
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, 2018

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
(State or other jurisdiction of
incorporation or organization)

36-3158643
(I.R.S. Employer Identification No.)

1701 Golf Road, Suite 3-1012
Rolling Meadows, IL
(Address of principal executive offices)

60008
(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 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, a smaller reporting company or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company" and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer
Non-accelerated filer
(Do not check if a smaller reporting company)

Accelerated filer
Smaller reporting company
Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

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 July 27, 2018, there were 16,565,604 outstanding shares of the registrant's \$0.01 par value common stock.

WEBSITE ACCESS TO COMPANY'S REPORTS

MYR Group Inc.'s internet website 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 Securities Exchange Act of 1934 (the "Exchange Act") will be available free of charge through our website as soon as reasonably practicable after they are electronically filed with, or furnished to, the Securities and Exchange Commission ("SEC").

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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)	June 30, 2018	December 31, 2017
	(unaudited)	
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 4,203	\$ 5,343
Accounts receivable, net of allowances of \$568 and \$605, respectively	280,018	283,008
Costs and estimated earnings in excess of billings on uncompleted contracts	87,356	78,260
Current portion of receivable for insurance claims in excess of deductibles	4,380	4,221
Refundable income taxes, net	—	391
Other current assets	7,565	8,513
Total current assets	383,522	379,736
Property and equipment, net of accumulated depreciation of \$242,985 and \$231,391, respectively	155,571	148,084
Goodwill	46,984	46,994
Intangible assets, net of accumulated amortization of \$5,423 and \$5,183, respectively	10,592	10,852
Receivable for insurance claims in excess of deductibles	14,466	14,295
Investment in joint ventures	908	168
Other assets	3,551	3,659
Total assets	\$ 615,594	\$ 603,788
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Current portion of capital lease obligations	\$ 1,102	\$ 1,086
Accounts payable	98,804	110,383
Billings in excess of costs and estimated earnings on uncompleted contracts	48,407	28,919
Current portion of accrued self-insurance	13,016	13,138
Income taxes payable, net	1,857	—
Other current liabilities	43,536	35,038
Total current liabilities	206,722	188,564
Deferred income tax liabilities	13,818	13,452
Long-term debt	57,804	78,960
Accrued self-insurance	32,093	32,225
Capital lease obligations, net of current maturities	2,068	2,629
Other liabilities	464	919
Total liabilities	312,969	316,749
Commitments and contingencies		
Stockholders' equity:		
Preferred stock—\$0.01 par value per share; 4,000,000 authorized shares; none issued and outstanding at June 30, 2018 and December 31, 2017	—	—
Common stock—\$0.01 par value per share; 100,000,000 authorized shares; 16,565,333 and 16,464,757 shares issued and outstanding at June 30, 2018 and December 31, 2017, respectively	165	163
Additional paid-in capital	146,610	143,934
Accumulated other comprehensive loss	(300)	(299)
Retained earnings	156,150	143,241
Total stockholders' equity	302,625	287,039
Total liabilities and stockholders' equity	\$ 615,594	\$ 603,788

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

MYR GROUP INC.

UNAUDITED CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE INCOME

(In thousands, except per share data)	Three months ended June 30,		Six months ended June 30,	
	2018	2017	2018	2017
Contract revenues	\$ 339,676	\$ 356,185	\$ 685,287	\$ 656,314
Contract costs	301,046	328,668	610,904	603,057
Gross profit	38,630	27,517	74,383	53,257
Selling, general and administrative expenses	29,168	25,024	57,448	50,803
Amortization of intangible assets	119	210	236	398
Gain on sale of property and equipment	(1,014)	(1,319)	(2,065)	(2,026)
Income from operations	10,357	3,602	18,764	4,082
Other income (expense)				
Interest income	—	3	—	4
Interest expense	(783)	(594)	(1,504)	(1,108)
Other, net	25	751	274	1,625
Income before provision for income taxes	9,599	3,762	17,534	4,603
Income tax expense	2,764	2,532	5,055	2,173
Net income	\$ 6,835	\$ 1,230	\$ 12,479	\$ 2,430
Income per common share:				
—Basic	\$ 0.42	\$ 0.08	\$ 0.76	\$ 0.15
—Diluted	\$ 0.41	\$ 0.07	\$ 0.75	\$ 0.15
Weighted average number of common shares and potential common shares outstanding:				
—Basic	16,455	16,312	16,388	16,237
—Diluted	16,592	16,503	16,555	16,476
Net income	\$ 6,835	\$ 1,230	\$ 12,479	\$ 2,430
Other comprehensive income (loss):				
Foreign currency translation adjustment	16	59	(1)	10
Other comprehensive income (loss)	16	59	(1)	10
Total comprehensive income	\$ 6,851	\$ 1,289	\$ 12,478	\$ 2,440

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

MYR GROUP INC.

UNAUDITED CONSOLIDATED STATEMENTS OF CASH FLOWS

(In thousands)	Six months ended June 30,	
	2018	2017
Cash flows from operating activities:		
Net income	\$ 12,479	\$ 2,430
Adjustments to reconcile net income to net cash flows provided by operating activities:		
Depreciation and amortization of property and equipment	18,590	19,055
Amortization of intangible assets	236	398
Stock-based compensation expense	1,478	2,560
Deferred income taxes	323	(209)
Gain on sale of property and equipment	(2,065)	(2,026)
Other non-cash items	354	(289)
Changes in operating assets and liabilities		
Accounts receivable, net	1,950	13,346
Costs and estimated earnings in excess of billings on uncompleted contracts	(9,350)	(22,707)
Receivable for insurance claims in excess of deductibles	(330)	(99)
Other assets	2,144	(626)
Accounts payable	(9,845)	15,357
Billings in excess of costs and estimated earnings on uncompleted contracts	19,564	(445)
Accrued self insurance	(239)	2,745
Other liabilities	9,977	(10,310)
Net cash flows provided by operating activities	<u>45,266</u>	<u>19,180</u>
Cash flows from investing activities:		
Proceeds from sale of property and equipment	2,426	2,466
Purchases of property and equipment	(28,019)	(20,598)
Net cash flows used in investing activities	<u>(25,593)</u>	<u>(18,132)</u>
Cash flows from financing activities:		
Net repayments under revolving lines of credit	(21,156)	(14,193)
Payment of principal obligations under capital leases	(545)	(516)
Proceeds from exercise of stock options	1,887	1,134
Repurchase of common shares	(951)	(2,208)
Other financing activities	10	28
Net cash flows used in financing activities	<u>(20,755)</u>	<u>(15,755)</u>
Effect of exchange rate changes on cash	(58)	887
Net decrease in cash and cash equivalents	(1,140)	(13,820)
Cash and cash equivalents:		
Beginning of period	5,343	23,846
End of period	<u>\$ 4,203</u>	<u>\$ 10,026</u>

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

MYR GROUP INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(UNAUDITED)

1. Organization, Business and Basis of Presentation

Organization and Business

MYR Group Inc. (the “Company”) is a holding company of specialty electrical construction service providers and conducts operations through its wholly owned subsidiaries, including: The L. E. Myers Co., a Delaware corporation; Harlan Electric Company, a Michigan corporation; Great Southwestern Construction, Inc., a Colorado corporation; Sturgeon Electric Company, Inc., a Michigan corporation; MYR Transmission Services, Inc., a Delaware corporation; E.S. Boulos Company, a Delaware corporation; High Country Line Construction, Inc., a Nevada corporation; Sturgeon Electric California, LLC, a Delaware limited liability company; GSW Integrated Services, LLC, a Delaware limited liability company; MYR Transmission Services Canada, Ltd., a British Columbia corporation; Northern Transmission Services, Ltd., a British Columbia corporation and Western Pacific Enterprises Ltd., a British Columbia 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 investor-owned utilities, cooperatives, private developers, government-funded utilities, independent power producers, independent transmission companies, industrial facility owners and other contractors. T&D provides a broad range of services, which include design, engineering, procurement, construction, upgrade, maintenance and repair services, with a particular focus on construction, maintenance and repair. The C&I customers include general contractors, commercial and industrial facility owners, local governments and developers in the western and northeastern United States and western Canada. The C&I segment provides services such as the design, installation, maintenance and repair of commercial and industrial wiring, installation of traffic networks and the installation of bridge, roadway and tunnel lighting.

Basis of Presentation

Interim Consolidated Financial Information

The accompanying unaudited consolidated financial statements of the Company have been prepared in accordance with accounting principles generally accepted in the United States of America (“U.S. GAAP”) for interim financial reporting and pursuant to the rules and regulations of the Securities and Exchange Commission (“SEC”). Certain information and footnote disclosures, normally included in annual financial statements prepared in accordance with U.S. GAAP, have been condensed or omitted pursuant to the rules and regulations of the SEC. The Company believes that the disclosures made are adequate to make the information presented not misleading. In the opinion of management, all adjustments, consisting only of normal recurring adjustments, necessary to fairly state the financial position, results of operations, comprehensive income and cash flows with respect to the interim consolidated financial statements, have been included. Certain reclassifications were made to prior year amounts to conform to the current year presentation. The consolidated balance sheet as of December 31, 2017 has been derived from the audited financial statements as of that date. The results of operations and comprehensive income are not necessarily indicative of the results for the full year or the results for any future periods. These financial statements should be read in conjunction with the audited financial statements and related notes for the year ended December 31, 2017, included in the Company’s Annual Report on Form 10-K, which was filed with the SEC on March 7, 2018.

Foreign Currency

The functional currency for the Company’s Canadian operations is the Canadian dollar. Assets and liabilities denominated in Canadian dollars are translated into U.S. dollars at the end-of-period exchange rate. Revenues and expenses are translated using average exchange rates for the periods reported. Equity accounts are translated at historical rates. Cumulative translation adjustments are included as a separate component of accumulated other comprehensive income in shareholders’ equity. Foreign currency transaction gains and losses, arising primarily from changes in exchange rates on short-term monetary assets and liabilities, and ineffective long-term monetary assets and liabilities are recorded in the “other income, net” line on the consolidated statements of operations. Foreign currency losses were not significant for the six months ended June 30, 2018. The Company recorded \$0.1 million of foreign currency loss for the six months ended June 30, 2017. Effective foreign currency transaction gains and losses, arising primarily from long-term monetary assets and liabilities, are recorded in the foreign currency translation adjustment line on the consolidated statements of comprehensive income.

Accounts Receivable

The Company does not charge interest to its customers and carries its customer receivables at their face amounts, less an allowance for doubtful accounts. Included in accounts receivable are balances billed to customers pursuant to retainage provisions in certain contracts that are due upon completion of the contract and acceptance by the customer, or earlier as provided by the contract. Based on the Company's experience in recent years, the majority of customer balances at each balance sheet date are collected within twelve months. As is common practice in the industry, the Company classifies all accounts receivable, including retainage, as current assets. The contracting cycle for certain long-term contracts may extend beyond one year, and accordingly, collection of retainage on those contracts may extend beyond one year. The Company expects a majority of the retainage recorded at June 30, 2018 to be collected within one year.

Use of Estimates

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and revenues and expenses during the period reported. Actual results could differ from those estimates.

The most significant estimates are related to estimates of costs to complete on contracts, pending change orders and claims, shared savings, insurance reserves, income tax reserves, estimates surrounding stock-based compensation, the recoverability of goodwill and intangibles and accounts receivable reserves.

In the six months ended June 30, 2018 and June 30, 2017, the Company recognized revenues of \$6.7 million and \$5.2 million, respectively, related to significant change orders and/or claims that had been included as contract price adjustments on certain contracts which were in the process of being negotiated in the normal course of business.

The percentage of completion method of accounting requires the Company to make estimates about the expected revenue and gross profit on each of its contracts in process. During the three months ended June 30, 2018, changes in estimates pertaining to certain projects increased consolidated gross margin by 0.1%, which resulted in increases in operating income of \$0.2 million, net income of \$0.2 million and diluted earnings per common share of \$0.01. During the six months ended June 30, 2018, changes in estimates pertaining to certain projects increased consolidated gross margin by 0.1%, which resulted in increases in operating income of \$0.1 million, net income of \$0.1 million and no impact to diluted earnings per common share.

During the three months ended June 30, 2017, changes in estimates pertaining to certain projects decreased consolidated gross margin by 2.1%, which resulted in decreases in operating income of \$7.4 million, net income of \$4.4 million and diluted earnings per common share of \$0.27. During the six months ended June 30, 2017, changes in estimates pertaining to certain projects decreased consolidated gross margin by 1.0%, which resulted in decreases in operating income of \$6.8 million, net income of \$4.1 million and diluted earnings per common share of \$0.25.

Recent Accounting Pronouncements

Changes to U.S. GAAP are typically established by the Financial Accounting Standards Board ("FASB") in the form of accounting standards updates ("ASUs") to the FASB's Accounting Standards Codification ("ASC"). The Company considers the applicability and impact of all ASUs. The Company, based on its assessment, determined that any recently issued or proposed ASUs not listed below are either not applicable to the Company or adoption will have minimal impact on our consolidated financial statements.

Recently Adopted Accounting Pronouncements

In May 2014, the FASB issued ASU No. 2014-09, *Revenue from Contracts with Customers (Topic 606)*. The amendments under this pronouncement changed how an entity recognizes revenue from contracts it enters to transfer goods, services or nonfinancial assets to its customers. These changes created a comprehensive framework for all entities in all industries to apply in the determination of when to recognize revenue, and, therefore, supersede virtually all existing revenue recognition requirements and guidance. This framework is expected to result in less complex guidance in application while providing a consistent and comparable methodology for revenue recognition. The core principle of the guidance is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. In addition, the amendments require expanded disclosure to enable the users of the financial statements to understand the nature, timing and uncertainty of revenue and cash flow arising from contracts with customers. On January 1, 2018, the Company adopted this ASU on a modified retrospective basis. Results for reporting periods beginning after January 1, 2018 are presented under *Revenue from Contracts with Customers (Topic 606)*, while prior period amounts were not adjusted and continue to be reported in accordance with the Company's historical accounting under *Revenue Recognition Topic 605*. See Note 2—Revenue Recognition to the Financial Statements for further information related to the Company's accounting policy and transition disclosures associated with the adoption of this pronouncement.

In January 2017, the FASB issued ASU No. 2017-01, *Business Combinations (Topic 805): Clarifying the Definition of a Business*, which clarified the definition of a business with the objective of adding guidance to assist entities with evaluating whether transactions should be accounted for as acquisitions (or disposals) of assets or businesses. The Company adopted this ASU on a prospective basis in January 2018 and there was no effect on the Company's financial position, results of operations or cash flows.

In October 2016, the FASB issued ASU No. 2016-16, *Income Taxes (Topic 740): Intra-Entity Transfers of Assets Other Than Inventory*, which modified existing guidance and intended to reduce the diversity in practice with respect to the accounting for income tax consequences of intra-entity transfers of assets. This update requires entities to immediately recognize the tax consequences on intercompany asset transfers (excluding inventory) at the transaction date, and eliminated the recognition exception within previous guidance. The Company adopted this ASU using a modified retrospective approach in January 2018 and there was no effect on the Company's financial position, results of operations or cash flows.

In August 2016, the FASB issued ASU No. 2016-15, *Statement of Cash Flows (Topic 230): Classification of Certain Cash Receipts and Cash Payments*, which intended to reduce diversity in practice in how eight specific transactions are classified in the statement of cash flows. The Company adopted this ASU on a retrospective basis in January 2018 and there was no effect on the Company's financial position, results of operations or cash flows.

Recently Issued Accounting Pronouncements

In January 2017, the FASB issued ASU No. 2017-04, *Intangibles—Goodwill and Other (Topic 350): Simplifying the Test for Goodwill Impairment*, which simplifies the subsequent measurement of goodwill, through the elimination of Step 2 from the goodwill impairment test. Instead, an entity should perform its annual, or interim, goodwill impairment test by comparing the fair value of a reporting unit with its carrying amount. The update is effective for any annual or interim goodwill impairment tests in fiscal years beginning after December 15, 2019. Early adoption is permitted for interim or annual goodwill impairment tests performed on testing dates after January 1, 2017. The guidance requires application on a prospective basis. The Company does not expect that this pronouncement will have a significant impact on its financial statements.

In February 2016, the FASB issued ASU No. 2016-02, *Leases (Topic 842)*. The amendments under this pronouncement will change the way all leases with durations in excess of one year are treated. Under this guidance, lessees will be required to recognize virtually all leases on the balance sheet as a right-of-use asset and an associated financing lease liability or capital lease liability. The right-of-use asset represents the lessee's right to use, or control the use of, a specified asset for the specified lease term. The lease liability represents the lessee's obligation to make lease payments arising from the lease, measured on a discounted basis. Based on certain characteristics, leases are classified as financing leases or operating leases. Financing lease liabilities, which contain provisions similar to capitalized leases, are amortized like capital leases under current accounting, as amortization expense and interest expense in the statement of operations. Operating lease liabilities are amortized on a straight-line basis over the life of the lease as lease expense in the statement of operations. This update is effective for annual reporting periods, and interim periods within those reporting periods, beginning after December 15, 2018.

The Company continues to evaluate the impact that this pronouncement, and all amendments relating to this pronouncement, will have on its policies and procedures pertaining to its existing and future lease arrangements, disclosure requirements and on the Company's financial statements. The Company expects that most existing operating lease commitments that extend beyond twelve months at the time of adoption will be recognized as lease liabilities and right-of-use assets upon adoption. While the Company is still evaluating the requirements of this update, it currently does not expect the adoption to have a material impact on the recognition, measurement or presentation of lease expenses within the Consolidated Statements of Operations and Comprehensive Income or Consolidated Statements of Cash Flows. See Note 8—Lease Obligations to the Financial Statements for further information related to the Company's future minimum lease payments and the timing of those payments.

2. Revenue Recognition

Adoption and Accounting Policy

On January 1, 2018, the Company adopted ASU No. 2014-09, *Revenue from Contracts with Customers (Topic 606)* using the modified retrospective method for contracts that were not completed as of January 1, 2018. Results for reporting periods beginning after January 1, 2018 are presented under this new pronouncement, while prior period amounts are not adjusted and continue to be reported under the accounting standard *Revenue Recognition Topic 605*, which was in effect for prior periods. The Company recorded an increase to opening retained earnings of \$0.7 million, net of tax, as of January 1, 2018 due to the cumulative impact of adopting Topic 606, representing revenues which would have been recognized in prior periods under Topic 606. The impact to revenue for the three and six months ended June 30, 2018 was an increase of \$0.2 million and \$0.3 million, respectively, as a result of adopting Topic 606. The cumulative adjustment and the impact experienced during the six months ended June 30, 2018 were due to accelerated recognition of contract provisions related to variable consideration previously not permitted to be recognized under Topic 605 until no remaining contingency existed related to this consideration.

Under Topic 606, the Company recognizes revenue to depict the transfer of goods or services to customers in an amount that reflects the consideration the Company expects to be entitled to in exchange for goods or services provided. Revenue associated with contracts with customers is recognized over time as the Company's performance creates or enhances customer controlled assets or creates or enhances an asset with no alternative use, which the Company has an enforceable right to receive compensation as defined under the contract for performance completed. To determine the amount of revenue to recognize over time, the Company estimates profit by determining the difference between total estimated revenue and total estimated cost of a contract. The profit and corresponding revenue is recognized over the contract term based on costs incurred under the cost-to-cost method. For purposes of recognizing revenue, the Company follows the five step approach outlined in ASC 606-10-25.

As the cost-to-cost method is driven by incurred cost, the Company calculates the percentage of completion by dividing costs incurred-to-date by the total estimated cost. The percentage of completion is then multiplied by estimated revenues to determine inception-to-date revenue. Revenue recognized for the period is the current inception-to-date recognized revenue less the prior period inception-to-date recognized revenue. If a contract is projected to result in a loss, the entire contract loss is recognized in the period when the loss was first determined and the amount of the loss is updated in subsequent reporting periods. Revenue recognition also includes an amount related to a contract asset or contract liability. If the recognized revenue is greater than the amount billed to the customer, a contract asset is recorded in costs and estimated earnings in excess of billings on uncompleted contracts. Conversely, if the amount billed to the customer is greater than the recognized revenue, a contract liability is recorded in billings in excess of costs and estimated earnings on uncompleted contracts. Contract costs incurred-to-date and expected total contract costs are continuously monitored during the term of the contract. Changes in the job performance, job conditions and final contract settlements are factors that influence management's assessment of total contract value and the total estimated costs to complete those contracts, and therefore, profit and revenue recognition.

Some of the Company's contracts may have contract terms that include variable consideration such as safety or performance bonuses or liquidated damages. In accordance with ASC 606-10-32, the Company estimates the variable consideration using one of two methods. In contracts in which there is a binary outcome, the most likely amount method is used. In instances in which there is a range of possible outcomes, the expected value method is used. In accordance with ASC 606-10-32-11, the Company includes the estimated amount of variable consideration in the transaction price only to the extent that it is probable that a significant reversal in the amount of cumulative recognized revenue will not result when the final outcome of the variable consideration is determined. In contracts in which a significant reversal may occur, the Company uses constraint in recognizing revenue on variable consideration. Although the Company often enters into contracts that contain liquidated damage clauses, the Company rarely incurs them, and as such, the Company does not include amounts associated with liquidated damage clauses until it is probable that liquidated damages will occur. These items are continually monitored by multiple levels of management throughout the reporting period.

A portion of the work the Company performs requires financial assurances in the form of performance and payment bonds or letters of credit at the time of execution of the contract. Most contracts include retention provisions of up to 10%, which are generally withheld from each progress payment as retainage until the contract work has been completed and approved.

Disaggregation of Revenue

A majority of the Company's revenues are earned through contracts with customers that normally provide for payment upon completion of specified work or units of work as identified in the contract. Although there is considerable variation in the terms of these contracts they are primarily structured as fixed-price contracts, under which the Company agrees to do the entire project for a fixed amount, or unit-price contracts, under which the Company agrees to do the work at a fixed price per unit of work as specified in the contract. The Company also enters into time-and-equipment and time-and-materials contracts under which the Company is paid for labor and equipment at negotiated hourly billing rates and for other expenses, including materials, as incurred. Finally, the Company sometimes enters into cost-plus contracts, where the Company is paid for costs plus a negotiated margin. On occasion, time-and-equipment, time-and-materials and cost plus contracts require the Company to include a guaranteed not-to-exceed maximum price.

Historically, fixed-price and unit-price contracts have had the highest potential margins; however, they have had a greater risk in terms of profitability because cost overruns may not be recoverable. Time-and-equipment, time-and-materials and cost-plus contracts have historically had less margin upside, but generally have had a lower risk of cost overruns. The Company also provides services under master service agreements ("MSAs") and other variable-term service agreements. MSAs normally cover maintenance, upgrade and extension services, as well as new construction. Work performed under MSAs is typically billed on a unit-price, time-and-materials or time-and-equipment basis. MSAs are typically one to three years in duration; however, most of the Company's contracts, including MSAs, may be terminated by the customer on short notice, typically 30 to 90 days, even if the Company is not in default under the contract. Under MSAs, customers generally agree to use the Company for certain services in a specified geographic region. Most MSAs include no obligation for the contract counterparty to assign specific volumes of work to the Company and do not require the counterparty to use the Company exclusively, although in some cases the MSA contract gives the Company a right of first refusal for certain work. Additional information related to the Company's market types is provided in Note 10—Segment Information to the Financial Statements.

The components of the Company's revenue by contract type for the three and six months ended June 30, 2018 were as follows:

(in thousands)	Three months ended June 30, 2018					
	T&D		C&I		Total	
	Amount	Percent	Amount	Percent	Amount	Percent
Fixed price	\$ 77,230	39.2%	\$ 90,439	63.4%	\$ 167,669	49.4%
Unit Price	41,631	21.1	15,408	10.8	57,039	16.8
T&E	68,073	34.6	8,942	6.3	77,015	22.7
Other	9,991	5.1	27,962	19.5	37,953	11.1
	<u>\$ 196,925</u>	<u>100.0%</u>	<u>\$ 142,751</u>	<u>100.0%</u>	<u>\$ 339,676</u>	<u>100.0%</u>

(in thousands)	Six months ended June 30, 2018					
	T&D		C&I		Total	
	Amount	Percent	Amount	Percent	Amount	Percent
Fixed price	\$ 156,665	37.9%	\$ 179,594	66.0%	\$ 336,259	49.1%
Unit Price	87,307	21.1	25,058	9.2	112,365	16.4
T&E	148,418	35.9	18,399	6.8	166,817	24.3
Other	20,921	5.1	48,925	18.0	69,846	10.2
	<u>\$ 413,311</u>	<u>100.0%</u>	<u>\$ 271,976</u>	<u>100.0%</u>	<u>\$ 685,287</u>	<u>100.0%</u>

The components of the Company's revenue by market type for the three and six months ended June 30, 2018 were as follows:

(in thousands)	Three months ended June 30, 2018			Six months ended June 30, 2018		
	Amount	Percent	Segment	Amount	Percent	Segment
	Transmission	\$ 121,708	35.8%	T&D	\$ 256,161	37.4%
Distribution	75,217	22.2	T&D	157,150	22.9	T&D
Electrical Construction	142,751	42.0	C&I	271,976	39.7	C&I
Total Revenue	<u>\$ 339,676</u>	<u>100.0%</u>		<u>\$ 685,287</u>	<u>100.0%</u>	

Contract Assets and Liabilities

Contracts with customers usually stipulate the timing of payment, which is defined by the terms found within the various contracts under which work was performed during the period. Therefore, contract assets and liabilities are created when the timing of costs incurred on work performed does not coincide with the billing terms, which frequently include retention provisions contained in each contract. The following table provides information about receivables, contract assets and contract liabilities from contracts with customers:

(in thousands)	June 30, 2018	December 31, 2017	Change
Contract assets	\$ 87,356	\$ 78,260	\$ 9,096
Contract liabilities	(48,407)	(28,919)	(19,488)
Net contract assets (liabilities)	<u>\$ 38,949</u>	<u>\$ 49,341</u>	<u>\$ (10,392)</u>

The difference between the opening and closing balances of the Company's contract assets and contract liabilities primarily results from the timing of the Company's performance and customer payment. The amounts of revenue recognized in the period that was included in the opening contract liability balances was \$20.5 million and \$31.1 million for the three and six months ended June 30, 2018, respectively. This revenue consists primarily of work performed on previous billings to customers.

Remaining Performance Obligations

On June 30, 2018, the Company had \$930.6 million of remaining performance obligations. The Company's remaining performance obligations includes projects that have a written award, a letter of intent, a notice to proceed or an agreed upon work order to perform work on mutually accepted terms and conditions. The following table summarizes that amount of remaining performance obligations that the Company expects to be realized as of June 30, 2018 and the amount of the remaining performance obligations that the Company reasonably estimates will not be recognized within the next twelve months. The Company expects a vast majority of the remaining performance obligations to be recognized within twenty-four months, although the timing of the Company's performance is not always under its control. Additionally, the difference between the remaining performance obligations and backlog is due to the exclusion of a portion of the Company's MSAs under certain contract types from the Company's remaining performance obligations as these contracts can be canceled for convenience at any time by the Company or the customer without considerable cost incurred by the customer. Additional information related to backlog is provided in "Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations".

(In thousands)	Remaining Performance Obligations as of June 30, 2018	
	Total	Amount estimated to not be recognized within 12 months
T&D	\$ 406,376	\$ 53,876
C&I	524,239	128,238
Total	<u>\$ 930,615</u>	<u>\$ 182,114</u>

3. Fair Value Measurements

The Company uses the 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, 2018 and December 31, 2017, the Company determined that the carrying value of cash and cash equivalents approximated fair value based on Level 1 inputs. As of June 30, 2018 and December 31, 2017, the fair values of the Company's long-term debt and capital lease obligations were based on Level 2 inputs. The Company's long-term debt was based on variable and fixed interest rates at June 30, 2018 and December 31, 2017, for new issues with similar remaining maturities, and approximated carrying value. In addition, based on borrowing rates currently available to the Company for borrowings with similar terms, the carrying values of the Company's capital lease obligations also approximated fair value.

4. Contracts in Process

The net asset position for contracts in process consisted of the following:

(In thousands)	June 30, 2018	December 31, 2017
Costs and estimated earnings on uncompleted contracts	\$ 2,105,022	\$ 1,978,981
Less: Billings to date	2,066,073	1,929,640
	<u>\$ 38,949</u>	<u>\$ 49,341</u>

The net asset position for contracts in process included in the accompanying consolidated balance sheets was as follows:

(In thousands)	June 30, 2018	December 31, 2017
Costs and estimated earnings in excess of billings on uncompleted contracts	\$ 87,356	\$ 78,260
Billings in excess of costs and estimated earnings on uncompleted contracts	(48,407)	(28,919)
	<u>\$ 38,949</u>	<u>\$ 49,341</u>

5. Debt

On June 30, 2016, the Company entered into a five-year amended and restated credit agreement (the “Credit Agreement”) with a syndicate of banks led by JPMorgan Chase Bank, N.A. and Bank of America, N.A. The Credit Agreement provides for a facility of \$250 million (the “Facility”) that may be used for revolving loans and letters of credit. The Facility also allows for revolving loans and letters of credit in Canadian dollars and other currencies, up to the U.S. dollar equivalent of \$50 million. The Company has an expansion option to increase the commitments under the Facility or enter into incremental term loans, subject to certain conditions, by up to an additional \$100 million upon receipt of additional commitments from new or existing lenders. Subject to certain exceptions, the Facility is secured by substantially all of the assets of the Company and its domestic subsidiaries and by a pledge of substantially all of the capital stock of the Company’s domestic subsidiaries and 65% of the capital stock of the direct foreign subsidiaries of the Company. Additionally, subject to certain exceptions, the Company’s domestic subsidiaries also guarantee the repayment of all amounts due under the Credit Agreement. If an event of default occurs and is continuing, on the terms and subject to the conditions set forth in the Credit Agreement, amounts outstanding under the Facility may be accelerated and may become or be declared immediately due and payable. Borrowings under the Credit Agreement are used for working capital, capital expenditures, acquisitions, stock repurchases and other general corporate purposes.

Amounts borrowed under the Credit Agreement bear interest, at the Company’s option, at a rate equal to either (1) the Alternate Base Rate (as defined in the Credit Agreement), plus an applicable margin ranging from 0.00% to 1.00%; or (2) Adjusted LIBO Rate (as defined in the Credit Agreement) plus an applicable margin ranging from 1.00% to 2.00%. The applicable margin is determined based on the Company’s consolidated leverage ratio (the “Leverage Ratio”) which is defined in the Credit Agreement as Consolidated Total Indebtedness divided by Consolidated EBITDA (as defined in the Credit Agreement). Letters of credit issued under the Facility are subject to a letter of credit fee of 1.125% to 2.125% for non-performance letters of credit or 0.625% to 1.125% for performance letters of credit, based on the Company’s consolidated Leverage Ratio. The Company is subject to a commitment fee of 0.20% to 0.375%, based on the Company’s consolidated Leverage Ratio, on any unused portion of the Facility. The Credit Agreement restricts certain types of payments when the Company’s consolidated Leverage Ratio exceeds 2.25. The weighted average interest rate on borrowings outstanding for the six months ended June 30, 2018 was 2.86% per annum.

Under the Credit Agreement, the Company is subject to certain financial covenants and must maintain a maximum consolidated Leverage Ratio of 3.0 and a minimum interest coverage ratio of 3.0, which is defined in the Credit Agreement as Consolidated EBITDA (as defined in the Credit Agreement) divided by interest expense (as defined in the Credit Agreement). The Credit Agreement also contains a number of covenants, including limitations on asset sales, investments, indebtedness and liens. In connection with any permitted acquisition where the total consideration exceeds \$50 million, the Company may request that the maximum permitted consolidated Leverage Ratio increase from 3.0 to 3.5. Any such increase shall begin in the quarter in which such permitted acquisition is consummated and shall continue in effect for four consecutive fiscal quarters. The Company was in compliance with all of its financial covenants under the Credit Agreement as of June 30, 2018.

The amount outstanding on the Facility as of June 30, 2018 and December 31, 2017, was \$57.8 million and \$79.0 million, respectively.

As of June 30, 2018, the Company had irrevocable standby letters of credit outstanding under the Facility of approximately \$20.6 million, including \$17.6 million related to the Company’s payment obligation under its insurance programs and approximately \$3.0 million related to contract performance obligations. As of December 31, 2017, the Company had irrevocable standby letters of credit outstanding under the Facility of approximately \$20.9 million, including \$17.6 million related to the Company’s payment obligation under its insurance programs and approximately \$3.3 million related to contract performance obligations.

The Company has remaining deferred debt issuance costs totaling \$0.7 million as of June 30, 2018, related to the line of credit. As permitted under ASU No. 2015-15, debt issuance costs have been deferred and are presented as an asset within other assets, which is amortized as interest expense over the term of the line of credit.

6. Income Taxes

The U.S. federal statutory tax rate was 21% for the three and six months ended June 30, 2018 and 35% for the three and six months ended June 30, 2017. The Company’s effective tax rate for the three and six months ended June 30, 2018 was 28.8% of pretax income, compared to the effective tax rate for the three and six months ended June 30, 2017 of 67.3% and 47.2%, respectively.

The difference between the U.S. federal statutory tax rate and the Company’s effective tax rate for the three and six months ended June 30, 2018 was primarily due to state income taxes and the inability to utilize losses experienced in certain Canadian operations.

The difference between the U.S. federal statutory tax rate and the Company's effective tax rate for the three months ended June 30, 2017 was primarily caused by the inability to utilize losses experienced in certain Canadian operations. The difference between the U.S. federal statutory tax rate and the Company's effective tax rate for the six months ended June 30, 2017 was caused by the inability to utilize losses experienced in certain Canadian operations, partially offset by excess tax benefits of approximately \$1.0 million pertaining to the vesting of stock awards and the exercise of stock options.

The Company had unrecognized tax benefits of approximately \$0.4 million as of June 30, 2018 and \$0.8 million as of December 31, 2017, which were included in other liabilities in the accompanying consolidated balance sheets.

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 amount of interest and penalties charged to income tax expense because of the unrecognized tax benefits was not significant for the three and six months ended June 30, 2018 and 2017.

The Company is subject to taxation in various jurisdictions. The Company's tax returns for 2015 and 2016 are subject to examination by U.S. federal authorities. The Company's tax returns are subject to examination by various state authorities for the years 2013 through 2016.

7. Commitments and Contingencies

Purchase Commitments

As of June 30, 2018, the Company had approximately \$7.3 million in outstanding purchase orders for certain construction equipment, with cash outlay scheduled to occur over the next three months.

Insurance and Claims Accruals

The Company carries insurance policies, which are subject to certain deductibles, for workers' compensation, general liability, automobile liability and other coverages. The deductible per occurrence for each line of coverage is up to \$1.0 million, except for wildfire coverage which has a deductible of \$2.0 million. The Company's health benefit plans are subject to deductibles of up to \$0.2 million for qualified individuals. Losses up to the deductible amounts are accrued based upon the Company's estimates of the ultimate liability for claims reported and an estimate of claims incurred but not yet reported.

The insurance and claims accruals are based on known facts, actuarial estimates and historical trends. While recorded accruals are based on the ultimate liability, which includes amounts in excess of the deductible, a corresponding receivable for amounts in excess of the deductible is included in current and long-term assets in the consolidated balance sheets.

Performance and Payment Bonds and Parent Guarantees

In certain circumstances, the Company is required to provide performance and payment bonds in connection with its future performance on certain contractual commitments. The Company has indemnified its sureties for any expenses paid out under these bonds. As of June 30, 2018, an aggregate of approximately \$606.1 million in original face amount of bonds issued by the Company's sureties were outstanding. Our estimated remaining cost to complete these bonded projects was approximately \$247.3 million as of June 30, 2018.

From time to time the Company guarantees the obligations of wholly owned subsidiaries, including obligations under certain contracts with customers, certain lease agreements, and, in some states, obligations in connection with obtaining contractors' licenses. Additionally, from time to time the Company is required to post letters of credit to guarantee the obligations of wholly owned subsidiaries, which reduces the borrowing availability under the Facility.

Indemnities

From time to time, pursuant to its service arrangements, the Company indemnifies its customers for claims related to the services it provides under those service arrangements. These indemnification obligations may subject the Company to indemnity claims and liabilities and related litigation. The Company is not aware of any material unrecorded liabilities for asserted claims in connection with these indemnification obligations.

Collective Bargaining Agreements

Many of the Company's subsidiaries' craft labor employees are covered by collective bargaining agreements. The agreements require the subsidiaries to pay specified wages, provide certain benefits and contribute certain amounts to multi-employer pension plans. If a subsidiary withdraws from any of the multi-employer pension plans or if the plans were to otherwise become underfunded, the subsidiary could incur liabilities for additional contributions related to these plans. Although the Company has been informed that the underfunding of some of the multi-employer pension plans to which its subsidiaries contribute have been classified as "critical" status, the Company is not currently aware of any potential liabilities related to this issue.

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, property damages, punitive damages, civil penalties or other losses, or injunctive or declaratory relief.

The Company is routinely subject to other civil claims, litigation and arbitration, and regulatory investigations arising in the ordinary course of our business, as well as in respect of our divested businesses. These claims, lawsuits and other proceedings include claims related to the Company's current services and operations, as well as our historic operations.

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, would be expected to have a material adverse effect on the Company's financial position, results of operations or cash flows.

8. Lease Obligations

From time to time, the Company enters into leasing arrangements for real estate, vehicles and construction equipment, including master leasing arrangements for vehicles and construction equipment. Some of the leases entered into under these agreements met the requirements for capitalization and were recorded as capital leases, while others were treated as operating leases. As of June 30, 2018, the Company had no outstanding commitments to enter into future leases under its master lease agreements.

Capital Leases

The Company leases some vehicles and certain equipment under capital leases. The economic substance of the leases is a financing transaction for acquisition of the vehicles and equipment. Accordingly, these leases are included in the balance sheets in property and equipment, net of accumulated depreciation, with a corresponding amount recorded in current portion of capital lease obligations or capital lease obligations, net of current maturities, as appropriate. The capital lease assets are amortized over the life of the lease or, if shorter, the life of the leased asset, on a straight-line basis and included in depreciation expense in the statements of operations. The interest associated with capital lease obligations is included in interest expense in the statements of operations.

As of June 30, 2018, the Company had approximately \$3.2 million of capital lease obligations outstanding, \$1.1 million of which was classified as a current liability. As of December 31, 2017, the Company had approximately \$3.7 million of capital lease obligations outstanding, \$1.1 million of which was classified as a current liability.

As of June 30, 2018 and December 31, 2017, \$3.1 million and \$3.7 million, respectively, of leased assets were capitalized in construction equipment, net of accumulated depreciation.

Operating Leases

The Company, from time to time, leases real estate, construction equipment and office equipment under operating leases with remaining terms ranging from one to six years.

Future Minimum Lease Payments

The future minimum lease payments required under capital leases and operating leases, together with the present value of capital leases, as of June 30, 2018 were as follows:

<u>(In thousands)</u>	<u>Capital Lease Obligations</u>	<u>Operating Lease Obligations</u>
Remainder of 2018	\$ 592	\$ 2,219
2019	1,185	3,413
2020	1,185	2,338
2021	355	1,680
2022	—	1,081
Thereafter	—	514
Total minimum lease payments	<u>\$ 3,317</u>	<u>\$ 11,245</u>
Interest	(147)	
Net present value of minimum lease payments	3,170	
Less: Current portion of capital lease obligations	1,102	
Long-term capital lease obligations	<u>\$ 2,068</u>	

9. Stock-Based Compensation

The Company maintains two equity compensation plans under which stock-based compensation has been granted: the 2017 Long-Term Incentive Plan, (the "LTIP") and the 2007 Long-Term Incentive Plan (the "2007 Plan"). Upon the adoption of the LTIP during the second quarter of 2017, awards were no longer granted under the 2007 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) restricted stock units, (f) performance share awards, (g) phantom stock, (h) stock bonuses, (i) dividend equivalents, and (j) any combination of such awards.

The company grants time-vested stock awards in the form of restricted stock awards, restricted stock units or equity-settled phantom stock. During the six months ended June 30, 2018, the Company granted 92,244 shares of time-vested stock awards under the LTIP, which primarily vest ratably over three years, at a weighted average grant date fair value of \$30.16. Additionally, 86,870 shares of time-vested stock awards vested during the six months ended June 30, 2018, at a weighted average grant date fair value of \$29.40.

During the six months ended June 30, 2018, the Company granted 66,764 performance share awards under the LTIP at target, which cliff vest on December 31, 2020, at a weighted average grant date fair value of \$34.52. The number of shares actually earned under a performance award may vary from zero to 200% of the target shares awarded, based upon the Company's performance compared to certain metrics. The metrics used were determined at grant by the Compensation Committee of the Board of Directors and were either based on internal measures, such as the Company's financial performance compared to target, or on a market-based metric, such as the Company's stock performance compared to a peer group. Performance awards cliff vest upon attainment of the stated performance targets and minimum service requirements and are paid in common shares of the Company's stock. During the six months ended June 30, 2018, management concluded that it was probable that the minimum performance criteria would not be met for certain performance shares that were granted during 2016. As a result, during the first quarter of 2018, the Company reversed \$0.4 million in stock compensation from previous accruals.

During the six months ended June 30, 2018, plan participants exercised 87,557 stock options with a weighted average exercise price of \$21.55.

The Company recognizes stock-based compensation expense related to restricted stock awards, phantom stock awards and restricted stock units based on the grant date fair value, which was the closing price of the Company's stock on the date of grant. The fair value is expensed over the service period. The Company recognizes stock-based compensation expense related to market-based performance awards based on the grant date fair value, which is computed using a Monte Carlo simulation. The fair value is expensed over the service period, which is approximately 2.8 years. The Company recognizes stock-based compensation expense related to internal measure-based performance awards based on the grant date fair value, which was the closing price of the Company's stock on the date of grant. The fair value is expensed over the service period of approximately 2.8 years, and the Company adjusts the stock-based compensation expense related to internal metric-based performance awards according to its determination of the potential achievement of the performance target at each reporting date. The fair value of restricted stock units that were granted to directors during the second quarter of 2018 will be expensed over an amortization period of 1.0 year. The fair value of restricted stock units granted to directors in 2017 was expensed on the date of the grant because the award agreements contain provisions which call for the vesting of all shares awarded upon change in control or resignation from the board for any reason except breach of fiduciary duty.

10. Segment Information

MYR Group is a holding company of specialty contractors serving electrical utility infrastructure and commercial construction markets in the United States and western Canada. The Company has two reporting segments, each a separate operating segment, which are referred to as T&D and C&I. Performance measurement and resource allocation for the reporting segments are based on many factors. The primary financial measures used to evaluate the segment information are contract revenues and income from operations, excluding general corporate expenses. General corporate expenses include corporate facility and staffing costs, which includes safety costs, professional fees, IT expenses, management fees, and intangible amortization. The accounting policies of the segments are the same as those described in the Summary of Significant Accounting Policies in the Company's Annual Report on Form 10-K for the year ended December 31, 2017.

Transmission and Distribution: The T&D segment provides a broad range of services on electric transmission and distribution networks and substation facilities which include design, engineering, procurement, construction, upgrade, maintenance and repair services with a particular focus on construction, maintenance and repair. T&D services include the construction and maintenance of high voltage transmission lines, substations and lower voltage underground and overhead distribution systems. The T&D segment also provides emergency restoration services in response to hurricane, ice or other storm-related damage. T&D customers include investor-owned utilities, cooperatives, private developers, government-funded utilities, independent power producers, independent transmission companies, industrial facility owners and other contractors.

Commercial and Industrial: The C&I segment provides services such as the design, installation, maintenance and repair of commercial and industrial wiring, installation of traffic networks and the installation of bridge, roadway and tunnel lighting. Typical C&I contracts cover electrical contracting services for airports, hospitals, data centers, hotels, stadiums, convention centers, manufacturing plants, processing facilities, waste-water treatment facilities, mining facilities and transportation control and management systems. C&I segment services are generally performed in the western and northeastern United States and in western Canada. The C&I segment generally provides electric construction and maintenance services as a subcontractor to general contractors in the C&I industry, but also contracts directly with facility owners. The C&I segment has a diverse customer base with many long-standing relationships.

The information in the following table is derived from the segment's internal financial reports used for corporate management purposes:

(In thousands)	Three months ended		Six months ended	
	June 30,		June 30,	
	2018	2017	2018	2017
Contract revenues:				
T&D	\$ 196,925	\$ 239,794	\$ 413,311	\$ 435,528
C&I	142,751	116,391	271,976	220,786
	<u>\$ 339,676</u>	<u>\$ 356,185</u>	<u>\$ 685,287</u>	<u>\$ 656,314</u>
Income from operations:				
T&D	\$ 11,018	\$ 8,074	\$ 24,559	\$ 13,216
C&I	9,635	4,751	14,971	9,165
General Corporate	(10,296)	(9,223)	(20,766)	(18,299)
	<u>\$ 10,357</u>	<u>\$ 3,602</u>	<u>\$ 18,764</u>	<u>\$ 4,082</u>

For the three and six months ended June 30, 2018, contract revenues attributable to the Company's Canadian operations were \$14.5 million and \$29.2 million, respectively, predominantly in the C&I segment. For the three and six months ended June 30, 2017, contract revenues attributable to the Company's Canadian operations were \$17.2 million and \$36.4 million, respectively, predominantly in the C&I segment.

11. Earnings Per Share

The Company computes earnings per share using the treasury stock method. Under the treasury stock method, basic earnings per share are computed by dividing net income available to shareholders by the weighted average number of common shares outstanding during the period, and diluted earnings per share are computed by dividing net income available to shareholders by the weighted average number of common shares outstanding during the period plus all potentially dilutive common stock equivalents, except in cases where the effect of the common stock equivalent would be anti-dilutive.

Net income available to common shareholders and the weighted average number of common shares used to compute basic and diluted earnings per share were as follows:

(In thousands, except per share data)	Three months ended		Six months ended	
	June 30,		June 30,	
	2018	2017	2018	2017
Numerator:				
Net income	\$ 6,835	\$ 1,230	\$ 12,479	\$ 2,430
Denominator:				
Weighted average common shares outstanding	16,455	16,312	16,388	16,237
Weighted average dilutive securities	137	191	167	239
Weighted average common shares outstanding, diluted	<u>16,592</u>	<u>16,503</u>	<u>16,555</u>	<u>16,476</u>
Income per common share, basic	\$ 0.42	\$ 0.08	\$ 0.76	\$ 0.15
Income per common share, diluted	\$ 0.41	\$ 0.07	\$ 0.75	\$ 0.15

For the three and six months ended June 30, 2018 and 2017, certain common stock equivalents were excluded from the calculation of dilutive securities because their inclusion would either have been anti-dilutive or, for stock options, the exercise prices of those stock options were greater than the average market price of the Company's common stock for the period. All of the Company's non-participating unvested restricted shares were included in the computation of weighted average dilutive securities.

The following table summarizes the shares of common stock underlying the Company's unvested stock options and performance awards that were excluded from the calculation of dilutive securities:

(In thousands)	Three months ended		Six months ended	
	June 30,		June 30,	
	2018	2017	2018	2017
Restricted stock	30	44	1	44
Performance awards	68	50	86	127

12. Subsequent Events

On July 2, 2018, the Company completed the acquisition of substantially all of the assets of Huen Electric, Inc., an electrical contracting firm based in Illinois, Huen Electric New Jersey Inc., an electrical contracting firm based in New Jersey, and Huen New York, Inc., an electrical contracting firm based in New York (collectively, the "Huen Companies"). The Huen Companies will provide a wide range of commercial and industrial electrical construction capabilities under the Company's C&I segment in Illinois, New Jersey and New York. The total consideration paid was approximately \$47.1 million, subject to working capital and net asset adjustments, which was funded through borrowings on the Facility. Additionally, there could also be contingent payments based on the successful achievement of certain performance targets and continued employment of certain key executives of the Huen Companies. The costs associated with these contingent payments will be recognized as compensation expense in the consolidated statements of operations and comprehensive income as earned over the period achievement becomes probable. As this transaction was effective on July 2, 2018, the results of the Huen Companies will be included in the Company's consolidated financial statements beginning on such date. The Company expects the Huen Companies' profits to be material to MYR Group's 2018 operating results. Approximately \$0.2 million of acquisition-related costs associated with this acquisition were expensed by the Company in the six months ended June 30, 2018. It is impractical to provide the pro forma results of operations that include the impact of the Huen Companies due to the timing of this acquisition.

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

The following discussion should be read in conjunction with the accompanying unaudited consolidated financial statements and with our Annual Report on Form 10-K for the year ended December 31, 2017 (the "2017 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 "Cautionary Statement Concerning Forward-Looking Statements and Information" and "Risk Factors," as well as in the 2017 Annual Report. We assume no obligation to update any of these forward-looking statements.

Overview and Outlook

We are a holding company of specialty electrical construction service providers that was established through the merger of long-standing specialty contractors. Through our subsidiaries, we serve the electric utility infrastructure and the commercial and industrial construction markets. We manage and report our operations through two industry segments: T&D and C&I. We have operated in the T&D industry since 1891. We are one of the largest contractors servicing the T&D sector of the electric utility industry in the United States and also provide electrical construction services in western Canada. Our customers include many of the leading companies in the industry. We have provided C&I electrical contracting services to facility owners and general contractors since 1912. We generally provide our C&I services as a subcontractor to general contractors, but also contract directly with facility owners.

We had consolidated revenues for the six months ended June 30, 2018 of \$685.3 million, of which 60.3% was attributable to our T&D customers and 39.7% was attributable to our C&I customers. Our consolidated revenues for the six months ended June 30, 2017 were \$656.3 million. For the six months ended June 30, 2018, our net income and EBITDA (1) were \$12.5 million and \$37.9 million, respectively, compared to \$2.4 million and \$25.2 million, respectively, for the six months ended June 30, 2017.

We believe there is an ongoing need for utilities to sustain investment in their transmission systems to improve reliability, reduce congestion and connect to new sources of generation. Consequently, we believe we will continue to see significant bidding activity on large transmission projects through the remainder of this year as well as in 2019. The timing of multi-year transmission project awards and substantial construction activity is difficult to predict due to regulatory requirements and right-of-way permits needed to commence construction. Significant construction on any large, multi-year projects awarded this year will not likely occur until mid-2019. Bidding and construction activity for small to medium-size transmission projects and upgrades remains strong, and we expect this trend to continue, primarily due to reliability and economic drivers. Competition and the unpredictability of awards in the transmission market may impact our ability to maintain high utilization of equipment and manpower resources, which is essential to maintaining contract margins. We also believe the need for distribution services will continue to grow.

We expect to see continued improvement in bidding opportunities in our C&I segment throughout the remainder of this year. We expect the long-term growth in our C&I segment to generally track the economic growth of the regions we serve. We also expect to see increased bidding opportunities in the new C&I markets we recently entered through strategic acquisitions and organic expansions.

We strive to maintain our status as a preferred provider to our T&D and C&I customers. We continue to implement a three-pronged strategy of organic growth and strategic acquisitions that further expand our capabilities and prudent capital returns. On July 2, 2018, we completed the acquisition of substantially all of the assets of the Huen Companies, which expanded our C&I operations in Illinois, New York and New Jersey. The total consideration paid was approximately \$47.1 million, subject to working capital and net asset adjustments, which was funded through borrowings on our credit facility. We continue to invest in developing key management and craft personnel in both our T&D and C&I markets and in procuring the specialty equipment and tooling needed to win and execute projects of all sizes and complexity. We ended the second quarter of 2018 with \$171.5 million available under our credit facility. We believe that our financial position and operational strengths will enable us to manage the current challenges and uncertainties in the markets we serve and give us the flexibility to successfully execute our three-pronged strategy.

(1) EBITDA is a non-GAAP measure. Refer to "Non-GAAP Measure—EBITDA" for a discussion of this measure.

Backlog

We refer to our estimated revenue on uncompleted contracts, including the amount of revenue on contracts for which work has not begun, less the revenue we have recognized under such contracts, as “backlog.” A customer’s intention to award us work under a fixed-price contract is not included in backlog unless there is an actual written award to perform a specific scope of work at specific terms and pricing. For many of our unit-price, time-and-equipment, time-and-materials and cost plus contracts, we only include projected revenue for a three-month period in the calculation of backlog, although these types of contracts are generally awarded as part of master service agreements that typically have a one-year to three-year duration from execution. Backlog may not accurately represent the revenues that we expect to realize during any particular period. Several factors, such as the timing of contract awards, the type and duration of contracts, and the mix of subcontractor and material costs in our projects, can impact our backlog at any point in time. Some of our revenue does not appear in our periodic backlog reporting because the award of the project, as well as the execution of the work, may all take place within the period. Our backlog includes projects that have a written award, a letter of intent, a notice to proceed or an agreed upon work order to perform work on mutually accepted terms and conditions. Backlog should not be relied upon as a stand-alone indicator of future events. Additionally, the difference between our backlog and remaining performance obligations is due to the exclusion of a portion of our master service agreements under certain contract types from our remaining performance obligations as these contracts can be canceled for convenience at any time by us or the customer without considerable cost incurred by the customer. Our estimated backlog also includes our proportionate share of unconsolidated joint venture contracts. Additional information related to our remaining performance obligations is provided in Note 2—Revenue Recognition in the accompanying notes to our Consolidated Financial Statements.

Our backlog was \$1.01 billion at June 30, 2018, compared to \$958.5 million at March 31, 2018 and \$632.5 million at June 30, 2017. Our backlog at June 30, 2018 increased \$54.9 million, or 5.7%, from March 31, 2018. Backlog in the T&D segment increased \$48.6 million and C&I backlog increased \$6.3 million compared to March 31, 2018. Our backlog as of June 30, 2018 included our proportionate share of unconsolidated joint venture backlog totaling \$44.4 million, compared to \$50.5 million at March 31, 2018.

The following table summarizes that amount of our backlog that we believe to be firm as of the dates shown and the amount of our current backlog that we reasonably estimate will not be recognized within the next twelve months:

(In thousands)	Backlog at June 30, 2018		Total backlog at December 31, 2017
	Total	Amount estimated to not be recognized within 12 months	
T&D	\$ 482,892	\$ 53,876	\$ 333,147
C&I	530,498	128,238	345,992
Total	<u>\$ 1,013,390</u>	<u>\$ 182,114</u>	<u>\$ 679,139</u>

Project Bonding Requirements and Parent Guarantees

A substantial portion of our business requires performance and payment bonds or other means of financial assurance to secure contractual performance. These bonds are typically issued at the face value of the contract awarded. If we fail to perform or pay our subcontractors or vendors, the customer may demand that the surety provide services or make payments under the bond. In such a case, we would likely be required to reimburse the surety for any expenses or outlays it incurs. To date, we have not been required to make any reimbursements to our sureties for claims against our surety bonds. As of June 30, 2018, we had approximately \$606.1 million in original face amount of surety bonds outstanding. Our estimated remaining cost to complete these bonded projects was approximately \$247.3 million as of June 30, 2018.

From time to time we guarantee the obligations of our wholly owned subsidiaries, including obligations under certain contracts with customers, certain lease agreements, and, in some states, obligations in connection with obtaining contractors’ licenses. Additionally, from time to time we are required to post letters of credit to guarantee the obligations of our wholly owned subsidiaries, which reduces the borrowing availability under our credit facility.

Consolidated Results of Operations

The following table sets forth selected consolidated statements of operations data and such data as a percentage of revenues for the periods indicated:

(Dollars in thousands)	Three months ended June 30,				Six months ended June 30,			
	2018		2017		2018		2017	
	Amount	Percent	Amount	Percent	Amount	Percent	Amount	Percent
Contract revenues	\$ 339,676	100.0%	\$ 356,185	100.0%	\$ 685,287	100.0%	\$ 656,314	100.0%
Contract costs	301,046	88.6	328,668	92.3	610,904	89.1	603,057	91.9
Gross profit	38,630	11.4	27,517	7.7	74,383	10.9	53,257	8.1
Selling, general and administrative expenses	29,168	8.6	25,024	7.0	57,448	8.4	50,803	7.7
Amortization of intangible assets	119	—	210	0.1	236	—	398	0.1
Gain on sale of property and equipment	(1,014)	(0.3)	(1,319)	(0.4)	(2,065)	(0.3)	(2,026)	(0.3)
Income from operations	10,357	3.1	3,602	1.0	18,764	2.8	4,082	0.6
Other income (expense)								
Interest income	—	—	3	—	—	—	4	—
Interest expense	(783)	(0.2)	(594)	(0.2)	(1,504)	(0.2)	(1,108)	(0.1)
Other, net	25	—	751	0.2	274	—	1,625	0.2
Income before provision for income taxes	9,599	2.9	3,762	1.0	17,534	2.6	4,603	0.7
Income tax expense	2,764	0.9	2,532	0.7	5,055	0.8	2,173	0.3
Net Income	\$ 6,835	2.0%	\$ 1,230	0.3%	\$ 12,479	1.8%	\$ 2,430	0.4%

Three Months Ended June 30, 2018 Compared to Three Months Ended June 30, 2017

Revenues. Revenues decreased \$16.5 million, or 4.6%, to \$339.7 million for the three months ended June 30, 2018 from \$356.2 million for the three months ended June 30, 2017. The decrease was primarily due to lower revenue from large transmission projects offset by higher C&I revenues.

Gross margin. Gross margin increased to 11.4% for the three months ended June 30, 2018 from 7.7% for the three months ended June 30, 2017. The increase in gross margin was largely due to improvements in efficiency compared to the prior year, which was significantly impacted by write-downs on three projects, and also to a favorable claim settlement during the three months ended June 30, 2018. These margin improvements were partially offset by a write-down on a project due to inclement weather, lower productivity and ongoing negotiations relating to a contract termination. Changes in estimates of gross profit on certain projects, including those discussed above, resulted in a gross margin increase of 0.1% for the three months ended June 30, 2018. Gross margin decreased 2.1% due to changes in estimates of gross profit on certain projects for the three months ended June 30, 2017.

Gross profit. Gross profit increased \$11.1 million, or 40.4%, to \$38.6 million for the three months ended June 30, 2018 from \$27.5 million for the three months ended June 30, 2017, primarily due to increased margins.

Selling, general and administrative expenses. Selling, general and administrative expenses (“SG&A”) of \$29.2 million for the three months ended June 30, 2018 increased \$4.2 million from \$25.0 million for the three months ended June 30, 2017. The year-over-year increase was primarily due to higher bonus and profit sharing costs. As a percentage of revenues, SG&A increased to 8.6% for the three months ended June 30, 2018 from 7.0% for the three months ended June 30, 2017.

Gain on sale of property and equipment. Gains from the sale of property and equipment for the three months ended June 30, 2018 were \$1.0 million compared to \$1.3 million for the three months ended June 30, 2017. Gains from the sale of property and equipment are attributable to routine sales of property and equipment no longer useful or valuable to our ongoing operations.

Interest expense. Interest expense was \$0.8 million for the three months ended June 30, 2018 compared to \$0.6 million for the three months ended June 30, 2017. This increase was primarily attributable to the amount and length of time borrowings under our line of credit were outstanding and an increase in our weighted average interest rate during the three months ended June 30, 2018 as compared to the three months ended June 30, 2017.

Other income. Other income was not significant for the three months ended June 30, 2018. Other income for the three months ended June 30, 2017 of \$0.8 million was primarily attributable to contingent consideration related to margin guarantees on certain contracts associated with the acquisition of Western Pacific Enterprises Ltd.

Income tax expense. The income tax provision was \$2.8 million for the three months ended June 30, 2018, with an effective tax rate of 28.8%, compared to a provision of \$2.5 million for the three months ended June 30, 2017, with an effective tax rate of 67.3%. The decrease in the tax rate in the three months ended June 30, 2018 was primarily due to the enactment of the United States Tax Cuts and Jobs Act in 2017. Our inability to utilize losses experienced in certain Canadian operations negatively impacted the effective tax rate in the three months ended June 30, 2018 and 2017.

Net income. Net income increased to \$6.8 million for the three months ended June 30, 2018 from \$1.2 million for the three months ended June 30, 2017. The increase was primarily for the reasons stated earlier.

Segment Results

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

(Dollars in thousands)	Three months ended June 30,			
	2018		2017	
	Amount	Percent	Amount	Percent
Contract revenues:				
Transmission & Distribution	\$ 196,925	58.0%	\$ 239,794	67.3%
Commercial & Industrial	142,751	42.0	116,391	32.7
Total	\$ 339,676	100.0	\$ 356,185	100.0
Operating income (loss):				
Transmission & Distribution	\$ 11,018	5.6	\$ 8,074	3.4
Commercial & Industrial	9,635	6.7	4,751	4.1
Total	20,653	6.1	12,825	3.6
Corporate	(10,296)	(3.0)	(9,223)	(2.6)
Consolidated	\$ 10,357	3.1%	\$ 3,602	1.0%

Transmission & Distribution

Revenues for our T&D segment for the three months ended June 30, 2018 were \$196.9 million compared to \$239.8 million for the three months ended June 30, 2017, a decrease of \$42.9 million, or 17.9%. The decrease in revenue was primarily due to lower revenue from large transmission projects.

Revenues from transmission projects represented 61.8% and 71.3% of T&D segment revenue for the three months ended June 30, 2018 and 2017, respectively. Additionally, for the three months ended June 30, 2018, measured by revenue in our T&D segment, we provided 39.2% of our T&D services under fixed-price contracts, as compared to 25.3% for the three months ended June 30, 2017.

Operating income for our T&D segment for the three months ended June 30, 2018 was \$11.0 million, an increase of \$2.9 million from the three months ended June 30, 2017. The increase in T&D operating income was primarily due to improvements in efficiency from the prior year, which was significantly impacted by write-downs on three projects. This margin improvement was partially offset by a write-down on a project due to inclement weather, lower productivity and ongoing negotiations relating to a contract termination. As a percentage of revenues, operating income for our T&D segment was 5.6% for the three months ended June 30, 2018 compared to 3.4% for the three months ended June 30, 2017.

Commercial & Industrial

Revenues for our C&I segment for the three months ended June 30, 2018 were \$142.8 million compared to \$116.4 million for the three months ended June 30, 2017, an increase of \$26.4 million, or 22.6%, primarily due to increased spending from new and existing customers and increased volume at certain organic expansion locations.

Measured by revenue in our C&I segment, we provided 63.4% of our services under fixed-price contracts for the three months ended June 30, 2018, compared to 53.5% for the three months ended June 30, 2017.

Operating income for our C&I segment for the three months ended June 30, 2018 was \$9.6 million, an increase of \$4.8 million over the three months ended June 30, 2017. The year-over-year increase in operating income was primarily attributable to higher revenue, improved margins and a favorable claim settlement. As a percentage of revenues, operating income for our C&I segment was 6.7% for the three months ended June 30, 2018 compared to 4.1% for the three months ended June 30, 2017.

Six Months Ended June 30, 2018 Compared to Six Months Ended June 30, 2017

Revenues. Revenues increased \$29.0 million, or 4.4%, to \$685.3 million for the six months ended June 30, 2018 from \$656.3 million for the six months ended June 30, 2017. The increase was primarily due to higher C&I and distribution revenues offset by lower revenue from large transmission projects.

Gross margin. Gross margin increased to 10.9% for the six months ended June 30, 2018 from 8.1% for the six months ended June 30, 2017. The increase in gross margin was primarily due improvements in efficiency compared to the prior year, which was significantly impacted by write-downs on three projects, and also to a favorable claim settlement during the six months ended June 30, 2018. These margin improvements were partially offset by a write-down on a project due to inclement weather, lower productivity and ongoing negotiations relating to a contract termination. Changes in estimates of gross profit on certain projects, including those discussed above, resulted in a gross margin increase of 0.1% for the six months ended June 30, 2018. Gross margin decreased 1.0% due to changes in estimates of gross profit on certain projects for the six months ended June 30, 2017.

Gross profit. Gross profit increased \$21.1 million, or 39.7%, to \$74.4 million for the six months ended June 30, 2018 from \$53.3 million for the six months ended June 30, 2017, due to higher revenues and increased margins.

Selling, general and administrative expenses. SG&A of \$57.4 million for the six months ended June 30, 2018 increased \$6.6 million from \$50.8 million for the six months ended June 30, 2017. The year-over-year increase was primarily due to higher bonus and profit sharing costs. As a percentage of revenues, SG&A increased to 8.4% for the six months ended June 30, 2018 from 7.7% for the six months ended June 30, 2017.

Gain on sale of property and equipment. Gains from the sale of property and equipment in the six months ended June 30, 2018 were \$2.1 million compared to \$2.0 million in the six months ended June 30, 2017. Gains from the sale of property and equipment are attributable to routine sales of property and equipment no longer useful or valuable to our ongoing operations.

Interest expense. Interest expense was \$1.5 million for the six months ended June 30, 2018 compared to \$1.1 million for the six months ended June 30, 2017. This increase was primarily attributable to the amount and length of time borrowings under our line of credit were outstanding and an increase in our weighted average interest rate during the six months ended June 30, 2018 as compared to the six months ended June 30, 2017.

Other Income. Other income was \$0.3 million for the six months ended June 30, 2018 compared to \$1.6 million for the six months ended June 30, 2017. The change was primarily attributable to contingent consideration related to margin guarantees on certain contracts associated with the acquisition of Western Pacific Enterprises Ltd. recognized in the six months ended June 30, 2017.

Income tax expense. The income tax provision was \$5.1 million for the six months ended June 30, 2018 with an effective tax rate of 28.8%, compared to a provision of \$2.2 million for the six months ended June 30, 2017 with an effective tax rate of 47.2%. The decrease in the tax rate in the six months ended June 30, 2018 was primarily caused by the enactment of the United States Tax Cuts and Jobs Act in 2017. Our inability to utilize losses experienced in certain Canadian operations negatively impacted the effective tax rate in the six months ended June 30, 2018 and 2017. The tax rate in the six months ended June 30, 2017 benefited from excess tax benefits pertaining to the vesting of stock awards and the exercise of stock options.

Net income. Net income increased to \$12.5 million for the six months ended June 30, 2018 from \$2.4 million for the six months ended June 30, 2017. The increase was primarily for the reasons stated earlier.

Segment Results

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

(Dollars in thousands)	Six months ended June 30,			
	2018		2017	
	Amount	Percent	Amount	Percent
Contract revenues:				
Transmission & Distribution	\$ 413,311	60.3%	435,528	66.4%
Commercial & Industrial	271,976	39.7	220,786	33.6
Total	\$ 685,287	100.0	\$ 656,314	100.0
Operating income (loss):				
Transmission & Distribution	\$ 24,559	5.9	\$ 13,216	3.0
Commercial & Industrial	14,971	5.5	9,165	4.2
Total	39,530	5.8	22,381	3.4
Corporate	(20,766)	(3.0)	(18,299)	(2.8)
Consolidated	\$ 18,764	2.8%	\$ 4,082	0.6%

Transmission & Distribution

Revenues for our T&D segment for the six months ended June 30, 2018 were \$413.3 million compared to \$435.5 million for the six months ended June 30, 2017, a decrease of \$22.2 million, or 5.1%. The decrease in revenue was primarily due to lower revenue from large transmission projects partially offset by an increase in distribution revenues.

Revenues from transmission projects represented 62.0% and 71.7% of T&D segment revenue for the six months ended June 30, 2018 and 2017, respectively. Additionally, for the six months ended June 30, 2018, measured by revenue in our T&D segment, we provided 37.9% of our T&D services under fixed-price contracts, as compared to 29.7% for the six months ended June 30, 2017.

Operating income for our T&D segment for the six months ended June 30, 2018 was \$24.6 million, an increase of \$11.4 million from the six months ended June 30, 2017. The increase in T&D operating income was primarily due to improvements in efficiency from the prior year, which was significantly impacted by write-downs on three projects. This margin improvement was partially offset by a write-down on a project due to inclement weather, lower productivity and ongoing negotiations relating to a contract termination. As a percentage of revenues, operating income for our T&D segment was 5.9% for the six months ended June 30, 2018 compared to 3.0% for the six months ended June 30, 2017.

Commercial & Industrial

Revenues for our C&I segment for the six months ended June 30, 2018 were \$272.0 million compared to \$220.8 million for the six months ended June 30, 2017, an increase of \$51.2 million, or 23.2%, primarily due to increased spending from new and existing customers and increased volume at certain organic expansion locations.

Measured by revenue in our C&I segment, we provided 66.0% of our services under fixed-price contracts for the six months ended June 30, 2018, compared to 59.8% in the six months ended June 30, 2017.

Operating income for our C&I segment for the six months ended June 30, 2018 was \$15.0 million, an increase of \$5.8 million over the six months ended June 30, 2017. The year-over-year increase in operating income was primarily attributable to higher revenue, improved margins and a favorable claim settlement. As a percentage of revenues, operating income for our C&I segment was 5.5% for the six months ended June 30, 2018 compared to 4.2% for the six months ended June 30, 2017.

Non-GAAP Measure—EBITDA

We define EBITDA, a performance measure used by management, as net income plus: interest income and expense, provision for income taxes and depreciation and amortization, as shown in the table below. EBITDA, a non-GAAP financial measure, 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, useful lives placed on assets, capital structure and the method by which assets were acquired.

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 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 can affect our 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, 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) monitor our capacity to generate returns for our stockholders.

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

(In thousands)	Three months ended		Six months ended	
	June 30,		June 30,	
	2018	2017	2018	2017
Net Income	\$ 6,835	\$ 1,230	\$ 12,479	\$ 2,430
Add:				
Interest expense, net	783	591	1,504	1,104
Income tax expense	2,764	2,532	5,055	2,173
Depreciation & amortization	9,434	9,707	18,826	19,453
EBITDA	<u>\$ 19,816</u>	<u>\$ 14,060</u>	<u>\$ 37,864</u>	<u>\$ 25,160</u>

We also use EBITDA as a liquidity measure. Certain material covenants contained within our credit agreement (the "Credit Agreement") are based on EBITDA. Non-compliance with these financial covenants under the Credit Agreement—our interest coverage ratio, which is defined in the Credit Agreement as Consolidated EBITDA (as defined in the Credit Agreement) divided by interest expense (as defined in the Credit Agreement) and our leverage ratio, which is defined in the Credit Agreement as Consolidated Total Indebtedness (as defined in the Credit Agreement), divided by Consolidated EBITDA (as defined in the Credit Agreement)—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, fund capital expenditures, finance acquisitions and expand our operations.

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

(In thousands)	Three months ended June 30,		Six months ended June 30,	
	2018	2017	2018	2017
Provided By Operating Activities:				
Net cash flows provided by operating activities	\$ 23,233	\$ 6,120	\$ 45,266	\$ 19,180
<i>Add/(subtract):</i>				
Changes in operating assets and liabilities	(6,993)	4,929	(13,871)	2,739
Adjustments to reconcile net income to net cash flows provided by operating activities	(9,405)	(9,819)	(18,916)	(19,489)
Depreciation & amortization	9,434	9,707	18,826	19,453
Provision for income taxes	2,764	2,532	5,055	2,173
Interest expense, net	783	591	1,504	1,104
EBITDA	\$ 19,816	\$ 14,060	\$ 37,864	\$ 25,160

Liquidity and Capital Resources

As of June 30, 2018, we had working capital of \$176.8 million. We define working capital as current assets less current liabilities. During the six months ended June 30, 2018, operating activities of our business provided net cash of \$45.3 million, compared to \$19.2 million of cash provided for the six months ended June 30, 2017. Cash flow from operations is primarily influenced by demand for our services, operating margins, timing of contract performance and the type of services we provide to our customers. The \$26.1 million year-over-year increase in net cash provided by operating activities was primarily due to favorable net changes in operating assets and liabilities of \$16.6 million and an increase of \$10.0 million in net income. The favorable change in operating assets and liabilities was primarily due to the favorable year-over-year increase of \$20.3 million in other liabilities, partially offset by net unfavorable changes in various working capital accounts that relate primarily to construction activities (accounts receivable, costs and estimated earnings in excess of billings on uncompleted contracts, accounts payable and billings in excess of costs and estimated earnings on uncompleted contracts), of \$3.2 million. The increase in cash provided by other liabilities was due to the timing of wage and employment taxes and higher bonus and profit sharing accruals.

In the six months ended June 30, 2018, we used net cash in investing activities of \$25.6 million, consisting of \$28.0 million for capital expenditures, partially offset by \$2.4 million of proceeds from the sale of equipment.

In the six months ended June 30, 2018, we used net cash of \$20.8 million in financing activities, consisting primarily of \$21.2 million of repayments under our revolving line of credit and \$1.0 million of share repurchases, all of which represented shares surrendered to satisfy tax obligations under our stock compensation programs. These uses of cash were partially offset by \$1.9 million of proceeds from the exercise of stock options during the six months ended June 30, 2018.

We anticipate that our borrowing availability of \$171.5 million at June 30, 2018 under the credit facility and future cash flow from operations will provide sufficient cash to enable us to meet our future operating needs, debt service requirements, capital expenditures, acquisition and joint venture opportunities, and share repurchases. Although we believe that we have adequate cash and borrowing capacity to meet our liquidity needs, any large projects or acquisitions may require additional capital.

We have not historically paid dividends and currently do not expect to pay dividends.

Debt Instruments

On June 30, 2016, we entered into a five-year amended and restated Credit Agreement with a syndicate of banks led by JPMorgan Chase Bank, N.A. and Bank of America, N.A. The Credit Agreement provides for a facility of \$250 million (the "Facility") that may be used for revolving loans and letters of credit. The Facility also allows for revolving loans and letters of credit in Canadian dollars and other currencies, up to the U.S. dollar equivalent of \$50 million. We have an expansion option to increase the commitments under the Facility or enter into incremental term loans, subject to certain conditions, by up to an additional \$100 million upon receipt of additional commitments from new or existing lenders. Subject to certain exceptions, the Facility is secured by substantially all of our assets and the assets of our domestic subsidiaries and by a pledge of substantially all of the capital stock of our domestic subsidiaries and 65% of the capital stock of our direct foreign subsidiaries. Additionally, subject to certain exceptions, our domestic subsidiaries also guarantee the repayment of all amounts due under the Credit Agreement. If an event of default occurs and is continuing, on the terms and subject to the conditions set forth in the Credit Agreement, amounts outstanding under the Facility may be accelerated and may become or be declared immediately due and payable. Borrowings under the Credit Agreement were used to refinance existing debt and are expected to be used for working capital, capital expenditures, acquisitions, stock repurchases and other general corporate purposes.

Amounts borrowed under the Credit Agreement bear interest, at our option, at a rate equal to either (1) the Alternate Base Rate (as defined in the Credit Agreement), plus an applicable margin ranging from 0.00% to 1.00%; or (2) Adjusted LIBO Rate (as defined in the Credit Agreement) plus an applicable margin ranging from 1.00% to 2.00%. The applicable margin is determined based on our consolidated leverage ratio (Leverage Ratio) which is defined in the Credit Agreement as Consolidated Total Indebtedness divided by Consolidated EBITDA (as defined in the Credit Agreement). Letters of credit issued under the Facility are subject to a letter of credit fee of 1.125% to 2.125% for non-performance letters of credit or 0.625% to 1.125% for performance letters of credit, based on the our consolidated Leverage Ratio. We are subject to a commitment fee of 0.20% to 0.375%, based on our consolidated Leverage Ratio, on any unused portion of the Facility. The Credit Agreement restricts certain types of payments when our consolidated Leverage Ratio exceeds 2.25.

Under the Credit Agreement, we are subject to certain financial covenants and must maintain a maximum consolidated Leverage Ratio of 3.0 and a minimum interest coverage ratio of 3.0, which is defined in the Credit Agreement as Consolidated EBITDA (as defined in the Credit Agreement) divided by interest expense (as defined in the Credit Agreement). The Credit Agreement also contains a number of covenants, including limitations on asset sales, investments, indebtedness and liens. In connection with any permitted acquisition where the total consideration exceeds \$50 million, we may request that the maximum permitted consolidated Leverage Ratio increase from 3.0 to 3.5. Any such increase, if given effect, shall begin in the quarter in which such permitted acquisition is consummated and shall continue in effect for four consecutive fiscal quarters. We were in compliance with all of the covenants under the Credit Agreement as of June 30, 2018.

As of June 30, 2018, we had \$57.8 million of debt outstanding under the Facility and irrevocable standby letters of credit outstanding of approximately \$20.6 million. As of December 31, 2017, we had \$79.0 million of debt outstanding under the Facility and irrevocable standby letters of credit outstanding of approximately \$20.9 million.

Off-Balance Sheet Transactions

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

For a discussion regarding off-balance sheet transactions, refer to Note 7—Commitments and Contingencies in the accompanying notes to our Consolidated Financial Statements.

Concentration of Credit Risk

We grant trade credit under normal payment terms, generally without collateral, to our customers, which include high credit quality electric utilities, 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. As of June 30, 2018, one customer individually exceeded 10.0% of consolidated accounts receivable with approximately 12.1 % of the total consolidated accounts receivable amount (excluding the impact of allowance for doubtful accounts). As of June 30, 2017, none of our customers individually exceeded 10.0% of consolidated accounts receivable. Management believes the terms and conditions in its contracts, billing and collection policies are adequate to minimize the potential credit risk.

New Accounting Pronouncements

For a discussion regarding new accounting pronouncements, please refer to Note 1—Organization, Business and Basis of Presentation—Recently Issued Accounting Pronouncements in the accompanying notes to our 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 we believe 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 our 2017 Annual Report.

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.

Statements in this Quarterly Report on Form 10-Q contain various forward-looking statements within the meaning of Section 27A of the Securities Act of 1933 (the “Securities Act”) and Section 21E of the Securities Exchange Act of 1934 (the “Exchange Act”), which represent our beliefs and assumptions concerning future events. When used in this document and in documents incorporated by reference, forward-looking statements include, without limitation, statements regarding financial forecasts or projections, and our expectations, beliefs, intentions or future strategies that are signified by the words “anticipate,” “believe,” “estimate,” “expect,” “intend,” “may,” “objective,” “outlook,” “plan,” “project,” “likely,” “unlikely,” “possible,” “potential,” “should” 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 we consider 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 under the caption “Forward-Looking Statements” and in Item 1A “Risk Factors” in our 2017 Annual Report, and in any risk factors or cautionary statements contained in our other filings with the Securities and Exchange Commission, 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 period to period.
- Our industry is highly competitive. Increased competition can place downward pressure on contract prices and profit margins and may limit the number of projects that we are awarded.
- We may be unsuccessful in generating internal growth, which could impact the projects available to the Company.
- Negative economic and market conditions, as well as regulatory and environmental requirements, may adversely impact our customers’ future spending and, as a result, our operations and growth.
- Project performance issues, including those caused by third parties, or certain contractual obligations may result in additional costs to us, reductions or delays in revenues or the payment of penalties, including liquidated damages.
- Our revenues may be exposed to potential risk if a project is terminated or canceled, if our customers encounter financial difficulties or if we encounter disputes with our customers.
- Our business is labor intensive and we may be unable to attract and retain qualified employees.
- The timing of new contracts and termination of existing contracts may result in unpredictable fluctuations in our cash flows and financial results.
- We may incur liabilities and suffer negative financial or reputational impacts relating to occupational health and safety matters.
- Backlog may not be realized or may not result in profits and may not accurately represent future revenue.
- Our business growth could outpace the capability of our internal resources and limit our ability to support growth.
- Our dependence on suppliers, subcontractors and equipment manufacturers could expose us to the risk of loss in our operations.
- Our participation in joint ventures and other projects with third parties may expose us to liability for failures of our partners.
- Legislative or regulatory actions relating to electricity transmission and renewable energy may impact demand for our services.
- Our use of percentage-of-completion accounting could result in a reduction or reversal 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.
- The loss of a key customer could have an adverse effect on us.
- Our failure to comply with environmental and other laws and regulations could result in significant liabilities.
- Unavailability or cancellation of third party insurance coverage would increase our overall risk exposure and could disrupt our operations.
- We extend trade credit to customers for purchases of our services, and may have difficulty collecting receivables from them.
- We may not be able to compete for, or work on, certain projects if we are not able to obtain the necessary bonds, letters of credit, bank guarantees or other financial assurances.
- Inability to hire or retain key personnel could disrupt our business.
- Our business may be affected by seasonal and other variations, including severe weather conditions and the nature of our work environment.
- We may fail to execute or integrate acquisitions or joint ventures successfully.
- Work stoppages or other labor issues with our unionized workforce could adversely affect our business.
- Multi-employer pension plan obligations related to our unionized workforce could adversely impact our earnings.
- We may not have access in the future to sufficient funding to finance desired growth and operations.
- We, or our business partners, may be subject to failures, interruptions or breaches of information technology systems, which could affect our operations or our competitive position, expose sensitive information, or damage our reputation.
- Our stock has experienced significant price and volume fluctuations and future sales of our common stock could lead to dilution of our issued and outstanding common stock.
- Our operations are subject to a number of operational risks which may result in unexpected costs or liabilities.
- Opportunities associated with government contracts could lead to increased governmental regulation applicable to us.
- Changes in our interpretation of tax laws could impact the determination of our income tax liabilities for a tax year.
- Risks associated with operating in the Canadian market could restrict our ability to expand and harm our business and prospects.
- Our failure to comply with the laws applicable to our Canadian activities, including the U.S. Foreign Corrupt Practices Act and similar anti-bribery laws, could have an adverse effect on us.
- The nature of our business exposes us to potential liability for warranty claims and faulty engineering, which may reduce our profitability.
- Our internal controls over financial reporting and our disclosure controls and procedures may not prevent all possible errors that could occur. Internal controls over financial reporting and disclosure controls and procedures, no matter how well designed and operated, can provide only reasonable, not absolute, assurance that the control system's objective will be met.
- An increase in the prices of certain materials and commodities used in our business could adversely affect our business.
- Our variable rate indebtedness subjects us to interest rate risk, which could cause our debt service obligations to increase significantly.
- Certain provisions in our organizational documents and Delaware law could delay or prevent a change in control of our company.
- We are subject to risks associated with climate change.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

As of June 30, 2018, we were not party to any derivative instruments. We did not use any material derivative financial instruments during the six months ended June 30, 2018 and 2017, including instruments for trading, hedging or speculating on changes in interest rates or commodity prices of materials used in our business.

As of June 30, 2018, we had \$57.8 million of debt outstanding under the Facility. Borrowings under the Facility are based upon an interest rate that will vary depending upon the prime rate, federal funds rate and LIBOR. If the prime rate, federal funds rate or LIBOR increased, our interest payment obligations on outstanding borrowings would 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 when we have outstanding borrowings. If market rates of interest on all our revolving debt as of June 30, 2018, which is subject to variable rates, permanently increased by 1%, the increase in interest expense on all revolving debt would decrease future income before provision for income taxes and cash flows by approximately \$0.6 million annually. If market rates of interest on all our revolving debt, which is subject to variable rates as of June 30, 2018, permanently decreased by 1%, the decrease in interest expense on all debt would increase future income before provision for income taxes and cash flows by the same amount.

ITEM 4. CONTROLS AND PROCEDURES

Disclosure Controls and Procedures

Under the supervision, and with the participation of our management, including our Chief Executive Officer and Chief Financial Officer, we have evaluated the effectiveness of our disclosure controls and procedures, as defined under Exchange Act Rules 13a-15(e) and 15d-15(e), as of the end of the period covered by this quarterly report. Based on that evaluation, the Chief Executive Officer and Chief Financial Officer concluded that our disclosure controls and procedures were effective as of June 30, 2018.

Changes in Internal Control Over Financial Reporting

During the period covered by this report, there were no changes in our internal control over financial reporting that have materially affected, or that are reasonably likely to materially affect, our internal control over financial reporting.

PART II—OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

For further discussion regarding legal proceedings, please refer to Note 7—Commitments and Contingencies—Litigation and Other Legal Matters in the accompanying notes to our Consolidated Financial Statements.

ITEM 1A. RISK FACTORS

As of the date of this filing, there have been no material changes to the risk factors previously discussed in Item 1A of our 2017 Annual Report. 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 described in our 2017 Annual Report. 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. 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.

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

Issuances of Common Stock. On April 26, 2018, 331 unregistered shares of our common stock, valued at \$10,000, were issued to a director of the Company who elected to receive a portion of his director retainer fee in stock in lieu of cash. The shares were issued pursuant to the exemption from registration provided by Section 4(a)(2) of the Securities Act of 1933.

Purchases of Common Stock. The following table includes all of the Company's repurchases of common stock for the periods shown, including those made pursuant to publicly announced plans or programs and those not made pursuant to publicly announced plans or programs. Repurchased shares are retired and returned to authorized but unissued common stock.

Period	Total Number of Shares Repurchased (1)	Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs	Approximate Dollar Value of Shares That May Yet Be Purchased Under the Plans or Programs (2)
April 1, 2018 - April 30, 2018	196	\$ 30.94	—	\$ 19,268,482
May 1, 2018 - May 31, 2018	293	\$ 36.42	—	\$ 19,268,482
June 1, 2018 - June 30, 2018	—	\$ —	—	\$ 19,268,482
Total	489	\$ 34.22	—	—

(1) This column includes all repurchases of common stock, including stock repurchased under announced repurchase programs and stock repurchased outside such programs. Outside of the repurchase program, the Company repurchased 489 shares of its common stock to satisfy tax obligations on the vesting of restricted stock and performance shares under the 2007 Long-Term Incentive Plan (as amended) and the 2017 Long-Term Incentive Plan.

(2) On July 26, 2018, the Company's Board of Directors approved a new \$20.0 million share repurchase program that will begin when the current share repurchase program expires. The new share repurchase program will expire on August 15, 2019, or when the authorized funds are exhausted.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES

None.

ITEM 4. MINE SAFETY DISCLOSURES

Not Applicable.

ITEM 5. OTHER INFORMATION

None.

ITEM 6. EXHIBITS

Number	Description
<u>10.1</u>	<u>Asset Purchase Agreement, dated as of July 2, 2018, by and among MYR Group, Inc., certain subsidiaries of MYR Group, Inc., as purchasers, and Huen Electric, Inc.†</u>
<u>31.1</u>	<u>Certification of Chief Executive Officer pursuant to SEC Rule 13a-14(a)/15d-14(a)†</u>
<u>31.2</u>	<u>Certification of Chief Financial Officer pursuant to SEC Rule 13a-14(a)/15d-14(a)†</u>
<u>32.1</u>	<u>Certification of Chief Executive Officer pursuant to 18 U.S.C. §1350†</u>
<u>32.2</u>	<u>Certification of Chief Financial Officer pursuant to 18 U.S.C. §1350†</u>
101.INS	XBRL Instance Document*
101.SCH	XBRL Taxonomy Extension Schema Document*
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document*
101.DEF	XBRL Taxonomy Extension Definition Linkbase Document*
101.LAB	XBRL Taxonomy Extension Label Linkbase Document*
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document*

† Filed herewith
* Electronically filed

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.

August 1, 2018

MYR GROUP INC.
(Registrant)

/s/ BETTY R. JOHNSON

Betty R. Johnson
Senior Vice President, Chief Financial Officer and Treasurer

ASSET PURCHASE AGREEMENT
BY AND AMONG
HUEN ELECTRIC, INC.,
HUEN ELECTRIC NEW JERSEY INC.,
HUEN NEW YORK, INC.,
MYR GROUP INC., AND
1891 INVESTMENT COMPANY

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ASSET PURCHASE AGREEMENT

THIS ASSET PURCHASE AGREEMENT (this "Agreement"), dated as of July 2, 2018, is by and among Huen Electric, Inc., an Illinois corporation ("Huen Illinois"), Huen Electric New Jersey Inc., a New Jersey corporation ("Huen New Jersey"), Huen New York, Inc., a New York corporation ("Huen New York") and, together with Huen Illinois and Huen New Jersey, the "Sellers", MYR Group Inc., a Delaware corporation (the "Buyer"), and Buyer Sub (as defined below). The Sellers, the Buyer and the Buyer Sub are collectively referred to herein as the "Parties" and each, a "Party."

PRELIMINARY STATEMENTS

A. The Sellers (including through the ownership and operation of the Acquired Assets) are engaged in the business of (i) designing and installing commercial and industrial electrical systems including power distributions systems, lighting systems, grounding systems, security systems, communications systems, fire protection systems, power and communications systems, and instrumentation and control systems, (ii) providing preconstruction, design assist, value engineering services and design services, and (iii) performing design-build projects (the "Business").

B. The Sellers desire to sell, assign, and transfer to the Buyer Sub, and the Buyer Sub desires to purchase, the Acquired Assets from the Sellers; and the Buyer Sub desires to assume only the Assumed Liabilities and no other Liabilities.

C. Concurrently with the execution of this Agreement, the Buyer Parties are entering into restrictive covenant agreements with certain shareholders of the Sellers (the "Restrictive Covenant Agreements").

AGREEMENT

Intending to be legally bound, the Parties agree as follows:

ARTICLE I DEFINITIONS

"Accounting Firm" has the meaning set forth in Section 2.6(a) as selected by Buyer and consented-to by the Seller.

"Acquired Assets" has the meaning set forth in Section 2.1(a).

"Affiliate" means, with respect to any Person at any time, another Person, directly or indirectly, through one or more intermediaries, controlled by, under common control with or which controls, such Person. A Person "controls" another Person if the controlling Person may (a) elect a majority of the directors of the controlled Person, or (b) direct or cause the direction of the management and policies of the controlled Person, whether through the ownership of voting securities (other than by way of security only), by Contract or otherwise, directly or indirectly.

“Affiliated Group” means an affiliated group as defined in Section 1504 of the Code (or combined, consolidated or unitary group as defined under state, local or foreign income Tax Law, as applicable).

“Agreement” has the meaning set forth in the Preamble.

“Allocation Agreement” has the meaning set forth in Section 3.2(u).

“Ancillary Documents” has the meaning set forth in Section 3.3.

“Assignment and Assumption Agreement” has the meaning set forth in Section 3.2(k).

“Assumed Contracts” has the meaning set forth in Section 2.1(a)(v).

“Assumed Liabilities” has the meaning set forth in Section 2.3(a).

“Audited Closing Date Project Lookback Schedule” has the meaning set forth in Section 2.7(a).

“Audited Net Asset Amount” has the meaning set forth in Section 2.6(a).

“Average Pre-Tax Margin” shall be calculated as the Buyer Sub’s Cumulative Adjusted Pre-Tax Income, determined in accordance with GAAP, divided by the Buyer Sub’s Cumulative Adjusted Revenue for the same period.

“Base Salary” means the applicable Key Employee’s base salary as in effect from time to time, as described in such Key Employee’s employment agreement.

“Benefit Plan” has the meaning set forth in Section 4.14(a).

“Bill of Sale” has the meaning set forth in Section 3.2(j).

“Board” means the Board of Directors of Buyer Sub.

“Bonds” means the financial assurance instruments, including bonds and guarantees, entered into by any Seller or any Affiliate of any Seller issued for the benefit of the Business.

“Books and Records” means all books and records including all manuals, data, data models, reports, surveys, invoices, Customer and supplier lists and reports, Customer financial data and information, sales, distribution and purchase correspondence, engineering drawings, notebooks and logbooks, Tax Returns and Tax accrual work papers, all original and duplicate copies of the foregoing and computer software and data in computer readable and human readable form used to maintain such books and records together with the media on which such software and data are stored and all documentation relating thereto.

“Business” has the meaning set forth in the Preliminary Statements.

“Business Day” means a weekday, other than a weekday on which banks located in the State of Illinois are required or allowed to close their offices.

“Buyer” has the meaning set forth in the Preamble.

“Buyer Ancillary Documents” has the meaning set forth in Section 3.3.

“Buyer Claims” has the meaning set forth in Section 7.2(a).

“Buyer Indemnified Parties” has the meaning set forth in Section 7.2(a).

“Buyer Parties” means, collectively, the Buyer and the Buyer Sub.

“Buyer Sub” means 1891 Investment Company, a Delaware corporation formed to acquire substantially all of the assets of Huen Electric, Inc., Huen New Jersey, Inc. and Huen New York, Inc.

“Cause” means, without in any way limiting the definition of this term under applicable Laws: (a) a breach by the Key Employee of any material provision of his employment agreement; (b) the Key Employee’s material breach or violation of any policies and procedures of Buyer Sub (including any form of workplace harassment including sexual harassment or violence in the workplace); (c) any on or off duty conduct of the Key Employee in or outside of the workplace that prejudices Buyer Sub’s reputation or business; (d) the Key Employee’s excessive or unsubstantiated absenteeism; (e) the Key Employee’s engaging in willful misconduct, disobedience, or willful neglect of duty that is not trivial; (f) the commission of a criminal act by the Key Employee against Buyer Sub, including fraud, theft, misappropriation, self-dealing or serious dishonesty during or in the course of the Key Employee’s employment with Buyer Sub; (g) the conviction or plea of no contest or *nolo contendere* of the Key Employee for any felony or any misdemeanor that may result in a term of imprisonment greater than one year; or (h) the Key Employee’s failure or refusal to carry out, or comply with, in any material respect, any lawful directive of the Board consistent with the terms of the Key Employee’s employment agreement which is not remedied within 30 days after the Key Employee’s receipt of written notice from the Buyer Sub. Notwithstanding the foregoing, the Key Employee shall not be deemed to have been terminated for Cause pursuant to this definition unless and until there shall have been delivered to the Key Employee a copy of a resolution duly adopted by the Board (not including for this purpose the Key Employee if the Key Employee is then a member of the Board) at a meeting of the Board called and held for such purpose (after reasonable notice to the Key Employee and a reasonable opportunity for the Key Employee, together with the Key Employee’s counsel, to be heard before the Board), finding that in the good faith opinion of the Board, the Key Employee engaged in conduct set forth in this definition.

“Closing” has the meaning set forth in Section 3.1.

“Closing Date” has the meaning set forth in Section 3.1.

“Closing Payment” has the meaning set forth in Section 2.5(c).

“Code” means the Internal Revenue Code of 1986, as amended.

“Collective Bargaining Agreements” has the meaning set forth in Section 4.15(c).

“Confidential Information” means information and data that remains in or comes into the possession of any Party in any form which is not generally known to the public or if generally available to the public, has not become so through any improper act or omission of the Party receiving relevant information or data or which could be harmful to any other Party (the “Protected Party”), the Acquired Assets (where any or all of the Buyer Parties are Protected Parties), or to the Excluded Assets (where any or all of the Sellers are the Protected Parties), if disclosed to Persons other than the Protected Party. Such Confidential Information may exist in any form, tangible or intangible, or media (including any electronic media) and includes the following information of or relating to the Business, the Sellers or their Customers or suppliers, trading partners or other Persons to which a Party has access or had access: (a) business, financial and strategic information, such as sales, cost, margin and earnings information and trends, bidding data and procedures, pricing policies, capital expenditure/investment plans and budgets, forecasts, acquisition targets and business development plans and strategies; (b) advertising, marketing and sales information, plans, programs, techniques, strategies, results and budgets, catalog, licensing or other arrangements, market research and forecasts and marketing and sales training and development techniques and materials; (c) services research and development activities, objectives, plans, data, budgets, results and schedules, marks, performance characteristics, sourcing information, drawings, designs, formulas, techniques, discoveries and inventions; (d) information about existing or prospective Customers or suppliers, such as Customer and supplier lists and contact information, Customer preference data, purchasing habits, authority levels and business methodologies, sales history, pricing, credit information and contract terms; (e) technical information, such as information technology systems and designs, capabilities, performance and plans, computer hardware, software, software development activities, methodologies (excluding standard industry practices and methodologies) and plans, Intellectual Property rights, assets and applications, and other design and performance data; (f) organizational and operational information, such as operating methods, personnel information and facilities or equipment information, methodologies and plans; and (g) any other information which would constitute a “trade secret” as that term is defined in the Uniform Trade Secrets Act, as amended from time to time. For the avoidance of doubt, Confidential Information shall not include information (i) that is in the public domain through no wrongful act of a Party, or (ii) that is independently acquired or developed by a Party after the Closing without reference to Confidential Information.

“Contract” means any written or legally binding oral contract, note, Bond, mortgage, indenture, agreement, license, lease, obligation, commitment, sales order (including delivery orders, purchase orders and change orders), blanket purchase agreement or other instrument or legally binding undertaking (whether express or implied), as well as any bids or proposals which if accepted would result in a binding Contract and any Unexecuted Change Orders which if executed or confirmed would result in a modification of an existing binding Contract.

“Controlled Group” means any trade or business (whether or not incorporated) (i) under common control within the meaning of Section 4001(b)(1) of ERISA with any Seller or (ii) which together with any Seller is treated as a single employer under Section 414(t) of the Code.

“Cumulative Adjusted Revenue” has the meaning set forth on Exhibit G.

“Cumulative Adjusted Pre-Tax Income” has the meaning set forth on Exhibit G.

“Current Trade Receivables” has the meaning set forth in Section 4.8.

“Customer Contract” means any Contract, other than an Excluded Contract, between a Seller and a Customer of such Seller under which such Seller does business with such Customer.

“Customer” means (a) any Person from which any Seller has, during the 12 months immediately preceding the Closing Date, directly or indirectly received payment in exchange for services as part of the Business, and (b) any Affiliate of any such Person.

“Disability” means that, by reason of any medically determinable physical or mental impairment that can be expected to result in death or can be expected to last for a continuous period of not less than twelve months, the Key Employee is unable to engage in any substantial gainful activity or is receiving income replacement benefits under an accident and health benefit plan covering employees of the Buyer Sub for a period of not less than three months.

“Eight Month Project Lookback Schedule” has the meaning set forth in Section 2.7(a).

“Employment Agreements” has the meaning set forth in Section 3.2(q).

“Environment” means soil, surface waters, groundwater, land, stream sediments, surface or subsurface strata, ambient air, indoor air or indoor air quality, including any material or substance used in the physical structure of any building or improvement.

“Environmental Claim” means any notice, claim, demand, action, suit, complaint, proceeding or communication by any Governmental Entity or other Person alleging that any Seller has Liability or potential Liability for an Environmental Condition at the Facilities.

“Environmental Condition” means (a) any Environmental contamination or pollution or threatened contamination or pollution arising out of any Release or threatened Release of Hazardous Materials at the Facilities that could reasonably be expected to form the basis for any Environmental Claim against any Seller, (b) any other circumstance or condition that could reasonably be expected to give rise to any violation or alleged violation of any Environmental Law or Environmental Permit or any Liability or potential Liability under any Environmental Law that would reasonably be expected to form the basis for any Environmental Claim against any Seller, or Liabilities under any Environmental Laws of any third party that a Seller has assumed, contractually or by operation of applicable Law, or (c) any breach of any representation or warranty set forth in Section 4.20, in each such case (i.e., subclauses (a), (b), or (c)) to the extent and only to the extent arising out of events or conditions existing or occurring on or before the Closing Date.

“Environmental Laws” means the common law and all applicable federal, state, local and foreign Laws relating in any manner to contamination, pollution or protection of human health, natural resources or the Environment including: the Clean Air Act, as amended, U.S.C. §§ 7401 et seq.; the Clean Water Act, as amended, 33 U.S.C. §§ 1251 et seq.; CERCLA; the Resource Conservation and Recovery Act, as amended, 42 U.S.C. §§ 6901 et seq.; the Emergency Planning and Community Right-to-Know Act, 42 U.S.C. §§ 11001 et seq.; the Toxic Substances Control Act, 15 U.S.C. §§ 2601 et seq.; the Federal Insecticide, Fungicide and Rodenticide Act, as amended, 7 U.S.C. §§ 136 et seq.; and any applicable state and local Laws, in each case as in effect prior to as of the Closing Date, regulating the same subject matter as the aforementioned Laws.

“Environmental Permit” means any License issued pursuant to Environmental Laws.

“Environmental Reports” means all documents and reports in any Seller’s possession or control concerning Environmental Conditions, including previously conducted environmental site assessments, compliance audits, asbestos surveys and documents regarding any Release of Hazardous Material at, upon or from any property currently owned, leased, used by or operated upon by a Seller, and written notices and correspondence to or from any Governmental Entity in the possession or control of the Sellers in connection with any Environmental Conditions or current or planned Remedial Action with respect to any of the Sellers, the Business, or the Real Property (including the Facilities).

“Equity Interests” has the meaning set forth in Section 4.2.

“ERISA” means the Employee Retirement Income Security Act of 1974, as amended.

“Escrow Account” means the escrow account established by the Escrow Agent pursuant to the terms of the Escrow Agreement.

“Escrow Agent” means J.P. Morgan Chase.

“Escrow Agreement” means the Escrow Agreement by and among the Buyer, the Sellers, and the Escrow Agent, in the form attached hereto as Exhibit A.

“Escrow Amount” means an amount equal to fifteen percent (15%) of the sum of the following: the Premium plus the Preliminary Net Asset Amount.

“Excluded Assets” has the meaning set forth in Section 2.2(a).

“Excluded Contracts” means the Ryan/Walter Athletics Center Customer Contract for Customer Walsh Barton Malow JV III (the “Ryan/Walter Athletics Center Project”) and the Old Bridge Solar Customer Contract for Customer Conti Enterprises, Inc. (the “Old Bridge Solar Project”), together with all Contracts, Bonds, letters of credit, obligations and Liabilities of any kind related to the Ryan/Walter Athletics Center Project and the Old Bridge Solar Project.

“Excluded Liabilities” has the meaning set forth in Section 2.4.

“Excluded Trade Receivables” means all receivables relating to periods prior to, on or following the Closing Date arising from or relating to Excluded Contracts.

“Facilities” means the Real Property.

“Final Escrow Distribution Date” has the meaning set forth in Section 2.9.

“Financial Statements” has the meaning set forth in Section 4.5.

“First Escrow Distribution Date” has the meaning set forth in Section 2.9.

“Five Year Period” has the meaning set forth in Section 2.8(a).

“FLSA” has the meaning set forth in Section 4.15(e)(i).

“Form Subcontractor Contracts” has the meaning set forth in Section 4.12(e).

“Form Supply Contracts” has the meaning set forth in Section 4.12(e).

“Fraud Claims” has the meaning set forth in Section 7.1.

“Fundamental Representations” means the Sellers’ representations in Sections 4.1, 4.2, 4.3, 4.9, and 4.25 of this Agreement.

“GAAP” means generally accepted accounting principles in the United States, consistently applied and subject to and as modified by the clarifications, exceptions and adjustments set forth in Exhibit H. For the avoidance of doubt, all references to GAAP herein shall be deemed to mean GAAP as modified by such clarifications, exceptions and adjustments.

“Good Reason” means: (a) a material reduction of the Key Employee’s Base Salary or the Buyer Sub excludes the Key Employee from the Buyer Sub’s performance-based bonus plan without the Key Employee’s prior written consent; (b) the relocation (without the Key Employee’s prior written consent) of the Key Employee’s primary work site to a location greater than 50 miles from the Key Employee’s work site as of the Closing Date; (c) a material reduction of the Key Employee’s duties (without the Key Employee’s prior written consent) from those in effect as of the Closing Date or as subsequently agreed to by the Key Employee; (d) Buyer Sub has created, or has allowed the continuance of, a hostile work environment for the Key Employee; or (e) any other material breach by Buyer Sub of a material provision of such Key Employee’s employment agreement for which the Key Employee shall have given Buyer Sub written notice of such breach and Buyer Sub shall have failed to cure such breach within 30 days after receipt of such notice. Notwithstanding the foregoing, the Key Employee may not resign employment for Good Reason unless: (x) the Key Employee provides Buyer Sub with at least 30 days prior written notice of the intent to resign for Good Reason (which notice must be provided within 90 days following the occurrence of the event(s) purported to constitute Good Reason); (y) Buyer Sub has not remedied the alleged violation(s) within the 30 day period; and (z) the Key Employee’s resignation becomes effective no later than 90 days following the first occurrence of the event(s) purported to constitute Good Reason.

“Government Bid” means any offer made by any Seller prior to the Closing Date which, if accepted, would result in a Government Contract.

“Government Contract” means any Contract, including prime contract, subcontract, teaming agreement or arrangement, joint venture, basic ordering agreement, pricing agreement, letter contract or other similar arrangement of any kind, between any Seller, on the one hand, and (a) any Governmental Entity, (b) any prime contractor of a Governmental Entity in his, her or its capacity as a prime contractor, or (c) any subcontractor at any tier with respect to any Contract of a type described in clauses (a) or (b) above, on the other hand.

“Governmental Entity” means any government or governmental or regulatory entity, body thereof, or political subdivision thereof, whether federal, state, local or foreign, or any agency, instrumentality or authority thereof or any other entity exercising executive, legislative, judicial, regulatory or administrative functions or pertaining to government, including any department, board, commission, court or tribunal.

“Hazardous Material” means any pollutant, contaminant, chemical, material, substance, waste or constituent subject to regulation under, or which can give rise to an Environmental Claim.

“Indebtedness” means (a) all indebtedness for money borrowed, whether short term or long term, (b) all indebtedness evidenced by notes, debentures, Bonds or other similar instruments, (c) all obligations issued or assumed for the deferred purchase price of property or services (but excluding accounts payable arising in the Ordinary Course of Business), (d) all guarantees and obligations secured by a Lien, (e) amounts due under any future derivative, swap, collar, put, call, forward purchase or sale transaction, fixed price Contract or other agreement that is intended to benefit from, relate to or reduce or eliminate the risk of fluctuations in interest rates, currencies basis risk or the price of commodities, (f) all obligations for the reimbursement of any obligor on any letter of credit or similar credit transaction servicing obligations of a Person or of a type described in clauses (a), (b), (c), (d) and (e) above and (g) and (h) below, (g) all obligations to pay rent or other amounts under any lease of real property or personal property which obligations are required to be classified and accounted for as capital leases in accordance with GAAP, and the amount of such obligations will be the capitalized amount thereof determined in accordance with GAAP, (h) all guarantees of obligations of the type referred to in clauses (a) through (g) of other Persons, and (i) all interest, fees and other expenses owed with respect to indebtedness described in clauses (a) through (h).

“Indemnified Party” means each of the Buyer Indemnified Parties and Seller Indemnified Parties.

“Indemnifying Party” has the meaning set forth in Section 7.4(a).

“Insurance Policies” has the meaning set forth in Section 4.23.

“Intellectual Property” means any or all of the following and all rights in, arising out of, or associated therewith: (a) all United States and foreign patents and applications therefor, and all reissues, divisions, renewals, re-examinations, extensions, provisional applications, continuations and continuations-in-part thereof; (b) all inventions (whether patentable or not), invention disclosures, improvements, trade secrets, proprietary information, know how, technology, technical data, processes, formulas, plans, ideas, concepts, manufacturing, engineering and other manuals and drawings, Customer and supplier lists and similar data and information, and all other confidential or proprietary technical and business information; (c) all copyrights, copyrights registrations and applications therefor and all other rights corresponding thereto throughout the world; (d) all mask works, mask work registrations and applications therefor; (e) all industrial designs and any registrations and applications therefor throughout the world; (f) all trademarks, service marks, trade names, trade dress, logos, slogans, and all other devices used to identify any service or business of any Seller whether registered, unregistered or at common law, trademark and service mark registrations and applications therefor and all goodwill associated therewith throughout the world; (g) all databases and data collections and all rights therein (whether registered or unregistered and including applications for the registration of any such thing) throughout the world; (h) all computer software including all source code, object code, firmware, development tools, files, records and data, all media on which any of the foregoing is recorded, all Web addresses, sites, domain names and social media handles; (i) any similar, corresponding or equivalent rights to any of the foregoing that may subsist anywhere in the world, and (j) all documentation related to any of the foregoing.

“IRS” means the Internal Revenue Service.

“ITD Profit” means the inception to date profit recognized on a Customer Contract. ITD Profit is calculated in accordance with GAAP by taking the revenues recognized on a percent complete basis as of a measurement date (based upon the estimated total contract revenues at completion and the total estimated contract costs at completion), minus actual costs incurred as of that same measurement date, minus any accrued losses if the Customer Contract is in a loss position. This definition and the ITD Profit shall be interpreted and calculated consistently with the example set forth on Exhibit C.

“Joint Ventures” means the joint ventures formed pursuant to the Joint Venture Agreements.

“Joint Venture Agreements” means (a) the Huen-SMC Joint Venture Agreement, dated as of November 12, 2014, between Huen Illinois and SMC Electrical Corporation, and (b) the Vader-Huen-SMC Joint Venture Agreement, dated as of February 19, 2017, among Huen Illinois, SMC Electrical Corporation and Vader National Electric, LLC.

“Key Employee” means those employees listed in Schedule 2.8(b) and Schedule 2.8(c).

“Laws” means any federal, state, local, municipal or foreign law, constitutional provision, statute, rule, regulation, ordinance, principle of common law, License, Order, award, or judgment of any Governmental Entity.

“Leased Premises” has the meaning set forth in Section 4.19(b).

“Leases” means those real property leases described on Schedule 4.19(b).

“Lease Assignments” has the meaning set forth in Section 3.2(p).

“Legal Proceeding” means any action, complaint, claim, suit, litigation, arbitration, proceeding (including any civil, criminal, administrative, investigative or appellate proceedings), hearing, inquiry, audit, examination or investigation commenced, brought, conducted or heard by or before, or otherwise involving any court or other Governmental Entity or any arbitrator or arbitration panel.

“Liability” and collectively “Liabilities” means any debt, liability, guarantee, assurance, commitment or obligation, whether known or unknown, fixed, absolute or contingent, matured or unmatured, accrued or unaccrued, liquidated or unliquidated, asserted or unasserted, due or to become due, whenever or however arising (including whether arising out of any Contract or tort based on negligence or strict liability) and whether or not the same would be required by GAAP to be stated in financial statements or disclosed in the notes thereto.

“License” means all Governmental Entity approvals, authorizations, certifications, consents, variances, permissions, licenses, construction licenses, contractor licenses, Orders, registrations, qualifications, permits and filings applicable to the Sellers, the Business or the ownership and operation of the Acquired Assets.

“Liens” means any mortgage, lien, pledge, hypothecation, title defect, title retention agreement, ownership interest of another Person, option, charge, license, claim, encumbrance or other restriction or limitation, including restrictions on transferability or rights of first refusal other than (a) liens for current Taxes, assessments or other governmental charges not yet due and payable and (b) warehouse, mechanic’s and materialman’s liens imposed by applicable Law with respect to amounts not yet due and payable.

“Lookback Date” has the meaning set forth in Section 2.7(b).

“Losses” means any loss, cost, liability, damage, fine, judgment, sanction, penalty, fee, assessment, charge, judgment, Tax, award or expense (including reasonable legal and other professional fees and expenses) whether contractual, tortious, statutory or otherwise, that are suffered, sustained, paid or incurred by a Person and including interest, reasonable attorneys’ fees, administrative costs and duties, court costs and all amounts paid in investigation, defense or settlement of any of the foregoing and including such fees incurred in connection with the enforcement of any right under this Agreement; provided, however, Losses does not include punitive or special damages except (in each case) to the extent found by a court of competent jurisdiction to be owed to a third Person.

“Margin Bonus Payment” has the meaning set forth in Section 2.8(a).

“Material Adverse Effect” means any event, fact, condition, change, circumstance, occurrence or effect which, either individually or in the aggregate with all other events, facts, conditions, changes, circumstances, occurrences or effects has had, or would reasonably be expected to have, (a) a material adverse effect on the condition (financial or otherwise), operations, results of operations, assets or Liabilities of any Seller or the Business, or (b) the effect of preventing, materially delaying, making illegal or otherwise materially interfering with the consummation of the transactions contemplated by this Agreement and the Ancillary Documents; provided, however, that changes or effects that are caused by (i) the announcement of the transactions contemplated by this Agreement; (ii) conditions affecting the industries or markets (or segments thereof) in which the Sellers participate as a whole, the U.S. economy as a whole, or foreign economies; (iii) any national or international political or social conditions, including the engagement by the United States in hostilities, whether or not pursuant to the declaration of a national emergency or war, or the occurrence of any military or terrorist attack upon the United States or any of its territories, possessions, or diplomatic or consular offices or upon any military installation, equipment or personnel of the United States; (iv) conditions in financial, banking or securities markets (including any disruption thereof and any decline in the price of any security or any market index), or (v) changes in GAAP shall not be considered a Material Adverse Effect and shall not be taken into account in determining whether there has been or will be a Material Adverse Effect, provided that, in the case of clauses (i) – (v) above, if such change, effect, event, occurrence, state of facts or development disproportionately affects the Sellers as compared to other Persons or businesses that operate in the industry in which the Sellers operate, then the disproportionate aspect of such change, effect, event, occurrence, state of facts or development may be taken into account in determining whether a Material Adverse Effect has occurred or will occur.

“Material Contract” has the meaning set forth in Section 4.12(a).

“MI” has the meaning set forth in Section 4.1(d).

“Multiemployer Pension Plan” means a “Multiemployer Pension Plan” as defined in Section 3(37) of ERISA or Section 414(f) of the Code.

“Multiemployer Pension Plan Liability” mean any Liability of any Seller arising from or related to any Multiemployer Pension Plan, including any withdrawal Liability in connection with the transactions contemplated herein and any Liability related to the sufficiency of any Multiemployer Pension Plan’s funding.

“Net Asset Amount” means the total assets included in the Acquired Assets minus the Assumed Liabilities of the Sellers, determined in accordance with GAAP.

“Net Asset Audit” has the meaning set forth in Section 2.6(a) as the audit procedure is further described on Exhibit I.

“Net Asset Audit Date” has the meaning set forth in Section 2.6(a).

“Net Asset Maximum” means the Preliminary Net Asset Amount, plus \$50,000.

“Net Asset Minimum” means the Preliminary Net Asset Amount, minus \$50,000.

“Non-Assignable Contracts” means any Contract, other than the Excluded Contracts, which (i) is not assignable without the consent of a third party, (ii) such consent has not been obtained and (iii) assignment or attempted assignment would otherwise constitute a breach of that Contract or otherwise be ineffective without such consent.

“Orders” means any binding order, award, decision, injunction, judgment, decree, ruling, subpoena, writ, assessment, verdict or arbitration award entered, issued, made or rendered by any Governmental Entity.

“Ordinary Course of Business” means actions that are consistent in nature, scope and magnitude (including with respect to quantity and frequency) with the applicable Seller’s past customs and practices and are taken in the ordinary and usual course of such Seller’s normal, day-to-day operations.

“Organizational Documents” has the meaning set forth in Section 4.1(d).

“OSH Act” has the meaning set forth in Section 4.15(e)(vi).

“OSHA” has the meaning set forth in Section 4.15(e)(vi).

“Party” or “Parties” has the meaning set forth in the Preamble.

“Passive Portfolio Investment” means an investment of less than 1% of any class of securities of a Person that is engaged in the Business and that is traded on any public exchange, including the New York Stock Exchange and NASDAQ Stock Market.

“Permitted Liens” means (a) Liens for Taxes not yet due or delinquent or as to which there is a good faith dispute and for which there are adequate reserves on the consolidated financial statements of the Sellers and (b) inchoate materialmen’s, mechanics’, carriers’, workmen’s and repairmen’s Liens arising in the usual, regular and Ordinary Course of Business and not past due and payable or the payment of which is being contested in good faith by appropriate proceedings and which there are adequate reserves on the consolidated financial statements of the Sellers.

“Person” means any individual, corporation (including any non-profit corporation), general or limited partnership, limited liability company, joint venture, estate, trust, association, organization, labor union or other entity.

“Preliminary Accounting Date” means April 30, 2018 (the month end prior to the Closing Date for which the Sellers have prepared and delivered month end financial data to the Buyer and that the Buyer has agreed will be the month end financial data used for preparation of the Preliminary Balance Sheet).

“Preliminary Accounting Date Project Lookback Schedule” has the meaning set forth in Section 4.12(a)(i).

“Preliminary Balance Sheet” has the meaning set forth in Section 2.5(f) and as set forth herein on Schedule 2.5(f).

“Preliminary Net Asset Amount” means the Net Asset Amount included on the Preliminary Balance Sheet, as of the Preliminary Accounting Date, as determined by the Sellers and as agreed to by the Buyer. A calculation of the Preliminary Net Asset Amount is set forth on Exhibit L.

“Premium” has the meaning set forth in Section 2.5(a).

“Property” has the meaning set forth in Section 4.20(d).

“Purchase Price” has the meaning set forth in Section 2.5(a).

“Real Property” means, collectively, the Leased Premises and any real property owned by HNJ Real Estate Holdings, LLC, a New Jersey limited liability company, Huen Electric Real Estate Holdings, LLC, an Illinois limited liability company, and Hughes-Colvin, LLC, a New York limited liability company, that will be leased to Buyer Sub pursuant to the lease(s) attached as Exhibit B hereto.

“Registered Intellectual Property” means all United States, international and foreign: (a) patents, patent applications (including provisional applications); (b) registered trademarks, applications to register trademarks, intent-to-use applications, or other registrations or applications related to trademarks; (c) registered copyrights and applications for copyright registration; (d) mask work registrations and applications for mask works registration; and (e) any other Seller Intellectual Property, including domain names and social media handles, that is the subject of an application, certificate, filing, registration or other document issued by, filed with, or recorded by, any Governmental Entity.

“Release” means any releasing, spilling, seeping, leaking, pumping, pouring, emitting, emptying, discharging, injecting, escaping, leaching, dumping or disposing of any Hazardous Materials into the Environment (including the abandonment or discarding of barrels, containers, tanks or other receptacles containing Hazardous Materials).

“Remedial Action” means all actions required of any Seller by any Environmental Law or any Governmental Entity under any Environmental Law or by any lessor of any Leased Premises to: (a) clean up, remove, treat, abate or in any other way address any Environmental Condition; (b) prevent the Release or threat of Release or minimize the further Release of any Hazardous Materials so that it does not migrate or endanger or threaten to endanger human health or the Environment; or (c) perform pre-remedial studies and investigations in connection with any Release or threatened Release.

“Restrictive Covenant Agreements” has the meaning set forth in the Recitals.

“Sellers” has the meaning set forth in the Preamble. For the avoidance of doubt, the Sellers shall be Huen Electric, Inc., an Illinois corporation, Huen Electric New Jersey Inc., a New Jersey corporation, and Huen New York, Inc., a New York corporation

“Sellers Ancillary Documents” has the meaning set forth in Section 3.2.

“Seller Claims” has the meaning set forth in Section 7.3(a).

“Seller Indemnified Parties” has the meaning set forth in Section 7.3(a).

“Seller Intellectual Property” means any Intellectual Property that is owned by or exclusively licensed to one or more of the Sellers.

“Seller IT Assets” means all computer systems, networks, hardware, routers, hubs, switches, data communication lines and other information technology equipment used by, for or on behalf of any of the Sellers in connection with the Business.

“Seller Registered Intellectual Property” has the meaning set forth in Section 4.13(a).

“Sellers’ Knowledge” means the knowledge of Jack Dougherty, Donald Colvin, Nicholas Sambucci and Lorayn C. Keeney after their reasonable inquiry.

“Services” means all services (a) marketed, licensed, sold or otherwise provided or distributed by any of the Sellers in the past three years, or (b) currently under contract or development by any of the Sellers.

“Software Licenses” has the meaning set forth in Section 2.1(a)(viii).

“Subsidiary” means with respect to any Person, any other Person of which a majority of the outstanding voting securities or other voting equity interests, or a majority of any other interests having the power to direct or cause the direction of the management and policies of or otherwise exert control over such other Person, are owned, directly or indirectly, by such first Person.

“Tax” or “Taxes” means any U.S. federal, state, local or foreign income, gross receipts, gross margins, franchise, estimated, alternative minimum, add on minimum, sales, use, transfer, registration, value added, excise, natural resources, entertainment, amusement, severance, stamp, occupation, premium, windfall profit, environmental, customs, duties, real property, personal property, ad valorem, capital stock, social security, unemployment, disability, payroll, license, employment tax, or other tax, of any kind whatsoever, including any Liability under state abandonment or unclaimed property, escheat or similar Law, together with any interest, penalties or additions to Tax imposed by Tax Laws; the foregoing will include any transferee, successor or secondary Liability for a Tax and any Liability for Taxes assumed by agreement or arising as a result of being (or ceasing to be) a member of any Affiliated Group (or being included (or required to be included) in any Tax Return relating thereto).

“Tax Authority” means any Governmental Entity having the power to regulate, impose or collect Taxes, including the IRS and any state or local Department of Revenue.

“Tax Returns” means returns, declarations, reports, claims for refund, information returns or other documents (including any related or supporting schedules, statements or information) filed or required to be filed in connection with the determination, assessment or collection of any Tax of any party or the administration of any Laws, regulations or administrative requirements relating to any Tax, and including any return, schedule or attachment of an Affiliated Group and any amendments thereto.

“Third Party Claim” has the meaning set forth in Section 7.4(a).

“Third Party Recovery Sources” has the meaning set forth in Section 7.8.

“Three Year Period” has the meaning set forth in Section 2.8(c).

“Transaction Expenses” means the aggregate amount of (a) all fees, costs and expenses (including fees, costs and expenses of legal counsel, investment bankers, brokers or other representatives and consultants and appraisal fees, costs and expenses) incurred by the Sellers which the Sellers are obligated to pay pursuant to the terms of this Agreement, the Ancillary Documents and the transactions contemplated hereby and thereby, to the extent not paid by the Sellers before the Closing and (b) all bonuses or other payments (regardless of form), excluding payments under clause (a) paid or payable by the Sellers to their officers, managers, employees, consultants or any third party as a result of the consummation of the transactions contemplated by this Agreement and based on Contracts or agreements in effect as of the Closing Date, including bonuses and other payments paid or payable on or after the Closing Date by reason of the consummation of the transactions contemplated hereby or payable upon the fulfillment or happening of both (i) the consummation of the transactions contemplated hereby and (ii) any other contingency after the Closing Date, and including the employer portion of any payroll, social security, unemployment or similar Taxes owed in connection with the payments previously described under clause (b). Transaction Expenses shall not include Transfer Taxes as defined in Section 6.1(e).

“Transfer Taxes” has the meaning set forth in Section 6.1(e).

“Treasury Regulations” means the regulations promulgated under the Code by the U.S. Department of the Treasury.

“Unexecuted Change Orders” means change orders that are unexecuted by a Customer and are accounted for in accordance with Exhibit G.

“Unrelated Entities” means Progressive Electric Huen Electric Joint Venture, LLC, Coghlin-Huen, LLC, TIE-Huen-SMC Joint Venture, Huen Electric Waukegan, Inc., and Huen Technology Solutions, Inc.

“WARN Act” has the meaning set forth in Section 4.15(e)(viii).

ARTICLE II SALE AND PURCHASE

Section 2.1 Conveyance of Acquired Assets.

(a) At the Closing, the Buyer Sub shall and hereby does purchase from the Sellers, and the Sellers shall and hereby do sell, transfer, convey and deliver to the Buyer Sub, all of the Sellers’ assets, properties, rights and interests, wherever located, as of the Closing Date (the “Acquired Assets”), other than the Excluded Assets, including the following:

- (i) all Current Trade Receivables that remain uncollected as of the Closing Date, including those listed on Schedule 4.8;
- (ii) all materials and supplies, manufactured and purchased parts, finished goods, goods in transit and other items of inventory;
- (iii) all work-in-process;
- (iv) all machinery, equipment, furniture, fixtures, leasehold improvements, vehicles, tooling, and other tangible personal property used to conduct the Business, including those listed on Schedule 2.1(a)(iv);
- (v) all executory Contracts (the “Assumed Contracts”), including those listed on Schedules 4.12(a)(i) through 4.12(a)(x);
- (vi) with respect to any Customer Contract, (1) all costs and estimated earnings in excess of related billings on jobs in progress (underbillings), including those listed on Schedule 4.12(a)(i), and (2) the Customer relationship associated therewith;
- (vii) all Leases;
- (viii) all Seller Intellectual Property, including those listed in Schedule 4.13;
- (ix) the Sellers’ software license agreements including those listed on Schedule 2.1(a)(ix);
- (x) all rights under or pursuant to all warranties, representations and guaranties made by suppliers;
- (xi) all claims, refunds, causes of action, choses in action, rights of recovery, rights of set off and rights of recoupment of any kind;
- (xii) all Licenses (to the extent assignable);
- (xiii) all advertising, marketing and promotional materials, all archival materials and all other printed or written materials;
- (xiv) all other assets, properties, rights and interests of the Sellers’ used to conduct the Business;
- (xv) all legal and trade names used by the Sellers, including “Huen”, “Huen Electric”, “Huen Connect”, “Huen New Jersey”, “Huen Electric New Jersey”, “Huen New York”, “Huen Electric New York”, “Huen Energy Solutions”, “Huen Technologies”, “Huen Waukegan”, and “Huen-Protech”;
- (xvi) the goodwill of the Business;

(xvii) all Customer lists and Customer relationships; and

(xviii) all of the Sellers' interests in the Joint Ventures and all of the Sellers' rights under the Joint Venture Agreements.

(b) The amounts of the Acquired Assets included in the Preliminary Balance Sheet used to determine the Closing Payment shall be updated to reflect the amounts of the Acquired Assets as of the Closing Date as determined by the Net Asset Audit.

Section 2.2 Excluded Assets.

(a) The following assets of the Sellers are not included in the Acquired Assets (the "Excluded Assets");

(i) corporate minute books and stock record books;

(ii) shares and securities of capital stock;

(iii) all assets listed on Schedule 2.2(a)(iii), which shall include receivables associated with any loans by the Sellers to the Sellers' shareholders and/or employees;

(iv) all of the Sellers' bank accounts;

(v) cash and cash equivalents;

(vi) mutual funds, money market funds, bonds and similar investments;

(vii) all refunds of Taxes with respect to the Business and the Acquired Assets with respect to any period or portion thereof ended on or prior to the Closing Date;

(viii) all abandoned or unclaimed property reportable under any state or local unclaimed property, escheat or similar Law where the dormancy period elapsed prior to the Closing Date;

(ix) investments in Affiliates;

(x) the Excluded Trade Receivables and associated claims, refunds, causes of action, choses in action, rights of recovery, rights of set off and rights of recoupment of any kind thereto;

(xi) land and buildings that the Sellers own, operate or invest;

(xii) the Excluded Contracts and associated claims, underbillings, refunds, causes of action, choses in action, rights of recovery, rights of set off and rights of recoupment of any kind thereto;

- (xiii) all membership interests in, and all assets of, Clark Wacker, LLC and Clark Wacker Electric LLC;
- (xiv) the equity and assets of the Unrelated Entities;
- (xv) all claims, refunds, causes of action, choses in action, rights of recovery, rights of set off and rights of recoupment of any kind to the extent related to the Excluded Liabilities;
- (xvi) insurance policies, including any life and/or key person policies on the life of any employee of any Seller;
- (xvii) all advances to employees;
- (xviii) Employee Benefit Plans including 401(k) and profit sharing plans; and
- (xix) Tax Returns and all Tax accrued payments to the extent such Tax Returns and Tax accrued payments relate to the income Taxes of the Sellers.

In the event that a Buyer Party has or obtains possession of or control over any Excluded Asset subsequent to Closing, such Buyer Party shall promptly deliver such Excluded Asset to the Sellers. For the avoidance of doubt, neither MI nor any of the Sellers' other shareholders are selling, conveying, assigning, transferring and/or delivering any of their ownership interest in the Sellers or their assets.

Section 2.3 Assumed Liabilities.

(a) At the Closing, the Buyer Sub shall and hereby does expressly assume the following, and only the following, Liabilities of the Sellers as of the Closing Date (the "Assumed Liabilities"):

- (i) accounts payable of the Sellers incurred in the Ordinary Course of Business, including those listed on Schedule 2.3(a)(i);
- (ii) non-Tax related accrued expenses of the Sellers that represent current obligations incurred in the Ordinary Course of Business, including those listed on Schedule 2.3(a)(ii);
- (iii) with respect to any Customer Contract, all billings in excess of costs and estimated earnings on jobs in progress (overbillings), including those listed on Schedule 4.12(a)(i);
- (iv) Taxes that represent current obligations incurred in the Ordinary Course of Business, including those listed on Schedule 2.3(a)(iv);

(v) Liabilities incurred by Buyer Sub that may arise through Buyer Sub's performance of Non-Assignable Contracts after the Closing Date;

(vi) all Liabilities arising under the Assumed Contracts after Closing; and

(vii) minority interest in Joint Ventures referenced on Exhibit J.

(b) The amounts of the Assumed Liabilities included in the Preliminary Balance Sheet used to determine the Closing Payment shall be updated to reflect the amounts of the Assumed Liabilities as of the Closing Date as determined by the Net Asset Audit.

Section 2.4 Excluded Liabilities. Notwithstanding anything to the contrary contained in this Agreement or any of the Schedules attached hereto, the Sellers shall retain all Liabilities of the Sellers and their respective Affiliates following the Closing other than the Assumed Liabilities. Without limiting the generality of the foregoing, the Buyer Sub shall not assume or be liable for any of the following Liabilities of the Sellers following the Closing, other than the Assumed Liabilities (the "Excluded Liabilities"):

(a) all Liabilities of the Sellers in respect of any Tax and all Liabilities for any Tax otherwise arising out of or relating to the Acquired Assets or the operation or conduct of the Business on or prior to the Closing Date, in each case including any obligation to indemnify or otherwise assume or succeed to the Tax Liability of any other Person;

(b) all Indebtedness of the Sellers;

(c) all Liabilities in connection with, or arising out of, the operation of the Business by the Sellers (or any other business of the Sellers) prior to the Closing Date, or the ownership, possession, use, operation or sale or other disposition prior to the Closing Date of any of the Acquired Assets (or any other assets, properties, rights or interests owned by or licensed to the Sellers), at any time prior to the Closing Date;

(d) all Liabilities in respect of the Assumed Contracts or Non-Assignable Contracts that arise in connection with, or arising out of, the operation of the Business by the Sellers (or any other business of the Sellers) prior to the Closing Date;

(e) all Liabilities in respect of any of the Joint Venture Agreements or any Contracts (i) to which any Joint Venture is a party, (ii) that relate to any Joint Venture's business, or (iii) executed pursuant to a Joint Venture Agreement, in each case that relate to or arise in connection with, or arising out of, the operation of any Joint Venture prior to the Closing Date, including any breach of any such Joint Venture Agreement or other Contract that occurs prior to the Closing Date;

(f) all Liabilities arising on or prior to Closing to any current or former employees, officers, directors, managers, independent contractors or consultants of any Seller, or any predecessors-in-interest to any Seller or any of their Affiliates, or to any such Person's spouses, children, other dependents or beneficiaries, including all Liabilities arising:

(i) under any Benefit Plan or any other employee benefit plan, program or arrangement that is sponsored or maintained by any Seller or by any member of the Controlled Group, including any Liabilities in connection with stock option plans maintained by the Sellers;

(ii) under any federal, state or local labor, employment, wage, hour restriction, equal pay, equal employment opportunity, family or medical leave, employment discrimination, affirmative action, fair employment practices, plant closing or immigration and naturalization Laws;

(iii) under any Collective Bargaining Agreements, settlement agreements, understandings, arrangements, grievances, arbitrations or other labor proceedings;

(iv) under any workers' compensation, health, accident, disability or safety Laws or in connection with any workers' compensation or any other employee health, accident, disability or safety claims;

(v) under any Multiemployer Pension Plan (including any such Liabilities that arise as a consequence of the transaction contemplated by this Agreement);

(vi) in connection with any severance agreement or stock redemption agreement;

(vii) in connection with all continued medical and health benefits for Michael F. Hughes and Madeline E. Hughes;

(g) all Liabilities relating to the businesses of the Sellers (including the Business) or the Acquired Assets (or any other assets, properties, rights or interests associated, at any time prior to the Closing Date, with any Seller or the Acquired Assets), to the extent based on events or conditions occurring or existing prior to the Closing Date and connected with, arising out of or relating to (i) any dispute for services rendered, including workmanship warranty claims and product liability claims, contractual warranty claims, and claims for refunds, returns, personal injury and property damage, including any of the foregoing pertaining to Liabilities under Contracts entered into by any Seller doing business under any other name, (ii) any Seller's noncompliance with or Liability under any Environmental Laws, (iii) claims relating to employee health and safety, including claims for injury, sickness, disease or death of any Person, (iv) any Multiemployer Pension Plan or (v) compliance with any Laws relating to any of the foregoing;

(h) all Liabilities in connection with, or arising out of, any claim made against a Bond (including those written on an Assumed Contract) in connection with work completed prior to the Closing, whether such claim is made before, on, or after the Closing Date;

(i) all Liabilities of any Seller (i) in connection with life insurance, health and welfare insurance, or any other insurance policies covering such Persons, including Liabilities arising under any Benefit Plan, (ii) all tax matching Liabilities in connection with U.S. Social Security, unemployment and Medicare Laws (except for those Liabilities incurred after the Closing with respect to such Persons who are employed by the Buyer Sub or an Affiliate of the Buyer Sub), and (iii) all Liabilities for personal expenses, including vehicle, maintenance, cell phone, television, donation and entertainment expenses, and Liabilities for any professional services received by such Persons in a personal capacity (including personal tax return preparation services);

(j) all related party loans to any Person, including the related party loans set out in Schedule 4.18;

(k) all Liabilities in connection with the charitable scrap metal program;

(l) all amounts due to the Sellers' stockholders or former stockholders as presented in the Preliminary Balance Sheet, and any Liabilities associated thereby;

(m) all Liabilities in connection with or arising out of any Excluded Assets; and

(n) all Liabilities in connection with or arising out of the businesses of, or membership interests in, Clark Wacker, LLC and Clark Wacker Electric LLC.

Section 2.5 Purchase Price.

(a) The purchase price of the Acquired Assets shall be equal to a \$35,500,000 premium (the "Premium"), plus (ii) the Net Asset Amount as of the Closing Date, all as adjusted pursuant to Exhibit L (the "Purchase Price").

(b) On the Closing Date, the Buyer Sub shall assume all of the Assumed Liabilities and thereafter timely pay, perform and satisfy such Assumed Liabilities.

(c) On the Closing Date, the Buyer shall pay to the Sellers the Premium, plus the Preliminary Net Asset Amount, minus the Escrow Amount, minus the Indebtedness set out in Schedule 2.5(c) pursuant to the terms of the payoff letters delivered pursuant to Section 3.2(x). Such resulting amount payable at Closing will be referred to as the "Closing Payment".

(d) On the Closing Date, the Buyer shall (i) pay the Escrow Amount to the Escrow Agent by wire transfer of immediately available funds to the Escrow Account, and (ii) pay the Closing Payment to the Sellers by wire transfer of immediately available funds to an account that has heretofore been designated in writing by the Sellers.

(e) The Escrow Amount will serve as security for the performance of the obligations of the Sellers pursuant to this Agreement. Distributions from the Escrow Amount will be released to the Sellers or the Buyer, as the case may be, only in accordance with the terms of this Agreement and the Escrow Agreement.

(f) Attached as Schedule 2.5(f) is a balance sheet of the Sellers (the “Preliminary Balance Sheet”) prepared as of the Preliminary Accounting Date, in accordance with GAAP, consistently applied.

Section 2.6 Post-Closing Purchase Price Adjustment – Net Asset Amount.

(a) The Preliminary Net Asset Amount shall be updated to reflect the Net Asset Amount as of the Closing Date (the “Net Asset Audit”) as follows: within 60 days of November 30, 2018 (the month end following the four month anniversary of the Closing Date) (the “Net Asset Audit Date”), the Parties shall cause to be prepared by an independent accounting firm selected by Buyer and consented-to by the Seller (the “Accounting Firm”) and delivered to the Buyer Parties and the Sellers an audited balance sheet reflecting the Accounting Firm’s determination of the Net Asset Amount as of the Closing Date (the “Audited Net Asset Amount”), which shall be prepared by the Accounting Firm in good faith and in accordance with GAAP and will be binding on the Buyer Parties and the Sellers. Subject to the terms herein, the following items will be applied in the determination of the Preliminary Net Asset Amount and the Audited Net Asset Amount:

(i) All fixed assets shall be carried at book value.

(ii) If any amount of Current Trade Receivables included in the audited Net Asset Amount as of the Closing Date is not collected as of the Net Asset Audit Date, except for contractually required retainage for Customer Contracts that are less than 100% complete, the Audited Net Asset Amount shall be reduced by such uncollected amount. Any reduction to the full Current Trade Receivables balance (such as reserves for uncollectible amounts) shall be adjusted to the amount of the uncollected Current Trade Receivables as of the Net Asset Audit Date. Buyer Sub shall use commercially reasonable efforts to collect all Current Trade Receivables included in the Preliminary Balance Sheet and shall not compromise, reduce, or settle any such amounts without Sellers’ consent, which shall not be unreasonably withheld, delayed or conditioned. If a Current Trade Receivable that has been excluded from the Net Asset Amount as a result of this Section or otherwise is subsequently collected, the Buyer Sub shall pay to the Sellers the amount of the subsequently collected Current Trade Receivable within 30 Business Days. If any Current Trade Receivable (A) is excluded from the Net Asset Amount as a result of this Section or otherwise and (B) remains uncollected after the date that is 90 days from the finalization of the Net Asset Audit, then the Sellers shall be entitled to collect such Current Trade Receivable on their own behalf and for their own benefit.

(iii) If an account payable of the Sellers (x) was incurred at or prior to the Closing, (y) is not listed on Schedule 2.3(a)(i) (as updated as part of the Net Asset Audit), or (z) is discovered by the Buyer Parties following the Closing, such Liability shall, at the election of the Buyer Parties, either (A) be assumed and payable by the Buyer Parties and the Audited Net Asset Amount shall be reduced accordingly, or (B) remain the Liability of the Sellers and be treated as an Excluded Liability.

(iv) Accruals previously calculated on an annual basis, including warranty, bonuses, profit sharing and vacation accruals, shall be allocated proportionately in the Preliminary Balance Sheet and Audited Net Asset Amount to the extent accrued up until the Closing Date of the given year. For the avoidance of doubt, if the yearly accrual for vacation is estimated to be \$100,000 and the Closing Date is August 1 of the given year, 7/12 of the \$100,000 vacation accrual (or \$58,333) shall be included as an Assumed Liability in the Audited Net Asset Amount.

(v) The costs and estimated earnings in excess of billings (underbillings) for the Wrigley Field Customer Contract for Customer Pepper Construction Company (the “Wrigley Project”) shall be reduced by \$3,000,000 in both the Preliminary Net Asset Amount and Audited Net Asset Amount due to the uncertainties of the Wrigley Project.

(b) For purposes of complying with the terms set forth in this Section 2.6, each Party shall cooperate with and make available to the Accounting Firm and the other Parties and their respective representatives all information, records, data and working papers (including accountant work papers), and shall permit access during normal business hours, upon reasonable advance notice and subject to the terms of typical confidentiality arrangements to the Facilities and personnel as may be reasonably required in connection with the preparation and analysis of the Audited Net Asset Amount and Audited Closing Date Project Lookback Schedule. The Accounting Firm shall be free of undue influence from the Buyer Parties and Sellers in order to remain independent. At least one Representative of both the Buyer Parties and Sellers shall be party to all communications with the Accounting Firm, including telephone conversations, e-mail communications and on-site visits.

(c) Following the final determination of the Audited Net Asset Amount, the Purchase Price shall be adjusted in accordance with Exhibit L.

Section 2.7 Post-Closing Purchase Price Adjustment – Lookback Determination.

(a) The Preliminary Accounting Date Project Lookback Schedule shall be updated by the Accounting Firm using reasonable estimates for each Customer Contract (including estimated total contract revenues at completion and estimated total costs at completion) as of the Net Asset Audit Date to recalculate the ITD Profit as of the Closing Date (the “Audited Closing Date Project Lookback Schedule”) for each Customer Contract, which shall be prepared in accordance with GAAP, and consistent with how the Preliminary Accounting Date Lookback Schedule was prepared and calculated from the Books and Records of the Buyer Sub and the Sellers as applicable.

(b) The Audited Closing Date Project Lookback Schedule shall be updated to reflect the financial status of each Customer Contract as of March 31, 2019 (the month end following the eight month anniversary of the Closing Date) (the "Lookback Date"). The Audited Closing Date Project Lookback Schedule shall be updated using reasonable estimates for each Customer Contract (including estimated total contract revenues at completion and estimated total costs at completion) as of the Lookback Date to recalculate the ITD Profit as of the Closing Date (the "Eight Month Project Lookback Schedule"), which shall be prepared by the Buyer (in reasonable consultation with Sellers) in good faith and in accordance with GAAP, and consistent with how the Preliminary Accounting Date Lookback Schedule was prepared, and calculated from the Books and Records of the Buyer Sub and the Sellers as applicable. If the Buyer Parties and the Sellers disagree as to the preparation of the Eight Month Project Lookback Schedule, the Accounting Firm will be engaged to review those specific issues of disagreement and to offer an opinion as to those issues, which will be binding on the Buyer Parties and the Sellers.

(c) For purposes of complying with this Section 2.7, each Party shall cooperate with and make available to the Accounting Firm and the other Parties and their respective representatives all information, records, data and working papers (including accountant work papers), and shall permit access during normal business hours, upon reasonable advance notice and subject to the terms of typical confidentiality arrangements to the facilities and personnel as may be reasonably required.

(d) Refer to Exhibit C for examples of using estimated contract values (including estimated total contract revenues at completion and estimated total costs at completion) as of a point in time to recalculate the ITD Profit as of the Closing Date.

(e) Buyer Parties shall use commercially reasonable efforts to maximize the ITD Profit.

(f) Following the final determination of the Eight Month Project Lookback Schedule, the Purchase Price shall be adjusted in accordance with Exhibit L.

Section 2.8 Margin Bonus Payment.

(a) If (i) the Buyer Sub's Cumulative Adjusted Pre-Tax Income for the full five year period beginning on the Closing Date and ending on the fifth anniversary of the Closing Date (the "Five Year Period") is equal to or exceeds \$60,000,000 and (ii) the Average Pre-Tax Margin for the Buyer Sub for the Five Year Period is equal to or greater than 8.0%, the Buyer shall pay 20% of the Buyer Sub's Cumulative Adjusted Pre-Tax Income for the Five Year Period (the "Margin Bonus Payment") to the Sellers. The Cumulative Adjusted Pre-Tax Income and Average Pre-Tax Margin for the Buyer Sub shall be prepared by Buyer in good faith using the accounting methods, policies, practices and procedures, with consistent classifications and estimation methodologies, of Buyer in accordance with GAAP (subject to any exceptions, adjustments and clarifications to GAAP set forth in this Agreement) and consistent with the example calculation set forth on Exhibit G.

(b) If prior to the end of the Five Year Period the employment by the Buyer Sub of any one or more of the employees listed in Schedule 2.8(b) is terminated by the Buyer Sub for Cause, by the employee without Good Reason or as a result of the employee's death or Disability, the Margin Bonus Payment otherwise payable to the Sellers will be reduced by 20% for each such individual.

(c) If prior to the end of the full three year period beginning on the Closing Date and ending on the third anniversary of the Closing Date (the “Three Year Period”) the employment by the Buyer Sub of any one or more of the employees listed in Schedule 2.8(c) is terminated by the Buyer Sub for Cause, by the employee without Good Reason or as a result of the employee’s death or Disability, the Margin Bonus Payment otherwise payable to the Sellers will be reduced by 20% for each such individual.

(d) The Margin Bonus Payment, if any, will be paid to the Sellers by the Buyer within 30 days following the date on which the financial statements for the last full fiscal year of the Five Year Period are approved by the Buyer Sub’s board of directors.

(e) The following terms and conditions shall apply to the Margin Bonus Payment:

(i) Buyer Parties shall use commercially reasonable efforts to achieve at least an 8% Average Pre-Tax Margin and to maximize the Margin Bonus Payment;

(ii) Buyer Parties shall not knowingly or intentionally take any action that is commercially unreasonable that limits the Sellers from receiving the Margin Bonus Payment or minimize the amount thereof;

(iii) Buyer Parties shall not knowingly or intentionally take any action that is commercially unreasonable that prevents the Buyer Sub from achieving or realizing at least an 8% Average Pre-Tax Margin;

(iv) During the Five Year Period, the Buyer Sub shall operate as an independent subsidiary of Buyer and Buyer shall not commingle Buyer Sub assets and/or opportunities with the Buyer or the Buyer’s affiliates;

(v) For the Five Year Period, Buyer Parties shall keep separate books and records for the Buyer Sub; and

(vi) Buyer Sub shall provide to Sellers quarterly and annual reports, including reasonable backup information and materials, with respect to the Margin Bonus Payment, including the Buyer Sub’s Cumulative Adjusted Revenue, Cumulative Adjusted Pre-Tax Income, and Average Pre-Tax Margin.

Section 2.9 Escrow Account. The Escrow Amount and other funds held in the Escrow Account will be held and released in accordance with the terms of this Agreement and the Escrow Agreement. Such funds will be used to satisfy any adjustments to the Purchase Price set out herein (including pursuant to Exhibit L), to satisfy the Sellers' obligations under Sections 2.11(b)(iii), 6.4 and 6.7, and any indemnification obligations hereunder including under Sections 6.9 and Article VII. Within 30 days of the final determination of the Purchase Price (after giving effect to the adjustments set out herein, including pursuant to Exhibit L (the "First Escrow Distribution Date"), the Parties shall instruct the Escrow Agent to release to the account designated by the Sellers an amount equal to (A) one half of the funds remaining in the Escrow Account subsequent to the final determination of the Purchase Price under Sections 2.6 and 2.7 and any distributions to the Buyer from the Escrow Account for such adjustments minus (B) the amount of any good faith dispute between the Buyer and the Sellers in the adjustments to be made pursuant to Exhibit L. On the 12 month anniversary of the First Escrow Distribution Date (the "Final Escrow Distribution Date"), the Parties shall instruct the Escrow Agent to release to the account designated by the Sellers an amount equal to (A) all funds held in the Escrow Account as at such date, minus (B) the aggregate amount of outstanding indemnification claims made by Buyer in good faith against the Escrow Account as of the Final Escrow Distribution Date. Any amounts not distributed as of the Final Escrow Distribution Date will be distributed in accordance with the terms of the Escrow Agreement. If any amount is required to be released from the Escrow Account pursuant to the terms of this Agreement, Sellers and Buyer shall direct their respective Authorized Representatives (as defined in the Escrow Agreement) to execute a Joint Instruction (as defined in the Escrow Agreement) instructing such release in accordance with the terms of the Escrow Agreement.

Section 2.10 Withholding Rights. Notwithstanding anything to the contrary in this Agreement, the Buyer Parties will be entitled to deduct and withhold from the consideration otherwise deliverable under this Agreement, and from any other payments otherwise required pursuant to this Agreement, such amounts as the Buyer Parties or their Affiliates are entitled to hereunder or required to deduct and withhold with respect to any such deliveries and payments under applicable Law. To the extent that amounts are so withheld, they will be treated for all purposes of this Agreement as having been delivered and paid to such Person in respect of which such deduction and withholding was made.

Section 2.11 Non-Assignable Contracts.

(a) Notwithstanding any other provision in this Agreement, neither this Agreement nor any other document executed by the Sellers pursuant to this Agreement will constitute an assignment or attempted assignment of any Non-Assignable Contract.

(b) Upon the mutual agreement of the Buyer and Sellers, the Sellers will use commercially reasonable efforts to obtain any consent to assignment which may be required for the assignment to the Buyer Sub of any such Non-Assignable Contract. The expenses of obtaining any such consents shall be allocated equitably between the Parties in a manner mutually agreed upon by the Parties on a case by case basis. If any necessary consent has not been obtained as of the Closing, such Non-Assignable Contract will not be deemed assigned and the Sellers will:

(i) hold their right, title and interest in, to and under such Non-Assignable Contract for the benefit of the Buyer Sub until such consent is obtained;

(ii) use commercially reasonable efforts (without obligation to pay any fee or other compensation, other than contractual assignment fees) to obtain the consent to the assignment to the Buyer Sub of such Non-Assignable Contract;

(iii) take such commercially reasonable action in the name of the Sellers or otherwise as the Buyer Sub may reasonably require and at the expense of the Sellers so as to provide the Buyer Sub with the benefits of the Non-Assignable Contract, including taking legal action to enforce the terms of any Non-Assignable Contract, including with respect to any breach thereof by the applicable counterparty; and

(iv) unless prohibited by the terms of the Non-Assignable Contract, authorize the Buyer Sub, at the Buyer Sub's expense, to perform all of the Sellers' obligations and have all of the Sellers' rights, including payment, under such Non-Assignable Contract and constitute the Buyer Sub the attorney of the Sellers to act in the name of the Sellers with respect to such Non-Assignable Contract, in which case the Buyer Sub shall be entitled to the full benefit of the Non-Assignable Contract. For the avoidance of doubt, the Buyer Sub shall be entitled to all payments, including any receivables that constitute Current Trade Receivables, received by the Buyer Sub, Sellers or any of their respective Affiliates on such Non-Assignable Contract following Closing.

(c) Buyer Sub will timely perform and satisfy the Sellers' obligations under the Non-Assignable Contract.

(d) Notwithstanding the foregoing, to the extent any of the Leases constitute Non-Assignable Contracts, and the applicable landlord requires, in connection with granting a consent to assignment following the Closing, any financial concession (including an assignment fee (whether or not contractual), increase in rent, increase in security deposit, or otherwise), the Sellers shall bear the full amount of such financial concession, and the Buyer Sub shall be reimbursed, at its election, from the Sellers or the Escrow Account for the full amount thereof.

(e) Non-Assignable Contracts shall be included in the Preliminary Net Asset Amount and in the Net Asset Amount as if such Contracts had been assigned to the Buyer Sub.

ARTICLE III CLOSING

Section 3.1 Closing. The closing of the transactions contemplated by this Agreement (the "Closing") shall take place electronically and simultaneously with the execution of this Agreement, on the date hereof (the "Closing Date"), unless another date, time or place is agreed to in writing by the Parties. The Closing shall be deemed to be effective as of 12:01 a.m., Chicago Time, on the Closing Date, unless another date, time or place is agreed to in writing by the Parties, and the title to the Acquired Assets shall transfer to the Buyer Sub at such time.

Section 3.2 Closing Deliveries of the Sellers. Simultaneous with the execution of this Agreement, the Sellers have delivered to the Buyer Parties the following (with the documents, agreements and materials referenced in (a), (d), (h), (j), (k), (o), (p), (q), (s), (u), (v) and (w) below being collectively referred to as the "Sellers Ancillary Documents"):

(a) the lease agreements and amendments thereto attached as Exhibit B, for the parcel(s) of real property owned by HNJ Real Estate Holdings, LLC, a New Jersey limited liability company, Huen Electric Real Estate Holdings, LLC, an Illinois limited liability company, and Hughes-Colvin, LLC, a New York limited liability company;

(b) the consents listed on Schedule 3.2(b) required to transfer ownership of the Acquired Assets;

(c) evidence that all security interests or other Liens granted by any Seller or applicable to the Acquired Assets have been, or immediately following the occurrence of the Closing shall be, released and terminated;

(d) a non-foreign person affidavit dated as of the Closing Date from each Seller, sworn under penalty of perjury and in form and substance required under the Treasury Regulations issued pursuant to Section 1445 of the Code, stating that such Seller is not a “foreign person” as defined in Section 1445 of the Code;

(e) a certificate of the Secretary of State from each jurisdiction where each Seller is qualified to do business as a foreign corporation, dated no earlier than 15 days prior to the Closing Date, as to the legal existence and good standing of each such Seller in such jurisdictions;

(f) evidence that all of the Sellers’ Insurance Policies will remain in effect, and that the Buyer Parties have been added as additional insureds on all such policies;

(g) for each state and local Taxing jurisdiction where any Seller is conducting business, either (i) a Tax clearance certificate or Certificate of No Tax Due applicable to each Tax for which such a certificate may be obtained under state or local Law; (ii) an amount held in escrow (in an account separate from the Escrow Account) equal to the amount reflected on any statement of estimated Tax due or required to be withheld issued by the appropriate Government Entity; or (iii) an amount held in escrow (in an account separate from the Escrow Account) sufficient to cover any successor Tax Liability that may be incurred as a result of the purchase of the Acquired Assets;

(h) a duly executed counterpart to the Escrow Agreement, executed by the Sellers and the Escrow Agent;

(i) original title documents for all Acquired Assets that are physically titled;

(j) a bill of sale agreement with respect to the transfer of the Acquired Assets (the “Bill of Sale”), in the form attached hereto as Exhibit D, duly executed by each of the Sellers;

(k) an assignment and assumption agreement with respect to the Assumed Contracts (the “Assignment and Assumption Agreement”) in the form attached hereto as Exhibit F, duly executed by each Seller;

(l) possession of the Acquired Assets;

(m) possession of all warranties of all machinery and equipment, and all guarantees from all manufacturers and suppliers relating to any of the Acquired Assets;

(n) all Contracts, files and other data and documents relating to the Acquired Assets;

(o) a certificate signed by the Secretary of each Seller, dated as of the Closing Date, attaching true, correct and complete copies of the resolutions of each Seller and their respective direct and indirect shareholders authorizing the transactions contemplated hereby;

(p) such other instruments of sale, transfer, conveyance and assignment as the Buyer Sub may reasonably request to effectuate the transactions contemplated hereby;

(q) in respect of each Lease, (i) a subordination, non-disturbance and attornment agreement from each party holding a recorded mortgage with respect to any of the Leased Premises, and (ii) a lease assignment and estoppel (confirming the terms of the applicable Lease and evidencing the applicable landlord’s consent to the within assignment and assumption, to the extent required under the terms of the applicable Lease, and absence of existing defaults or circumstances which given the passage of time would constitute a default) in a form approved by the Buyer Sub with respect to each Lease, duly executed by the applicable Seller and the applicable landlord (collectively, the “Lease Assignments”);

(r) employment agreements duly executed by those individuals listed on Schedule 3.2(q) (the “Employment Agreements”);

(s) a Sellers’ representative agreement in the form of Exhibit K;

(t) a copy of each Bond listed on Schedule 4.22;

(u) an “Allocation of Economic Benefits, Risk and Liability Agreement” by and among the Sellers (the “Allocation Agreement”) in the form attached hereto as Exhibit E, duly executed by the Sellers together with the resolutions of all the Sellers’ shareholders approving such agreement;

(v) duly executed amendments to each of the Joint Venture Agreements pursuant to which the counterparties to such Joint Venture Agreements have agreed to the substitution of the Buyer Sub as a party to such Joint Venture Agreements in place of Huen Illinois and the assignment of all of Huen Illinois’ interests in the Joint Ventures to the Buyer Sub;

(w) duly executed counterparts to each of the Restrictive Covenant Agreements; and

(x) payoff letters from each Person owed Indebtedness, as set out in Schedule 2.5(c), indicating that upon payment of a specified amount, along with a per diem interest amount, if applicable, such Person shall be paid in full and, if applicable, such Person shall release his, her or its security interest and authorize the Buyer Parties to file Uniform Commercial Code termination statements, or such other documents or endorsements necessary to release or discharge the financing statements, security interests or other Liens of such, and evidence the release or discharge of such financing statements, security interests or other Liens on or against any of the Acquired Assets.

Section 3.3 Closing Deliveries of the Buyer Sub. Simultaneous with the execution of this Agreement, the Buyer Sub has delivered to the Sellers the following (with the documents, agreements and materials referenced in (a)-(c), (e) and (g) below being collectively referred to as the “Buyer Ancillary Documents”, and together with the Sellers Ancillary Documents, the “Ancillary Documents”):

(a) duly executed counterparts to the Lease Assignments;

(b) duly executed counterparts to the Employment Agreements;

(c) a duly executed counterpart to the Escrow Agreement, executed by the Buyer;

(d) certificates of the Secretary of State of the State of Delaware dated no earlier than 15 days prior to the Closing Date, as to the legal existence and good standing of each of the Buyer Parties in such jurisdiction;

(e) a duly executed counterpart to the Bill of Sale, executed by the Buyer Sub;

(f) a duly executed Assignment and Assumption Agreement executed by the Buyer Sub;

(g) duly executed counterparts to each of the Restrictive Covenant Agreements; and

(h) a duly executed amendment to Sellers’ surety’s general indemnity agreement naming Buyer, Buyer Sub and Sellers as co-indemnitors on bonds, if any, for work in progress as of the Closing Date.

ARTICLE IV
REPRESENTATIONS AND WARRANTIES WITH RESPECT TO THE SELLERS, BUSINESS AND ACQUIRED ASSETS

The Sellers represent and warrant, jointly and severally, to the Buyer Parties as follows.

Section 4.1 Organization and Qualification.

(a) Each Seller is a corporation duly incorporated, validly existing and in good standing under the Laws of its state of incorporation. Each Seller has all requisite corporate power and authority to carry on the Business as currently conducted by it and to own, lease or operate the Acquired Assets owned, leased or operated by it.

(b) Each Seller is duly qualified or licensed to do business as a foreign corporation and is in good standing in each of the jurisdictions set forth on Schedule 4.1(b), which are all of the jurisdictions in which the ownership, lease or use of its assets or the conduct of the Business requires such qualification or license.

(c) Except as set forth on Schedule 4.1(c), (i) no Seller has, or has had, any Subsidiaries, and (ii) no Seller controls or owns, or has controlled or owned, directly or indirectly, any beneficial or legal interest in any capital stock or similar equity interest of any Person, Subsidiary or joint ventures formed to perform work under Assumed Contracts or with respect to which any Seller may have any Liabilities of any kind, including warranty liability, following the Closing.

(d) The Sellers have delivered to the Buyer Parties a true and correct copy of the articles of incorporation and bylaws of each Seller and of Huen Illinois' parent company, MI Investments (Huen), Inc. ("MI"), in each case as amended to date (the "Organizational Documents") and such Organizational Documents are in full force and effect.

(e) Except as set forth on Schedule 4.1(e), no Seller has conducted any business under or otherwise used, for any purpose or in any jurisdiction, any fictitious name, assumed name, trade name or other name, other than the names "Huen Electric," "Huen Electric, Inc.," "Huen Electric New Jersey Inc." and "Huen New York, Inc." No Seller has any predecessor entities. No Seller conducts, or has had, any operations or sales outside the United States.

(f) Except as set forth on Schedule 4.1(f), each Seller has in all material respects (i) observed all organizational formalities necessary under applicable Law to preserve its existence as a corporation validly existing and in good standing under the Laws of its state of incorporation, (ii) held its assets in its own name and has not commingled its assets with the assets of any other Person or failed to use its own separate stationery, telephone number, invoices and checks, (iii) maintained its Books and Records (including the Financial Statements, books of account and bank accounts) separate and apart from those of any other Person, and (iv) held itself out to the public as a legal entity separate and distinct from any other Person and has conducted the Business solely in its own name.

(g) Except as set forth on Schedule 4.1(g), none of the Sellers is subject to any restriction, whether contained in its governing documents, its constituent documents, or otherwise, that limits its ability to satisfy any obligations hereunder, including the indemnification obligations set out in Article 7.

(h) Since its incorporation, MI has not engaged in any business activities other than (i) its ownership of the stock of Huen Illinois, and (ii) engaging in transactions related to its capital stock, in each case including any activities related or incidental thereto. Without limiting the generality of the foregoing, MI does not (x) have, nor has it ever had, any employees, (y) own, operate or lease, nor has it ever owned, operated or leased, any real property or personal property or (z) have any Liabilities required under GAAP to be reflected on a balance sheet or the notes thereto, except for Liabilities arising out of its organizational documents, this Agreement, the ownership of the stock of Huen Illinois, tax obligations, obligations to indemnify officers and directors, and other Liabilities typically incurred by holding companies that do not have, and have never had, any operations.

(i) Except as set forth on Schedule 4.1(i), the Unrelated Entities do not conduct any business or own any assets relating to the Business of the Sellers or the Acquired Assets. Except as set forth on Schedule 4.1(i), the Sellers do not have any Liabilities arising out of or relating to the existence or activities of the Unrelated Entities.

Section 4.2 Capitalization. Attached as Schedule 4.2 is a true, correct, and complete capitalization chart of each Seller and MI. The Persons identified in Schedule 4.2 are the ultimate beneficial owners of all of the authorized shares, options, participations, membership or partnership interests, or other equity interests ("Equity Interests") of the Sellers and MI, and no other Person owns any Equity Interests, or any contractual right to acquire any Equity Interests, of any Seller or MI.

Section 4.3 No Conflict.

(a) None of the execution and delivery by the Sellers of this Agreement nor the Sellers Ancillary Documents to which any Seller is a party, the consummation of the transactions contemplated hereby or thereby, nor the performance and material compliance by any Seller with any of the provisions hereof or thereof will, directly or indirectly:

(i) contravene, conflict with or result in a violation of (A) any provision of the Organizational Documents, or (B) any resolution adopted by the board of directors or partners, as applicable, of any Seller or MI;

(ii) contravene, conflict with or result in a violation of, or give any Governmental Entity or other Person the right to challenge the transactions contemplated by this Agreement or the Sellers Ancillary Documents under any Law applicable to the Sellers, the Business or the assets of the Sellers (including the Acquired Assets), or any Orders to which the Sellers, the Business or its assets (including the Acquired Assets) are subject;

(iii) contravene, conflict with or result in a violation of any of the terms or requirements of, or give any Governmental Entity the right to revoke, withdraw, suspend, cancel, terminate or modify, any License that is held by any Seller with respect to the Business or the assets of the Sellers (including the Acquired Assets);

(iv) except as set forth on Schedule 4.3(a)(iv), contravene, conflict with or result in a violation or breach of any provision of, or give any Person the right to declare a default under, or to accelerate the maturity or performance of, or to cancel, terminate or modify, any Contract; or

(v) result in the imposition or creation of any Lien upon or with respect to the Acquired Assets.

(b) Except as set forth on Schedule 4.3(b), no consent, release, waiver, authorization, approval, Order, License or declaration or filing with, or notification to, any Person or any Governmental Entity is required on the part of any Seller in connection with the execution and delivery of this Agreement or the Sellers Ancillary Documents by the Sellers or the compliance by the Sellers with any of the provisions hereof or thereof, or the consummation by the Sellers of the transactions contemplated hereby and thereby.

Section 4.4 Compliance with Laws; Licenses.

(a) Except as set forth on Schedule 4.4(a), each Seller is, and at all times since January 1, 2012, has been, in material compliance with all Laws applicable to it, the ownership of the Business and the assets (including the Acquired Assets) of such Seller, and since such date no Seller has received any written notice of a violation of any such Laws, nor do any facts exist that might result in a failure to comply with all such applicable Laws.

(b) Schedule 4.4(b) sets forth a complete list of all Licenses held by any Seller, which constitute all of the Licenses which are required for the operation of the Business as presently conducted and the ownership and operation of the assets of the Sellers and the Real Property, in material compliance with all applicable Laws. All such Licenses are, and immediately before the Closing will be, in full force and effect. Except as set forth on Schedule 4.4(b), the Sellers are in material compliance with the terms, conditions and provisions of the Licenses required to be listed on Schedule 4.4(b) and no event has occurred which, with notice or the lapse of time or both, would constitute a default or violation of any term, condition or provision of any such License.

Section 4.5 Financial Statements.

(a) Schedule 4.5 sets forth the following financial statements of the Sellers (collectively, the "Financial Statements"): (i) the unaudited combined balance sheet of the Sellers as of April 30, 2018, and the related statements of income for the four months then ending, and (ii) the audited combined balance sheet of the Sellers as of December 31, 2017, and the related statements of income for the 12 months then ending. The Financial Statements (x) are consistent with, and were prepared from, the Books and Records of the Sellers, (y) fairly present in all material respects the financial condition and results of operations of the Sellers as of the dates and for the periods indicated therein, and (z) have been prepared in accordance with GAAP.

(b) The Preliminary Net Asset Amount is based on and derived from the Preliminary Balance Sheet, and each fixed asset included in the Acquired Assets is carried and set out in the Preliminary Balance Sheet at book value.

Section 4.6 No Undisclosed Liabilities. Except as set forth on Schedule 4.6, the Sellers have no Liabilities in excess of \$50,000 in the aggregate, except for Liabilities accrued, expressly reserved or otherwise specifically disclosed in the Financial Statements.

Section 4.7 Books and Records and Accounts. The Books and Records of the Sellers accurately reflect all material transactions relating to the Business. Each Seller maintains a system of internal accounting controls sufficient to provide reasonable assurance that (a) transactions are executed in accordance with management's general or specific authorization, and (b) transactions are recorded as necessary to (i) permit preparation of financial statements that are true and complete in all material respects and that fairly present the financial condition and results of operations of the Sellers and (ii) maintain accountability for assets.

Section 4.8 Trade Receivable. Except as set forth on Schedule 4.8, all accounts receivable (other than the Excluded Trade Receivables), including retainage on any Customer Contract, of the Sellers that are reflected on the accounting records of the Sellers as of the Closing Date (collectively, the "Current Trade Receivables") represent or will represent valid obligations arising from sales actually made or services actually performed in the Ordinary Course of Business. Unless paid prior to the Closing Date, the Sellers reasonably believe the Current Trade Receivables are or will be collectible net of the respective reserves shown on the Preliminary Balance Sheet and updated to the Audited Net Asset Amount (which reserves are adequate and calculated consistent with GAAP). Except as set forth on Schedule 4.8, there is no contest, claim, or right of setoff, other than returns in the Ordinary Course of Business, under any Contract with any obligor of any Current Trade Receivables relating to the amount or validity of such Current Trade Receivables. Schedule 4.8 contains a complete and accurate list of all Current Trade Receivables as of the Closing Date, which list sets forth the aging and any reserves set for each Current Trade Receivables.

Section 4.9 Sufficiency of Assets. Except as set forth on Schedule 4.9, on the Closing Date, the Acquired Assets, together with the other rights being acquired by the Buyer Sub hereunder, will constitute all of the tangible and intangible assets of any nature whatsoever necessary to operate the Business in the manner currently conducted by the Sellers and as conducted by the Sellers in the year preceding the date hereof. Except as set forth on Schedule 4.9, the operation of the Business is conducted solely through the Sellers. For the avoidance of doubt, this representation does not include Sellers' cash or cash equivalents that are not included in the Acquired Assets.

Section 4.10 Absence of Certain Developments. To the Sellers' Knowledge and except as contemplated by this Agreement, there are no events, facts or circumstances exist individually or in the aggregate, that have or could reasonably be expected to have a Material Adverse Effect.

Section 4.11 Assets of the Business.

(a) Except as set forth on Schedule 4.11(a), the Sellers have good and valid title to, or a valid leasehold interest in, assets, properties and rights (including the Leased Premises and the Acquired Assets) that (i) are necessary for, or that are used or held for use in connection with conducting the Business and/or (ii) were used or held for use by the Sellers to generate the financial performance and results of operations reflected in the Financial Statements. With the exception of any Non-Assignable Contracts, and except as set forth on Schedule 4.11(a), immediately following the occurrence of the Closing, without regard to any actions taken (or omitted to be taken) by the Buyer Sub or by the Sellers at the direction of the Buyer Sub, all of the Acquired Assets will be owned free and clear of all Liens by the Buyer Sub.

(b) All of the material tangible assets (including the Acquired Assets) of the Sellers are in good operating condition and repair, reasonable wear and tear excepted, and are adequate for the uses to which they are presently being put. None of the material tangible assets (including the Acquired Assets) are in need of maintenance or repairs except for ordinary, routine maintenance and repairs which are not material in nature or cost.

(c) Schedule 4.11 contains a true, complete, and correct list of tooling used by any Seller in the Business.

(d) Except as set forth on Schedule 4.11(d), none of the Acquired Assets has served as collateral for any obligation of any Seller or any Affiliates of any Seller.

Section 4.12 Contracts.

(a) Schedules 4.12(a)(i) through 4.12(a)(x) set forth a listing of all material Contracts to which any Sellers or any Joint Venture is a party or by which any Seller or any Joint Venture or respective assets (including the Acquired Assets) may be bound, and to the extent such Contracts are oral, a description of the relevant terms thereof, (each Contract, a "Material Contract"):

(i) Schedule 4.12(a)(i) (the "Preliminary Accounting Date Project Lookback Schedule") sets forth each Customer Contract for each Seller and, for each such Customer Contract, the following data prepared in accordance with GAAP as of the Preliminary Accounting Date: (i) estimated revenue at completion, (ii) estimated cost at completion, (iii) estimated profit at completion, (iv) estimated profit percentage, (v) revenue inception to date, (vi) actual cost inception to date, (vii) accrued loss, (viii) cost taken inception to date, (ix) ITD Profit, (x) billings inception to date, (xi) over/under billings, (xii) estimated percent complete, (xiii) the estimated amount of any remaining warranty obligation, (xiv) the remaining warranty duration, (xv) the warranty reserve, if any, and (xvi) a list of all pending change orders and potential claims, including claims against any Bonds, all of which reconciled to the Preliminary Net Asset Amount, as applicable, set forth in the Preliminary Net Asset Amount calculation in Exhibit L;

(ii) Schedule 4.12(a)(ii) sets forth each Contract providing for the lease or sublease by or to any Seller (as lessor, sublessor, lessee or sublessee) of any real estate, including the Leases;

(iii) Schedule 4.12(a)(iii) sets forth each Contract imposing any restriction on the right or ability of any Seller or the Business or any employees thereof to (A) compete with, or solicit the services or employment of, any other Person; (B) sell any product or other asset, or perform any services anywhere in the world; (C) acquire any product or other asset or any services from any other Person, or transact business or deal in any other manner with any other Person or (D) develop, use, sell or license any Intellectual Property, or that grants material exclusivity rights or “most favored nations” status to the counterparty thereof;

(iv) Schedule 4.12(a)(iv) sets forth each Contract involving a standstill or similar obligation on any Seller;

(v) Schedule 4.12(a)(v) sets forth each Contract concerning a partnership or joint venture or involving the sharing of profits or expenses to which any Seller is a party, including the Joint Venture Agreements and any Contract to which any Joint Venture is a party or that relates to the business of any Joint Venture, all of which shall be reconciled to the Preliminary Net Asset Amount, as applicable, set forth in the Preliminary Net Asset Amount calculation in Exhibit L;

(vi) Schedule 4.12(a)(vi) sets forth each Contract or other agreement under which any Seller has agreed to indemnify any Person relating to the conduct of the Business;

(vii) Schedule 4.12(a)(vii) sets forth any (A) Government Contract or (B) pending Government Bid;

(viii) Schedule 4.12(a)(viii) sets forth for each Seller each insurance, surety bond or other similar agreement;

(ix) Schedule 4.12(a)(ix) sets forth each Contract that is otherwise material to the condition (financial or otherwise) or operation of the Business or which is outside the Ordinary Course of Business; and

(x) Schedule 4.12(a)(x) sets forth each Contract that has or could reasonably be expected to have a Material Adverse Effect if (A) any other party cancelled or terminated such Contract (with or without notice or the passage of time), (B) any other party has claimed monetary damages (either individually or in the aggregate with all other such claims under such Contracts) from any Seller or (C) any obligation were accelerated or any benefit were lost under such Contract.

For purposes of Section 4.12, disclosure on any Schedule 4.12(a)(i) through Schedule 4.12(a)(x) shall be deemed disclosure on each other applicable Schedule 4.12(a)(i) through Schedule 4.12(a)(x).

(b) Each Contract is legal, valid, binding and in full force and effect and is enforceable against the applicable Seller and each other party thereto, in accordance with its respective terms, except as enforceability may be limited by bankruptcy, insolvency, moratorium or other Laws affecting creditors' rights generally and the exercise of judicial discretion in accordance with general equitable principles. Except as set forth on Schedule 4.12(b), no Seller nor any other party to any Contract is (with or without the lapse of time or the giving of notice, or both) in breach or default in any material respect thereunder or has repudiated any term of such Contract. Except as set forth on Schedule 4.12(b), no Seller has received any verbal or written notice of termination, cancellation or non-renewal with respect to any Contract.

(c) Except as set forth on Schedule 4.12(c), immediately prior to the Closing Date, no event or development has occurred, and no fact, circumstance or condition exists, that (with or without notice or lapse of time or both) would (i) result in a violation or breach of any provision of any Contract; (ii) give any Person the right to declare a default or exercise any remedy under any Contract; (iii) give any Person the right to receive or require a material rebate, chargeback, penalty or change in delivery schedule under any Contract; (iv) give any Person the right to accelerate the performance of any obligation under any Contract; or (v) give any Person the right to cancel, terminate or modify any Contract.

(d) Except as set forth on Schedule 4.12(d), immediately following the Closing, each Contract will continue to be legally valid and binding on and enforceable by the Buyer Sub on terms identical to those in effect immediately prior to the Closing, in each case without breaching the terms thereof or resulting in the forfeiture or impairment of any rights thereunder and without the consent, approval or act of, or the making of any filing with, any other Person. Each Seller has performed, or is performing, in all material respects, such Seller's obligations required to be performed by it to date under each Contract, and no Seller is (with or without the lapse of time or the giving of notice, or both) in material breach or default thereunder. No Seller has waived or released any of its material rights under any Contract. Complete and correct copies of all Contracts, together with all modifications, supplements and amendments thereto, have been made available to the Buyer Parties. Except for consents required for the assignment of any Non-Assignable Contracts, no Contract to which any Seller is a party will require the consent of the counterparty thereto as a consequence of the transactions contemplated hereby.

(e) Schedule 4.12(e)(i) sets forth the forms of Contracts (including purchase orders) used by any Seller with (i) subcontractors (the "Form Subcontractor Contracts"), and (ii) suppliers (the "Form Supply Contracts"). Except for the Contracts set forth on Schedule 4.12(e)(ii) and as described on Schedule 4.12(e)(ii), all of the Sellers' (x) subcontractors have entered into Contracts that are substantially similar to, or on terms not materially less advantageous to the Sellers than, the Form Subcontractor Contracts, and (y) suppliers have entered into Contracts that are substantially similar to, or on terms not materially less advantageous to the Sellers than, the Form Supply Contracts.

Section 4.13 Intellectual Property; No Infringement.

(a) Schedule 4.13 lists (A) all Registered Intellectual Property (including domain names and social media handles) owned by, or filed in the name of, any Seller (listed by legal owner and including type, jurisdiction, registration or application number, and registration or filing date and expiration date) (the “Seller Registered Intellectual Property”), (B) invention disclosures and computer software owned by any Seller (other than licenses for generally commercially available computer software that has been licensed to such Seller on standard terms), and (C) material unregistered Intellectual Property used in the Business.

(b) Each item of Seller Intellectual Property, including all Seller Registered Intellectual Property listed on Schedule 4.13, is free and clear of all Liens (other than Liens arising from non-exclusive licenses of Seller Intellectual Property entered into in the Ordinary Course of Business), encumbrances or any other rights of others. Except as set forth on Schedule 4.13(b), the Sellers hold valid licenses for all third-party owned Intellectual Property. Except as set forth on Schedule 4.13(b), the Sellers are the exclusive legal and record owners of (A) all trademarks, trade names, patents and patent applications (including provisional applications), domain names and social media handles used to conduct of the Business as it is currently being conducted, (B) all copyrighted works that the Sellers produce or other works of authorship that any Seller otherwise purports to own, and have good title thereto, and (C) all other items of Seller Registered Intellectual Property and material Seller Intellectual Property owned by any Seller to conduct the Business in the ordinary course of business.

(c) No actions, suits, proceedings, arbitrations or mediations or similar actions have been instituted, are pending or, to the Sellers’ Knowledge, are threatened against the Sellers that challenge the rights of the Sellers in or to the validity, enforceability or ownership of the Seller Intellectual Property, or use by the Sellers of any licensed Intellectual Property. To the Sellers’ Knowledge, neither the use of the Seller Intellectual Property as currently used by the Sellers in the conduct of their businesses, nor the conduct of their businesses as presently conducted, infringes upon, misappropriates, or otherwise violates the Intellectual Property rights of any Person, no Seller has received any written charge, complaint, claim, demand or notice in the past three years alleging such infringement, misappropriation or violation. To the Sellers’ Knowledge, no Person is infringing upon or misappropriating or otherwise violating any of the Seller Intellectual Property.

(d) Except as set forth on Schedule 4.13(d), the Seller Intellectual Property, together with such software and other Intellectual Property that is licensed to the Sellers on a non-exclusive basis pursuant to an enforceable Contract which has not been breached (including, by way of example, commercially available software products) constitutes all the Intellectual Property necessary to conduct the Business as it is currently conducted.

(e) Each item of Seller Registered Intellectual Property is valid and enforceable, and nothing has been done or omitted to be done by the Sellers as a result of which any such item may cease to be valid and enforceable. The Sellers have protected their rights in Confidential Information and trade secrets of the Sellers or provided by any other Person to any Seller. The Seller IT Assets are sufficient for the conduct of the Business as presently conducted.

Section 4.14 Employee Benefit Plans.

(a) Schedule 4.14(a) sets forth a complete list of (i) all employment, severance pay, salary continuation, bonus, incentive, stock option, equity-based, retirement, pension, profit sharing or deferred compensation plans, contracts, programs, funds, or arrangements of any kind, and (ii) all “employee benefit plans,” as defined in Section 3(3) of ERISA, including all employee benefit plans, contracts, programs, funds, or arrangements (whether written or oral, qualified or nonqualified, funded or unfunded or foreign or domestic) and any trust, escrow, or similar agreement related thereto, whether or not funded, in respect of any present or former employees, directors, managers, officers, equity holders, consultants, or independent contractors of any Seller or any other member of the Controlled Group that are sponsored or maintained by any Seller or any other member of the Controlled Group or with respect to which any Seller or any other member of the Controlled Group has made or is required to make payments, transfers, or contributions (all of the above being hereinafter individually or collectively referred to as a “Benefit Plan” or “Benefit Plans,” respectively). Except as set forth on Schedule 4.14(a), no Seller has any Liability with respect to any plan, arrangement or practice of the type described in the preceding sentence other than the Benefit Plans and neither the Buyer Sub nor any of its Affiliates will have any Liability under any Benefit Plan.

(b) True and complete copies of the following materials have been delivered or made available to the Buyer Parties: (i) all current and prior plan documents for each Benefit Plan or, in the case of an unwritten Benefit Plan, a written description thereof, (ii) any determination or opinion letters from the IRS with respect to any of the Benefit Plans intended to be qualified under Section 401(a) of the Code, (iii) all current summary plan descriptions, summaries of material modifications, annual reports, and summary annual reports with respect to any of the Benefit Plans, (iv) all current trust agreements, insurance contracts, and other documents relating to the funding or payment of benefits under any Benefit Plan, and (v) any other documents, forms or other instruments relating to any Benefit Plan benefit requested by the Buyer.

(c) Schedule 4.14(c) sets forth a list of the Multiemployer Pension Plans to which any Seller or any other member of the Controlled Group currently has or in the past has had an obligation to contribute or with respect to which any Seller or any other member of the Controlled Group has any Liability. Except with respect to the Multiemployer Pension Plans set forth on Schedule 4.14(c), no Seller nor any other member of the Controlled Group currently has, or at any time in the past has had, an obligation to contribute to a “defined benefit plan” as defined in Section 3(35) of ERISA, a pension plan subject to the funding standards of Section 302 of ERISA or Section 412 of the Code or a “multiple employer plan” within the meaning of Section 210(a) of ERISA or Section 413(c) of the Code.

(d) Except as set forth on Schedule 4.14(d)(i), no Multiemployer Pension Plan to which any Seller or any other member of the Controlled Group has an obligation to contribute (i) is in reorganization (within the meaning of Part 3 of Subtitle E of Title IV of ERISA), (ii) is in endangered status (under Section 432(b)(1) of the Code or Section 305(b)(1) of ERISA), (iii) is in critical status (under Section 432(b)(2) of the Code or Section 305(b)(2) of ERISA), (iv) has incurred an accumulated funding deficiency (within the meaning of Section 431(a) of the Code or Section 304(a) of ERISA), (v) has requested or been granted by the IRS any waiver of the minimum funding standards of Section 302 of ERISA and Section 412 of the Code, or (vi) has any Lien in favor of it (under Section 430(k) of the Code or Sections 302(f) or 303(k) of ERISA). Except as set forth on Schedule 4.14(d)(ii), no Seller nor any other member of the Controlled Group has received, and no conditions or circumstances exist that could result in, a notice of endangered or critical status pursuant to Section 432(b)(3)(D) of the Code or Section 305(b)(3)(D) of ERISA in respect of any such Multiemployer Pension Plan. Except as set forth on Schedule 4.14(d)(iii), no Seller nor any other member of the Controlled Group has taken any action that could result in any withdrawal Liability (within the meaning of Part 1 of Subtitle E of Title IV of ERISA) if any Seller or any other member of the Controlled Group withdrew (within the meaning of Part 1 of Subtitle E of Title IV of ERISA) on or prior to the Closing Date from any Multiemployer Pension Plan to which any Seller or any other member of the Controlled Group has any obligation to contribute on the date of this Agreement.

(e) To Sellers' Knowledge, with respect to each group health plan benefiting any current or former employee of any Seller or any other member of the Controlled Group that is subject to Section 4980B of the Code, each Seller and each other member of the Controlled Group has complied with the continuation coverage requirements of Section 4980B of the Code and Part 6 of Subtitle B of Title I of ERISA.

(f) Except as set forth on Schedule 4.14(f), the execution and performance of this Agreement will not (i) constitute a stated triggering event under any Benefit Plan that will result in any payment (whether of severance pay or otherwise) becoming due from any Seller to any current or former officer, employee, director or consultant (or dependents of such Persons), or (ii) accelerate the time of payment or vesting, or increase the amount of compensation due to any current or former officer, employee, director or consultant (or dependents of such Persons) of any Seller.

(g) Except as set forth on Schedule 4.14(g), no amount that could be received (whether in cash or property or the vesting of property) as a result of any of the transactions contemplated by this Agreement by any employee, officer or director of any Seller or any Affiliate of any Seller who is a "disqualified individual" (as such term is defined in Treasury Regulation Section 1.280G-1) under any employment, severance or termination agreement, other compensation arrangement or Benefit Plan currently in effect would be characterized as an "excess parachute payment" (as such term is defined in Section 280G(b)(1) of the Code).

(h) Each Benefit Plan has been maintained, operated, and administered in material compliance with its terms and any related documents or agreements and in material compliance with all applicable Laws. There have been no prohibited transactions or breaches of any of the duties imposed on "fiduciaries" (within the meaning of Section 3(21) of ERISA) by ERISA with respect to the Benefit Plans that could result in any liability or excise tax under ERISA or the Code being imposed on any Seller.

Section 4.15 Employment and Labor Matters.

(a) Schedule 4.15(a) lists all employees employed by each Seller as of the date hereof, identifying names, job titles, dates of hire, material terms of employment (including, where applicable, current commission or bonus eligibility), full or part time status, exempt or nonexempt status (where applicable), benefits eligibility, and annual vacation entitlement (including each employee's balance of unused vacation). Schedule 4.15(a) also identifies each Seller's employees on short-term or long-term disability leave, maternity leave, parental leave, family medical leave, military leave, extended absence or any other leave or inactive status, the reasons for such leave, as well as the dates on which the leave, extended absence or inactive status began and is expected to end (if known).

(b) Except as set forth on Schedule 4.15(b), no employee of any Seller or group of employees has given written notice to any Seller of any intention to terminate employment with any Seller, either as a result of the transactions contemplated by this Agreement or otherwise.

(c) Except as listed on Schedule 4.15(c), no Seller is currently a party to or since January 1, 2008 has been a party to any collective bargaining agreement or other agreement subject to enforcement under Section 301 of the Labor Management Relations Act, 29 U.S.C. §185 ("Collective Bargaining Agreements"). Except as set forth on Schedule 4.15(c), within the last five years no Seller has:

(i) recognized any labor organization as the representative of any employees; received a demand from any labor organization or employee for recognition; been threatened with any organizational attempt by or on behalf of any labor organization or collective bargaining representative with respect to any employees; been a party to any petition for recognition or representation right with any Governmental Entity with respect to any employees; or been subject to proceedings or petitions seeking a representation whether pending or threatened to be brought or filed with the National Labor Relations Board; or

(ii) been subject to a strike, slowdown, walk out, picketing, handbilling, bannering, work stoppage, lockout or other concerted activity due to any organizational activities by any employees or any labor organization. There is no other labor dispute pending or threatened against any Seller, and no union organization campaign currently is in progress or threatened with respect to any employees of any Seller.

(d) Except as set forth on Schedule 4.15(d), there are no Legal Proceedings pending against any Seller, or to the Sellers' Knowledge, threatened to be brought or filed, by or with any Governmental Entity or arbitrator in connection with the employment of any current or former employee, including any claim relating to employment discrimination, harassment, retaliation, equal pay or any other employment related matter arising under applicable Laws.

(e) Except as set forth on Schedule 4.15(e), the Sellers have been for the last five years in material compliance with all Laws respecting employment and employment standards, employment practices and terms and conditions of employment, including discrimination, civil rights, immigration, wages and hours, and the classification (including for purposes of benefit plan participation) and payment of employees and independent contractors, workers' compensation, unemployment compensation benefits, health and safety, and affirmative action. Except as set forth on Schedule 4.15(e), within the last five years, no Seller has:

(i) incurred, and no circumstances exist under which any Seller would reasonably be expected to incur, any Liability arising from the misclassification of employees as independent contractors and/or from the misclassification of employees as exempt from the requirements of the Fair Labor Standards Act or similar state or local Laws (collectively, the "FLSA");

(ii) employed any employee or other individual service provider who is not legally eligible for employment under any Law relating to immigration, violated any Law pertaining to immigration and work authorization, or received notice from any Governmental Entity of any investigation by any Governmental Entity regarding noncompliance with Laws pertaining to immigration, including U.S. Social Security Administration "No-Match" letters. To Sellers' Knowledge, no employee of any Seller is working in the United States pursuant to a non-immigrant visa;

(iii) been delinquent in payments to any employees or other individual service provider for any wages (including overtime compensation), salaries, commissions, bonuses or other direct compensation for any services performed by them or any amounts required to be reimbursed to such employees;

(iv) violated any Law relating to employment and employment practices, terms and conditions of employment and wages and hours in connection with the employment of any employees, including any Law relating to wages and hours, payment of wages, child labor, family and medical leave, sick leave or other paid or unpaid leave; access to facilities and employment opportunities for disabled persons, employment discrimination (including discrimination based upon sex, pregnancy, marital status, age, race, color, national origin, ethnicity, sexual orientation, gender identity, disability, veteran status, religion or other classification protected by law or retaliation for exercise of rights under any Law), equal employment opportunities and affirmative action, employee privacy, fair employment practices, and the collection and payment of all taxes and other withholdings;

(v) been liable for the payment of any Claims, damages, fines, penalties, or other amounts to any current or former employees, however designated, for failure to comply with any Law pertaining to employment, or is party to any judgment, settlement agreement, consent decree, or other agreement with any Governmental Entity requiring continuing material compliance or reporting obligations entered into to resolve any labor or employment matter;

(vi) violated any Law regulating occupational safety and health, including the U.S. Occupational Safety and Health Act, 29 U.S.C. §§ 651, et seq. (the “OSH Act”), or Law promulgated by any Governmental Entity (including the Occupational Health and Safety Administration (“OSHA”) or comparable state agencies); been found in violation of the OSH Act or other Law pertaining to occupational safety and health; or failed to maintain records and reports pertaining to occupational health and safety required by any Law pertaining to occupational safety and health or any Governmental Authority (including OSHA), including OSHA-300 injury logs;

(vii) committed any violation of Section 8 of the National Labor Relations Act, as amended, 29 U.S.C. § 158, or any other Law pertaining to labor of any jurisdiction where any Seller employs employees; or

(viii) implemented any plant closing, mass layoffs, work relocation or redundancy of employees that could require notice and/or consultation under any Law (including the Worker Adjustment and Retraining Notification Act of 1988 (the “WARN Act”) or similar state or local Law.

(f) The Sellers maintain all employment records, including payroll records, personnel files, medical files, and records pertaining to occupational health and safety, in accordance with applicable Laws.

(g) No Seller is, or has been within the last five years, a federal government contractor or subcontractor subject to Executive Order 11246, the Vietnam Era Veterans’ Readjustment Assistance Act of 1974 or Section 503 of the Rehabilitation Act of 1973.

(h) To the Sellers’ Knowledge, neither the employment of the Sellers’ respective employees nor the retainer of any consultant violates any non-disclosure or non-competition agreement between any employee or consultant and a third party.

Section 4.16 Litigation. Except as set forth on Schedule 4.16, there is no, and in the past three years has not been any, outstanding Order or Legal Proceeding by or against any Seller, the Acquired Assets (including those arising from or alleged to arise from any products manufactured or sold, or any services provided by the Sellers or the Business), or any Seller’s directors or officers and no such Legal Proceeding has been threatened. There is not pending, nor threatened, any Legal Proceeding that questions the validity of this Agreement or any of the Sellers Ancillary Documents or any action to be taken by the Sellers or their respective directors or officers in connection with this Agreement or any of the Sellers Ancillary Documents, or that reasonably could be expected to materially adversely affect the Sellers’ ability to consummate the transactions contemplated by this Agreement or the Sellers Ancillary Documents.

Section 4.17 Taxes.

(a) Each Seller has filed all Tax Returns with respect to the Business and the Acquired Assets required by Applicable Law to have been filed by it. All such Tax Returns are true, complete and correct in all material respects.

(b) All Taxes due and payable by each Seller with respect to the Business and the Acquired Assets or for which any of the Buyer Parties could be held liable under a successor Liability theory of Law or otherwise (regardless of whether shown as due on any Tax Return) have been paid.

(c) Each Seller has withheld all Taxes required by Applicable Law to have been withheld in connection with amounts paid or owing to any employee, contractor, creditor, stockholder or other Person; and all Taxes withheld by the Sellers have been timely paid to the appropriate Governmental Entity in accordance with applicable Law.

(d) There are no Liens (except for Permitted Liens) with respect to Taxes currently outstanding upon any of the Acquired Assets.

(e) None of the Acquired Assets are "tax-exempt use property" within the meaning of Section 168(h)(1) of the Code.

(f) No Seller is currently subject to any action or audit with respect to Taxes related to the Business or the Acquired Assets or Taxes for which any Buyer Party could be held liable under a successor Liability theory or otherwise.

(g) No claim or nexus inquiry has ever been made by a Tax Authority in a jurisdiction where a Seller does not file Tax Returns that such Seller is or may be subject to Taxation by that jurisdiction.

(h) No Seller has waived any statute of limitations with respect to Taxes or agreed to any extension of time with respect to a Tax assessment or deficiency, with respect to any Tax period, assessment or alleged deficiency that remains open or unresolved.

(i) Each Seller has properly and timely collected and maintained all resale certificates, exemption certificates and other documentation required to qualify for any exemption from the collection of sales Taxes claimed or asserted with respect to transactions or periods or portions thereof ending prior to the Closing Date.

(j) The transactions contemplated by this Agreement will not terminate any Tax incentive, holiday, abatement, or special appraisal method used by any Seller.

(k) Except as set forth on Schedule 4.17(k), none of the Acquired Assets is an interest (other than indebtedness within the meaning of Section 163 of the Code) in an entity taxable as a corporation, partnership, trust, real estate investment trust or real estate mortgage investment conduit for federal income Tax purposes.

(l) Each Seller (and any predecessor of any Seller) has been a validly electing S corporation within the meaning of Code Sections 1361 and 1362 at all times during its existence and each Seller will be an S corporation through and including the Closing Date. No Seller has any qualified subchapter S subsidiaries within the meaning of Code Section 1361(b)(3)(B).

(m) No Seller has potential liability for any Tax under Section 1374 of the Code. No Seller, and no subsidiary of any Seller, in the past 5 years (i) acquired assets from another corporation in a transaction in which the relevant Seller's Tax basis for the acquired assets was determined, in whole or in part, by reference to the Tax basis of the acquired assets (or any other property) in the hands of the transferor or (ii) acquired stock of any corporation that is a qualified subchapter S subsidiary.

Section 4.18 Affiliate Transactions. Except as set forth on Schedule 4.18, no Affiliate of any Seller has any interest in any property (whether real, personal or mixed and whether tangible or intangible) used in or pertaining to the Business or the assets (including the Acquired Assets) of any Seller. Except as set forth on Schedule 4.18, none of the Sellers nor any of their respective Affiliates owns (of record or as a beneficial owner, but excluding Passive Portfolio Investments) an equity interest or any other financial or profit interest in a Person that has (a) had business dealings or a material financial interest in any transaction with any Seller or with respect to its assets, or (b) engaged in competition with the Business with respect to any line of the services of the Business. Other than Contracts contemplated by this Agreement or as set forth on Schedule 4.18, there is no Contract between any Seller and any of the Sellers' respective Affiliates with respect to the Business that is currently in effect or that would be in effect at any time subsequent to the Closing. All Loans between a Seller and an Affiliate thereof, including those set out in Schedule 4.18, have been or will be as of Closing settled in full, and no Liabilities exist thereunder.

Section 4.19 Real Property.

(a) No Seller owns any real property.

(b) Schedule 4.19(b) sets forth a list of all leases, licenses or similar agreements relating to the Sellers' use or occupancy of real estate owned by a third party (collectively, the "Leases"), true, correct and complete copies of which have previously been furnished to the Buyer in each case setting forth the address, tenant entity and landlord thereof (collectively, the "Leased Premises"). The Sellers are in possession of the Leased Premises and except as set forth on Schedule 4.19(b), have not subleased, assigned, licensed or otherwise granted anyone the right to use or occupy such Leased Premises or any portion thereof. Except as set forth on Schedule 4.19(b), the Sellers have a valid leasehold interest in the Leased Premises, free and clear of any Liens or title defects that have had or could adversely affect the Sellers' current or intended use and occupancy, or the value, of the Leased Premises. Except as set forth on Schedule 4.19(b), the Sellers' operations at the Leased Premises are in material compliance with all Laws applicable to such properties and the Licenses necessary for the lawful operation of such properties by the Sellers are included in the Licenses set forth on Schedule 4.4(b). Except as set forth on Schedule 4.19(b), no Seller has received any written notice of (a) any condemnation, eminent domain or similar proceeding affecting any portion of the Leased Premises or any access thereto, and, no Seller has received written notice of any such proceedings to take place in the future, (b) any special assessment or pending improvement Liens to be made by any Governmental Entity which may affect any of the Leased Premises, or (c) any violations by any Seller of material building codes or zoning ordinances or other material Laws with respect to the Leased Premises, and no Seller has received written notice of any of the matters described in clauses (a) to (c) of this Section 4.19(b). All utility services or systems for the Leased Premises are operational and sufficient for the operation of the Business as currently conducted and as presently contemplated to be conducted. The Leased Premises and all improvements thereon are in good working order and repair, subject to ordinary wear and tear.

- (c) The Real Property comprises all real property necessary to conduct the Business as it is currently being conducted.

Section 4.20 Environmental, Health and Safety Matters.

(a) Except as set forth on Schedule 4.20(a), each Seller has been and is in material compliance with all Environmental Laws applicable to such Seller and the Business as conducted at the Facilities, and possesses and complies and has complied with all Environmental Permits required under such Environmental Laws. All Environmental Permits held by any Seller are set forth on Schedule 4.20(a). No Seller has been notified by any Governmental Entity that any such Environmental Permits will be modified, suspended or revoked or cannot be renewed in the Ordinary Course of Business consistent with past practice.

- (b) Except as set forth on Schedule 4.20(b), there are no present or past Environmental Conditions.

- (c) There is no pending or threatened Environmental Claim against any Seller or any Seller's affiliates relating to the Real Property.

(d) There are no Hazardous Materials or other conditions at, under or emanating from, and there has been no Release at, on or adjoining, any real property currently or formerly owned, operated or leased by any Seller or any respective predecessors-in-interest (collectively, the "Property") that would reasonably be expected to give rise to an Environmental Claim against or Liability of any Seller under any Environmental Law.

(e) None of the Real Property is (i) listed or proposed for listing on the National Priorities List promulgated under CERCLA, (ii) listed on the Comprehensive Environmental Response, Compensation, and Liability Information System promulgated under CERCLA, or (iii) listed on any comparable list promulgated or published by any Governmental Entity. No Lien has been recorded under any Environmental Law with respect to any of the Property.

(f) No Seller has assumed, contractually or by operation of applicable Law, any Liabilities of any third party under any Environmental Law.

(g) The execution and delivery by the Sellers of this Agreement and the consummation by the Sellers of the transactions contemplated hereby will not require any Remedial Action under any Environmental Law.

(h) No Seller is conducting any Remedial Action under any Environmental Law, nor is any Seller obligated under any Environmental Law or order, decree or agreement with any Governmental Entity to conduct any such Remedial Action, in each case related to any Seller or the Business.

(i) There are no underground storage tanks or related piping, surface impoundments, land disposal sites, hazardous waste storage, treatment, or disposal units or facilities or friable asbestos containing material at the Facilities.

(j) Schedule 4.20(j) sets forth an accurate, true, correct and complete list of all Environmental Reports. Copies of such Environmental Reports and written notices and correspondence have previously been provided to the Buyer Parties.

(k) Each of the locations where Sellers conduct Business and the Real Property are in material compliance with OSHA, and all other applicable Laws with respect to occupational safety and health. There are no actions, suits, claims, notices of potential claims, regulatory proceedings or other litigation, proceedings or governmental investigations pending or threatened against or affecting the Business of the Sellers or any of the Real Property, in each case based upon an alleged violation of OSHA or any other applicable Law with respect to occupational safety and health.

(l) There are no actions, suits, claims, notices of potential claims, regulatory proceedings or other litigation, proceedings or governmental investigations pending or threatened against or affecting the business of any Seller or any of the Facilities, in each case based upon an alleged exposure to asbestos or based upon an alleged exposure to any other substance or condition at any of the Facilities or the Property that is alleged to violate OSHA or any other applicable Law with respect to occupational safety and health.

(m) The Sellers and the Facilities and their operations and assets are not reasonably expected to require a material capital expenditure or annual operating expense increase during the two years following the Closing Date to achieve compliance with any Environmental Law.

Section 4.21 Customers. Schedule 4.21 sets forth a complete and accurate list of the Customers of each Seller. Since January 1, 2013, and except as set forth on Schedule 4.21, no Customer has made a claim in writing for a refund or rescission under any Contract (and no Seller has been advised and no such Person has any intention to do so).

Section 4.22 Bonding Obligations. Schedule 4.22 sets forth a true, complete, correct and accurate list of all Bonds (including Bonds from subcontractors and except for Bonds that form part of, or pertain to, the Excluded Contracts), including, with respect to each Bond, the issuer, beneficiary, date of issuance, identification number, amount thereof and approximate dollar amount of work remaining as of the Closing Date on each bonded project.

Section 4.23 Insurance. The Sellers maintain the policies of commercial general liability, automobile, employer's liability, professional liability, director's and officer's liability, pollution, workers' compensation and the other forms of insurance with respect to the Business identified in Schedule 4.23 (collectively, the "Insurance Policies"). Schedule 4.23 sets forth a complete listing of all lines, limits, and deductibles for all primary and excess layers of the Insurance Policies. All Insurance Policies are in full force and effect, all premiums due and payable thereon have been paid (other than retroactive or retrospective premium adjustments that are not yet due, but may be required to be paid with respect to any period ending prior to the Closing Date) and the Sellers are otherwise in material compliance with the terms of such Insurance Policies. Except as set forth on Schedule 4.23, no Seller has received any written notice, and there is no threatened termination of, or premium increase with respect to any such Insurance Policies, other than normal premium increases in the Ordinary Course of Business. Other than customary deductibles, the Sellers are not self-insured for any insurance with respect to the Business. True, correct and complete copies of the Insurance Policies in effect at any time in the past five years have been provided to the Buyer Parties.

Section 4.24 Books and Records. The books of account, minute books, stock record books, and other records of each Seller, as requested by Buyer Parties, have been made available to the Buyer Parties, are complete and correct and have been maintained in accordance with sound business practices, including the maintenance of an adequate system of internal controls. The minute books of the Sellers contain accurate and complete records of all formal meetings held, and formal action taken by, their shareholders, boards of directors, and committees of the board of directors of each Seller, and no formal meetings of such shareholders, boards of directors, or committees have been held for which minutes have not been prepared and are not contained in such minute books.

Section 4.25 Disclosure. To the Sellers' Knowledge, none of this Agreement, the financial statements referred to in Section 4.5 (including the footnotes thereto), any Schedule, Exhibit or certificate delivered pursuant to this Agreement or any document or statement in writing which has been supplied to the Buyer Parties or their respective representatives by or on behalf of the Sellers or the Business in connection with the transactions contemplated by this Agreement, contains any untrue statement of a material fact, or omits any statement of a material fact necessary to make the statements contained herein or therein not misleading. To the Sellers' Knowledge, there is no fact that would have or would reasonably be expected to have, individually or in the aggregate a Material Adverse Effect which has not been set out in this Agreement, the financial statements referred to in Section 4.5 (including the footnotes thereto) or any Schedule, Exhibit or certificate delivered pursuant to this Agreement. True and complete copies of all agreements, instruments and documents referred to in this Agreement, or described in any of the Schedules to this Agreement, have been provided to the Buyer Parties.

ARTICLE V
REPRESENTATIONS AND WARRANTIES OF THE BUYER PARTIES

The Buyer Parties represent and warrant to the Sellers as follows:

Section 5.1 Organization. Each of the Buyer Parties is a corporation duly incorporated, validly existing and in good standing under the Laws of the State of Delaware. Each Buyer Party has all requisite corporate power and authority to carry on its business as now conducted.

Section 5.2 Authorization. Each Buyer Party has the requisite corporate power and authority to execute and deliver this Agreement and the Buyer Ancillary Documents and to perform its obligations hereunder and thereunder, and to consummate the transactions contemplated hereby and thereby. The execution, delivery and performance of this Agreement and the Buyer Ancillary Documents, and the consummation of the transactions contemplated hereby and thereby, have been duly authorized by all requisite corporate action of each Buyer Party.

Section 5.3 Binding Agreement. This Agreement and each of the Buyer Ancillary Documents constitute the legal, valid and binding obligation of the Buyer Parties, and each is enforceable against the applicable Buyer Party in accordance with its terms, except as enforceability may be limited by bankruptcy, insolvency, moratorium or other Laws affecting creditors' rights generally and the exercise of judicial discretion in accordance with general equitable principles.

Section 5.4 No Conflict. Neither the execution and delivery by the Buyer Parties of this Agreement or the Buyer Ancillary Documents, the consummation of the transactions contemplated hereby or thereby, nor the performance and material compliance by the Buyer Parties with any of the provisions hereof or thereof will, directly or indirectly contravene, conflict with or result in a violation of (a) any provision of such Buyer Party's certificate of incorporation or bylaws, or any Laws to which such Buyer Party is subject, or by which such Buyer Party may be bound or (b) give any Governmental Entity or other Person the right to challenge the transactions contemplated by this Agreement or the Buyer Ancillary Documents under any Law applicable to the Buyer. No consent, release, waiver, authorization, approval, Order, License or declaration or filing with, or notification to any Governmental Entity or other Person is required on the part of the Buyer Parties in connection with the execution and delivery of this Agreement or the Buyer Ancillary Documents or the material compliance by the Buyer Parties with any of the provisions hereof or thereof, or the consummation of the transactions contemplated hereby and thereby.

Section 5.5 Litigation. There are no Legal Proceedings pending, or to the actual knowledge of the Buyer, threatened against the Buyer Parties, that question the validity of this Agreement or any of the Buyer Ancillary Documents, or any action taken or to be taken by the Buyer Parties in connection with this Agreement or any of the Buyer Ancillary Documents or that reasonably could be expected to materially adversely affect the Buyer Parties' ability to consummate the transactions contemplated by this Agreement or the Buyer Ancillary Documents. There are no Orders against the Buyer Parties that question the validity of this Agreement or any of the Buyer Ancillary Documents, or any action taken or to be taken by the Buyer Parties in connection with this Agreement or any of the Buyer Ancillary Documents or that reasonably could be expected to materially adversely affect the Buyer Parties' ability to consummate the transactions contemplated by this Agreement or the Buyer Ancillary Documents to which it is a party.

Section 5.6 Financial Representation. Buyer Parties have and will have the financial resources to carry out the transactions contemplated herein, including the payment of the Purchase Price and Margin Bonus Payment.

ARTICLE VI COVENANTS

Section 6.1 Tax Matters.

(a) *Purchase Price Allocation.* The Parties agree that the Purchase Price, as adjusted pursuant to Exhibit L and Section 4.8, shall be allocated among the Acquired Assets and the covenants set forth in the Restricted Covenant Agreements in accordance with Code section 1060 and the Treasury Regulations thereunder, as set forth on an allocation schedule prepared by the Buyer Parties and made available to the Sellers by the Buyer Parties following the Closing. Each Party shall file all Tax Returns (including IRS Form 8594) in a manner consistent with such allocation and shall not take any position for Tax purposes (whether in audits, Tax returns or otherwise) that is inconsistent with such allocation unless required to do so by applicable Law.

(b) *Post-Closing Cooperation.* To the extent relevant to the Acquired Assets, the Buyer Parties and the Sellers shall (a) provide the other with such assistance as may reasonably be requested in connection with the preparation of any Tax Return and the conduct of any audit or examination by any taxing authority or in connection with any judicial or administrative proceedings relating to any Liability, and (b) provide the other with all records or other information in such Party's possession that may be reasonably requested in connection with the preparation of any Tax Return or the conduct of any audit or examination or other proceeding related to Taxes.

(c) *Property Tax Proration.* All real and personal property Taxes (other than Transfer Taxes) with respect to the Buyer Sub and Acquired Assets for the year in which the Closing occurs (regardless of when such Taxes become due and payable) will be prorated as of the Closing with the Sellers being liable for such Taxes attributable to the days in the calendar year through the day before the Closing Date and the Buyer Sub being liable for such Taxes attributable to days in the calendar year including and after the Closing Date. Proration of such Taxes shall be made on the basis of the most recent officially certified Tax valuation and assessment for the Acquired Assets. If such valuation pertains to a Tax period other than that in which the Closing occurs, such proration shall be recalculated at such time as actual Tax bills for such period are available and the Parties shall cooperate with each other in all respects in connection with such recalculation and pay any sums due in consequence thereof to the Party entitled to recover the same within 60 days after the issuance of such actual Tax bills. For the avoidance of doubt, the Sellers shall be responsible for all real and personal property Taxes with respect to the Acquired Assets for calendar years prior to the calendar year in which the Closing occurs, regardless of when such Taxes become due and payable.

(d) *Tax Clearance.* The Sellers will cooperate with the Buyer Sub to timely submit all information required by any Government Entity of any U.S. state or local jurisdiction where any Seller is conducting business, to request a Tax clearance certificate or Certificate of No Tax Due.

(e) *Transfer Taxes*. All transfer, documentary, sales, use, stamp, filing, recording, registration and other such similar Taxes and fees incurred in connection with this Agreement, the Sellers Ancillary Documents and the transactions contemplated hereby and thereby (the “Transfer Taxes”), shall be borne one-half by the Buyer Sub and one-half by the Sellers. For the avoidance of doubt, Transfer Taxes shall include sales tax associated with the change of title on all vehicles. The Person required by applicable Law will timely file all necessary Tax Returns and other documentation with respect to all such Transfer Taxes and, if required by applicable Law, any other Party or Parties will join in the execution of any such Tax Returns and other documentation (the expense of which will be paid one-half by the Buyer Sub and one-half by the Sellers). The Sellers and the Buyer Parties shall cooperate with one another in filing any Tax Returns with respect to Transfer Taxes and obtaining any available reductions, exemptions or waivers from any Transfer Taxes. For the avoidance of doubt, Transfer Taxes shall not include Taxes imposed on or measured by net income or gains.

Section 6.2 Publicity. Neither the Sellers on the one hand, nor the Buyer Parties or their Affiliates on the other hand, shall issue any press release or public announcement relating to the subject matter of this Agreement or any Ancillary Document without the prior written consent of the other, which approval shall not be unreasonably withheld, provided that the Buyer Parties and their Affiliates may make any public disclosure the Buyer Parties believe in good faith is necessary, appropriate or required by applicable Law, including pursuant to the Securities Exchange Act of 1934 or by the applicable rules of any stock exchange on which either of the Buyer Parties or their Affiliates list or trades any securities, in which case the Buyer Parties shall consult with and use their commercially reasonable efforts to advise the Sellers prior to the making of such disclosure.

Section 6.3 Confidentiality. At all times from and after the Closing Date, the Sellers shall, and shall cause their Affiliates to, keep secret and retain in the strictest confidence, and not disclose or use for the benefit of themselves or others, any Confidential Information with respect to (a) the Business or Liabilities of the Sellers relating to the Business or (b) the transactions contemplated by this Agreement or the Sellers Ancillary Documents. In the event any Seller or any of the Sellers’ respective Affiliates are requested or required (by oral request or written request for information or documents in any Legal Proceeding, interrogatory, subpoena, civil investigative demand or similar process) to disclose any Confidential Information described in this Section 6.3, then the Sellers shall notify the Buyer Parties (if permitted by law) promptly in writing of the request or requirement so that the Buyer Parties may seek an appropriate protective order or waive compliance with this Section 6.3. If, in the absence of a protective order or receipt of a waiver hereunder, the Sellers or any of their Affiliates is, on the written advice of counsel, compelled by Law to disclose any Confidential Information described in this Section 6.3, then the Person so compelled may disclose such Confidential Information, provided that such Person (a) has given the notice to the Buyer Parties referenced herein and (b) cooperates, at the Buyer Parties’ request and expense, with the Buyer Parties’ efforts to obtain an Order or other assurance that confidential treatment will be accorded to such Confidential Information. Nothing in this Agreement, however, will prohibit the Sellers from using or disclosing Confidential Information: (x) to the Sellers’ shareholders, owners, attorneys, accountants and financial advisors and as otherwise reasonably necessary in order for the Sellers to comply with Tax reporting requirements (y) as may be reasonably required to enforce or defend the terms of this Agreement or any other agreement or instruments, or (z) in connection with defending any action, proceeding, or governmental inquiry against the Sellers. This Section 6.3 shall be deemed mutual and shall apply to the Buyer Parties with respect to Sellers’ Confidential Information to the same extent as the Sellers are bound with respect to Buyer Parties’ Confidential Information.

Section 6.4 Warranty Claims. In relation to warranty work actually performed by the Buyer Parties, the Buyer Parties shall be reimbursed, at their election, from the Sellers or the Escrow Account for the reasonable costs of all warranty work in respect of warranty claims made on a Customer Contract that were greater than the warranty accrual included in the Audited Net Asset Amount for the Customer Contract. Buyer Sub will perform such warranty work as reasonably requested by the Sellers.

Section 6.5 Change of Name. On the Closing Date, the Sellers shall cause each Seller and MI to (a) amend its organizational documents and make, on an expedited basis, all filings necessary to change its legal name to a name that does not contain the word “Huen”, or any similar name (which legal name shall be reasonably acceptable to such Seller or MI, as applicable), (b) withdraw all its fictitious name filings and “doing business as” filings for any name that contains any of the foregoing, and (c) provide the Buyer Parties with any additional information, documents and materials that any Buyer Party may request to evidence the filings described in (a) and (b). Notwithstanding the foregoing, Sellers are entitled to continue to use the “Huen” name solely in connection with carrying out Section 2.11, subject to Buyer Sub’s consent (not to be unreasonably withheld).

Section 6.6 Insurance. The Sellers shall (a) maintain (including payment of all premiums and any co-insurance, self-insured retentions and deductibles) the Insurance Policies through the terms and renewal dates of the Insurance Policies, including coverage terms, conditions, endorsements and exclusions substantially similar to those in effect prior to the Closing Date and shall cause to be included as additional insured on the Insurance Policies the Buyer Parties, (b) not cause or permit any assignment of the proceeds of the Insurance Policies or change in beneficiary, and will not borrow against the Insurance Policies, and (c) not replace the Insurance Policies with substitute policies or make material changes to coverage terms, conditions or endorsements without the written consent of the Buyer Parties, which the Buyer Parties may withhold in their reasonable discretion. The Buyer Parties shall be responsible for payment of deductibles on claims made for work completed or insurable events that occur after the Closing Date. Any payments to the Buyer Parties or the Sellers under the coverage provided under Section 6.6 shall be applied to the underlying claims.

Section 6.7 Software Licenses. Following the Closing, the Sellers shall use their best efforts to take, or cause to be taken, all actions, and to do, or cause to be done and cooperate with the Buyer Parties in order to do, all things reasonably necessary, proper or advisable (subject to any applicable Laws) to take all actions necessary to obtain any requisite approvals, authorizations, consents, licenses, or waivers by any counterparty to a Software License to permit the use by the Buyer Parties of the Software Licenses. Immediately upon approval by a counterparty to a Software License, such Software License shall be deemed transferred to the Buyer Sub. If, with respect to a Software License, such approval, authorization, consent, license, or waiver is not received within 60 days after the Closing Date, the Sellers shall reimburse the Buyer Sub for the current replacement cost of such Software License, such reimbursement to occur within 70 days after the Closing Date, by payment to the Buyer from the Escrow Account until the Escrow Amount is exhausted and thereafter any remaining amounts shall be paid in cash by the Sellers, who shall be jointly and severally liable for such payments.

Section 6.8 Bonds. On the Closing Date, the Buyer and Buyer Sub shall be added to the general indemnity agreement between Travelers Casualty and Surety Company of America and Huen Electric, Inc., MI Investments, Inc., Huen New York, Inc., Benson Electric, Inc., and Alliance Utility Construction, Inc. as a co-indemnitor for the Bonds set forth on Schedule 6.8 for Bonds for Customer Contracts that are in progress and Bonds necessary to conduct the Business.

Section 6.9 Multiemployer Pension Plan Liability. If a Seller is assessed with a partial or complete withdrawal from a Multiemployer Pension Plan subsequent to the date of this Agreement, such assessments will be timely paid by such Seller pursuant to the terms of the applicable payment schedule, until the earlier of the date all scheduled payments have been made or the date such assessment is vacated through a final arbitration decision. In the event any Buyer Party or any of their respective Affiliates incurs any Liability to any Multiemployer Pension Plan or any associated costs arising from the alleged complete or partial withdrawal from a Multiemployer Pension Plan by a Seller, the Sellers will promptly indemnify the Buyer Parties and their respective Affiliates from and against any such Liabilities upon notice of such Liabilities.

Section 6.10 Collective Bargaining. Following the Closing, Buyer Sub shall sign letters of assent with those International Brotherhood of Electrical Workers' local unions from which the Sellers are obtaining labor on the Closing Date agreeing to the terms of those local unions' collective bargaining agreements.

ARTICLE VII INDEMNIFICATION

Section 7.1 Survival of Obligations. All of the representations and warranties contained in this Agreement or in any of the Sellers Ancillary Documents will survive and continue in full force and effect until 24 months after the Closing Date, except that the representations and warranties contained in (a) Section 4.1 (Organization and Qualification), Section 4.2 (Capitalization), Section 4.3 (No Conflict), Section 5.1 (Organization), Section 5.2 (Authorization), and Section 5.3 (Binding Agreement), will survive the Closing and continue in force and effect for 20 years, and (b) Section 4.14 (Employee Benefit Plans), Section 4.17 (Taxes) and Section 4.20 (Environmental, Health and Safety Matters) will survive the Closing and continue in force and effect until such time as no claim can be brought, by 60 days following the expiration of the statute of limitations (taking into account applicable extensions), applicable to the subject matter of such representations and warranties. All covenants or agreements contained in this Agreement or any of the Sellers Ancillary Documents will survive the Closing for the period specified herein or therein or if not so specified shall continue in full force and effect for 20 years. Notwithstanding anything to the contrary in this Section 7.1, any claims involving, in whole or in part, fraud (as such term is defined under Delaware law) (collectively, the "Fraud Claims") will survive for 20 years. Notwithstanding anything herein to the contrary, each representation or warranty which is the subject of one or more claims asserted in writing prior to the expiration of any applicable period set forth above will survive with respect to such claim or claims asserted in writing until the final resolution thereof.

Section 7.2 Indemnification by the Sellers.

(a) Subject to the terms and conditions of this Article VII, the Sellers shall, jointly and severally, reimburse, defend, indemnify and hold harmless the Buyer Parties and their present and future Affiliates and their respective directors, officers, employees and representatives (collectively, the "Buyer Indemnified Parties"), for any given Loss resulting from, or that exist or arise due to any of the following (the "Buyer Claims"):

- (i) any inaccuracy or breach of any representation or warranty of any of the Sellers contained in this Agreement;
- (ii) any breach of or failure by any of the Sellers to perform or comply with any covenant or agreement of such Persons contained in this Agreement or in any Sellers Ancillary Document;
- (iii) the matters set forth on Schedule 7.2;
- (iv) any Liabilities arising out of or relating to the Sellers' use or occupation prior to the Closing of any parcel of real property, including any Liabilities relating to the Sellers' use or occupation prior to the Closing of the Facilities;
- (v) the Excluded Assets;
- (vi) the Excluded Liabilities; and
- (vii) any claim by any Seller or any stockholder or optionholder of any Seller, MI or any of their respective Affiliates arising out of any payment made to or by or not made to or by any such Person (other than claims with respect to a breach by a Buyer Party of its express payment obligations under this Agreement) arising out of (A) any error or inaccuracy in the allocation of the Purchase Price among the Sellers or the stockholders or optionholders of any Seller, MI or any of their respective Affiliates, or the allocation of payments or Liabilities among recipients of consideration paid by the Buyer Parties pursuant to this Agreement or (B) the Allocation Agreement.

(b) Notwithstanding anything to the contrary contained in this Agreement, except for breaches of the Fundamental Representations, and in connection with Fraud Claims, the Sellers' maximum aggregate Liability for indemnification under Section 7.2(a)(i) shall be capped at \$7,062,304.

(c) Any payment(s) to be made pursuant to this Section 7.2 shall be released to the applicable Buyer Indemnified Party from the Escrow Account until the Escrow Amount is exhausted and thereafter any remaining amounts shall be paid in cash by the Sellers, or, at the election of the Buyer, offset against the Margin Bonus Payment, if payable.

Section 7.3 Indemnification by the Buyer Parties.

(a) Subject to the terms and conditions of this Article VII, the Buyer Parties agree to reimburse, defend, indemnify and hold harmless the Sellers and their present and future Affiliates and their respective heirs and representatives (collectively, the “Seller Indemnified Parties”) from, against and in respect of all Losses resulting from, or that exist or arise due to, any of the following (collectively, “Seller Claims”):

- (i) any inaccuracy or breach of any representation or warranty of the Buyer Parties;
- (ii) any breach of or failure by the Buyer Parties to perform or comply with any covenant or agreement contained in this Agreement or in any Buyer Ancillary Document;
- (iii) the Assumed Liabilities; and
- (iv) the operations of the Business or the ownership or use of the Acquired Assets subsequent to the Closing.

(b) Notwithstanding anything to the contrary contained in this Agreement, except for breaches of the Buyer Parties’ representations in Section 5.1 (Organization), Section 5.2 (Authorization), and Section 5.3 (Binding Agreement), and in connection with Fraud Claims, the Buyer Parties’ maximum, aggregate Liability for indemnification under Section 7.3(a)(i), other than for Fraud Claims, shall be capped at \$7,062,304.

(c) Any payment(s) to be made pursuant to this Section 7.3 shall be paid in cash by the Buyers.

Section 7.4 Procedures for Indemnification.

(a) In order for an Indemnified Party to be entitled to any indemnification provided for under this Agreement in respect of a written claim, suit or written demand made by any Person against the Indemnified Party (a “Third Party Claim”), such Indemnified Party must notify the indemnifying party (the “Indemnifying Party”) in writing, and in reasonable detail, of the Third Party Claim and the facts known by the Indemnified Party relating thereto as promptly as reasonably possible after receipt by such Indemnified Party of notice of the Third Party Claim; provided, however, that failure to give such notification on a timely basis shall not affect the indemnification provided hereunder except to the extent the Indemnifying Party shall have been actually prejudiced as a result of such failure. Thereafter, the Indemnified Party shall deliver to the Indemnifying Party, within five Business Days after the Indemnified Party’s receipt thereof, copies of all notices and documents (including court papers) delivered by such Person to the Indemnified Party relating to the Third Party Claim.

(b) If the Indemnifying Party, subject to the limitations set forth in this Article VII, has conceded liability to indemnify the Indemnified Party with respect to all Losses relating to such Third Party Claim, then the Indemnifying Party shall have 20 days after receipt of the Indemnified Party's notice of a given Third Party Claim to elect, at his, her or its option, to assume the defense of any such Third Party Claim, in which case:

(i) the attorneys' fees, other professionals' and experts' fees and court or arbitration costs incurred by the Indemnifying Party in connection with defending such Third Party Claim shall be payable by such Indemnifying Party;

(ii) the Indemnified Party shall not be entitled to be indemnified for any costs or expenses incurred by the Indemnified Party in connection with the defenses of such Third Party Claim following the Indemnifying Party's assumption of such defense, except for actual costs incurred in connection with the Indemnifying Party's requests for cooperation, which costs shall be reimbursed by the Indemnifying Party;

(iii) the Indemnified Party shall be entitled to monitor such defense at his, her or its sole expense; and

(iv) the Indemnified Party shall not enter into any agreement providing for the settlement or compromise of such Third Party Claim or the consent to the entry of a judgment with respect to such Third Party Claim without the prior written consent of the Indemnifying Party, which consent may not be unreasonably withheld.

If the Indemnifying Party does not give notice to the Indemnified Party of his, her or its election to either assume or reject the defense of such Third Party Claim within 20 days after receipt of notice of such Third Party Claim, the Indemnifying Party shall be bound for all purposes by any determination made in such Third Party Claim or any compromise or settlement effected by the Indemnified Person.

(c) If (i) the Indemnifying Party has not conceded liability to indemnify the Indemnified Party with respect to all Losses relating to such Third Party Claim, or (ii) if the Indemnifying Party elects not to defend such Third Party Claim, then (A) the Indemnified Party shall diligently defend such Third Party Claim, and (B) the Indemnified Party shall, subject to the limitations and conditions set forth in this Article VII, be entitled to indemnification under this Article VII in respect of such Third Party Claim, provided, however, that the Indemnified Party shall have no right to seek indemnification under this Article VII in respect of such Third Party Claim for any agreement providing for the settlement or compromise of such Third Party Claim or the consent to the entry of a judgment with respect to such Third Party Claim entered into without the prior written consent of the Indemnifying Party (which consent shall not be unreasonably withheld, conditioned or delayed).

(d) If any Indemnified Party asserts the existence of a claim giving rise to Losses (but excluding Third Party Claims), such Party shall give written notice to the Indemnifying Party. Such written notice shall state that it is being given pursuant to this Section 7.4, specify, in reasonable detail, the nature and amount of the claim (to the extent they are capable of determination). If such Indemnifying Party, within 60 days after receipt of such notice by Indemnifying Party and Indemnifying Party's attorney, shall not give written notice to such Indemnified Party announcing such Indemnifying Party's intent to contest such assertion of such Indemnified Party, such assertion shall be deemed accepted and the amount of such claim shall be deemed a valid claim and constitute Losses for all purposes under this Article VII. If, however, such Indemnifying Party contests such assertion of a claim by giving such written notice to the Indemnified Party within said period, then the Parties shall act in good faith to reach agreement regarding such claim. If litigation or arbitration shall arise with respect to any such claim, the prevailing Party shall be entitled to reimbursement of costs and expenses incurred in connection with such litigation or arbitration (including reasonable attorneys' fees and expenses and investigation costs).

Section 7.5 Subrogation. Upon making an indemnity payment pursuant to this Agreement, the Indemnifying Party will, to the extent of such payment, be subrogated to all rights of the Indemnified Party against any third party in respect of the Losses to which the payment related. Without limiting the generality of any other provision hereof, each such Indemnified Party and Indemnifying Party shall duly execute upon request all instruments reasonably necessary to evidence and perfect the above described subrogation rights.

Section 7.6 Exclusive Remedy; Ancillary Documents. Except for (i) injunctive relief as and to the extent provided for in this Agreement, (ii) remedies specifically provided for under the Ancillary Documents, and (iii) Fraud Claims, this Article VII shall be the sole and exclusive remedy of the Parties for any breach of any representation, warranty or covenant contained herein or in the Ancillary Documents or otherwise arising out of the transactions contemplated hereby or thereby.

Section 7.7 Treatment of Indemnity Payments. Any payment made pursuant to this Article VII will be treated as an adjustment to the Purchase Price to the extent permitted by Law, and the Parties shall make all necessary tax filings consistent with such adjustment.

Section 7.8 Third Party Recoveries. The amount of any Losses subject to indemnification under this Article VII shall be calculated net of any third party insurance and/or bond proceeds and other third party recoveries (including through indemnification, counterclaim, reimbursement arrangement, contract or otherwise) ("Third Party Recovery Sources") actually received by the Indemnified Party on account of such Losses, net of costs and expenses associated with pursuing such insurance recoveries or other third party recoveries. The Indemnified Party shall use commercially reasonable efforts to seek payment and recovery from such Third Party Recovery Sources in connection with any Losses for which it will seek indemnification from the Indemnifying Party.

Section 7.9 No Windfalls. If an Indemnified Party receives any payment under an applicable insurance policy or bond in respect of Losses for which such Indemnified Party has been indemnified hereunder, or from any other Person or other Third Party Recovery Sources alleged or found to be responsible for such Losses, subsequent to receipt of an indemnification payment in respect of such Losses, then such Indemnified Party shall promptly reimburse the Indemnifying Party for any payment made by such Indemnifying Party in connection with providing such indemnification payment up to the lesser of (i) the amount received by the Indemnified Party from such insurance policy or other Person or other Third Party Recovery Sources in respect of such Losses, net of any reasonable out of pocket expenses incurred by the Indemnified Party in collecting such amount, and (ii) the excess, if any, of the total amount received in respect of such Losses from such insurance policy or bond or other Person and from the indemnification payment from the Indemnifying Party over the sum of the total amount of such Losses suffered by the Indemnified Party and the expenses incurred by the Indemnified Party in collecting such amounts.

Section 7.10 Materiality. For all purposes of this Article VII, any inaccuracy or breach of the representations and warranties contained in this Agreement and the amount of Losses resulting therefrom shall be determined without references to the terms “material,” “materially,” “Material Adverse Effect,” “material adverse effect” or other similar qualifications as to materiality, and any dollar thresholds, in each case contained or incorporated in any such representation or warranty.

Section 7.11 Waiver of Certain Damages. In no event shall any Indemnifying Party be liable to any Indemnified Party for any punitive or special damages.

Section 7.12 Mitigation. The Indemnified Parties shall take commercially reasonable efforts to mitigate and minimize the amount of any Losses for which it will seek indemnification.

Section 7.13 Basket.

(a) No Buyer Indemnified Party will be entitled to recover for Losses under Section 7.2(a)(i) unless the aggregate amount of Losses with respect to all claims exceeds \$75,000, in which event the Seller Parties shall be liable for all Losses from “dollar one.”

(b) No Seller Indemnified Party will be entitled to recover for Losses under Section 7.3(a)(i) unless the aggregate amount of Losses with respect to all claims exceeds \$75,000, in which event the Buyer Parties shall be liable for all Losses from “dollar one.”

Section 7.14 Additional Limitations.

(a) Notwithstanding any other provision contained in this Agreement or otherwise, the Sellers’ maximum aggregate liability for any and all Buyer Claims shall not exceed \$7,062,304, except in the case of Fraud Claims and/or a breach of the Fundamental Representations.

(b) Notwithstanding any other provision contained in this Agreement or otherwise, the Buyer Parties’ maximum aggregate liability for any and all Seller Claims shall not exceed \$7,062,304, except in the case of Fraud Claims, a breach of Sections 5.1, 5.2 and 5.3 and/or a failure to pay the agreed upon Purchase Price and/or the agreed upon Margin Bonus Payment.

Section 7.15 No Double Recovery. For purposes of this Article VII, (i) the Buyer Indemnified Parties will be treated as a “single” party and together will only be entitled to recover “one time” in connection with any Buyer Claim, and (ii) Seller Indemnified Parties will be treated as a “single” party and together will only be entitled to recover “one time” in connection with any Seller Claim. For purposes of this Article VII, each Seller will be treated as a “single” party and together will only be liable “one time” in connection with any Buyer Claim.

Section 7.16 Net of Taxes. The amount of indemnification claims hereunder will be net of any tax benefits realized within three (3) taxable years by the Indemnified Party in connection with such claims.

**ARTICLE VIII
MISCELLANEOUS**

Section 8.1 Transaction Expenses. Except as otherwise expressly set forth elsewhere in this Agreement, all costs and expenses related to this Agreement, the Ancillary Documents and the transactions contemplated hereby and thereby will be the obligation of the Party incurring such expenses.

Section 8.2 Notices. Any notice, request, instruction or other document to be given hereunder shall be sent in writing and delivered personally, sent by reputable, overnight courier service (charges paid by sender), or by email, according to the instructions set forth below. Such notices will be deemed given: at the time delivered by hand, if personally delivered; on the day of delivery if during normal business hours (or on the following Business Day if not sent during normal business hours), if sent by reputable, overnight courier service; and at the time when receipt is acknowledged by the recipient Party if sent by email during normal business hours (or on the following Business Day if not sent during normal business hours).

If to a Buyer Party, to:

MYR Group Inc.
Corporate Office
1701 Golf Road – Suite 3-1012
Rolling Meadows, IL 60008-4210
Attention: Betty R. Johnson
Email: BJohnson@myrgroup.com

with copies (which will
not constitute notice) to:

MYR Group Inc.
Corporate Office
1701 Golf Road – Suite 3-1012
Rolling Meadows, IL 60008-4210
Attention: Gary B. Engen
Email: GEngen@myrgroup.com

and

Jones Day
77 West Wacker Drive
Chicago, IL 60601-1692
Telephone: (312) 269-4235
Attention: Ismail H. Alsheik
Email: ialsheik@jonesday.com

If to any Seller:

Huen Electric, Inc,
1801 West 16th Street
Broadview, IL 60155
Telephone: (708) 343-5511
Attn: Jack W. Dougherty P.E.
Email: jack@huenelectric.com

with a copy (which will
not constitute notice) to:

Burke, Warren, MacKay & Serritella
330 N. Wabash Avenue, 21st Floor
Chicago, IL 60611
Telephone: (312) 840-7090
Attn: Patrick J. Bruks
Email: pbruks@burkelaw.com

or to such other address or to the attention of such other Party that the recipient Party has specified by prior written notice to the sending Party in accordance with the preceding.

Section 8.3 Headings. The headings of the Sections of this Agreement are for convenience only and in no way modify, interpret or construe the meaning of specific provisions of this Agreement.

Section 8.4 Severability. In case any one or more of the provisions contained in this Agreement should be held invalid, illegal or unenforceable in any respect, the validity, legality and enforceability of the remaining provisions will not in any way be affected or impaired. If the final judgment of a court of competent jurisdiction or other authority declares that any term or provision hereof is invalid, illegal or unenforceable, the Parties agree that the court making such determination will have the power to reduce the scope, duration, area or applicability of the term or provision, to delete specific words or phrases, or to replace any invalid, illegal or unenforceable term or provision with a term or provision that is valid, legal and enforceable and that comes closest to expressing the intention of the invalid, illegal or unenforceable term or provision.

Section 8.5 No Third Party Beneficiaries. Except for the Buyer Indemnified Parties and the Seller Indemnified Parties and as provided in Article VII, this Agreement does not and will not confer any rights or remedies upon any Person other than the Parties and their respective successors and permitted assigns.

Section 8.6 Waivers. No waiver by any Party of any default, misrepresentation or breach of warranty or covenant hereunder, whether intentional or not, will be deemed to extend to any prior or subsequent default, misrepresentation or breach of warranty or covenant hereunder or affect in any way any rights arising by virtue of any prior or subsequent such occurrence.

Section 8.7 Incorporation of Exhibits. If the provisions of any Exhibit to this Agreement or any Ancillary Document are inconsistent with the provisions of this Agreement, the provisions of this Agreement will prevail unless otherwise expressly provided in such Exhibit or Ancillary Document. The annexes, exhibits and disclosure schedules appended to this Agreement or to be attached hereafter are hereby incorporated as integral parts of this Agreement.

Section 8.8 Specific Performance. Irreparable damage would occur in the event that any of the provisions of this Agreement are not performed in accordance with their specific terms or are otherwise breached. Each Party agrees that, in the event of any breach or threatened breach by any other Party of any covenant or obligation contained in this Agreement, the non-breaching Party shall be entitled (in addition to any other remedy that may be available to it pursuant to this Agreement) to seek and obtain (a) a decree or order of specific performance to enforce the observance and performance of such covenant or obligation and (b) an injunction restraining such breach or threatened breach.

Section 8.9 Counterparts. This Agreement may be executed in one or more counterparts each of which will be deemed an original but all of which will constitute one and the same instrument. PDFs or other electronic copies of signatures will be deemed to be originals.

Section 8.10 Further Assurances. Following the Closing, subject to the terms and conditions of this Agreement, if any further action is necessary in order to carry out the purposes of this Agreement, each of the Parties shall take such further action (including the execution and delivery of such further instruments and documents) as any other Party may reasonably request (at the sole cost and expense of the requesting Party).

Section 8.11 Amendment; Successors and Assigns. This Agreement may be amended only by the execution and delivery of a written instrument by or on behalf of each Party. Neither this Agreement nor any of the rights, interests or obligations provided by this Agreement shall be transferred or assigned by any of the Parties hereto (whether by operation of Law or otherwise) without the prior written consent of the other Parties; provided, however, that the Buyer Parties may, without the prior written consent of any other Party to this Agreement, assign any or all of their rights or obligations under this Agreement or any of the Ancillary Documents to one or more of their Affiliates; provided, further, however, that in any such case the Buyer Parties will remain responsible for the performance of all of its obligations hereunder. Subject to the preceding sentence, this Agreement will be binding upon and inure to the benefit of the Parties hereto and their respective successors and permitted assigns.

Section 8.12 Entire Agreement; Schedules. This Agreement, the disclosure schedules, the Exhibits, and the Ancillary Documents collectively constitute the entire agreement among the Parties and supersede any prior and contemporaneous understandings, agreements or representations by or among the Parties (or any of their respective Affiliates), written or oral, that may have related in any way to the subject matter hereof or thereof. Any item disclosed in a disclosure schedule with respect to a particular section of this Agreement shall be deemed to have been disclosed with respect to every other applicable section of this Agreement if the relevance of such disclosure to the other section is readily apparent or may be reasonably inferred upon a reading of such disclosure. The specification of any dollar amount in the representations or warranties contained in this Agreement or the inclusion of any specific item in the disclosure schedules is not intended to imply that such amount, or higher or lower amounts, or the items so included or other items, are or are not material, and no party shall use the fact of the setting of such amounts or the inclusion of any such item in any dispute or controversy as to whether any obligation, items or matter not described herein or included in the disclosure schedules is or is not material for purposes of this Agreement.

Section 8.13 Construction. Any reference in this Agreement to \$ will mean U.S. dollars. As used in this Agreement, the words “include” and “including,” and variations thereof, will not be deemed to be terms of limitation, but rather will be deemed to be followed by the words “without limitation.” Except as otherwise indicated, all references in this Agreement to “Sections” and “Exhibits” are intended to refer to Sections and Exhibits to this Agreement. As used in this Agreement, the terms “hereof,” “hereunder,” “herein” and words of similar import will refer to this Agreement as a whole and not to any particular provision of this Agreement. The term “any” will be deemed to mean “any and all.” Each Party hereto has participated in the drafting of this Agreement, which each Party acknowledges is the result of extensive negotiations between the Parties, and consequently, this Agreement will be interpreted without reference to any rule or precept of Law to the effect that any ambiguity in a document be construed against the drafter.

Section 8.14 Governing Law. This Agreement, and any other claims that arise out of or result from the transactions contemplated hereby, will be governed by and construed in accordance with the Laws of the State of Delaware, without giving effect to any Law or rule that would cause the Laws of any jurisdiction other than the State of Delaware to be applied.

Section 8.15 Consent to Jurisdiction. The state courts of the State of Delaware will have exclusive jurisdiction over all disputes among the Parties, whether at law or in equity, based upon, arising out of or relating to this Agreement and the agreements, instruments and documents contemplated hereby or the facts and circumstances leading to its execution and delivery, whether in contract, tort or otherwise. Each of the Parties irrevocably consents to and agrees to submit to the exclusive jurisdiction of such courts, agrees that process may be served upon them in any manner authorized by the Laws of the State of Delaware, and hereby waives, and agrees not to assert in any such dispute, to the fullest extent permitted by applicable Law, any claim that (a) such Party is not personally subject to the jurisdiction of such courts, (b) such Party and such Party's property is immune from any legal process issued by such courts or (c) any litigation commenced in such courts is brought in an inconvenient forum. THE PARTIES IRREVOCABLY CONSENT TO THE SERVICE OF PROCESS OUTSIDE THE TERRITORIAL JURISDICTION OF THE COURTS REFERRED TO IN THIS SECTION 8.15 IN ANY ACTION OR PROCEEDING UNDER OR RELATING TO THIS AGREEMENT OR THE FACTS AND CIRCUMSTANCES LEADING TO ITS EXECUTION AND DELIVERY BY MAILING COPIES THEREOF BY REGISTERED UNITED STATES MAIL, POSTAGE PREPAID, RETURN RECEIPT REQUESTED, TO ITS ADDRESS AS SPECIFIED IN OR PURSUANT TO SECTION 8.2. HOWEVER, THE FOREGOING WILL NOT LIMIT THE RIGHT OF A PARTY TO EFFECT SERVICE OF PROCESS ON ANY OTHER PARTY BY ANY OTHER LEGALLY AVAILABLE METHOD. EACH OF THE PARTIES IRREVOCABLY WAIVES ALL RIGHT TO TRIAL BY JURY IN ANY LEGAL PROCEEDING ARISING OUT OF OR RELATING TO THIS AGREEMENT OR THE TRANSACTIONS CONTEMPLATED BY THIS AGREEMENT.

Section 8.16 Sellers' Representatives. Sellers will enter into a Sellers' representative agreement as contemplated by Section 3.2(t) whereby the Sellers will appoint certain individuals to act as agent and attorney-in-fact, for each Seller with full power of substitution to act in the name, place and stead of such Sellers with respect to the transactions contemplated by this Agreement and to act on behalf of Sellers with respect to all matters relating to this Agreement, including in considering, asserting and certifying the amount of any indemnification hereunder, in communicating with Buyer and Buyer Sub, in giving and receiving all notices and communications to be given or received under this Agreement, in bringing or defending any claim or action on behalf of Sellers to enforce their rights under this Agreement, in making disbursements under the Escrow Agreement and in connection with the transactions contemplated hereby, in performing all acts required or permitted to be performed by Sellers under this Agreement, and to do or refrain from doing any further act on behalf of any Seller which Sellers' Representatives deem necessary or appropriate in their sole discretion relating to the subject matter of this Agreement as fully and completely as such Sellers could do if personally present. Unless and until the Buyer and Buyer Sub receives written notice to the contrary signed by all of the Sellers, the Buyer and Buyer Sub may and shall rely on the actions and directions of the majority of Sellers' Representatives as though such actions were taken and such directions given by the Sellers themselves.

Section 8.17 Existing Employee Bonus Plan. Buyer and Buyer Sub shall acknowledge or agree as follows: (i) Seller has in place certain existing employee bonus plans; (ii) Buyer Sub will adopt and put in place new employee bonus plans on materially similar terms as the existing employee bonus plans, which will be administered at the discretion of the Board and remain in effect through at least December 31, 2023, provided that such new employee bonus plans will not include granting of equity of any kind in the Buyer or the Buyer Sub; and (iii) any amounts arising from payments under such new employee bonus plans shall be paid by Buyer Sub as a compensation expense of Buyer Sub and included in the calculations under Sections 2.6, 2.7 and 2.8.

Section 8.18 Employees and Benefit Matters. The employees of Sellers related to the Business including those individuals set forth on Schedule 8.18 (the “Offered Employees”) will cease their employment status with the Sellers as of the Closing and simultaneously therewith Buyer Sub shall offer employment to and hire the Offered Employees upon terms and conditions that are at least as favorable in the aggregate as the terms and conditions provided to the Offered Employees by the Sellers immediately prior to Closing.

Section 8.19 Excluded Contracts. At Sellers’ request, Buyer Sub shall timely perform the Sellers’ remaining obligations under the Excluded Contracts (including completing “punch list” items). Buyer Sub shall use commercially reasonable efforts to perform the Sellers’ remaining obligations according to industry standards and according to any applicable specifications. Sellers shall reimburse Buyer Sub for the Buyer Sub’s reasonable costs and expenses incurred by or in connection with performing the Sellers’ obligations under the Excluded Contracts payable within ten (10) days of delivery of invoice to Sellers. Sellers shall be entitled to all payments and other benefits under the Excluded Contracts.

[Signature Page Follows]

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

MYR Group Inc.

By: /s/ Richard Swartz
Name: Richard Swartz
Title: President and Chief Executive Officer

1891 Investment Company

By: /s/ Don Egan
Name: Don Egan
Title: President

Huen Electric, Inc.

By: /s/ John W. Dougherty
Name: Jack Dougherty
Title: Chief Executive Officer

Huen Electric New Jersey Inc.

By: /s/ Nicholas E. Sambucci
Name: Nicholas E. Sambucci
Title: President

Huen New York, Inc.

By: /s/ Donald Colvin
Name: Donald Colvin
Title: President

CERTIFICATIONS

Certification of Principal Executive Officer

I, Richard S. Swartz, Jr., 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 internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer 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 1, 2018

/s/ RICHARD S. SWARTZ, JR.

(Principal Executive Officer)
Chief Executive Officer and President

CERTIFICATIONS

Certification of Principal Financial Officer

I, Betty R. Johnson, 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 internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer 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 1, 2018

/s/ BETTY R. JOHNSON

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

**CERTIFICATION OF THE CHIEF EXECUTIVE OFFICER,
PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

I, Richard S. Swartz, Jr., Chief Executive Officer and President of MYR Group Inc. (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 Quarterly Report on Form 10-Q for the quarter ended June 30, 2018 of the Company 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 such report fairly presents, in all material respects, the financial condition and results of operations of the Company.

August 1, 2018

/s/ RICHARD S. SWARTZ, JR.

Chief Executive Officer and President

**CERTIFICATION OF THE CHIEF FINANCIAL OFFICER
PURSUANT SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

I, Betty R. Johnson, Senior Vice President, Chief Financial Officer and Treasurer of MYR Group, Inc. (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 Quarterly Report on Form 10-Q for the quarter ended June 30, 2018 of the Company 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 such report fairly presents, in all material respects, the financial condition and results of operations of the Company.

August 1, 2018

/s/ BETTY R. JOHNSON

Senior Vice President, Chief Financial Officer and Treasurer
