Table of Contents

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, 2011
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 MARINE GROUP, INC.
(Exact name of registrant as specified in its charter)

DELAWARE	**26-0097459**
(State or other jurisdiction of Incorporation or organization)	(I.R.S. Employer Identification Number)

12000 Aerospace Dr. Suite 300 **Houston, Texas**	**77034**
(Address of principal executive offices)	(Zip Code)

713-852-6500
(Registrant's telephone number, including area code)

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

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate website, if any, every interactive date 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 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 1, 2011, 26,717,341 shares of the Registrant's common stock, $0.01 par value were outstanding.

Table of Contents

ORION MARINE GROUP, INC.
Quarterly Report on Form 10-Q for the period ended June 30, 2011
INDEX

PART I	FINANCIAL INFORMATION		
	Item 1	Financial Statements (Unaudited)	Page
		Condensed Consolidated Balance Sheets at June 30, 2011 and December 31, 2010	3
		Condensed Consolidated Statements of Operations for the Three and SixMonths Ended June 30, 2011 and 2010	4
		Condensed Consolidated Statement of Stockholders' Equity for the SIx Months Ended June 30, 2011	5
		Condensed Consolidated Statements of Cash Flows for the Six Months Ended June 30, 2011 and 2010	6
		Notes to Condensed Consolidated Financial Statements	7
	Item 2	Management's Discussion and Analysis of Financial Condition and Results of Operations	16
	Item 3	Quantitative and Qualitative Disclosures About Market Risk	21
	Item 4	Controls and Procedures	21
PART II	OTHER INFORMATION		
	Item1	Legal Proceedings	22
	Item 1A	Risk Factors	22
	Item 6	Exhibits	22
	SIGNATURES		23

Part I – Financial Information

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

	June 30, 2011	December 31, 2010
ASSETS		
Current assets:		
Cash and cash equivalents	$ 24,703	$ 23,174
Accounts receivable:		
Trade, net of allowance of $0	34,922	40,211
Retainage	7,145	10,643
Other	1,096	4,988
Income taxes receivable	7,960	7,668
Note receivable	51	90
Inventory	4,102	2,991
Deferred tax asset	2,095	1,794
Costs and estimated earnings in excess of billings on uncompleted contracts	24,853	26,103
Prepaid expenses and other	1,755	2,076
Total current assets	108,682	119,738
Property and equipment, net	152,533	155,311
Goodwill	32,168	32,168
Intangible assets, net of accumulated amortization	—	5
Other assets	285	357
Total assets	$ 293,668	$ 307,579
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable:		
Trade	$ 14,252	25,519
Retainage	418	377
Accrued liabilities	10,384	12,463
Taxes payable	—	262
Billings in excess of costs and estimated earnings on uncompleted contracts	4,583	4,389
Total current liabilities	29,637	43,010
Other long-term liabilities	720	746
Deferred income taxes	19,601	16,707
Deferred revenue	231	260
Total liabilities	50,189	60,723
Commitments and contingencies		
Stockholders' equity:		
Common stock -- $0.01 par value, 50,000,000 authorized, 27,035,073 and 27,017,165 issued; 26,717,341 and 27,004,934 outstanding at June 30, 2011 and December 31, 2010, respectively	270	270
Treasury stock, 317,731 and 12,231 shares, at cost	(3,003)	—
Additional paid-in capital	155,971	154,667
Retained earnings	90,241	91,919
Total stockholders' equity	243,479	246,856
Total liabilities and stockholders' equity	$ 293,668	$ 307,579

See notes to unaudited condensed consolidated financial statements

Table of Contents

Orion Marine Group, Inc. and Subsidiaries
Condensed Consolidated Statements of Operations
Three and Six Months Ended June 30,
(Unaudited)
(In Thousands, Except Share and Per Share Information)

	Three months ended June 30,		Six months ended June 30,	
	2011	2010	2011	2010
Contract revenues	$ 70,899	$ 87,126	$ 149,956	$ 162,682
Costs of contract revenues	69,050	67,546	137,685	127,506
Gross profit	1,849	19,580	12,271	35,176
Selling, general and administrative expenses	7,114	8,416	15,012	18,541
Operating (loss)/income	(5,265)	11,164	(2,741)	16,635
Other income (expense)				
Gain from bargain purchase of a business	—	—	—	2,176
Interest income	8	8	17	32
Interest expense	(83)	(164)	(169)	(233)
Other income (expense), net	(75)	(156)	(152)	1,975
(Loss)/income before income taxes	(5,340)	11,008	(2,893)	18,610
Income tax (benefit)/expense	(2,124)	3,999	(1,215)	6,820
Net (loss)/income	$ (3,216)	$ 7,009	$ (1,678)	$ 11,790
Basic (loss)/earnings per share	$ (0.12)	$ 0.26	$ (0.06)	$ 0.44
Diluted (loss)/earnings per share	$ (0.12)	$ 0.26	$ (0.06)	$ 0.43
Shares used to compute (loss)/earnings per share				
Basic	26,930,353	26,889,672	26,967,643	26,875,797
Diluted	26,930,353	27,200,611	26,967,643	27,209,674

See notes to unaudited condensed consolidated financial statements

Orion Marine Group, Inc. and Subsidiaries
Condensed Consolidated Statement of Stockholders' Equity
As of June 30, 2011
(Unaudited)
(In Thousands, Except Share Information)

	Common Stock		Treasury Stock		Additional Paid-In	Retained	
	Shares	**Amount**	**Shares**	**Amount**	**Capital**	**Earnings**	**Total**
Balance, December 31, 2010	27,017,165	$ 270	(12,231)	—	$ 154,667	$ 91,919	$ 246,856
Stock-based compensation	—	—	—	—	1,122	—	1,122
Exercise of stock options	30,691 —	—		—	182		182
Excess tax benefits from the execise of stock options	— —	—		— —			—
Forfeiture of restricted stock	(12,783)	—			—		—
Purchase of treasury stock			(305,500)	(3,003)			(3,003)
Net loss						(1,678)	(1,678)
Balance, June 30, 2011	27,035,073	$ 270	(317,731)	$ (3,003)	$ 155,971	$ 90,241	$ 243,479

See notes to unaudited condensed consolidated financial statements

Orion Marine Group, Inc. and Subsidiaries
Condensed Consolidated Statements of Cash Flows
Six months ended June 30,
(Unaudited)
(In Thousands)

	2011	2010
Cash flows from operating activities		
Net (loss) income	$ (1,678)	$ 11,790
Adjustments to reconcile net (loss) income to net cash provided by (used in) operating activities:		
Depreciation and amortization	11,140	9,136
Deferred financing cost amortization	65	209
Bad debt expense	—	(77)
Deferred income taxes	2,593	(64)
Stock-based compensation	1,122	1,396
Gain on sale of property and equipment	(148)	(143)
Gain on bargain purchase from acquisition of business	—	(2,176)
Excess tax benefit from stock option exercise	—	(59)
Change in operating assets and liabilities, excluding effects of businesses acquired:		
Accounts receivable	12,679	(7,311)
Income tax receivable	(292)	(2,027)
Inventory	(1,111)	11
Note receivable	39	1,040
Prepaid expenses and other	328	(485)
Accounts payable	(10,651)	(9,015)
Accrued liabilities	(1,569)	941
Income tax payable	(262)	(282)
Billings in excess of costs and estimated earnings on uncompleted contracts, net	1,444	(5,518)
Deferred revenue	(29)	(27)
Net cash provided by (used in) operating activities	13,670	(2,661)
Cash flows from investing activities:		
Proceeds from sale of property and equipment	371	228
Purchase of property and equipment	(9,691)	(16,079)
Acquisition of business in Pacific Northwest	—	(6,653)
Acquisition of TW LaQuay Dredging (net of cash acquired)	—	(64,000)
Net cash used in investing activities	(9,320)	(86,504)
Cash flows from financing activities:		
Exercise of stock options	182	528
Excess tax benefit from stock option exercise	—	59
Increase in loan costs	—	(360)
Purchase of shares into treasury	(3,003)	—
Net cash (used in) provided by financing activities	(2,821)	227
Net change in cash and cash equivalents	1,529	(88,938)
Cash and cash equivalents at beginning of period	23,174	104,736
Cash and cash equivalents at end of period	$ 24,703	$ 15,798
Supplemental disclosures of cash flow information:		
Cash paid during the period for:		
Interest	$ 103	$ 16
Taxes (net of refunds)	$ (3,278)	$ 9,181

See notes to unaudited condensed consolidated financial statements

Orion Marine Group, Inc. and Subsidiaries
Notes to Condensed Consolidated Financial Statements
Six Months Ended June 30, 2011
(Unaudited)
(Tabular Amounts in thousands, Except for Share and per Share Amounts)

1. Description of Business and Basis of Presentation

Description of Business

Orion Marine Group, Inc. and its subsidiaries (hereafter collectively referred to as “Orion” or the “Company”) provide a broad range of marine construction services on, over and under the water along the Gulf Coast, the Atlantic Seaboard, the West Coast and the Caribbean Basin. Our heavy civil marine projects include marine transportation facilities; bridges and causeways; marine pipelines; mechanical and hydraulic dredging and specialty projects. We are headquartered in Houston, Texas.

Although we describe our business in this report in terms of the services we provide, our base of customers and the geographic areas in which we operate, we have concluded that our operations comprise one reportable segment pursuant to Financial Accounting Standards Board (“FASB”) Accounting Standards Codification (“ASC”) Topic 280 – *Segment Reporting.* In making this determination, we considered that each project has similar characteristics, includes similar services, has similar types of customers and is subject to the same regulatory environment. We organize, evaluate and manage our financial information around each project when making operating decisions and assessing our overall performance.

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 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, 2010 (“2010 Form 10-K”) as well as Item 7 – *Management’s Discussion and Analysis of Financial Condition and Results of Operations* also included in our 2010 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, 2011, are not necessarily indicative of the results that may be expected for the year ending December 31, 2011.

Current Year Presentation

Certain reclassifications have been made to prior year’s financial statements to conform to the current year presentation. These reclassifications were related to the inclusion of financing cost amortization as a component of interest expense and not selling, general and administrative expenses and had no effect on previously reported net income or retained earnings.

2. Summary of Significant Accounting Principles

The preparation of consolidated financial statements in conformity with accounting principles generally accepted in the United States (“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. The Company’s significant accounting policies are more fully described in Note 2 of the Notes to Consolidated Financial Statements in the 2010 Form 10-K.

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;
- Testing of goodwill and other long-lived assets for possible impairment;

- Income taxes;
- Self-insurance; and
- Stock based compensation

Revenue Recognition

The Company records revenue on construction contracts for financial statement purposes on the percentage-of-completion method, measured by the percentage of 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. The Company follows the guidance of ASC 605-35 – *Revenue Recognition, Construction-Type and Production-Type Contracts,* for its accounting policy relating to the use of the percentage-of-completion method, estimated costs and claim recognition for construction contracts. 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. 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 three to nine months. Historically, we have not combined or segmented 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 our cash balances in excess of federally insured limits. Cash equivalents at June 30, 2011 and December 31, 2010 consisted primarily of money market mutual funds and overnight bank deposits.

Risk Concentrations

Financial instruments that potentially subject the Company to concentrations of credit risk principally consist of cash and cash equivalents and 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 substantial 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.

At June 30, 2011, 19.5% of our accounts receivable was due from a single customer, and at December 31, 2010, one customer accounted for 17.7% of total receivables. In the three months ended June 30, 2011 two customers generated 36.1% of revenues in the period, and in the three months ended June 30, 2010, one customer generated 24.7% of total revenues. In the six months ended June 30, 2011, three customers represented 45.9% of total revenues, whereas in the comparable period in 2010, one customer generated 27.6% of total revenue.

Accounts Receivable

Accounts receivable are stated at the historical carrying value, less write-offs and allowances for doubtful accounts. 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, 2011 and December 31, 2010, 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. Retention at June 30, 2011 totaled $7.1 million, of which $1.1 million is expected to be collected beyond 2011. Retention at December 31, 2010 totaled $10.6 million.

Fair Value Measurements

We evaluate and present certain amounts included in the accompanying consolidated financial statements at "fair value" in accordance with GAAP, which requires us to base our estimates on assumptions 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. In measuring fair value, we use the following inputs in the order of priority indicated:

Level 1 – Quoted prices in active markets for identical, unrestricted assets or liabilities.
Level II – Observable inputs other than Level I prices, such as (i) quoted prices for similar assets or liabilities; (ii) quoted prices in markets that have insufficient volume or infrequent transactions; and (iii) inputs that are derived principally from or corroborated by observable market data for substantially the full term of the assets or liabilities.
Level III – Unobservable inputs to the valuation methodology that are significant to the fair value measurement.

We generally apply 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.

Income Taxes

The Company determines its consolidated income tax provision using the asset and liability method prescribed by US 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 accounts for any uncertain tax positions in accordance with the provisions of ASC 740-10, *Income Taxes,* which prescribes a recognition threshold and measurement attribute for financial statement disclosure of tax positions taken, or expected to be taken, on our consolidated tax return. The Company had not recorded a liability for uncertain tax positions at December 31, 2010 or June 30, 2011.

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.

Separately, the Company's employee health care is provided through a trust, administered by a third party. The Company funds the trust 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 our estimate. We include any adjustments to such reserves in our consolidated results of operations in the period in which they become known.

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.

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.

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 underlying net assets 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.

Intangible assets

Intangible assets that have finite lives continue to be subject to amortization. In addition, the Company must evaluate the remaining useful life 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.

New Accounting Standards

Accounting Standards Update ("ASU") No. 2010-28, *Intangibles – Goodwill and Other (Topic 350): When to Perform Step 2 of the Goodwill Impairment Test for Reporting Units with Zero or Negative Carrying Amounts* was issued in December 2010. The amendments in this ASU modify Step 1 of the goodwill impairment test for reporting units with zero or negative carrying amounts. For those reporting units, an entity is required to perform Step 2 of the goodwill impairment test if it is more likely than not that a goodwill impairment exists. In determining whether it is more likely than not that a goodwill impairment exists, an entity should consider whether there are any adverse qualitative factors indicating that an impairment may exist. The qualitative factors are consistent with the existing guidance and examples, which require that goodwill of a reporting unit be tested for impairment between annual tests if an event occurs or circumstances change that would more likely than not reduce the fair value of a reporting unit below its carrying amount. The amendments in this ASU are effective for fiscal years, and interim periods within those years, beginning after December 15, 2010. The adoption of this accounting standard update did not have a material impact on the Company's financial position, results of operations, cash flows or disclosures.

ASU 2010-29, *Business Combinations (Topic 805) – Disclosure of Supplementary Pro Forma Information for Business Combinations* was issued in December 2010. ASU 2010-29 provides clarification as to the presentation of pro forma revenue and earnings disclosure requirements for business combinations and expands supplemental pro forma disclosures to include a description of the nature and amount of material, non-recurring pro forma adjustments directly attributable to the business combination included in the reported pro forma revenue and earnings. The Company will comply with the provisions of ASU 2010-29 for any future business combinations.

3. Contracts in Progress

Contracts in progress are as follows at June 30, 2011 and December 31, 2010:

	June 30, 2011	December 31, 2010
Costs incurred on uncompleted contracts	262,121	$ 268,603
Estimated earnings	63,708	79,208
	325,829	347,811
Less: Billings to date	(305,559)	(326,097)
	$ 20,270	$ 21,714
Included in the accompanying consolidated balance sheet under the following captions:		
Costs and estimated earnings in excess of billings on uncompleted contracts	24,853	$ 26,103
Billings in excess of costs and estimated earnings on uncompleted contracts	(4,583)	(4,389)
	$ 20,270	$ 21,714

Contract costs include all direct costs, such as materials and labor, and those indirect costs related to contract performance such as payroll taxes and insurance. Provisions for estimated losses on uncompleted contracts are made in the period in which such losses are determined. Changes in job performance, job conditions and estimated profitability may result in revisions to costs and income and are recognized in the period in which the revisions are determined. An amount equal to contract costs attributable to claims is included in revenues when realization is probable and the amount can be reliably estimated.

4. Property and Equipment

The following is a summary of property and equipment at June 30, 2011 and December 31, 2010:

	June 30, 2011	December 31, 2010
Automobiles and trucks	$ 1,948	2,134
Building and improvements	13,109	13,026
Construction equipment	126,076	122,792
Dredges and dredging equipment	94,306	91,018
Office equipment	3,769	3,528
	239,208	232,498
Less: accumulated depreciation	(110,727)	(100,170)
Net book value of depreciable assets	128,481	132,328
Construction in progress	14,698	13,629
Land	9,354	9,354
	$ 152,533	$ 155,311

For the three months ended June 30, 2011 and 2010, depreciation expense was $5.6 million and $4.6 million, respectively, and for the comparable six month period depreciation expense was $11.1 million and $9.1 million, respectively. Substantially all depreciation expense is included in the cost of contract revenue in the Company's Condensed Consolidated Statements of Income. The assets of the Company are pledged as collateral for the Company's line of credit.

5. Inventory

Inventory at June 30, 2011 and December 31, 2010, of $4.1 million and $3.0 million respectively, consists of spare parts and small equipment held for use in the ordinary course of business.

6. 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, we believe that the carrying value of our accounts receivables, other current assets, accounts payables and other current liabilities approximate their fair values. We have a note receivable in the amount of $51,000, for which we believe that the carrying value approximates its fair value, and which bears interest at 10%.

7. Goodwill and Intangible Assets

Goodwill

The table below summarizes changes in goodwill recorded by the Company during the periods ended June 30, 2011 and December 31, 2010:

	June 30, 2011	December 31, 2010
Beginning balance, January 1	32,168	$ 12,096
Additions	—	20,072
Ending balance	$ 32,168	$ 32,168

Intangible assets

The Company's intangible assets consists primarily of non-compete agreements, which were fully amortized at June 30, 2011.

8. Long-term Debt and Line of Credit

In June 2010, the Company entered into a credit agreement with Wells Fargo Bank, National Association, as administrative agent, and Wells Fargo Securities, LLC as sole lead arranger and bookrunner; and the Lenders (as defined) from time to time as party thereto.

The Credit Agreement provides for borrowings of up to $75,000,000 under revolving and swingline loans (as defined in the Credit

Agreement) with a $20,000,000 sublimit for the issuance of letters of credit. An additional $25 million is available under the facility subject to the lenders' discretion (together, the "*Credit Facility*"). The Credit Facility matures on June 30, 2013, and is guaranteed by the subsidiaries of the Company. The Credit Facility may be used to finance working capital, repay indebtedness, fund acquisitions, and for other general corporate purposes.

Revolving loans may be designated as prime rate based loans ("ABR Loans") or Eurodollar Loans, at the Company's request, and may be made in an integral multiple of $500,000, in the case of an ABR Loan, or $1,000,000 in the case of a Eurodollar Loan. Swingline loans may only be designated as ABR Loans, and may be made in amounts equal to integral multiples of $100,000. The Company may convert, change or modify such designations from time to time. Interest is computed based on the designation of the Loans, and bear interest at either a prime-based interest rate or a LIBOR-based interest rate. 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 Credit Facility may be re-borrowed.

The Credit Facility contains certain restrictive financial covenants that are usual and customary for similar transactions, including;

- A Fixed Charge Coverage Ratio of not less than 1.50 to 1.00 at all times;
- A Leverage Ratio of not greater than 2.5 to 1.00 at all times;
- Minimum Net Worth of not less than a base amount of $180 million, plus the sum of 50% of each prior period consolidated net income plus 50% of the Borrower's and its subsidiaries consolidated net income for that quarter, plus 75% of all issuances of equity interests by Borrower during that quarter.

In addition, the Credit Facility contains events of default that are usual and customary for similar transactions, including non-payment of principal, interest or fees; inaccuracy of representations and warranties; violation of covenants; bankruptcy and insolvency events; and events constituting a change of control.

The Company is subject to a commitment fee, payable quarterly in arrears on the unused portion of the Credit Facility at a current rate of 0.25% of the unused balance. As of June 30, 2011, no amounts had been drawn under the Credit Facility.

At June 30, 2011, the Company was in compliance with all its financial covenants with a sufficient margin as to not impair its ability to incur additional debt or violate the terms of the Credit Facility, and had outstanding letters of credit of $979,221. Historically, the Company has not relied on debt financing to fund its operations or working capital.

9. Income Taxes

The Company's effective tax rate is based on expected income, statutory tax rates and tax planning opportunities available to it. For interim financial reporting, the Company estimates its annual tax rate based on projected taxable income for the full year and records a quarterly tax provision in accordance with the anticipated annual rate. The effective rate for the three months ended June 30, 2011 and 2010 was 39.8% and 36.3%,in each period, respectively, and differed from the Company's statutory rate primarily due to state income taxes, the non-deductibility of certain permanent tax items, such as incentive stock compensation expense, offset in part by the benefit of the domestic production activities deduction on its federal tax return, which net effect increased the overall effective tax rate. For the six month period ended June 30, 2011 and 2010, the effective tax rate was 42% and 36.6%, respectively.

	Current	Deferred	Total
Three months ended June 30, 2011:			
U.S. Federal	$ (3,997)	$ 1,924	$ (2,073)
State and local	(115)	64	(51)
	$ (4,112)	$ 1,988	$ (2,124)
Three months ended June 30, 2010			
U.S. Federal	$ 3,895	$ 36	$ 3,931
State and local	58	10	68
	$ 3,953	$ 46	$ 3,999

	Current	Deferred	Total
Six months ended June 30, 2011			
U.S. Federal	$ (3,714)	$ 2,538	$ (1,176)
State and local	(94)	55	(39)
	$ (3,808)	$ 2,593	$ (1,215)
Six months ended June 30, 2010			
U.S. Federal	$ 6,819	$ (76)	$ 6,743
State and local	65	12	77
	$ 6,884	$ (64)	$ 6,820

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 June 30, 2012.

10. Earnings Per Share

Basic (loss) earnings per share are based on the weighted average number of common shares outstanding during each period. Diluted earnings per share is based on the weighted average number of common shares outstanding and the effect of all dilutive common stock equivalents during each period. For the three and six months ended June 30, 2011, no potential common stock equivalents were included as the effect of such would be anti-dilutive.

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

	Three months ended June 30,		Six months ended June 30,	
	2011	2010	2011	2010
Basic:				
Weighted average shares outstanding	26,930,353	26,889,672	26,967,643	26,875,797
Diluted:				
Total basic weighted average shares outstanding	26,930,353	26,889,672	26,967,643	26,875,797
Effect of dilutive securities:				
Common stock options	—	310,939	—	333,877
Total weighted average shares outstanding assuming dilution	26,930,353	27,200,611	26,967,643	27,209,674
Anti-dilutive stock options	1,188,275	260,811	1,188,275	260,811
Share of Common Stock issued from the Exercise of Stock Options	30,691	27,422	30,691	55,740

11. 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 balance of shares remaining under the 2007 Long Term Incentive Plan (the "2007 LTIP) and the 2011 Long Term Incentive Plan (the "2011 LTIP") which was approved by the shareholders in May 2011. The 2011 LTIP provides for a maximum aggregate number of shares to be issued of 3,000,000. In general, both plans provide 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 are 10 years from the date of issuance. Options generally vest over a three to five year period.

For the three months ended June 30, 2011 and 2010, compensation expense related to stock options outstanding for the periods was $486,000 and $623,000, respectively, and for the six month period was $1.1 million and $1.4 million in 2011 and 2010, respectively. In April 2011, the Company granted options to purchase 5,040 shares of common stock and used the Black-Scholes option pricing model to estimate the fair value of stock-based awards. The option awards granted in April 2011 used the following assumptions:

Expected life of options		5.75 years
Expected volatility		49.6%
Risk-free interest rate		2.28%
Dividend yield		—%
Grant date fair value	$	4.96

In the six months ended June 30, 2011, 95,070 unvested options and 12,783 unvested shares were forfeited. The Company applies a 5.5% forfeiture rate to its stock and option grants.

During the three and six months ended June 30, 2011, the Company received proceeds of approximately $182,000 from the exercise of 30,691 options. During the three and six months ended June 30, 2010, the Company received proceeds of approximately $206,000 and $528,000 from the exercise of 27,422 and 55,740 stock options, respectively.

12. 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 of these proceedings, individually or in the aggregate, would be expected to have a material adverse effect on results of operations, cash flows or financial condition.

13. Enterprise Wide Disclosures

The Company is a heavy civil contractor specializing in marine construction, and operates as a single segment, as each project has similar characteristics, includes similar services, has similar types of customers and is subject to the same regulatory environment. The Company organizes and evaluates its financial information around each project when making operating decisions and assessing its overall performance.

The following table represents concentrations of revenue by type of customer for the three and six months ended June 30, 2011 and 2010.

	Three months ended June 30,				Six months ended June 30,			
	2011	%	2010	%	2011	%	2010	%
Federal……..	$ 29,869	42%	$ 27,116	31%	$ 66,514	44%	$ 54,992	34%
State………..	16,054	23%	8,721	10%	27,641	19%	16,001	10%
Local……….	12,044	17%	14,859	17%	22,139	15%	27,782	17%
Private………	12,932	18%	36,430	42%	33,662	22%	63,907	39%
	$ 70,899	100%	$ 87,126	100%	$ 149,956	100%	$ 162,682	100%

The Company's long-lived assets are substantially located in the United States.

14. Subsidiary Guarantors

The Company filed a registration statement on Form S−3 which became effective August 7, 2009, and registered certain securities described therein, including debt securities, which may be guaranteed by certain of the Company's subsidiaries and are to be offered on a delayed or continuous basis pursuant to Rule 415 under the Securities Act of 1933. Orion Marine Group, Inc., as the parent company, has no independent assets or operations. The Company contemplates that if it offers guaranteed debt securities pursuant to the registration statement, all guarantees will be full and unconditional and joint and several, and any subsidiaries of the Company other than the subsidiary guarantors will be minor. In addition, there are no restrictions on the ability of Orion Marine Group, Inc. to obtain funds from its subsidiaries by dividend or loan. Finally, there are no restricted assets in any subsidiaries.

15. Purchase of Common Shares

On May 4, 2011, the Board of Directors of the Company approved a common share repurchase program that authorizes the repurchase of up to $40 million in open market value. The shares may be repurchased over time, depending on market conditions, the market price of the Company's common shares, the Company's capital levels and other considerations. The share repurchase program is expected to expire one year from the date the Plan was approved by the Company's Board of Directors. During the three months ended June 30, 2011, the Company repurchased 305,500 shares at an average price of $9.83per share.

16. Capitalization Structure

Pursuant to its amended and restated certificate of incorporation, the Company has the authority to issue and aggregate of 60,000,000 share of capital stock, consisting of 50,000,000 shares of common stock and 10,000,000 shares of preferred, both with $0.01 par value.

At June 30, 2011, and December 31, 2010, the Company had issued 27,035,073 and 27,017,165 shares of common stock, respectively, of which 26,717,341 shares were outstanding at June 30, 2011 and 27,004,933 were outstanding at December 31, 2010.

As discussed in Note 15, above, the Company repurchased 305,500 shares into treasury in the second quarter of 2011 at an aggregate cost of $3.0 million.   At June 30, 2011, shares held in treasury by the Company totaled 317,731.

No shares of preferred stock had been issued or were outstanding at June 30, 2011 and December 31, 2010.

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 Marine Group, 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, 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, 2010 ("2010 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 2010 audited consolidated financial statements and notes thereto included in its 2010 Form 10-K, Item 7 Management's Discussion and Analysis of Financial Condition and Results of Operations included in our 2010 Form 10-K and with our unaudited financial statements and related notes appearing elsewhere in this quarterly report.

Overview

We are a leading marine specialty contractor serving the heavy civil marine infrastructure market. We provide a broad range of marine construction and specialty services on, over and under the water along the Gulf Coast, the Atlantic Seaboard, the West Coast, Canada, and the Caribbean Basin. Our customers include federal, state and municipal governments, the combination of which accounted for approximately 82% of our revenue in the three months ended June 30, 2011, as well as private commercial and industrial enterprises. We are headquartered in Houston, Texas.

Our contracts are obtained primarily through competitive bidding in response to "requests for proposals" by federal, state and local agencies and through negotiation with private parties. Our bidding activity is affected by such factors as backlog, current utilization of equipment and other resources, 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. 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 and work stoppages 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 impose inefficiencies on contract performance, which can impact the timing of revenue recognition and 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.

Recent Developments and Outlook. In the second quarter of 2011, we continued to experience pricing pressure on margins, increased competition in our markets, and delays in capital infrastructure projects, particularly in the level of federal government funding, which has slowed the pace of projects put out to bid. Continued delays in Navy and Corps of Engineers project lettings, as well as the overall uncertainty regarding federal government budget and funding processes could have an adverse effect on our business, financial condition and results of operations. We have responded to these pressures by implementing cost cutting measures to right-size our cost structure, facilities and overhead.

In the short-term, projects involving dredging services will be impacted by the pace of Corps of Engineer project lettings;

Continued pressure on marine construction margins, due to increased competition and pricing will affect us in the near-term.

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

- Waterways continue to silt in, which has been exacerbated by the Mississippi River flooding this spring, and require dredging;
- On-going demand for marine construction services; and
- As a result of recent cargo volume increases and expected future demands as larger ships begin to transit the Panama Canal, we expect ports in our geographic area to require additional dredging services and port infrastructure expansion.

Our focus in 2011 is to manage our business effectively and efficiently, while maintaining pricing discipline; to closely monitor the costs of our operations; and to maintain our strong balance sheet.

Consolidated Results of Operations

Three months ended June 30, 2011 compared with three months ended June 30, 2010

	Three months ended June 30,			
	2011		2010	
	Amount	Percent	Amount	Percent
	(dollar amounts in thousands)			
Contract revenues	$ 70,899	100.0 %	$ 87,126	100.0 %
Cost of contract revenues	69,050	97.4	67,546	77.5
Gross profit	1,849	2.6	19,580	22.5
Selling, general and administrative expenses	7,114	10.0	8,416	9.7
Operating (loss) income	(5,265)	(7.4)	11,164	12.8
Other income (expense)				
Other income	—	—	—	—
Interest income	8	—	8	—
Interest (expense)	(83)	(0.1)	(164)	(0.2)
Other expense, net	(75)	(0.1)	(156)	(0.2)
(Loss) income before income taxes	(5,340)	(7.5)	11,008	12.6
Income tax (benefit) expense	(2,124)	(3.0)	3,999	4.6
Net (loss) income	$ (3,216)	(4.5)%	$ 7,009	8.0 %

Contract Revenues. Revenues for the three months ended June 30, 2011 decreased approximately 18.6% as compared with the same period last year. The decrease was due to changes in the size, composition and schedules of the jobs in each period. In the second quarter of 2011, delays in capital infrastructure projects, particularly in the level of federal government funding, has slowed the pace of projects being put out for bid, thereby creating gaps between project end dates and the remobilization of equipment. In addition, the flooding of the Mississippi River system delayed receipt of our notice to proceed on one project, thereby shifting revenue to later periods. Contract revenue generated from public agencies, including the US Corps of Engineers, represented 82% of total revenues in the second quarter of 2011, as compared with 58% of publicly funded projects in the prior year period. Revenue generated from the private sector was 18% and 42% in the second quarter of 2011 and 2010, respectively, and is reflective of the shift in work toward the public sector due to additional dredging assets purchased in 2010 and to a weak economy.

Gross Profit. Gross profit was $1.8 million, a decrease of $17.7 million compared with the second quarter of 2010. As compared with prior year, the variance is primarily related to underutilized equipment and to crews idled when projects completed. Equipment costs, such as depreciation expense, as a result of acquisitions completed in 2010, and maintenance and repairs, mainly on dredging assets, also increased between periods. These repairs are necessary to support the fleet and prepare the equipment for future work. Gross margin in the second quarter was 2.6% as compared to 22.5% in the prior year quarter. The variance between periods related to the factors described above, to pricing pressure, and to the mix and scope of the contracts in projects in the current year as compared with the second quarter of 2010. Our contract self-performance rate during the second quarter of 2011 was approximately 86% of costs, slightly improved from the prior year second quarter, when the rate was 85%, as measured by costs

Selling, General and Administrative Expense. Selling, general and administrative ("SG&A") expenses decreased by $1.3 million as compared with the second quarter of 2010, primarily due to cost cutting measures put in place in June, including the elimination of bonus expense, offset in part by higher than expected group medical costs..

Income Tax (Benefit) Expense Our effective rate for the three months ended June 30, 2011 was 39.8% and in the three months ended June 30, 2010 was 36.3%. and differed from the Company's statutory rate of 35% primarily due to state income taxes and the non-deductibility of certain permanent tax items, such as incentive stock compensation expense.

Six months ended June 30, 2011 compared with six months ended June 30, 2010

	Six months ended June 30,			
	2011		2010	
	Amount	Percent	Amount	Percent
	(dollar amounts in thousands)			
Contract revenues	$ 149,956	100.0 %	$ 162,682	100.0 %
Cost of contract revenues	137,685	91.8	127,506	78.4
Gross profit	12,271	8.2	35,176	21.6
Selling, general and administrative expenses	15,012	10.0	18,541	11.4
Operating (loss) income	(2,741)	(1.8)	16,635	10.2
Other income (expense)				
Gain from bargain purchase of a business	—	—	2,176	1.3
Interest income	17	—	32	—
Interest (expense)	(169)	(0.1)	(233)	(0.1)
Other (expense) income, net	(152)	(0.1)	1,975	1.2
(Loss) before income taxes	(2,893)	(1.7)	18,610	11.4
Income tax (benefit) expense	(1,215)	(0.8)	6,820	4.2
Net (loss) income	$ (1,678)	(0.9)%	$ 11,790	7.2 %

Contract Revenues. Revenues for the six months ended June 30, 2011 decreased approximately 7.8% as compared with the comparable period last year. The decrease was due to changes in the size, composition and schedules of the jobs in each period. In the second quarter of 2011, delays in capital infrastructure projects, particularly the level of federal government funding, has slowed projects put out to bid, thereby creating gaps between project ends and project starts. Contract revenue generated from public agencies, including the US Corps of Engineers, represented 78% of total revenues in the first six months of 2011, as compared with 61% of publicly funded projects in the prior year period. Revenue generated from the private sector was 22% and 39% in the first six months of 2011 and 2010, respectively.

Gross Profit. Gross profit was $12.3 million in the six month period ended June 30, 2011, a decrease of $22.9 million compared with the six months ended June 30, 2010, primarily related to increased equipment costs, including an increase in depreciation as a result of acquisitions completed in 2010, and to maintenance and repairs, mainly on dredging assets. Gross profit was impacted additionally by underutilized equipment and to crews idled when projects completed, and by an increase in our estimated for self-insurance claims, related to two non-fatal job related accidents. Gross margin in the in the first six months of 2011 was 8.2%, as compared with 21.6% in the prior year period. The variance between periods related to the factors described above, to pricing pressure, and to the mix and scope of the contracts in projects in the current year as compared with the same period last year. Our contract self-performance rate during the period was approximately 86% of costs, slightly improved from the first six months of 2010, when the rate was 85%, as measured by costs.

Selling, General and Administrative Expense. SG&A expenses were lower by approximately $3.5 million in the six months ended June 30, 2011 as compared with the six months ended June 30, 2010, primarily related to cost cutting measures put in place in June, including the elimination of bonus expense, offset in part by higher than expected group medical costs.. In addition, SG&A expenses in the prior year included $1.7 million in costs related to the acquisitions of businesses in the first quarter of 2010.

Other Income, net of Other Expense . In 2010, the Company recognized a gain of approximately $2.2 million on the preliminary valuation of the bargain purchase of the business acquired in February of that year.

Income Tax (Benefit) Expense Our effective rate for the six months ended June 30, 2011 and 2010 was 42.0% and 36.6%, respectively, and differed from the Company's statutory rate of 35% primarily due to state income taxes and the non-deductibility of certain permanent tax items, such as incentive stock compensation expense.

Backlog Information

Our contract backlog represents our estimate of the revenues we expect to realize under the portion of the contracts remaining to be performed. Given the typical duration of our contracts, which typically ranges from three to nine months, 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. In addition, 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 materially adversely affected by contract cancellations or modifications in the past, we may be, 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 given time.

Backlog at June 30, 2011 was $119.8 million, as compared with $218.1 million at June 30, 2011.

Liquidity and Capital Resources

Our primary liquidity needs are to finance our working capital, invest in 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.

Our working capital position fluctuates from period to period due to normal increases and decreases in operational activity. At June 30, 2011, our working capital was $79.0 million, as compared with $76.7 million at December 31, 2010. As of June 30, 2011, we had cash on hand and availability under our revolving credit facility (including an accordion at the Lender's discretion) of $124.7 million.

Continued pressures on revenue resulting from delays in project lettings by the Navy and Corps of Engineers and reduced margins due to increased competition and pricing pressure could have an adverse affect on liquidity in the future. However, we expect to meet our future internal liquidity and working capital needs, and maintain our equipment fleet through capital expenditure purchases and major repairs, from funds generated in our operating activities for at least the next 12 months. We believe our cash position, combined with the capacity available under our revolving credit facility, is adequate for our general business requirements.

The following table provides information regarding our cash flows and capital expenditures for the three months ended June 30, 2011 and 2010 (unaudited):

	Six months ended June 30,	
	2011	2010
Cash flows provided by (used in) operating activities	$ 13,670	$ (2,661)
Cash flows used in investing activities	$ (9,320)	$ (86,504)
Cash flows (used in) provided by financing activities	$ (2,821)	$ 227

Operating Activities. During the three months ended June 30, 2011, our operations provided approximately $13.7 million in cash, which was primarily due to the timing of cash receipts and vendor payments, and is not indicative of any fundamental change within working capital components or trend in the underlying business. In the prior year, changes in non-cash items included a gain on the fair value in excess of the purchase price of a business acquired during the period.

Investing Activities. In the current year, additions to our capital assets were $9.7 million, a decrease as compared with $16.1 milllion in the prior year period. In January 2010, we purchased the membership interest of TW LaQuay Dredging for $60.0 million with an additional $4.0 million held in escrow. The escrow portion was settled for a final purchase price of $60.9 million. In February 2010, we purchased a marine construction business for approximately $7.0 million.

Financing Activities. In the six months ended June 30, 2011, we purchased 305,500 shares of our common stock into treasury for a total cost of approximately $3.0 million. In addition, we received proceeds from stock option exercises of $183,000, a decrease of approximately $346,000 as compared with the prior year period.

Sources of Capital

In June 2010, the Company entered into a credit agreement with Wells Fargo Bank, National Association, as administrative agent, and Wells Fargo Securities, LLC as sole lead arranger and bookrunner; and the Lenders (as defined) from time to time as party thereto.

The Credit Agreement provides for borrowings of up to $75,000,000 under revolving and swingline loans (as defined in the Credit Agreement) with a $20,000,000 sublimit for the issuance of letters of credit. An additional $25 million is available under the facility subject to the Lenders' discretion (together, the "*Credit Facility*"). The Credit Facility matures on June 30, 2013, and is guaranteed by the subsidiaries of the Company. The Credit Facility may be used to finance working capital, repay indebtedness, fund acquisitions, and for other general corporate purposes.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 Credit Facility may be re-borrowed.

The Credit Facility contains certain restrictive financial covenants that are usual and customary for similar transactions, including;

- A Fixed Charge Coverage Ratio of not less than 1.50 to 1.00 at all times;
- A Leverage Ratio of not greater than 2.50 to 1.00 at all times;
- Minimum Net Worth of not less than a base amount of $180,000,000, plus the sum of 50% of each prior period consolidated net income plus 50% of the Borrower's and its subsidiaries consolidated net income for that quarter, plus 75% of all issuances of equity interests by Borrower during that quarter.

In addition, the Credit Facility contains events of default that are usual and customary for similar transactions, including non-payment of principal, interest or fees; inaccuracy of representations and warranties; violation of covenants; bankruptcy and insolvency events; and events constituting a change of control.

The Company is subject to a commitment fee, payable quarterly in arrears on the unused portion of the Credit Facility at a current rate of 0.25% of the unused balance. As of June 30, 2011, no amounts had been drawn under the Credit Facility.

At June 30, 2011, the Company was in compliance with all its financial covenants with a sufficient margin as to not impair its ability to incur additional debt or violate the terms of the Credit Facility, and had outstanding letters of credit of $979,221. Historically, the Company has not relied on debt financing to fund its operations or working capital.

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, 2011, we believe our capacity under our current bonding arrangement with Liberty Mutual was in excess of $400 million, of which we had approximately $100 million in surety bonds outstanding. During the quarter ended June 30, 2011, approximately 82% of projects, measured by revenue, required us to post a bond.

Off-Balance Sheet Arrangements

We do not have any off-balance sheet arrangements that have or are reasonably likely to have a current or future material effect on our financial position, results of operations or capital resources.

Inflation

Inflation historically has not had a material effect on our financial position or results of operations. Due to the short-term duration of our contracts, we are generally able to include anticipated price increases in the cost of our bids.

Item 3. Quantitative and Qualitative Disclosures about Market Risk

We do not enter into derivative financial instruments for trading, speculation or other purposes that would expose the Company to 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.

Commodity price risk
We are subject to fluctuations in commodity prices for concrete, steel products and fuel. Although we 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, 2011, we had no borrowings under our revolving credit facility or line of credit. 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.

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 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, such officers have concluded that the 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.

Table of Contents

PART II – Other Information

Item 1. Legal Proceedings

For information about litigation involving us, see Note 12 to the condensed consolidated financial statements in Part I of this report, which we incorporate by reference into this Item 1of Part II.

Item 1A. Risk Factors

There have been no material changes to the risk factors previously disclosed in our 2010 Form 10-K

Item 6. Exhibits

Exhibit Number	Description
3.1	Amended and Restated Certificate of Incorporation of Orion Marine Group, Inc. (incorporated herein by reference to Exhibit 3.1 to the Company's Form S-1 filed with the Securities and Exchange Commission on August 20, 2007
3.2	Amended and Restated Bylaws of Orion Marine Group, Inc. (incorporated herein by reference to Exhibit 3.2 to the Company's Form S-1 filed with the Securities and Exchange Commission on August 20, 2007
4.1	Registration Rights Agreement 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 Form S-1 filed with the Securities and Exchange Commission on August 20, 2007)

10.1*+ Employment Agreement dated January 1, 2011 between Orion Marine Group, Inc. and Mark R. Stauffer

10.2*+ First Amendment to Employment Agreement between Orion Marine Group, Inc. and James L. Rose dated March 30, 2011.

10.3*+ First Amendment to Employment Agreement between Orion Marine Group, Inc. and Peter R. Buchler, dated June 30, 2011.

31.1* Certification of the Chief Executive Officer Pursuant to Rules 13a-14 and 15d-14 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 and 15d-14 of the Securities Exchange Act of 1934, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 20

32.1* Certification of the Chief Executive Officer and the Chief Financial Officer pursuant to 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 MARINE GROUP, INC.

August 5, 2011	By: /s/ J. Michael Pearson J. Michael Pearson President and Chief Executive Officer
August 5, 2011	By: /s/ Mark R. Stauffer Mark R. Stauffer Executive Vice President and Chief Financial Officer

Exhibit 10.1

EMPLOYMENT AGREEMENT
(Mark R. Stauffer)

This **EMPLOYMENT AGREEMENT**, dated as of January 1, 2011 (this "**Agreement**"), is by and between Orion Marine Group, Inc., a Delaware corporation (the "**Company**"), and Mark R. Stauffer (the "**Key Employee**").

W I T N E S S E T H:

WHEREAS, the Company has identified you as a Key Employee who is an integral part of the Company's operation and management;

WHEREAS, the Company recognizes your efforts as a Key Employee and desires to reward those efforts to protect and enhance the best interests of the Company; and

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

ARTICLEI
DEFINITIONS, INTERPRETATIONS, AND SPECIFIC CONSIDERATION

1.1 Specific Consideration. As consideration for Key Employee executing this Agreement, the Company will pay Key Employee a one-time signing bonus of $20,000.00 within thirty days of Key Employee's execution of this Agreement.

1.2 Definitions.

(a) "**Base Salary**" means the Key Employee's base salary described in Section 2.3(a), as such base salary may be increased (but not decreased) by the Company from time to time.

(b) "**Board**" means the Board of Directors of the Company.

(c) "**Cause**" means:

(i) A material breach by Key Employee of Section 3.8 of this Agreement (regarding the noncompetition and confidentiality provisions);

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

(iii) The conviction, plea of no contest or nolo contendere, deferred adjudication or unadjudicated probation of Key Employee for any felony or any crime involving moral turpitude; or

(iv) Key Employee's failure or refusal to carry out, or comply with, in any material respect, any lawful directive of the Board consistent with the terms of the Agreement which is not remedied within 30 days after Key Employee's receipt of written notice from the Company.

(d) "**Change in Control**" means the occurrence of any of the following events:

(i) A "change in the ownership of the Company" which will occur on the date that any one person, or more than one person acting as a group, acquires ownership of stock in the Company that, together with stock held by such person or group, constitutes more than 50% of the total fair market value or total voting power of the stock of the Company; however, if any one person or more than one person acting as a group, is considered to own more than 50% of the total fair market value or total voting power of the stock of the Company, the acquisition of additional stock by the same person or persons will not be considered a "change in the ownership of the Company" (or to cause a "change in the effective control of the Company" within the meaning of Section 1.2(d)(ii) below) and an increase of the effective percentage of stock owned by any one person, or persons acting as a group, as a result of a transaction in which the Company acquires its stock in exchange for property will be treated as an acquisition of stock for purposes of this paragraph; provided, further, however, that for purposes of this Section 1.2(d)(i), the following acquisitions will not constitute a Change in Control: (A) any acquisition by any employee benefit plan (or related trust) sponsored or maintained by the Company or any entity controlled by the Company or (B) any acquisition by investors (immediately prior to such acquisition) in the Company for financing purposes, as determined by the Committee in its sole discretion. This Section 1.2(d)(i) applies only when there is a transfer of the stock of the Company (or issuance of stock) and stock in the Company remains outstanding after the transaction.

(ii) A "change in the effective control of the Company" which will occur on the date that either (A) any one person, or more than one person acting as a group, acquires (or has acquired during the 12 month period ending on the date of the most recent acquisition by such person or persons) ownership of stock of the Company possessing 35% or more of the total voting power of the stock of the Company, except for (y) any acquisition by any employee benefit plan (or related trust) sponsored or maintained by the Company or any entity controlled by the Company or (z) any acquisition by investors (immediately prior to such acquisition) in the Company for financing purposes, as determined by the Committee in its sole discretion or (B) a majority of the members of the Board are replaced during any 12-month period by directors whose appointment or election is not endorsed by a majority of the members of the Board prior to the date of the appointment or election. For purposes of a "change in the effective control of the Company," if any one person, or more than one person acting as a group, is considered to effectively control the Company within the meaning of this Section 1.2(d)(ii), the acquisition of additional control of the Company by the same person or persons is not considered a "change in the effective control of the Company," or to cause a "change in the ownership of the Company" within the meaning of Section 1.2(d)(i) above.

(iii) A "change in the ownership of a substantial portion of the Company's assets" which will occur on the date that any one person, or more than one person acting as a group, acquires (or has acquired during the 12 month period ending on the date of the most recent acquisition by such person or persons) assets of the Company that have a total gross fair market value equal to or more than 40% of the total gross fair market value of all the assets of the Company immediately prior to such acquisition or acquisitions. For this purpose, gross fair market value means the value of the assets of the Company, or the value of the assets being disposed of, determined without regard to any liabilities associated with such assets. Any transfer of assets to an entity that is controlled by the shareholders of the Company immediately after the transfer, as provided in guidance issued pursuant to the Nonqualified Deferred Compensation Rules, will not constitute a Change in Control.

For purposes of this Section 1.2(d), the provisions of section 318(a) of the Code regarding the constructive ownership of stock will apply to determine stock ownership; provided, that stock underlying unvested options (including options exercisable for stock that is not substantially vested) will not be treated as owned by the individual who holds the option. In addition, for purposes of this Section 1.2(d) and except as otherwise provided in an Award agreement, "Company" includes (x) the Company; (y) the entity for whom the Key Employee performs services; and (z) an entity that is a stockholder owning more than 50% of the total fair market value and total voting power (a "**Majority Shareholder**") of the Company or the entity identified in (y) above, or any entity in a chain of entities in which each entity is a Majority Shareholder of another entity in the chain, ending in the Company or the entity identified in (y) above.

(e) "**Code**" means the Internal Revenue Code of 1986, as amended.

(f) "**Disability**" means a Key Employee's disability within the meaning of the Company's long-term disability plan. In the event of a dispute between the parties as to whether the Key Employee is disabled, whether Key Employee is disabled will be determined by the mutual agreement of a physician selected by the Company or its insurers (the " **Company Physician**") and a physician selected by Key Employee ("**Key Employee's Physician**"). In the event that the Company Physician and Key Employee's Physician cannot agree on whether Key Employee is Disabled, such determination will be made by a third physician who is jointly selected by the Company Physician and Key Employee's Physician.

(g) "**Good Reason**" means:

(i) a material breach of Section 2.3, including but not limited to reduction of any component of Key Employee's compensation set forth in Section 2.3(a) or (b) without Key Employee's consent; provided, however, that a reduction of Key Employee's compensation set forth in 2.3(b) with respect to bonus shall mean the elimination of Key Employee's ability to earn a bonus or a reduction in the percentage of Base Salary Key Employee is eligible to earn as a bonus,

(ii) a material reduction of Key Employee's duties (without the Key Employee's consent) from those in effect as of the Effective Date or as subsequently agreed to by Key Employee and the Company, or

(iii) the relocation of the Key Employee's primary work site to a location greater than 50 miles from the Key Employee's work site as of the Effective Date.

(h) "**Nonqualified Deferred Compensation Rules**" means the limitations or requirements of section 409A of the Code and the regulations promulgated thereunder.

(i) "**Protection Period**" means the period beginning on the date that is three months prior to the occurrence of a Change in Control and ending 12 months following the occurrence of a Change in Control.

(j) "**Restricted Period**" means (i) if Key Employee is terminated for Cause or voluntarily resigns without Good Reason, the twenty-four month period immediately following Employee's last day of employment under this Agreement; (ii) if Key Employee is terminated without Cause or voluntarily resigns with Good Reason not during the Protection Period, the twelve month period immediately following Employee's last day of employment under this Agreement; or (iii) if Key Employee is terminated without Cause or voluntarily resigns with Good Reason during the Protection Period, the thirty-six month period immediately following Employee's last day of employment under this Agreement.

(k) "**Without Cause**" means termination by the Company of Key Employee's employment at the Company's sole discretion for any reason, other than by reason of Key Employee's death or Disability, and other than a termination based upon Cause.

1.3 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 Agreement 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 term.

ARTICLE II
EMPLOYMENT AND DUTIES

2.1 Term. The term of this Agreement will commence on the Effective Date of this Agreement and end on December 31, 2012 (the "**Initial Term**"). The Agreement may be extended for an additional period at the end of the Initial Term ("**Renewal Term**") upon the mutual agreement of the parties entered into at least 30 days prior to the end of the Initial Term.

2.2 Position, Duties and Services. The Key Employee will have such duties and powers as will be determined from time to time by the Board consistent therewith. The Key Employee will perform diligently and to the best of his abilities such duties. The Key Employee's employment will be subject to the supervision and direction of the Board.

2.3 Compensation.

(l) Base Salary. Key Employee will receive an initial Base Salary at the rate of Three Hundred, Forty-One Thousand, Two Hundred, Fifty Dollars ($341,250) per annum payable in periodic installments in accordance with the Company's normal payroll practices and procedures, which base salary may be increased (but not decreased) by the Company from time to time.

(m) Bonuses and Perquisites. During the Employment Period, Key Employee will be entitled to bonuses and perquisites as determined by the Board in its good faith discretion.

(n) Car Allowance. During the Employment Period, Key Employee will be entitled to a monthly car allowance of $950.00.

(o) Incentive, Savings, Profit Sharing, and Retirement Plans. During the Employment Period, Key Employee will be entitled to participate in all incentive, savings, profit sharing and retirement plans, practices, policies and programs applicable generally, from time to time, to other similarly situated employees of the Company.

(p) Welfare Benefit Plans. During the Employment Term, Key Employee and/or Key Employee's family, as the case may be, will be eligible for participation in and will receive all benefits under the welfare benefit plans, practices, policies and programs applicable generally, from time to time, to other similarly situated employees of the Company.

(q) Expenses. During the Employment Period, Key Executive shall be entitled to receive reimbursement for all reasonable business expenses, including, but not limited to, those expenses expressly provided for in this Agreement, incurred by the Key Executive in accordance with the policies, practices and procedures of the Company. All such expenses are to be reimbursed to Key Executive in accordance with the Company's policies and procedures for reimbursing expenses, but in no event shall any reimbursement payment be paid to Key Executive following the last day of the calendar year following the calendar year in which the expense was incurred. The amount of expenses for which Key Executive is eligible to receive reimbursement during any calendar year shall not affect the amount of expenses for which Key Executive is eligible to receive reimbursement during any other calendar year during the term of this Agreement. Any reimbursement payable in accordance with this Section 2.3(f) will not be subject to liquidation or exchange for another benefit.

2.4 Severance Benefit. Key Employee will be entitled to receive the severance benefits described in ARTICLE III upon his termination of employment during the term of this Agreement described in Section 2.1 provided he satisfies the requirements outlined in ARTICLE III.

ARTICLE III
EARLY TERMINATION

3.1 Death. Upon the death of Key Employee during the Employment Period, the Agreement will terminate and Key Employee's estate will be entitled to payment of his Base Salary through the date of such termination plus any benefits accrued up to the date of his death payable pursuant to the terms of the benefit plans specified in Section 2.3 in which Key Employee is a participant.

3.2 Disability. In the event of Key Employee's Disability during the term of this Agreement described in Section 2.1, the Company may terminate Key Employee's employment in which case this Agreement will terminate and Key Employee will be entitled to payment of the following benefits: (a) his Base Salary through the date of such termination;

(b) long-term disability benefits pursuant to the terms of any long-term disability policy provided to similarly situated employees of the Company in which Key Employee has elected to participate; and (c) payment of any benefits payable pursuant to the terms of the benefit plans specified in Section 2.3 in which Key Employee is a participant.

3.3 Termination for Cause or Voluntary Resignation by Key Employee Without Good Reason. If Key Employee's employment is terminated during the term of this Agreement for Cause or Key Employee voluntarily resigns from the employment of the Company without Good Reason, Key Employee will be entitled to receive (a) his Base Salary in effect at the time notice of termination is given through the date of termination, (b) payment of any benefits payable pursuant to the terms of the benefit plans specified in Section 2.3 in which Key Employee is a participant, and (c) reimbursement of any outstanding expense eligible for reimbursement.

3.4 Termination Without Cause or for Good Reason Not During the Protection Period. If, during the term of this Agreement as described in Section 2.1, the Key Employee's employment is terminated by the Company Without Cause or Key Employee terminates his employment with the Company for Good Reason, and Section 3.5 is not applicable, Key Employee will be entitled to receive (a) Key Employee's unpaid Base Salary through the date of termination; (b) payment of any benefits payable pursuant to the terms of the benefit plans specified in Section 2.3 in which Key Employee is a participant; (c) reimbursement of any outstanding expenses eligible for reimbursement in accordance with the Company's policies and practices; (d) continued payment of Key Employee's Base Salary for a period of twelve months, in accordance with the Company's standard payroll practices; (e) monthly payment for a period of twelve months of $2,500 to cover transitional expenses; (f) monthly payment for a period of twelve months of an amount equal to Key Employee's monthly car allowance; plus (g) a lump sum payment equal to the most recent bonus awarded to Key Employee pursuant to the Executive Incentive Plan (EIP) or any replacement plan. The payments and benefits described in this Section 3.4 shall begin or shall be paid, as applicable to the form of payment described above for each payment or benefit, to Key Employee within the sixty day period immediately following the Key Employee's termination of employment.

3.5 Termination Without Cause or for Good Reason During the Protection Period. If, during the term of this Agreement as described in Section 2.1, Key Employee's employment is terminated by the Company Without Cause or Key Employee terminates his employment with the Company for Good Reason during the Protection Period, Key Employee will be entitled to receive (a) Key Employee's unpaid Base Salary through the date of termination; (b) payment of any benefits payable pursuant to the terms of the benefit plans specified in Section 2.3 in which Key Employee is a participant; (c) reimbursement of any outstanding expenses eligible for reimbursement in accordance with the Company's policies and practices; (d) a lump sum payment equal to thirty-six months of Key Employee's Base Salary; (e) a lump sum payment equal to thirty-six times $2,500 to cover transitional expenses; (f) a lump sum payment equal to thirty-six times Key Employee's monthly car allowance; plus (g) a lump sum payment equal to three times the most recent bonus awarded to Key Employee pursuant to the Executive Incentive Plan (EIP) or any replacement plan. The payments and benefits described in this Section 3.5 shall begin or shall be paid, as applicable to the form of payment described above for each payment or benefit, to Key Employee on the later to occur of (i) the sixtieth day immediately following the Key Employee's termination of employment, or (ii) the date of the Change in Control.

3.6 Termination of Company's Obligations. Upon termination of Key Employee's employment for any reason, the Company's obligations under this Agreement will terminate and Key Employee will be entitled to no compensation and benefits under this Agreement other than that provided in this ARTICLE III. Notwithstanding such termination, the parties' obligations under this ARTICLE III, including Section 3.8, will remain in full force and effect.

3.7 Release. Notwithstanding the foregoing provisions of this Section 3.7, Key Employee will be entitled to the additional benefits specified in Section 3.4 (regarding termination Without Cause or for Good Reason not during a Protection Period) and Section 3.5 (regarding termination Without Cause or for Good Reason during a Protection Period) (*i.e*., those in addition to the payment of his Base Salary through the date of termination and any benefits payable pursuant to the terms of the benefit plans specified in Section 2.3 in which Key Employee is a participant), only upon his execution (and non -revocation) of a waiver and release of all claims in a form acceptable to the Company. The waiver and release document must be executed and delivered to the appropriate Company representative on or before the fiftieth day period immediately following Key Employee's termination of employment.

3.8 Non-Competition, Confidentiality.

(r) Agreement not to Compete. In consideration of the Company's promise to provide Key Employee with Confidential Information, as defined in Section 3.8(b), the other mutual promises contained in this Agreement, and Key Employee's employment with the Company, and so as to enforce Key Employee's promises regarding Confidential Information contained in Section 3.8(b) of this Agreement, Key Employee agrees that in the event his employment with the Company is terminated for any reason whatsoever, Key Employee will not, during the applicable Restricted Period (extended by any period of time during which Key Employee is in violation of this Section 3.8), directly or indirectly, carry on or conduct, in competition with the Company or its subsidiaries or affiliates, any business of the nature in which the Company or its subsidiaries or affiliates are then engaged in any geographical area in which the Company or its subsidiaries or affiliates engage in business at the time of such termination or in which any of them, prior to termination of Key Employee's employment, evidenced in writing, at any time during the six month period prior to such termination, an intention to engage in such business. Key Employee agrees that he will not so conduct or engage in any such business either as an individual on his own account or as a partner or joint venturer or as an Key Employee, agent, consultant or salesman for any other person or entity, or as an officer or director of a corporation or as a shareholder in a corporation of which he will then own 10% or more of any class of stock.

(s) Confidential Information. The Company makes a binding promise not conditioned upon continued employment to provide Key Employee with certain Confidential Information above and beyond any Confidential Information Key Employee may have previously received. Key Employee will not, directly or indirectly, at any time following termination of his employment with the Company, reveal, divulge or make known to any person or entity, or use for Key Employee's personal benefit (including, without limitation, for the purpose of soliciting business, whether or not competitive with any business of the Company or any of its subsidiaries or affiliates), any information acquired during the Employment Period with regard to the financial, business or other affairs of the Company or any of its subsidiaries or affiliates (including, without limitation, any list or record of persons or entities with which the Company or any of its subsidiaries or affiliates has any dealings), other than (i) information already in the public domain; (ii) information of a type not considered confidential by persons engaged in the same business or a business similar to that conducted by the Company or its subsidiaries and affiliates; or (iii) information that Key Employee is required to disclose under the following circumstances: (A) at the express direction of any authorized governmental entity; (B) pursuant to a subpoena or other court process; (C) as otherwise required by law or the rules, regulations, or orders of any applicable regulatory body; or (D) as otherwise necessary, in the opinion of counsel for Key Employee, to be disclosed by Key Employee in connection with any legal action or proceeding involving Key Employee and the Company or any subsidiary or affiliate of the Company in his capacity as an employee, officer, director, or stockholder of the Company or any subsidiary or affiliate of the Company. Key Employee will, at any time requested by the Company (either during or within two years after his employment with the Company), promptly deliver to the Company all memoranda, notes, reports, lists and other documents (and all copies thereof) relating to the business of the Company or any of its subsidiaries and affiliates which he may then possess or have under his control.

(t) Reasonableness of Restrictions. Key Employee acknowledges that the geographic boundaries, scope of prohibited activities, and time duration set forth in this Section 3.8 are reasonable in nature and are no broader than are necessary to maintain the confidentiality and the goodwill of the Company and the confidentiality of its Confidential Information and to protect the legitimate business interests of the Company, and that the enforcement of such provisions would not cause Key Employee any undue hardship nor unreasonably interfere with Key Employee's ability to earn a livelihood. If any court determines that any portion of this Section 3.8 is invalid or unenforceable, the remainder of this Section 3.8 will not thereby be affected and will be given full effect without regard to the invalid provisions. If any court construes any of the provisions of this Section 3.8, or any part thereof, to be unreasonable because of the duration or scope of such provision, such court will have the power to reduce the duration or scope of such provision and to enforce such provision as so reduced.

(u) Enforcement. Upon Key Employee's employment with an entity that is not a subsidiary or affiliate of the Company (a "**Successor Employer**") during the period that the provisions of this Section 3.8 remain in effect, Key Employee will provide such Successor Employer with a copy of this Agreement and will notify the Company of such employment within 30 days thereof. Key Employee agrees that in the event of a breach of the terms and conditions of this Section 3.8 by Key Employee, the Company will be entitled, if it so elects, to institute and prosecute proceedings, either in law or in equity, against Key Employee, to obtain damages for any such breach, or to enjoin Key Employee from any conduct in violation of this Section 3.8.

3.9 Parachute Payments. Notwithstanding anything to the contrary in this Agreement, if Key Employee is a "disqualified individual" (as defined in section 280G(c) of the Code), and the benefits provided for in this ARTICLE III, together with any other payments and benefits which Key Employee has the right to receive from the Company would constitute a "parachute payment" (as defined in section 280G(b)(2) of the Code), then the benefits provided hereunder (beginning with any benefit to be paid in cash hereunder) will be reduced (but not below zero) so that the present value of such total amounts and benefits received by Key Employee will be $1.00) less than three times Key Employee's "base amount" (as defined in section 280G(b)(3) of the Code) and so that no portion of such amounts and benefits received by Key Employee will be subject to the excise tax imposed by section 4999 of the Code. The determination as to whether such a reduction in the amount of the benefits provided hereunder is necessary will be made by the Board in good faith. If a reduced cash payment is made and through error or otherwise that payment, when aggregated with other payments and benefits from the Company used in determining if a "parachute payment" exists, exceeds $1.00 less than three times the Key Employee's base amount, then Key Employee will immediately repay such excess to the Company upon notification that an overpayment has been made. Nothing in this Section 3.9 will require the Company to be responsible for, or have any liability or obligation with respect to, Key Employee's excise tax liabilities under section 4999 of the Code.

3.9 Payments Subject to Section 409A of the Code. Notwithstanding the foregoing provisions of this ARTICLE III, if the payment of any severance compensation or severance benefits under this ARTICLE III would be subject to additional taxes and interest under section 409A of the Code because the timing of such payment is not delayed as provided in section 409A(a)(2)(B) of the Code, then any such payments that Key Employee would otherwise be entitled to during the first six months following the date of Key Employee's termination of employment will be accumulated and paid on the date that is six months after the date of Key Employee's termination of employment (or if such payment date does not fall on a business day of the Company, the next following business day of the Company), or such earlier date upon which such amount can be paid under section 409A of the Code without being subject to such additional taxes and interest.

ARTICLE IV
MISCELLANEOUS

4.1 Governing Law. This Agreement is governed by and will be construed in accordance with the laws of the State of Texas, without regard to the conflicts of law principles of such State.

4,2 Amendment and Waiver. The provisions of this Agreement may be amended, modified or waived only with the prior written consent of the Company and Key Employee, and no course of conduct or failure or delay in enforcing the provisions of this Agreement will be construed as a waiver of such provisions or affect the validity, binding effect or enforceability of this Agreement or any provision hereof.

4.3 Severability. Any provision in this Agreement which is prohibited or unenforceable in any jurisdiction by reason of applicable law will, as to such jurisdiction, be ineffective only to the extent of such prohibition or unenforceability without invalidating or affecting the remaining provisions hereof, and any such prohibition or unenforceability in any jurisdiction will not invalidate or render unenforceable such provision in any other jurisdiction.

4.4 Entire Agreement. Except as provided in the written benefit plans and programs referenced in Section 2.3(d) and Section 2.3(e), this Agreement embodies the complete agreement and understanding among the parties hereto with respect to the subject matter hereof and supersede and preempt any prior understandings, agreements or representations by or among the parties, written or oral, which may have related to the subject matter hereof in any way. For the avoidance of doubt, this Agreement does not supersede or preempt any understanding, agreement or representation regarding stock, stock options, or other equity interests.

4.5 Withholding of Taxes and Other Employee Deductions. The Company may withhold from any benefits and payments made pursuant to this Agreement all federal, state, city, and other taxes as may be required pursuant to any law or governmental regulation or ruling and all other normal employee deductions made with respect to the Company's employees generally.

4.6 Headings. The paragraph headings have been inserted for purposes of convenience and will not be used for interpretive purposes.

4.7 Actions by the Board. Any and all determinations or other actions required of the Board hereunder that relate specifically to Key Employee's employment by the Company or the terms and conditions of such employment will be made by the members of the Board other than Key Employee (if Key Employee is a member of the Board), and Key Employee will not have any right to vote or decide upon any such matter.

4.8 Construction. The language used in this Agreement will be deemed to be the language chosen by the parties to express their mutual intent, and no rule of strict construction will be applied against any party.

[Signature Page Follows]

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date first set forth above.

COMPANY:

ORION MARINE GROUP, INC.

By: /s/ J. Michael Pearson
Name: J. Michael Pearson
Title: President & CEO

KEY EMPLOYEE:

/s/ Mark R. Stauffer

First Amendment to

EMPLOYMENT AGREEMENT

________JAMES L. ROSE________

This **First Amendment** (this "Amendment") to that certain **EMPLOYMENT AGREEMENT**, dated as of December 4, 2009 (this "**Agreement**"), is by and between Orion Marine Group, Inc., a Delaware corporation (the " **Company**"), and Mr. James L. Rose (the "**Key Employee**").

W I T N E S S E T H:

WHEREAS, the Company has identified the below signed individual as a Key Employee who is an integral part of the Company's operation and management and as a result entered into the Agreement with him;

WHEREAS, the Company recognizes the undersigned individual's ongoing efforts as a Key Employee and desires to continue to reward those efforts to protect and enhance the best interests of the Company;

WHEREAS, the Agreement shall expire on March 31, 2011; and both the Company and the Key Employee desire to extend the Agreement for an additional two (2) year period; and

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 First Amendment to the Agreement is to evidence the Parties' mutual agreement to a two (2) year extension to the Agreement under the terms and conditions as hereinafter provided.

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

1.3 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
AGREEMENT

The parties hereby mutually agree to the following terms as reflected below.

2.1 Term. Notwithstanding the provision contained in Section 2.1 of the Agreement that the "Agreement may be extended for an additional period at the end of the Initial Term ("**Renewal Term**") upon the mutual agreement of the parties entered into at least 30 days prior to the end of the Initial Term", the Parties do hereby mutually agree to waive and delete the "30 days prior" requirement and do hereby mutually agree that Section 2.1 of the Agreement shall, effective at the end of the Initial Term and forever thereafter be supersede and replaced with the following:

> "The term of this Agreement will commence on the Effective date of this Agreement and end on March 31, 2011 (the **"Initial Term**"); however, the Agreement is hereby extended for (a) an additional two (2) year period commencing April 1, 2011 and ending on March 31, 2013, and (b) for such other subsequent periods of time as from time to time may be mutually agreed between the Parties prior to the end of any such respective extended term."

2.2 Compensation.

Base Salary. During the Initial Term, the Key Employee has received one or more increases in Base Salary and therefore it is appropriate to reflect said increase(s) in the Base Salary provision of the Agreement and, as a result, the Parties do hereby mutually agree that Section 2.3 (a) of the Agreement shall, effective at the end of the Initial Term and forever thereafter be supersede and replaced with the following:

> " (a) **Base Salary**. Key Employee will receive an initial Base Salary at the rate of --Two Hundred, Seventy-Five Thousand Dollars ($275,000) per annum payable in periodic installments in accordance with the Company's normal payroll practices and procedures, which base salary may be increased (but not decreased) by the Company from time to time."

ARTICLE III
OTHER TERMS

3.01 Remaining Terms of the Agreement: Except to the extent specifically provided herein to the contrary in this Amendment, all terms, 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 the Agreement.

3.02 Severability Clause: If any portion of this Amendment (or the Agreement, as extended 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.

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

3.04 **Counterparts and Signatures**: This Amendment may be executed in one or more counterparts, and 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 originals for all proposes.

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

THE COMPANY

ORION MARINE GROUP, INC.

By: /s/ J. M. Pearson
J. M. Pearson, President & CEO
Date: 3/22/11

KEY EMPLOYEE

/s/ James L. Rose
Name: James L. Rose
Date: 3/30/11

Exhibit 10.3

First Amendment to

EMPLOYMENT AGREEMENT

________PETER R. BUCHLER________

This **First Amendment** (this "Amendment") to that certain **EMPLOYMENT AGREEMENT**, dated as of December 4, 2009 (this "**Agreement**"), is by and between Orion Marine Group, Inc., a Delaware corporation (the " **Company**"), and Mr. PETER R. BUCHLER (the "**Key Employee**").

W I T N E S S E T H:

WHEREAS, the Company has identified the below signed individual as a Key Employee who is an integral part of the Company's operation and management and as a result entered into the Agreement with him;

WHEREAS, the Company recognizes the undersigned individual's ongoing efforts as a Key Employee and desires to continue to reward those efforts to protect and enhance the best interests of the Company;

WHEREAS, the Agreement shall expire on **June 30, 2011**; and both the Company and the Key Employee desire to extend the Agreement for an additional two (2) year period; and

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 First Amendment to the Agreement is to evidence the Parties' mutual agreement to a two (2) year extension to the Agreement under the terms and conditions as hereinafter provided.

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

1.3 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
AGREEMENT

The parties hereby mutually agree to the following terms as reflected below.

2.1 **Term.** Notwithstanding the provision contained in Section 2.1 of the Agreement that the "Agreement may be extended for an additional period at the end of the Initial Term ("**Renewal Term**") upon the mutual agreement of the parties entered into at least 30 days prior to the end of the Initial Term", the Parties do hereby mutually agree to waive and delete the "30 days prior" requirement and do hereby mutually agree that Section 2.1 of the Agreement shall, effective at the end of the Initial Term and forever thereafter be supersede and replaced with the following:

> "The term of this Agreement will commence on the Effective date of this Agreement and end on **June 30, 2011** (the **"Initial Term**"); however, the Agreement is hereby extended for (a) an additional two (2) year period commencing **July 1, 2011** and ending on **June 30, 2013**, and (b) for such other subsequent periods of time as from time to time may be mutually agreed between the Parties prior to the end of any such respective extended term."

2.2 **Compensation.**

Base Salary. During the Initial Term, the Key Employee has received one or more increases in Base Salary and therefore it is appropriate to reflect said increase(s) in the Base Salary provision of the Agreement and, as a result, the Parties do hereby mutually agree that Section 2.3 (a) of the Agreement shall, effective at the end of the Initial Term and forever thereafter be supersede and replaced with the following:

> " (a) **Base Salary**. Key Employee will receive an initial Base Salary at the rate of --Two Hundred, Forty-Seven Thousand, Two Hundred Dollars ($247,200) per annum payable in periodic installments in accordance with the Company's normal payroll practices and procedures, which base salary may be increased (but not decreased) by the Company from time to time."

ARTICLE III
OTHER TERMS

3.01 **Remaining Terms of the Agreement:** Except to the extent specifically provided herein to the contrary in this Amendment, all terms, 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 the Agreement.

3.02 **Severability Clause:** If any portion of this Amendment (or the Agreement, as extended 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.

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

3.04 **Counterparts and Signatures**: This Amendment may be executed in one or more counterparts, and 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 originals for all proposes.

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

THE COMPANY
ORION MARINE GROUP, INC.

By:/s/ J. M. Pearson
J. M. Pearson, President & CEO
Date: June 16, 2011

KEY EMPLOYEE

/s/ Peter R. Buchler
Name: Peter R. Buchler
Date: June 16, 2011

Exhibit 31.1

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

I, J. Michael Pearson, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Orion Marine Group, 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, 2011

By: /s/ J. Michael Pearson
J. Michael Pearson
President and Chief Executive Officer

Exhibit 31.2

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 Marine Group, 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.

By: /s/ Mark R. Stauffer
Mark R. Stauffer
Executive Vice President and Chief Financial Officer

August 5, 2011

Exhibit 32.1

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

In connection with the Quarterly Report of Orion Marine Group, Inc. (the "Company") on Form 10-Q for the quarter ended June 30, 2011 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), we, J. Michael Pearson and Mark R. Stauffer, 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, 2011	By: /s/ J. Michael Pearson J. Michael Pearson President and Chief Executive Officer
August 5, 2011	By: /s/ Mark R. Stauffer Mark R. Stauffer Executive Vice President and Chief Financial Officer