act (the "WRRDA Act") authorizing expenditures for the conservation and development of the nation's waterways, as well as addressing funding deficiencies within the Harbor Maintenance Trust Fund;
- Renewed focus on coastal rehabilitation along the Gulf Coast, particularly through the use of RESTORE Act funds based on fines collected related to the 2010 Gulf of Mexico oil spill; and
- Proposed 6-year extension of the Highway Bill currently under consideration in the Senate.

Commercial Concrete Construction Segment

Our commercial concrete construction segment's demand for services also remains strong. In the Houston market, we are seeing increasing demand for education, medical and retail space. The Dallas market continues to be a source of growth and continues to maintain peak backlog levels for that market. We believe solid demand for our commercial concrete construction segment will continue in our current operating markets and support our expansion in the Dallas market. We also continue to explore potential opportunities to bring both our heavy civil marine construction and commercial concrete construction services to work on projects.

Consolidated Results of Operations

Backlog Information

Our contract backlog represents our estimate of the revenues we expect to realize under the portion of contracts remaining to be performed. Given the typical duration of our contracts, which is generally less than a year, our backlog at any point in time usually represents only a portion of the revenue that we expect to realize during a twelve month period. Many projects that make up our backlog may be canceled at any time without penalty; however, we can generally recover actual committed costs and profit on work performed up to the date of cancellation. Although we have not been adversely affected by contract cancellations or modifications in the past, we may be in the future, especially in economically uncertain periods. Consequently, backlog is not necessarily indicative of future results. In addition to our backlog under contract, we also have a substantial number of projects in negotiation or pending award at any time.

Backlog for our heavy civil marine construction segment at June 30, 2016 was \$166.4 million, as compared with \$223.0 million at June 30, 2015.

Backlog for our commercial concrete construction segment at June 30, 2016 was \$201.2 million, as compared with \$174.3 million at June 30, 2015.

Three months ended June 30, 2016 compared with three months ended June 30, 2015

	Three months ended June 30,			
	2016		2015	
	Amount	Percent	Amount	Percent
	(dollar amounts in thousands)			
Contract revenues	\$ 140,301	100.0 %	\$ 86,091	100.0 %
Cost of contract revenues	123,355	87.9 %	80,066	93.0 %
Gross profit	16,946	12.1 %	6,025	7.0 %
Selling, general and administrative expenses	16,899	12.0 %	8,794	10.2 %
Gain on sale of assets, net	(234)	(0.1)%	(57)	(0.1)%
Operating income (loss) from operations	281	0.2 %	(2,712)	(3.1)%
Other (expense) income				
Other income	9	— %	—	— %
Interest income	—	— %	4	— %
Interest expense	(1,600)	(1.1)%	(252)	(0.3)%
Other expense, net	(1,591)	(1.1)%	(248)	(0.3)%
Loss before income taxes	(1,310)	(0.9)%	(2,960)	(3.4)%
Income tax benefit	(502)	(0.4)%	(1,115)	(1.3)%
Net loss attributable to Orion	\$ (808)	(0.5)%	\$ (1,845)	(2.1)%

Contract Revenues. Consolidated contract revenues for the three months ended June 30, 2016 were \$140.3 million as compared with \$86.1 million in the comparable prior year period, which was an increase of \$54.2 million, or 63.0% from the comparable period in the prior year. This increase is attributable to the acquisition of TAS, which accounted for \$60.3 million in contract revenues, offset by a decrease in the heavy civil marine construction segment of \$6.1 million from the comparable prior year period. This decrease is primarily attributable to some specific weather conditions slowing productivity on certain jobs in Texas, as well as the timing and mix of jobs.

Contract revenues generated from private sector customers for the heavy civil marine construction segment represented 57.3% of segment contract revenues in the period, which is an increase of \$13.8 million from the comparable prior period. Contract revenue

generated from private sector customers for the heavy civil marine construction segment totaled approximately \$45.8 million, or an increase of 43.0% from the comparable period in the prior year.

Contract revenues generated from public sector customers for the heavy civil marine construction segment represented 42.7% of segment contract revenues in the second quarter of 2016, or approximately \$34.1 million, as compared with \$54.0 million or 62.8%, in the comparable prior year period. The decrease in revenue is due to a shift in timing of projects as well as completion of certain projects during 2015.

Contract revenues in the commercial concrete construction segment are primarily derived from private sector customers. Private sector customers represent \$53.8 million, or 89.1%, of total contract revenues for the commercial concrete construction segment.

Gross Profit. Gross profit was \$16.9 million in the three months ended June 30, 2016, as compared with \$6.0 million in the comparable prior year period. Gross margin in the second quarter was 12.1%, as compared with 7.0% in the comparable prior year period. Gross profit increased primarily as a result of the addition of the commercial concrete construction segment, which contributed \$6.9 million to gross profit in the second quarter of 2016. In addition, during this same period, gross profit for the heavy civil marine construction segment increased by approximately \$4.0 million, despite a decrease in revenues, due to increased project efficiency, cost cutting and mix in project types.

Selling, General and Administrative Expense. Selling, general and administrative ("SG&A") expenses in the second quarter of 2016 were \$16.9 million as compared with \$8.8 million in the comparable prior year period, which was an increase of \$8.1 million, or 92.0%. The increase is partially attributable to the addition of the commercial concrete construction segment, which contributed \$5.4 million in additional SG&A expenses during the period. Additional increases are associated with higher payroll and payroll related costs, stock compensation costs, and certain consulting services fees.

Other income, net of expense. Other expense primarily reflects interest on our borrowings.

Income Tax Benefit. We have estimated our annual effective tax rate at 38.3% for 2016. This differs from the statutory rate of 35%, primarily due to state income taxes and the non-deductibility of certain permanent items, such as incentive stock compensation expense.

Six months ended June 30, 2016 compared with six months ended June 30, 2015

	Six months ended June 30,			
	2016		2015	
	Amount	Percent	Amount	Percent
	(dollar amounts in thousands)			
Contract revenues	\$ 269,924	100.0 %	\$ 167,546	100.0 %
Cost of contract revenues	238,267	88.3 %	153,065	91.4 %
Gross profit	31,657	11.7 %	14,481	8.6 %
Selling, general and administrative expenses	32,437	12.0 %	17,486	10.4 %
Gain on sale of assets, net	(606)	(0.3)%	(100)	(0.1)%
Operating loss from operations	(174)	— %	(2,905)	(1.7)%
Other (expense) income				
Other income	22	— %	—	— %
Interest income	1	— %	17	— %
Interest expense	(3,117)	(1.2)%	(490)	(0.3)%
Other expense, net	(3,094)	(1.2)%	(473)	(0.3)%
Loss before income taxes	(3,268)	(1.2)%	(3,378)	(2.0)%
Income tax benefit	(1,252)	(0.5)%	(1,276)	(0.8)%
Net loss attributable to Orion	(2,016)	(0.7)%	\$ (2,102)	(1.2)%

Contract Revenues. Consolidated contract revenues for the six months ended June 30, 2016 were \$269.9 million as compared with \$167.5 million in the comparable prior year period, which was an increase of \$102.4 million, or 61.1% from the comparable period in the prior year. This increase is attributable to the acquisition of TAS, which accounted for \$127.5 million in contract revenues, offset by a decrease in the heavy civil marine construction segment of \$25.2 million from the comparable prior year period. This decrease is primarily attributable to some specific weather conditions slowing productivity on certain jobs on the East Coast and in Texas, as well as the timing and mix of jobs.

Contract revenues generated from private sector customers for the heavy civil marine construction segment represented 60.9% of segment contract revenues in the period, which is an increase of \$16.7 million from the comparable prior period. Contract revenue generated from private sector customers for the heavy civil marine construction segment totaled approximately \$86.7 million, or an increase of 23.8% from the comparable period in the prior year.

Contract revenues generated from public sector customers for the heavy civil marine construction segment represented 39.1% of segment contract revenues in the second quarter of 2016, or approximately \$55.7 million, as compared with \$97.5 million or 58.2%, in the comparable prior year period. The decrease in revenue is due to a shift in timing of projects as well as completion of certain projects during 2015.

Contract revenues in the commercial concrete construction segment are primarily derived from private sector customers. Private sector customers represent \$113.3 million, or 88.9%, of total contract revenues for the commercial concrete construction segment.

Gross Profit. Gross profit was \$31.7 million in the six months ended June 30, 2016, as compared with \$14.5 million in the comparable prior year period. Gross margin in the second quarter was 11.7%, as compared with 8.6% in the comparable prior year period. Gross profit increased primarily as a result of the addition of the commercial concrete construction segment, which contributed \$15.1 million to gross profit in the second quarter of 2016. In addition, during this same period, gross profit for the heavy civil marine construction segment increased by approximately \$2.1 million, despite a decrease in revenues, due to increased project efficiency, cost cutting and mix in project types.

Selling, General and Administrative Expense. Selling, general and administrative ("SG&A") expenses in the second quarter of 2016 were \$32.4 million as compared with \$17.5 million in the comparable prior year period, which was an increase of \$14.9 million, or 85.5%. The increase is partially attributable to the addition of the commercial concrete construction segment, which contributed \$11.0 million in additional SG&A expenses during the period. Additional increases are associated with higher payroll and payroll related costs stock compensation costs, and certain consulting services fees.

Other income, net of expense. Other expense primarily reflects interest on our borrowings.

Income Tax Benefit. We have estimated our annual effective tax rate at 38.3% for 2016. This differs from the statutory rate of 35%, primarily due to state income taxes and the non-deductibility of certain permanent items, such as incentive stock compensation expense.

Liquidity and Capital Resources

Our primary liquidity needs are to finance our working capital, fund capital expenditures, and pursue strategic acquisitions. Historically, our source of liquidity has been cash provided by our operating activities and borrowings under our Credit Facility (as defined below).

Our working capital position fluctuates from period to period due to normal increases and decreases in operational activity. At June 30, 2016, our working capital was \$68.4 million, as compared with \$60.9 million at December 31, 2015. As of June 30, 2016, we had cash on hand of \$1.5 million. Due to the outstanding amount on our revolver and outstanding letters of credit, our borrowing capacity at June 30, 2016 was approximately \$36.9 million.

We expect to meet our future internal liquidity and working capital needs, and maintain or replace our equipment fleet through capital expenditure purchases and major repairs, from funds generated by our operating activities for at least the next 12 months. We believe our cash position is adequate for our general business requirements discussed above and to service our debt.

The following table provides information regarding our cash flows and our capital expenditures for the six months ended June 30, 2016 and 2015:

	Six months ended June 30,	
	2016	2015
Cash flows provided by (used in) operating activities	\$ 10,131	\$ (3,177)
Cash flows used in investing activities	\$ (12,465)	\$ (7,367)
Cash flows provided by (used in) financing activities	\$ 2,501	\$ (7,614)
Capital expenditures (included in investing activities above)	\$ (12,513)	\$ (7,533)

Operating Activities. In the six months of 2016, our operations provided approximately \$10.1 million of cash, as compared with cash used in operations in the comparable prior year period of \$3.2 million. The change in cash between periods was \$13.3 million and was primarily attributable to changes in depreciation and amortization expense and deferred financing costs of approximately \$6.6 million, and changes of approximately \$6.6 million in working capital.

Changes in working capital are normal within our business and are not necessarily indicative of any fundamental change within working capital components or trend in the underlying business.

Investing Activities. Capital asset additions and betterments to our fleet were \$12.5 million in the six months ended June 30, 2016, as compared with \$7.5 million in the comparable prior year period. The increase is primarily a result of timing of purchase of capital assets. The Company is on track to meet its projected capital expenditures budget for the current fiscal year.

Financing Activities. Through the six months ended June 30, 2016, we drew down \$32.0 million from our revolving line of credit. Additionally, we repaid \$24.0 million on this draw, as well as made our regularly scheduled debt payments and an additional payment on the term loan of \$5.0 million, for a total of \$29.0 million in debt payments. In the comparable prior year period, we paid back the temporary draw on our line of credit to fund the purchase of a dry-dock in the amount of approximately \$4.5 million.

Sources of Capital

The Company entered into a syndicated credit agreement (the "Credit Agreement") on August 5, 2015 with Regions Bank, as administrative agent and collateral agent, and the following co-syndication agents: Bank of America, N.A., BOKF, NA dba Bank of Texas, Branch Banking & Trust Company, Frost Bank, Bank Midwest, a division of NBH Bank, N.A., IBERIABANK, KeyBank NA, Trustmark National Bank, and First Tennessee Bank NA. The primary purpose of the Credit Agreement was to finance the acquisition of TAS to provide a revolving line of credit, and to provide financing to extinguish all prior indebtedness with Wells Fargo Bank, National Associates, as administrative agent, and Wells Fargo Securities, LLC.

The Credit Agreement, which may be amended from time to time, provides for borrowings under a revolving line of credit and swingline loans with a commitment amount of \$50.0 million and a term loan with a commitment amount of \$135.0 million (together, the "Credit Facility"). The Credit Facility is guaranteed by the subsidiaries of the Company, secured by the assets of the Company, including stock held in its subsidiaries, and may be used to finance general corporate and working capital purposes, to finance capital expenditures, to refinance existing indebtedness, to finance permitted acquisitions and associated fees, and to pay for all related expenses to the Credit Facility. Interest is due and is computed based on the designation of the loan, with the option of a Base Rate Loan (the base rate plus the Applicable Margin), or an Adjusted LIBOR Rate Loan (the adjusted LIBOR rate plus the Applicable Margin). Interest is due on the last day of each quarter end for Base Rate Loans and at the end of the LIBOR rate period for Adjusted LIBOR Rate Loans. The rate for all loans at the time of loan origination was 4.75%. Principal balances drawn under the Credit Facility may be prepaid at any time, in whole or in part, without premium or penalty. Amounts repaid under the revolving line of credit may be re-borrowed. The Credit Facility matures on August 5, 2020.

Total debt issuance costs, which included underwriter fees, legal fees and syndication fees were approximately \$4.5 million. During the first quarter of 2016, the Company executed the First Amendment of the Credit Agreement and additional costs were incurred of approximately \$0.5 million. These costs were initially capitalized as non-current deferred charges and amortized using the effective interest rate method over the duration of the loan. During the first quarter of 2016, the Company adopted ASU 2015-03, *Interest - Imputation of Interest, Simplifying the Presentation of Debt Issuance Costs*. Upon adoption of this guidance, debt issuance costs are now presented as a direct deduction from the carrying amount of the debt liability, of which \$0.8 million was allocated to current debt and \$3.1 million was allocated to long-term debt as of June 30, 2016. As of December 31, 2015, \$0.5 million was allocated to current debt and \$3.6 million was allocated to long-term debt.

The quarterly weighted average interest rate for the Credit Facility as of June 30, 2016 was 3.81%.

Provisions of the revolving line of credit and accordion

The Company has a maximum borrowing availability under the revolving line of credit and swingline loans (as defined in the Credit Agreement) of \$50.0 million. The letter of credit sublimit is equal to the lesser of \$20.0 million and the aggregate unused amount of the revolving commitments then in effect. The swingline sublimit is equal to the lesser of \$5.0 million and the aggregate unused amount of the revolving commitments then in effect.

Revolving loans may be designated as Base Rate Loan or Adjusted LIBOR Rate Loans, at the Company's request, and must be made in an aggregate minimum amount of \$1.0 million and integral multiples of \$250,000 in excess of that amount. Swingline loans must be made in an aggregate minimum amount of \$250,000 and integral multiples of \$50,000 in excess of that amount. The Company may convert, change, or modify such designations from time to time.

The Company is subject to a Commitment Fee for the unused portion of the maximum available to borrow under the revolving line of credit. The Commitment Fee, which is due quarterly in arrears, is equal to the Applicable Margin of the actual daily amount by which the Aggregate Revolving Commitments exceeds the Total Revolving Outstanding. The revolving line of credit termination date is the earlier of the Credit Facility termination date, August 5, 2020, or the date the outstanding balance is permanently reduced to zero. The Company has the intent and ability to repay the amounts outstanding on the revolving line of credit within one year, therefore, the outstanding balance as of June 30, 2016 has been classified as current.

As of June 30, 2016, the outstanding balance on the revolving line of credit was \$12.0 million and was designated as an Adjusted LIBOR Rate Loan at a rate of 4.00%. There was also an outstanding letter of credit in the amount of \$1.1 million as of June 30, 2016, which reduced the maximum borrowing availability on the revolving line of credit to \$36.9 million as of June 30, 2016. The Company made payments of \$14.0 million on the outstanding revolving balance during the second quarter of 2016. Subsequent to June 30, 2016, the Company drew \$10.0 million from the revolving line of credit to use for working capital needs.

Provisions of the term loan

The original principal amount of \$135.0 million for the term loan commitment shall be repaid in quarterly installment payments (as stated in the Credit Agreement). At June 30, 2016, the outstanding term loan component of the Credit Facility totaled \$101.6 million and was secured by specific assets of the Company. The table below outlines the total remaining payment amounts annually for the next five years for the term loan through maturity of the Credit Facility:

2016	\$	5,062
2017		11,813
2018		13,500
2019		15,188
2020		56,062
	\$	<u>101,625</u>

The Company made the scheduled quarterly principal payment of \$1.7 million and additional payments of \$1.6 million, which reduced the outstanding principal balance to \$101.6 million at June 30, 2016. The current portion of debt is \$10.1 million and the non-current portion is \$91.5 million. As of June 30, 2016, the term loan was designated as an Adjusted LIBOR Rate Loan with an interest rate of 4.00%.

Financial covenants

Restrictive financial covenants under the Credit Facility include:

- A consolidated Fixed Charge Coverage Ratio as of the end of any fiscal quarter to be less than 1.25 to 1.00.
- A consolidated Leverage Ratio to not exceed the following during each noted period:
 - Closing Date through and including December 31, 2015, to not exceed 3.25 to 1.00;
 - Fiscal Quarter Ending March 31, 2016, to not exceed 4.00 to 1.00;
 - Fiscal Quarter Ending June 30, 2016, to not exceed 3.75 to 1.00;
 - Fiscal Quarter Ending September 30, 2016, to not exceed 3.25 to 1.00;
 - Fiscal Quarter Ending December 31, 2016, to not exceed 3.00 to 1.00;
 - Fiscal Quarter Ending March 31, 2017, to not exceed 2.75 to 1.00;
 - Fiscal Quarter Ending June 30, 2017 and each Fiscal Quarter thereafter, to not exceed 2.50 to 1.00.

As of June 30, 2016, the Company was in compliance with all financial covenants.

In addition, the Credit Facility contains events of default that are usual and customary for similar arrangements, including non-payment of principal, interest or fees; breaches of representations and warranties that are not timely cured; violation of covenants; bankruptcy and insolvency events; and events constituting a change of control.

The Company expects to meet its future internal liquidity and working capital needs, and maintain or replace its equipment fleet through capital expenditure purchases and major repairs, from funds generated by its operating activities for at least the next 12 months. The Company believes that its cash position and available borrowings together with cash flow from its operations is adequate for general business requirements and to service its debt.

Derivative Financial Instruments

On September 16, 2015, the Company entered into a series of receive-variable, pay-fixed interest rate swaps to hedge the variability in the interest payments on 50% of the aggregate principal amount of the Regions Term Loan outstanding, beginning with a notional amount of \$67.5 million. There are a total of five sequential interest rate swaps to achieve the hedged position and each year on August 31, with the exception of the final swap, the existing interest rate swap is scheduled to expire and will be immediately replaced with a new interest rate swap until the expiration of the final swap on July 31, 2020. At inception, these interest rate swaps were designated as a cash flow hedge for hedge accounting, and as such, the effective portion of unrealized changes in market value are recorded in accumulated other comprehensive income (loss) and reclassified into earnings during the period in which the hedged forecasted transaction affects earnings. Gains and losses from hedge ineffectiveness are recognized in current earnings. The change in fair market value of the swaps as of June 30, 2016 is \$1.2 million, which is reflected in the balance sheet as a liability.

Bonding Capacity

We are generally required to provide various types of surety bonds that provide additional security to our customers for our performance under certain government and private sector contracts. Our ability to obtain surety bonds depends on our capitalization, working capital, past performance and external factors, including the capacity of the overall surety market. At June 30, 2016, we believe our capacity under our current bonding arrangement was in excess of \$400 million, of which we had approximately \$190 million in surety bonds outstanding. We believe our strong balance sheet and working capital position will allow us to continue to access our bonding capacity.

Effect of Inflation

We are subject to the effects of inflation through increases in the cost of raw materials and other items, such as fuel, concrete, and steel. Due to the relative short-term duration of our projects, we are generally able to include anticipated price increases in the cost of our bids.

Item 3. Quantitative and Qualitative Disclosures about Market Risk

In the normal course of business, our results of operations are subject to risks related to fluctuation in commodity prices and fluctuations in interest rates. Historically, our exposure to foreign currency fluctuations has not been material and has been limited to temporary field accounts, located in foreign countries where we perform work. Foreign currency fluctuations were immaterial in this reporting period.

Commodity price risk

We are subject to fluctuations in commodity prices for concrete, steel products and fuel. Although we routinely attempt to secure firm quotes from our suppliers, we generally do not hedge against increases in prices for concrete, steel and fuel. Commodity price risks may have an impact on our results of operations due to the fixed-price nature of many of our contracts, although the short-term duration of our projects may allow us to include price increases in the costs of our bids.

Interest rate risk

At June 30, 2016, we had \$113.6 million in outstanding borrowings under our credit facility, with a weighted average interest rate over the three month period of 3.81%. Also we have entered into a series of receive-variable, pay-fixed interest rate swaps to hedge the variability in the interest payments on 50% of the aggregate principal amount of the term loan component of the credit facility outstanding, beginning with a notional amount of \$67.5 million. At inception, these interest rate swaps were designated as a cash flow hedge for hedge accounting. Our objectives in managing interest rate risk are to lower our overall borrowing costs and limit interest rate changes on our earnings and cash flows. To achieve this, we closely monitor changes in interest rates and we utilize cash from operations to reduce our debt position, if warranted.

Item 4. Controls and Procedures

- *Evaluation of Disclosure Controls and Procedures.* As required, the Company's management, with the participation of its Chief Executive Officer and Chief Financial Officer, have conducted an evaluation of the effectiveness of the Company's

disclosure controls and procedures (as such term is defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended) as of the end of the period covered by this quarterly report. Based on that evaluation, the Chief Executive Officer and Chief Financial Officer have concluded that the Company's disclosure controls and procedures are effective.

- *Changes in Internal Controls.* There have been no changes in our internal controls over financial reporting during the period covered by this report that have materially affected, or are reasonably likely to materially affect, our internal controls over financial reporting.

PART II - Other Information

Item 1. Legal Proceedings

For information about litigation involving us, see [Note 15](#) to the condensed consolidated financial statements in Part I of this report, which we incorporate by reference into this Item 1 of Part II.

Item 1A. Risk Factors

There have been no material changes to the risk factors previously disclosed in our 2015 Form 10-K.

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

There were no sales of equity securities in the period ended June 30, 2016.

Item 3. Defaults Upon Senior Securities

None.

Item 4. Mine Safety Disclosures

Not applicable.

Item 5. Other Information

None.

Item 6. Exhibits

Exhibit Number	Description
2.1	Membership Interests Purchase Agreement dated August 5, 2015 by and among T.A.S. Holdings, LLC and Orion Concrete Construction, LLC (Schedules, exhibits and similar attachments to the Purchase Agreement that are not material have been omitted pursuant to Item 601(b) (2) of Regulation S-K. The Company will furnish supplementally a copy of any omitted schedule, exhibit or similar attachment to the SEC upon request) (incorporated herein by reference to Exhibit 2.1 to the Company's Quarterly Report on Form 10-Q for the quarter ended June 30, 2015, filed with the Securities and Exchange Commission on August 7, 2015 (File No. 1-33892)).
*2.2	First Amendment, effective June 17, 2016, to the Membership Interests Purchase Agreement dated August 5, 2015.
*2.3	Post Closing Supplemental Agreement Amendment, effective June 17, 2016, as a supplement to the Membership Interests Purchase Agreement dated August 5, 2015.
*3.1	Amended and Restated Certificate of Incorporation of Orion Group Holdings, Inc.
*3.2	Amended and Restated Bylaws of Orion Group Holdings, Inc.
4.1	Registration Rights Agreement by and between Friedman, Billings, Ramsey & Co., Inc. and Orion Marine Group, Inc. dated May 17, 2007 (incorporated herein by reference to Exhibit 4.1 to the Company's Registration Statement on Form S-1 filed with the Securities and Exchange Commission on August 20, 2007 (File No. 333-145588)).
10.1	Credit Agreement dated as of August 5, 2015 among Orion Marine Group, Inc. as Borrower, Certain Subsidiaries of the Borrower Party Hereto From Time to Time, as Guarantors, The Lenders Party Hereto, Regions Bank, as Administrative Agent and Collateral Agent, and Bank of America, N.A., BOKF, NA DBA Bank of Texas, and Branch Banking and Trust Company, as Co-Syndication Agents, Regions Capital Markets, a division of Regions Bank, as Lead Arranger and Book Manager (incorporated herein by reference to Exhibit 10.1 to the Company's Quarterly Report on Form 10-Q for the quarter ended June 30, 2015, filed with the Securities and Exchange Commission on August 7, 2015 (File No. 1-33892)).
10.2	First amendment, effective March 31, 2016, to the Credit Agreement dated as of August 5, 2015 among Orion Marine Group, Inc. as Borrower, Certain Subsidiaries of the Borrower Party Hereto From Time to Time, as Guarantors, The Lenders Party Hereto, Regions Bank, as Administrative Agent and Collateral Agent, and Bank of America, N.A., BOKF, NA DBA Bank of Texas, and Branch Banking and Trust Company, as Co-Syndication Agents, Regions Capital Markets, a division of Regions Bank, as Lead Arranger and Book Manager (incorporated herein by reference to Exhibit 10.2 to the Company's Quarterly Report on Form 10-Q for the quarter ended March 31, 2016, filed with the Securities and Exchange Commission on May 6, 2016 (File No. 1-33892)).
* 31.1	Certification of the Chief Executive Officer Pursuant to Rules 13a-14(a)/15d-14(a) of the Securities Exchange Act of 1934, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
* 31.2	Certification of the Chief Financial Officer Pursuant to Rules 13a-14(a)/15d-14(a) of the Securities Exchange Act of 1934, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
* 32.1	Certification of the Chief Executive Officer and the Chief Financial Officer pursuant to Title 18 U.S.C. 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
101.INS	XBRL Instance Document.
101.SCH	XBRL Taxonomy Extension Schema Document.
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document.
101.DEF	XBRL Taxonomy Extension Definition Linkbase Document.
101.LAB	XBRL Taxonomy Extension Label Linkbase Document.
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document.
* filed herewith	
† management or compensatory arrangement	

SIGNATURES

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

ORION GROUP HOLDINGS, INC.

August 5, 2016

By: /s/ Mark R. Stauffer

Mark R. Stauffer

President and Chief Executive Officer

August 5, 2016

By: /s/ Christopher J. DeAlmeida

Christopher J. DeAlmeida

Vice President and Chief Financial Officer

**FIRST AMENDMENT TO
MEMBERSHIP INTERESTS PURCHASE AGREEMENT**

THIS **FIRST AMENDMENT** (this "Amendment") is made effective as of the 17th day of June, 2016 to that certain Membership Interest Purchase Agreement, dated as of August 5, 2015 (this "Agreement"), by and between **T.A.S. Holdings, LLC**, a Delaware limited liability company ("**Seller**"), and **Orion Concrete Construction, LLC**, a Delaware limited liability company ("**Purchaser**"). Seller and Purchaser are hereinafter referred to as the "**Parties**".

WITNESSETH:

WHEREAS, ARTICLE VIII. GENERAL PROVISIONS. Section 8.1, of the Agreement provides that the Parties may modify the original Agreement by written instrument executed by the Parties;

WHEREAS, as a result of a definitive third party valuation completed after the Agreement was executed, the allocation of the Purchase Price, as depicted in that certain schedule attached as Exhibit "A", has been brought into question;

WHEREAS, the Parties deem it necessary and desirable to so amend and restate Exhibit "A" to the Agreement to conform to said third party valuation;

NOW THEREFORE, in consideration of the foregoing and of the respective covenants and agreements set forth below the Parties hereto agree as follows:

**ARTICLE I
PURPOSE, DEFINITIONS AND INTERPRETATIONS**

1.1 **Purpose.** The purpose of this Amendment is to evidence the Parties' agreement to revise the Purchase Price Allocation among the Assets for all purposes (including financial accounting and Tax purposes) by amending and restating the allocation schedule attached as Exhibit "A" to the Agreement and as more fully defined under Article I. Sale Purchase; Section 1.2(e) Purchase Price Allocation.

1.2 **Purchase Price Allocation.** The Parties do hereby agree to modify the Allocation of the Purchase Price among the Assets for all purposes (including financial accounting and Tax purposes) to conform to the a newly revised allocation schedule, attached hereto as Annex "A" and, as a result, the Agreement is hereby amended to remove and replace the current form of Exhibit "A" to the Agreement with the attached revision thereof, attached hereto as Annex "A".

1.3 **Consideration.** In consideration for Seller's agreement to modify the Exhibit A to the Agreement as set forth herein, Purchaser agrees to pay to Seller within 3 business days of the date of this Agreement, the sum of \$384,753 according to wire transfer instructions to be provided to Purchaser by Seller.

1.4 **Definitions.** Any capitalized terms used but not otherwise defined herein shall have the meanings ascribed thereto in the Agreement.

1.5 **Interpretations.** In this Amendment, unless a clear contrary intention appears, (a) the words "herein," "hereof" and "hereunder" and other words of similar import refer to this Amendment as a whole and not to any particular Article, Section or other subdivision; (b) reference to any Article or Section, means such Article or Section hereof; and (c) the word "including" (and with correlative meaning "include") means including, without limiting the generality of any description preceding such terms.

ARTICLE II

DEFINITIONS

2.01 **Definitions of the Agreement.** Except to the extent specifically provided herein to the contrary in this Amendment, all definitions conditions, understandings and agreements between the Parties, as set forth in the Agreement shall be binding upon and inure to the benefit of each of the respective Parties, as set forth in this Agreement.

2.02 **Severability Clause.** If any portion of this Amendment (or the Agreement, as amended hereunder), is held to be invalid or unenforceable for any reason by a court or governmental authority of competent jurisdiction, then such portion will be deemed to be stricken and the remainder of the document(s) shall continue in full force and effect.


2.03 **Headings.** The headings are for convenience only and may not be used to construe or interpret this Amendment.

2.04 **Counterparts and Signatures.** This Amendment may be executed in one or more counterparts, ad by each of the respective Parties hereto on separate counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument. For purposes of this Amendment, facsimile and electronically transmitted signatures shall be deemed original for all purposes.

IN WITNESS WHEREOF, the Parties hereto have executed this Amendment as of the date first above written.

SELLER:

T.A.S. HOLDINGS, LLC

By: 
Name: Mark M. Scully
Title: President

PURCHASER:

ORION CONCRETE CONSTRUCTION, LLC

By: 
Name: Mark R. Stauffer
Title: Chief Executive Officer

POST CLOSING SUPPLEMENTAL AGREEMENT

THIS POST CLOSING SUPPLEMENTAL AGREEMENT (this "Agreement") is made effective as of the 17th day of June, 2016 as a supplement to that certain Membership Interest Purchase Agreement, dated as of August 5, 2015 (the "MIPA"), by and between T.A.S. Holdings, LLC, a Delaware limited liability company ("Seller"), and Orion Concrete Construction, LLC, a Delaware limited liability company ("Purchaser"). Seller and Purchaser are hereinafter referred to as the "Parties".

WITNESSETH:

WHEREAS, there are certain open issues arising from or in connection with the MIPA which warrant the attention of the Parties;

WHEREAS, the Parties have been in discussions in respect of such issues and two of them have been agreed to by both Parties;

WHEREAS, the Parties deem it necessary and desirable to record such agreement in writing;

NOW THEREFORE, in consideration of the foregoing and of the respective covenants and agreements set forth below the Parties hereto agree as follows:

ARTICLE I PURPOSE, DEFINITIONS AND INTERPRETATIONS

1.1 **Purpose.** The purpose of this Agreement is to evidence the Parties' mutual agreement to as to two of four items of post-closing clarification and resolution. The first arising from the post-closing working capital reconciliation and the second concerning a certain amount of cash that had not been timely distributed by the time of the Closing.

1.2 **Working Capital Reconciliation.** The Parties do hereby mutually agree that Seller owes Purchaser \$1,632,938, with respect to the heretofore agreed upon items of the working capital reconciliation.

1.3 **Undistributed Cash.** The Parties do hereby agree that Purchaser owes Seller \$2,269,726 for CCC cash that was not distributed before the sale.

1.4 **Set-Off.** The Parties do further hereby agree that it is in the best interest of both Parties to set-off the two amounts described in Sections 1.2 and 1.3 above, such that in full and complete satisfaction of both items, Purchase shall pay Seller within 3 business days of the date of this Agreement the net amount of \$636,788 pursuant to wire transfer instructions to be provided to Purchaser by Seller.

1.5 **Mutual Releases.** For good and valuable consideration, the receipt and sufficiency of which hereby are acknowledged, Seller and Purchaser (each, a "Releasing Party") hereby unconditionally and irrevocably waive, release, and forever discharge each other from any and all liabilities, demands, costs, debts, liens, expenses and obligations of any kind or nature whatsoever arising out of and/or resulting from the Working Capital Reconciliation and Undistributed Cash issues as referred to and/or

[Author]

inferred in this Agreement and in the MIPA. Each Releasing Party agrees that it will not otherwise seek to recover any amounts in connection therewith or thereunder from the other Party.

ARTICLE II

DEFINITIONS & MISCELLANEOUS

2.1 **Definitions of the Agreement.** Except to the extent specifically provided herein to the contrary in this Agreement, all definitions conditions, understandings and agreements between the Parties, as set forth in the MIPA shall be binding upon and inure to the benefit of each of the respective Parties, as if set forth herein.

2.2 **Interpretations.** In this Agreement, unless a clear contrary intention appears, (a) the words "herein," "hereof" and "hereunder" and other words of similar import refer to this as a whole and not to any particular Article, Section or other subdivision; (b) reference to any Article or Section, means such Article or Section hereof; and (c) the word "including" (and with correlative meaning "include") means including, without limiting the generality of any description preceding such terms.

2.3 **Severability Clause.** If any portion of this (or the MIPA, as amended heretofore and supplemented hereunder), is held to be invalid or unenforceable for any reason by a court or governmental authority of competent jurisdiction, then such portion will be deemed to be stricken and the remainder of the document(s) shall continue in full force and effect.

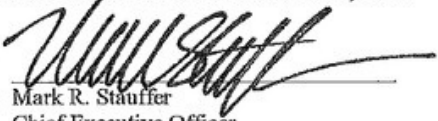
2.4 **Headings.** The headings are for convenience only and may not be used to construe or interpret this Agreement.

2.5 **Counterparts and Signatures.** This Agreement may be executed in one or more counterparts, by each of the respective Parties hereto on separate counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument. For purposes of this Agreement, facsimile and electronically transmitted signatures shall be deemed original for all purposes.

IN WITNESS WHEREOF, the Parties hereto have executed this Agreement as of the date first above written.


PURCHASER:

ORION CONCRETE CONSTRUCTION, LLC

By: 
Name: Mark R. Stauffer
Title: Chief Executive Officer

SELLER:

T.A.S. HOLDINGS, LLC

By: 
Name: Mark M. Scully
Title: President

Delaware

The First State

Page 1

I, JEFFREY W. BULLOCK, SECRETARY OF STATE OF THE STATE OF
DELAWARE, DO HEREBY CERTIFY THE ATTACHED IS A TRUE AND CORRECT
COPY OF THE RESTATED CERTIFICATE OF "ORION GROUP HOLDINGS,
INC.", FILED IN THIS OFFICE ON THE TWENTY-EIGHTH DAY OF JUNE,
A.D. 2016, AT 5:48 O'CLOCK P.M.

A FILED COPY OF THIS CERTIFICATE HAS BEEN FORWARDED TO THE
NEW CASTLE COUNTY RECORDER OF DEEDS.



3857214 8100
SR# 20164691046

You may verify this certificate online at corp.delaware.gov/authver.shtml

A handwritten signature in black ink, appearing to read "JB", is written over a horizontal line. Below the line, the text "Jeffrey W. Bullock, Secretary of State" is printed in a small font.

Authentication: 202616855
Date: 07-07-16

**AMENDED AND RESTATED
CERTIFICATE OF INCORPORATION**

OF

ORION GROUP HOLDINGS, INC.
(a Delaware corporation)

**(Pursuant to Sections 228, 242 and 245 of the
General Corporation Law of the State of Delaware)**

Orion Group Holdings, Inc., a corporation organized and existing under the General Corporation Law of the State of Delaware as set forth in Title 8 of the Delaware Code (the "DGCL"), hereby certifies as follows:

1. That the name of the corporation is Orion Group Holdings, Inc. and that the corporation was originally incorporated pursuant to the DGCL on October 12, 2004 under the name Hunter Acquisition Corp. A Certificate of Amendment was filed on March 22, 2005, and a Certificate of Ownership and Merger was filed on April 5, 2007 changing the name of the corporation from Hunter Acquisition Corp. to Orion Marine Group, Inc. A Certificate of Amendment of Amended and Restated Certificate of Incorporation was subsequently filed on May 20, 2016 changing the name of the corporation from Orion Marine Group, Inc. to Orion Group Holdings, Inc.

2. Pursuant to Sections 228, 242 and 245 of the DGCL, this Amended and Restated Certificate of Incorporation restates and integrates and further amends the provisions of the Certificate of Incorporation of the corporation.

3. The text of the Certificate of Incorporation of the corporation is hereby restated in its entirety to read as follows:

ARTICLE 1

The name of the corporation is Orion Group Holdings, Inc. (the "Corporation").

ARTICLE 2

The address of the registered office of the Corporation in the State of Delaware is Corporation Service Company, 2711 Centerville Road, Suite 400, in the City of Wilmington, County of New Castle, 19808. The name of its registered agent at such address is Corporation Service Company.

ARTICLE 3

The purpose of the Corporation is to engage in any lawful act or activity for which a corporation may now or hereafter be organized under the DGCL.

ARTICLE 4

A. Authorized Capital Stock. The total number of shares of capital stock that the Corporation shall have authority to issue is 60,000,000, consisting of 50,000,000 shares of common stock, par value \$0.01 per share ("Common Stock"), and 10,000,000 shares of preferred stock, par value \$0.01 per share ("Preferred Stock"). Subject to paragraph B of this ARTICLE 4, 35,000 shares of Preferred Stock are designated as the Corporation's Series A Preferred Stock (the "Series A Preferred Stock"), having the voting powers, preferences and relative participation, optional or other rights and privileges and qualifications, limitations or restrictions set forth on Exhibit A attached hereto. Effective immediately upon filing this Amended and Restated Certificate of Incorporation with the Secretary of State of the State of Delaware (the "Effective Time"), each 2.23 shares of class B stock issued and outstanding immediately prior to the Effective Time shall, without any action on the part of the holder thereof, be converted, reclassified and combined into, and immediately represent one share of Common Stock. All shares held by any holder after such conversion shall be aggregated for purposes of determining whether a fractional interest shall result from such conversion, and any such fractional interest shall be rounded up to the nearest whole share. In addition, effective immediately upon the Effective Time, each share of class A stock issued and outstanding immediately prior to the Effective Time shall, without any action on the part of the holder thereof, be converted and reclassified into, and immediately represent one share of Series A Preferred Stock. Each certificate representing shares of class A stock or class B stock shall thereafter represent that number of shares of Series A Preferred Stock or Common Stock, as applicable, determined in the previous sentences; provided, that each person holding of record a stock certificate or certificates representing such shares of class A stock or class B stock shall receive, upon surrender of such certificate or certificates to the Corporation or its transfer agent, a new certificate or certificates evidencing the number of shares of Series A Preferred Stock or Common Stock, as applicable, to which such person is entitled. The provisions of this paragraph shall not change the par value of the capital stock set forth above.

The Corporation may purchase, directly or indirectly, its own shares to the extent that may be allowed by law.

B. Rights and Preferences of the Preferred Stock. Subject to the rights of the holders of any outstanding series of Preferred Stock, authority is hereby expressly vested in the board of directors of the Corporation (the "Board of Directors") to establish and authorize the issuance of the Preferred Stock from time to time in one or more series and, with respect to each series of the Preferred Stock, to fix and determine by resolution or resolutions, in the manner provided for by law, the number of shares to constitute the series, the designation of the series and, subject to the provisions of the DGCL, the rights and preferences of the shares of any series so established. The Board may decrease the number of shares designated for any existing series of the Preferred Stock; provided, that the Board may not decrease the number of shares within a series below the number of shares within such series that is then issued. Any shares that are so reduced from an existing series of the Preferred Stock shall become authorized but unissued shares of Preferred Stock subject to designation as set forth above. Upon the redemption, repurchase or other retirement of all outstanding shares of Series A Preferred Stock, the designations of the Series A Preferred Stock set forth on Exhibit A attached hereto shall be terminated in full and all shares of Series A Preferred Stock shall become authorized but unissued shares of Preferred Stock subject

to designation as set forth above. Each share of the Preferred Stock within an individual series shall be identical in all respects with the other shares of such series, except as to the date, if any, from which dividends on such share shall accumulate and other details which because of the passage of time are required to be made in order for the substantive rights of the holders of the shares of such series to be identical.

C. Description of the Common Stock.

1. General. Except as set forth in paragraph D of this ARTICLE 4, all shares of Common Stock shall be identical and will entitle holders thereof to the same rights and privileges. All shares of Common Stock are expressly made subject and subordinate to the rights, privileges and preferences that may be fixed with respect to any shares of any series of Preferred Stock.

2. Voting Rights. Except as set forth in paragraph D of this ARTICLE 4, each registered holder of Common Stock shall be entitled to one vote for each share of Common Stock held of record by such holder. Except as set forth in paragraph D of this ARTICLE 4 or as otherwise provided by law, and subject to the rights of any outstanding series of Preferred Stock, each registered holder of Common Stock shall be entitled to vote for the election of directors of the Corporation as provided in ARTICLE 5 and shall be entitled to vote on all other matters submitted to a vote of the stockholders of the Corporation.

3. Dividends. Any dividend on Common Stock shall be payable ratably in proportion to the number of shares of Common Stock held by the holders of Common Stock.

4. Liquidation. In the event of any liquidation, dissolution or winding up of the Corporation, whether voluntary or involuntary, after distribution in full of all preferential amounts to be distributed to the holders of any outstanding shares of any series of Preferred Stock, the holders of shares of Common Stock shall be entitled to receive all of the remaining assets of the Corporation available for distribution to its stockholders ratably in proportion to the number of shares of Common Stock held by them.

D. Foreign Ownership of Stock. Notwithstanding anything to the contrary contained in the Corporation's certificate of incorporation or the designations of any series of Preferred Stock:

1. In General. It is the policy of the Corporation that Non-U.S. Citizens should own, individually or in the aggregate, no more than the Permitted Percentage of the shares of any class or series of the Corporation's capital stock at any time outstanding. If at any time Non-U.S. Citizens, individually or in the aggregate, become the Owners of more than the Permitted Percentage of the shares of any class or series of the Corporation's capital stock at any time outstanding, then the Corporation shall have the power to take the actions prescribed in subparagraphs 3, 4 and 5 of this paragraph D of this ARTICLE 4. The provisions of this paragraph D are intended to assure that the Corporation remains in continuous compliance with the citizenship requirements of the Foreign Dredge Act of 1906, 46 U.S.C. section 55109, as amended, the Merchant Marine Act of 1920, 46 U.S.C. section 55101, et seq., as amended, the Shipping Act of 1916, 46 U.S.C. section 50501, as amended, and any other U.S. maritime,

shipping, and vessel regulations and laws requiring or relating to the ownership or control of the Corporation for purposes of owning and operating vessels in the U.S. coastwise trade (collectively, the "Maritime Laws"). Any amendments to the Maritime Laws are deemed to be incorporated herein by reference.

2. Dual Stock Certificate System. To implement the policy set forth in subparagraph 1 hereof, the Corporation may institute a Dual Stock Certificate System such that (a) each certificate representing shares of capital stock that are Owned by a U.S. Citizen shall be marked "U.S. Citizen" and each stock certificate representing shares of capital stock that are Owned by a Non-U.S. Citizen shall be marked "Non-U.S. Citizen," but with all such certificates for the same class or series of capital stock to be identical as to form in all other respects and to comply with all provisions of the DGCL; (b) to the extent necessary to enable the Corporation to submit any proof of citizenship required by law or by contract with the United States government (or any agency thereof), the Corporation may require the record holders and the Owners of such shares of capital stock to confirm their citizenship status from time to time, and voting rights and dividends and other distributions payable with respect to shares of capital stock held by such record holder or Owned by such Owner may, in the discretion of the Board of Directors, be withheld until confirmation of such citizenship status is received; and (c) the share transfer records of the Corporation shall be maintained in such manner as to enable the percentage of each class and series of capital stock that is Owned by Non-U.S. Citizens and by U.S. Citizens to be confirmed. The Board of Directors is authorized to take such other ministerial actions or make such interpretations as it may deem necessary or advisable in order to implement the policy set forth in subparagraph 1 hereof.

3. Restrictions on Issuance and Transfer, Change of Status.

3.1 Any issuance (including by the exercise, conversion or exchange of any securities) or transfer, or attempted transfer, of any capital stock, the effect of which would be to cause one or more Non-U.S. Citizens to Own shares of any class or series capital stock in excess of the Permitted Percentage, shall be ineffective as against the Corporation, and neither the Corporation nor its transfer agent or registrar shall register such issuance or transfer or purported transfer on the share transfer records of the Corporation and neither the Corporation nor its transfer agent or registrar shall be required to recognize the holder, transferee or purported transferee thereof as a stockholder of the Corporation for any purpose whatsoever except to the extent necessary to effect any remedy available to the Corporation under this paragraph D of this ARTICLE 4. A citizenship certificate may be required from all transferees (and from any recipient upon original issuance) of capital stock of the Corporation and, if such transferee (or recipient) is acting as a fiduciary or nominee for an Owner, such Owner, and registration of transfer (or original issuance) shall be denied upon refusal to furnish such certificate.

3.2 Each record holder and Owner shall advise the Corporation in writing of any change in such record holder's or Owner's citizenship status.

4. No Voting Rights; Temporary Withholding of Dividends and Other Distributions. If on any date (including any record date) the number of shares of any class or series of capital stock that is Owned by Non-U.S. Citizens is in excess of the Permitted Percentage for such series or class (such shares of capital stock herein referred to as the "Excess

Shares"), the Corporation shall determine those shares Owned by Non-U.S. Citizens that constitute such Excess Shares. The determination of those shares of capital stock that constitute Excess Shares shall be made by reference to the date or dates shares were acquired by Non-U.S. Citizens, starting with the most recent acquisition of shares of capital stock by a Non-U.S. Citizen and including, in reverse chronological order of acquisition, all other acquisitions of shares by Non-U.S. Citizens from and after the acquisition of those shares by a Non-U.S. Citizen that first caused the Permitted Percentage to be exceeded. The determination of the Corporation as to those shares of capital stock that constitute the Excess Shares shall be conclusive. Shares of capital stock deemed to constitute such Excess Shares shall (so long as such excess exists) not be accorded any voting rights and shall not be deemed to be outstanding for purposes of determining the vote required on any matter properly brought before the stockholders of the Corporation for a vote thereon. The Corporation shall (so long as such excess exists) withhold the payment of dividends, if any, and the sharing in any other distribution (upon liquidation or otherwise) in respect of the Excess Shares. At such time as the Permitted Percentage for the applicable class or series of capital stock is no longer exceeded, full voting rights shall be restored to any shares of such class or series of capital stock previously deemed to be Excess Shares and any dividend or other distribution with respect thereto that has been withheld shall be due and paid solely to the record holders of such shares of capital stock at the time the applicable Permitted Percentage is no longer exceeded.

5. Redemption of Excess Shares. The Corporation shall have the power, but not the obligation, to redeem Excess Shares subject to the following terms and conditions:

5.1 the per share redemption price (the "Non-U.S. Citizen Redemption Price") to be paid for the Excess Shares to be redeemed shall be the sum of (a) the Fair Market Value of such shares of capital stock and (b) any dividend or other distribution declared with respect to such shares prior to the date such shares are called for redemption hereunder but which has been withheld by the Corporation pursuant to subparagraph 4;

5.2 the Non-U.S. Citizen Redemption Price shall be paid in cash;

5.3 a notice of redemption shall be given by first class mail, postage prepaid, mailed not less than 10 days prior to the redemption date to each holder of record of the Excess Shares to be redeemed, at such holder's address as the same appears on the share transfer records of the Corporation. Each such notice shall state (a) the redemption date; (b) the number of Excess Shares to be redeemed from such holder; (c) the Non-U.S. Citizen Redemption Price, and the manner of payment thereof; (d) the place where certificates for such shares are to be surrendered for payment of the Non-U.S. Citizen Redemption Price; and (e) that dividends and other distributions, if any, on the Excess Shares to be redeemed will cease to accrue on such redemption date;

5.4 from and after the redemption date, dividends and other distributions, if any, on the shares of capital stock called for redemption shall cease to accrue and such shares shall no longer be deemed to be outstanding and all rights of the holders thereof as stockholders of the Corporation (except the right to receive from the Corporation the Non-U.S. Citizen Redemption Price) shall cease. Upon surrender of the certificates for any shares of capital stock so redeemed in accordance with the requirements of the notice of redemption

(properly endorsed or assigned for transfer if the Board of Directors shall so require and the notice shall so state), such shares shall be redeemed by the Corporation at the Non-U.S. Citizen Redemption Price. In case fewer than all the shares of capital stock represented by any such certificate are redeemed, a new certificate shall be issued representing the shares of capital stock not redeemed without cost to the holder thereof; and

5.5 such other terms and conditions as the Board of Directors may reasonably determine.

6. Determination of Citizenship. In determining the citizenship of the Owners or their transferees of shares of capital stock, the Corporation may rely on the share transfer records of the Corporation and the citizenship certificates given by the Owners or their transferees or any recipients (in the case of original issuance) (in each case whether such certificates have been given on their own behalf or on behalf of others) to establish the citizenship of such Owners, transferees or recipients of the shares of capital stock. The determination of the citizenship of Owners and their transferees of the shares of capital stock may also be subject to proof in such other way or ways as the Corporation may deem reasonable. The Corporation may at any time require proof, in addition to the citizenship certificates, of any Owner or proposed transferee of shares of capital stock, and the payment of dividends and other distributions may be withheld, and any application for transfer of ownership on the share transfer records of the Corporation may be refused, until such additional proof is submitted. The determination of the Corporation as to the citizenship of the Owners or their transferees in accordance with this subparagraph 6 shall be conclusive.

7. Severability. Each provision of subparagraphs 1 through 6 of this paragraph D of this ARTICLE 4 is intended to be severable from every other provision. If any one or more of the provisions contained in such subparagraphs is held to be invalid, illegal or unenforceable, the validity, legality or enforceability of any other provision of such subparagraphs shall not be affected, and such subparagraphs shall be construed as if the provisions held to be invalid, illegal or unenforceable had been reformed to the extent required to be valid, legal and enforceable.

8. Definitions. For purposes of this paragraph D of this ARTICLE 4:

"Fair Market Value" shall mean the average Market Price of one share of the applicable class or series of capital stock for the 20 consecutive trading days next preceding the date of determination. The "Market Price" for a particular day shall mean (a) the last reported sales price, regular way, or, in case no sale takes place on such day, the average of the reported closing bid and asked prices, regular way, in either case as reported on the New York Stock Exchange, Inc. ("NYSE") composite tape; and (b) if the capital stock is not then listed or admitted to unlisted trading privileges on the NYSE, as reported on the consolidated reporting system of the principal national securities exchange (then registered as such pursuant to Section 6 of the Securities Exchange Act of 1934, as amended) on which such capital stock is then listed or admitted to unlisted trading privileges; and (c) if such capital stock is not then listed or admitted to unlisted trading privileges on the NYSE or any national securities exchange, as included for quotation through the National Association of Securities Dealers, Inc. Automated Quotation ("NASDAQ") National Market System; and (d) if such capital stock is not then listed

or admitted to unlisted trading privileges on the NYSE or on any national securities exchanges, and is not then included for quotation through the NASDAQ National Market System, (i) the average of the closing "bid" and "asked" prices on such day in the over-the-counter market as reported by NASDAQ or, (ii) if "bid" and "asked" prices for such capital stock on such day shall not have been reported on NASDAQ, the average of the "bid" and "asked" prices for such day as furnished by any NYSE member firm regularly making a market in and for the capital stock.

If such capital stock is not publicly traded, the Fair Market Value thereof shall mean the fair value of one share of such capital stock as determined in good faith by the Board of Directors, which determination shall be conclusive.

8.1 A Person shall be deemed the "Owner" of, or to "Own," shares of the Corporation's capital stock or other ownership interests to the extent such shares or other ownership interests (a) are owned beneficially or held of record (with the power to act on behalf of the beneficial owner) by such Person; (b) may be voted by such Person; (c) are entitled to dividends or other distributions in respect of such shares or ownership interests by such Person; or (d) which by any other means whatsoever are controlled by such Person, or in which control is permitted to be exercised by such Person (with the Board of Directors being authorized to determine reasonably the meaning of such control for this purpose under the guidelines set forth in 46 C.F.R. §§ 67.31 (2006), as amended, modified or supplemented).

8.2 "U.S. Citizen" shall mean: (a) an individual who is a native-born, naturalized, or derivative citizen of the United States, or otherwise qualifies as a United States citizen; (b) a partnership of which all of its general partners are U.S. Citizens and at least 75% of the equity interest in the partnership is Owned by U.S. Citizens; (c) a trust whereby each of its trustees is a U.S. Citizen, each beneficiary with an enforceable interest in the trust is a U.S. Citizen, and at least 75% of the equity interest in the trust is Owned by U.S. Citizens; (d) an association or joint venture if each of its members is a U.S. Citizen; (e) a corporation if (i) it is incorporated under the laws of the United States or of a State of the United States or a political subdivision thereof, Guam, Puerto Rico, the Virgin Islands, American Samoa, the District of Columbia, the Northern Mariana Islands, or any other territory or possession of the United States, (ii) its chief executive officer, by whatever title, and its chairman of the board of directors are U.S. Citizens, (iii) no more of its directors are Non-U.S. Citizens than a minority of the number necessary to constitute a quorum, and (iv) at least 75% of the stock interest in the corporation is Owned by U.S. Citizens; (v) a governmental entity that is an entity of the federal government of the United States or of the government of a State of the United States or a political subdivision thereof, Guam, Puerto Rico, the Virgin Islands, American Samoa, the District of Columbia, the Northern Mariana Islands, or any other territory or possession of the United States, all as further defined in 46 C.F.R. §§ 67.30-67.47 (2006), as amended, modified or supplemented. With respect to a limited liability company, a "U.S. Citizen" shall mean an entity that meets the requirements of subclause (b) above, and, if the limited liability company has a chief executive officer, by whatever title, or a board of directors, then it shall also meet such relevant requirements of subclause (e) above.

8.3 "Non-U.S. Citizen" shall mean any Person other than a U.S. Citizen.

8.4 "Permitted Percentage" shall mean, with respect to any class or series of outstanding capital stock of the Corporation, a percentage 2% less than the percentage that would cause the Corporation to be no longer qualified as a U.S. Citizen qualified to engage in coastwise trade under the Maritime Laws.

8.5 "Person" shall mean an individual or a corporation, limited liability company, partnership, joint venture, trust, unincorporated organization, association, government agency or political subdivision thereof or other entity.

ARTICLE 5

The business and affairs of the Corporation shall be managed by and under the direction of the Board of Directors. The exact number of directors of the Corporation shall be fixed by or in the manner provided in the Bylaws of the Corporation (the "Bylaws"); subject, however, to the rights of the holders of any series of Preferred Stock of the Corporation to elect additional directors under specified circumstances, and shall be subject to the following provisions:

A. Classification. The directors shall be divided into three classes as nearly equal in size as is practicable, hereby designated Class I, Class II and Class III. The term of office of the initial Class I director shall expire on the date of the first annual meeting of stockholders following the Effective Time, the term of office of the initial Class II directors shall expire at the second annual meeting of the stockholders after the Effective Time and the term of office of the initial Class III directors shall expire at the third annual meeting of the stockholders after the Effective Time. At each annual stockholders meeting after the Effective Time, directors to replace those of a class whose terms expire at such annual meeting shall be elected to hold office until the third succeeding annual meeting of stockholders and until their respective successors shall have been duly elected and qualified. If the number of directors is hereafter changed, any newly created directorships or decrease in directorships shall be so apportioned among the classes as to make all classes as nearly equal in number as is practicable.

B. Election. Holders of capital stock shall elect all directors of the Corporation (other than directors, if any, which holders of any series of Preferred Stock are entitled to elect).

C. Written Ballot. The election of directors need not be by written ballot except as may otherwise be provided in the Bylaws.

D. Cumulative Voting. Cumulative voting for the election of directors is not allowed.

E. Removal. Subject to the rights of the holders of any series of Preferred Stock to remove directors, (a) no director may be removed without cause and (b) the affirmative vote of the holders of at least 75% of the voting power of all of the then-outstanding shares of the capital stock of the Corporation entitled to vote generally in the election of directors, voting together as a single class, shall be required to remove any director or the entire Board of Directors for cause.

F. Vacancies. Subject to the rights of the holders of any series of Preferred Stock then outstanding, newly created directorships resulting from any increase in the authorized number of directors or any vacancies in the Board of Directors resulting from death, resignation,

retirement, disqualification, removal from office or other cause shall, unless otherwise required by law or by resolution of the Board of Directors, be filled by the affirmative vote of a majority of the directors then in office, though less than a quorum (and not by stockholders), or by the sole remaining director, and directors so chosen shall hold office for a term expiring at the next annual meeting of stockholders and until such director's successor shall have been duly elected and qualified. No decrease in the authorized number of directors shall shorten the term of any incumbent director.

ARTICLE 6

In furtherance and not in limitation of the powers conferred by statute, the Board of Directors is expressly authorized to adopt, amend or repeal in any respect any or all of the Bylaws. Any adoption, amendment or repeal of the Bylaws of the Corporation by the Board of Directors shall require the approval of a majority of the total number of authorized directors regardless of whether there exist any vacancies in such authorized directorships. The stockholders shall also have the power to adopt, amend or repeal the Bylaws of the Corporation; provided, that in addition to any vote of the holders of any class or series of capital stock of the Corporation required by law the Corporation's certificate of incorporation, the affirmative vote of the holders of at least 80% of the voting power of all of the then-outstanding shares of the capital stock of the Corporation entitled to vote generally in the election of directors, voting together as a single class, shall be required to adopt, amend or repeal any provision of the Bylaws of the Corporation.

ARTICLE 7

Any action required or permitted to be taken by the stockholders of the Corporation must be effected at a duly called annual or special meeting of stockholders of the Corporation and may not be effected by any consent in writing by such stockholders.

ARTICLE 8

The Corporation expressly elects to be subject to Section 203 of the DGCL.

ARTICLE 9

Meetings of stockholders of the Corporation may be held within or without the State of Delaware, as the Bylaws may provide. The books of the Corporation may be kept (subject to any provision of applicable law) outside the State of Delaware at such place or places as may be designated from time to time by the Board of Directors or in the Bylaws.

ARTICLE 10

A director of this Corporation shall not be personally liable to the Corporation or its stockholders for monetary damages for breach of fiduciary duty as a director, except for liability (a) for any breach of the director's duty of loyalty to the Corporation or its stockholders; (b) for acts or omissions not in good faith or which involve intentional misconduct or a knowing violation of law; (c) under Section 174 of the DGCL; or (d) for any transaction from which the director derived an improper personal benefit. If the DGCL is amended to authorize the further

elimination or limitation of the liability of directors, then the liability of a director of the Corporation, in addition to the limitation on personal liability provided in this Article, shall be eliminated or limited to the fullest extent permitted by the DGCL as so amended. No amendment to or repeal of this Article shall apply to or have any effect on the liability or alleged liability of any director of the Corporation for or with respect to any acts or omissions of such director occurring prior to such amendment or repeal.

ARTICLE 11

To the fullest extent permitted by applicable law, the Corporation shall provide indemnification of (and advancement of expenses to) its directors and officers, subject only to limits created by applicable Delaware law (statutory or non-statutory), with respect to actions for breach of duty to this Corporation, its stockholders, and others. To the fullest extent permitted by applicable law, the Corporation is also authorized to provide indemnification of (and advancement of expenses to) its agents (and any other persons to which Delaware law permits this Corporation to provide indemnification) through Bylaw provisions, agreements with such agents or other persons, vote of stockholders or disinterested directors, or otherwise, in excess of the indemnification and advancement otherwise permitted by Section 145 of the DGCL, subject only to limits created by applicable Delaware law (statutory or non-statutory), with respect to actions for breach of duty to this Corporation, its stockholders, and others. Any repeal or modification of any of the foregoing provisions of this Article shall not adversely affect any right or protection of a director, officer, agent, or other person existing at the time of, or increase the liability of any director of this Corporation with respect to any acts or omissions of such director, officer, or agent occurring prior to, such repeal or modification.

ARTICLE 12

Whenever a compromise or arrangement is proposed between the Corporation and its creditors or any class of them and/or between the Corporation and its stockholders or any class of them, any court of equitable jurisdiction within the State of Delaware may, on the application in a summary way of the Corporation or of any creditor or stockholder thereof or on the application of any receiver or receivers appointed for the Corporation under the provisions of Section 291 of the DGCL or on the application of trustees in dissolution or of any receiver or receivers appointed for the Corporation under the provisions of Section 279 of the DGCL, order a meeting of the creditors or class of creditors, and/or of the stockholders or class of stockholders of the Corporation, as the case may be, to be summoned in such manner as the said court directs. If a majority in number representing three-fourths in value of the creditors or class of creditors, and/or of the stockholders or class of stockholders of the Corporation, as the case may be, agree to any compromise or arrangement and to any reorganization of the Corporation as a consequence of such compromise or arrangement, the said compromise or arrangement and the said reorganization shall, if sanctioned by the court to which the said application has been made, be binding on all the creditors or class of creditors, and/or on all the stockholders or class of stockholders, of the Corporation, as the case may be, and also on the Corporation.

ARTICLE 13

The Board of Directors is expressly authorized to cause the Corporation to issue rights pursuant to Section 157 of the DGCL and, in that connection, to enter into any agreements necessary or convenient for such issuance, and to enter into other agreements necessary and convenient to the conduct of the business of the Corporation. Any such agreement may include provisions limiting, in certain circumstances, the ability of the Board of Directors to redeem the securities issued pursuant thereto or to take other action thereunder or in connection therewith unless there is a specified number or percentage of Continuing Directors then in office. Pursuant to Section 141(a) of the DGCL, Continuing Directors shall have the power and authority to make all decisions and determinations, and exercise or perform such other acts, that any such agreement provides that such Continuing Directors shall make, exercise or perform. For purposes of this ARTICLE 13 and any such agreement, the term, "Continuing Directors" shall mean (a) those directors who were members of the Board of Directors at the time the Corporation entered into such agreement and any director who subsequently becomes a member of the Board of Directors, if such director's nomination for election or appointment to the Board of Directors is recommended or approved by the majority vote of the Continuing Directors then in office and (b) such other members of the Board of Directors, if any, designated in, or in the manner provided in, such agreement as Continuing Directors.

ARTICLE 14

The Corporation reserves the right to amend, alter, change or repeal in any respect any provision contained in this certificate of incorporation in the manner now or hereafter prescribed by applicable laws, and all rights conferred upon stockholders in this certificate of incorporation are granted subject to this reservation; provided, that the affirmative vote of the holders of at least 80% of the voting power of all of the then-outstanding shares of the capital stock of the Corporation entitled to vote generally in the election of directors, voting together as a single class, shall be required to amend or repeal ARTICLE 5, 6, 7, 8, 10, 11, 13 and 14 of this certificate of incorporation.

The undersigned, being the duly elected President of the Corporation, for the purpose of amending and restating the certificate of incorporation of the Corporation, does make this Certificate, hereby declaring and certifying that this is its act and deed and the facts stated in this certificate of incorporation are true, and accordingly has hereunto executed this Amended and Restated Certificate of Incorporation as a duly authorized officer of the Corporation this 19th day of May, 2016.

/s/ Mark R. Stauffer
Mark R. Stauffer, President

EXHIBIT A**DESIGNATIONS OF SERIES A PREFERRED STOCK**

The voting powers, preferences, and privileges and qualifications, limitations, or restrictions of the Series A Preferred Stock are as set forth below:

1. Dividends.

1.1 Class A Stock. The holders of the outstanding shares of Series A Preferred Stock shall be entitled to receive cumulative dividends at the annual rate of 6% of the Original Issue Price (as defined herein) per annum per share, prior and in preference to any declaration or payment of any dividend (payable other than solely in Common Stock or other securities and rights convertible into or entitling the holder thereof to receive solely shares of Common Stock of the Corporation) on Common Stock or any other Equity Securities. Dividends on each share of Series A Preferred Stock shall be cumulative and shall accrue on each share from day to day until paid, whether or not earned or declared, and whether or not there are profits, surplus, or other funds legally available for the payment of dividends. All accrued but unpaid dividends on each share of Series A Preferred Stock shall be payable out of any assets legally available therefor in cash upon the liquidation, dissolution, or winding up of the Corporation as provided in part 2 of this Exhibit A, upon the repurchase of Series A Preferred Stock as provided in part 3 of this Exhibit A or, subject to any contractual obligations of the Corporation limiting its ability to declare or pay dividends, from time to time when, as, and if declared by the board of directors of the Corporation (the "Board").

1.2 Priority on Dividends. Unless the full amount of any accrued and unpaid dividends on the Series A Preferred Stock shall have been paid or declared in full and a sum sufficient for the payment thereof reserved and set apart, (a) no dividend or distribution (other than a dividend payable solely in Common Stock or other securities and rights convertible into or entitling the holder thereof to receive solely shares of Common Stock of the Corporation) shall be declared or paid on Common Stock or any other Equity Securities and (b) no shares of Common Stock or any other Equity Securities shall be purchased, redeemed, or acquired by the Corporation and no monies shall be paid into or set aside or made available for a sinking fund for the purchase, redemption, or acquisition thereof; provided, that this restriction shall not apply to (i) the repurchase of capital stock pursuant to the Stockholders' Agreement or the repurchase of Series A Preferred Stock pursuant to the terms hereof or (ii) the repurchase of shares of Common Stock from directors, employees, or consultants of the Corporation or a Subsidiary pursuant to agreements approved by the Board of Directors under which the Corporation has the obligation or option to repurchase such shares upon the occurrence of certain events, such as the termination of service to the Corporation or a Subsidiary.

1.3 Non-Cash Dividends. Whenever a dividend provided for in this part 1 of Exhibit A shall be payable in property other than cash, the value of such dividend shall be deemed to be the Fair Market Value of such property.

2. Liquidation Preference.

2.1 Series A Preferred Stock. In the event of any liquidation, dissolution, or winding up of the Corporation, either voluntary or involuntary, the holders of the Series A Preferred Stock shall be entitled to receive, prior and in preference to any payment or distribution and setting apart for payment or distribution of any of the assets or surplus funds of the Corporation to the holders of the Common Stock and to the holders of any other Equity Securities, an amount (the "Liquidation Preference") for each share of Series A Preferred Stock then held by them equal to \$1,000 (as adjusted for any stock splits, stock dividends, recapitalizations, combinations, or similar transactions with respect to such shares after the filing date hereof, the "Original Issue Price") plus all accrued or declared but unpaid dividends on the Series A Preferred Stock to and including the date of payment of such Liquidation Preference. If, upon the occurrence of such event, the assets and funds legally available for distribution among the holders of the Series A Preferred Stock shall be insufficient to permit the payment to such holders of the full Liquidation Preference for each share of Series A Preferred Stock held by such holders, then the entire assets and funds of the Corporation legally available for distribution shall be distributed ratably among the holders of Series A Preferred Stock based upon the aggregate Liquidation Preferences of the shares of Series A Preferred Stock held by each such holder.

2.2 Participation Rights. If the assets and funds of the Corporation legally available for distribution to the Corporation's stockholders exceed the aggregate Liquidation Preferences payable to the holders of Series A Preferred Stock pursuant to paragraph 2.1 of this Exhibit A, then, after the payments required by paragraph 2.1 of this Exhibit A shall have been made or irrevocably set apart for payment, the remaining assets and funds of the Corporation available for distribution to the Corporation's stockholders shall be distributed among the holders of the then outstanding shares of Common Stock or other Equity Securities in accordance with the terms thereof.

2.3 Merger or Sale of Assets. For purposes of this part 2 of this Exhibit A, at the election of the holders of a majority of the Series A Preferred Stock then outstanding, a liquidation, dissolution, or winding up of the Corporation shall be deemed to be occasioned by, and the holders of Series A Preferred Stock shall be entitled to receive in cash, securities, or other property (valued at Fair Market Value) in the amounts as specified in paragraphs 2.1 and 2.2 above at the closing of, (a) the consolidation or merger of the Corporation with or into one or more other corporations or other business organizations pursuant to which the Corporation's stockholders of record immediately prior to such event (by virtue of the securities issued as part of such event) shall hold less than 50% of the voting power of the surviving or acquiring entity immediately following such event (a "Change of Control"); (b) the sale, lease, or transfer of all or substantially all of the assets of the Corporation and/or its material Subsidiaries or of any material business unit of the Corporation; or (c) any other form of corporate reorganization resulting in a Change of Control in which outstanding shares of the Corporation are exchanged for or converted into cash or the securities of another corporation or business organization, or other property.

2.4 Liquidation Notice. The Corporation shall give written notice of any liquidation, dissolution, or winding up (or any transaction which might reasonably be

deemed to be a liquidation, dissolution, or winding up pursuant to paragraph 2.3 of this Exhibit A) to each holder of Series A Preferred Stock not less than 10 days prior to the date stated in such notice for the distribution and payment of the amounts provided in this part 2 of this Exhibit A.

3. Repurchase.

3.1 Repurchase Date. Upon the consummation of a firm commitment underwritten offering by the Corporation of shares of Common Stock or other Equity Securities to the public pursuant to an effective registration statement under the Securities Act of 1933, then in effect, or any comparable statement under any similar federal statute then in force, the Corporation shall repurchase from each holder of outstanding Series A Preferred Stock the number of shares of Series A Preferred Stock held of record by such holder on the date of the consummation of such offering (a "Repurchase Date"), at a price per share equal to the Original Issue Price plus all declared or accrued but unpaid dividends, if any (the "Repurchase Price").

3.2 Repurchase Notice. Not less than 15 nor more than 30 days prior to a Repurchase Date, the Corporation shall give written notice by first class mail, postage prepaid, to each holder of record (as of the close of business on the business day next preceding the day on which notice is given) of the Series A Preferred Stock, at the address of such holder last shown on the records of the Corporation, notifying such holder of the repurchase to be effected, specifying the number of shares to be repurchased from such holder on such Repurchase Date, the Repurchase Date, the Repurchase Price, and the place at which payment may be obtained and calling upon such holder to surrender to the Corporation in the manner and at the place designated, its certificate or certificates representing the shares of Series A Preferred Stock to be repurchased on such Repurchase Date (the "Repurchase Notice"). On or after the Repurchase Date, each holder of Series A Preferred Stock to be repurchased on such Repurchase Date shall surrender to the Corporation the certificate or certificates representing such shares, in the manner and at the place designated in the Repurchase Notice, and thereupon the Repurchase Price of such shares shall be payable to the order of the person whose name appears on such certificate or certificates as the owner thereof and each surrendered certificate shall be canceled.

3.3 Available Funds, etc. If the funds of the Corporation legally available for repurchase of Series A Preferred Stock on any Repurchase Date are insufficient to repurchase the total number of shares of Series A Preferred Stock to be repurchased on such date, those funds that are legally available will be used to repurchase the maximum possible number of shares of Series A Preferred Stock, ratably among the holders of the shares of Series A Preferred Stock to be repurchased based upon the aggregate Repurchase Price of such shares held by each such holder. The shares of Series A Preferred Stock not repurchased shall remain outstanding and entitled to all the rights and preferences provided herein. At any time thereafter when additional funds of the Corporation are legally available for the repurchase of shares of Series A Preferred Stock, such funds will immediately be used to repurchase the balance of the Series A Preferred Stock, ratably among the holders of such shares of Series A Preferred Stock, as set forth in the preceding sentence, and such funds will not be used for any other purpose.

3.4 Deposit of Repurchase Price. On or prior to the Repurchase Date, the Corporation shall deposit the Repurchase Price of all shares of the Series A Preferred Stock to be repurchased with a bank or trust corporation having aggregate capital and surplus in excess of One Hundred Million Dollars (\$100,000,000.00) as a trust fund for the benefit of the respective holders of the shares designated for repurchase, with irrevocable instructions and authority to the bank or trust corporation to pay the Repurchase Price for such shares to their respective holders on or after the Repurchase Date upon receipt of notification from the Corporation that such holder has surrendered his share certificate to the Corporation. As of the Repurchase Date, the deposit shall constitute full payment of the shares to their holders, and from and after the Repurchase Date the shares so called for repurchase shall be repurchased and shall be deemed to be no longer outstanding, and the holders thereof shall cease to be stockholders with respect to such shares and shall have no rights with respect thereto except the rights to receive from the bank or trust corporation payment of the Repurchase Price of the shares upon surrender of their certificates therefor. The balance of any moneys deposited by the Corporation pursuant to this paragraph 3.4 of this Exhibit A remaining unclaimed at the expiration of two years following the Repurchase Date shall thereafter be returned to the Corporation upon its request expressed in a resolution of the Board.

3.5 Certificates, etc. If fewer than the total number of shares of Series A Preferred Stock represented by any certificate are repurchased, a new certificate representing the number of shares of Series A Preferred Stock not repurchased will be issued to the holder thereof without cost to such holder within a reasonable time after surrender of the certificate representing the repurchased shares.

3.6 Pro rata Repurchases. Neither the Corporation nor any Subsidiary will repurchase, purchase, or otherwise acquire any shares of Series A Preferred Stock except as expressly authorized herein, in the Stockholders' Agreement or pursuant to a purchase offer made pro rata to all holders of shares of Series A Preferred Stock on the basis of the aggregate Repurchase Price of such shares of Series A Preferred Stock owned by each such holder.

4. Voting Rights. Without the affirmative vote of the holders of a majority of the outstanding Series A Preferred Stock, voting as a separate class, the Corporation shall not:

(a) effect any sale, lease, assignment, transfer, exchange, or other conveyance of all or substantially all of the assets of the Corporation or any Subsidiary, or any consolidation, conversion, or merger involving the Corporation or any Subsidiary or any share exchange, reclassification, or other change of any stock, or any recapitalization, or any dissolution, liquidation, or winding up of the Corporation or any Subsidiary or, unless the obligations of the Corporation or such Subsidiary under an agreement are expressly conditional upon the requisite approval of the holders of the Series A Preferred Stock as provided for herein, make any agreement or become obligated to do so;

(b) authorize, issue, or obligate itself to issue any additional shares of Series A Preferred Stock, or increase or decrease the total number of authorized shares of Series A Preferred Stock;

(c) authorize, issue, or obligate itself to issue any Equity Securities of the Corporation (other than pursuant to an Approved Plan) or any Subsidiary, or reclassify or convert any shares of Common Stock or other Equity Securities of the Corporation or any Subsidiary;

(d) authorize, issue, or obligate itself to issue any Debt Securities of the Corporation or any Subsidiary;

(e) amend or alter its Certificate of Incorporation or Bylaws or the charter documents of any Subsidiary or otherwise alter or change the right, preferences or privileges of the Series A Preferred Stock, whether by merger, consolidation or otherwise;

(f) authorize or issue, or obligate itself to issue, any shares of Common Stock or other Equity Security of the Corporation or any Subsidiary to any employee, director, or consultant of the Corporation or any Subsidiary, or authorize or create, or reserve shares of Common Stock or other Equity Securities of the Corporation or any Subsidiary (including increasing the number of Equity Securities reserved) with respect to any stock option plan, stock incentive plan, stock appreciation right, or other plan or arrangement, other than under an Approved Plan;

(g) pay or declare any dividend on the Corporation's Common Stock or any other Equity Securities of the Corporation;

(h) enter into or be a party to, or allow any Subsidiary to enter into or be a party to, any related or affiliated party transaction or arrangement including, but not limited to, employee benefit plans or arrangements, but other than for payment of customary salary for service rendered;

(i) incur, create, assume, become or be liable in any manner with respect to, permit to exist or modify the terms of any indebtedness for borrowed money (including, without limitation, capitalized leases) of the Corporation or any Subsidiary or for the deferred purchase price for the acquisition of property by the Corporation or any Subsidiary;

(j) loan money from the Corporation or any Subsidiary to any person or guarantee the indebtedness of any person by the Corporation or any Subsidiary, except for expense reimbursement for reasonable expenses incurred in connection with employment or service to the Company in the ordinary course of business;

(k) except to the extent specifically reflected in the annual budget of the Corporation approved by the Board, enter into any single contract or series of related contracts with respect to a single transaction or any set of related transactions contemplating the payment (at any single time or in the aggregate) by the Corporation or a Subsidiary of amounts in excess of \$1.00;

(l) acquire or enter into any agreement to acquire (irrespective of the form of transaction) by the Corporation or any Subsidiary any capital stock of any person, or any substantial portion of the assets of any person;

- (m) change the primary line of business of the Corporation or any Subsidiary;
- (n) voluntarily dissolve, liquidate, or wind up the affairs of the Corporation or any Subsidiary;
- (o) increase or decrease the size of the Board of the Corporation or of any Subsidiary;
- (p) increase or decrease the size of one or more committees of the Board designated in the manner provided in the Bylaws of the Corporation (the "Bylaws");
- (q) appoint or approve the appointment of any senior executive officer of the Corporation or any Subsidiary, including without limitation, the Chief Executive Officer, President, Chief Financial Officer, Chief Operating Officer, and General Counsel;
- (r) terminate or approve the termination of any senior executive officer of the Corporation or any Subsidiary, including without limitation, the Chief Executive Officer, President, Chief Financial Officer, Chief Operating Officer, and General Counsel;
- (s) create any Subsidiary or transfer any assets of the Company to any Subsidiary of the Company; or
- (t) adopt, approve or modify the annual budget of the Corporation or that of any Subsidiary.

5. Registration of Transfer. The Corporation will keep at its principal office a register for the registration of shares of Series A Preferred Stock. Upon the surrender of any certificate representing shares of Series A Preferred Stock at such place, the Corporation will, at the request of the record holder of such certificate, execute and deliver (at the Corporation's expense) a new certificate or certificates in exchange therefor representing in the aggregate the number of shares of Series A Preferred Stock represented by the surrendered certificate. Each such new certificate will be registered in such name and will represent such number of shares of Series A Preferred Stock as is requested by the holder of the surrendered certificate and will be substantially identical in form to the surrendered certificate, and dividends will accrue on the shares of Series A Preferred Stock represented by such new certificate from the date to which dividends have been fully paid on such shares of Series A Preferred Stock represented by the surrendered certificate.

6. Replacement. Upon receipt of evidence reasonably satisfactory to the Corporation (an affidavit without bond of the registered holder will be satisfactory) of the ownership and the loss, theft, destruction, or mutilation of any certificate evidencing shares of Series A Preferred Stock and, in the case of any such loss, theft, or destruction, upon receipt of indemnity reasonably satisfactory to the Corporation or, in the case of any mutilation, upon surrender of such certificate the Corporation will (at its expense) execute and deliver in lieu of such certificate a new certificate of like kind representing the number of shares of Series A Preferred Stock represented by such lost, stolen, destroyed, or mutilated certificate, and dividends will accrue on the shares of Series A Preferred Stock represented by such new

certificate from the date to which dividends have been fully paid on such lost, stolen, destroyed, or mutilated certificate.

7. Definitions. As used in this Exhibit A:

"**Approved Plan**" means any written stock option, stock purchase, stock incentive, or stock appreciation plan or arrangement and any increase in the number of shares of Common Stock or other Equity Securities reserved for issuance pursuant to any of the foregoing; provided, that such plan or arrangement is approved by a majority of the Board and by the holders of Series A Preferred Stock pursuant to paragraph 4 of this Exhibit A.

"**Debt Security**" means any security representing funds borrowed by the Corporation from the holder of the debt obligation or similar security, including, without limitation, securities containing debt features such as bonds, notes or debentures.

"**Equity Security**" means any capital stock or similar security, including, without limitation, securities containing equity features and securities containing profit participation features, or any security convertible or exchangeable, with or without consideration, into or for any stock or similar security, or any security carrying any warrant or right to subscribe for or purchase any stock or similar security, or any such warrant or right, other than the Series A Preferred Stock or Common Stock.

"**Fair Market Value**" means the fair market value as determined in good faith by a majority of the entire Board.

"**Person**" means an individual, a partnership, a corporation, an association, a joint stock company, a trust, a joint venture, an unincorporated organization, or other entity or a governmental entity or any department, agency, or political subdivision thereof.

"**Stockholders' Agreement**" means the Stockholders' Agreement, to be entered into in connection with the Corporation's initial issuance of Series A Preferred Stock and Common Stock by and among the Corporation and certain stockholders of the Corporation, as such agreement may from time to time be amended in accordance with its terms.

"**Subsidiary**" means any corporation any of the outstanding voting securities of which are owned by the Corporation or any Subsidiary, directly or indirectly, or a partnership or limited liability company in which the Corporation or any Subsidiary is a general partner or manager or holds interests entitling it to receive any of the profits or losses of the partnership or limited liability company.

8. Amendment and Waiver. Except as expressly provided herein, no amendment, modification, or waiver will be binding or effective with respect to any provision of this Exhibit A without the affirmative vote of the holders of a majority of the shares of Series A Preferred Stock then outstanding, voting separately as a class; provided, that if any such amendment, modification, or waiver is to a provision herein that requires a specific vote (such as requiring the vote of a specified percentage of a particular class of voting securities) to take an action thereunder or to take an action with respect to the matters described therein, such amendment, modification, or waiver will not be binding or effective unless such specific vote is

obtained to approve such amendment, modification, or waiver; and provided, further, that no change in the terms hereof may be accomplished by merger or consolidation of the Corporation with another corporation or entity unless the Corporation has obtained the prior written consent of the holders of the applicable percentage of the applicable class(es) of securities that would be necessary to approve such change in terms other than in connection with such merger or consolidation.

9. Notices. Except as otherwise expressly provided, all notices referred to herein shall be in writing and shall be delivered personally or mailed, certified mail, return receipt requested, or delivered by overnight courier service to (a) the Corporation, at its principal executive offices and (b) any shareholder, at such holder's address as it appears in the stock records of the Corporation (unless otherwise indicated in writing by any such holder), and shall be deemed to have been given upon delivery, if delivered personally, three business days after mailing, if mailed, or one business day after delivery to the courier, if delivered by overnight courier service.

ORION GROUP HOLDINGS, INC.
(formerly Orion Marine Group, Inc.),
a Delaware corporation

(formerly Hunter Acquisition Corp.),
a Delaware corporation

AMENDED AND RESTATED BYLAWS

Amended May 20, 2016

Adopted April 9, 2007

ARTICLE 1

OFFICES

Section 1.1.

Registered Office. The registered office of Orion Group Holdings, Inc., a Delaware corporation (the “**Corporation**”), shall be the registered office named in the certificate of incorporation.

Section 1.2.

Other Offices. The Corporation may also have offices at such other places, either within or without the State of Delaware, as the board of directors may from time to time to determine or as the business of the Corporation may require.

ARTICLE 2

MEETINGS OF STOCKHOLDERS

Section 2.1.

Place of Meetings. All meetings of the stockholders shall be held at the principal office of the Corporation or at such other places as may be fixed from time to time by the board of directors, either within or without the State of Delaware, and stated in the notice of the meeting or in a duly executed waiver of notice of the meeting, or the board of directors, may in its sole discretion, determine that the meeting shall not be held at any place, but may instead be held solely by means of remote communication.

Section 2.2.

Annual Meetings. Annual meetings of stockholders, commencing with the year 2008, shall be held at the time and place, if any, to be selected by the board of directors, which date shall be within 13 months subsequent to the last annual meeting of stockholders. If the day is a legal holiday,

then the meeting shall be held on the next following business day. At the meeting, the stockholders shall elect directors to succeed those whose terms expire and transact such other business as may properly be brought before the meeting. Each election of directors shall be by written ballot, unless otherwise provided in the Certificate of Incorporation. If authorized by the board of directors, such requirement of a written ballot shall be satisfied by a ballot submitted by electronic transmission, provided, that any such electronic transmission must either set forth or be submitted with information from which it can be determined that the electronic transmission was authorized by the stockholder or proxyholder.

Section 2.3.

Notice of Annual Meeting. Notice of the annual meeting stating the place, if any, date, and hour of the meeting shall be given in accordance with Section 2.4 of this Article to each stockholder entitled to vote at such meeting not less than 10 nor more than 60 days before the date of the meeting.

Section 2.4.

Manner of Giving Notice; Affidavit of Notice. If mailed, notice to stockholders shall be deemed given when deposited in the United States mail, postage prepaid, directed to the stockholder at his address as it appears on the records of the Corporation. Without limiting the manner by which notice may otherwise be given effectively to stockholders, any notice to stockholders may be given by electronic transmission in the manner provided in Section 232 of the Delaware General Corporation Law. An affidavit of the secretary or an assistant secretary or of the transfer agent of the Corporation that the notice has been given shall, in the absence of fraud, be *prima facie* evidence of the facts stated in such affidavit.

Section 2.5.

Voting List. The officer who has charge of the stock ledger of the Corporation shall prepare and make, at least 10 days before every meeting of stockholders, a complete list of the stockholders entitled to vote at the meeting, arranged in alphabetical order, and showing the address of each stockholder and the number of shares registered in the name of each stockholder. Such list shall be open to the examination of any stockholder, for any purpose germane to the meeting, both (a) for a period of at least 10 days prior to the meeting either at a place within the city where the meeting is to be held, which place shall be specified in the notice of the meeting, or at the place where the meeting is held and (b) during the whole time of the meeting as in the manner provided by law.

Section 2.6.

Special Meetings. Special meetings of the stockholders, for any purpose or purposes, unless otherwise prescribed by statute or by the Certificate of Incorporation, may be called by the board of directors acting pursuant to a resolution adopted by a majority of the total number of authorized directors (regardless of whether there exist any vacancies in such authorized directorships), and not by stockholders.

Section 2.7.

Notice of Special Meetings. Notice of a special meeting stating the place, if any, date, and hour of the meeting and the purpose or purposes for which the meeting is called, shall be given in accordance with Section 2.4 of this ARTICLE 2 not less than 10 nor more than 60 days before the

date of the meeting, to each stockholder entitled to vote at such meeting. Business transacted at any special meeting of the stockholders shall be limited to the purposes stated in the notice.

Section 2.8.

Business to be Brought Before a Meeting of Stockholders. To be properly brought before a meeting of stockholders, business must be either (a) specified in the notice of meeting (or any supplement thereto) given by or at the direction of the Board of Directors; (b) otherwise brought before the meeting by or at the direction of the Board of Directors; or (c) otherwise properly brought before an annual meeting by a stockholder of the Corporation who is a stockholder of record at the time of giving of notice provided for in this Section, who shall be entitled to vote at such annual meeting and who complies with the notice procedures set forth in this Section. In addition to any other applicable requirements, for business to be brought before an annual meeting by a stockholder of the Corporation, the stockholder must have given timely notice thereof in writing to the Secretary of the Corporation. To be timely, a stockholder's notice must be delivered to or mailed and received at the principal executive offices of the Corporation, not less than 120 days prior to the anniversary date of the proxy statement for the preceding annual meeting of stockholders of the Corporation. A stockholder's notice to the Secretary shall set forth as to each matter (a) a brief description of the business desired to be brought before the annual meeting and the reasons for conducting such business at the annual meeting; (b) the name and address, as they appear on the Corporation's books, of the stockholder proposing such business; (c) the acquisition date, the class and the number of shares of voting stock of the Corporation which are owned beneficially by the stockholder; (d) any material interest of the stockholder in such business; and (e) a representation that the stockholder intends to appear in person or by proxy at the annual meeting to bring the proposed business before the meeting.

Section 2.9.

Quorum. The holders of a majority of the stock issued and outstanding and entitled to vote at meetings of the stockholders, present in person or represented by proxy, shall constitute a quorum at all meetings of the stockholders for the transaction of business, except as otherwise provided by statute or by the Certificate of Incorporation. The stockholders present at a duly organized meeting may continue to transact business until adjournment, notwithstanding the withdrawal of enough stockholders to leave less than a quorum. If, however, such quorum shall not be present or represented at any meeting of the stockholders, the stockholders entitled to vote at such meeting, present in person or represented by proxy, shall have power to adjourn the meeting from time to time, without notice other than announcement at the meeting, until a quorum shall be present or represented. At such adjourned meeting at which a quorum shall be present or represented, any business may be transacted which might have been transacted at the meeting as originally notified. If the adjournment is for more than 30 days, or if after the adjournment a new record date is fixed for the adjourned meeting, a notice of the adjourned meeting shall be given to each stockholder of record entitled to vote at the meeting.

Section 2.10.

Order of Business. At each meeting of the stockholders, one of the following persons, in the order in which they are listed (and in the absence of the first, the next, and so on), shall serve as chairperson of the meeting: chairperson of the board, chief executive officer, president, vice

presidents (in the order of their seniority if more than one), and secretary. The order of business at each such meeting shall be as determined by the chairperson of the meeting. The chairperson of the meeting shall have the right and authority to prescribe such rules, regulations, and procedures and to do all such acts and things as are necessary or desirable for the proper conduct of the meeting, including, without limitation, the establishment of procedures for the maintenance of order and safety, limitations on the time allotted to questions or comments on the affairs of the Corporation, restrictions on entry to such meeting after the time prescribed for the commencement thereof, and the opening and closing of the voting polls.

Section 2.11.

Required Vote. When a quorum is present at any meeting, in all matters other than the election of directors, the vote of the holders of a majority of the stock having voting power present in person or represented by proxy shall decide any question brought before such meeting, unless the question is one upon which, by express provision of the statutes or of the Certificate of Incorporation, a different vote is required, in which case such express provision shall govern and control the decision of such question. Directors shall be elected by a plurality of the stock having voting power present in person or represented by proxy.

Section 2.12.

Method of Voting. Unless otherwise provided in the Certificate of Incorporation, each stockholder shall at every meeting of the stockholders be entitled to one vote in person or by proxy for each share of the capital stock having voting power held by such stockholder. Each stockholder entitled to vote at a meeting of stockholders may authorize another person or persons to act for such stockholder by proxy. Proxies for use at any meeting of stockholders shall be filed with the Secretary, or such other officer as the Board of Directors may from time to time determine by resolution, before or at the time of the meeting. All proxies shall be received and taken charge of and all ballots shall be received and canvassed by the secretary of the meeting, who shall decide all questions touching upon the qualification of voters, the validity of the proxies, and the acceptance or rejection of votes, unless an inspector or inspectors shall have been appointed by the chairman of the meeting, in which event such inspector or inspectors shall decide all such questions.

No proxy shall be valid after three years from its date, unless the proxy provides for a longer period. Each proxy shall be revocable unless expressly provided therein to be irrevocable and coupled with an interest sufficient in law to support an irrevocable power.

Should a proxy designate two or more persons to act as proxies, unless such instrument shall provide the contrary, a majority of such persons present at any meeting at which their powers thereunder are to be exercised shall have and may exercise all the powers of voting thereby conferred, or if only one be present, then such powers may be exercised by that one; or, if an even number attend and a majority do not agree on any particular issue, each proxy so attending shall be entitled to exercise such powers in respect of such portion of the shares as is equal to the reciprocal of the fraction equal to the number of proxies representing such shares divided by the total number of shares represented by such proxies.

Section 2.13.

Presence at Meetings. If authorized by the board of directors in its sole discretion, and

subject to such guidelines and procedures as the board of directors may adopt, stockholders and proxyholders not physically present at the meeting of stockholders may by means of remote communication (a) participate in a meeting of stockholders and (b) be deemed present in person and vote at a meeting of stockholders whether such meeting is to be held at a designated place or solely by means of remote communication, provided, that (i) the Corporation shall implement reasonable measures to verify that each person deemed present and permitted to vote at the meeting by means of remote communication is a stockholder or proxyholder; (ii) the Corporation shall implement reasonable measures to provide such stockholders and proxyholders a reasonable opportunity to participate in the meeting and to vote on matters submitted to the stockholders, including an opportunity to read or hear the proceedings of the meeting substantially concurrently with such proceedings; and (iii) if any stockholder or proxyholder votes or takes other action at the meeting by means of remote communication, a record of such vote or other action shall be maintained by the Corporation.

Section 2.14.

Treasury Stock. The Corporation shall not vote, directly or indirectly, shares of its own stock owned by it and such shares shall not be counted for quorum purposes. Nothing in this Section 2.14 shall be construed as limiting the right of the Corporation to vote stock, including but not limited to its own stock, held by it in a fiduciary capacity.

ARTICLE 3

DIRECTORS

Section 3.1.

General Powers. The business and affairs of the Corporation shall be managed by or under the direction of the board of directors, which may exercise all such powers of the Corporation and do all such lawful acts and things as are not by law or by the Certificate of Incorporation of the Corporation or by these Bylaws directed or required to be exercised or done by the stockholders.

Section 3.2.

Number of Directors. The number of directors constituting the board shall be such number as shall be from time to time specified by resolution of the board of directors; provided, that no director's term shall be shortened by reason of a resolution reducing the number of directors. If the board of directors makes no such specification, the number of directors shall be three.

Section 3.3.

Qualification, and Term of Office of Directors. Each director must be a citizen of the United States. Directors need not be stockholders or residents of the State of Delaware unless so required by the Certificate of Incorporation or these Bylaws, which may prescribe other qualifications for directors. Each director, including a director elected to fill a vacancy, shall hold office until his successor is elected and qualified or until his earlier resignation or removal.

Section 3.4.

Nomination of Directors. Only persons who are nominated in accordance with the following

procedures shall be eligible for election as directors, except otherwise provided in the Certificate of Incorporation. Nominations of persons for election to the board of directors of the Corporation at a meeting of stockholders may be made (a) by or at the direction of the board of directors or (b) by any stockholder of the Corporation who is a stockholder of record at the time of giving of notice provided for in this Section, who shall be entitled to vote for the election of directors at the meeting and who complies with the notice procedures set forth in this Section. Such nominations, other than those made by or at the direction of the board of directors, shall be made pursuant to timely notice in writing to the Secretary of the Corporation. To be timely, a stockholder's notice shall be delivered to or mailed and received at the principal executive offices of the Corporation (a) with respect to an election of directors to be held at the annual meeting of the stockholders of the Corporation, not later than 120 days prior to the anniversary date of the proxy statement for the immediately preceding annual meeting of stockholders of the Corporation and (b) with respect to an election of directors to be held at a special meeting of stockholders of the Corporation, not later than the close of business on the 10th day following the day on which such notice of the date of the special meeting was first mailed to the Corporation's stockholders or public disclosure of the date of the special meeting was first made, whichever first occurs. Such stockholder's notice to the Secretary shall set forth (a) as to each person whom the stockholder proposes to nominate for election or re-election as a director, all information relating to the person that is required to be disclosed in solicitations for proxies for election of directors, or is otherwise required, pursuant to Regulation 14A under the Securities Exchange Act of 1934, as amended (including the written consent of such person to be named in the proxy statement as a nominee and to serve as a director if elected); and (b) as to the stockholder giving the notice (i) the name and address, as they appear on the Corporation's books, of such stockholder and (ii) the class and number of shares of capital stock of the Corporation that are beneficially owned by the stockholder. At the request of any officer of the Corporation, any person nominated by the board of directors for election as a director shall furnish to the Secretary of the Corporation the information required to be set forth in a stockholder's notice of nomination that pertains to the nominee.

In the event that a person is validly designated as nominee to the Board and shall thereafter become unable or unwilling to stand for election to the board of directors, the board of directors or the stockholder who proposed such nominee, as the case may be, may designate a substitute nominee.

Except as otherwise provided in the Certificate of Incorporation, no person shall be eligible to serve as a director of the Corporation unless nominated in accordance with the procedures set forth in this Section. The chairman of the meeting of stockholders shall, if the facts warrant, determine and declare to the meeting that a nomination was not made in accordance with the procedures prescribed by the Bylaws, and if the chairman should so determine, the chairman shall so declare to meeting and the defective nomination shall be disregarded.

Notwithstanding the foregoing provisions of this Section, a stockholder shall also comply with all applicable requirements of the Securities Exchange Act of 1934, as amended, and the rules and regulations thereunder with respect to the matters set forth above.

Section 3.5.

Regular Meetings; First Meeting. Regular meetings of the board of directors may be held without notice at such times and at such places as shall from time to time be determined by the board. The board of directors may hold its first meeting of any new term, if a quorum is present, without notice immediately after and at the same place as the annual meeting of the stockholders.

Section 3.6.

Special Meetings. Special meetings of the board may be called by the chairperson of the board, the chief executive officer or the president, and shall be called by the chief executive officer, the president or the secretary on the written request of two directors unless the board of directors consists of only one director, in which case special meetings shall be called by the chief executive officer, the president or the secretary on the written request of the sole director.

Section 3.7.

Quorum, Majority Vote. At all meetings of the board, a majority of the entire board of directors shall constitute a quorum for the transaction of business and the act of a majority of the directors present at any meeting at which there is a quorum shall be the act of the board of directors, except as may be otherwise specifically provided by statute or by the Certificate of Incorporation. If a quorum shall not be present at any meeting of the board of directors, the directors present at such meeting may adjourn the meeting from time to time, without notice other than announcement at the meeting, until a quorum shall be present.

Section 3.8.

Action Without Meeting. Unless otherwise restricted by the Certificate of Incorporation or these Bylaws, any action required or permitted to be taken at any meeting of the board of directors or of any committee of the board of directors may be taken without a meeting, if all members of the board or committee, as the case may be, consent to such action in writing, or by electronic transmission and the writing or writings or electronic transmission or transmissions are filed with the minutes of the proceedings of the board or committee. Such filing shall be in paper form if the minutes are maintained in paper form and shall be in electronic form if the minutes are maintained in electronic form. Such consent shall have the same force and effect as a unanimous vote at a meeting, and may be stated as such in any document or instrument filed with the Secretary of State of Delaware.

Section 3.9.

Telephone and Other Meetings. Unless otherwise restricted by the Certificate of Incorporation or these Bylaws, members of the board of directors, or any committee designated by the board of directors, may participate in a meeting of the board of directors, or any committee, by means of conference telephone or other communications equipment by means of which all persons participating in the meeting can hear each other, and such participation in a meeting shall constitute presence in person at the meeting.

Section 3.10.

Notice of Meetings. Notice of regular meetings of the board of directors or of any adjourned meeting of the board of directors need not be given. Notice of each special meeting of the board shall be mailed to each director, addressed to such director at such director's residence or usual

place of business, at least two days before the day on which the meeting is to be held or shall be sent to such director at such place by telegraph or be given personally or by telephone, not later than the day before the meeting is to be held, but notice need not be given to any director who shall, either before or after the meeting, submit a signed waiver of such notice or who shall attend such meeting without protesting, prior to or at its commencement, the lack of notice to such director. Every such notice shall state the time and place but need not state the purpose of the meeting.

Section 3.11.

Rules and Regulations. The board of directors may adopt such rules and regulations not inconsistent with the provisions of law, the Certificate of Incorporation of the Corporation, or these Bylaws for the conduct of its meetings and management of the affairs of the Corporation as the board may deem proper.

Section 3.12.

Resignations. Any director of the Corporation may at any time resign by giving notice in writing or by electronic transmission to the board of directors, the chairperson of the board, the chief executive officer, the president, or the secretary of the Corporation. Such resignation shall take effect at the time specified in such notice or, if the time be not specified, upon receipt of such notice; and, unless otherwise specified in such notice, the acceptance of such resignation shall not be necessary to make it effective.

Section 3.13.

Compensation of Directors. Unless otherwise restricted by the Certificate of Incorporation or these Bylaws, the board of directors shall have the authority to fix the compensation of directors. The directors may be paid their expenses, if any, of attendance at each meeting of the board of directors and may be paid a fixed sum for attendance at each meeting of the board of directors or a stated salary as director. No such payment shall preclude any director from serving the Corporation in any other capacity and receiving compensation for such service. Members of special or standing committees may be allowed like compensation for attending committee meetings.

ARTICLE 4

EXECUTIVE AND OTHER COMMITTEES

Section 4.1.

Executive Committee. The board of directors may, by resolution adopted by a majority of the entire board, designate annually one or more of its members to constitute members or alternate members of an executive committee, which committee shall have and may exercise, between meetings of the board, all the powers and authority of the board in the management of the business and affairs of the Corporation, including, if such committee is so empowered and authorized by resolution adopted by a majority of the entire board, the power and authority to declare a dividend and to authorize the issuance of stock, and may authorize the seal of the Corporation to be affixed to all papers which may require it, except that the executive committee shall not have such power or authority with reference to:

- (a)
amending the Certificate of Incorporation of the Corporation;
- (b)
adopting an agreement of merger or consolidation involving the Corporation;
- (c)
recommending to the stockholders the sale, lease or exchange of all or substantially all of the property and assets of the Corporation;
- (d)
recommending to the stockholders a dissolution of the Corporation or a revocation of a dissolution;
- (e)
adopting, amending, or repealing any Bylaw;
- (f)
filling vacancies on the board or on any committee of the board, including the executive committee;
- (g)
fixing the compensation of directors for serving on the board or on any committee of the board, including the executive committee; or
- (h)
amending or repealing any resolution of the board which by its terms may be amended or repealed only by the board.

Section 4.2.

Other Committees. The board of directors may, by resolution adopted by a majority of the entire board, designate from among its members one or more other committees, each of which shall, except as otherwise prescribed by law, have such authority of the board as may be specified in the resolution of the board designating such committee. A majority of all the members of such committee may determine its action and fix the time and place of its meetings, unless the board shall otherwise provide. The board shall have the power at any time to change the membership of, to increase or decrease the membership of, to fill all vacancies in, and to discharge any such committee, or any member of any such committee, either with or without cause.

Section 4.3.

Procedure: Meetings; Quorum. Regular meetings of the executive committee or any other committee of the board of directors, of which no notice shall be necessary, may be held at such times and places as shall be fixed by resolution adopted by a majority of the members of such committee. Special meetings of the executive committee or any other committee of the board shall be called at the request of any member of such committee. Notice of each special meeting of the executive committee or any other committee of the board shall be sent by mail, telegraph, or

telephone, or be delivered personally to each member of such committee not later than the day before the day on which the meeting is to be held, but notice need not be given to any member who shall, either before or after the meeting, submit a signed waiver of such notice or who shall attend such meeting without protesting, prior to or at its commencement, the lack of such notice to such member. Any special meeting of the executive committee or any other committee of the board shall be a legal meeting without any notice of such meeting having been given, if all the members of such committee shall be present at such meeting. Notice of any adjourned meeting of any committee of the board need not be given. The executive committee or any other committee of the board may adopt such rules and regulations not inconsistent with the provisions of law, the Certificate of Incorporation of the Corporation, or these Bylaws for the conduct of its meetings as the executive committee or any other committee of the board may deem proper. A majority of the executive committee or any other committee of the board shall constitute a quorum for the transaction of business at any meeting, and the vote of a majority of the members of such committee present at any meeting at which a quorum is present shall be the act of such committee. In the absence or disqualification of a member, the remaining members, whether or not a quorum, may fill a vacancy. The executive committee or any other committee of the board of directors shall keep written minutes of its proceedings, a copy of which is to be filed with the secretary of the Corporation, and shall report on such proceedings to the board.

ARTICLE 5

NOTICES

Section 5.1.

Method. Whenever, under the provisions of the statutes or of the Certificate of Incorporation or of these Bylaws, notice is required to be given to any director or stockholder, it shall not be construed to mean personal notice, but such notice may be given in writing, by mail, electronic mail, overnight delivery, facsimile or any other manner provided in Section 232 of the Delaware General Corporation Law, addressed to such director or stockholder, at his mailing address, electronic mail address, or facsimile number as it appears on the records of the Corporation, with postage on such notice prepaid (as applicable), and such notice shall be deemed to be given at the time when the same shall be deposited in the United States mail if sent by mail or when received if sent by electronic mail, overnight delivery, or facsimile. Notice to directors may also be given by telegram.

Section 5.2.

Waiver. Whenever any notice is required to be given under the provisions of the statutes or of the Certificate of Incorporation or of these Bylaws, a written waiver of such notice, signed by the person or persons entitled to said notice or waiver by electronic transmission by such person, whether before or after the time stated in such waiver, shall be deemed equivalent to notice.

ARTICLE 6

OFFICERS

Section 6.1.

Election, Qualification. The officers of the Corporation shall be chosen by the board of directors and shall be a president and a secretary. The board of directors may also choose a chief executive officer, a chief operating officer, a chief financial officer, one or more vice presidents, a treasurer, one or more assistant secretaries and assistant treasurers and such other officers and agents as it shall deem necessary. Any number of offices may be held by the same person, unless the Certificate of Incorporation or these Bylaws otherwise provide. The chief executive officer or, if there is no chief executive officer, the president or, if there is no chief executive officer or present, the highest ranking officer must be a citizen of the United States.

Section 6.2.

Salary. The salaries of all officers and agents of the Corporation shall be fixed by the board of directors.

Section 6.3.

Term, Removal. Each officer shall hold office until such officer's successor is elected and qualified or until such officer's earlier resignation or removal. Any officer elected or appointed by the board of directors may be removed at any time by the affirmative vote of a majority of the board of directors. Any vacancy occurring in any office of the Corporation shall be filled by the board of directors.

Section 6.4.

Resignation. Subject at all times to the right of removal as provided in Section 6.3 of this ARTICLE 6 and to the provisions of any employment agreement, any officer may resign at any time by giving notice to the board of directors, the chief executive officer, the president, or the secretary of the Corporation. Any such resignation shall take effect at the date of receipt of such notice or at any later date specified provided, that the chief executive officer or president or, in the event of the resignation of the chief executive officer or the president, the board of directors may designate an effective date for such resignation which is earlier than the date specified in such notice but which is not earlier than the date of receipt of such notice; and, unless otherwise specified in such notice, the acceptance of such resignation shall not be necessary to make it effective.

Section 6.5.

Vacancies. A vacancy in any office because of death, resignation, removal, or any other cause may be filled for the unexpired portion of the term in the manner prescribed in these Bylaws for election to such office.

Section 6.6.

Chief Executive Officer. The chief executive officer, if there be such an officer, shall, subject to the provisions of these Bylaws and to the direction and supervision of the board of directors, (a) have general and active management of the affairs of the Corporation and have general supervision of its officers, agents and employees; (b) in the absence of the chairperson of the board, preside at all meetings of the stockholders and the board of directors; (c) have primary responsibility for the implementation of the policies adopted from time to time by the board of directors; and (d) perform those other duties incident to the office of chief executive officer and as from time to time may be assigned to him or her by the board of directors.

Section 6.7.

President. The president shall, subject to the provisions of these bylaws and to the direction and supervision of the board of directors, perform all duties incident to the office of president and as from time to time may be assigned to him or her by the board of directors. At the request of the chief executive officer or in the absence of the chief executive officer, in the event of their inability or refusal to act, the president shall perform the duties of the chief executive officer, and when so acting shall have all the powers and be subject to all restrictions of the chief executive officer.

Section 6.8.

Chief Operating Officer. The chief operating officer, if there be such an officer, shall, subject to the provisions of these Bylaws and to the direction and supervision of the board of directors and the chief executive officer, supervise the day to day operations of the Corporation and perform those other duties incident to the office of chief operating officer and as from time to time may be assigned to him or her by the board of directors or the chief executive officer.

Section 6.9.

Chief Financial Officer. The chief financial officer, if there be such an officer, shall, subject to the provisions of these Bylaws and to the direction and supervision of the board of directors and the chief executive officer, manage the financial affairs of the Corporation and perform those other duties incident to the office of chief financial officer and as from time to time may be assigned to him or her by the board of directors or the chief executive officer. If there is no chief financial officer, these duties shall be performed by the treasurer or such other person designated by the board of directors to perform such duties.

Section 6.10.

Vice Presidents. The vice president, if there be such an officer (or if there is more than one, then each vice president), shall perform such duties as from time to time may be assigned to him or her by the board of directors, the chief executive officer or the president. In the absence of the chief executive officer, the president and the chairman of the board or, in the event of their inability or refusal to act, the vice president, if there be such an officer (or in the event there be more than one vice president, the vice presidents in the order designated by the directors, or, in the absence of any designation, then in the order of their election), shall perform the duties of the president and, when so acting, shall have all the powers of and be subject to all the restrictions upon the president. The vice presidents shall perform such other duties and have such other powers as the board of directors may from time to time prescribe.

Section 6.11.

Secretary. The secretary shall attend all meetings of the board of directors and all meetings of the stockholders and record all the proceedings of the meetings of the Corporation and of the board of directors in a book to be kept for that purpose and shall perform like duties for the standing committees when required. He shall give, or cause to be given, notice of all meetings of the stockholders and special meetings of the board of directors, and shall perform such other duties as may be prescribed by the board of directors or president, under whose supervision he shall be. He shall have custody of the corporate seal of the Corporation and he, or an assistant secretary, shall have authority to affix the same to any instrument requiring it and when so affixed, it may be attested

by his signature or by the signature of such assistant secretary. The board of directors may give general authority to any other officer to affix the seal of the Corporation and to attest the affixing by his signature.

Section 6.12.

Assistant Secretary. The assistant secretary, or if there be more than one, the assistant secretaries in the order determined by the board of directors (or if there be no such determination, then in the order of their election) shall, in the absence of the secretary or in the event of his inability or refusal to act, perform the duties and exercise the powers of the secretary and shall perform such other duties and have such other powers as the board of directors may from time to time prescribe.

Section 6.13.

Treasurer. The treasurer, if there be such an officer, shall have the custody of the corporate funds and securities and shall keep full and accurate accounts of receipts and disbursements in books belonging to the Corporation and shall deposit all moneys and other valuable effects in the name and to the credit of the Corporation in such depositories as may be designated by the board of directors. He shall disburse the funds of the Corporation as may be ordered by the board of directors, taking proper vouchers for such disbursements, and shall render to the president and the board of directors, at its regular meetings, or when the board of directors so requires, an account of all his transactions as treasurer and of the financial condition of the Corporation. If required by the board of directors, he shall give the Corporation a bond in such sum and with such surety or sureties as shall be satisfactory to the board of directors for the faithful performance of the duties of his office and for the restoration to the Corporation, in case of his death, resignation, retirement, or removal from office, of all books, papers, vouchers, money, and other property of whatever kind in his possession or under his control belonging to the Corporation. If there is not a treasurer of the Corporation, then the duties set forth above shall be discharged by the President or such other officer as shall be designated by the board of directors.

Section 6.14.

Assistant Treasurer. The assistant treasurer, or if there shall be more than one, the assistant treasurers in the order determined by the board of directors (or if there be no such determination, then in the order of their election), shall, in the absence of the treasurer or in the event of his inability or refusal to act, perform the duties and exercise the powers of the treasurer and shall perform such other duties and have such other powers as the board of directors may from time to time prescribe.

ARTICLE 7

INDEMNIFICATION OF DIRECTORS, OFFICERS, EMPLOYEES, AND AGENTS

Section 7.1.

Third-Party Actions. The Corporation shall indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending, or completed action, suit, or proceeding, whether civil, criminal, administrative, or investigative (other than an action by or in the right of the Corporation) by reason of the fact that such person is or was a director or officer of the

Corporation, or is or was serving at the request of the Corporation as a director or officer of another corporation, partnership, joint venture, trust, or other enterprise, against all expenses (including attorney's fees), judgments, fines, and amounts paid in settlement actually and reasonably incurred by such person in connection with such action, suit, or proceeding if such person acted in good faith and in a manner such person reasonably believed to be in or not opposed to the best interests of the Corporation, and, with respect to any criminal action or proceeding, had no reasonable cause to believe his or her conduct was unlawful. The termination of any action, suit, or proceeding by judgment, order, settlement, conviction, or upon a plea of nolo contendere or its equivalent, shall not, of itself, create a presumption that the person did not act in good faith and in a manner which such person reasonably believed to be in or not opposed to the best interests of the Corporation, and, with respect to any criminal action or proceeding, that such person had reasonable cause to believe that his or her conduct was unlawful.

The Corporation may indemnify any employee or agent of the Corporation, or any employee or agent serving at the request of the Corporation as an employee or agent of another corporation, partnership, joint venture, trust, or other enterprise, in the manner and to the extent that it shall indemnify any director or officer under this Section.

Section 7.2.

Derivative Actions. The Corporation may indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending, or completed action or suit by or in the right of the Corporation to procure a judgment in its favor by reason of the fact that such person is or was a director, officer, employee, or agent of the Corporation, or is or was serving at the request of the Corporation as a director, officer, employee, or agent of another corporation, partnership, joint venture, trust, or other enterprise, against all expenses (including attorneys' fees) actually and reasonably incurred by such person in connection with the defense or settlement of such action or suit if such person acted in good faith and in a manner such person reasonably believed to be in or not opposed to the best interests of the Corporation, except that no indemnification shall be made with respect to any claim, issue or matter as to which such person shall have been adjudged to be liable for negligence or misconduct in the performance of such person's duty to the Corporation unless and only to the extent that the Court of Chancery of Delaware or the court in which such action or suit was brought shall determine upon application that, despite the adjudication of liability but in view of all the circumstances of the case, such person is fairly and reasonably entitled to indemnity for such expenses which the Court of Chancery of Delaware or such other court shall deem proper.

Section 7.3.

Determination of Indemnification. Any indemnification under Section 7.1 or Section 7.2 of this Article (unless ordered by a court) shall be made by the Corporation only as authorized in the specific case upon a determination that indemnification of the director, officer, employee, or agent is proper in the circumstances because such person has met the applicable standard of conduct set forth in Section 7.1 or Section 7.2 of this Article. Such determination shall be made (a) by the board of directors by a majority vote of a quorum consisting of directors who were not parties to such action, suit, or proceeding; or (b) if such a quorum is not obtainable, or, even if obtainable, a

quorum of disinterested directors so directs, by independent legal counsel in a written opinion; or (c) by the stockholders.

Section 7.4.

Right to Indemnification. Notwithstanding the other provisions of this Article, to the extent that a director, officer, employee, or agent of the Corporation has been successful on the merits or otherwise in defense of any action, suit, or proceeding referred to in Section 7.1 or Section 7.2 of this Article, or in defense of any claim, issue, or matter in any such claim or issue, such person shall be indemnified against expenses (including attorneys' fees) actually and reasonably incurred by such person in connection with such defense.

Section 7.5.

Advance of Expenses. Expenses incurred in defending a civil or criminal action, suit, or proceeding may be paid by the Corporation on behalf of a director, officer, employee, or agent in advance of the final disposition of such action, suit, or proceeding as authorized by the board of directors in the specific case upon receipt of an undertaking by or on behalf of the director, officer, employee, or agent to repay such amount unless it shall ultimately be determined that such person is entitled to be indemnified by the Corporation as authorized in this Article.

Section 7.6.

Indemnification Not Exclusive. The indemnification provided by this Article shall not be deemed exclusive of any other rights to which any person seeking indemnification may be entitled under any law, agreement, vote of stockholders or disinterested directors, or otherwise, both as to action in such person's official capacity and as to action in another capacity while holding such office, and shall continue as to a person who has ceased to be a director, officer, employee, or agent and shall inure to the benefit of the heirs, executors, and administrators of such a person.

Section 7.7.

Insurance. The Corporation may purchase and maintain insurance on behalf of any person who is or was a director, officer, employee, or agent of the Corporation, or is or was serving at the request of the Corporation as a director, officer, employee, or agent of another corporation, partnership, joint venture, trust, or other enterprise against any liability asserted against such person and incurred by such person in any such capacity, or arising out of such person's status as such, whether or not the Corporation would have the power to indemnify such person against liability under the provisions of this Article.

Section 7.8.

Definitions of Certain Terms. For purposes of this Article, references to "the Corporation" shall include, in addition to the resulting corporation, any constituent corporation (including any constituent of a constituent) absorbed in a consolidation or merger which, if its separate existence had continued, would have had power and authority to indemnify its directors, officers, employees, or agents, so that any person who is or was a director, officer, employee, or agent of such constituent corporation, or is or was serving at the request of such constituent corporation as a director, officer, employee, or agent of another corporation, partnership, joint venture, trust, or other enterprise, shall stand in the same position under the provisions of this Article with respect to the resulting or surviving

corporation as such person would have with respect to such constituent corporation if its separate existence had continued.

For purposes of this Article, references to “other enterprises” shall include employee benefit plans; references to “fines” shall include any excise taxes assessed on a person with respect to an employee benefit plan; references to “serving at the request of the Corporation” shall include any service as a director, officer, employee, or agent of the Corporation which imposes duties on, or involves services by, such director, officer, employee, or agent with respect to an employee benefit plan, its participants, or beneficiaries; and a person who acted in good faith and in a manner such person reasonably believed to be in the interest of the participants and beneficiaries of an employee benefit plan shall be deemed to have acted in a manner “not opposed to the best interests of the Corporation” as referred to in this Article.

ARTICLE 8

CERTIFICATES OF STOCK

Section 8.1.

Certificates. The board of directors may provide, by resolution or resolutions, that some or all of any or all classes or series of its capital stock shall be uncertificated shares. Every holder of stock in the Corporation represented by certificates shall be entitled to have a certificate, signed by, or in the name of the Corporation by, the chairman or vice chairman of the board of directors, or the president or a vice president and the treasurer or an assistant treasurer, or the secretary or an assistant secretary of the Corporation, certifying the number of shares owned by him in the Corporation.

Section 8.2.

Facsimile Signatures. Any of or all the signatures on the certificate may be facsimile. In case any officer, transfer agent, or registrar who has signed or whose facsimile signature has been placed upon a certificate shall have ceased to be such officer, transfer agent, or registrar before such certificate is issued, it may be issued by the Corporation with the same effect as if he were such officer, transfer agent, or registrar at the date of issue.

Section 8.3.

Lost Certificates. The board of directors may direct a new certificate or certificates to be issued in place of any certificate or certificates previously issued by the Corporation alleged to have been lost, stolen, or destroyed, upon the making of an affidavit of that fact by the person claiming the certificate of stock to be lost, stolen, or destroyed. When authorizing such issue of a new certificate or certificates, the board of directors may, in its discretion and as a condition precedent to the issuance of such new certificate or certificates, require the owner of such lost, stolen, or destroyed certificate or certificates, or his legal representative, to advertise the same in such manner as it shall require and/or to give the Corporation a bond in such sum as it may direct as indemnity against any claim that may be made against the Corporation with respect to the certificate alleged to have been lost, stolen, or destroyed.

Section 8.4.

Transfers of Stock. In respect of certificated shares of capital stock, such shares of capital stock of the Corporation shall be transferable only on the books of the Corporation by the holders thereof in person or by their duly authorized attorneys or legal representatives upon surrender and cancellation of certificates for a like number of shares. Upon surrender to the Corporation or the transfer agent of the Corporation of a certificate for shares duly endorsed or accompanied by proper evidence of succession, assignment, or authority to transfer, it shall be the duty of the Corporation to issue a new certificate to the person entitled to such certificate, cancel the old certificate and record the transaction upon its books. In respect of uncertificated shares of capital stock, such shares of capital stock of the Corporation shall be transferable only on the books of the Corporation by the holders thereof in person or by their duly authorized attorneys or legal representatives upon the compliance with such rules and procedures as may be prescribed by the board of directors, the chairperson of the board, the chief executive officer, the president or such other officer as designated by the board of directors.

Section 8.5.

Fixing Record Date. In order that the Corporation may determine the stockholders entitled to notice of or to vote at any meeting of stockholders or any adjournment of any meeting of stockholders, or to receive payment of any dividend or other distribution or allotment of any rights, or to exercise any rights in respect of any change, conversion, or exchange of stock or for the purpose of any other lawful action, the board of directors may fix, in advance, a record date, which shall not be more than 60 nor less than 10 days before the date of such meeting, nor more than 60 days prior to any other action to which such record date relates. A determination of stockholders of record entitled to notice of or to vote at a meeting of stockholders shall apply to any adjournment of the meeting; provided, that the board of directors may fix a new record date for the adjourned meeting.

Section 8.6.

Registered Stockholders. The Corporation shall be entitled to recognize the exclusive right of a person registered on its books as the owner of shares to receive dividends, and to vote as such owner, and to hold liable for calls and assessments a person registered on its books as the owner of shares, and shall not be bound to recognize any equitable or other claim to or interest in such share or shares on the part of any other person, whether or not it shall have express or other notice of such claim or interest, except as otherwise provided by the laws of Delaware.

ARTICLE 9

GENERAL PROVISIONS

Section 9.1.

Dividends. Dividends upon the capital stock of the Corporation, subject to the provisions of the Certificate of Incorporation, if any, may be declared by the board of directors at any regular or special meeting, pursuant to law. Dividends may be paid in cash, in property, or in shares of the capital stock, subject to the provisions of the Certificate of Incorporation.

Section 9.2.

Reserves. Before payment of any dividend, there may be set aside out of any funds of the Corporation available for dividends such sum or sums as the directors from time to time, in their absolute discretion, think proper as a reserve or reserves to meet contingencies, or for equalizing dividends, or for repairing or maintaining any property of the Corporation, or for such other purpose as the directors shall think conducive to the interest of the Corporation, and the directors may modify or abolish any such reserve in the manner in which it was created.

Section 9.3.

Annual Statement. The board of directors shall present at each annual meeting, and at any special meeting of the stockholders when called for by vote of the stockholders, a full and clear statement of the business and condition of the Corporation.

Section 9.4.

Checks. All checks or demands for money and notes of the Corporation shall be signed by such officer or officers or such other person or persons as the board of directors may from time to time designate.

Section 9.5.

Fiscal Year. The fiscal year of the Corporation shall be fixed by resolution of the board of directors.

Section 9.6.

Seal. The board of directors may adopt a corporate seal having inscribed on such seal the name of the Corporation, the year of its organization, and the words "Corporate Seal, Delaware." The seal may be used by causing it or a facsimile of it to be impressed or affixed or reproduced or otherwise.

ARTICLE 10

AMENDMENTS

Section 10.1.

Amendments. These Bylaws may be altered, amended, or repealed or new Bylaws may be adopted by a majority of the entire board of directors, at any meeting of the board of directors if notice of such alteration, amendment, repeal, or adoption of new Bylaws be contained in the notice of such meeting.

CERTIFICATION OF CHIEF EXECUTIVE OFFICER
PURSUANT TO RULE 13a – 14(a)/15d – 14(a)
SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Mark R. Stauffer, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Orion Group Holdings, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)), and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

August 5, 2016

By: /s/ Mark R. Stauffer

Mark R. Stauffer
Chief Executive Officer

CERTIFICATION OF CHIEF EXECUTIVE OFFICER
PURSUANT TO RULE 13a – 14(a)/15d – 14(a)
SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Christopher J. DeAlmeida, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Orion Group Holdings, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)), and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

August 5, 2016

/s/ Christopher J. DeAlmeida

Christopher J. DeAlmeida
Chief Financial Officer

SECTION 1350 CERTIFICATIONS
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report of Orion Group Holdings, Inc. (the "Company") on Form 10-Q for the quarter ended June 30, 2016 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), we, Mark R. Stauffer and Christopher J. DeAlmeida, Chief Executive Officer and Chief Financial Officer, respectively, of the Company, certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that to our knowledge:

1. The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
2. The information contained in the Report fairly presents, in all material respects, the financial condition and result of operations of the Company.

August 5, 2016

By: /s/ Mark R. Stauffer

Mark R. Stauffer
Chief Executive Officer

August 5, 2016

By: /s/ Christopher J. DeAlmeida

Christopher J. DeAlmeida
Chief Financial Officer

