UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

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

For the quarterly period ended June 30, 2009

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: 1-08325

MYR GROUP INC.

(Exact name of registrant as specified in its charter)

Delaware	**36-3158643**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

Three Continental Towers 1701 Golf Road, Suite 3-1012 Rolling Meadows, IL	**60008-4210**
(Address of principal executive offices)	(Zip Code)

(847) 290-1891
(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 (the "Exchange Act") during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) 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.

Large accelerated filer ☐ Accelerated filer ☐ Non-accelerated filer ☒ (Do not check if a smaller reporting company) 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 7, 2009 there were 19,749,441 outstanding shares of the registrant's $0.01 par value common stock.

WEB SITE ACCESS TO COMPANY'S REPORTS

MYR Group Inc.'s internet Web site address is *www.myrgroup.com*. Our annual reports on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K, and amendments to those reports filed or furnished pursuant to section 13(a) or 15(d) of the Exchange Act will be available free of charge through our Web site as soon as reasonably practicable after they are electronically filed with, or furnished to, the Securities and Exchange Commission.

INDEX

		Page
	Part I—Financial Information	
Item 1.	Financial Statements	
	Consolidated Balance Sheets As of December 31, 2008 and June 30, 2009 (unaudited)	1
	Unaudited Consolidated Statements of Operations For the Three and Six Months Ended June 30, 2008 and 2009	2
	Unaudited Consolidated Statements of Cash Flows For the Three and Six Months Ended June 30, 2008 and 2009	3
	Notes to Consolidated Financial Statements For the Three and Six Months Ended June 30, 2008 and 2009	4
Item 2.	Management's Discussion and Analysis of Financial Condition and Results of Operation	12
Item 3.	Quantitative and Qualitative Disclosures About Market Risk	24
Item 4.	Controls and Procedures	25
	Part II—Other Information	
Item 1.	Legal Proceedings	26
Item 1A.	Risk Factors	26
Item 2.	Unregistered Sales of Equity Securities and Use of Proceeds	26
Item 3.	Defaults Upon Senior Securities	27
Item 4.	Submission of Matters to a Vote of Security Holders	27
Item 5.	Other Information	27
Item 6.	Exhibits	27

Throughout this report, references to "MYR Group," the "Company," "we," "us" and "our" refer to MYR Group Inc. and its consolidated subsidiaries, except as otherwise indicated or as the context otherwise requires.

MYR GROUP INC.

CONSOLIDATED BALANCE SHEETS

(In thousands, except share and per share data)

	December 31, 2008	June 30, 2009 (unaudited)
ASSETS		
Current assets:		
Cash and cash equivalents	$ 42,076	$ 44,015
Accounts receivable, net of allowances of $1,845 and $1,678, respectively	94,048	87,154
Costs and estimated earnings in excess of billings on uncompleted contracts	25,821	27,980
Deferred income tax assets	10,621	10,621
Receivable for insurance claims in excess of deductibles	8,968	8,902
Refundable income taxes	145	230
Other current assets	3,731	2,880
Total current assets	185,410	181,782
Property and equipment, net of accumulated depreciation of $21,158 and $27,204, respectively	75,873	80,314
Goodwill	46,599	46,599
Intangible assets, net of accumulated amortization of $1,218 and $1,385, respectively	11,874	11,707
Other assets	2,307	1,931
Total assets	$ 322,063	$ 322,333
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	$ 30,187	$ 34,480
Billings in excess of costs and estimated earnings on uncompleted contracts	32,698	25,351
Accrued self insurance	32,881	33,667
Other current liabilities	27,571	22,300
Total current liabilities	123,337	115,798
Long-term debt, net of current maturities	30,000	30,000
Deferred income tax liabilities	12,429	12,429
Other liabilities	938	953
Total liabilities	166,704	159,180
Commitments and contingencies		
Stockholders' equity:		
Preferred stock—$0.01 par value per share; 4,000,000 authorized shares; none issued and outstanding at December 31, 2008 and June 30, 2009	—	—
Common stock—$0.01 par value per share; 100,000,000 authorized shares; 19,712,811 and 19,748,191 shares issued and outstanding at December 31, 2008 and June 30, 2009, respectively	197	197
Additional paid-in capital	141,159	141,755
Retained earnings	14,003	21,201
Total stockholders' equity	155,359	163,153
Total liabilities and stockholders' equity	$ 322,063	$ 322,333

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

MYR GROUP INC.

UNAUDITED CONSOLIDATED STATEMENTS OF OPERATIONS

(In thousands, except share and per share data)

	Three months ended June 30, 2008	Three months ended June 30, 2009	Six months ended June 30, 2008	Six months ended June 30, 2009
Contract revenues	$ 147,170	$ 162,923	$ 283,933	$ 295,858
Contract costs	127,202	144,146	243,765	260,048
Gross profit	19,968	18,777	40,168	35,810
Selling, general and administrative expenses	12,236	11,361	24,154	23,335
Amortization of intangible assets	84	83	167	167
Gain on sale of property and equipment	(337)	(153)	(485)	(210)
Income from operations	7,985	7,486	16,332	12,518
Other income (expense)				
Interest income	239	52	659	174
Interest expense	(374)	(219)	(916)	(441)
Other, net	(50)	(51)	(107)	(111)
Income before provision for income taxes	7,800	7,268	15,968	12,140
Income tax expense	3,198	2,953	6,547	4,942
Net income	$ 4,602	$ 4,315	$ 9,421	$ 7,198
Income per common share:				
—Basic	$ 0.23	$ 0.22	$ 0.48	$ 0.37
—Diluted	$ 0.22	$ 0.21	$ 0.45	$ 0.35
Weighted average number of common shares and potential common shares outstanding:				
—Basic	19,712,811	19,727,048	19,712,811	19,719,969
—Diluted	20,713,241	20,689,524	20,721,074	20,702,087

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

MYR GROUP INC.

UNAUDITED CONSOLIDATED STATEMENTS OF CASH FLOWS

(In thousands)

	Three months ended June 30, 2008	Three months ended June 30, 2009	Six months ended June 30, 2008	Six months ended June 30, 2009
Cash flows from operating activities:				
Net income	$ 4,602	$ 4,315	$ 9,421	$ 7,198
Adjustments to reconcile net income to net cash flows provided by (used in) operating activities —				
Depreciation	2,512	3,131	5,129	6,296
Amortization of intangible assets	84	83	167	167
Stock-based compensation expense	229	231	459	462
Gain on sale of property and equipment	(337)	(153)	(485)	(210)
Other non-cash items	21	21	42	42
Changes in operating assets and liabilities				
Accounts receivable, net	(12,703)	(1,322)	8,211	6,894
Costs and estimated earnings in excess of billings on uncompleted contracts	(241)	(4,220)	2,192	(2,159)
Construction materials inventory	(583)	—	(1,023)	—
Receivable for insurance claims in excess of deductibles	66	24	343	66
Other assets	1,248	1,049	3,957	1,100
Accounts payable	4,270	13,953	(6,892)	8,560
Billings in excess of costs and estimated earnings on uncompleted contracts	(674)	23	(3,370)	(7,347)
Accrued self insurance	29	1,261	526	786
Other liabilities	1,473	(1,230)	(7,552)	(5,277)
Net cash flows provided by (used in) operating activities	(4)	17,166	11,125	16,578
Cash flows from investing activities:				
Proceeds from sale of property and equipment	343	162	1,504	287
Purchases of property and equipment	(6,236)	(7,515)	(17,182)	(15,036)
Net cash flows used in investing activities	(5,893)	(7,353)	(15,678)	(14,749)
Cash flows from financing activities:				
Payments of capital lease obligations	—	(5)	—	(13)
Employee stock option transactions	—	134	—	134
Equity financing costs	(225)	(1)	(1,978)	(11)
Payment on note payable to FirstEnergy	(2,298)	—	(2,298)	—
Notes receivable from purchase of common stock	—	—	2	—
Net cash flows provided by (used in) financing activities	(2,523)	128	(4,274)	110
Net increase (decrease) in cash and cash equivalents	(8,420)	9,941	(8,827)	1,939
Cash and cash equivalents:				
Beginning of period	34,140	34,074	34,547	42,076
End of period	$ 25,720	$44,015	$ 25,720	$ 44,015

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

MYR GROUP INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(Amounts in thousands, except share and per share data)

1. Organization and Business

MYR Group Inc. (the "Company") consists of the following wholly-owned subsidiaries: The L. E. Myers Co., a Delaware corporation; Hawkeye Construction, Inc., an Oregon corporation; Harlan Electric Company, a Michigan corporation; Sturgeon Electric Company, Inc., a Michigan corporation; MYR Transmission Services, Inc., a Delaware corporation; ComTel Technology Inc., a Colorado corporation; MYRpower, Inc., a Delaware corporation and Great Southwestern Construction, Inc., a Colorado corporation.

The Company performs construction services in two business segments: Transmission and Distribution ("T&D"), and Commercial and Industrial ("C&I"). T&D customers include more than 125 electric utilities, cooperatives and municipalities nationwide. The Company's broad range of services includes design, engineering, procurement, construction, upgrade, maintenance and repair services with a particular focus on construction, maintenance and repair throughout the continental United States. The Company also provides C&I electrical contracting services to facility owners and general contractors in the western United States.

2. Basis of Presentation

Interim Consolidated Financial Information

The accompanying consolidated financial statements of the Company have been prepared in accordance with Accounting Principles Board ("APB") No. 28, *Interim Financial Reporting*, and the instructions to Form 10-Q and Article 10 of Regulation S-X. Accordingly, the financial statements do not include all the disclosures required by accounting principles generally accepted in the United States of America for complete financial statements. The accompanying consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America. In the opinion of management, the accompanying consolidated financial statements contain all adjustments (consisting of only normal recurring adjustments) necessary to state fairly the financial position of the Company as of June 30, 2009, and the results of operations, changes in stockholders' equity and cash flows for the three and six months ended June 30, 2008 and 2009. The results of operations for the three and six months ended June 30, 2009 are not necessarily indicative of the results for the full year or the results for any future periods. The consolidated balance sheet as of December 31, 2008 has been derived from the audited financial statements as of that date. It is suggested that these financial statements be read in conjunction with the audited financial statements and related notes for the year ended December 31, 2008, included in the Company's annual report on Form 10-K.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America 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 revenues and expenses during the period reported. The most significant estimates are related to the accounts receivable reserve, estimates to complete on contracts, insurance reserves, tax reserves, recoverability of goodwill and intangibles and estimates surrounding stock-based compensation. Actual results could differ from these estimates.

MYR GROUP INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(Amounts in thousands, except share and per share data)

2. Basis of Presentation (Continued)

Recently Issued Accounting Pronouncements

In December 2007, the Financial Accounting Standards Board ("FASB") issued SFAS No. 141 (Revised 2007), *Business Combinations* ("SFAS No. 141R"). SFAS No. 141R requires an acquiring entity to recognize all the assets acquired and liabilities assumed in a transaction at the acquisition-date fair value with limited exceptions. SFAS No. 141R applies prospectively to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after December 15, 2008. The adoption of SFAS No. 141R on January 1, 2009 did not have an impact on the Company's consolidated financial position, results of operations or cash flows.

In February 2008, the FASB issued FASB Staff Position No. FAS 157-2, *Effective Date of FASB Statement No. 157* ("FSP FAS 157-2"). FSP FAS 157-2 defers the effective date of SFAS No. 157, *Fair Value Measurements* ("SFAS No. 157") to fiscal years beginning after November 15, 2008, and interim periods within those fiscal years, for all nonfinancial assets and nonfinancial liabilities. The adoption of FSP FAS 157-2 on January 1, 2009 did not have an impact on the Company's consolidated financial position, results of operations or cash flows.

In April 2008, the FASB issued FSP FAS 142-3, *Determination of the Useful Life of Intangible Assets*. FSP FAS 142-3 improves the consistency between the useful life of a recognized intangible asset under SFAS No. 142 and the period of expected cash flows used to measure the fair value of the asset under SFAS No. 141R. FSP FAS 142-3 is effective for fiscal years and interim periods beginning after December 15, 2008. The adoption of FSP FAS 142-3 on January 1, 2009 did not have an impact on the Company's consolidated financial position, results of operations or cash flows.

In April 2009, the FASB issued FSP FAS 157-4, *Determining Fair Value When the Volume and Level of Activity for the Asset or Liability Have Significantly Decreased and Identifying Transactions That Are Not Orderly*. FSP FAS 157-4 provides additional guidance for estimating fair value in accordance with SFAS No. 157 when certain circumstances exist where the volume and level of activity for an asset or liability have significantly decreased. It also includes guidance on identifying circumstances that would indicate when a transaction is not orderly. FSP FAS 157-4 is effective for fiscal years and interim periods ending after June 15, 2009. The adoption of FSP FAS 157-4 did not have an impact on the Company's consolidated financial position, results of operations or cash flows.

Also in April 2009, the FASB issued FSP FAS 107-1 and APB 28-1, *Interim Disclosures about Fair Value of Financial Instruments* ("FSP FAS 107-1"). FSP FAS 107-1 extends the disclosure requirements of FAS 107, *Disclosures about Fair Value of Financial Instruments*, to interim financial statements of publicly traded companies as defined by APB Opinion No. 28, *Interim Financial Reporting*. FSP FAS 107-1 is effective for interim periods ending after June 15, 2009. Although the adoption of FSP FAS 107-1 did not have an impact on the Company's consolidated financial position, results of operations or cash flows, there were impacts to the Company's financial statement disclosures.

In May 2009, the FASB issued SFAS 165, *Subsequent Events*. SFAS 165 establishes general standards of accounting for and disclosure of events that occur after the balance sheet date but before financial statements are issued. It requires the disclosure of the date through which an entity has evaluated subsequent events and the basis for that date. SFAS 165 is effective for fiscal years and interim periods ending after June 15, 2009. Although, the adoption of SFAS 165 did not have an impact on the Company's consolidated financial position, results of operations or cash flows, there were impacts to the Company's financial statement disclosures.

MYR GROUP INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(Amounts in thousands, except share and per share data)

2. Basis of Presentation (Continued)

In June 2009, the FASB issued SFAS 166, *Accounting for Transfers of Financial Assets—an amendment of FASB Statement No. 140*. SFAS 166 is intended to improve the relevance, representational faithfulness, and comparability of the information that a reporting entity provides in its financial reports about a transfer of financial assets, as well as a transferor's continuing involvement, if any, in the transferred financial assets. SFAS 166 is effective for fiscal years and interim periods beginning after November 15, 2009. The adoption of SFAS 166 is not expected to have a material impact on the Company's consolidated financial position, results of operations or cash flows.

3. Fair Value Measurements

SFAS No. 157 defines fair value, establishes methods used to measure fair value and expands disclosure requirements about fair value measurements. SFAS No. 157 establishes a three-tier hierarchy of fair value measurement, which prioritizes the inputs used in measuring fair value based upon their degree of availability in external active markets. These tiers include: Level 1 (the highest priority), defined as observable inputs, such as quoted prices in active markets; Level 2, defined as inputs other than quoted prices in active markets that are either directly or indirectly observable; and Level 3 (the lowest priority), defined as unobservable inputs in which little or no market data exists, therefore requiring an entity to develop its own assumptions.

As of June 30, 2009, the carrying value of cash and cash equivalents, accounts receivable and payable, accrued liabilities, and certain other financial assets and liabilities approximates fair value due to the short maturities of these instruments.

As of June 30, 2009, the Company held certain cash and cash equivalents that are required to be measured at fair value on a recurring basis subject to the disclosure requirements of SFAS No. 157. These items include money market funds held in deposit at a national bank and short-term certificates of deposits held on account under the Certificate of Deposit Account Registry Services (CDARS) program. These items had a combined carrying value of $44,015, which was equal to the fair value at June 30, 2009 based upon Level 1 inputs.

The carrying amount reported in the consolidated balance sheet as of June 30, 2009 for long term debt is $30,000. Using a discounted cash flow technique that incorporates a market interest rate adjusted for risk profile based upon Level 3 inputs, the Company has determined the fair value of its debt to be $29,483 as of June 30, 2009.

MYR GROUP INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(Amounts in thousands, except share and per share data)

4. Supplemental Cash Flows

Supplemental disclosures of cash flow information for the three and six months ended June 30, 2008 and 2009 are as follows:

	Three months ended June 30, 2008	Three months ended June 30, 2009	Six months ended June 30, 2008	Six months ended June 30, 2009
Cash paid during the period for:				
Income taxes	$ 2,316	$ 4,649	$ 2,351	$ 4,942
Interest expense	401	196	927	399
Noncash investing activities:				
Acquisition of property and equipment for which payment is pending	1,022	23	1,022	23
Acquisition of property and equipment under capital lease obligations	—	—	—	45

As of December 31, 2008, the Company had purchased $4,290 of property and equipment for which payment was pending, all of which was paid during the six months ended June 30, 2009. As of June 30, 2009, the Company recorded the acquisition of additional property and equipment of approximately $23 for which payment was pending.

5. Contracts in Process

The net asset (liability) position for contracts in process consisted of the following at December 31, 2008 and June 30, 2009:

	2008	2009
Cost incurred on uncompleted contracts	$ 941,714	$805,592
Estimated earnings	121,407	94,361
	1,063,121	899,953
Less: Billings to date	1,069,998	897,324
	$ (6,877)	$ 2,629

The net asset (liability) position for contracts in process is included in the accompanying consolidated balance sheets at December 31, 2008 and June 30, 2009 as follows:

	2008	2009
Cost and estimated earnings in excess of billings on uncompleted contracts	$ 25,821	$ 27,980
Billings in excess of costs and estimated earnings on uncompleted contracts	(32,698)	(25,351)
	$ (6,877)	$ 2,629

MYR GROUP INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(Amounts in thousands, except share and per share data)

6. Income Taxes

The difference between the U.S. federal statutory tax rate of 35% and the Company's effective tax rates for the three and six months ended June 30, 2008 and 2009 is principally due to state income taxes.

The Company had approximately $823 and $870 of total unrecognized tax benefits as of December 31, 2008 and June 30, 2009, respectively, which is included in other liabilities in the accompanying consolidated balance sheets. For the six months ended June 30, 2009, the Company recorded an additional $47 in unrecognized tax benefits related to the net activity of current and prior year positions. The Company anticipates that the total unrecognized tax benefits will be reduced by approximately $350 within the next three months due to lapse in the statute of limitations. Additionally, the Company's policy is to recognize interest and penalties related to income tax liabilities as a component of income tax expense in the consolidated statements of operations.

The Company is subject to taxation in various jurisdictions. The Company continues to remain subject to examination by U.S. federal authorities for the years 2005 through 2008 and for various state authorities for the years 2004 through 2008.

7. Commitments and Contingencies

Letters of Credit

At both December 31, 2008 and June 30, 2009 the Company had one outstanding irrevocable standby letter of credit in the amount of $15,000 related to the Company's payment obligation under its insurance programs.

Leases

The Company leases real estate and construction and certain office equipment under operating leases with terms ranging from one to five years. Future minimum lease payments for these operating leases subsequent to June 30, 2009 are $5,710 for the remainder of 2009, $7,812 for 2010, $4,822 for 2011, $2,600 for 2012, and $705 for 2013.

The Company has guaranteed the residual value of the underlying assets under certain equipment operating leases at the date of termination of such leases. The Company has agreed to pay any differences between this residual value and the fair market value of each underlying asset as of the lease termination date. As of June 30, 2009, the maximum guaranteed residual value was approximately $1,859. The Company does not believe that significant payments will be made as a result of the difference between the fair market value of the leased equipment and the guaranteed residual value. However, there can be no assurance that future payments will not be required.

Surety Bonds

In certain circumstances, the Company is required to provide performance bonds in connection with its future performance on contractual commitments. The Company has indemnified its sureties for any expenses paid out under these performance bonds. As of June 30, 2009, the total amount of outstanding performance bonds was approximately $413,351 and the estimated cost to complete these bonded projects was approximately $150,142.

7. Commitments and Contingencies (Continued)

Litigation and Other Legal Matters

The Company is from time to time 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 and/or property damages, punitive damages, civil penalties or other losses, or injunctive or declaratory relief. With respect to all such lawsuits, claims and proceedings, the Company records reserves when it is probable that a liability has been incurred and the amount of loss can be reasonably estimated. The Company does not believe that any of these proceedings, separately or in the aggregate, will have a material adverse effect on the Company's financial position, results of operations or cash flows.

The Company is routinely subject to other civil claims, litigation and arbitration, and regulatory investigations, arising in the ordinary course of our present business as well as in respect of our divested businesses. Some of these include claims related to our current services and operations, and asbestos-related claims concerning historic operations of a predecessor affiliate. The Company believes that it has strong defenses to these claims as well as adequate insurance coverage in the event any asbestos-related claim is not resolved in our favor. These claims have not had a material impact on us to date and the Company believes that the likelihood that a future material adverse outcome will result from these claims is remote. However, if facts and circumstances change in the future, the Company cannot be certain that an adverse outcome of one or more of these claims would not have a material adverse effect on our financial condition, results of operations, or cash flows.

Liability Settlement

In June 2008, the Company settled an outstanding liability with its former parent, FirstEnergy for $2,498. This liability related to the sale of a subsidiary, whereby the Company owed FirstEnergy for the amounts collected on a note receivable from the purchaser. As part of the final settlement agreement, FirstEnergy agreed to give the Company a $200 credit for reimbursement of certain administrative costs surrounding the sale of the subsidiary and the subsequent monitoring of certain provisions. In June 2008, the Company paid FirstEnergy a net amount of $2,298, of which the credit of $200 and the remaining amount of the liability of $3 were recorded as reductions to selling, general and administrative expenses in the accompanying consolidated statement of operations.

8. Stock Option Plans

In November 2007, the Board of Directors approved the 2007 Long-Term Incentive Plan (the "LTIP") for the Company. Upon the adoption of the LTIP, the Company no longer grants awards under the 2006 Stock Option Plan. The LTIP provides for grants of (a) incentive stock options qualified as such under U.S. federal income tax laws, (b) stock options that do not qualify as incentive stock options, (c) stock appreciation rights, (d) restricted stock awards, (e) performance awards, (f) phantom stock, (g) stock bonuses, (h) dividend equivalents, or (i) any combination of such awards. The LTIP permits the granting of up to 2,000,000 shares of common stock to directors, officers and employees of the Company.

The Company did not grant any awards under the LTIP during the six months ended June 30, 2009. Based upon a weighted-average grant date fair value of approximately $6.87 per share, excluding the impact of expected forfeitures, the Company recognized stock compensation expense related to all stock options granted under the LTIP of approximately $459 and $462 for the six months ended

MYR GROUP INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(Amounts in thousands, except share and per share data)

8. Stock Option Plans (Continued)

June 30, 2008 and 2009, respectively, which is included in selling, general and administrative expenses in the consolidated statements of operations.

As of June 30, 2009, there was approximately $2,290 of total unrecognized compensation cost related to stock options granted under the LTIP. This cost is expected to be recognized over a weighted average vesting period of 2.49 years. Total unrecognized compensation cost will be adjusted for any future changes in estimated and actual forfeitures.

A summary of the activity relating to the outstanding options of the Company under the various stock option plans for the six months ended June 30, 2009 is as follows:

	Number of Options	Weighted-Average Exercise Price	Weighted-Average Remaining Contractual Term	Aggregate Intrinsic Value
Options outstanding, December 31, 2008	1,913,442	$ 6.30		
Options granted	—	—		
Options exercised	(35,380)	3.79		
Options forfeited	(1,500)	13.00		
Options outstanding, June 30, 2009	1,876,562	$ 6.34	7.4 years	$ 26,039
Exercisable at June 30, 2009	1,465,062	$ 4.51	7.1 years	$ 23,020

The aggregate intrinsic value above represents the total pre-tax intrinsic value that would have been received by the holders of the stock options had all of the options been exercised as of that date. The stock price used to calculate the pre-tax intrinsic value was $20.22, which was the last trading price of the quarter ended June 30, 2009.

9. Segment Information

The following table presents contract revenues and operating income for the Company's segments for the three and six months ended June 30, 2008 and 2009:

	Three months ended June 30,		Six months ended June 30,	
	2008	2009	2008	2009
Contract revenues:				
T&D	$105,961	$124,873	$204,533	$224,550
C&I	41,209	38,050	79,400	71,308
	$147,170	$162,923	$283,933	$295,858
Operating income (loss):				
T&D	$ 9,788	$ 8,881	$ 19,957	$ 16,259
C&I	3,922	3,600	7,274	6,282
General Corporate	(5,725)	(4,995)	(10,899)	(10,023)
	$ 7,985	$ 7,486	$ 16,332	$ 12,518

MYR GROUP INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(Amounts in thousands, except share and per share data)

10. Earnings Per Share

The Company calculates net income per common share in accordance with SFAS No. 128, *Earnings per Share*. Basic earnings per share is calculated by dividing net income by the weighted average number of shares outstanding for the reporting period. Diluted earnings per share is computed similarly, except that it reflects the potential dilutive impact that would occur if dilutive securities were exercised into common shares. Potential common shares of 540,000 and 536,000, with a weighted average exercise price of $13.00, for the three and six months ended June 30, 2008 and 2009, respectively, are not included in the denominator of the diluted earnings per share calculation as the inclusion of such shares would be anti-dilutive.

The weighted average number of common shares used to compute basic and diluted net income per share for the three and six months ended June 30, 2008 and 2009 were as follows:

	Three months ended June 30,		Six months ended June 30,	
	2008	2009	2008	2009
Weighted average basic common shares outstanding	19,712,811	19,727,048	19,712,811	19,719,969
Assumed exercise of stock options	1,000,430	962,476	1,008,263	982,118
Weighted average diluted common shares outstanding	20,713,241	20,689,524	20,721,074	20,702,087

11. Subsequent Events

Under the guidance of SFAS 165, the Company's management has evaluated subsequent event activity through August 10, 2009, the date that these financial statements were issued to the Securities and Exchange Commission in accordance with the Exchange Act. As a result of the evaluation, it was determined that no material subsequent events have occurred that would require additional adjustments or disclosures to the accompanying financial statements of the Company.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATION

The following discussion should be read in conjunction with the accompanying consolidated financial statements as of December 31, 2008 and June 30, 2009 and for the three and six months ended June 30, 2008 and 2009 and with our annual report on Form 10-K for the year ended December 31, 2008 (the "2008 Annual Report"). In addition to historical information, this discussion contains forward-looking statements that involve risks, uncertainties and assumptions that could cause actual results to differ materially from management's expectations. Factors that could cause such differences are discussed herein under the captions labeled "Cautionary Statement Concerning Forward-Looking Statements and Information" and "Risk Factors," as well as in the 2008 Annual Report. We assume no obligation to update any of these forward-looking statements.

Overview

We are a leading specialty contractor serving the electrical infrastructure market in the United States. We are one of the largest national contractors servicing the T&D sector of the United States electric utility industry. Our T&D customers include more than 125 electric utilities, cooperatives and municipalities nationwide. Our broad range of services includes design, engineering, procurement, construction, upgrade, maintenance and repair services with a particular focus on construction, maintenance and repair throughout the continental United States. We also provide C&I electrical contracting services to facility owners and general contractors in the western United States.

We had consolidated revenues for the six months ended June 30, 2009 of $295.9 million, of which 75.9% was attributable to our T&D customers and 24.1% was attributable to our C&I customers. For the six months ended June 30, 2009, our net income and EBITDA(1) were $7.2 million and $18.9 million, respectively, compared to $9.4 million and $21.5 million for the six months ended June 30, 2008.

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(1) EBITDA, a performance measure used by management, is defined as net income plus interest income and expense, provision for income taxes and depreciation and amortization, as shown in the table below. EBITDA is not defined under U.S. generally accepted accounting principles ("U.S. GAAP"), and does not purport to be an alternative to net income as a measure of operating performance or to net cash flows provided by operating activities as a measure of liquidity. Because not all companies use identical calculations, this presentation of EBITDA may not be comparable to other similarly-titled measures of other companies. We use, and we believe investors benefit from the presentation of, EBITDA in evaluating our operating performance because it provides us and our investors with an additional tool to compare our operating performance on a consistent basis by removing the impact of certain items that management believes do not directly reflect our core operations. We believe that EBITDA is useful to investors and other external users of our financial statements in evaluating our operating performance and cash flow because EBITDA is widely used by investors to measure a company's operating performance without regard to items such as interest expense, taxes, depreciation and amortization, which can vary substantially from company to company depending upon accounting methods and book value of assets, capital structure and the method by which assets were acquired.

However, using EBITDA as a performance measure has material limitations as compared to net income, or other financial measures as defined under U.S. GAAP as it excludes certain recurring items which may be meaningful to investors. EBITDA excludes interest expense or interest income; however, as we have borrowed money in order to finance transactions and operations, or invested available cash to generate interest income, interest expense and interest income are elements of our cost structure and ability to generate revenue and returns for our stockholders. Further, EBITDA excludes depreciation and amortization; however, as we use capital and intangible assets to generate revenues, depreciation and amortization are a necessary element of our costs and ability to generate revenue. Finally, EBITDA excludes income taxes; however, as we are organized as a corporation, the payment of taxes is a necessary element of our operations. As a result of these exclusions from EBITDA, any measure that excludes interest expense, interest income, depreciation and amortization and income taxes has material limitations as compared to net income. When using EBITDA as a performance measure, management compensates for these limitations by comparing EBITDA to net income in each period, so as to allow for the comparison of the performance of the underlying core operations with the overall performance of the company on a full-cost, after tax basis. Using both EBITDA and net income to evaluate the business allows management and investors to (a) assess our relative performance against our competitors, and (b) ultimately monitor our capacity to generate returns for our stockholders.

The following table provides a reconciliation of net income to EBITDA:

(dollars in thousands)	For the three months ended June 30, 2008	For the three months ended June 30, 2009	For the six months ended June 30, 2008	For the six months ended June 30, 2009
Reconciliation of Net Income to EBITDA:				
Net Income	$ 4,602	$ 4,315	$ 9,421	$ 7,198
Add/(subtract):				
Interest expense (income), net	135	167	257	267
Provision for income taxes	3,198	2,953	6,547	4,942
Depreciation & amortization	2,596	3,214	5,296	6,463
EBITDA	$ 10,531	$ 10,649	$ 21,521	$ 18,870

We also use EBITDA as a liquidity measure. We believe this financial measure is important in analyzing our liquidity because it is a key component of certain material covenants contained within our syndicated credit facility (the "Credit Agreement"). Non-compliance with these financial covenants under the Credit Agreement—our interest coverage ratio and our leverage ratio—could result in our lenders requiring us to immediately repay all amounts borrowed. If we anticipated a potential covenant violation, we would seek relief from our lenders, likely causing us to incur additional cost, and such relief might not be available, or if available, might not be on terms as favorable as those in the Credit Agreement. In addition, if we cannot satisfy these financial covenants, we would be prohibited under the Credit Agreement from engaging in certain activities, such as incurring additional indebtedness, making certain payments, and acquiring or disposing of assets. Based on the information above, management believes that the presentation of EBITDA as a liquidity measure is useful to investors and relevant to their assessment of our capacity to service, or incur, debt.

The following table provides a reconciliation of EBITDA to net cash flows provided by (used in) operating activities:

(dollars in thousands)	For the three months ended June 30, 2008	For the three months ended June 30, 2009	For the six months ended June 30, 2008	For the six months ended June 30, 2009
Reconciliation of EBITDA to Net Cash Flows Provided By (Used In) Operating Activities:				
EBITDA	$ 10,531	$ 10,649	$ 21,521	$ 18,870
Add/(subtract):				
Interest income (expense), net	(135)	(167)	(257)	(267)
Provision for income taxes	(3,198)	(2,953)	(6,547)	(4,942)
Depreciation & amortization	(2,596)	(3,214)	(5,296)	(6,463)
Adjustments to reconcile net income to net cash flows provided by (used in) operating activities	2,509	3,313	5,312	6,757
Changes in operating assets and liabilities	(7,115)	9,538	(3,608)	2,623
Net cash flows provided by (used in) operating activities	$ (4)	$ 17,166	$ 11,125	$ 16,578

Our historical growth has been driven primarily by successful bids for, and execution of, several large projects, our ability to continue to capitalize on increased infrastructure spending in our markets and the breadth of our customer base. We believe our centralized fleet and skilled workforce provide us with a competitive advantage as increased spending in the transmission infrastructure market has resulted in an increased demand for a limited supply of specialized equipment and labor. We expect to continue to grow our business organically, as well as selectively consider strategic acquisitions that may improve our competitive position within our existing markets, expand our geographic footprint or strengthen our fleet.

Long-Term Incentive Plan

Total stock compensation expense related to option grants under our 2007 Long-Term Incentive Plan (the "LTIP") was approximately $459,000 and $462,000 for the six months ended June 30, 2008 and 2009, respectively, based upon a weighted-average grant date fair value of approximately $6.87 per share, excluding the impact of expected forfeitures.

As of June 30, 2009, there was approximately $2.3 million of total unrecognized compensation cost related to stock options granted under the LTIP. This cost is expected to be recognized over a weighted average vesting period of 2.49 years. Total unrecognized compensation cost will be adjusted for any future changes in estimated and actual forfeitures.

Backlog

As of June 30, 2009, our backlog was approximately $316.6 million, consisting of $232.1 million and $84.5 million in our T&D and C&I segments, respectively. As of June 30, 2008, our backlog was approximately $240.5 million, consisting of $155.0 million and $85.5 million in our T&D and C&I segments, respectively. Changes in backlog from period to period are primarily the result of normal fluctuations in contracts and projects.

We refer to our estimated revenue on uncompleted contracts, including the amount of revenue on contracts for which work has not begun, minus the revenue we have recognized under such contracts, as "backlog." We calculate backlog differently for different types of contracts. For our fixed-price contracts, we include the full remaining portion of the contract in our calculation of backlog. For our unit-price, time-and-equipment, time-and-materials and cost-plus contracts, our projected revenue for a three-month period is included in the calculation of backlog, regardless of the duration of the contract, which typically exceeds such three-month period. These types of contracts are generally awarded as part of master service agreements ("MSAs") which typically have a one- to three-year duration from execution. Given the duration of our contracts and MSAs and our method of calculating backlog, our backlog at any point in time may not accurately represent the revenue that we expect to realize during any period and our backlog as of the end of a fiscal year may not be indicative of the revenue we expect to earn in the following fiscal year and should not be viewed or relied upon as a stand-alone indicator.

Certain of the projects that we undertake are not completed in one accounting period. Revenue on construction contracts is recorded on the percentage-of-completion accounting method determined by the ratio of cost incurred to date on the contracts (excluding uninstalled direct materials) to management's estimates of total contract costs. Projected losses are provided for in their entirety when identified. There can be no assurance as to our customers' requirements or that our estimates of existing and future needs under MSAs, or the values of our cost or time-dependent contracts, are accurate and, therefore, our backlog may not be reflected in our actual revenues.

Project Bonding Requirements

Approximately 37.6% and 19.8% of our business by revenue for the six months ended June 30, 2009 and 2008, respectively, required surety bonds or other means of financial assurance to secure contractual performance. If we fail to perform or pay subcontractors and vendors, the customer may demand that the surety provide services or make payments under the bond. We must reimburse the surety for any expenses or outlays it incurs. To date, we have not been required to make any reimbursements to our surety for claims against the bonds. As of June 30, 2009, the total amount of bonded backlog was approximately $166.0 million, which represented approximately 52.7% of our backlog.

Consolidated Results of Operations

The following table sets forth selected statements of operations data and such data as a percentage of revenues for the period indicated (dollars in thousands):

	For the three months ended June 30,				For the six months ended June 30,			
	2008		2009		2008		2009	
	Amount	Percent	Amount	Percent	Amount	Percent	Amount	Percent
Contract revenues	$147,170	100.0%	$162,923	100.0%	$283,933	100.0%	$295,858	100.0%
Contract costs	127,202	86.4	144,146	88.5	243,765	85.9	260,048	87.9
Gross profit	19,968	13.6	18,777	11.5	40,168	14.1	35,810	12.1
Selling, general and administrative expenses	12,236	8.3	11,361	7.0	24,154	8.5	23,335	7.9
Amortization of intangible assets	84	0.1	83	0.1	167	0.1	167	0.1
Gain on sale of property and equipment	(337)	(0.2)	(153)	(0.1)	(485)	(0.2)	(210)	(0.1)
Income from operations	7,985	5.4	7,486	4.5	16,332	5.7	12,518	4.2
Other income (expense)								
Interest income	239	0.2	52	—	659	0.2	174	0.1
Interest expense	(374)	(0.3)	(219)	(0.1)	(916)	(0.3)	(441)	(0.1)
Other, net	(50)	—	(51)	—	(107)	—	(111)	(0.1)
Income before provision for income taxes	7,800	5.3	7,268	4.4	15,968	5.6	12,140	4.1
Income tax expense	3,198	2.2	2,953	1.8	6,547	2.3	4,942	1.7
Net income	$ 4,602	3.1%	$ 4,315	2.6%	$ 9,421	3.3%	$ 7,198	2.4%

Three Months Ended June 30, 2008 Compared to Three Months Ended June 30, 2009

Revenues. Revenues increased approximately $15.8 million, or 10.7%, from $147.2 million for the three months ended June 30, 2008 to $162.9 million for the three months ended June 30, 2009. The increase in revenues was mostly due to increased activity in a few large T&D projects (contracts with values greater than $10.0 million). This increase was offset by the reduction of revenues from smaller T&D projects (less than $3.0 million in contract value) that were in production during the second quarter of 2009 as compared to 2008, as well as an overall reduction in revenues in the C&I segment. The reduction of revenues in the C&I segment was due to the current economic environment which has caused an overall reduction in spending and an increase in bidding competition.

Gross Profit. Gross profit decreased $1.2 million, or 6.0%, from $20.0 million for the three months ended June 30, 2008 to $18.8 million for the three months ended June 30, 2009. As a percentage of overall revenues, gross margin decreased from 13.6% for the three months ended June 30, 2008 to 11.5% for the three months ended June 30, 2009. The higher gross profit during the three months ended June 30, 2008 versus the same period in 2009 was mainly attributable to strong performance and increased margins on a few large contracts that resulted in approximately $2.1 million in incremental gross profit during the three months ended June 30, 2008. These large projects in 2008 were not replaced by projects with similar margins in the second quarter of 2009. Additionally, we experienced an increase in the estimated costs to complete certain T&D contracts that resulted in a reduction to gross margin of approximately $1.3 million for the three months ended June 30, 2009.

Selling, General and Administrative Expenses. Selling, general and administrative expenses decreased approximately $0.9 million, or 7.2%, from $12.2 million for the three months ended June 30, 2008 to $11.4 million for the three months ended June 30, 2009. The decrease related primarily to a decrease in profit sharing and other incentive compensation accruals offset by annual salary increases and other incremental employee benefit costs. As a percentage of revenues, these expenses decreased from 8.3% for the three months ended June 30, 2008 to 7.0% for the three months ended June 30, 2009.

Gain on Sale of Property and Equipment. Gains from the sale of property and equipment decreased from $0.3 million for the three months ended June 30, 2008 to $0.2 million for the three months ended June 30, 2009. The overall gains from the sale of property and equipment are due to the timing of the routine sale of such items, as we regularly dispose of property and equipment that are no longer useful or valuable to our ongoing operations.

Interest Income. Interest income decreased from $0.2 million for the three months ended June 30, 2008 to $0.1 million for the three months ended June 30, 2009 due to the overall decrease in interest rates earned on our cash balance.

Interest Expense. Interest expense decreased from $0.4 million for the three months ended June 30, 2008 to $0.2 million for the three months ended June 30, 2009 due to the overall decrease in the interest rates applied to our outstanding borrowings.

Provision for Income Taxes. The provision for income taxes was $3.2 million for the three months ended June 30, 2008, with an effective tax rate of 41.0% compared to $3.0 million for the three months ended June 30, 2009, with an effective tax rate of 40.6%.

Segment Results

The following table sets forth, for the periods indicated, statements of operations data by segment in thousands of dollars, segment net sales as percentage of total net sales and segment operating income as a percentage of segment net sales.

	Three months ended June 30,			
	2008		2009	
(dollars in thousands)	Amount	Percent	Amount	Percent
Contract revenues:				
Transmission & Distribution	$105,961	72.0%	$124,873	76.6%
Commercial & Industrial	41,209	28.0	38,050	23.4
Total	$147,170	100.0	$162,923	100.0
Operating income (loss):				
Transmission & Distribution	$ 9,788	9.2	$ 8,881	7.1
Commercial & Industrial	3,922	9.5	3,600	9.5
Total	13,710	9.3	12,481	7.7
Corporate	(5,725)	(3.9)	(4,995)	(3.1)
Consolidated	$ 7,985	5.4%	$ 7,486	4.6%

Transmission & Distribution

Revenues for our T&D segment for the three months ended June 30, 2008 were $106.0 million compared to $124.9 million for the three months ended June 30, 2009, an increase of $18.9 million or 17.8%. The increase in the revenues was the result of a significant increase in revenues from a few large transmission projects (contracts with values greater than $10.0 million) partially offset by a reduction in revenues from smaller distribution projects (less than $3.0 million in contract value) that were in production during the second quarter of 2009 as compared to 2008.

Operating income for our T&D segment for the three months ended June 30, 2008 was $9.8 million compared to $8.9 million for the three months ended June 30, 2009, a decrease of $0.9 million or 9.3%. As a percentage of revenues, operating income decreased from 9.2% for the three months ended June 30, 2008 to 7.1% for the three months ended June 30, 2009. The higher operating income in the T&D segment during the three months ended June 30, 2008 versus the same period in 2009 was mainly attributable to strong performance and increased margins on a few large contracts that resulted in approximately $1.1 million in incremental gross profit during the three months ended June 30, 2008. These large projects in 2008 have not been replaced by projects with similar margins in the second quarter of 2009. Additionally, we experienced an increase in our estimated costs to complete certain contracts that resulted in a reduction to gross margin of approximately $1.3 million for the three months ended June 30, 2009.

Commercial & Industrial

Revenues for our C&I segment for the three months ended June 30, 2008 were $41.2 million compared to $38.0 million for the three months ended June 30, 2009, a decrease of $3.2 million or 7.7%. The decrease in revenues was due mainly to the current economic environment which has caused an overall reduction in spending and an increase in bidding competition.

Operating income for our C&I segment for the three months ended June 30, 2008 was $3.9 million compared to $3.6 million for the three months ended June 30, 2009, a decrease of $0.3 million or 8.2%. As a percentage of revenues, operating income remained constant at 9.5% for the three months ended June 30, 2008 and 2009. The operating income in the C&I segment benefited from strong performance and increased margins on a few large contracts that resulted in approximately $1.0 million in incremental gross profit during both the three months ended June 30, 2008 and 2009.

Six Months Ended June 30, 2008 Compared to Six Months Ended June 30, 2009

Revenues. Revenues increased approximately $11.9 million, or 4.2%, from $283.9 million for the six months ended June 30, 2008 to $295.9 million for the six months ended June 30, 2009. The increase in revenues was mostly due to increased activity in a few large T&D projects (contracts with values greater than $10.0 million). This increase was offset by the reduction of revenues from smaller T&D projects (less than $3.0 million in contract value) that were in production during the first half of 2009 as compared to 2008, as well as an overall reduction in revenues in the C&I segment. The reduction of revenues in the C&I segment was due to the current economic environment which has caused an overall reduction in spending and an increase in bidding competition.

Gross Profit. Gross profit decreased $4.4 million, or 10.8%, from $40.2 million for the six months ended June 30, 2008 to $35.8 million for the six months ended June 30, 2009. As a percentage of overall revenues, gross margin decreased from 14.1% for the six months ended June 30, 2008 to 12.1% for the six months ended June 30, 2009. The higher gross profit during the six months ended June 30, 2008 versus the same period in 2009 was mainly attributable to strong performance and increased margins on a few large contracts that resulted in approximately $4.2 million in incremental gross profit during the six months ended June 30, 2008. These large projects in 2008 were not replaced by projects with similar margins in the first half of 2009. Additionally, we experienced an increase in the estimated costs to complete certain T&D contracts that resulted in a reduction to gross margin of approximately $2.3 million for the six months ended June 30, 2009.

Selling, General and Administrative Expenses. Selling, general and administrative expenses decreased approximately $0.8 million, or 3.4%, from $24.2 million for the six months ended June 30, 2008 to $23.3 million for the six months ended June 30, 2009. The decrease related primarily to a decrease in profit sharing and other incentive compensation accruals offset by annual salary increases and other incremental employee benefit costs. As a percentage of revenues, these expenses decreased from 8.5% for the six months ended June 30, 2008 to 7.9% for the six months ended June 30, 2009.

Gain on Sale of Property and Equipment. Gains from the sale of property and equipment decreased from $0.5 million for the six months ended June 30, 2008 to $0.2 million for the six months ended June 30, 2009. The overall gains from the sale of property and equipment are due to the timing of the routine sale of such items, as we regularly dispose of property and equipment that are no longer useful or valuable to our ongoing operations.

Interest Income. Interest income decreased from $0.7 million for the six months ended June 30, 2008 to $0.2 million for the six months ended June 30, 2009 due to the overall decrease in interest rates earned on our cash balance.

Interest Expense. Interest expense decreased from $0.9 million for the six months ended June 30, 2008 to $0.4 million for the six months ended June 30, 2009 due to the overall decrease in the interest rates applied to our outstanding borrowings.

Provision for Income Taxes. The provision for income taxes was $6.5 million for the six months ended June 30, 2008, with an effective tax rate of 41.0% compared to $4.9 million for the six months ended June 30, 2009, with an effective tax rate of 40.7%.

Segment Results

The following table sets forth, for the periods indicated, statements of operations data by segment in thousands of dollars, segment net sales as percentage of total net sales and segment operating income as a percentage of segment net sales.

	Six months ended June 30,			
	2008		2009	
(dollars in thousands)	Amount	Percent	Amount	Percent
Contract revenues:				
Transmission & Distribution	$204,533	72.0%	$224,550	75.9%
Commercial & Industrial	79,400	28.0	71,308	24.1
Total	$283,933	100.0	$295,858	100.0
Operating income (loss):				
Transmission & Distribution	$ 19,957	9.8	$ 16,259	7.2
Commercial & Industrial	7,274	9.2	6,282	8.8
Total	27,231	9.6	22,541	7.6
Corporate	(10,899)	(3.8)	(10,023)	(3.4)
Consolidated	$ 16,332	5.8%	$ 12,518	4.2%

Transmission & Distribution

Revenues for our T&D segment for the six months ended June 30, 2008 were $204.5 million compared to $224.6 million for the six months ended June 30, 2009, an increase of approximately

$20.0 million or 9.8%. The increase in the revenues was the result of a significant increase in revenues from a few large transmission projects (contracts with values greater than $10.0 million) partially offset by a reduction in revenues from smaller distribution projects (less than $3.0 million in contract value) that were in production during the first half of 2009 as compared to 2008. Revenues from transmission projects increased from 63.3% of T&D segment revenue for the six months ended June 30, 2008 to 75.4% of T&D segment revenue for the six months ended June 30, 2009. Additionally, we provided 44.6% and 32.7% of our T&D services under fixed price contracts for the six months ended June 30, 2008 and 2009, respectively.

Operating income for our T&D segment for the six months ended June 30, 2008 was $20.0 million compared to $16.3 million for the six months ended June 30, 2009, a decrease of $3.7 million or 18.5%. As a percentage of revenues, operating income decreased from 9.8% for the six months ended June 30, 2008 to 7.2% for the six months ended June 30, 2009. The higher operating income in the T&D segment during the six months ended June 30, 2008 versus the same period in 2009 was mainly attributable to strong performance and increased margins on a few large contracts that resulted in approximately $2.5 million in incremental gross profit during the six months ended June 30, 2008. These large projects in 2008 have not been replaced by projects with similar margins in the first half of 2009. Additionally, we experienced an increase in our estimated costs to complete certain contracts that resulted in a reduction to gross margin of approximately $2.3 million for the six months ended June 30, 2009.

Commercial & Industrial

Revenues for our C&I segment for the six months ended June 30, 2008 were $79.4 million compared to $71.3 million for the six months ended June 30, 2009, a decrease of $8.1 million or 10.2%. The decrease in revenues was due mainly to the current economic environment which has caused an overall reduction in spending and an increase in bidding competition. Additionally, we provided 49.9% and 44.3% of our C&I services under fixed price contracts for the six months ended June 30, 2008 and 2009, respectively.

Operating income for our C&I segment for the six months ended June 30, 2008 was $7.3 million compared to $6.3 million for the six months ended June 30, 2009, a decrease of $1.0 million or 13.6%. As a percentage of revenues, operating income decreased from 9.2% for the six months ended June 30, 2008 to 8.8% for the six months ended June 30, 2009. The operating income in the C&I segment benefited from strong performance and increased margins on a few large contracts that resulted in approximately $1.7 million and $1.3 million in incremental gross profit during the six months ended June 30, 2008 and 2009, respectively.

Liquidity and Capital Resources

Cash Requirements

Our cash and cash equivalents on hand totaled $44.0 million as of June 30, 2009. We anticipate that our cash and cash equivalents on hand, our $60.0 million borrowing availability under the Credit Agreement, and our future cash flow from operations will provide sufficient cash to enable us to meet our future operating needs, debt service requirements, planned capital expenditures and to facilitate our future ability to grow. Although we believe that we have adequate cash and availability under our credit facility to meet these needs, our anticipated participation in certain significant large-scale initiatives to rebuild the United States electric power grid may require additional working capital, depending upon the size and duration of the project and the financial terms of the underlying agreement.

Sources and Uses of Cash

As of June 30, 2009, we had cash and cash equivalents of $44.0 million, positive working capital of $66.0 million, and long-term liabilities in the amount of $43.4 million, which consisted of the long-term portion of our term loan facility, deferred taxes and deferred compensation obligations. We also had a $15.0 million letter of credit outstanding under the Credit Agreement. During the six months ended June 30, 2009, operating activities associated with our T&D and C&I segments resulted in net cash flows provided by operations of $16.6 million compared to net cash flows provided by operations of $11.1 million for the six months ended June 30, 2008. Cash flow from operations is primarily influenced by demand for our services, operating margins and the type of services we provide our customers. During the six months ended June 30, 2009, we used net cash in investing activities of $14.7 million, including $15.0 million used for capital expenditures, offset by $0.3 million of proceeds from the sale of property and equipment.

Debt Instruments

On August 31, 2007, we entered into an agreement for a $125.0 million senior secured credit facility which provides for a $75.0 million revolving credit line (which may be increased or decreased in accordance with the terms of the related credit agreement) and a $50.0 million term loan facility. At our option, borrowings under the Credit Agreement bear interest at either (1) the greater of a prime rate or the Federal funds rate plus a spread based upon our leverage ratio or (2) an adjusted London Interbank Offered Rate ("LIBOR") plus a spread based upon our leverage ratio. There were $30.0 million of borrowings outstanding currently accruing interest at 1.3125% (which is equal to an adjusted one-month LIBOR plus a spread of 1.0%) at June 30, 2009. As of June 30, 2009, we had a $15.0 million letter of credit outstanding, which reduced our borrowing capacity under the revolving credit line. The Credit Agreement expires on August 31, 2012. We had $60.0 million available under the Credit Agreement as of June 30, 2009.

The terms of the Credit Agreement require, among other things, that we adhere to a maximum leverage ratio and maintain a minimum EBITDA-based interest coverage ratio, both of which are defined under the Credit Agreement and determined on a rolling four consecutive quarter basis. The EBITDA-based interest coverage ratio covenant requires us to have a ratio of EBITDA to interest expense of not less than 3.0 to 1.0. We are also required to have a leverage ratio of no more than 3.0 to 1.0. As of June 30, 2009, our interest coverage ratio was in excess of 39.0 to 1.0 and our leverage ratio was less than 1.0 to 1.0, both within the required covenant levels permitted under the Credit Agreement.

The Credit Agreement also includes other specific limits or restrictions on additional indebtedness, liens and capital expenditure activity. Our obligations under the Credit Agreement are secured by a lien on all of our property (including the capital stock of our subsidiaries) other than any property subject to a certificate of title, subject to a lease or similar interest and our real property and fixtures. As of June 30, 2009, we were in compliance with all applicable debt covenants.

Off-Balance Sheet Transactions

As is common in our industry, we have entered into certain off-balance sheet arrangements in the ordinary course of business that result in risks not directly reflected in our balance sheets. Our significant off-balance sheet transactions include liabilities associated with non-cancelable operating leases, letter of credit obligations and surety guarantees entered into in the normal course of business. We have not engaged in any off-balance sheet financing arrangements through special purpose entities.

Leases

We enter into non-cancelable operating leases for many of our facility, vehicle and equipment needs. These leases allow us to conserve cash by paying a monthly lease rental fee for the use of facilities, vehicles and equipment rather than purchasing them. We may decide to cancel or terminate a lease before the end of its term, in which case we are typically liable to the lessor for the remaining lease payments under the term of the lease.

We have guaranteed the residual value of the underlying assets under certain of our equipment operating leases at the date of termination of such leases. We have agreed to pay any difference between this residual value and the fair market value of each underlying asset as of the lease termination date. As of June 30, 2009, the maximum guaranteed residual value was approximately $1.9 million. We believe that no significant payments will be made as a result of the difference between the fair market value of the leased equipment and the guaranteed residual value. However, there can be no assurance that future significant payments will not be required.

We typically have purchase options on the equipment underlying our long term operating leases and many of our short term rental arrangements. We continue to exercise many of these purchase options as the need for equipment is on-going.

Letters of Credit

Certain of our vendors require letters of credit to ensure reimbursement for amounts they are disbursing on our behalf, such as to beneficiaries under our insurance programs. In addition, from time-to-time some customers require us to post letters of credit to ensure payment to our subcontractors and vendors under those contracts and to guarantee performance under our contracts. Such letters of credit are generally issued by a bank or similar financial institution. The letter of credit commits the issuer to pay specified amounts to the holder of the letter of credit if the holder claims that we have failed to perform specified actions in accordance with the terms of the letter of credit. If this were to occur, we would be required to reimburse the issuer of the letter of credit. Depending on the circumstances of such a reimbursement, we may also have to record a charge to earnings for the reimbursement. We do not believe that it is likely that any claims will be made under any letter of credit in the foreseeable future.

As of June 30, 2009, we had a $15.0 million letter of credit outstanding under the Credit Agreement primarily to secure obligations under our casualty insurance program. This irrevocable stand-by letter of credit has a current maturity date of December 1, 2009; however, upon maturity, we expect that this letter of credit will be renewed for another one-year period.

Surety Bonds

Many customers, particularly in connection with new construction, require us to post performance and payment bonds issued by a financial institution known as a surety. These bonds provide a guarantee to the customer that we will perform under the terms of a contract and that we will pay subcontractors and vendors. If we fail to perform under a contract or to pay subcontractors and vendors, the customer may demand that the surety make payments or provide services under the bond. We must reimburse the surety for any expenses or outlays it incurs. Under our continuing indemnity and security agreement with the surety, with the consent of our lenders under the Credit Agreement, we have granted security interests in certain of our assets to collateralize our obligations to the surety. We may be required to post letters of credit or other collateral in favor of the surety or our customers. Posting letters of credit in favor of the surety or our customers would reduce the borrowing availability under the Credit Agreement. To date, we have not been required to make any reimbursements to the surety for bond-related costs. We believe that it is unlikely that we will have to fund significant claims under our surety arrangements in the foreseeable future. As of June 30, 2009, an aggregate of approximately $413.4 million in original face amount of bonds issued by the surety were outstanding. Our estimated cost to complete these bonded projects was approximately $150.1 million as of June 30, 2009.

New Accounting Pronouncements

For a discussion regarding new accounting pronouncements, please refer to Note 2. "Basis of Presentation—Recently Issued Accounting Pronouncements" in the accompanying Notes to Consolidated Financial Statements.

Critical Accounting Policies

The discussion and analysis of our financial condition and results of operations are based on our consolidated financial statements, which have been prepared in accordance with U.S. GAAP. The preparation of these consolidated financial statements requires us to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosures of contingent assets and liabilities known to exist at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. We evaluate our estimates on an ongoing basis, based on historical experience and on various other assumptions that are believed to be reasonable under the circumstances. There can be no assurance that actual results will not differ from those estimates. For further information regarding our critical accounting policies and estimates, please refer to Item 7. "Management's Discussion and Analysis of Financial Condition and Results of Operations—Critical Accounting Policies" included in the 2008 Annual Report and Note 2. "Basis of Presentation—Recently Issued Accounting Pronouncements" in the accompanying Notes to Consolidated Financial Statements.

Cautionary Statement Concerning Forward-Looking Statements and Information

We are including the following discussion to inform you of some of the risks and uncertainties that can affect our company and to take advantage of the protections for forward-looking statements that applicable federal securities law affords.

Various statements this quarterly report on Form 10-Q contain, including those that express a belief, expectation, or intention, as well as those that are not statements of historical fact, 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, revenue, 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. The forward-looking statements in this quarterly report on Form 10-Q speak only as of the date of this quarterly report on Form 10-Q; we disclaim any obligation to update these statements (unless required by securities laws), and we caution you not to rely on them unduly. 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. These and other important factors, including those discussed in Item 1A. "Risk Factors" in our 2008 Annual Report, 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.

These risks, contingencies and uncertainties include, but are not limited to, the following:

- our operating results may vary significantly from year to year;

- we are unable to predict the impact of the current downturn in the financial markets and the resulting constraints in obtaining financing on our business and financial results;
- the recent instability of the financial markets and adverse economic conditions could have a material adverse effect on the ability of our customers to perform their obligations to us and on the demand for our services;
- demand for our services is cyclical and vulnerable to industry downturns and regional and national downturns, which may be amplified by the current economic downturn;
- our industry is highly competitive;
- we may be unsuccessful in generating internal growth;
- many of our contracts may be canceled upon short notice and we may be unsuccessful in replacing our contracts if they are canceled or as they are completed or expire;
- backlog may not be realized or may not result in profits;
- the Energy Policy Act of 2005 may fail to result in increased spending on electric power transmission infrastructure and the current economic downturn in the United States may lead to cancellations or delays of related projects;
- we may not benefit from the passage of the American Recovery and Reinvestment Act of 2009;
- our use of percentage-of-completion accounting could result in a reduction or elimination of previously recognized profits;
- our actual costs may be greater than expected in performing our fixed price and unit price contracts;
- our financial results are based upon estimates and assumptions that may differ from actual results;
- we insure against many potential liabilities and our reserves for estimated losses may be less than our actual losses;
- we may incur liabilities or suffer negative financial impacts relating to occupational health and safety matters;
- we may pay our suppliers and subcontractors before receiving payment from our customers for the related services;
- we extend credit to customers for purchases of our services, and in the past we have had, and in the future we may have, difficulty collecting receivables from customers that experience financial difficulties;
- we derive a significant portion of our revenues from a few customers, and the loss of one or more of these customers could have a material adverse effect on our financial condition, results of operations and cash flows;
- a significant portion of our business depends on our ability to provide surety bonds and we may be unable to compete for or work on certain projects if we are not able to obtain the necessary surety bonds;
- our bonding requirements may limit our ability to incur indebtedness;
- inability to hire or retain key personnel could disrupt business;
- our unionized workforce could adversely affect our operations;
- our business is labor intensive and we may be unable to attract and retain qualified employees;
- inability to perform our obligations under engineering, procurement and construction contracts may adversely affect our business;
- we require subcontractors to assist us in providing certain services and we may be unable to retain the necessary subcontractors to complete certain projects;

- our business growth could outpace the capability of our internal infrastructure;
- seasonal and other variations, including severe weather conditions, may cause significant fluctuations in our financial condition, results of operations and cash flows;
- increases in the costs of certain materials and fuel could reduce our operating margins;
- we could incur liquidated damages or other damages if we do not complete our projects in the time allotted under the applicable contract or we may be required to perform additional work if our services do not meet certain standards of quality;
- the timing of new contracts may result in unpredictable fluctuations in our cash flow and profitability;
- our failure to comply with environmental laws could result in significant liabilities;
- opportunities within the governmental arena could lead to increased governmental regulation applicable to us;
- if we fail to integrate future acquisitions successfully, our financial condition, results of operations and cash flows could be adversely affected;
- our business may be affected by difficult work environments;
- failure to establish and maintain effective internal control over financial reporting could have a material adverse effect on our business, our operating results and the value of our common stock; and
- provisions in our organizational documents and under Delaware law could delay or prevent a change of control of our company, which could adversely affect the price of our common stock.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

As of June 30, 2009, we did not have any derivative instruments. We did not use any material derivative financial instruments during the six months ended June 30, 2008 and 2009, including trading or speculation on changes in interest rates, or commodity prices of materials used in our business.

We are subject to concentrations of credit risk related to our cash and cash equivalents and accounts receivable. Substantially all of our cash investments are managed by what we believe to be high credit quality financial institutions. Our primary cash investments include money market funds and short term certificates of deposit. Although we do not currently believe the principal amounts of these cash investments are subject to any material risk of loss, the recent volatility in the financial markets will likely continue to significantly impact the interest income we receive from these cash investments.

Additionally, we grant credit under normal payment terms, generally without collateral, to our customers, which include electric power companies, governmental entities, general contractors and builders, owners and managers of commercial and industrial properties located in the United States. Consequently, we are subject to potential credit risk related to changes in business and economic factors throughout the United States. However, we generally have certain statutory lien rights with respect to services provided. Under certain circumstances such as foreclosures or negotiated settlements, we may take title to the underlying assets in lieu of cash in settlement of receivables. We also perform ongoing internal credit risk assessments of our customers, as well as extensive due diligence on new customers. No customer accounted for more than 13.2% and 9.9% of revenues for the six months ended June 30, 2008 and 2009, respectively. Management believes the terms and conditions in its contracts, billing and collection policies are adequate to minimize the potential credit risk.

Borrowings under the Credit Agreement are based upon an interest rate that will vary depending upon the prime rate, the Federal funds rate and LIBOR. If we borrow additional amounts under the Credit Agreement, the interest rate on those borrowings will also be variable. If the prime rate, Federal funds rate or LIBOR rise, our interest payment obligations will increase and have a negative effect on our cash flow and financial condition. We currently do not maintain any hedging contracts that would limit our exposure to variable rates of interest. As of June 30, 2009, we had $30 million of borrowings outstanding under the Credit Agreement. The Credit Agreement currently accrues annual interest at one-month LIBOR in effect at each month end plus a spread of 1.00%, based upon our current leverage ratio, as defined in the 2007 Credit Agreement. A 0.125% increase or decrease in the interest rate would have the effect of changing our interest expense by $37,500 per annum.

ITEM 4. CONTROLS AND PROCEDURES

Evaluation of Disclosure Controls and Procedures

We maintain disclosure controls and procedures designed to provide reasonable assurance that information required to be disclosed in the reports we file or submit pursuant to the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the rules and forms of the SEC, and that such information is accumulated and communicated to our management, including our Chief Executive Officer and Chief Financial Officer, as appropriate, to allow timely decisions regarding required disclosure.

Management, together with our Chief Executive Officer and Chief Financial Officer, has evaluated the effectiveness of our disclosure controls and procedures (as defined in Exchange Act Rule 13a-15(e) and 15d-15(e)) as of the end of the period covered by this quarterly report on Form 10-Q. Based upon that evaluation, the Chief Executive Officer and Chief Financial Officer concluded that our disclosure controls and procedures were effective to provide reasonable assurance related to the matters stated in the above paragraph.

Changes in Internal Control Over Financial Reporting

There have been no changes in our internal control over financial reporting during the second quarter ended June 30, 2009 that have materially affected, or that are reasonably likely to materially affect, our internal control over financial reporting.

Limitations on the Effectiveness of Controls

Our management, including our Chief Executive Officer and Chief Financial Officer, does not expect that our disclosure controls and procedures or our internal control over financial reporting will detect or prevent all errors and all fraud. A control system, no matter how well designed and operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met. Further, the design of a control system must reflect the fact that there are resource constraints, and the benefits of controls must be considered relative to their costs. Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate. These inherent limitations include the realities that judgments in decision- making can be faulty, and that breakdowns can occur because of simple error or mistake. Additionally, controls can be circumvented by the individual acts of some persons, by collusion of two or more people, or by management override of the control. The design of any system of controls also is based in part upon certain assumptions about the likelihood of future events, and there can be no assurance that any design will succeed in achieving its stated goals under all potential future conditions. Over time, controls may become inadequate because of changes in conditions, or the degree of compliance with the policies or procedures may deteriorate. Because of the inherent limitations in a cost-effective control system, misstatements due to error or fraud may occur and not be detected.

PART II.—OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

In 2005, one of our subsidiaries was convicted of a criminal misdemeanor for violation of certain Occupational Safety and Health Administration ("OSHA") safety regulations that occurred in 1999. The subsidiary was assessed and paid a fine of $0.5 million and was sentenced to probation for a three-year period, which terminated on December 8, 2008. The subsidiary appealed the conviction and, on April 10, 2009, the Seventh Circuit Court of Appeals reversed the conviction and remanded the case for a new trial. On August 4, 2009, the U.S. Department of Justice notified our subsidiary that it will move to dismiss the case with prejudice.

For further discussion regarding legal proceedings, please refer to Note 9. "Commitments and Contingencies—Litigation and Other Legal Matters" in the accompanying Notes to Consolidated Financial Statements.

ITEM 1A. RISK FACTORS

An investment in our common stock involves various risks. When considering an investment in our company, you should carefully consider all of the risk factors discussed in Item 1A. "Risk Factors" in our 2008 Annual Report as well as any updates to risk factors as described below. These risks and uncertainties are not the only ones facing us and there may be additional matters that are not known to us or that we currently consider immaterial. All of these risks and uncertainties could adversely affect our business, financial condition or future results and, thus, the value of our common stock and any investment in our company.

Our unionized workforce could adversely affect our operations.

As of June 30, 2009, approximately 92% of our field labor employees were covered by collective bargaining agreements. Although the majority of these agreements prohibit strikes and work stoppages, we cannot be certain that strikes or work stoppages will not occur in the future. Strikes or work stoppages would adversely impact our relationships with our customers and could have a material adverse effect on our financial condition, results of operations and cash flows.

Additionally, these agreements may require us to participate with other companies in various multi-employer pension plans. To the extent that we participate in any multi-employer pension plans that are underfunded, the Employee Retirement Income Security Act of 1974, as amended by the Multi-Employer Pension Plan Amendments Act of 1980, may subject us to substantial liabilities under those plans if we were to withdraw from them or if they were terminated. Furthermore, the Pension Protection Act of 2006 (the "PPA") imposes additional funding rules applicable to plan years beginning after 2007 for multi-employer plans that are classified as either "endangered", "seriously endangered" or "critical" status. For a plan that is classified as being in critical status, additional required contributions and benefit reductions could apply.

During the quarter ended June 30, 2009, we were informed that several of the multi-employer plans to which our subsidiaries contribute have been labeled "critical" or "endangered" status as defined by the PPA. Although we are not currently aware of any potential liabilities to us as a result of these plans being classified as critical status, future results could be impacted if we were to be subject to increased contributions under these plans.

ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

None.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES

None.

ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

On May 12, 2009, we held our 2009 Annual Meeting of Stockholders. At the 2009 Annual Meeting, our stockholders elected two Class II directors to hold office until the 2012 Annual Meeting of Stockholders and until their respective successors are elected and qualified, by the following votes:

Jack L. Alexander	For: 12,419,985	Abstain: 4,923,586
Betty R. Johnson	For: 12,423,275	Abstain: 4,920,296

The following Class III directors will continue to hold office until their terms expire in 2010: William A. Koertner, Larry F. Altenbaumer, and William D. Patterson, and the following Class I directors will continue to hold office until their terms expire in 2011: Henry W. Fayne, Gary R. Johnson, and Carter A. Ward.

ITEM 5. OTHER INFORMATION

None.

ITEM 6. EXHIBITS

Number	Description
3.1	Restated Certificate of Incorporation (1)
3.2	Amended and Restated By-Laws (2)
10.1	Amended and Restated 2006 Stock Option Plan †
10.2	Form of Option Award under 2006 Stock Option Plan †
31.1	Certification of Chief Executive Officer pursuant to SEC Rule 13a-14(a)/15d-14(a) †
31.2	Certification of Chief Financial Officer pursuant to SEC Rule 13a-14(a)/15d-14(a) †
32.1	Certification of Chief Executive Officer pursuant to 18 U.S.C. §1350†
32.2	Certification of Chief Financial Officer pursuant to 18 U.S.C. §1350†

(1) Incorporated by reference to the Company's Registration Statement on Form S-1, filed with the SEC on January 25, 2008.

(2) Incorporated by reference to the Company's Registration Statement on Form S-1/A, filed with the SEC on May 13, 2008.

† Filed herewith

SIGNATURE

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.

	MYR GROUP INC. (Registrant)
August 10, 2009	/s/ MARCO A. MARTINEZ
	Vice President, Chief Financial Officer and Treasurer

Exhibit 10.1

Amended and Restated MYR Group Inc. 2006 Stock Option Plan

As Amended May 12, 2009

1. **Purpose**

The purpose of the MYR Group Inc. 2006 Stock Option Plan (the "Plan") is to assist MYR Group Inc. (the "Company") and its Affiliated Companies in attracting and retaining individuals of outstanding ability to serve as employees in positions of responsibility, and to provide them with incentives that will motivate and reward their efforts and contributions towards the success of the Company and its Affiliated Companies.

2. **Definitions**

As used herein, the following terms shall have the following meanings:

"Affiliated Companies" shall mean each direct or indirect subsidiary of the Company.

"Board of Directors" shall mean the Board of Directors of the Company.

"Cause" shall mean, in the event of an existing employment agreement between and Eligible Employee and the Company or any of its Affiliated Companies "Cause" as defined in such employment agreement, and in the absence of any employment agreement between an Eligible Employee and the Company or any of its Affiliated Companies otherwise defining such term, (i) the Eligible Employee's failure or refusal, in any material respect, to perform his or her duties or responsibilities to the Company or any of its Affiliated Companies, or is materially negligent in the performance of those duties, as determined in good faith by three-fifths of the members of Board of Directors (after notice to the Eligible Employee and providing the Eligible Employee an opportunity to meet with the Board of Directors), (ii) the Eligible Employee's conviction of or indicted (or its procedural equivalent) for, or entering a guilty plea or a plea of no contest with respect to, a felony, the equivalent thereof, or any other crime with respect to which imprisonment is a possible punishment, or (iii) the Eligible Employee's material breach of any provision of any employment agreement between the Eligible Employee and the Company or any of its Affiliated Companies.

"Change in Control" shall mean the occurrence of any one of the following events:

(i) there is consummated a merger or consolidation of the Company with any other corporation or other entity, other than (A) a merger or consolidation which would result in the voting securities of the Company outstanding immediately prior thereto continuing to represent (either by remaining outstanding or by being converted into voting securities of the surviving or parent entity) more than 50% of the combined voting power of the voting securities of the Company or such surviving or parent entity outstanding immediately after such merger or consolidation, or (B) a merger or consolidation effected to implement a recapitalization of the Company (or similar transaction) as a result of which no Person, directly or indirectly, will acquire 50% or more of the combined voting power of the Company's then outstanding securities; or

(ii) the stockholders of the Company approve a plan of complete liquidation of the Company or there is consummated an agreement for the sale or disposition by the Company of all or substantially all of the Company's assets (or any transaction having a similar effect), other than a sale or disposition by the Company of all or substantially all of the Company's assets to an entity, at least 50% of the combined voting power of the voting securities of which are owned by stockholders of the Company in substantially the same proportions as their ownership of the Company immediately prior to such sale.

For purposes of (i) above, the term "Person" shall mean a Person as defined in Section 3(a)(9) of the Securities Exchange Act of 1934, as amended, as modified and used in Sections 13(d) and 14(d)(2) thereof, except that such term shall not include (i) any shareholder of the Company or parent of such shareholder, (ii) the Company or any of its Affiliated Companies, (iii) a trustee or other fiduciary holding securities under an employee benefit plan of the Company or any of its Affiliated Companies, (iv) an underwriter temporarily holding securities pursuant to an offering of such securities or (v) a corporation owned, directly or indirectly, by the stockholders of the Company in substantially the same proportions as their ownership of Shares of the Company.

"Closing Date" shall mean March 10, 2006.

"Code" shall mean the Internal Revenue Code of 1986, as amended.

"**Date of Grant**" shall mean, with respect to any Option, the date on which the Board of Directors approves the grant of such Option, or such later date as may be specified as the date of grant in the instrument evidencing the grant of such Option.

"Eligible Employee" shall mean any employee of the Company or any of its Affiliated Companies who, in the sole judgment of the Board of Directors, has made or is expected to make significant contributions to the success of the Company and its Affiliated Companies. An individual employed with any entity other than the Company shall be treated as an Eligible Employee only if such entity is a member of a group of corporations or other entities that includes the Company which is treated as a single "service recipient" for purposes of Treasury regulation §1.409A-1(b)(5)(iii)(A) and (D) For such purposes, the language "at least 50%" shall be used instead of "at least 80%" each place it appears in section 1563(a)(1), (2) and (3) of the Code and in Treas. Reg.§1.414(c)-2.

"Fair Market Value" shall mean the value of a Share as determined by the Board of Directors (i) using a valuation method that satisfies the valuation requirements set forth in IRS Notice 2005-1, Q & A-4(d)(ii), for purposes of determining the exercise price of any Option granted prior to January 1, 2007, and (ii) using a valuation method that satisfies the valuation requirements set forth in Treasury regulation §1.409A-1(b)(5)(iv), for purposes of all other valuations of a Share required to be made under the Plan.

"Internal Rate of Return" shall mean, as of any date of calculation, the internal rate of return realized by the Purchaser on its equity investment in the Company, expressed as the per annum discount rate at which the sum of the following cash flows is equal to zero (assuming discounting on the basis of a year of 365 days and actual days elapsed): (i) the aggregate amount of (A) the purchase price paid by the Purchaser for the Shares acquired by it from FirstEnergy Corp. on the Closing Date, and (B) all amounts paid by the Purchaser to the Company after the Closing Date for the issuance of additional Shares to the Purchaser or as capital contributions to the Company (with each of the amounts referred to in (A) and (B) treated as a negative amount for purposes of any calculation hereunder), and (ii) the aggregate amount of (C) the proceeds realized by the Purchaser upon each sale of Shares held by it to one or more third parties unaffiliated with the Purchaser, and (D) all dividends and other distributions (including any distributions in liquidation or partial liquidation of the Company or distributions by the Company of proceeds realized by it on the sale of any of its assets) paid by the Company to the Purchaser with respect to the Shares held by it. The Internal Rate of Return shall be calculated using the "XIRR" function in Microsoft Excel 2005 or an equivalent function in any other software package approved by the Purchaser.

"Option" shall mean an option to purchase Shares granted under the Plan to an Eligible Employee.

"Option Holder" shall mean any person who, under the provisions of this Plan, holds one or more Options granted to an Eligible Employee under the Plan.

"Performance Requirement" shall mean (a) in the case of any Tranche of any Option granted during 2006, the Performance Requirement applicable to such Tranche under Section 5(e)(ii); and (b) in the case of any Option, or Tranche of any Option, granted after December 31, 2006, any requirement based on the Purchaser's realization of a specified Internal Rate of Return that must be satisfied in order for such Option, or Tranche, to become vested and exercisable.

"Purchaser" shall mean MYR Group Holdings, LLC.

"Shares" shall mean shares of the common stock of the Company.

"Termination of Employment" shall mean, with respect to any Eligible Employee, his or her ceasing to be employed by the Company or any of its Affiliated Companies.

"Tranche" shall mean a portion of an Option, covering a specified percentage of the total number of Shares that may be purchased under the Option, that is subject to requirements for vesting and exercisability that differ in any respect from the requirements for vesting and exercisability of the Option with respect to Shares covered under any other portion of the Option.

3. Shares Available for the Grant of Options

Shares delivered upon the exercise of Options granted under the Plan may be authorized but unissued Shares, or previously issued Shares reacquired by the Company by private purchase or redemption or by purchase on the open market. The number of Shares available for issuance in respect of Options granted under the Plan shall be subject to the following limitations:

(a) The aggregate number of Shares that may be issued in respect of Options granted under the Plan, as determined as of any date, shall not exceed 1,827,409 Shares.

(b) Upon the grant of any Option hereunder, the aggregate number of Shares available for further grants of Options under the Plan shall be reduced by the number of Shares subject to the Option so granted.

(c) There shall be added back to the aggregate number of Shares available for further grants of Options under the Plan, as determined under (a) and (b) above, any Shares as to which an Option granted hereunder has not been exercised at the time of its expiration, cancellation or forfeiture.

(d) The limitations provided in this Section 4 shall be subject to adjustment as provided in Section 8.

4. Grant of Options

Subject to the limitations set forth in Section 3, Options may be granted under the Plan at such times, to such Eligible Employees, for the purchase of such number of Shares, upon such terms and conditions not inconsistent with the provisions of the Plan, as the Board of Directors in its sole discretion may determine.

Each grant of an Option hereunder shall be evidenced by a written instrument in such form as the Board of Directors shall prescribe, setting forth the terms and conditions applicable to such Option. Except as otherwise provided under the Plan, an Option may be granted to any individual Eligible Employee or group of Eligible Employees on terms and conditions that differ from the terms and conditions upon which Options are granted to any other individual Eligible Employee or group of Eligible Employees. The instrument evidencing the grant of any Option shall specify that the Option shall be subject to all of the terms and provisions of the Plan as in effect from time to time subject, however, to the limitation on amendments set forth in Section 12.

5. Terms and Conditions for Options

Options under the Plan shall be granted subject to the terms and conditions set forth below.

(a) Type of Options. The terms of each Option shall provide that it will not be treated as an “incentive stock option” within the meaning of section 422(b) of the Code.

(b) Tranches. Each Option granted under the Plan during 2006 shall be divided into three Tranches. The first Tranche of such Option shall be designated as Tranche I, and shall cover 25% of the total number of Shares subject to the Option. The second and third Tranches of such Option shall be designated, respectively, as Tranche II and Tranche III, and shall each cover 37.5% of the total number of Shares subject to such Option. Options granted under the Plan after December 31, 2006 may be divided into such number of Tranches (if any), covering such percentages of the total number of Shares subject to such Options, as the Board of Directors may determine in its sole discretion.

(c) Term of Options. The term during which an Option may be exercised shall be such period of time as determined by the Board of Directors at the time of grant of the Option, but in no event may the term of any Option exceed ten years from the Option's Date of Grant. Notwithstanding any other provision in the Plan to the contrary, no Option may be exercised after its expiration.

(d) Vesting and Exercise of Options. Each Option granted under the Plan shall vest and become exercisable, in whole or in part, at such time or times during its term, and subject to the satisfaction of such requirements, (i) as provided in (e) below, in the case of any Option granted during 2006, and (ii) as determined by the Board of Directors in its sole discretion and as specified in the instrument evidencing the grant of the Option, in the case of any Option granted after December 31, 2006. To the extent that an Option has become exercisable pursuant to the preceding sentence, it may be exercised thereafter at any time or from time to time during its term, as to any or all Shares as to which the Option has become and remains exercisable, subject to the provisions of (f) below.

(e) Vesting Requirements for Options Granted in 2006. Each Option granted under the Plan during 2006 shall become vested and exercisable in accordance with the provisions set forth below.

(i) Each Tranche of such Option shall become vested and exercisable (A) with respect to 1/3rd of the total number of Shares covered by such Tranche , on the first anniversary of the Option's Date of Grant or, if later, on the first date as of which the Performance Requirement applicable to such Tranche has been satisfied; (B) with respect to an additional 1/3rd of the total number of Shares covered by such Tranche, on the second anniversary of the Option's Date of Grant or, if later, on the first date as of which the Performance Requirement applicable to such Tranche has been satisfied; and (C) with respect to the remaining 1/3rd of the total number of Shares covered by such Tranche, on the third anniversary of the Option's Date of Grant or, if later, on the first date as of which the Performance Requirement applicable to such Tranche has been satisfied.

(ii) The Performance Requirement applicable to each Tranche of such Option shall be treated as having been satisfied (A) in the case of Tranche I of such Option, once the Internal Rate of Return realized by the Purchaser is equal to or exceeds 0%; (B), in the case of Tranche II of such Option, once the Internal Rate of Return realized by the Purchaser is equal to or exceeds 8%; and (C) in the case of Tranche III of such Option, once the Internal Rate of Return realized by the Purchaser is equal to or exceeds 15%.

(iii) For purposes of (ii) above, the Internal Rate of Return realized by the Purchaser on its initial equity investment in the Company shall be calculated from the Closing Date, and the Internal Rate of Return realized by the Purchaser on any additional investments in the Company made by the Purchaser after the Closing Date shall be calculated from the date or dates on which the Purchaser made such additional equity investments.

(f) Termination of Employment. If an Eligible Employee's Termination of Employment occurs by reason of his or her death, permanent and total disability (as defined in section 22(e)(3) of the Code), Retirement (as defined below), or termination by the Company for any reason other than for Cause, the portion of any outstanding Option held by such Eligible Employee (or by any person to whom such Option was transferred by the Eligible Employee pursuant to Section 6) on the date of such Eligible Employee's Termination of Employment that had become vested and exercisable but which had not been exercised prior to such date, shall remain exercisable for a period of 90 days after such date, or for such longer period after such date as the Board of Directors may determine in its sole discretion pursuant to Section 10(b), but in no event shall such post-termination period of exercise extend beyond the date of expiration of the term of the Option . For purposes of the foregoing, the term "Retirement" shall mean an Eligible Employee's voluntary Termination of Employment at any date (i) after he or she has (A) attained age 60 and (B) the sum of his or her age and the number of his or her years of employment with the Company and any of its Affiliated Companies equals or exceeds 75, or (ii) after he or she has attained such earlier age and/or completed such fewer number of years of employment with the Company and any of its Affiliated Companies (A) as may be specified in the instrument or instruments evidencing the grant of the Option or Options in question, or (B) as the Board of Directors in its sole discretion may determine pursuant to Section 10(b).

Except as provided in the preceding paragraph, the portion of any outstanding Option held by an Eligible Employee (or by any person to whom such Option was transferred by the Eligible Employee pursuant to Section 6) on the date of the Eligible Employee's Termination of Employment that had not become vested and exercisable prior to such date, and the portion of such Option that had become vested and exercisable but which had not been exercised prior to such date, shall be forfeited on such date.

(g) Exercise Price. The price at which Shares may be purchased upon any exercise of an Option shall be the price per share determined by the Board of Directors and specified in the instrument evidencing the grant of such Option, but in no event shall the exercise price per share be less than the Fair Market Value of a Share determined as of the Date of Grant of the Option.

(h) Other Option Provisions. The instrument evidencing the grant of any Option hereunder may contain such other terms and conditions, not inconsistent with the provisions of the Plan or any applicable law, as the Board of Directors may determine.

(i) Method of Exercise and Payment. An Option shall be exercised by delivering a written notice of exercise, in such form as the Board of Directors shall have approved, to the Company at its principal business office and addressed to the attention of the Company's Secretary or such other person as the Secretary may have designated to receive such notice. The notice shall specify the number of Shares with respect to which the Option is to be exercised, and shall be accompanied by the full exercise price for the Shares to be purchased.

An Option may not be exercised at any one time as to less than 100 Shares, or less than the number of Shares to which the Option is then exercisable if that number is less than 100 Shares. No fractional Share may be purchase upon the exercise of any Option.

Payment of the exercise price for Shares shall be made by one, or by a combination of any, of the following methods: (i) in immediately available funds, by certified or bank cashier's check; (ii) if permitted by the Board of Directors and subject to any terms and conditions it may impose on the use of such methods, by (A) the delivery of other Shares owned by the Option Holder, or (B) the withholding by the Company of Shares that otherwise would have been delivered to the Option Holder upon exercise of the Option; or (iii) by any other method of payment as the Board of Directors may from time to time approve.

Shares delivered to the Company or withheld by it in payment of part or all of the exercise price upon exercise of an Option shall be valued at their Fair Market Value as of the close of business on the date preceding the date on which the Option is exercised.

(j) Additional Conditions for Option Exercise. An Option Holder's exercise of any Option granted hereunder shall be subject to the following additional condition:

(i) [REMOVED]

(ii) If the Company in its sole discretion determines that it is necessary or appropriate for it to do so, it may require an Option Holder, as a condition of his or her right to purchase any Shares pursuant to an exercise of any Option, to deliver to the Company a written representation that the Shares to be acquired upon such exercise are intended to be acquired by the Option Holder for investment and not for resale or with a view to the distribution thereof. If certificates are delivered to an Option Holder for any Shares with respect to which such an investment representation has been delivered to the Company, the Company may cause a legend to be placed upon each such certificate delivered to the Option Holder upon his or her exercise of the Option to make appropriate reference to such representation, and to restrict the transfer of the Shares evidenced by such certificate in the absence of compliance with applicable federal or state securities laws.

(iii) [REMOVED]

6. Transferability of Options

(a) Except as provided below, Options shall not be transferable by the Option Holder otherwise than by will or the laws of descent and distribution or pursuant to a qualified domestic relations order as defined in the Code, and shall be exercisable during an Option Holder's lifetime only by such Option Holder.

(b) Notwithstanding the above, if the instrument evidencing the grant of an Option so provides and subject to such limitations, terms and conditions as may be specified therein, an Eligible Employee who holds any Option may, at any time prior to his or her death, transfer or assign all or any portion of such Option to: (i) his or her spouse or lineal descendants or the spouse or spouses of his or her lineal descendants; (ii) the trustee of a trust established for the benefit of his or her spouse or lineal descendants or the spouse or spouses of his or her lineal descendants; or (iii) a partnership whose only partners are the spouse and/or lineal descendants and/or the spouse or spouses of the lineal descendants of the Option Holder.

7. Taxes

Notwithstanding any other provision of the Plan, the Company or any of its Affiliated Companies may make such provisions and take such steps as it may deem necessary or appropriate for the withholding of all federal, state and local taxes required by law to be withheld with respect to the exercise of any Option, including but not limited to (i) deducting the amount of taxes so required to be withheld from any other compensation or other amounts then or thereafter payable to the Eligible Employee to whom such Option was granted, and/or (ii) if the Board of Directors so permits and subject to such terms and conditions as it may require, (A) by the delivery of Shares previously owned by the Option Holder, or (B) by the withholding of a portion of the Shares that otherwise would be delivered or paid to the Option Holder with respect to his or her exercise of the Option, or (iii) by a combination of payments in cash and Shares. Any Shares that are delivered or withheld to satisfy tax withholding requirements shall be valued at their Fair Market Value as of the date of settlement of payment of the exercise price under the Option. Notwithstanding the foregoing, the aggregate Fair Market Value of the Shares that may be used to satisfy tax withholding requirements with respect to the exercise of an Option may not exceed the minimum statutory amounts of tax required to be withheld with respect to such exercise of the Option.

8. Certain Adjustments to Shares

In the event of any change in the Company's Shares by reason of any stock dividend, stock split, recapitalization, reorganization, merger, consolidation, split-up, combination or exchange of shares, or any rights offering to purchase Shares at a price substantially below fair market value, or any similar change affecting the Company's Shares , (i) the aggregate number and kind of shares specified herein as available for the grant of Options under the Plan, (ii) the number and kind of shares that may be issued and delivered to Participants upon the exercise of any Options outstanding at the time of such change, and (iii) the exercise price per share of any Options outstanding at the time of such change, shall be appropriately adjusted consistent with such change in such manner as the Board of Directors, in its sole discretion, may deem equitable to prevent substantial dilution or enlargement of the rights granted to, or available for, Option Holders hereunder.

Any such adjustment shall be made in a manner that will not result in the adjustment being treated as a "modification" of any outstanding Option under the applicable provisions of Treasury regulation §1.409A-1(b)(5)(v).

Each Option Holder shall be given written notice of any adjustment made pursuant to this Section and, upon such notice, such adjustment shall be effective and binding for all purposes.

9. Change in Control

Notwithstanding any other provision of the Plan to the contrary, upon the occurrence of a Change in Control the following provisions shall apply:

(a) Each outstanding Option or Tranche thereof that is subject to a Performance Requirement that has not been satisfied or waived by the Board of Directors pursuant to Section 10(b) by the time when such Change in Control becomes effective (the "Effective Time") shall be cancelled and forfeited at the Effective Time, and the holder thereof shall not be entitled to any payment hereunder with respect thereto.

(b) Each outstanding Option or Tranche thereof that is subject to a Performance Requirement that has been or will be satisfied or waived by the Board of Directors pursuant to Section 10(b) by the Effective Time, and any outstanding Option or Tranche thereof that is not subject to a Performance Requirement, to the extent such Option or Tranche has not previously become vested and exercisable, shall become immediately and fully exercisable upon the occurrence of the Change in Control, and the holder thereof shall be provided with an opportunity to exercise such Option or Tranche at such time prior to the Effective Time, and in accordance with such procedures, as the Board of Directors shall determine.

(c) Except as provided in (d) below, the portion of any Option, or Tranche of any Option, described in (b) above that remains unexercised at the Effective Time shall be cancelled at such time, and the holder thereof shall be entitled to receive with respect to such cancelled Option or Tranche, as soon as practicable after the Effective Time, a single lump sum cash payment in an amount determined by multiplying (1) the number of Shares as to which such Option or Tranche remained unexercised at the Effective Time, by (2) the excess of (A) the average per share amount of consideration paid for Shares in connection with the Change in Control, over (B) the per share exercise price of such Option or Tranche

(d) If the Board of Directors so determines in its sole discretion, the portion of any Option, or Tranche of any Option, described in (b) above that remains unexercised at the Effective Time shall be cancelled at such time, and the holder thereof shall be entitled to receive, in lieu of the cash payment provided for in (c) above, an Equivalent Option, as defined in (e) below, in substitution for the cancelled portion of such Option or Tranche.

(e) For purposes of (d) above, an “Equivalent Option” shall mean an option (“New Option”) issued by a corporation whose acquisition of Shares, or acquisition of assets of the Company and/or its Affiliated Companies, resulted in the Change in Control (the “Acquiror”), to the holder of an unexercised Option or Tranche of an Option cancelled pursuant to (c) above (the holder’s “Cancelled Option”) in substitution for such Cancelled Option, that (i) permits the holder to purchase shares of the Acquiror’s stock having an aggregate Fair Market Value in excess of the aggregate option price for such shares immediately after the issuance of the New Option to the holder, that is equal to the excess of the aggregate Fair Market Value of the Shares that were subject to the unexercised portion of the Cancelled Option over the aggregate option exercise price for such Shares immediately before cancellation; (ii) permits such shares to be purchased during a term expiring on the same date as the expiration date of the term of the holder’s Cancelled Option and (iii) contains such other terms and conditions as are necessary in order for the New Option not to be treated as a “modification” of such Cancelled Option under the applicable provisions of Treasury regulation §1.409A-1(b)(5)(v).

10. Administration

The Plan shall be administered in accordance with the provisions set forth below.

(a) In General. The Plan shall be administered by the Board of Directors. In addition to the responsibilities and powers assigned to the Board of Directors elsewhere in the Plan, the Board of Directors shall have the authority, in its sole discretion, to establish from time to time guidelines or regulations for the administration of the Plan, to interpret the Plan, and to make all determinations it considers necessary or advisable for the administration of the Plan. All decisions, actions or interpretations of the Board of Directors under the Plan shall, to the extent permitted by law be final, conclusive and binding upon all Eligible Employees and other Option Holders and all other parties.

(b) Modification of Awards. To the extent not inconsistent with the terms of the Plan or any provision of applicable law, the Board in its sole discretion may waive or modify any of the terms and conditions set forth in the instrument evidencing the grant of any Option hereunder, including without limitation, (i) to permit such Option to become exercisable as to any portion of the Shares subject to the Option at any time earlier than the time specified in such instrument, (ii) to extend the term of such Option beyond the date specified in such instrument as the expiration date for the term of the Option (but not beyond the day immediately preceding the tenth anniversary of the Date of Grant of the Option), or (iii) to permit such Option, to the extent it has become or becomes exercisable, to remain exercisable for any period of time (including any period after the Eligible Employee's Termination of Employment) beyond the period of time specified in such instrument but not beyond the date of expiration of the Option, including any extension thereof permitted under clause (ii);

Notwithstanding the foregoing, no waiver or modification may be authorized or directed by the Board of Directors with respect to any outstanding Option pursuant to this Section 10(b) without the consent of the Option Holder if it would adversely affect, to any material extent, any of the rights of the Option Holder with respect to such Option, or without the consent of the Eligible Employee to whom such Option was granted, if it would constitute a "modification" of such Option under the applicable provisions of Treasury regulation §1.409A-1(b)(5)(v).

(c) Delegation. The Board of Directors in its sole discretion may, by resolution duly adopted by it, delegate to any committee of the Board of Directors authority with respect to such matters pertaining to the administration of the Plan as the Board of Directors may specify in such resolution. The Board of Directors also may delegate any ministerial or nondiscretionary function pertaining to the administration of the Plan to any one or more officers or other employees of the Company or any of its Affiliated Companies. Any authority so delegated may be revoked or modified by the Board of Directors, in whole or in part, at any time.

(d) Indemnification. No member of the Board of Directors, and no member of any committee of the Board of Directors to which the Board of Directors has delegated authority with respect to the administration of the Plan, shall be personally liable by reason of any contract or other instrument executed by such member or on his or her behalf in his or her capacity as a member of the Board of Directors or such committee nor for any mistake of judgment made in good faith, and the Company shall indemnify and hold harmless each member of the Board of Directors or such committee, and each employee or officer of the Company or any of its Affiliated Companies to whom any duty or power relating to the administration or interpretation of the Plan may be delegated, against any cost or expense (including counsel fees) or liability (including any sum paid in settlement of a claim with the approval of the Board of Directors) arising out of any act or omission to act in connection with the Plan unless arising out of such person's own fraud or bad faith.

11. Designation and Change of Beneficiary

Each Option Holder shall file with the Company's Secretary, or with such employee of the Company as the Company's Secretary may have designated to receive same, a written designation of one or more persons as the beneficiary who shall be entitled to exercise any rights with respect to any Option, and to receive any Shares or cash amount otherwise issuable or payable to the Option Holder with respect to such Option, upon or after the Option Holder's death. An Option Holder may, from time to time, revoke or change his or her beneficiary designation without the consent of any previously designated beneficiary by filing a new designation with the or its designee. The last such designation received by the Company's Secretary or his or her designee shall be controlling; provided, however, that no designation, or change or revocation thereof, shall be effective unless received by the Company's Secretary or his or her designee prior to the Option Holder's death, and in no event shall it be effective as of a date prior to such receipt. If at the date of an Option Holder's death, there is no designation of a beneficiary in effect for the Option Holder pursuant to the provisions of this Section 11, or if no beneficiary designated by the Option Holder in accordance with the provisions hereof survives to exercise any rights with respect to any Option or to receive any Shares or cash amount payable under the Plan with respect to such Option after the Option Holder's death, the Option Holder's estate shall be treated as the Option Holder's beneficiary for purposes of the Plan.

12. Amendment and Termination of Plan

The Board of Directors may amend, suspend or terminate the Plan at any time. However, no such amendment, suspension or termination shall adversely affect the rights of any Option Holder with respect to any Option previously granted hereunder without the Option Holder's consent; and no such amendment (other than an amendment reflecting any adjustment authorized by the Board of Directors under Section 8) shall increase the maximum number of Shares which may be purchased pursuant to the exercise of Options granted under the Plan without the consent of the Company's shareholders.

11. Continued Employment

Nothing contained in the Plan or in any Option granted pursuant thereto shall confer upon any Eligible Employee any right to continue to be employed by the Company or any of its Affiliated Companies, or to interfere in any way with the right of the Company or any of its Affiliated Companies to terminate such Option Holder's employment at any time.

12. Governing Law

This Plan shall be governed by and construed in accordance with the laws of the State of New York.

Exhibit 10.2

MYR Group Inc. 2006 Stock Option Plan

NOTICE OF GRANT
(Amended May 12, 2009)

MYR Group Inc. (the "Company"), pursuant to the MYR Group Inc. 2006 Stock Option Plan (the "Plan"), hereby grants to the employee named below (the "Employee") an option to purchase shares of the common stock of the Company ("Shares") subject to the terms and conditions set forth below and subject to the terms and conditions set forth in the Plan, all of which are incorporated herein in their entirety. A copy of the Plan is attached to this Notice of Grant. Capitalized terms not otherwise defined herein shall have the same meanings as set forth in the Plan. In the event of a conflict or inconsistency between the terms and provisions of the Plan and those contained in this Notice of Grant, the terms and provisions set forth in the Plan shall govern and control.

1. Employee. This Option is granted to .

2. Date of Grant. The Date of Grant of this Option is , 2006.

3. Type of Option. This Option is a nonqualified stock option. It will not be treated as an "incentive stock option" within the meaning of section 422(b) of the Code.

4. Number of Shares. The total number of Shares subject to this Option is Shares.

5. Exercise Price. Shares may be purchased upon exercise of this Option at an exercise price of $ per Share.

6. Vesting. This Option will vest and become exercisable when the time and performance requirements specified in Section 5(e) of the Plan have been satisfied.

7. Exercise. After the vesting requirements for any portion of this Option have been satisfied, the Option may be exercised at any time, and from time to time, during the term of the Option, as to any or all of the Shares that remain subject to the Option at the time of exercise, provided that the Employee is still employed with the Company or any of its Affiliates at the time of exercise.

8. Term. The term during which this Option may be exercised is the period beginning on the Date of Grant and ending on the 10th anniversary of the Date of Grant. This Option will expire on, and may not be exercised after, the 10th anniversary of the Date of Grant.

9. Termination of Employment. Upon the Employee's Termination of Employment, (i) the portion of this Option that had not become vested prior to the date of the Employee's Termination of Employment shall be forfeited as of such date; and (ii) the portion of this Option that was vested but unexercised on such date (A) shall continue to be exercisable for a period of 90 days after such date, if the Employee's Termination of Employment occurs by reason of death, permanent and total disability, Retirement or termination by the Company for any reason other than for Cause or (B) shall be forfeited as of such date, if the Employee's Termination of Employment occurs for any reason other than death, permanent and total disability, Retirement or termination by the Company for any reason other than for Cause.

10. Method of Exercise. This Option must be exercised in the manner set forth in Section 5(i) of the Plan. To obtain a copy of the form of notice that must be filed with the Company to exercise this Option, or to obtain information as to the methods of payment of the exercise price that may be available at the time of exercise, contact:

Mr. Gary B. Engen
Secretary
MYR Group Inc.
1701 W. Golf Rd., Suite 1012
Rolling Meadows, IL 60008
303-853-7642
gengen@myrgroup.com

11. Additional Conditions for Exercise. [REMOVED]

12. Other Terms.

(a) Option Plan. In addition to the terms and conditions specifically set forth in this Notice, this Option shall be subject to all of the other terms and provisions to the Plan, as in effect from time to time. The Plan may be amended at any time to change any of its terms and provisions, and any such amendment shall automatically constitute an amendment of the terms and conditions of this Option. Notwithstanding the foregoing, no amendment of the Plan or this Option shall adversely affect the rights of the holder of this Option without the holder's consent.

(b) Accredited Investor. [REMOVED]

MYR GROUP INC.

By: ______________________________

Title: Secretary

Acknowledged:

____

Exhibit 31.1

CERTIFICATIONS

Certification of Principal Executive Officer

I, William A. Koertner, certify that:

1. I have reviewed this quarterly report on Form 10-Q of MYR 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 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 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;

   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 that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

August 10, 2009

/s/ WILLIAM A. KOERTNER

(Principal Executive Officer)
Chief Executive Officer and President

Exhibit 31.2

CERTIFICATIONS

Certification of Principal Financial Officer

I, Marco A. Martinez, certify that:

1. I have reviewed this quarterly report on Form 10-Q of MYR 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 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 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;

    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 that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

    a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

    b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

August 10, 2009

/s/ MARCO A. MARTINEZ

(Principal Financial Officer)
Vice President, Chief Financial Officer and Treasurer

Exhibit 32.1

CERTIFICATION PURSUANT TO 18 U.S.C. SECTION 1350, AS ADOPTED PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report of MYR Group Inc. (the "Company") on Form 10-Q for the period ended June 30, 2009 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, William A. Koertner, Chief Executive Officer and President of the Company, certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that:

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 results of operations of the Company.

August 10, 2009

/s/ WILLIAM A. KOERTNER

Chief Executive Officer and President

Exhibit 32.2

CERTIFICATION PURSUANT TO 18 U.S.C. SECTION 1350, AS ADOPTED PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report of MYR Group Inc. (the "Company") on Form 10-Q for the period ended June 30, 2009 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Marco A. Martinez, Vice President, Chief Financial Officer and Treasurer of the Company, certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that:

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 results of operations of the Company.

August 10, 2009

/s/ MARCO A. MARTINEZ

Vice President, Chief Financial Officer and Treasurer