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As filed with the Securities and Exchange Commission on January 25, 2008

Registration No. 333-

SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

FORM S-1

REGISTRATION STATEMENT
UNDER
THE SECURITIES ACT OF 1933

MYR Group Inc.

(Exact name of registrant as specified in its charter)

Delaware	**1623**	**36-3158643**
(State of Incorporation)	(Primary Standard Industrial Classification Code Number)	(I.R.S. Employer Identification Number)

Three Continental Towers
1701 West Golf Road, Suite 1012
Rolling Meadows, IL 60008-4007
Phone: (847) 290-1891
(Address, including zip code, and telephone number, including area code, of registrant's principal executive offices)

Gerald B. Engen, Jr.
Vice President, Chief Legal Officer
MYR Group Inc.
12150 East 112th Avenue
Henderson, CO 80640
Phone: (303) 286-8000
(Name, address, including zip code, and telephone number, including area code, of agent for service)

Copies to:

Stacy J. Kanter, Esq.
Skadden, Arps, Slate, Meagher & Flom LLP
Four Times Square
New York, NY 10036
(212) 735-3000

Approximate date of commencement of proposed sale to the public:
As soon as practicable after this registration statement becomes effective.

If any of the securities being registered on this form are to be offered on a delayed or continuous basis pursuant to Rule 415 under the Securities Act of 1933, check the following box. ☒

If this form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. ☐

If this form is a post-effective amendment filed pursuant to Rule 462(c) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. ☐

If this form is a post-effective amendment filed pursuant to Rule 462(d) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. ☐

CALCULATION OF REGISTRATION FEE

Title of Each Class of Securities to be Registered	Amount to be Registered	Proposed Maximum Offering Price per Share(1)	Proposed Maximum Aggregate Offering Price	Amount of Registration Fee

Common Stock, $0.01 par value	19,690,777(2)	$13.00	$255,980,101	$10,061

(1) Represents a bona fide estimate of the maximum aggregate offering price solely for the purpose of calculating the registration fee under Rule 457(a) under the Securities Act. No exchange or over-the-counter-market exists for the registrant's common stock; however, shares of the registrant's common stock issued to qualified institution buyers, non-U.S. persons pursuant to Regulation S under the Securities Act and accredited investors in connection with its December 2007 private placement are eligible for the PORTAL Market®. Since no sales of shares have been reported on PORTAL as of the date hereof, the estimated price per share is based upon the price per share in the December 2007 private placement.

(2) Includes 1,373,673 shares issuable upon the exercise of outstanding options.

The Registrant hereby amends this registration statement on such date or dates as may be necessary to delay its effective date until the registrant shall file a further amendment which specifically states that this registration statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act or until the registration statement shall become effective on such date as the Commission, acting pursuant to said Section 8(a), shall determine.

The information in this prospectus is not complete and may be changed. These securities may not be sold until the registration statement filed with the Securities and Exchange Commission is effective. This prospectus is not an offer to sell nor does it seek an offer to buy these securities in any jurisdiction where the offer or sale is not permitted.

Subject to completion, dated January 25, 2008

PROSPECTUS

MYR Group Inc.

19,690,777 Shares
Common Stock

MYR Group Inc. is a leading specialty contractor serving the electrical infrastructure market in the United States. We are one of the largest national contractors servicing the transmission and distribution sector of the United States electric utility industry. We also provide commercial and industrial electrical contracting services in the western United States.

This prospectus relates to the offer and sale of up to 19,690,777 shares of our common stock, including 1,373,673 shares issuable upon the exercise of outstanding options, which may be offered for sale by the selling stockholders named in this prospectus. The selling stockholders acquired the shares of common stock offered by this prospectus in private placements. We are registering the offer and sale of the shares of common stock to satisfy registration rights we have granted.

We are not selling any shares of common stock pursuant to this prospectus and will not receive any proceeds from sales of common stock by the selling stockholders. The shares of common stock to which this prospectus relates may be offered and sold from time to time directly by the selling stockholders or through underwriters, broker dealers or agents. For more information regarding the sales of common stock by the selling stockholders pursuant to this prospectus, please read "Plan of Distribution."

There is no current market for our common stock. We intend to apply to list our common stock on the Nasdaq Global Market under the symbol . Based on the range of prices at which our shares have traded on the PORTAL Market, prior to the time our common stock is quoted on the Nasdaq Global Market, purchases and sales of our common stock will occur at prices between $ and $ per share, if any shares are sold. Following the date of this prospectus, we intend for our shares to be listed on Nasdaq and that the selling stockholders may sell all or a portion of their shares from time to time in market transactions, in negotiated transactions or otherwise, and at prices and on terms that will be determined by the prevailing market price or at negotiated prices.

See "Risk Factors" on page 14 to read about factors you should consider before investing in our common stock.

Neither the Securities and Exchange Commission nor any other state or federal regulatory body has approved or disapproved of these securities or passed upon the accuracy or adequacy of this prospectus. Any representation to the contrary is a criminal offense.

Prospectus dated , 2008.

MYR GROUP





LEADING ELECTRICAL INFRASTRUCTURE SPECIALTY CONTRACTOR

MARKET DATA

Market data used in this prospectus has been obtained from independent industry sources and publications as well as from research reports prepared for other purposes. We have not independently verified the data obtained from these sources, and we cannot assure you of the accuracy or completeness of the data. Forward-looking information obtained from these sources is subject to the same qualifications and the additional uncertainties regarding the other forward-looking statements in this prospectus.

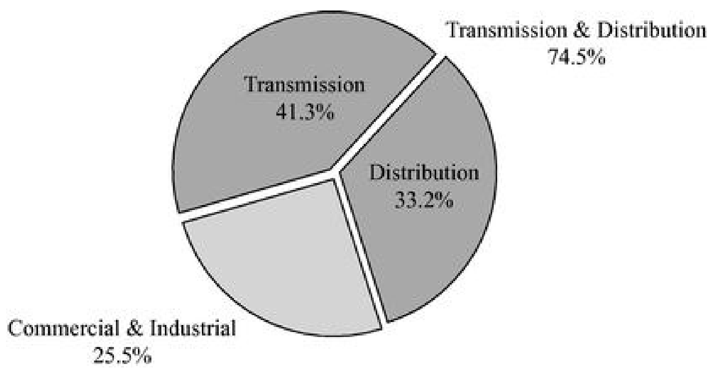
SUMMARY

This summary highlights selected information contained elsewhere in this prospectus. This summary does not contain all of the information you should consider before investing in our common stock. You should read this entire prospectus carefully, especially the risks of investing in our common stock discussed under "Risk Factors" beginning on page 14, and the consolidated financial statements and notes to those consolidated financial statements, before making an investment decision. As used in this prospectus, unless the context otherwise requires or indicates, "MYR," "the company," "we," "our," and "us" refer to MYR Group Inc. and its subsidiaries taken as a whole.

Our Business

We are a leading specialty contractor serving the electrical infrastructure market in the United States. We are one of the largest national contractors servicing the transmission and distribution, or T&D, sector of the United States electric utility industry. Our T&D customers include more than 125 electric utilities, cooperatives and municipalities nationwide. Our broad range of services includes design, engineering, procurement, construction, upgrade, maintenance and repair services with a particular focus on construction, maintenance and repair throughout the continental United States. We also provide commercial and industrial, or C&I, electrical contracting services to facility owners and general contractors in the western United States. We derive our revenues from two reportable segments which we refer to as our T&D segment and our C&I segment.

The following chart illustrates our revenue mix for the twelve months ended December 31, 2006:



Transmission and Distribution. Our T&D services include the construction and maintenance of high voltage transmission lines, substations and lower voltage underground and overhead distribution systems. We also provide emergency restoration services in response to hurricane, ice or other storm related damage which typically accounts for less than $25.0 million, or 4.5% revenue on a combined basis, per year. As a result of several key industry trends, including increased attention to the inadequacy of the existing electric utility infrastructure as well as the impact of the passage of the Energy Policy Act of 2005, or the Energy Act, the demand for transmission construction and maintenance services has increased and is projected to continue to grow significantly in the future. We believe that the anticipated increased capital spending on transmission infrastructure presents us with a significant revenue opportunity as transmission construction, maintenance and repair has long been a core competency for us. We have completed several large transmission turn key engineering, procurement and construction, or EPC, projects including a $125.0 million T&D project in Iowa, or the Iowa T&D Contract, one of the largest EPC projects ever completed in the T&D market. For the year ended December 31, 2006, our T&D revenues were approximately $398.6 million or 74.5% of revenue on a combined basis. Revenue from transmission projects represented 55.5% of T&D revenue for the year ended December 31, 2006.

Commercial and Industrial. Our C&I segment provides electrical contracting services for commercial and industrial construction in the western United States. We are focused on the Arizona and Colorado regional markets where we have achieved sufficient scale and believe we enjoy leading market shares. We concentrate our efforts on projects where our technical and project management expertise are critical to successful and timely execution. Typical C&I contracts cover electrical contracting services for airports, hospitals, data centers, hotels, casinos, arenas, convention centers, manufacturing plants, processing facilities and transportation control and management systems. For the year ended December 31, 2006, and on a combined basis, our C&I revenues were approximately $136.7 million or 25.5% of revenue on a combined basis.

On a consolidated basis our overall revenues from continuing operations grew from $322.1 million in 2004 to $535.3 million in 2006 on a combined basis, representing a compound annual growth rate of 28.9%, all of which was organic. During that same period, our EBITDA from continuing operations improved from negative $1.1 million in 2004 to $23.3 million in 2006. During that same period, net income from continuing operations improved from negative $3.5 million in 2004 to $11.0 million in 2006. For the nine months ended September 30, 2007 our revenues, net income from continuing operations and EBITDA from continuing operations were $453.9 million, $8.6 million and $22.6 million, respectively, compared to $407.2 million, $7.4 million and $15.2 million for the nine months ended September 30, 2006. Our growth has been driven by successful bids for, and execution of, several large projects, our ability to continue to capitalize on increased infrastructure spending in our markets and the breadth of our customer base. We expect to continue to grow our business organically, as well as selectively consider strategic acquisitions that improve our competitive position within our existing markets, expand our geographic footprint or strengthen our fleet.

As of September 30, 2007, we employed a highly skilled workforce of over 3,000 people. Our workforce is supported by a large modern fleet of specialty vehicles, equipment and tooling. Our fleet consists of over 4,300 vehicles and pieces of equipment, including approximately 2,000 pieces of specialized equipment, and is highly mobile, allowing us to easily relocate our equipment across all of the regions we serve.

Key Industry Trends

We believe that our business will benefit from the following industry trends:

Inadequacy of Existing Electric Power Transmission and Distribution Networks. According to a recent North American Electric Reliability Corporation, or NERC, survey of industry professionals, the largest challenge to reliability is the combined risk caused by the aging infrastructure and limited new construction of infrastructure. Recent de-regulation in the utility sector has converted a portion of the existing electric transmission grid to a competitive marketplace for the delivery of electricity across regional transmission systems, a development which was not contemplated when the grid was designed. These factors, along with the age of the existing infrastructure have led to congested power lines and power disruptions. Such disruptions have included rolling blackouts in California during 2001 and the August 2003 blackout which briefly left 50 million people in the Midwest and Northeast without electricity. According to the Edison Electric Institute's, or EEI's, preliminary 2007 survey, investor-owned electric utilities are expected to spend in excess of $10 billion annually on transmission projects by 2010, up from approximately $5 billion in 2004.

The Energy Policy Act of 2005. Since being signed into law in August 2005, several segments of the Energy Act have come into effect and, as a result, have better positioned utilities to finance and implement system enhancements. Two of the objectives of the Energy Act are to improve the nation's electric transmission capacity and reliability and to promote investment in the nation's energy infrastructure. These new policies include granting NERC the legal authority to enforce reliability standards with all United States owners, operators, and users of bulk power system, and made compliance with those standards mandatory as opposed to voluntary; providing lucrative incentives to promote transmission grid investment such as allowing more favorable returns on equity, ranging from 11% to 14%; the creation of National Interest Electric Transmission Corridors, or NIETC, in order to aid the siting and construction of transmission systems; and, the repeal of the Public Utility Holding Company Act of 1935, or PUHCA, which restricted ownership of transmission infrastructure by non-utility entities.

Increased Outsourcing of Infrastructure Construction and Maintenance. We believe that electric utility and other transmission network operators are increasingly focusing on their core competencies, resulting in an increase in the outsourcing of construction and maintenance services. We believe that by outsourcing construction and maintenance services to third-party service providers like us, our customers can reduce costs, provide greater flexibility in their budgets and improve service and performance. We believe utilities will increasingly rely on outsourced service suppliers to supplement or completely outsource such utilities' T&D construction, maintenance and repair workforce. With more than 3,000 employees across the nation as of September 30, 2007, we believe that we are well positioned to meet this increased demand from our utility customers.

Emergence of Energy Companies Focused on Electrical Transmission Infrastructure. Over the past 19 years several companies that focus solely on owning electrical transmission assets, such as American Transmission Company, International Transmission Company and Trans-Elect, Inc. have emerged in the T&D sector. We expect these and other new companies to invest considerably in construction of new and the upgrading of existing electrical transmission infrastructure. We believe these companies also will be a source of additional transmission work and ongoing maintenance opportunities.

Increased Demand Calls for New Generation Sources. Based on data from NERC, peak demand for electricity in the U.S. occurs in the summer and is forecasted to increase by over 135,000 megawatts or 17.7% over the next ten years, while committed new generation resources are projected to increase by only 77,000 megawatts or 8.4% over the same period. Additional power generation sources beyond currently committed resources will be necessary to accommodate the large growth in demand. As new power plants are built, they will require transmission and substation infrastructure to connect to the existing electric transmission grid. We expect this new plant construction will also significantly contribute to growth in the T&D industry over the next several years.

Shift Toward Renewable Energy Sources. According to NERC's 2007 Reliability Assessment, transmission infrastructure must be developed to reliably integrate renewable energy sources like wind, solar, geothermal, hydrogen and biomass. According to Clean Edge Energy Trends, spending on renewables projects is expected to increase from approximately $55 billion in 2006 to an expected $226 billion by 2016. State renewable energy requirements and increasingly likely action on federal carbon dioxide reduction legislation are also contributing to increased renewable spending. This increased demand for renewable power sources will drive related transmission infrastructure spending since each new unit will require a connection to the transmission grid.

Competitive Strengths

We believe our significant competitive strengths are as follows:

Broad National Presence. We are one of the largest national providers of T&D services to electric utilities, cooperatives and municipalities. In contrast with many of our local and regional competitors, our broad geographic reach enables us to serve electric utility customers whose facilities and infrastructure span multiple states and regions throughout the continental United States. We believe our ability to accommodate the national scale of our larger customers better positions us for work on large transmission projects. In addition, we believe that our national presence better positions us to win not only the larger T&D projects, but also the potentially higher profit margin mid-size to smaller T&D projects that may not attract regional or national competition in our local markets.

Strong, Long-Standing Relationships Across a High Quality Customer Base. We have established a strong base of long-standing customer relationships, particularly in our T&D segment, by providing high quality service in a cost-efficient and timely manner. Our diverse base of customers is comprised of over 125 utilities, cooperatives and municipalities throughout the continental United States that we believe are generally of high credit quality. We have served many of our customers for over 40 years and have worked diligently to maintain these strong relationships throughout our organization, including through our senior management, safety, legal and finance professionals, our on-site field crews and supervisors and our subcontractor and supplier base. We believe this focus on relationships has allowed us to better meet our customers' unique needs and become a valuable partner to our broad base of customers.

Established EPC Track Record. We have an established track record for successful completion of EPC contracts and other large projects. We have successfully performed several large turn key projects including one of the largest EPC projects ever completed in the T&D market. We have recently entered into several EPC contracts for other large scale projects. We believe that we are well positioned to capitalize on the shift in the utility industry to EPC or similar contract structures as the framework for large scale transmission construction.

Specialized Equipment and Centralized Fleet Management. The services we provide, particularly transmission construction and maintenance, require specialized equipment, tooling and expertise. The scarcity and high cost of this equipment serves as a considerable barrier to entry for contractors seeking to enter the transmission side of the T&D market. Since our fleet is highly mobile, we have the ability to shift resources from region-to-region quickly, which allows us to effectively respond to customer needs, including major weather events. Our centralized fleet management group enables us to optimize and maintain our equipment to achieve the highest equipment utilization which helps to maintain a competitive position.

High Quality Workforce and Industry Leading Safety Record. We are committed to providing the highest level of customer service through the development of a highly-trained workforce. Despite a tight labor market, we have been able to retain and build a strong base of employees who are highly motivated and we provide incentives to achieve superior levels of performance. We have committed a significant amount of resources to the process of recruiting new employees who can learn from the more seasoned, experienced members of our team. We have also developed strong safety programs with stringent safety standards. This helps us to maintain our customer base, which is increasingly focused on the safety performance records of contractors when making bid award decisions. Safer working conditions also reduce costs associated with loss of man hours, liability, and insurance premiums. We continually work to maintain safe working conditions and we believe that our safety record is one of the best in the industry.

Financial Resources to Capitalize on Industry Growth. We believe we have the financial resources to compete effectively for projects across the United States. Financial resources, including bonding capacity, are important considerations to customers when choosing a contractor. We believe our strong balance sheet, coupled with capacity under our credit facility, allows us to undertake large scale projects that we expect to be constructed over the next several years.

Experienced Management Team. Our management team, which includes our chief executive officer, chief operating officer and our regional vice presidents, plays a significant role in establishing and maintaining long-term relationships with our customers, thereby supporting the growth of our business and managing the financial aspects of our operations. Our chief executive officer, William A. Koertner, has over 28 years of experience in the electric utility industry and has served with us for almost ten years, first as our chief financial officer until December 2003 and as our president and chief executive officer since that time. The average tenure of our management team is over 14 years with us and over 20 years in our industry.

Growth Strategy

We intend to continue to grow revenues and strengthen our competitive position by using the following strategies:

Capitalize on Favorable Trends in Certain Key End Markets. We believe that we are well positioned to capitalize on the projected capital spending by customers in the T&D market. We believe our strong and diverse customer relationships, track record and geographic reach should allow us to continue to benefit from the growing investment by electric power customers and third-party investors in T&D infrastructure. In particular, we expect that the Energy Act will facilitate investment in large scale electric transmission projects, which are among our core competencies.

Focus on Operating Efficiencies and Expanding Margins. We intend to continue to focus on operating efficiencies and improving our margins in order to maximize earnings for our stockholders. This includes focusing our growth on more profitable services like T&D, continuing to be selective on the projects for which we decide to bid, managing projects efficiently throughout their estimation, negotiation and execution, including actively monitoring change orders, billing and cost overruns. In addition, we intend to use a significant amount of capital to expand our fleet and purchase rather than lease or rent equipment. As a result of implementing these initiatives, we believe our business has the potential to experience significant margin improvement over the next several years.

Expanding Our Fleet to Meet Customer Demands. In 2008, we plan to spend approximately $30.0 million on property, plant and equipment, with the majority of such expenditures used to purchase additional equipment to enhance our fleet and to reduce our reliance on operating leases and short term equipment rentals. The cost of owning core equipment assets is typically lower than leasing or renting. We believe purchasing equipment that would otherwise be leased or rented will reduce our costs and improve our margins over the long term. Because the equipment and tooling required for our business, particularly with respect to transmission, is extensive and in limited supply, we believe investing in our fleet will give us a competitive advantage that smaller firms will not be able to match and will allow us to win more contracts at higher profit margins.

Increase Market Share within T&D Markets. We intend to continue to increase our penetration and market share for T&D projects by expanding our existing customer relationships, attracting new customers and pursuing selective acquisitions. Electric utilities currently outsource a significant portion of their T&D infrastructure construction, maintenance and repair requirements, and we believe the portion that is outsourced will continue to grow. We believe our quality service, national presence, T&D expertise, ability to mobilize people and equipment quickly, and strong safety record will enable us to develop our business with both existing and prospective customers as they continue to further outsource their T&D servicing needs.

Attract and Maintain High Quality Employees. Competitive strength in the electrical services industry depends on the expertise, talent and commitment of a firm's employees. For us to continue to succeed, we must be able to attract, develop and retain highly qualified people. Our employees should be able to benefit from our strong core businesses, our open and entrepreneurial culture, and the breadth of opportunity for individual success. We intend to continue to invest in our personnel, which we believe is essential to ensure we are always prepared to execute our business initiatives and capitalize on new opportunities.

Pursue Strategic Acquisitions. Although acquisitions are not essential to achieving our objectives, we will evaluate acquisition opportunities to bolster our presence in select regional markets or to broaden and enhance our service offerings. Future acquisitions may, among other things, focus on expanding our geographic presence and provide incremental equipment and workforce.

Organization

Our predecessors have served the utility infrastructure markets since 1891 and have been recognized as innovators in the industry. MYR Group Inc. was created in 1995 through the merger of three longstanding specialty contractor franchises. We were a public company with our stock traded on the New York Stock Exchange, or NYSE, until 2000 when we were acquired by GPU, Inc., which was subsequently acquired by FirstEnergy Corp. In 2006, ArcLight Capital Partners, LLC, or ArcLight, acquired substantially all of our capital stock from FirstEnergy Corp. We repurchased 14,515,284 shares held by ArcLight and its non-manager stockholders with the proceeds of a private placement of our common stock completed on December 20, 2007 and December 26, 2007, together the 2007 Private Placement. As of December 31, 2007, ArcLight continued to own approximately 7.1% of our outstanding common stock. Members of our senior management acquired shares of capital stock in 2006 and 2007, and are also selling stockholders pursuant to this prospectus.

From 1999 to 2005, we acquired and exited numerous businesses as we shifted our strategic focus to better serving the utility infrastructure needs of our customers. In 2003, we made several changes in our management team, including the appointment of Mr. Koertner as our chief executive officer. Since that time, management has worked to position our business to focus on high growth electrical utility infrastructure projects and increased emphasis on safety, leading to a more stable workforce and higher operating margins. Our various stockholders have provided the incremental financial and strategic resources necessary for us to build upon our established foundation, improve our overall performance, invest in our asset base, and position ourselves for substantial growth.

Additional Information

Our principal executive offices are located at Three Continental Towers, 1701 West Golf Road, Suite 1012, Rolling Meadows, Illinois 60008-4007. The telephone number of our principal executive offices is (847) 290-1891, and we maintain a website at *www.myrgroup.com*. Information contained on our website does not constitute a part of this prospectus.

THE OFFERING

The following summary is provided solely for your convenience. This summary is not intended to be complete. You should read the full text and more specific details contained elsewhere in this prospectus. For a more detailed description of the common stock, see "Description of Capital Stock."

Common stock offered by selling stockholders(1)	19,690,777 shares
Dividend policy	We do not anticipate paying cash dividends on shares of our common stock for the foreseeable future.
Use of proceeds	We will not receive any of the proceeds from the sale of the shares of common stock by the selling stockholders.
Listing and trading	We intend to apply to list our common stock on the Nasdaq Global Market under the symbol .
Risk factors	Please read the section entitled "Risk Factors" beginning on page 14 for a discussion of some of the factors you should carefully consider before deciding to invest in our common stock.

(1) See "Selling Stockholders" for more information on the selling stockholders. The shares being sold pursuant to this prospectus include all of the outstanding shares of common stock and shares issuable pursuant to options granted prior to December 20, 2007, other than 1,395,707 shares owned by affiliates of ArcLight.

SUMMARY HISTORICAL CONSOLIDATED AND UNAUDITED PRO FORMA FINANCIAL AND OPERATING INFORMATION

Summary Historical Consolidated Financial Information

The following table sets forth certain summary consolidated financial information on a historical basis.

The summary statement of operations and balance sheet data set forth below as of December 31, 2005 and 2006 and for each of the years ended December 31, 2004, 2005 and for the period from January 1, 2006 to November 30, 2006 and from December 1, 2006 to December 31, 2006 has been derived from our restated audited annual consolidated financial statements and footnotes thereto, included elsewhere in this prospectus. The summary statement of operations and balance sheet data set forth below as of September 30, 2007 and for the nine months ended September 30, 2006 and 2007 has been derived from our unaudited interim consolidated financial statements, included elsewhere in this prospectus and which have been prepared on a basis consistent with our audited consolidated financial statements and include all adjustments, which consist of normal recurring adjustments, necessary for a fair presentation of the financial position and results of operations for the unaudited periods presented. As discussed in Note 3 to our consolidated financial statements, our financial statements for the year ended December 31, 2006 reflect the effects of restatements on our historical consolidated financial statements as of December 31, 2005 and for the years ended December 31, 2004 and 2005. The summary consolidated balance sheet data as of December 31, 2004 has been derived from our consolidated financial statements not included in this prospectus. Our consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States, or GAAP. Historical results are not necessarily indicative of the results we expect in the future and quarterly results are not necessarily indicative of the results of any future quarter or any full-year period. The information below should be read in conjunction with "Management's Discussion and Analysis of Financial Condition and Results from Operations" and the consolidated financial statements and notes thereto included in this prospectus.

Statement of operations data:	Predecessor(1)			Successor(1)	Combined(2)	Predecessor(1)	Successor(1)
	For the year ended December 31,		For the period from January 1, 2006 to November 30, 2006	For the period from December 1, 2006 to December 31, 2006	For the year ended December 31, 2006	For the nine months ended September 30, 2006	For the nine months ended September 30, 2007
(in thousands, except share and per share data)	2004	2005					
	(restated)(9)	(restated)(9)			(unaudited)	(unaudited)	(unaudited)
Contract revenues	$ 322,096	$ 508,700	$ 489,055	$ 46,202	$ 535,257	$ 407,228	$ 453,915
Contract costs	293,812	457,287	435,520	41,381	476,901	365,111	403,714
Gross profit	28,284	51,413	53,535	4,821	58,356	42,117	50,201
Selling, general and administrative expenses	34,575	37,438	37,754	3,126	40,880	30,848	35,401
Amortization of intangible assets	306	306	281	115	396	230	685
Gain on sale of property and equipment	(475)	(855)	(434)	(10)	(444)	(416)	(514)
Goodwill impairment(10)	—	16,618	—	—	—	—	—
Income (loss) from operations	(6,122)	(2,094)	15,934	1,590	17,524	11,455	14,629
Other income:							
Interest income	194	469	1,382	145	1,527	1,056	953
Interest expense	(23)	(18)	(299)	(41)	(340)	(183)	(696)
Other, net	(119)	(343)	(192)	(20)	(212)	(133)	(167)
Income (loss) before provision for income taxes	(6,070)	(1,986)	16,825	1,674	18,499	12,195	14,719
Income tax expense (benefit)	(2,595)	6,624	6,807	741	7,548	4,822	6,161

Net income (loss) from continuing operations	(3,475)	(8,610)	10,018	933	10,951	7,373	8,558
Discontinued operations:							
Discontinued operations, net of income tax expense (benefit) of $(789) and $328 in 2004 and 2005	(1,183)	492	—	—	—	—	—
Loss on sale of discontinued, operations net of income tax (benefit) of $(601) and $(450) in 2004 and 2005	(901)	(1,356)	—	—	—	—	—
Net loss from discontinued operations	(2,084)	(864)	—	—	—	—	—
Net income (loss)	$ (5,559)	$ (9,474)	$ 10,018	$ 933	$ 10,951	$ 7,373	$ 8,558
Basic and diluted income (loss) per common share(8)							
Income (loss) from continuing operations	$ (.21)	$ (.52)	$ .61	$ .06	$ .67	$ .45	$ .52
Income (loss) from discontinued operations	(.07)	.03	—	—	—	—	—
(Loss) on sale of discontinued operations	(.05)	(.08)	—	—	—	—	—
Net income (loss)	$ (.33)	$ (.57)	$ .61	$ .06	$ .67	$ .45	$ .52
Weighted average number of common shares and potential common shares outstanding(8):							
Basic and diluted	16,446,842	16,446,842	16,446,842	16,446,842	16,446,842	16,446,842	16,446,842

Balance sheet data:
(in thousands)

	Predecessor(1)		Successor(1)	
	As of December 31,			
	2004	2005	As of December 31, 2006	As of September 30, 2007
	(restated)(9)	(restated)(9)		(unaudited)
Cash and cash equivalents	$ 12,696	$ 28,937	$ 26,223	$ 10,447
Working capital(3)	55,990	54,664	41,636	34,183
Total assets	203,370	243,631	256,544	269,658
Long term debt(4)	—	—	—	50,000
Total liabilities	82,967	138,612	128,753	183,323
Stockholders' equity	$ 120,403	$ 105,019	$ 127,791	$ 86,335

Other Data:(Unaudited)
(in thousands)

	Predecessor(1)			Successor(1)	Combined(2)	Predecessor(1)	Successor(1)
	For the year ended December 31,		For the period from January 1, 2006 to November 30, 2006	For the period from December 1, 2006 to December 31, 2006	For the year ended December 31, 2006	For the nine months ended September 30, 2006	For the nine months ended September 30, 2007
	2004	2005					
	(restated)(9)	(restated)(9)					
EBITDA(5)	$ (1,148)	$ 2,450	$ 20,654	$ 2,690	$ 23,344	$ 15,216	$ 22,585
Backlog(6)	267,072	224,006	N/A	N/A	276,072	224,158	235,424
Capital expenditures	4,127	5,302	12,482	1,331	13,813	6,146	21,926
Depreciation and amortization(7)	5,093	4,887	4,912	1,120	6,032	3,894	8,123
Net cash provided by operating activities	5,660	21,408	15,600	6,331	21,931	17,206	5,845
Net cash used in investing activities	(2,245)	(780)	(11,984)	(1,319)	(13,303)	(5,665)	(21,292)
Net cash used in financing activities	—	(4,387)	(6,342)	(5,000)	(11,342)	(6,352)	(329)

(1) On March 10, 2006 and November 30, 2006, ArcLight, through its affiliates MYR Group Holdings LLC and MYR Group Holdings II LLC, purchased approximately 98% of the outstanding shares of our common stock from FirstEnergy Corp. The transaction was accounted for under the purchase method of accounting, which required our net assets to be recognized at fair value upon acquisition. The effect of this acquisition was reflected in our financial statements on November 30, 2006. Our financial statements for periods prior to December 1, 2006 (our Predecessor periods) were prepared on the historical cost basis of accounting, which existed prior to the transaction. Our financial statements for periods subsequent to November 30, 2006 (our Successor periods) were prepared on a new basis of accounting, that is, fair value. As a result, our results for the Successor periods are not necessarily comparable to the Predecessor periods.

(2) The presentation of the 2006 results on this combined basis does not comply with U.S. generally accepted accounting principles; however management believes that this provides useful information to assess the relative performance of the businesses in all periods presented in the financial statements. The captions included within our statements of operations that are materially impacted by the change in basis of accounting include depreciation and amortization.

(3) Working capital represents total current assets less total current liabilities.

(4) Long term debt represents the $50.0 million draw under our term loan facility on August 31, 2007, including current maturities.

(5) EBITDA, a performance measure used by management, is defined as income (loss) from continuing operations plus: interest expense, provision for income taxes and depreciation and amortization, as shown in the table below. EBITDA, as presented for the years ended December 31, 2004 and 2005, for the period from January 1, 2006 to November 30, 2006 and for the period from December 1, 2006 to December 31, 2006, on a combined basis for the year ended December 31, 2006 and for the nine months ended September 30, 2006 and 2007, is not defined under U.S. generally accepted accounting principles, and does not purport to be an alternative to net income as a measure of operating performance or to cash flows from operating activities as a measure of liquidity. Because not all companies use identical calculations, this presentation of EBITDA may not be comparable to other similarly-titled measures of other companies. We use, and we believe investors benefit from the presentation of, EBITDA in evaluating our operating performance because it provides us and our investors with an additional tool to compare our operating performance on a consistent basis by removing the impact of certain items that management believes do not directly reflect our core operations. We believe that EBITDA is useful to investors and other external users of our financial statements in evaluating our operating performance and cash flow because EBITDA is widely used by investors to measure a company's operating performance without regard to items such as interest expense, taxes, depreciation and amortization, which can vary substantially from company to company depending upon accounting methods and book value of assets, capital structure and the method by which assets were acquired. The following table provides a reconciliation of net income to EBITDA:

	Predecessor(1)			Successor(1)	Combined(2)	Predecessor(1)	Successor(1)
(in thousands)	For the year ended December 31,		For the period from January 1, 2006 to November 30, 2006	For the period from December 1, 2006 to December 31, 2006	For the year ended December 31, 2006	For the nine months ended September 30, 2006	For the nine months ended September 30, 2007
	2004	2005					
	(restated)(9)	(restated)(9)			(unaudited)	(unaudited)	(unaudited)
Net income (loss) from continuing operations	$ (3,475)	$ (8,610)	$ 10,018	$ 933	$ 10,951	$ 7,373	$ 8,558
Interest (income) expense, net	(171)	(451)	(1,083)	(104)	(1,187)	(873)	(257)
Income tax expense (benefit)	(2,595)	6,624	6,807	741	7,548	4,822	6,161
Depreciation and amortization(7)	5,093	4,887	4,912	1,120	6,032	3,894	8,123
EBITDA	$ (1,148)	$ 2,450	$ 20,654	$ 2,690	$ 23,344	$ 15,216	$ 22,585

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

(7) Depreciation and amortization includes depreciation on capital assets and amortization of finite lived intangible assets.

(8) Basic and diluted income (loss) per common share data and our basic diluted weighted average number of common shares and potential common shares outstanding reflects the effect of the approximately 164.47 common shares for one common share stock split of our common stock completed on December 13, 2007.

(9) During the preparation of our financial statements to reflect the "push down" of the purchase accounting for the acquisition of our common stock by affiliates of ArcLight, we determined that adjustments were necessary to restate our previously issued 2004 and 2005 financial statements for the following errors: (1) an adjustment to allocate the purchase price to identified tangible and intangible assets in our accounting for FirstEnergy's acquisition of us on November 7, 2001 (originally, the entire excess purchase price over net assets acquired was allocated only to goodwill); (2) an adjustment to increase the goodwill impairment previously recorded in 2005, based upon the identification of two reporting units versus the one previously utilized and the proper application of the impairment test as it relates to implied fair value, and based upon the revised goodwill amounts from the adjustment discussed above; (3) to reflect additional tax benefits on the excess of tax over book basis deductions related to previous owners' stock award plans as additional paid in capital rather than an income tax benefit; (4) other adjustments related to out of period items, revision of non-operating income and expenses to income (loss) from operations, and recording of the goodwill allocated to discontinued operations as a component of income (loss) on sale of discontinued operations rather than as a component of discontinued operations. See Note 3 to our consolidated financial statements beginning on page F-20.

The following is a summary of the effects of the restatement on the consolidated balance sheet data, as previously reported, as of December 31, 2004:

	2004	
	As reported	**As restated**
Working capital	56,284	**55,990**
Total assets	198,888	**203,370**
Total liabilities	71,931	**82,967**
Stockholders' equity	126,957	**120,403**

(10) As part of the business valuation associated with the acquisition of our common stock by affiliates of ArcLight, subsequent to the December 31, 2005 balance sheet date but before the consolidated financial statements were issued for the year ended December 31, 2005, it was determined that an impairment had occurred at December 31, 2005. Based on the second step comparison of the fair value to the restated carrying value, the impairment loss of $16.6 million was recorded by the T&D and C&I reporting units of $12.4 million and $4.2 million, respectively.

Summary Unaudited Pro Forma Financial Information

The following table sets forth our summary unaudited pro forma financial information as of September 30, 2007, for the year ended December 31, 2006, and the nine months ended September 30, 2007, which has been derived from our unaudited pro forma financial information included elsewhere in this prospectus.

The summary unaudited pro forma consolidated statements of operations information for the year ended December 31, 2006 and for the nine months ended September 30, 2007 are presented:

- on an actual and combined basis summing the results for the 2006 Predecessor and Successor periods; and

- on a pro forma basis as adjusted to give effect to the acquisition by affiliates of ArcLight on March 10, 2006 and November 30, 2006; our entrance into our $125.0 million senior secured credit facility consisting of a $75.0 million revolving credit facility and a $50.0 million term loan facility (the "Credit Facility"), including the draw of $50.0 million under the term loan facility on August 31, 2007; the issuance of 17,780,099 shares of common stock pursuant to the 2007 Private Placement and the repurchase of 14,516,765 shares of common stock and 49,675 shares of common stock underlying options, from our stockholders and option holders with the proceeds thereof; the payment of a dividend to our stockholders of $3.04 per share of common stock on August 31, 2007; the dilutive effect of the acceleration of outstanding options under our stock option plan; and the repayment of $20.0 million outstanding under our term loan facility with the proceeds of the 2007 Private Placement, as if all such transactions occurred on January 1, 2006.

The unaudited pro forma consolidated condensed balance sheet information as at September 30, 2007, is presented:

- on an actual basis; and

- on a pro forma as adjusted basis to give effect to the 2007 Private Placement, including the issuance of 17,780,099 shares of common stock; the repurchase of 14,516,765 shares of common stock and 49,675 shares of our common stock underlying options, from our stockholders and option holders with the proceeds thereof; the compensation charge, net of tax effect, for the acceleration of stock options due to the 2007 Private Placement; the compensation charge, net of tax effect, for the beneficial purchase price on certain management shares; the compensation charge, net of tax, for the new employment agreements; the payment of a transaction bonus, net of tax, to management; and the repayment of $20.0 million under our term loan facility with the proceeds of the 2007 Private Placement, as if all such transactions occurred on September 30, 2007.

The pro forma adjustments are based upon available information and assumptions that we believe are reasonable. The summary unaudited pro forma financial information is presented for illustrative and informational purposes only, and is not necessarily indicative of what our actual financial position or results of operations would have been had the described transactions occurred on the dates or during the periods presented, nor does it purport to represent the results of any future periods.

The information below should be read in conjunction with "Management's Discussion and Analysis of Financial Condition and Results from Operations" and the pro forma financial information and notes thereto included elsewhere in this prospectus.

Statement of operations data:
(in thousands except share and per share data)

Pro forma as adjusted	For the year ended December 31, 2006 Combined	For the year ended December 31, 2006 Pro forma as adjusted	For the nine months ended September 30, 2007 Actual	For the nine months ended September 30, 2007 Pro forma as adjusted
Contract revenues	$ 535,257	$ 535,257	$ 453,915	$ 453,915
Contract costs	476,901	480,771	403,714	402,268
Gross profit	58,356	54,486	50,201	51,647
Selling, general and administrative expenses	40,880	40,928	35,401	35,400
Amortization of intangible assets	396	857	685	251
Gain on sale of property and equipment	(444)	(444)	(514)	(514)
Income from operations	17,524	13,145	14,629	16,510
Other income:				
Interest income	1,527	1,527	953	953
Interest expense	(340)	(2,337)	(696)	(1,995)
Other, net	(212)	(212)	(167)	(167)
Income before provision for income taxes	18,499	12,123	14,719	15,301
Income tax expense	7,548	4,997	6,161	6,395
Income from continuing operations	$ 10,951	$ 7,126	$ 8,558	$ 8,906
Basic and diluted income per common share	$ 0.67		$ 0.52	
Pro forma income per common share				
Basic		$ 0.39		$ 0.48
Diluted		$ 0.37		$ 0.47
Weighted average number of common shares and potential common shares outstanding				
Basic	16,446,842	18,438,100	16,446,842	18,438,100
Diluted	16,446,842	19,047,768	16,446,842	19,036,553

Balance sheet data:
(in thousands)

	As of September 30, 2007 Actual	As of September 30, 2007 Pro Forma as adjusted
Cash and cash equivalents	$ 10,447	$ 23,983
Working capital(1)	34,183	57,971
Total assets	269,658	289,794
Long term debt(2)	50,000	30,000
Total liabilities	183,323	161,133
Stockholders' equity	$ 86,335	$ 128,661

(1) Working capital represents total current assets less total current liabilities.

(2) Long term debt represents the $50.0 million draw under our term loan facility on August 31, 2007, including current maturities and $20.0 million for the repayment from private placement proceeds on a pro forma as adjusted basis.

RISK FACTORS

Investing in our common stock involves a high degree of risk. You should carefully consider the following risks as well as other information contained in this prospectus, including our consolidated financial statements and the notes to those statements before investing in our common stock. The occurrence of any of the following risks could materially and adversely affect our business, prospects, financial condition, results of operations and cash flow, in which case, the trading price of our common stock could decline and you could lose all or part of your investment. Additional risks and uncertainties not currently known to us or that we currently deem to be immaterial may also materially adversely affect our business, prospects, financial condition, results of operations and cash flow.

Risks Related to Our Business and Our Industry

Our operating results may vary significantly from quarter-to-quarter.

Our quarterly results also may be materially and adversely affected by:

- the timing and volume of work under contract;
- regional and general economic conditions;
- the budgetary spending patterns of customers;
- variations in the margins of projects performed during any particular quarter;
- a change in the demand for our services and increased costs of performance of our services caused by severe weather conditions;
- increases in design and construction costs that we are unable to pass through to our customers;
- the termination of existing agreements;
- losses experienced in our operations not otherwise covered by insurance;
- a change in the mix of our customers, contracts and business;
- payment risk associated with the financial condition of our customers;
- cost overruns on fixed-price contracts;
- availability of qualified labor hired for specific projects;
- changes in bonding requirements applicable to existing and new agreements; and
- costs we incur to support growth internally or through acquisitions or otherwise.

Accordingly, our operating results in any particular quarter may not be indicative of the results that you can expect for any other quarter or for the entire year.

Demand for our services is cyclical and vulnerable to downturns in the industries we serve as well as regional and general economic downturns, which may result in extended periods of low demand for our services.

The demand for infrastructure construction and maintenance services from our customers has been, and will likely continue to be, cyclical in nature and vulnerable to downturns in the industries we serve as well as the United States economy in general. If the general level of economic activity slows, or if the economic activity in the regions that we serve slows, financing conditions for our industry could be adversely affected and our customers may delay commencement of work on or cancel new projects or maintenance activity on existing projects or may undertake to outsource less work to contractors such as us. A number of other factors, including financing conditions for the industry and customer financial conditions, could adversely affect our customers' ability or willingness to fund capital expenditures. As a result, demand for our services could decline substantially for extended periods, particularly during economic downturns, which could decrease revenues, margins, profits and cash flows and have a material adverse effect on our financial condition, results of operations and cash flows.

Our industry is highly competitive.

Our industry is served by numerous small, owner-operated private companies, a few public companies and several large national and regional companies. In addition, relatively few barriers prevent entry into the C&I market and the distribution market. As a result, any organization that has adequate financial resources and access to technical expertise may become one of our competitors in those areas. Competition in the industry depends on a number of factors, including price. Certain of our competitors, including our competitors in the transmission market, may have lower overhead cost structures and, therefore, may be able to provide their services at lower rates than ours. In addition, some of our competitors may have greater resources than we do. Furthermore, two of our largest competitors have recently merged. We cannot be certain that our competitors will not develop the expertise, experience and resources to provide services that are superior in both price and quality to our services. Similarly, we cannot be certain that we will be able to maintain or enhance our competitive position within the markets we serve or maintain our customer base at current levels. We also may face competition from the in-house service organizations of our existing or prospective customers. Electric power providers often employ personnel to internally perform some of the same types of services we do. We cannot be certain that our existing or prospective customers will continue to outsource services in the future which could have a material adverse effect on our financial condition, results of operations and cash flows.

We may be unsuccessful at generating internal growth.

Our ability to generate internal growth will be affected by, among other factors, our ability to:

- attract new customers;
- increase the number of projects performed for existing customers;
- hire and retain qualified personnel;
- successfully bid for new projects; and
- adapt the range of services we offer to customers to address their evolving construction needs.

In addition, our customers may reduce the number or size of projects available to us due to their inability to obtain capital. Many of the factors affecting our ability to generate internal growth may be beyond our control, and we cannot be certain that our strategies will be successful or that we will be able to generate cash flow sufficient to fund our operations and to support internal growth. If we are unsuccessful, we may not be able to achieve internal growth, expand our operations or grow our business and the failure to do so could have a material adverse effect on our financial condition, results of operations and cash flow.

Backlog may not be realized or may not result in profits.

Backlog is difficult to determine accurately and different companies within our industry may define backlog differently. We refer to our estimated revenue on uncompleted contracts, including the amount of revenue on contracts on which work has not begun, minus the revenue we have recognized under such contracts as "backlog." We calculate backlog differently for different types of contracts. For our fixed-price contracts, we include the full remaining portion of the contract in our calculation of backlog. For our unit-price, time-and-equipment, time-and-materials and cost-plus contracts, our projected revenue for a three-month period is included in the calculation of backlog, regardless of the duration of the contract, which typically exceeds such three-month period. In addition, we work with some of our customers under master service agreements ("MSAs"). Although the terms of most MSAs do not require our customers to assign work to us, we include an estimate based upon our historical experience of expected revenues under MSAs for the upcoming three months in our backlog.

Most contracts, including MSAs, may be terminated by our customers on short notice, typically 30 to 90 days, but sometimes less. Reductions in backlog due to cancellation by a customer or for other reasons could significantly reduce the revenue and profit we actually receive from contracts in backlog. In the event of a project cancellation, we may be reimbursed for certain costs but we typically have no contractual right to the total revenues reflected in our backlog. Projects may remain in backlog for extended periods of time. Given these factors and our method of calculating backlog, our backlog at any point in time may not accurately represent the revenue that we expect to realize during any period and our backlog as of the end of a fiscal year may not be indicative of the revenue we expect to earn in the following fiscal year. Consequently, we cannot assure you as to our customers' requirements or our estimates. Inability to realize revenue from our backlog could have a material adverse effect on our financial condition, results of operations and cash flows.

The Energy Act may fail to result in increased spending on electric power transmission infrastructure.

Implementation of the Energy Act is still subject to considerable fiscal and regulatory uncertainty. Many of the regulations implementing the components of the Energy Act have not been promulgated and many others have only recently been finalized at the agency level, and the effect of these regulations, once implemented and after any judicial review or challenge is uncertain. The Energy Act may not streamline the process for siting and permitting new transmission projects or eliminate the barriers to new transmission investments. As a result, the Energy Act may not result in the anticipated increased spending on the electric power transmission infrastructure. Continued uncertainty regarding the new infrastructure investments and the implementation and impact of the Energy Act may result in slower growth in demand for our services.

Our use of percentage-of-completion accounting could result in a reduction or elimination of previously reported profits.

As discussed in "Management's Discussion and Analysis of Financial Condition and Results from Operations—Critical Accounting Policies" and in the notes to our consolidated financial statements, a significant portion of our revenues is recognized on a percentage-of-completion method of accounting, using the cost-to-cost method. This method is used because management considers expended costs to be the best available measure of progress on these contracts. This accounting method is standard for fixed-price contracts. The percentage-of-completion accounting practice we use results in our recognizing contract revenues and earnings ratably over the contract term in proportion to our incurrence of contract costs. The earnings or losses recognized on individual contracts are based on estimates of contract revenues, costs and profitability. Contract losses are recognized in full when determined, and contract profit estimates are adjusted based on ongoing reviews of contract profitability. Penalties are recorded when known or finalized, which generally is during the latter stages of the contract. In addition, we record adjustments to estimated costs of contracts when we believe the change in estimate is probable and the amounts can be reasonably estimated. These adjustments could result in both increases and decreases in profit margins. Actual results could differ from estimated amounts and could result in a reduction or elimination of previously recognized earnings. In certain circumstances, it is possible that such adjustments could be significant and could have a material adverse effect on our financial condition, results of operations and cash flows.

Our actual costs may be greater than expected in performing our fixed-price and unit-price contracts.

We currently generate, and expect to continue to generate, a portion of our revenues and profits under fixed-price and unit-price contracts. We must estimate the costs of completing a particular project to bid for these types of contracts. The actual cost of labor and materials, however, may vary from the costs we originally estimated and we may not be successful in recouping additional costs from our customers. These variations, along with other risks inherent in performing fixed-price and unit-price contracts, may cause actual revenue and gross profits for a project to differ from those we originally estimated and could result in reduced profitability or losses on projects due to changes in a variety of factors such as:

- failure to properly estimate costs of engineering, material, equipment or labor;
- unanticipated technical problems with the structures, materials or services being supplied by us, which may require that we spend our own money to remedy the problem;
- project modifications creating unanticipated costs;
- changes in the costs of equipment, materials, labor or subcontractors;
- our suppliers' or subcontractors' failure to perform;
- difficulties in our customers obtaining required governmental permits or approvals;
- changes in local laws and regulations;
- delays caused by local weather conditions; and
- exacerbation of any one or more of these factors as projects grow in size and complexity.

Depending upon the size of a particular project, variations from the estimated contract costs could have a material adverse effect on our financial condition, results of operations and cash flows.

Our financial results are based upon estimates and assumptions that may differ from actual results.

In preparing our consolidated financial statements in conformity with GAAP, several estimates and assumptions are used by management in determining the reported amounts of assets and liabilities, revenues and expenses recognized during the periods presented and disclosures of contingent assets and liabilities known to exist as of the date of the financial statements. These estimates and assumptions must be made because certain information that is used in the preparation of our financial statements is dependent on future events, cannot be calculated with a high degree of precision from data available or is not capable of being readily calculated based on generally accepted methodologies. In some cases, these estimates are particularly difficult to determine and we must exercise significant judgment. Estimates may be used in our assessment of the allowance for doubtful accounts, valuation of inventory, useful lives of property and equipment, fair value assumptions in analyzing goodwill and long-lived asset impairments, self-insured claims liabilities, forfeiture estimates relating to stock-based compensation, revenue recognition under percentage-of-completion accounting and provision for income taxes. From time-to-time we may publicly provide earnings or other forms of guidance, which reflect our predictions about future revenue, operating costs and capital structure, among other factors. These predictions may be impacted by estimates, as well as other factors that are beyond our control and may not turn out to be correct. Actual results for all estimates could differ materially from the estimates and assumptions that we use, which could have a material adverse effect on our financial condition, results of operations and cash flows.

We self-insure against many potential liabilities and our reserves for estimated losses may be less than our actual losses.

Although we maintain insurance policies with respect to automobile liability, general liability, workers' compensation and employers' liability, those policies do not cover all possible claims and are subject to deductibles of $1.0 million per occurrence. Accordingly, we are self-insured for all claims that do not exceed $1.0 million. We also have an employee health care benefit plan for employees not subject to collective bargaining agreements, which is subject to a deductible of $0.1 million per covered individual per year. Losses up to the deductible amounts are accrued based upon our estimates of the ultimate liability for claims reported and an estimate of claims incurred but not yet reported. However, insurance liabilities are difficult to assess and estimate due to unknown factors, including the severity of an injury, the determination of our liability in proportion to other parties, the number of incidents not reported and the effectiveness of our safety program. If we were to experience insurance claims or costs significantly above our estimates, such claims or costs could have a material adverse effect on our financial condition, results of operations and cash flows.

We may incur liabilities or suffer negative financial impact relating to occupational health and safety matters.

Our operations are subject to extensive laws and regulations relating to the maintenance of safe conditions in the workplace. While we have invested, and will continue to invest, substantial resources in our occupational health and safety programs, our industry involves a high degree of operational risk and there can be no assurance that we will avoid significant liability exposure. Our business is subject to numerous safety risks, including electrocutions, fires, natural gas explosions, mechanical failures, weather-related incidents, transportation accidents and damage to equipment on which we work. These hazards can cause personal injury and loss of life, severe damage to or destruction of property and equipment and other consequential damages and could lead to suspension of operations, large damage claims and, in extreme cases, criminal liability. Although we have taken what we believe are appropriate precautions, we have suffered serious injuries and fatalities in the past and may suffer additional serious injuries and fatalities in the future. Claims for damages to persons, including claims for bodily injury or loss of life, could result in substantial costs and liabilities. In addition, we have in the past and we may in the future be subject to criminal penalties relating to occupational health and safety violations, which have resulted in and could in the future result in substantial costs and liabilities.

Our customers seek to minimize safety risks on their sites and they frequently review the safety records of outside contractors during the bidding process. If our safety record were to substantially deteriorate over time, we might become ineligible to bid on certain work and our customers could cancel our contracts and not award us future business.

We may pay our suppliers and subcontractors before receiving payment from our customers for the related services.

We use suppliers to obtain the necessary materials and subcontractors to perform portions of our services and to manage work flow. In some cases, we pay our suppliers and subcontractors before our customers pay us for the related services. If we pay our suppliers and subcontractors for materials purchased and work performed for customers who fail to pay, or delay paying, us for the related work, we could experience a material adverse effect on our financial condition, results of operations and cash flows.

We extend credit to customers for purchases of our services, and in the past we have had, and in the future we may have, difficulty collecting receivables from major customers that are subject to protection under bankruptcy or insolvency laws or are otherwise experiencing financial difficulties.

We grant credit, generally without collateral, to our customers in our T&D segment, which include investor-owned utilities, independent power producers, municipalities and cooperatives across the United States and in our C&I segment, which include general contractors, commercial and industrial facility owners, local governments and developers located primarily in the western United States. Consequently, we are subject to potential credit risk related to changes in business and economic factors throughout the continental United States. Our customers also include special purpose entities that own T&D projects which do not have the financial resources of traditional transmission utility operators. If any of our major customers file for bankruptcy or experience financial difficulties, we could experience reduced cash flows and losses in excess of current allowances provided. In addition, material changes in any of our customer's revenues or cash flows could affect our ability to collect amounts due from them.

We derive a significant portion of our revenues from a few customers, and the loss of one or more of these customers could have a material adverse effect on our financial condition, results of operations and cash flows.

Our customer base is highly concentrated, with our top ten customers accounting for 42.2% of our revenue in 2006 and 45.9% of our revenue for the nine months ended September 30, 2007. Our largest customer in 2006 accounted for 11.2% of our revenue and our largest customer for the nine months ended September 30, 2007 accounted for 10.3% of our total revenue for the period. Our revenue could significantly decline if we lose one or more of our significant customers. In addition, revenues under our contracts with significant customers may vary from period-to-period depending on the timing and volume of work which such customers order in a given period and as a result of competition from the in-house service organizations of our customers. Reduced demand for our services or a loss of a significant customer could have a material adverse effect on our financial condition, results of operations and cash flows.

Many of our contracts may be canceled on short notice, and we may be unsuccessful in replacing our contracts if they are canceled or as they are completed or expire.

We could experience a decrease in our revenue, net income and liquidity if any of the following occur:

- our customers cancel a significant number of contracts;
- we fail to win a significant number of our existing contracts upon re-bid;
- we complete a significant number of non-recurring projects and cannot replace them with similar projects; or
- we fail to reduce operating and overhead expenses consistent with any decrease in our revenue.

Many of our customers may cancel our contracts on short notice, typically 30-90 days, even if we are not in default under the contract. Certain of our customers assign work to us on a project-by-project basis under MSAs. Under these agreements, our customers often have no obligation to assign a specific amount of work to us. Our operations could decline significantly if the anticipated volume of work is not assigned to us. Many of our contracts, including our MSAs, are opened to public bid at the expiration of their terms. There can be no assurance that we will be the successful bidder on our existing contracts that come up for re-bid.

A significant portion of our business depends on our ability to provide surety bonds and we may be unable to compete for or work on certain projects if we are not able to obtain the necessary surety bonds.

Our contracts frequently require that we provide to our customers payment and performance bonds. Further, under standard terms in the surety market, sureties issue or continue bonds on a project-by-project basis and can decline to issue bonds at any time or require the posting of additional collateral as a condition to issuing or renewing any bonds.

Current or future market conditions, as well as changes in our surety's assessment of our operating and financial risk, could cause our surety providers to decline to issue or renew, or substantially reduce the amount of, bonds for our work and could increase our bonding costs. These actions could be taken on short notice. If our surety providers were to limit or eliminate our access to bonding, our alternatives would include seeking bonding capacity from other sureties, finding more business that does not require bonds and posting other forms of collateral for project performance, such as letters of credit or cash. We may be unable to secure these alternatives in a timely manner, on acceptable terms, or at all. Accordingly, if we were to experience an interruption or reduction in the availability of bonding capacity, we may be unable to compete for or work on certain projects and such interruption or reduction could have a material adverse effect on our financial condition, results of operations and cash flows.

Our bonding requirements may limit our ability to incur indebtedness.

Our ability to obtain surety bonds depends upon various factors including our capitalization, working capital and amount of our indebtedness. In order to help ensure that we can obtain required bonds, we may be limited in our ability to incur additional indebtedness that may be needed to refinance our existing credit facilities upon maturity and to execute our business plan. Our inability to incur additional indebtedness could have a material adverse effect on our business, operating results and financial condition.

Inability to hire or retain key personnel could disrupt business.

We depend on the continued efforts of our executive officers and senior management, including management at each operating subsidiary. Other than with respect to our named executive officers and one additional member of our senior management team, we do not have employment or non-competition agreements with any of our employees. The relationships between our executive officers and senior management and our customers are important to our being retained. We are also dependent upon our project managers and field supervisors who are responsible for managing and drawing employees to our projects. There can be no assurance that any individual will continue in his or her capacity for any particular period of time. Industry-wide competition for managerial talent has increased and the loss of one or more of our key employees could have an adverse effect on our business. The loss of key personnel, or the inability to hire and retain qualified employees, could negatively impact our ability to manage our business and relationships with our customers. We do not carry key person life insurance on employees.

Our unionized workforce could adversely affect our operations.

As of September 30, 2007, approximately 89.2% of our field labor employees were covered by collective bargaining agreements. Although the majority of these agreements prohibit strikes and work stoppages, we cannot be certain that strikes or work stoppages will not occur in the future. Strikes or work stoppages would adversely impact our relationships with our customers and could have a material adverse effect on our financial condition, results of operations and cash flows.

Our business is labor intensive, and we may be unable to attract and retain qualified employees.

Our ability to maintain our productivity and profitability will be limited by our ability to employ, train and retain skilled personnel necessary to meet our requirements. We may not be able to maintain an adequate skilled labor force necessary to operate efficiently and to support our growth strategy. We have from time-to-time experienced shortages of certain types of qualified personnel. For example, there is a shortage of engineers, project managers, field supervisors, linemen and other skilled workers capable of working on and supervising the construction of high-voltage electric lines and substations. During periods with volumes of storm restoration services work, linemen are frequently recruited across geographic regions to satisfy demand. Many linemen are willing to travel in order to earn premium wages for such work, which from time-to-time makes it difficult for us to retain these workers for ongoing projects when storm conditions persist. The supply of experienced engineers, project managers, field supervisors, linemen and other skilled workers may not be sufficient to meet current or expected demand. The commencement of new, large-scale infrastructure projects or increased demand for infrastructure improvements as well as the aging utility workforce further depletes the pool of skilled workers available to us, even if we are not awarded such projects. Labor shortages or increased labor costs could impair our ability to maintain our business or grow our revenues. If we are unable to hire employees with the requisite skills, we may also be forced to incur significant training expenses.

Inability to perform our obligations under EPC contracts may adversely affect our business.

EPC contracts require us to perform a range of services for our customers, some of which we routinely subcontract to other parties. We believe that these types of contracts will become increasingly prevalent in the T&D industry. In most instances, these contracts require completion of a project by a specific date, achievement of certain performance standards or performance of our services at a certain standard of quality. If we subsequently fail to meet such dates or standards, we may be held responsible for costs resulting from such failure. Our inability to obtain the necessary material and equipment to meet a project schedule or the installation of defective material or equipment could have a material adverse effect on our financial condition, results of operations and cash flows.

We require subcontractors to assist us in providing certain services and we may be unable to retain the necessary subcontractors to complete certain projects.

We use subcontractors to perform portions of our contracts and to manage workflow, particularly for design, engineering, procurement and some foundation work. We are not dependent on any single subcontractor. However, general market conditions may limit the availability of subcontractors on which we rely to perform portions of our contracts and this could have a material adverse effect on our financial condition, results of operations and cash flows.

Our business growth could outpace the capability of our internal infrastructure.

Our internal infrastructure may not be adequate to support our operations as they expand. To the extent that we are unable to buy or build equipment necessary for a project, either due to a lack of available funding or equipment shortages in the marketplace, we may be forced to rent equipment on a short-term basis or to find alternative ways to perform the work without the benefit of equipment ideally suited for the job, which could increase the costs of completing the project. Furthermore, we may be unable to buy or rent the specialty equipment and tooling we require due to the limited number of manufacturers and distributors in the marketplace. We often bid for work knowing that we will have to rent equipment on a short-term basis and we include our assumptions of market equipment rental rates into our bid. If market rates for rental equipment increase between the time of bid submission and project execution, our margins for the project may be reduced. In addition, our equipment requires continuous maintenance, which we generally provide through our own repair facilities. If we are unable to continue to maintain the equipment in our fleet, we may be forced to obtain additional third-party repair services at a higher cost or be unable to bid on contracts.

Future growth also could impose additional responsibilities on members of our senior management. To the extent that we are unable to manage our growth effectively, we may not be able to expand our operations or execute our business plan.

Seasonal and other variations, including severe weather conditions, may cause significant fluctuations in our financial condition, results of operations and cash flows.

Although our revenues are primarily driven by spending patterns in our customers' industries, our revenues, particularly those derived from our T&D segment, and results of operations can be subject to seasonal variations. These variations are influenced by weather, hours of daylight, customer spending patterns, available system outages from utilities, bidding seasons and holidays, and can have a significant impact on our gross margins. Our profitability may decrease during the winter months and during severe weather conditions because work performed during these periods may be restricted and more costly to complete. Additionally, our T&D customers often cannot remove their T&D lines from service during the summer months, when consumer demand for electricity is at its peak, delaying the demand for our maintenance and repair services. Working capital needs are also influenced by the seasonality of our business. We generally experience a need for additional working capital during the spring when we increase outdoor construction in weather-affected regions of the country, and we convert working capital assets to cash during the winter months. Significant disruptions in our ability to perform services due to these seasonal variations could have a material adverse effect on our financial conditions, results of operation and cash flows.

Increases in the costs of certain materials and fuel could reduce our operating margins.

Because we generally buy materials for our C&I projects, we are exposed to market risk of fluctuations in commodity prices of materials such as copper. Additionally, the price of fuel needed to run our vehicles and equipment is unpredictable and fluctuates based on events outside our control, including geopolitical developments, supply and demand for oil and gas, actions by OPEC, and other oil and gas producers, war and unrest in oil producing countries, regional production patterns and environmental concerns. Most of our contracts do not allow us to adjust our pricing. Accordingly, any increase in material or fuel costs could reduce our profitability and liquidity.

We could incur liquidated damages or other damages if we do not complete our projects in the time allotted under the applicable contract or we may be required to perform additional work if our services do not meet certain standards of quality.

In many instances, our contracts require completion of a project by a specific date and/or the achievement of certain performance or quality standards. If we fail to meet such completion dates or standards, we may be responsible for payment in the form of contractually agreed upon liquidated or other damages or we may be required to perform additional services without payment. To the extent that any of these events occur, the total costs of a project could exceed the original estimated costs, and we would experience reduced profits or, in some cases, a loss. Failure to comply with the completion dates and quality standards contained in our contracts could have a material adverse effect on our financial condition, results of operations and cash flows.

The timing of new contracts may result in unpredictable fluctuations in our cash flow and profitability.

A substantial portion of our revenues are derived from project-based work that is awarded through a competitive bid process. It is generally very difficult to predict the timing and geographic distribution of the projects that we will be awarded. The selection of, timing of or failure to obtain projects, delays in awards of projects, the re-bidding or termination of projects due to budget overruns, cancellations of projects or delays in completion of contracts could result in the under-utilization of our assets and reduce our cash flows. Even if we are awarded contracts, we face additional risks that could affect whether, or when, work will begin. For example, some of our contracts are subject to financing and other contingencies that may delay or result in termination of projects. This can present difficulty in matching workforce size and equipment location with contract needs. In some cases, we may be required to bear the cost of a ready workforce and equipment that is larger than necessary, resulting in unpredictability in our cash flow, expenses and profitability. If an expected contract award or the related work release is delayed or not received, we could incur substantial costs without receipt of any corresponding revenues. Moreover, construction projects for which our services are contracted may require significant expenditures by us prior to receipt of relevant payments by a customer and may expose us to potential credit risk if such customer should encounter financial difficulties. Finally, the winding down or completion of work on significant projects that were active in previous periods will reduce our revenue and earnings if such significant projects have not been replaced in the current period.

Our failure to comply with environmental laws could result in significant liabilities.

We are subject to numerous federal, state and local environmental laws and regulations governing our operations, including the occasional handling, transportation and disposal of non-hazardous and hazardous substances and wastes, as well as emissions and discharges into the environment, including discharges to air, surface water, groundwater and soil. We also are subject to laws and regulations that impose liability and cleanup responsibility for releases of hazardous substances into the environment. The presence of contamination from or wastes on our properties or at a job site could interfere with ongoing operations. In addition, a part of our business is done in the southwestern United States, where we run a greater risk of fines, work stoppages or other sanctions for disturbing Native American artifacts and archeological sites.

New laws and regulations, stricter enforcement of existing laws and regulations, the discovery of previously unknown contamination or leaks, or the imposition of new clean-up requirements could require us to incur significant costs or become the basis for new or increased liabilities that could harm our financial condition and results of operations. In certain instances, we have obtained indemnification or covenants from third parties (including predecessors or lessors) for some or all of such cleanup and other obligations and liabilities. However, such third-party indemnities or covenants may not cover all of our costs, and such unanticipated obligations or liabilities, or future obligations and liabilities, may have a material adverse effect on our financial condition, results of operations and cash flows.

Opportunities within the government arena could lead to increased governmental regulation applicable to us.

Most government contracts are awarded through a regulated competitive bidding process. If we were to be successful in being awarded government contracts, significant costs could be incurred by us before any revenues were realized from these contracts. Government agencies may review a contractor's performance, cost structure and compliance with applicable laws, regulations and standards. If government agencies determine through these reviews that costs were improperly allocated to specific contracts, they will not reimburse the contractor for those costs or may require the contractor to refund previously reimbursed costs. If government agencies determine that we engaged in improper activity, we may be subject to civil and criminal penalties. Government contracts are also subject to renegotiation of profit and termination by the government prior to the expiration of the term which could lead to reduced revenues and have a material adverse effect on our financial condition, results of operations and cash flows.

If we fail to integrate future acquisitions successfully, this could adversely affect our business and results of operations.

As part of our growth strategy, we may acquire companies that expand, complement, or diversify our business. Future acquisitions may expose us to operational challenges and risks, including the diversion of management's attention from our existing business, the failure to retain key personnel or customers of an acquired business, the assumption of unknown liabilities of the acquired business for which there are inadequate reserves and the potential impairment of acquired intangible assets. Our ability to sustain our growth and maintain our competitive position may be affected by our ability to successfully integrate any businesses acquired.

Our business may be affected by difficult work environments.

We perform our work under a variety of conditions, including, but not limited to, difficult terrain, difficult site conditions and busy urban centers where delivery of materials and availability of labor may be impacted. Performing work under these conditions can slow our progress, potentially causing us to incur contractual liability to our customers. These difficult conditions may also cause us to incur additional, unanticipated costs that we might not be able to pass on to our customers.

Risks Related To Our Common Stock

There has been no public market for our common stock, and we do not know if one will develop that will provide you with adequate liquidity. Following the completion of this offering, the trading price for our common stock may be volatile and could be subject to wide fluctuations.

Although our common stock has been traded on The PORTAL Market (which is operated by The Nasdaq Stock Market, Inc.) since December 20, 2007, we believe that less than shares have been traded as of the date of this prospectus (or less than % of the 17,780,099 shares eligible to be traded). As a result, the trading price of our common stock on The PORTAL Market is probably not an accurate indicator of the trading price of our common stock after this offering.

Although we intend to apply to list the shares of our common stock on the Nasdaq Global Market, we cannot assure you that we will meet their listing requirements or that even if we are successful in obtaining a listing that an active trading market for the shares will develop. The liquidity of any market for the shares of our common stock will depend on a number of factors, including:

- the number of stockholders;
- our operating performance and financial condition;
- the market for similar securities;
- the extent of coverage of us by securities or industry analysts; and
- the interest of securities dealers in making a market in the shares of our common stock.

Historically, the market for equity securities has been subject to disruptions that have caused substantial volatility in the prices of these securities, which may not have corresponded to the business or financial success of the particular company. We cannot assure you that the market for the shares of our common stock will be free from similar disruptions. Any such disruptions could have an adverse effect on stockholders. In addition, the price of the shares of our common stock could decline significantly if our future operating results fail to meet or exceed the expectations of market analysts and investors.

Even if an active trading market develops, the market price for our common stock may be highly volatile and could be subject to wide fluctuations. Some of the facts that could negatively affect our share price include:

- actual or anticipated variations in our quarterly operating results;
- changes in our funds from operations or earnings estimates;
- publication of misleading or unfavorable research reports about us or the industry in which we operate;
- increases in market interest rates, which may increase our cost of capital;
- changes in applicable laws or regulations, court rulings and enforcement and legal actions;
- changes in market valuations of similar companies;
- adverse market reaction to any increased indebtedness we incur in the future;
- additions or departures of key personnel;
- actions by our stockholders;
- speculation in the press or investment community; and
- general market and economic conditions.

You may experience dilution of your ownership interests if we issue additional shares of our common stock in the future.

We may in the future issue additional shares resulting in the dilution of the ownership interests of our present stockholders and purchasers of our common stock offered hereby. We are currently authorized to issue 100,000,000 shares of common stock and 4,000,000 shares of preferred stock with such designations, preferences and rights as determined by our board of directors. As of the date of this prospectus, there were 19,712,811 shares of our common stock outstanding, which does not include shares reserved for issuance pursuant to our stock incentive plan, including outstanding options to purchase 1,913,673 shares and options to purchase an additional 1,460,000 shares available for future grants. The potential issuance of such additional shares of common stock may create downward pressure on the trading price of our common stock, if a market for our stock were to develop. Also, we have issued, and we may issue additional, shares of our common stock or other securities that are convertible into or exercisable for common stock in connection with additional equity-based compensation to existing employees, the hiring of personnel, future acquisitions, future private placements of our securities for capital raising purposes, or for other business purposes.

Future offerings of debt securities, which would rank senior to our common stock upon our liquidation, and future offerings of equity securities, which would dilute our existing stockholders and may be senior to our common stock for the purposes of dividend and liquidating distributions, may adversely affect the market value of common stock.

In the future, we may attempt to increase our capital resources by making offerings of debt or additional offerings of equity securities, including commercial paper, medium-term notes, senior or subordinated notes and classes of preferred stock. Upon liquidation, holders of our debt securities and preferred stock and lenders with respect to other borrowings will receive a distribution of our available assets prior to the holders of our common stock. Additional equity offerings may dilute the holdings of our existing stockholders or reduce the market value of our common stock, or both. Our preferred stock, if issued, could have a preference on liquidating distributions or a preference on dividend payments that could limit our ability to make a dividend distribution to the holders of our common stock. Because our decision to issue securities in any future offering will depend on market conditions and other factors beyond our control, we cannot predict or estimate the amount, timing or nature of our future offerings. Thus, holders of our common stock bear the risk of our future offerings reducing the market value of our common stock and diluting their share holdings in us.

Future sales of our common stock could have an adverse effect on our share price.

In general, under Rule 144, a person (or persons whose shares are aggregated) who is not an affiliate of ours and has not been one of our affiliates at any time during the three months preceding a sale, and who has beneficially owned the shares proposed to be sold for at least one year, including the holding period of any prior owner other than an affiliate, is entitled to sell his or her shares without registration and without complying with the manner of sale, public information, volume limitation, or notice provisions of Rule 144. In addition, under Rule 144, once we have been subject to the reporting requirements of the Exchange Act for at least 90 days, a person (or persons whose shares are aggregated) who is not an affiliate of ours and has not been one of our affiliates at any time during the three months preceding a sale, may sell his or her shares without registration, subject to the continued availability of current public information about us after only a six-month holding period. Any sales by affiliates under Rule 144, even after the applicable holding periods, are subject to requirements and/or limitations with respect to volume, manner of sale, notice, and the availability of current public information about us. As shares of common stock become eligible for sale under Rule 144, the volume of sales of common stock on applicable securities markets may increase, which could reduce the market value of common stock.

As of the date of this prospectus, there were 19,712,811 shares of our common stock outstanding. The market price of the shares of our common stock could decline as a result of sales by our stockholders or the perception that such sales might occur after the termination of the lock-up restrictions to which our directors and certain members of management are subject. If any of our existing stockholders sell a significant number of shares, the market price of our common stock could be adversely affected and our ability to raise capital may be impaired.

We do not anticipate paying any dividends on our common stock in the foreseeable future.

We do not expect to declare or pay any cash dividends in the foreseeable future on our common stock, as we intend to use cash flow generated by operations to expand our business. Our current and future debt instruments also may restrict our ability to declare or pay cash dividends on our common stock.

We will incur increased costs as a result of being public company.

As a privately held company, we have not been responsible for the corporate governance and financial reporting practices and policies required of a public company. Following the effectiveness of the registration statement of which this prospectus forms a part, we will be a public company. Once we become a public company, we will incur significant legal, accounting, investor relations and other expenses that we do not currently incur. In addition, the Sarbanes-Oxley Act of 2002, as well as new rules implemented by the SEC, and to the extent applicable to us, the NYSE, Nasdaq or other stock exchanges, require changes in corporate governance practices of public companies. We expect these rules and regulations to increase our legal and financial compliance costs and to make some activities more time-consuming and costly.

Failure to establish and maintain effective internal control over financial reporting could have a material adverse effect on our business, operating results and value of our capital stock.

Maintaining effective internal control over financial reporting is necessary for us to produce reliable financial reports and is important in helping to prevent financial fraud. If we are unable to achieve and maintain adequate internal controls, our business, operating results and financial condition could be harmed. After we become a public company upon the effectiveness of the registration statement of which this prospectus forms a part, we will furnish an assessment by our management on the design and operating effectiveness of our internal controls over financial reporting with our annual report on Form 10-K for our fiscal year ending December 31, 2009 and our independent registered public accounting firm will issue a report on that assessment. During the course of this documentation and testing, we may identify significant deficiencies or material weaknesses that we may be unable to remediate before the requisite deadline for those reports. If our management or our independent registered public accounting firm were to conclude in their reports that our internal control over financial reporting was not effective, this could have a material adverse effect on our ability to process and report financial information and the value of our common stock could significantly decline.

We have identified material weaknesses in our internal controls over financial reporting that, if not properly corrected, could result in material misstatements in our financial reporting.

During the preparation of our financial statements to reflect purchase accounting for the 2006 acquisition of our common stock by affiliates of ArcLight, we discovered errors in the accounting for certain items in our previously issued consolidated financial statements in 2004 and 2005. These items included (a) an adjustment to our purchase price allocation for FirstEnergy Corp.'s acquisition of us on November 7, 2001, (b) an adjustment to the amount recorded to reflect the impairment of goodwill in 2005, based upon the revised goodwill amounts and the Company's identification of two reporting units as opposed to the one unit previously utilized, (c) an adjustment to reflect additional tax benefits on the excess of tax over book basis deductions related to our previous owners' stock award plans as additional paid in capital rather than income tax benefit, and (d) other adjustments related to out of period items, reclassifications of non-operating income and expenses to income (loss) from operations, and recording of the goodwill allocated to discontinued operations as a component of income (loss) on sale of discontinued operations rather than as a component of discontinued operations. We corrected these errors through a restatement of our consolidated financial statements for the years ended December 31, 2001 through 2005.

We are not currently required to comply with Section 404 of the Sarbanes-Oxley Act of 2002, and are therefore not required to make an assessment of the effectiveness of our internal controls over financial reporting for that purpose. As disclosed elsewhere in this prospectus and in Note 3 to our consolidated financial statements included in this prospectus, we have restated our consolidated financial statements for the years ended December 31, 2004 and 2005. We have considered the internal control over financial reporting implications of the error which resulted in the restatement of our consolidated financial statements and determined that we did not maintain a sufficient complement of personnel with an appropriate level of accounting knowledge, experience and training in the application of generally accepted accounting principles to nonstandard and unusual transactions commensurate with our financial reporting requirements and the complexity of our operations and transactions. These deficiencies constitute material weaknesses, which have resulted in material misstatements of our accounts and disclosures and material adjustments to our financial statements. These material weaknesses could result in further material misstatements in our interim or annual consolidated financial statements, which would not be prevented or detected.

Management is responsible for establishing and maintaining adequate internal control over financial reporting. Our internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements in accordance with generally accepted accounting principles.

Management has taken steps to improve and continues to improve our internal control over financial reporting, including the hiring of experienced financial reporting professional consultants, redefining and realigning responsibilities and defining additional controls, reporting processes and procedures to address the accounting requirements for non-recurring and complex transactions. A detailed summary of our restatements is included in Note 3 of the Notes to Consolidated Statements beginning on page F-20 of this prospectus.

As of the date of this prospectus, we have had only limited operating experience with the remedial measures that have been made to date and cannot provide assurance that these measures or any future measures will adequately remediate the material weakness. In addition, other material weaknesses in our internal controls over financial reporting may be identified in the future. Any failure to remediate the material weakness, to implement required new or improved controls, or difficulties encountered in their implementation, could harm our operating results, cause failure to meet reporting obligations on a timely basis or result in material misstatements in the annual or interim financial statements. Inadequate internal controls over financial reporting could also cause investors to lose confidence in the reported financial information, which could cause the stock price to decline.

Provisions in our organizational documents and under Delaware law could delay or prevent a change in control of our company, which could adversely affect the price of our common stock.

The existence of some provisions in our organizational documents and under Delaware law could delay or prevent a change in control of our company, which could adversely affect the price of our common stock. The provisions in our certificate of incorporation and by-laws that could delay or prevent an unsolicited change in control of our company include a staggered board of directors, board authority to issue preferred stock, and advance notice provisions for director nominations or business to be considered at a stockholder meeting. In addition, Delaware law imposes restrictions on mergers and other business combinations between us and any holder of 15% or more of our outstanding common stock.

CAUTIONARY STATEMENT CONCERNING FORWARD-LOOKING STATEMENTS

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

Various statements this prospectus contains, including those that express a belief, expectation, or intention, as well as those that are not statements of historical fact, are forward-looking statements. The forward-looking statements may include projections and estimates concerning the timing and success of specific projects and our future production, revenue, income and capital spending. Our forward-looking statements are generally accompanied by words such as "estimate," "project," "predict," "believe," "expect," "anticipate," "potential," "plan," "goal" or other words that convey the uncertainty of future events or outcomes. The forward-looking statements in this prospectus speak only as of the date of this prospectus; we disclaim any obligation to update these statements (unless required by securities laws), and we caution you not to rely on them unduly. We have based these forward-looking statements on our current expectations and assumptions about future events. While our management considers these expectations and assumptions to be reasonable, they are inherently subject to significant business, economic, competitive, regulatory and other risks, contingencies and uncertainties, most of which are difficult to predict and many of which are beyond our control. These and other important factors, including those discussed under "Risk Factors," 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 quarter-to-quarter;
- demand for our services is cyclical and we are vulnerable to industry downturns and regional and national downturns;
- our industry is highly competitive;
- we may be unsuccessful in generating internal growth;
- backlog may not be realized or may not result in profits;
- the Energy Policy Act of 2005 may fail to result in increased spending on electric power transmission infrastructure;
- our use of percentage-of-completion accounting could result in a reduction or elimination of previously recognized profits;
- our actual costs may be greater than expected in performing our fixed-price and unit-price contracts;
- our financial results are based upon estimates and assumptions that may differ from actual results;
- we self-insure against many potential liabilities and our reserves for estimated losses may be less than our actual costs;
- we may incur liabilities or suffer negative financial impact relating to occupational health and safety matters;
- we may pay our suppliers and subcontractors before receiving payment from our customers for the related services;
- we extend credit to customers for purchases of our services, and in the past we have had, and in the future we may have, difficulty collecting receivables from major customers that are subject to

protection under bankruptcy or insolvency laws or are otherwise experiencing financial difficulties;

- we derive a significant portion of our revenues from a few customers, and the loss of one or more of these customers could have a material adverse effect on our financial condition, results of operations and cash flows;
- many of our contracts may be cancelled upon short notice and we may be unsuccessful in replacing our contracts if they are canceled or as they are completed or expire;
- a significant portion of our business depends on our ability to provide surety bonds and we may be unable to compete for or work on certain projects if we are not able to obtain the necessary surety bonds;
- our bonding requirements may limit our ability to incur indebtedness;
- inability to hire or retain key personnel could disrupt business;
- our unionized workforce could adversely affect our operations;
- our business is labor intensive, and we may be unable to attract and retain qualified employees;
- inability to perform our obligations under engineering, procurement and construction contracts may adversely affect our business;
- we require subcontractors to assist us in providing certain services and we may be unable to retain the necessary subcontractors to complete certain projects;
- our business growth could outpace the capability of our internal infrastructure;
- seasonal and other variations, including severe weather conditions, may cause significant fluctuations in our financial condition, results of operations and cash flows;
- increases in the costs of certain materials and fuel could reduce our operating margins;
- we could incur liquidated damages or other damages if we do not complete our projects in the time allotted under the applicable contract or we may be required to perform additional work if our services do not meet certain standards of quality;
- the timing of new contracts may result in unpredictable fluctuations in our cash flow and profitability;
- our failure to comply with environmental laws could result in significant liabilities;
- opportunities within the government arena could lead to increased governmental regulation applicable to us;
- if we fail to integrate future acquisitions successfully, this could adversely affect our business and results of operations;
- our business may be affected by difficult work environments;
- there has been no public market for our common stock, we do not know if one will develop that will provide you with adequate liquidity, and the trading price for our common stock may be volatile and could be subject to wide fluctuations;
- we have identified material weaknesses in our internal controls over financial reporting that, if not properly corrected, could result in material misstatements in our financial reporting; and
- we will incur increased costs due to the rules and regulations applicable to us as a public company.

USE OF PROCEEDS

We will not receive any of the proceeds from the sale of the shares of common stock offered by this prospectus. Any proceeds from the sale of the shares offered by this prospectus will be received by the selling stockholders.

DIVIDEND POLICY

In 2006 and 2007 we paid aggregate dividends of $55.0 million to our stockholders. These dividends were paid as a $0.30 per share dividend on December 31, 2006 and a $3.04 per share dividend on August 31, 2007. We do not currently anticipate paying any cash dividends on our common stock in the future. Instead, we currently intend to retain our earnings to finance the operation and expansion of our business. The timing and amount of future cash dividends, if any, would be determined by our board of directors and would depend on our earnings, financial condition and cash requirements at the time. Our Credit Facility restricts our ability to pay cash dividends on our common stock, and we may also enter into credit agreements or other borrowing arrangements in the future that will restrict our ability to declare or pay cash dividends on our common stock.

CAPITALIZATION

The following table sets forth our capitalization as of September 30, 2007:

- on an actual basis; and
- on a pro forma as adjusted basis to give effect to the 2007 Private Placement (after deducting Friedman, Billings, Ramsey & Co., Inc.'s initial purchaser's discount and placement fee and deducting offering expenses related to the 2007 Private Placement), the use of the net proceeds therefrom, including the repayment of $20.0 million under our term loan facility and $175.9 million to repurchase a portion of the shares of common stock and shares of common stock underlying options owned by our current and prior stockholders.

You should read the following table in conjunction with our consolidated financial statements and related notes and "Management's Discussion and Analysis of Financial Condition and Results from Operations" appearing elsewhere in this prospectus. The presentation in this table does not reflect: (a) the results of operations for any periods subsequent to September 30, 2007, (b) the financial statement impact related to the vesting of certain options and other rights to acquire capital stock under our previous stock incentive plan or (c) the financial statement impact related to our new stock incentive plan that went into effect in connection with the 2007 Private Placement.

	As of September 30, 2007	
(in thousands except share data)	Actual	Pro forma as adjusted
Term loan	$ 50,000	$ 30,000
Long term debt(1)	50,000	30,000
Stockholders' equity		
Preferred stock—$0.01 par value per share; 4,000,000 authorized shares; none issued and outstanding on an actual and pro forma as adjusted basis	—	—
Common stock—$0.01 par value per share; 100,000,000 authorized shares; 15,910,991 and 19,710,176 shares issued and outstanding on an actual and pro forma as adjusted basis, respectively(2)	159	197
Additional paid-in capital	84,046	139,981
Retained earnings (accumulated deficit)	2,130	(11,517)
Total stockholders' equity	86,335	128,661
Total capitalization	$ 136,335	$ 158,661

(1) Long term debt represents the $50.0 million draw under our term loan facility on August 31, 2007, including current maturities.

(2) Common stock excludes 535,851 management shares subject to redemption on an actual basis. Total shares issued and outstanding, including these management shares, is 16,446,842 on an actual basis. (See Note 10 to our consolidated financial statements on page F-10). Prior to the date of the 2007 Private Placement, our existing management stockholders agreement was amended to eliminate certain redemption rights previously available to our management stockholders effective upon the completion of the 2007 Private Placement. Therefore, the remaining amount of approximately $2.5 million of the corresponding management shares outstanding have been reclassified from a current liability to the stockholders' equity section on a pro forma as adjusted basis.

UNAUDITED PRO FORMA FINANCIAL INFORMATION

The following unaudited pro forma consolidated condensed financial information has been derived by applying pro forma adjustments to our historical consolidated financial statements included elsewhere in this prospectus.

The accompanying unaudited pro forma consolidated condensed statements of income for the year ended December 31, 2006 and for the nine months ended September 30, 2007 are presented:

- on an actual basis for the Predecessor and Successor periods;
- on a combined basis summing the results for the 2006 Predecessor and Successor periods;
- on a pro forma basis to give effect to the acquisition by affiliates of ArcLight on March 10, 2006 and November 30, 2006, and to give effect to our entrance into our Credit Facility, including the draw of $50.0 million under the term loan facility on August 31, 2007, as if the acquisition occurred on, and we entered into the facility on, January 1, 2006;
- on a pro forma as adjusted basis to give effect to the issuance of 17,780,099 shares of common stock pursuant to the 2007 Private Placement and the repurchase of 14,516,765 shares of common stock and 49,675 shares of common stock underlying options, from our current and prior stockholders and option holders with the proceeds thereof; the payment of a dividend to our stockholders of $3.04 per share of common stock on August 31, 2007; and the repayment of $20.0 million under our term loan facility with the proceeds of the 2007 Private Placement, as if all such transactions occurred on January 1, 2006.

The unaudited pro forma consolidated condensed balance sheet as at September 30, 2007, is presented:

- on an actual basis;
- on a pro forma as adjusted basis to give effect to the issuance of 17,780,099 shares of common stock pursuant to the 2007 Private Placement and the repurchase of 14,516,765 shares of common stock and 49,675 shares of common stock underlying options, from our current and prior stockholders and option holders with the proceeds thereof; the compensation charge, net of tax effect, for the acceleration of stock options due to the 2007 Private Placement; the compensation charge, net of tax effect, for the beneficial purchase price on certain management shares; the compensation charge, net of tax, for the new employment agreements; the payment of a transaction bonus, net of tax, to management; and the repayment of $20.0 million under our term loan facility with the proceeds of the 2007 Private Placement, as if all such transactions occurred on September 30, 2007.

The common stock options outstanding at September 30, 2007 are deemed anti-dilutive in the actual financial information as the contingency for vesting is based on performance conditions that were not met at September 30, 2007. However, these options are considered dilutive in the pro forma financial information as the options became fully vested as a result of the change in control from the 2007 Private Placement.

The unaudited pro forma adjustments and the 2007 Private Placement offering adjustments are based on available information and certain assumptions that we believe are reasonable and are described below in the accompanying notes. The unaudited information was prepared on a basis consistent with that used in preparing our audited consolidated financial statements and includes all adjustments, consisting of normal and recurring items, that we consider necessary for a fair presentation of the financial position and results of operations for the unaudited periods.

The unaudited pro forma consolidated condensed statement of operations and balance sheet should be read in conjunction with the sections of this prospectus entitled "Selected Consolidated

Financial and Operating Data," "Management's Discussion and Analysis of Financial Condition and Results from Operations," and our historical consolidated financial statements and related notes thereto included elsewhere in this prospectus. The unaudited pro forma consolidated condensed statement of operations is for informational purposes only and should not be considered indicative of actual results that would have been achieved had the transactions been consummated on the date indicated. Also, the unaudited pro forma consolidated condensed financial statements should not be viewed as indicative of our financial condition results of operations as of any future dates or for any future period.

The following table summarizes the allocation of the aggregate purchase price based on the estimated fair values of the assets acquired and liabilities assumed at the date of the acquisition push down, November 30, 2006:

(in thousands)	
Current assets	$ 157,591
Property and equipment	39,195
Goodwill	46,599
Intangible assets	13,092
Other non-current assets	2,130
Current liabilities	(109,417)
Deferred income tax liabilities	(14,603)
Other non-current liabilities	(819)
	$ 133,768

Upon completion of the 2007 Private Placement, we received net proceeds of approximately $212.5 million from the sale of 17,780,099 shares of common stock, after deducting Friedman, Billings, Ramsey & Co., Inc's initial purchaser's discount and placement fee and our estimated offering expenses of approximately $2.5 million. We used the net proceeds from the 2007 Private Placement to redeem 14,515,284 million shares of our common stock from our non-management stockholders for approximately $175.5 million; 1,481 shares of our common stock from certain of our management stockholders for approximately $0.02 million; and 49,675 shares of our common stock underlying options held by certain members of management for approximately $0.4 million, in each case, at a purchase price equal to $12.09 per share. We used the remaining proceeds for general corporate purposes, including the repayment of $20.0 million of the outstanding balance under our term loan facility.

Unaudited Pro Forma Consolidated Condensed Statement of Operations for the Year Ended December 31, 2006

	Predecessor	Successor					
	For the period from January 1, 2006 to November 30, 2006	For the period from December 1, 2006 to December 31, 2006	For the year ended December 31, 2006				
	Actual	Actual	Combined	Pro forma Adjustments	Pro forma	Adjustments for the 2007 Private Placement	Pro forma as adjusted
Contract revenues	$ 489,055	$ 46,202	$ 535,257	$ —	$ 535,257	$ —	$ 535,257
Contract costs	435,520	41,381	476,901	3,870 (a)	480,771	—	480,771
Gross profit	53,535	4,821	58,356	(3,870)	54,486	—	54,486
Selling, general and administrative expenses	37,754	3,126	40,880	48 (a)	40,928	—	40,928
Amortization of intangible assets	281	115	396	461 (a)	857	—	857
Gain on sale of property and equipment	(434)	(10)	(444)	—	(444)	—	(444)
Income (loss) from operations	15,934	1,590	17,524	(4,379)	13,145		13,145
Other income							
Interest income	1,382	145	1,527	—	1,527	—	1,527
Interest expense	(299)	(41)	(340)	(3,284)(b)	(3,624)	1,287 (c)	(2,337)
Other, net	(192)	(20)	(212)	—	(212)	—	(212)
Income (loss) before provision for income taxes	16,825	1,674	18,499	(7,663)	10,836	1,287	12,123
Net income tax expense (benefit)	6,807	741	7,548	(3,066)(d)	4,482	515 (d)	4,997
Income (loss) from continuing operations	$ 10,018	$ 933	$ 10,951	$ (4,597)	$ 6,354	$ 772	$ 7,126
Income (loss) per common share(o)							
Basic	$ 0.61	$ 0.06	$ 0.67				
Diluted	$ 0.61	$ 0.06	$ 0.67				
Pro forma income per common share							
Basic							$ 0.39
Diluted							$ 0.37
Weighted average number of common shares and potential common shares outstanding(q)							
Basic	16,446,842	16,446,842	16,446,842				18,438,100
Diluted	16,446,842	16,446,842	16,446,842				19,047,768

Unaudited Pro Forma Consolidated Condensed Statement of Operations for the Nine Months Ended September 30, 2007

(in thousands except share and per share data)	For the nine months ended September 30, 2007 Actual	Pro forma Adjustments	Pro forma	Adjustments for the 2007 Private Placement	Pro forma as adjusted
Contract revenues	$ 453,915	$ —	$ 453,915	$ —	$ 453,915
Contract costs	403,714	(1,446)(e)	402,268	—	402,268
Gross profit	50,201	1,446	51,647	—	51,647
Selling, general and administrative expenses	35,401	(1)(e)	35,400	—	35,400
Amortization of intangible assets	685	(434)(e)	251		251
Gain on sale of property and equipment	(514)	—	(514)	—	(514)
Income from operations	14,629	1,881	16,510	—	16,510
Other income					
Interest income	953	—	953	—	953
Interest expense	(696)	(2,307)(f)	(3,003)	1,008 (g)	(1,995)
Other, net	(167)	—	(167)	—	(167)
Income (loss) before provision for income taxes	14,719	(426)	14,293	1,008	15,301
Income tax expense (benefit)	6,161	(169)(h)	5,992	403 (h)	6,395
Income (loss) from continuing operations	$ 8,558	$ (257)	$ 8,301	$ 605	$ 8,906
Income (loss) per common share(o)					
Basic	$ 0.52				
Diluted	$ 0.52				
Pro forma income per common share					
Basic					$ 0.48
Diluted					$ 0.47
Weighted average number of common shares and potential common shares outstanding(q)					
Basic	16,446,842				18,438,100
Diluted	16,446,842				19,036,553

Unaudited Pro Forma Consolidated Condensed Balance Sheet
as of September 30, 2007

(in thousands)	As of September 30, 2007 Actual	Adjustments for the 2007 Private Placement	Pro forma as adjusted
Assets			
Current assets:			
Cash and cash equivalents	$ 10,447	$ 13,536 (i)	$ 23,983
Accounts receivable, net	92,408	—	92,408
Costs and estimated earnings in excess of billings on uncompleted contracts	31,808	—	31,808
Receivables for insurance claims in excess of deductibles	7,562	—	7,562
Deferred income taxes	9,692	6,600 (j)	16,292
Other current assets	2,355	—	2,355
Total current assets	154,272	20,136	174,408
Property and equipment, net	53,887	—	53,887
Goodwill	46,599	—	46,599
Intangible assets, net	12,292	—	12,292
Other assets	2,608	—	2,608
Total assets	$ 269,658	$ 20,136	$ 289,794
Liabilities and Stockholders' Equity			
Current liabilities:			
Current maturities of long-term debt	$ 625	$ —	$ 625
Accounts payable	24,713	—	24,713
Billings in excess of costs and estimated earnings on uncompleted contracts	34,031	—	34,031
Accrued self-insurance	30,202	—	30,202
Other current liabilities	28,066	(1,200)(k)	26,866
Management shares subject to redemption; 535,851 and 0 shares issued and outstanding at September 30, 2007, on an actual and pro forma as adjusted basis, respectively	2,452	(2,452)(l)	—
Total current liabilities	120,089	(3,652)	116,437
Long-term debt, less current maturities	49,375	(20,000)(m)	29,375
Deferred income taxes	13,096	—	13,096
Other liabilities	763	1,462 (n)	2,225
Total liabilities	183,323	(22,190)	161,133
Stockholders' equity:			
Preferred stock—$0.01 par value per share; 4,000,000 authorized shares; none issued and outstanding at September 30, 2007 on an actual and pro forma as adjusted basis	—	—	—
Common stock—$0.01 par value per share; 100,000,000 authorized shares; 15,910,991 and 19,710,176 shares issued and outstanding at September 30, 2007, on an actual and pro forma as adjusted basis, respectively	159	38 (o)	197
Additional paid-in capital	84,046	55,935 (o)	139,981
Retained earnings (accumulated deficit)	2,130	(13,647)(p)	(11,517)
Total stockholders' equity	86,335	42,326	128,661
Total liabilities and stockholders' equity	$ 269,658	$ 20,136	$ 289,794

Notes to Unaudited Pro Forma
Consolidated Condensed Financial Information
(dollars in thousands)

(a) The pro forma adjustments, for the year ended December 31, 2006, of $3,870, $48 and $461 to contract costs; selling, general and administrative expenses; and amortization of intangible assets, respectively, reflect the impact of the pushed down purchase accounting of the acquisition of our common stock by affiliates of ArcLight, assuming the consummation of the transaction occurred on January 1, 2006. These amounts are entirely composed of depreciation of long-lived assets and amortization of intangible assets.

(b) The pro forma adjustment of $3,284 additional interest expense for the year ended December 31, 2006 assumes the Credit Facility was entered into and the $50,000 draw on our existing term loan facility was taken on January 1, 2006. The $3,284 is comprised of $3,217 of additional interest expense and $67 of incremental amortization of debt issuance costs. The interest rates used in the calculation were the one-month LIBOR rates in effect at each month end plus 1.25% as defined in the credit agreement governing our Credit Facility. Interest rate fluctuations would cause changes in the interest expense we would have incurred on a pro forma basis. A 0.125% increase or decrease in the interest rate would have resulted in a higher or lower pro forma interest expense of approximately $38 for the year ended December 31, 2006, respectively.

(c) The pro forma adjustment of the $1,287 reduction in interest expense for the year ended December 31, 2006 reflects the impact of the repayment of $20,000 of the debt from the proceeds of the 2007 Private Placement assuming the transaction occurred on January 1, 2006.

(d) The income tax adjustments reflect the pro forma tax effect of the adjustments outlined above for the year ended December 31, 2006 utilizing a 40% estimated tax rate.

(e) The pro forma adjustments, for the nine months ended September 30, 2007, of negative $1,446, negative $1 and negative $434 to contract costs; selling, general and administrative expenses; and amortization of intangible assets, respectively, reflect the impact of the pushed down purchase accounting of the acquisition of our common stock by affiliates of ArcLight assuming the consummation of the transaction occurred on January 1, 2006. These amounts are entirely composed of corrections of depreciation of long-lived assets and amortization of intangible assets due to the pushed down purchase accounting.

(f) The pro forma adjustment of $2,307 additional interest expense for the nine months ended September 30, 2007 assumes the Credit Facility was entered into and the $50,000 drawn on the Credit Facility was taken on January 1, 2006. The $2,307 is comprised of $2,236 of additional interest expense and $71 of amortization of debt issuance costs. The interest rates used in the calculation were the one-month LIBOR rates in effect at each month end plus 1.25% as defined in the credit agreement governing our Credit Facility. Interest rate fluctuations would cause changes in the interest expense we would have incurred on a pro forma basis. A 0.125% increase or decrease in the interest rate would have resulted in a higher or lower pro forma interest expense of approximately $28 for the nine month period ended September 30, 2007, respectively.

(g) The pro forma adjustment of the $1,008 reduction in interest expense for the nine months ended September 30, 2007 reflects the impact of the repayment of $20,000 of the debt from the proceeds of the 2007 Private Placement assuming the transaction occurred on January 1, 2006.

(h) The income tax adjustments reflect the pro forma tax effect of the adjustments outlined above for the nine months ended September 30, 2007 utilizing a 40% estimated tax rate.

(i) The pro forma adjustment of a net increase in cash of $13,536 reflects the impact of the proceeds from the 2007 Private Placement, $214,961; offset by transaction expenses of $2,500; redemption of shares of common stock from existing stockholders of $175,508; redemption of common stock options of $417; repayment of $20,000 outstanding under our Credit Facility and a $3,000 transaction bonus paid to certain members of management, as if the transactions occurred of September 30, 2007.

The following table summarizes the changes in cash from the sources and uses of proceeds under the 2007 Private Placement and the payment of management's transaction bonus:

SOURCES			USES		
		(in thousands, except share and per share data)			
Shares issued		17,780,099	Redemption of shares from non-management	$	175,490
Share price	$	13.00			
Gross proceeds	$	231,141	Redemption of shares from management		18
Less:					
Underwriter's fees		(16,180)	Redemption of common stock options		417
Private placement expenses		(2,500)			
			Repayment of debt		20,000
			Transaction bonus to management		3,000
Net proceeds	$	212,461	Net uses		198,925
			Net pro forma cash increase	$	13,536

(j) The pro forma adjustment to the deferred tax asset of $6,600 reflects the deferred tax impact of the stock option compensation expense of $15,038 which will be recognized upon the acceleration of the vesting of outstanding options as a result of the change in control provision in our stock option plan triggered by the 2007 Private Placement along with the acceleration by us of the time vesting requirements under our stock option plan and the non-recurring executive compensation expense of $1,462 under the new employment agreements as if the transaction occurred on September 30, 2007.

(k) The pro forma adjustment to other current liabilities of $1,200 reflects the impact to the current tax payable for the deductible transaction bonus which is expected to be paid to certain members of management upon the completion of the 2007 Private Placement.

(l) The pro forma adjustment of $2,452 reflects the reclassification of management shares subject to redemption to stockholders' equity as a result of the amendment to our existing management stockholders agreement effective upon the completion of the 2007 Private Placement. Because these amended agreements removed the original redemption right obligations from the company, the carrying value of the underlying management shares would no longer be accounted for as a liability of the company on a pro forma as adjusted basis.

(m) The pro forma adjustment of $20,000 reflects the portion of the outstanding Credit Facility which was paid with the use of proceeds from the 2007 Private Placement.

(n) The pro forma adjustment of $1,462 reflects the non-recurring executive compensation expense for the new employment agreements.

(o) The pro forma adjustment to additional paid-in capital is the net effect of the balance sheet adjustments outlined in the footnotes above and summarized as follows:

Gross proceeds from 2007 Private Placement	$	231,141
Redemption of shares and options		(175,925)
Underwriter's fees		(16,180)
2007 Private Placement expenses		(2,500)
Non-recurring compensation expense for beneficial purchase price of certain management shares		1,947
Impact of vesting acceleration of stock options		15,038
Reclassification of management shares subject to redemption		2,452
Total adjustment to common stock and additional paid-in-capital		55,973
Less adjustment for common stock par value change		(38)
Net adjustment to additional paid-in-capital	$	55,935

(p) The pro forma adjustment to retained earnings is the net effect of the above noted adjustments and summarized as follows:

Compensation expense for acceleration of vesting for outstanding stock options	$	(15,038)
Tax impact of the stock compensation expense		6,015
Executive compensation expense under new employment agreements		(1,462)
Tax impact of executive compensation expense		585
Compensation expense for beneficial purchase price on certain management shares		(1,947)
Management transaction bonus		(3,000)
Tax impact of the management transaction bonus		1,200
Net adjustment to retained earnings (accumulated deficit)	$	(13,647)

The pro forma adjustments to the consolidated statement of operations for the nine months ended September 30, 2007 do not reflect a non-recurring compensation expense of $1,947 which will be reflected in our consolidated statements of operations upon completion of the 2007 Private Placement. This additional compensation expense is due to the beneficial purchase price on shares of common stock purchased by certain members of management within twelve months prior to the 2007 Private Placement. The Company is currently assessing whether this expense is deductible for tax purposes and as a result, no corresponding tax benefit has been recorded in the pro forma financial statements.

In addition, the pro forma adjustments to the consolidated statement of operations for the nine months ended September 30, 2007 do not reflect a non-recurring executive compensation expense of $1,462 which will be reflected in our consolidated statements of operations following completion of the 2007 Private Placement. The additional compensation expense is to reflect the termination payment liability certain executives are entitled to upon election to leave the company under the new employment agreements.

(q) Pro forma income (loss) per common share is calculated using the basic and diluted weighted average shares as follows:

	For the year ended December 31, 2006	For the nine months ended September 30, 2007
Shares outstanding	16,446,842	16,446,842
Incremental shares issued in 2007 Private Placement	3,263,334	3,263,334
Less shares issued—general corporate purposes	(1,272,076)	(1,272,076)
Basic weighted average shares	18,438,100	18,438,100
Incremental shares due to dilutive common stock options	609,668	598,453
Diluted weighted average shares	19,047,768	19,036,553

SELECTED CONSOLIDATED FINANCIAL AND OPERATING DATA

The following table sets forth selected financial consolidated information on a historical basis.

The selected consolidated statement of operations and balance sheet data set forth below as of December 31, 2005 and for the period from January 1, 2006 to November 30, 2006 and from December 1, 2006 to December 31, 2006, for each of the years ended December 31, 2004, 2005 and 2006, has been derived from our restated (see Note 3 to our consolidated financial statements included at pages F-1 to F-50) audited annual consolidated financial statements and footnotes thereto included elsewhere in this prospectus. The selected historical statement of operations and balance sheet data set forth below as of September 30, 2006 and 2007 and for the nine months ended September 30, 2006 and 2007 has been derived from our unaudited interim consolidated financial statements, which have been prepared on a basis consistent with our audited consolidated financial statements and include all adjustments, which consist of normal recurring adjustments, necessary for a fair presentation of the financial position and results of operations for the unaudited periods presented. As discussed in Note 3 to our consolidated financial statements, our financial statements for the year ended December 31, 2006 reflect the effects of restatements on our historical consolidated financial statements as of December 31, 2005 and for the years ended December 31, 2004 and 2005. The errors identified have also caused us to restate our selected financial data as of December 31, 2002, 2003 and 2004 and for the years ended December 31, 2002 and 2003. The selected consolidated statement of operations and balance sheet data as of December 31, 2002, 2003 and 2004 and for each of the years ended December 31, 2002 and 2003 has been derived from our consolidated financial statements not included in this prospectus. Our consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States, or GAAP. Historical results are not necessarily indicative of the results we expect in the future and quarterly results are not necessarily indicative of the results of any future quarter or any full-year period. The information below should be read in conjunction with "Management's Discussion and Analysis of Financial Condition and Results from Operations" and the consolidated financial statements and notes thereto included in this prospectus.

	Predecessor(1)					Successor(1)	Combined(2)	Predecessor(1)	Successor(1)
	For the year ended December 31,				For the period from January 1, 2006 to November 30, 2006	For the period from December 1, 2006 to December 31, 2006	For the year ended December 31, 2006	For the nine months ended September 30, 2006	For the nine months ended September 30, 2007
	2002	2003	2004	2005					
	(restated)(9)	(restated)(9)	(restated)(9)	(restated)(9)			(unaudited)	(unaudited)	(unaudited)
Contract revenues	$ 520,392	$ 393,122	$ 322,096	$ 508,700	$ 489,055	$ 46,202	$ 535,257	$ 407,228	$ 453,915
Contract costs	471,772	366,586	293,812	457,287	435,520	41,381	476,901	365,111	403,714
Gross profit	48,620	26,536	28,284	51,413	53,535	4,821	58,356	42,117	50,201
Selling, general and administrative expenses	45,253	38,920	34,575	37,438	37,754	3,126	40,880	30,848	35,401
Amortization of intangible assets	1,000	306	306	306	281	115	396	230	685
Gain on sale of property and equipment	(435)	(408)	(475)	(855)	(434)	(10)	(444)	(416)	(514)
Goodwill and other intangible impairment(10)	550	—	—	16,618	—	—	—	—	—
Income (loss) from operations	2,252	(12,282)	(6,122)	(2,094)	15,934	1,590	17,524	11,455	14,629
Other income									
Interest income	581	274	194	469	1,382	145	1,527	1,056	953
Interest expense	(53)	(11)	(23)	(18)	(299)	(41)	(340)	(183)	(696)
Other, net	(593)	(284)	(119)	(343)	(192)	(20)	(212)	(133)	(167)
Income (loss) before provision for income taxes	2,187	(12,303)	(6,070)	(1,986)	16,825	1,674	18,499	12,195	14,719
Income tax expense (benefit)	361	(5,077)	(2,595)	6,624	6,807	741	7,548	4,822	6,161
Net income (loss) from continuing operations	1,826	(7,226)	(3,475)	(8,610)	10,018	933	10,951	7,373	8,558
Discontinued operations									
Discontinued operations (net of income tax expense (benefit) of $(789) and $328 in 2004 and 2005)	—	847	(1,183)	492	—	—	—	—	—
Loss on sale of discontinued operations (net of income tax (benefit) of ($601) and ($450) in 2004 and 2005)	—	—	(901)	(1,356)	—	—	—	—	—
Net loss from discontinued operations	—	847	(2,084)	(864)	—	—	—	—	—
Net Income (loss)	$ 1,826	$ (6,379)	$ (5,559)	$ (9,474)	$ 10,018	$ 933	$ 10,951	$ 7,373	$ 8,558
Basic and diluted income (loss) per common share:									
Income (loss) from continuing operations	$ .11	$ (.44)	$ (.21)	$ (.52)	$ .61	$ .06	$ .67	$ .45	$ .52
Income (loss) from discontinued operations	—	.05	(.07)	.03	—	—	—	—	—
(Loss) on sale of discontinued operations	—	—	(.05)	(.08)	—	—	—	—	—
Net income (loss)	$ .11	$ (.39)	$ (.33)	$ (.57)	$ .61	$ .06	$ .67	$ .45	$ .52
Weighted average number of common shares and potential common shares outstanding									
Basic and diluted(8)	16,446,842	16,446,842	16,446,842	16,446,842	16,446,842	16,446,842	16,446,842	16,446,842	16,446,842

Balance sheet data: (in thousands)	Predecessor(1)				Successor(1)	
	For the year ended December 31,					
	2002	2003	2004	2005	As of December 31, 2006	As of September 30, 2007
	(restated)(9)	(restated)(9)	(restated)(9)	(restated)(9)		(unaudited)
Cash and cash equivalents	$ 43,202	$ 9,281	$ 12,696	$ 28,937	$ 26,233	$ 10,447
Working capital(3)	87,970	60,165	55,990	54,664	41,636	34,183
Total assets	252,499	212,925	203,370	243,631	256,544	269,658
Long term debt(4)	—	—	—	—	—	50,000
Total liabilities	95,869	87,379	82,967	138,612	128,753	183,323
Stockholders' equity	$ 156,630	$ 125,546	$ 120,403	$ 105,019	$ 127,791	$ 86,335

Other Data: (unaudited) (in thousands)	Predecessor(1) For the year ended December 31, 2002 (restated)(9)	2003 (restated)(9)	2004 (restated)(9)	2005 (restated)(9)	For the period from January 1, 2006 to November 30, 2006	Successor(1) For the period from December 1, 2006 to December 31, 2006	Combined(2) For the year ended December 31, 2006	Predecessor(1) For the nine months ended September 30, 2006	Successor(1) For the nine months ended September 30, 2007
EBITDA(5)	$ 8,814	$ (6,563)	$ (1,148)	$ 2,450	$ 20,654	$ 2,690	$ 23,344	$ 15,216	$ 22,585
Backlog(6)	132,206	120,812	267,072	224,006	N/A	N/A	276,072	224,158	235,424
Capital expenditures	4,930	2,601	4,127	5,302	12,482	1,331	13,813	6,146	21,926
Depreciation and amortization(7)	7,155	6,003	5,093	4,887	4,912	1,120	6,032	3,894	8,123
Net cash provided by (used in) operating activities	39,333	(4,883)	5,660	21,408	15,600	6,331	21,931	17,206	5,845
Net cash provided by (used in) investing activities	(4,366)	(4,039)	(2,245)	(780)	(11,984)	(1,319)	(13,303)	(5,665)	(21,292)
Net cash used in financing activities	—	(25,000)	—	(4,387)	(6,342)	(5,000)	(11,342)	(6,352)	(329)

(1) On March 10, 2006 and November 30, 2006, ArcLight, through its affiliates MYR Group Holdings LLC and MYR Group Holdings II LLC, purchased approximately 98% of the outstanding shares of our common stock from FirstEnergy Corp. The transaction was accounted for under the purchase method of accounting, which required our net assets to be recognized at fair value upon acquisition. The effect of this acquisition was reflected in our financial statements on November 30, 2006. Our financial statements for periods prior to December 1, 2006 (our Predecessor periods) were prepared on the historical cost basis of accounting, which existed prior to the transaction. Our financial statements for periods subsequent to November 30, 2006 (our Successor periods) were prepared on a new basis of accounting, that is, fair value. As a result, our results for the Successor periods are not necessarily comparable to the Predecessor periods.

(2) The presentation of the 2006 results on this combined basis does not comply with U.S. generally accepted accounting principles; however management believes that this provides useful information to assess the relative performance of the businesses in all periods presented in the financial statements. The captions included within our statements of operations that are materially impacted by the change in basis of accounting include depreciation and amortization.

(3) Working capital represents total current assets less total current liabilities.

(4) Long term debt represents the $50.0 million draw under our term loan facility on August 31, 2007, including current maturities.

(5) EBITDA, a performance measure used by management, is defined as income (loss) from continuing operations plus: interest expense, provision for income taxes and depreciation and amortization, as shown in the table below. EBITDA, as presented for the years ended December 31, 2002, 2003, 2004 and 2005, for the period from January 1, 2006 to November 30, 2006 and for the period from December 1, 2006 to December 31, 2006, on a combined basis for the year ended December 31, 2006 and for the nine months ended September 30, 2006 and 2007, is not defined under U.S. generally accepted accounting principles, and does not purport to be an alternative to net income as a measure of operating performance or to cash flows from operating activities as a measure of liquidity. Because not all companies use identical calculations, this presentation of EBITDA may not be comparable to other similarly-titled measures of other companies. We use, and we believe investors benefit from the presentation of, EBITDA in evaluating our operating performance because it provides us and our investors with an additional tool to compare our operating performance on a consistent basis by removing the impact of certain items that management believes do not directly reflect our core operations. We believe that EBITDA is useful to investors and other external users of our financial statements in evaluating our operating performance and cash flow because EBITDA is widely used by investors to measure a company's operating performance without regard to items such as interest expense, taxes, depreciation and amortization, which can vary substantially from company to company depending upon accounting methods and book value of assets, capital structure and the method by which assets were acquired. The following table provides a reconciliation of net income to EBITDA:

(in thousands)	Predecessor(1) For the year ended December 31, 2002 (restated)(9)	2003 (restated)(9)	2004 (restated)(9)	2005 (restated)(9)	For the period from January 1, 2006 to November 30, 2006	Successor(1) For the period from December 1, 2006 to December 31, 2006	Combined(2) For the year ended December 31, 2006	Predecessor(1) For the nine months ended September 30, 2006 (unaudited)	Successor(1) For the nine months ended September 30, 2007 (unaudited)
Net income (loss) from continuing operations	$ 1,826	$ (7,226)	$ (3,475)	$ (8,610)	$ 10,018	$ 933	$ 10,951	$ 7,373	$ 8,558
Interest income (expense), net	(528)	(263)	(171)	(451)	(1,083)	(104)	(1,187)	(873)	(257)
Provision (benefit) for income taxes	361	(5,077)	(2,595)	6,624	6,807	741	7,548	4,822	6,161
Depreciation and amortization(7)	7,155	6,003	5,093	4,887	4,912	1,120	6,032	3,894	8,123
EBITDA	$ 8,814	$ (6,563)	$ (1,148)	$ 2,450	$ 20,654	$ 2,690	$ 23,344	$ 15,216	$ 22,585

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

(7) Depreciation and amortization includes depreciation on capital assets and amortization of finite lived intangible assets.

(8) Basic and diluted income (loss) per common share data and our basic and diluted weighted average number of common shares and potential common shares outstanding reflects the effect of the approximately 164.47 common shares for one common share stock split of our common stock completed on December 13, 2007.

(9) During the preparation of our financial statements to reflect the "push down" of the purchase accounting for the acquisition of our common stock by affiliates of ArcLight, we determined that adjustments were necessary to restate our previously issued 2002, 2003, 2004 and 2005 financial statements for the following errors: an adjustment to allocate the purchase price to identified tangible and intangible assets in our accounting for FirstEnergy's acquisition of us on November 7, 2001. Originally, the entire excess purchase price over net assets acquired was allocated only to goodwill; an adjustment to increase the goodwill impairment previously recorded in 2005, based upon the identification of two reporting units versus the one previously utilized and the proper application of the impairment test as it relates to implied fair value, and based upon the revised goodwill amounts from the adjustment discussed above; to reflect additional tax benefits on the excess of tax over book basis deductions related to previous owners' stock award plans as additional paid in capital rather than an income tax benefit; other adjustments related to out of period items, revision of non-operating income and expenses to income (loss) from operations, and recording of the goodwill allocated to discontinued operations as a component of income (loss) on sale of discontinued operations rather than as a component of discontinued operations. See Note 3 to our consolidated financial statements beginning on page F-20.

The following is a summary of the effects of the restatement on the consolidated balance sheet data, as previously reported, as of December 31, 2002, 2003 and 2004:

	2002		2003		2004	
	As reported	**As restated**	**As reported**	**As restated**	**As reported**	**As restated**
Working capital	87,068	87,970	60,145	60,165	56,284	55,990
Total assets	230,938	252,499	209,448	212,925	198,888	203,370
Total liabilities	70,105	95,869	78,107	87,379	71,931	82,967
Stockholders' equity	160,833	156,630	131,341	125,546	126,957	120,403

The following is a summary of the effects of the restatement on the consolidated net income (loss), as previously reported, as of December 31, 2002 and 2003:

	2002	2003
Net income (loss) (as previously reported)	$ 7,295	$ (4,492)
Adjustments associated with restatement of the 2001 purchase price allocation		
Depreciation included in contract costs	(966)	(638)
Depreciation included in selling, general and administrative expenses	(52)	(50)
Intangible amortization	(700)	(306)
Goodwill and other intangible impairment	(550)	—
Gain on sale of property and equipment	(1,096)	(191)
Management severance (selling, general, and administrative expenses)	(995)	—
Other adjustments previously immaterial	(265)	515
Income tax effect associated with the above adjustments	(845)	(1,217)
Net income (loss) (as restated)	$ 1,826	$ (6,379)

(10) As part of the business valuation associated with the acquisition of our common stock by affiliates of ArcLight, subsequent to the December 31, 2005 balance sheet date but before the consolidated financial statements were issued for the year ended December 31, 2005, it was determined that an impairment had occurred at December 31, 2005. Based on the second step comparison of the fair value to the restated carrying value, the impairment loss of $16.6 million was recorded by the T&D and C&I reporting units of $12.4 million and $4.2 million, respectively.

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

The following discussion should be read in conjunction with Selected Consolidated Financial and Operating Data, our audited consolidated financial statements as of December 31, 2005 and 2006 and for the years ended December 31, 2004 and 2005 and for the period from January 1, 2006 to November 30, 2006 and for the period from December 1, 2006 to December 31, 2006 and our unaudited consolidated financial statements as of September 30, 2006 and 2007 and for the nine months ended September 30, 2006 and 2007 appearing elsewhere in this prospectus. The financial statement information presented for the periods prior to November 30, 2006 and after November 30, 2006 are not comparable due to a change in basis due to pushed down purchase accounting as discussed further in the footnotes to the audited financial statements. 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 in "Cautionary Statement Concerning Forward-Looking Statements" and "Risk Factors." We assume no obligation to update any of these forward- looking statements.

Overview

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

On a combined basis, our overall revenues from continuing operations grew from $322.1 million in 2004 to $535.3 million in 2006, representing a compound annual growth rate of 28.9%, all of which was organic. During that same period, our EBITDA from continuing operations improved from negative $1.1 million in 2004 to $23.3 million in 2006. During that same period, net income from continuing operations improved from negative $3.5 million in 2004 to $11.0 million in 2006. For the nine months ended September 30, 2007 our revenues, net income from continuing operations and EBITDA from continuing operations were $453.9 million, $8.6 million and $22.6 million, respectively, compared to $407.2 million, $7.4 million and $15.2 million for the nine months ended September 30, 2006. Our growth has been driven by successful bids for, and execution of, several large projects, our ability to continue to capitalize on increased infrastructure spending in our markets and the breadth of our customer base. We believe our centralized fleet and skilled workforce provide us with a competitive advantage as increased spending in the transmission infrastructure market has resulted in an increased demand for a limited supply of specialized equipment and labor. We believe these factors have created a more profitable bidding environment for our services. We expect to continue to grow our business organically, as well as selectively consider strategic acquisitions that improve our competitive position within our existing markets, expand our geographic footprint or strengthen our fleet.

We derive our revenues from two reportable segments which we refer to as our T&D segment and our C&I segment:

Transmission and Distribution. We provide our T&D services to electric utilities and other similar entities. The services we provide include the construction and maintenance of high voltage transmission lines, substations and lower voltage underground and overhead distribution systems to electric utilities and other similar entities. We also provide emergency restoration services in response to hurricane, ice or other storm related damage which typically accounts for less than $25.0 million, or 4.5% of combined revenue, per year. As a result of several key industry trends, including increased attention to the inadequacy of the existing electric utility infrastructure as well as the impact of the passage of the

Energy Act in 2005, the demand for transmission construction and maintenance services has increased and is projected by EEI to continue to grow significantly in the future. We believe that the increased capital spending on transmission infrastructure represents a growth opportunity for our T&D business as transmission construction, maintenance and repair has long been a core competency for us. We have completed several large transmission turn key EPC projects including one of the largest EPC projects ever completed in the T&D market. For the year ended December 31, 2006, our T&D revenues were approximately $398.6 million or 74.5% of combined revenue. Revenue from transmission projects represented 55.5% of T&D revenue for the year ended December 31, 2006.

In our T&D segment, we generally serve the electric utility industry as a prime contractor. We have long-standing relationships with many of our T&D customers who rely on us to construct and maintain reliable electric and other utility infrastructure. In 2006, measured by revenue in our T&D segment, we provided 37.7% of our T&D services under fixed-price contracts. We also provide many services to our customers under multi-year MSAs and other variable service agreements. We focus on managing our profitability by selecting projects we believe will provide attractive margins. We achieve these margins by actively managing the costs of completing our projects, holding customers accountable for changes to contract specifications and rewarding our employees for keeping costs under budget.

Commercial and Industrial. Our C&I segment provides electrical contracting services for commercial and industrial construction in the western United States. We are focused on the Arizona and Colorado regional markets where we have achieved sufficient scale and believe we enjoy leading market shares. We concentrate our efforts on projects where our technical and project management expertise are critical to successful and timely execution. Typical C&I contracts cover electrical contracting services for airports, hospitals, data centers, hotels, casinos, arenas, convention centers, manufacturing plants, processing facilities and transportation control and management systems. For the year ended December 31, 2006, our C&I revenues were approximately $136.7 million or 25.5% of combined revenue.

In our C&I segment, we generally provide our electric construction and maintenance services as a subcontractor to general contractors in the C&I industry as well as facility owners. We have a diverse customer base with many long-standing relationships. In 2006, measured by revenue in our C&I segment, we provided 46.8% of our services under fixed-price contracts.

Recent Company History

From 1996 to 2000, we were a public company with our stock traded on the NYSE. In 2000, we were acquired by GPU, Inc., which was subsequently acquired by FirstEnergy Corp. During 2003 and 2004, our results were negatively affected by reduced utility capital expenditures, weakness in the construction market and our non-core mechanical contracting operations. In December 2003, we made several changes to our management team, including the appointment of Mr. Koertner as our president and chief executive officer, who prior to this appointment had been serving as our chief financial officer for five years. Since that time, we have worked to position our business to focus on high growth electrical utility infrastructure projects and safety, resulting in a more stable workforce and higher operating margins. Most notably, we were awarded the $125.0 million Iowa T&D Contract during 2004 and sold non-core businesses, D.W. Close Company, Inc. ("D.W. Close") and Power Piping Company ("Power Piping"), in 2004 and 2005, respectively. ArcLight acquired approximately 60% of our capital stock in March 2006 and purchased most of our remaining shares in November 2006. We repurchased 14,515,284 shares held by ArcLight and its affiliates with the proceeds of the 2007 Private Placement. As of December 31, 2007, ArcLight continued to own approximately 7.1% of our outstanding common stock.

Recent Events and Offering Related Items

Restatement of Financial Performance. During the preparation of our financial statements to reflect the "push down" of the purchase accounting for the acquisition of our common stock by affiliates of ArcLight, we determined that adjustments to restate our previously issued 2004 and 2005 financial statements for the following errors:

- an adjustment to allocate the purchase price to identified tangible and intangible assets in our accounting for FirstEnergy Corp.'s acquisition of us on November 7, 2001. Originally, the entire excess purchase price over net assets acquired was allocated only to goodwill;

- an adjustment to increase the goodwill impairment previously recorded in 2005, based upon the identification of two reporting units versus the one previously utilized and the proper application of the impairment test as it relates to implied fair value, and based upon the revised goodwill amounts from the adjustment discussed above;

- to reflect additional tax benefits on the excess of tax over book basis deductions related to our previous owners' stock award plans as additional paid in capital rather than an income tax benefit; and

- other adjustments related to out of period items, revision of non-operating income and expenses to income (loss) from operations, and recording of the goodwill allocated to discontinued operations as a component of income (loss) on sale of discontinued operations rather than as a component of discontinued operations.

Management has taken steps to improve and continues to improve our internal control over financial reporting, including the hiring of experienced financial reporting professional consultants, redefining and realigning responsibilities and defining additional controls, reporting processes and procedures to address the accounting requirements for non-recurring and complex transactions. A detailed summary of our restatements is included in Note 3 of the Notes to Consolidated Statements beginning on page F-20 of this prospectus.

2007 Private Placement. On December 20, 2007 and December 26, 2007, pursuant to the 2007 Private Placement, we completed the sale of 17,780,099 shares of our common stock at a sale price of $13.00 per share to qualified institutional buyers, non-U.S. persons and accredited investors. We used the net proceeds from the private placement to redeem 14,515,284 million shares of our common stock from ArcLight and its affiliates for approximately $175.5 million; 1,481 shares of our common stock from certain of our management stockholders for approximately $0.02 million; and 49,675 shares of our common stock underlying options held by certain members of management for approximately $0.4 million. The remaining net proceeds to us from the 2007 Private Placement (after the initial purchaser's discount, placement fees and expenses) were $36.6 million and are being used for general corporate purposes, including the recent repayment of $20.0 million of the outstanding balance under our $50.0 million term loan facility. In connection with the 2007 Private Placement, we entered into employment agreements and transaction bonus agreements with our executive officers and certain key employees. Under the agreements, we granted options to acquire 540,000 shares of common stock and made cash payments totaling up to $3.0 million.

Vesting of certain stock options. In connection with the 2007 Private Placement and the provisions of our previous stock incentive plan, we accelerated the vesting of options granted under our previous stock incentive plan to allow all options outstanding to become vested upon the completion of the private placement. We incurred non-cash compensation charges of approximately $15.0 million in connection with this vesting in accordance with Statement of Financial Accounting Standards ("SFAS") 123R.

Management Stock Compensation, Severance and Transaction Bonus Charges. In connection with the 2007 Private Placement, we incurred a non-cash compensation charge of approximately $1.9 million as a result of the agreement with certain members of management who purchased shares of our common stock in May 2006 and July 2007. We also incurred a compensation charge of approximately $1.5 million (or approximately $0.9 million, net of tax) as a result of severance payments that became due to our executive officers under the employment agreements with certain members of management and a charge of approximately $3.0 million (or approximately $1.8 million, net of tax) as a result of transaction bonus payments that we paid to each of our named executive officers and certain other key employees.

Our new long-term incentive plan. Our future financial results will reflect the application of SFAS 123R to the options granted in connection with the private placement beginning in the fourth quarter of 2007 when options were first granted under our long-term incentive plan, and over the 4 year vesting term of those options.

Business Drivers and Measures; Seasonality; Fluctuations of Results

Although our revenues are primarily driven by spending patterns in our customers' industries, our revenues, particularly those derived from our T&D segment, and results of operations can be subject to seasonal variations. These variations are influenced by weather, hours of daylight, customer spending patterns, available system outages from utilities, bidding seasons and holidays. Typically, our revenues in the first quarter can be affected by adverse weather conditions and the cyclicality of customer bidding activities. Bidding activity with respect to new projects is usually light from late-November through mid-January due to the holidays and the fact that our customers typically wait for year-end results to finalize capital and maintenance budgets for the upcoming year. The second quarter is typically better than the first, as some projects typically begin, but continued cold and wet weather can often impact second quarter productivity. Revenues in our third quarter may be affected by fewer available system outages during which we can perform electrical line service work due to peak electrical demands during hot summer months as well as storm restoration services. Revenues during the fourth quarter of the year are typically stronger as many projects are completed in the fourth quarter and revenues often are impacted positively by customers seeking to spend their allocated capital budget on existing projects before the end of the year; however, the holiday season and inclement weather sometimes can cause delays and thereby affect revenues.

We also provide storm restoration services to our T&D customers which tends to have a higher profit margin and offsets some of the negative effects of severe weather on our revenue. Higher profit margins on storm restoration services can offset the lost revenues in connection with weather-related delays in our construction, maintenance and repair work for our T&D customers. However, storm restoration services work is highly unpredictable and can cause our results of operations to vary greatly from quarter-to-quarter. We do not view storm restoration as a major revenue driver, as revenues from storm restoration services are typically less than $25.0 million, or 4.5% of consolidated revenue, per year. Our revenues will also fluctuate based on the timing of our large EPC contracts. As a result of the positive and negative effects of weather-related events on the services we provide and periodic effect of our large EPC contacts, it is difficult to predict recurring quarterly trends for our business.

Additionally, our industry can be highly cyclical. As a result, our volume of business may be adversely affected by declines in new projects in various geographic regions in the United States. The financial condition of our customers and their access to capital, variations in the margins of projects performed during any particular quarter and regional economic conditions may also materially affect quarterly results. Accordingly, our operating results in any particular quarter or year may not be indicative of the results that can be expected for any other quarter or for any other year. You should read "Understanding Gross Margins" below for additional discussion of trends and challenges that may affect our financial condition and results of operations.

Understanding Gross Margins

Our gross margin is gross profit expressed as a percentage of revenues. Contract costs consists primarily of salaries, wages and benefits to employees, depreciation, fuel and other equipment expenses, equipment rentals, subcontracted services, insurance, facilities expenses, materials and parts and supplies. Various factors—some of which are beyond our control—impact our gross margins on a quarterly or annual basis.

Capital Expenditures. We have recently begun spending a significant amount of capital on property, facilities and equipment, with the majority of such expenditures used to purchase additional specialized equipment to enhance our fleet and to reduce our reliance on operating leases and short term equipment rentals. We expect our gross margins to benefit from our capital expenditure plan, although there can be no assurance in this regard. However, we will continue to rely on leases for non-specialized equipment, such as light trucks. We believe that the investment in specialized equipment will reduce our costs and improve our margins over the long term.

Depreciation and Amortization. We include depreciation in contract costs. This is common practice in our industry, but can make comparability to other companies difficult. We expect that, as a result of our new capital expenditure program, depreciation expenses will increase in the future. Depreciation and amortization expenses have also increased as a result of the increase in tangible and intangible assets in the purchase price allocation recorded in connection with the acquisition of our common stock by affiliates of ArcLight. We consider equipment lease and rental costs to be costs associated with performing a contract. We believe decreased contract costs with respect to lower rental or lease payments for some types of equipment will more than offset higher depreciation expense associated with buying more specialized equipment for our projects.

Geographical. The mix of business conducted in different parts of the country will affect margins, as some parts of the country offer the opportunity for higher gross margins than others.

Seasonal and Weather. As discussed above, seasonal patterns, primarily related to weather conditions, can have a significant impact on gross margins in a given period. For example, it is typical during the winter months that parts of the country may experience snow or rainfall that may negatively impact our revenue and gross margin. Additionally, our T&D customers often cannot remove their T&D lines from service during the summer months, when consumer demand for electricity is at its peak, delaying the demand for our maintenance and repair services. In both cases, projects may be delayed or temporarily placed on hold. Conversely, in periods when weather remains dry and temperatures are moderate, more work can be done, sometimes with less cost, which would have a favorable impact on gross margins. In some cases, tornadoes, ice storms, hurricanes or other strong storm activity can provide us with high profit margin storm restoration services work, which generally has a positive impact on margins. However, storm restoration services work is highly unpredictable and we do not view it as a revenue driver, as revenues from storm restoration services are typically less than $25.0 million, or 4.5% of consolidated revenue, per year.

Revenue Mix. The mix of revenue derived from the industries we serve will impact gross margins. Changes in our customers' spending patterns in each of the industries we serve can cause an imbalance in supply and demand and, therefore, affect margins and mix of revenue by industry served. Storm restoration services typically command higher profit margins than maintenance services. Environmental factors, as noted above, can impact the timing at which customers perform maintenance and repairs which can cause a shift in the revenue mix. For example, during the period following Hurricane Katrina in 2005, our resources were temporarily shifted to storm restoration services work from maintenance and repair services.

Service and Maintenance Compared to New Construction. In general, new construction work has a higher gross margin than maintenance and repair work. This is because new construction work is often obtained on a fixed-price basis, which carries a higher risk than other types of pricing arrangements because a contractor bears the risk of increased expenses. As such, we and our competitors generally bid fixed-price contracts with higher profit margins built into our bids. We typically derive approximately 15.0% to 25.0% of our revenue from maintenance and repair work, which is performed under pre-established or negotiated prices or cost-plus pricing arrangements, which generally allows us a set margin above our costs. Thus, a higher portion of new construction work in a given period may result in a higher gross margin.

Subcontract Work. We generally experience lower gross margins when we subcontract portions of our work because we typically mark up subcontractor costs less than our labor and equipment costs. We typically subcontract approximately 9.0% to 11.0% of our work to other service providers.

Materials versus Labor. Margins may be lower on projects on which we furnish materials because we are not able to mark up materials as much as labor and equipment costs. In a given period, a higher percentage of work that has a higher materials component may decrease overall gross margin.

Insurance. Gross margins could be impacted by fluctuations in insurance accruals related to our deductibles in the period in which such adjustments are made. As of December 31, 2006, we had a deductible of $1.0 million per occurrence related to general liability, automobile liability and workers' compensation insurance. We also have an employee health care benefit plan for employees not subject to collective bargaining agreements, which is subject to a deductible of $0.1 million per covered individual per year. Losses up to the deductible amounts are accrued based upon our estimates of the ultimate liability for claims reported and an estimate of claims incurred but not yet reported. The determination of such estimated losses and their appropriateness are reviewed by management and updated at least quarterly.

Project Bonding Requirements. Approximately 22.6%, 22.6% and 28.3% of our business by revenue for the years ended December 31, 2005 and 2006 and the nine months ended September 30, 2007, respectively, requires surety bonds or other means of financial assurance to secure contractual performance. If we fail to perform or pay subcontractors and vendors, the customer may demand that the surety provide services or make payments under the bond. We must reimburse the surety for any expenses or outlays it incurs. To date, we have not been required to make any reimbursements to our surety for claims against the bonds. As of December 31, 2006, the total amount of bonded backlog was approximately $98.6 million, which represented 34.9% of our backlog at that time. As of September 30, 2007, the total amount of bonded backlog was approximately $51.3 million, which represented 20.9% of our backlog at that time. As of September 30, 2007, our total bonding capacity was $120.0 million.

Estimation, Fleet Utilization and Bidding. We operate a centrally-managed fleet in order to achieve the highest equipment utilization. We also develop internal equipment rates to reflect our true equipment costs, which in turn provides our business units with appropriate cost information to estimate bids for new projects more accurately. Availability of equipment for a particular contract is determined by our internal fleet ordering process which is designed to optimize the use of internal fleet assets and allocate equipment costs to individual contracts. We believe these processes allow us to utilize our equipment efficiently, which leads to improved gross margins. We also believe our teams of trained estimators help us to determine potential costs and revenues and make informed decisions on whether to bid for a project and the rates to use in making that bid. The ability to accurately estimate labor needs and material costs in connection with a new project also leads to improved gross margins.

Selling, General and Administrative Expenses

Selling, general and administrative expenses consist primarily of compensation and related benefits to management, administrative salaries and benefits, marketing, office rent and utilities, communications, professional fees and bad debt expense. Not all industry participants define selling, general and administrative expenses and contract costs in the same way. This can make comparisons between industry participants more difficult.

Consolidated Results of Operations

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

(dollars in thousands)	Year Ended December 31,						Nine Months Ended September 30,			
	Predecessor		Predecessor		Combined		Predecessor		Successor	
	2004		2005		2006(1)		2006		2007	
	(restated)		(restated)		(unaudited)		(unaudited)		(unaudited)	
Contract revenues	$ 322,096	100.0%	$ 508,700	100.0%	$ 535,257	100.0%	$ 407,228	100.0%	$ 453,915	100.0%
Contract costs	293,812	91.2	457,287	89.9	476,901	89.1	365,111	89.7	403,714	88.9
Gross profit	28,284	8.8	51,413	10.1	58,356	10.9	42,117	10.3	50,201	11.1
Selling, general and administrative expenses	34,575	10.7	37,438	7.4	40,880	7.6	30,848	7.6	35,401	7.8
Amortization of intangible assets	306	0.1	306	0.1	396	0.1	230	0.1	685	0.2
Gain on sale of property and equipment	(475)	(0.1)	(855)	(0.2)	(444)	(0.1)	(416)	(0.1)	(514)	(0.1)
Goodwill impairment	—	—	16,618	3.3	—	—	—	—	—	—
Income (loss) from operations	(6,122)	(1.9)	(2,094)	(0.4)	17,524	3.3	11,455	2.8	14,629	3.2
Other income (expense)										
Interest income	194	0.1	469	0.1	1,527	0.3	1,056	0.3	953	0.2
Interest expense	(23)	—	(18)	—	(340)	(0.1)	(183)	—	(696)	(0.2)
Other, net	(119)	—	(343)	(0.1)	(212)	—	(133)	—	(167)	—
Income (loss) before provision for income taxes	(6,070)	(1.9)	(1,986)	(0.4)	18,499	3.5	12,195	2.9	14,719	3.2
Income tax expense (benefit)	(2,595)	(0.8)	6,624	1.3	7,548	1.4	4,822	1.2	6,161	1.4
Income (loss) from continuing operations	(3,475)	(1.1)	(8,610)	(1.7)	10,951	2.0	7,373	1.8	8,558	1.9
Discontinued operations:										
Discontinued operations net of income tax expense (benefit)	(1,183)	(0.4)	492	0.1	—	—	—	—	—	—
Loss on sale of discontinued operations (net of income tax benefit)	(901)	(0.3)	(1,356)	(0.3)	—	—	—	—	—	—
Net loss from discontinued operations	(2,084)	(0.6)	(864)	(0.2)	—	—	—	—	—	—
Net income (loss)	$ (5,559)	(1.7)%	$ (9,474)	(1.9)%	$ 10,951	2.0%	$ 7,373	1.8%	$ 8,558	1.9%

(1) The presentation of the 2006 results on this combined basis does not comply with U.S. generally accepted accounting principles; however, management believes that this provides useful information to assess the relative performance of the businesses in all periods presented in the financial statements. The captions included within our statements of operations that are materially impacted by the change in basis of accounting include contract costs, which includes depreciation and amortization.

Nine Months Ended September 30, 2006 Compared to the Nine Months Ended September 30, 2007

Revenues. Revenues increased $46.7 million, or 11.5%, from $407.2 million for the nine months ended September 30, 2006 to $453.9 million for the nine months ended September 30, 2007. The increase in revenues was a result of successful new transmission contracts in the midwest and west and a significant increase in work within our C&I segment. This increase was offset by the reduction in revenues from the Iowa T&D Contract which was substantially completed during the first six months of 2006. The Iowa T&D Contract provided $50.3 million in revenues during the nine months ended September 30, 2006. Excluding the Iowa T&D Contract and revenues from storm restoration services, revenues increased $107.8 million, or 31.8% from the same period in 2006.

Gross profit. Gross profit increased $8.1 million, or 19.2%, from $42.1 million for the nine months ended September 30, 2006 to $50.2 million for the nine months ended September 30, 2007. As a percentage of overall revenues, gross margin increased from 10.3% for the nine months ended September 30, 2006 to 11.1% for the nine months ended September 30, 2007. The increase in gross margins for the nine months ended September 30, 2007 was attributable to several C&I projects that experienced a contract margin increase as a result of lower than anticipated costs as they near completion. Increased gross margins attributable to our C&I operations were offset by lower margins in our T&D segment as a result of a few underperforming contracts.

Selling, general and administrative expenses. Selling, general and administrative expenses increased $4.6 million, or 14.8%, from $30.8 million for the nine months ended September 30, 2006 to $35.4 million for the nine months ended September 30, 2007. The increase relates primarily to salary increases and increases in bonus expense for the period. We also incurred $0.9 million in expenses for professional fees and services related to the 2007 Private Placement. As a percentage of revenues, these expenses increased from 7.6% for the nine months ended September 30, 2006 to 7.8% for the nine months ended September 30, 2007.

Gain (loss) on sale of property and equipment. Gains from the sale of property and equipment increased by $0.1 million from $0.4 million for the nine months ended September 30, 2006 to $0.5 million for the nine months ended September 30, 2007. The increase in gains from the sale of equipment resulted from the routine sale of property and equipment that was no longer useful or valuable to our ongoing operations.

Interest income. Interest income decreased $0.1 million from $1.1 million for the nine months ended September 30, 2006 to $1.0 million for the nine months ended September 30, 2007. The decrease in interest income primarily relates to the lower average cash balance that we carried during 2007 and less favorable interest rates during that same period.

Interest expense. Interest expense increased $0.5 million from $0.2 million for the nine months ended September 30, 2006 to $0.7 million for the nine months ended September 30, 2007. The increase in interest expense is a result of the increased average borrowings and the $50.0 million draw under our Credit Facility on August 31, 2007.

Provision for income taxes. The provision for income taxes was $4.8 million for the nine months ended September 30, 2006, with an effective tax rate of 39.5% compared to $6.2 million for the nine months ended September 30, 2007, with an effective tax rate of 41.9%.

Segment Results

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

	Nine Months Ended September 30,			
	Amount	Percent	Amount	Percent
(dollars in thousands)	2006		2007	
	(unaudited)		(unaudited)	
Contract revenues:				
Transmission & Distribution	$ 305,584	75.0%	$ 331,546	73.0%
Commercial & Industrial	101,644	25.0	122,369	27.0
Total	$ 407,228	100.0	$ 453,915	100.0
Operating Income:				
Transmission & Distribution	$ 21,245	7.0	$ 22,477	6.8
Commercial & Industrial	3,225	3.2	6,591	5.4
Total	$ 24,470	6.0	$ 29,068	6.4
Corporate	$ (13,015)	(3.2)	$ (14,439)	(3.2)
Consolidated	$ 11,455	2.8%	$ 14,629	3.2%

Transmission & Distribution

Net sales for our T&D segment for the nine months ended September 30, 2006 were $305.6 million compared to $331.5 million for the nine months ended September 30, 2007, an increase of $26.0 million or 8.5%. This increase in revenues was a result of several new projects added in the midwest and west and offset by the substantial completion of the Iowa T&D Contract during the first nine months of 2006. The Iowa T&D Contract provided $50.3 million in revenues during the nine months ended September 30, 2006. Excluding Iowa T&D Contract and revenues from storm restoration services, our T&D revenues increased $87.1 million, or 36.7% from the same period in 2006.

Operating income for our T&D segment for the nine months ended September 30, 2006 was $21.2 million compared to $22.5 million for the nine months ended September 30, 2007, an increase of $1.2 million, or 5.8%. As a percentage of revenues, operating income decreased from 7.0% for the nine months ended September 30, 2006 to 6.8% for the nine months ended September 30, 2007. This reduction in operating income and margin was a result of a few underperforming contracts despite stronger margins across the balance of our business.

Commercial & Industrial

Net sales for our C&I segment for the nine months ended September 30, 2006 were $101.6 million compared to $122.4 million ended September 30, 2007, an increase of $20.7 million or 20.4%. The increase is attributed to continued strength in commercial and industrial construction activity in our core markets and new project wins. Operating income for our C&I segment for the nine months ended September 30, 2006 was $3.2 million compared to $6.6 million for the nine months ended September 30, 2007, an increase of $3.4 million, or 104.4%. The increase in operating income for our C&I segment during the nine month period ended September 30, 2007 was related to positive cost adjustments in several projects nearing completion. The favorable cost adjustments in these projects were due to efficiencies gained during the construction process and controlling costs.

Year Ended December 31, 2005 Compared to the Year Ended December 31, 2006

Revenues. Revenues increased $26.6 million, or 5.2%, from $508.7 million for the year ended December 31, 2005 to $535.3 million for the year ended December 31, 2006. This increase in revenue was primarily as a result of increased transmission projects in the western United States and continued strength in our C&I business. These increases were offset by reduced storm revenues during 2006 and lower revenues from the Iowa T&D Contract which was substantially completed during the first six months of 2006. Revenues performed under the Iowa T&D Contract totaled $53.2 million during the year ended December 31, 2006, down from $65.5 million for the year ended December 31, 2005. Excluding the Iowa T&D Contract and revenues from storm restoration services, revenues increased $46.0 million, or 11.2%.

Gross profit. Gross profit increased $6.9 million, or 13.5%, from $51.4 million for the year ended December 31, 2005 to $58.4 million for the year ended December 31, 2006. As a percentage of revenues, gross margin increased from 10.1% for the year ended December 31, 2005 to 10.9% for the year ended December 31, 2006. The increase in gross margins for 2006 as compared to 2005 was primarily attributable to higher profit margins on work from our electric power customers and improved pricing conditions. The increase in gross margins was also related to our margin enhancement initiatives which include our focus on job cost control, marketing and bidding on higher profit margin projects. Margins improved during 2006 on work from our electric power customers despite the lower volume of higher profit margin emergency restoration services in 2006 compared to 2005.

Selling, general and administrative expenses. Selling, general and administrative expenses increased $3.4 million, or 9.2%, from $37.4 million for the year ended December 31, 2005 to $40.9 million for the year ended December 31, 2006. The $3.5 million increase relates primarily to increased labor costs, which were partially offset by a decrease in costs for outside professional services, including legal services. As a percentage of revenues, these expenses were 7.4% and 7.6% for the years ended December 31, 2005 and 2006, respectively.

Gain (loss) on sale of property and equipment. Gains from the sale of property and equipment decreased by $0.4 million, or 48.1%, from $0.9 million for the year ended December 31, 2005 to $0.4 million for the year ended December 31, 2006. The decrease in gains from the sale of equipment resulted from the routine sale of property and equipment that was no longer useful or valuable to our ongoing operations.

Goodwill impairment. No goodwill impairment charge was recorded during the year ended December 31, 2006, while a goodwill impairment in the amount of $16.6 million was recorded during the year ended December 31, 2005. The $16.6 million goodwill impairment charge was recorded in December 2005 based upon our annual goodwill impairment analysis.

Interest income. Interest income increased $1.1 million from $0.5 million for the year ended December 31, 2005 to $1.5 million for the year ended December 31, 2006. The increase in interest income primarily relates to the higher average cash balance that we carried during 2006 and more favorable interest rates during that same period.

Interest expense. Interest expense was $0.3 million for the year ended December 31, 2006, primarily due to interest costs associated with our prior credit facility.

Provision for income taxes. The provision for income taxes was $6.6 million for the year ended December 31, 2005, with an effective tax rate of negative 333.4% compared to $7.5 million for the year ended December 31, 2006, with an effective tax rate of 40.8%. We incurred a $16.6 million goodwill impairment charge for the year ended December 31, 2005. The goodwill impairment charge was an expense that significantly reduced our net income for the year ended December 31, 2005. Since the goodwill impairment expense was not deductible for tax purposes, our effective tax rate was significantly higher in 2005 than in other comparable periods.

Discontinued operations. No charges were recorded for discontinued operations for the year ended December 31, 2006. A net loss from discontinued operations in the amount of $0.9 million was recorded for the period ended December 31, 2005. This net loss included a goodwill write-off of $0.7 million in connection with the sale of Power Piping in March 2005 for $3.2 million. The sale was negotiated for cash and a note receivable of $0.5 million. We recognized a pre-tax loss of $1.0 million on the sale of Power Piping. In addition, during 2005 we recognized an additional pre-tax loss of $0.8 million attributed to the sale of D.W. Close in December 2004. This loss was the result of a combination of factors including an additional accrual for guaranteed minimum margin requirement on selected contracts and a purchase price adjustment based on the re-evaluation of net assets as of the date of sale.

Segment Results

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

	Year Ended December 31,					
	2005			2006(1)		
(dollars in thousands)		(restated) Amount	Percent		Amount	Percent
Contract Revenues:						
Transmission & Distribution	$	388,273	76.3%	$	398,562	74.5%
Commercial & Industrial		120,427	23.7		136,695	25.5
Total	$	508,700	100.0	$	535,257	100.0
Operating Income:						
Transmission & Distribution	$	13,318	3.4	$	28,699	7.2
Commercial & Industrial		1,018	0.8		5,264	3.9
Total	$	14,336	2.8	$	33,963	6.3
Corporate	$	(16,430)	(3.2)	$	(16,439)	(3.1)
Consolidated	$	(2,094)	(0.4)%	$	17,524	3.3%

(1) The presentation of the 2006 results on this combined basis does not comply with U.S. generally accepted accounting principles; however, management believes that this provides useful information to assess the relative performance of the businesses in all periods presented in the financial statements. The captions included within our statements of operations that are materially impacted by the change in basis of accounting include depreciation and amortization.

Transmission & Distribution

Net sales for our T&D segment for the year ended December 31, 2005 were $388.3 million compared to $398.6 million for the year ended December 31, 2006, an increase of $10.3 million or 2.6%. This increase in sales was primarily as a result of increased transmission projects in the western United States. The increase was offset by reduced storm revenues during 2006 and lower revenues from the Iowa T&D Contract that was substantially completed during the first six months of 2006. Total revenues associated with storm restoration services in 2005 were approximately $30.9 million as compared to $23.7 million of emergency restoration services in 2006. Revenues performed under the Iowa T&D Contract totaled $53.2 million during the year ended December 31, 2006, a decrease from $65.5 million for the year ended December 31, 2005. Excluding the Iowa T&D Contract and storm restoration revenues, revenues increased $29.7 million, or 10.2% from 2005 to 2006.

Operating income for our T&D segment for the year ended December 31, 2005 was $13.3 million compared to $28.7 million for the year ended December 31, 2006, an increase of $15.4 million, or 115.5%. Operating income for 2005 was affected by a $12.4 million goodwill impairment charge. Excluding the effect of this charge, T&D operating income for the year ended December 31, 2005 was $25.7 million compared to $28.7 million for the year ended December 31, 2006, an increase of $3.0 million, or 11.5%. As a percentage of revenues, operating income increased from 3.4% for the year ended December 31, 2005 to 7.2% for the year ended December 31, 2006. When adjusted for the impairment charge, operating income increased from 6.6% of revenues for the year ended December 31, 2005 to 7.2% of revenues for the year ended December 31, 2006. The increase in operating margins for 2006 as compared to 2005 was primarily attributable to our margin enhancement initiatives and higher profit margin transmission projects.

Commercial & Industrial

Net sales for our C&I segment for year ended December 31, 2005 were $120.4 million compared to $136.7 million for the year ended December 31, 2006, an increase of $16.3 million or 13.5%. The increase in net sales for our C&I segment was driven by improved performance in our market, including several additional contracts.

Operating income for our C&I segment for the year ended December 31, 2005 was $1.0 million compared to $5.3 million for the year ended December 31, 2006, an increase of $4.2 million, or 417.1%. Operating income for 2005 was affected by a $4.2 million goodwill impairment charge. Excluding the effect of this charge, C&I operating income for the year ended December 31, 2005 was $5.2 million compared to $5.3 million for the year ended December 31, 2006. As a percentage of revenues, operating income increased from 0.8% for the year ended December 31, 2005 to 3.9% for the year ended December 31, 2006. When adjusted for the impairment charge, operating income decreased from 4.3% of revenues for the year ended December 31, 2005 to 3.9% of revenues for the year ended December 31, 2006. The decrease in operating margin for 2006 as compared to 2005 was primarily attributable to weaker realized margin due to cost overruns.

Year Ended December 31, 2004 Compared to the Year Ended December 31, 2005

Revenues. Revenues increased $186.6 million, or 57.9%, from $322.1 million for the year ended December 31, 2004 to $508.7 million for the year ended December 31, 2005. This substantial increase in revenues was a result of our work performed under the Iowa T&D Contract and a larger volume of storm restoration services provided during 2005 to our electric power customers due to hurricanes in the Gulf Coast region. Revenues performed under the Iowa T&D Contract totaled $65.5 million during the year ended December 31, 2005, up from $5.6 million for the year ended December 31, 2004. Revenues from storm restoration services during 2005 were $30.9 million, up from $8.4 million for the year ended December 31, 2004. Excluding the Iowa T&D Contract and revenues from storm restoration services, revenues increased $104.2 million, or 33.8% from 2004 to 2005.

Gross profit. Gross profit increased $23.1 million, or 81.8%, from $28.3 million for the year ended December 31, 2004 to $51.4 million for the year ended December 31, 2005. As a percentage of revenues, gross margin increased from 8.8% for the year ended December 31, 2004 to 10.1% for the year ended December 31, 2005. Gross profit was favorably impacted by an increased volume of higher profit margin storm restoration services as discussed above. In addition, the increase in gross margins for the year ended December 31, 2005 over the year ended December 31, 2004 was attributable to more favorable market pricing and better utilization of our centralized fleet.

Selling, general and administrative expenses. Selling, general and administrative expenses increased $2.9 million, or 8.3%, from $34.6 million for the year ended December 31, 2004 to $37.4 million for the year ended December 31, 2005. The increase relates primarily to increased expenses associated with our bonus award program, which were partially offset by a decrease in costs for outside professional services, including legal services. As a percentage of revenues, these expenses decreased from 10.7% for the year ended December 31, 2004 to 7.4% for the year ended December 31, 2005.

Gain (loss) on sale of property and equipment. Gains from the sale of property and equipment increased by $0.4 million, or 80.0%, from $0.5 million for the year ended December 31, 2004 to $0.9 million for the year ended December 31, 2005. The increase in gains from the sale of equipment resulted from the routine sale of property and equipment that was no longer useful or valuable to our ongoing operations.

Goodwill impairment. As indicated above, a goodwill impairment charge in the amount of $16.6 million was recorded during the year ended December 31, 2005. This charge was incurred as goodwill was evaluated as part of the business valuation by our previous controlling stockholder prior to the sale of our common stock to affiliates of ArcLight. No goodwill impairment charge was recorded during the year ended December 31, 2004.

Interest income. Interest income increased $0.3 million, or 141.8%, from $0.2 million for the year ended December 31, 2004 to $0.5 million for the year ended December 31, 2005. The increase in interest income was primarily related to a more favorable average annual yield of 3.11% in 2005 compared to 1.21% in 2004.

Interest expense. We incurred minimal expenses related to interest during the years ended December 31, 2004 and 2005. Our interest expense was relatively flat over those same periods.

Provision for income taxes. The benefit for income taxes was $2.6 million for the year ended December 31, 2004, with an effective tax rate of 42.8%, compared to an expense of $6.6 million for the year ended December 31, 2005, with an effective tax rate of negative 333.4%. As discussed above, due to the goodwill impairment charges in 2005 our effective tax rate was higher for the year ended December 31, 2005 than for the year ended December 31, 2004.

Discontinued operations. Losses from discontinued operations decreased $1.2 million, or 58.5% from $2.1 million for the year ended December 31, 2004 to $0.9 million for the year ended December 31, 2005. Our losses from discontinued operations in 2004 resulted from the sale of D.W. Close. The losses in 2005 were primarily related to the disposition of Power Piping and additional pre-tax losses attributed to the sale of D.W. Close. These additional pre-tax losses for D.W. Close were attributable to an additional accrual for guaranteed margin requirements on selected contracts and a purchase price adjustment based on the reevaluation of net assets as of the date of sale.

Segment Results

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

	Year Ended December 31,			
	2004 (restated)		2005 (restated)	
(dollars in thousands)	Amount	Percent	Amount	Percent
Contract Revenues:				
Transmission & Distribution	$ 232,667	72.2%	$ 388,273	76.3%
Commercial & Industrial	89,429	27.8	120,427	23.7
Total	$ 322,096	100.0	$ 508,700	100.0
Operating Income:				
Transmission & Distribution	$ 5,953	2.6	$ 13,318	3.4
Commercial & Industrial	4,371	4.9	1,018	0.8
Total	$ 10,324	3.2	$ 14,336	2.8
Corporate	$ (16,446)	(5.1)	$ (16,430)	(3.2)
Consolidated	$ (6,122)	(1.9)%	$ (2,094)	(0.4)%

Net sales for our T&D segment for the year ended December 31, 2004 were $232.7 million compared to $388.3 million for the year ended December 31, 2005, an increase of $155.6 million or

66.9%. This increase in revenues was a result of our work performed under the Iowa T&D Contract and a larger volume of storm restoration services provided during 2005 to our electric power customers due to hurricanes in the Gulf Coast region. Revenues under the Iowa T&D Contract totaled $65.5 million during the year ended December 31, 2005, up from $5.6 million for the year ended December 31, 2004. Storm restoration services during 2005 were $30.9 million, up from $8.4 million for the year ended December 31, 2004. Excluding the Iowa T&D Contract and storm restoration service revenues, revenues increased $73.2 million, or 33.5% from 2004.

Operating income for our T&D segment for the year ended December 31, 2004 was $6.0 million compared to $13.3 million for the year ended December 31, 2005, an increase of $7.4 million, or 123.7%. Operating income for 2005 was affected by a $12.4 million goodwill impairment charge. Excluding the effect of this charge, T&D operating income for the year ended December 31, 2005 was $25.7 million compared to $6.0 million for the year ended December 31, 2004, an increase of $19.8 million, or 332.4%. As a percentage of revenues, operating income increased from 2.6% for the year ended December 31, 2004 to 3.4% for the year ended December 31, 2005. When adjusted for the impairment charge, operating income increased from 2.6% of revenues for the year ended December 31, 2004 to 6.6% of revenues for the year ended December 31, 2005. This increase was largely attributable to the volume of higher profit margin storm restoration services, improved business conditions and operating leverage, including more efficient utilization of our fleet and specialized equipment and tooling. The Iowa T&D Contract was a highly successful project that created significant revenue for us; however, margins were somewhat lower than would be typical under a T&D contract due to lower mark-ups on a significant amount of materials and subcontract costs related to the project.

Commercial & Industrial

Net sales for our C&I segment for year ended December 31, 2004 were $89.4 million compared to $120.4 million for the year ended December 31, 2005, an increase of $31.0 million or 34.7%. This significant increase was attributable to several large C&I contracts won in Colorado and improved business conditions in both of our core markets.

Operating income for our C&I segment for the year ended December 31, 2004 was $4.4 million compared to $1.0 million for the year ended December 31, 2005, a decrease of $3.4 million, or 76.7%. Operating income for 2005 was affected by a $4.2 million goodwill impairment charge. Excluding the effect of this charge, C&I operating income for the year ended December 31, 2005 was $5.2 million compared to $4.4 million for the year ended December 31, 2004, an increase of $0.8 million, or 19.3%. The operating income margin for the C&I segment decreased from 4.9% to 0.8% as a percentage of sales for the years ended December 31, 2004 and December 31, 2005, respectively. When adjusted for the impairment charge, operating income decreased from 4.9% of revenues for the year ended December 31, 2004 to 4.3% of revenues for the year ended December 31, 2005. The decrease in operating income margin was due to several large C&I contracts with significant materials components which provided lower margins.

Quarterly Results of Operations

The following table presents our unaudited quarterly results of operations for the first three quarters of 2007 and for each of the quarters in the year ended December 31, 2006. You should read the following table in conjunction with our audited and unaudited financial statements and related notes contained elsewhere in this prospectus.

(in thousands, except share and per share data)	March 31, 2006	June 30, 2006	September 30, 2006	December 31, 2006(1)	March 31, 2007	June 30, 2007	September 30, 2007
Consolidated Statements of Operations Data:							
Contract revenues	$ 149,823	$ 147,659	$ 109,746	$ 128,029	$ 141,359	$ 158,041	$ 154,515
Contract costs	135,626	132,037	97,448	111,790	128,218	139,965	135,531
Gross profit	14,197	15,622	12,298	16,239	13,141	18,076	18,984
Selling, general and administrative expenses	10,376	10,844	9,628	10,032	10,766	11,641	12,994
Amortization of intangible assets	76	77	77	166	344	257	84
Gain on sale of property and equipment	(73)	(176)	(167)	(28)	(23)	(210)	(281)
Income from operations	3,818	4,877	2,760	6,069	2,054	6,388	6,187
Other income							
Interest income	308	296	452	471	415	238	300
Interest expense	(1)	(1)	(181)	(157)	(135)	(150)	(411)
Other, net	(44)	(44)	(45)	(79)	(10)	(58)	(99)
Income before provision for income taxes	4,081	5,128	2,986	6,304	2,324	6,418	5,977
Income tax expense	1,608	2,030	1,184	2,726	957	2,754	2,450
Net income	$ 2,473	$ 3,098	$ 1,802	$ 3,578	$ 1,367	$ 3,664	$ 3,527
Income (Loss) Per Common Share:							
Basic and diluted income (loss) per common share:							
Net income (loss)	$ 0.15	$ 0.19	$ 0.11	$ 0.22	$ 0.08	$ 0.22	$ 0.21
Weighted average shares outstanding							
Basic and diluted	16,446,842	16,446,842	16,446,842	16,446,842	16,446,842	16,446,842	16,446,842
Reconciliation of EBITDA to Net Income from continuing operations:							
Net income from continuing operations	$ 2,473	$ 3,098	$ 1,802	$ 3,578	$ 1,367	$ 3,664	$ 3,527
Interest income (expense), net	(307)	(295)	(271)	(314)	(280)	(88)	111
Provision for income tax	1,608	2,030	1,184	2,726	957	2,754	2,450
Depreciation and amortization	1,249	1,273	1,372	2,138	3,262	2,391	2,470
EBITDA	$ 5,023	$ 6,106	$ 4,087	$ 8,128	$ 5,306	$ 8,721	$ 8,558

(1) The presentation of the results for the quarter ended December 31, 2006 on this combined basis does not comply with U.S. generally accepted accounting principles; however, management believes that this provides useful information to assess the relative performance of the businesses in all periods presented in the financial statements.

Liquidity and Capital Resources

Cash Requirements

Our cash and cash equivalents on hand, totaled $10.4 million as of September 30, 2007. We anticipate that our cash and cash equivalents on hand, borrowing availability under our Credit Facility, our short term investments, if any, and our future cash flow from operations will provide sufficient cash to enable us to meet our future operating needs, debt service requirements and planned capital expenditures and to facilitate our future ability to grow. Our participation in large scale initiatives to rebuild the United States electric power grid may require a significant amount of additional working capital.

Sources and Uses of Cash

As of September 30, 2007, we had cash and cash equivalents of $10.4 million, positive working capital of $34.2 million and long-term liabilities, in the amount of $63.2 million, which consists of the long-term portion of our term loan facility, deferred tax and deferred compensation obligations. We also had $27.0 million of letters of credit outstanding under our Credit Facility. During the nine months ended September 30, 2007, operating activities associated with our T&D and C&I segments resulted in net cash flow from operations of $5.8 million compared to $17.2 million for the nine months ended September 30, 2006. Cash flow from operations is primarily influenced by demand for our services, operating margins and the type of services we provide our customers. The change of $11.4 million in comparing the nine month periods is primarily due to a $13.1 million change in construction materials inventory which were held for a particular contract in 2005. We typically do not hold construction materials inventory to this magnitude. We used net cash in investing activities of $21.3 million, including $21.9 million used for capital expenditures, offset by $0.6 million of proceeds from the sale of equipment. We used net cash in financing activities of $0.3 million, resulting primarily from cash received from stockholder's notes offset by debt issuance costs.

Debt Instruments

On August 31, 2007, we entered into an agreement for a $125.0 million senior secured credit facility which provides for a refinancing of our existing $75.0 million revolving credit line (which may be increased or decreased in accordance with the terms of the related credit agreement) and a $50.0 million term loan facility. At our option, borrowings under these facilities bear interest at the greater of a prime rate or the Federal funds rate plus a spread or at an adjusted LIBOR index rate plus a spread based upon our leverage ratio. There were $50.0 million of borrowings outstanding at an interest rate of 6.875% at September 30, 2007. As of September 30, 2007, we had $27.0 million of outstanding letters of credit, which reduces our borrowing capacity under the revolving credit line. The Credit Facility expires on August 31, 2012.

The terms of the credit agreement governing our Credit Facility require, among other things, that we adhere to a maximum leverage ratio and maintain a minimum interest coverage ratio. The credit agreement also includes other specific limits or restrictions on additional indebtedness, liens and capital expenditure activity. Our obligations under the credit agreement are secured by a lien on all of our property (including the capital stock of our subsidiaries) other than any property subject to a certificate of title, subject to any lease or similar interest and our real property and fixtures.

Off-Balance Sheet Transactions

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

Leases

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

We have guaranteed the residual value of the underlying assets under certain of our equipment operating leases at the date of termination of such leases. We have agreed to pay any difference between this residual value and the fair market value of each underlying asset as of the lease termination date. As of September 30, 2007, the maximum guaranteed residual value was approximately $4.4 million. We believe that no significant payments will be made as a result of the difference between the fair market value of the leased equipment and the guaranteed residual value. However, there can be no assurance that future significant payments will not be required.

We typically have purchase options on the equipment underlying our long term operating leases and many of our short term rental arrangements. We are exercising many of these purchase options now as the need for equipment is on-going and the purchase option price is attractive.

Letters of Credit

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

As of September 30, 2007, we had $27.0 million in letters of credit outstanding under our prior credit facility primarily to secure obligations under our casualty insurance and bonding programs. These are irrevocable stand-by letters of credit with maturities expiring at various times throughout 2007. Upon maturity, it is expected that the majority of these letters of credit will be renewed for subsequent one-year periods.

Surety Bonds

Many customers, particularly in connection with new construction, require us to post performance and payment bonds issued by a financial institution known as a surety. These bonds provide a guarantee to the customer that we will perform under the terms of a contract and that we will pay subcontractors and vendors. If we fail to perform under a contract or to pay subcontractors and vendors, the customer may demand that the surety make payments or provide services under the bond. We must reimburse the surety for any expenses or outlays it incurs. Under our continuing indemnity and security agreement with the surety, with the consent of our lenders under our Credit Facility, we have granted security interests in certain of our assets to collateralize our obligations to the surety. We may be required to post letters of credit or other collateral in favor of the surety or our customers. Posting letters of credit in favor of the surety or our customers would reduce the borrowing availability under our Credit Facility. To date, we have not been required to make any reimbursements to the surety for bond-related costs. We believe that it is unlikely that we will have to fund significant claims under our surety arrangements in the foreseeable future. As of September 30, 2007, an aggregate of approximately $234.6 million in original face amount of bonds issued by the surety were outstanding. Our estimated cost to complete these bonded projects was approximately $46.3 million as of September 30, 2007.

Contractual Obligations

As of September 30, 2007, our future contractual obligations are as follows (in thousands):

	Total	2007	2008	2009	2010	2011	Thereafter
Long-term debt obligations	$ 50,000	$ —	$ 1,250	$ 3,750	$ 5,000	$ 5,000	$ 35,000
Operating lease obligations	29,620	2,922	10,463	7,729	5,320	2,496	690
Income tax contingences	643	—	643	—	—	—	—
Total	$ 80,263	$ 2,922	$ 12,356	$ 11,479	$ 10,320	$ 7,496	$ 35,690

Excluded from the above table is interest associated with borrowings under our Credit Facility because both the amount borrowed and applicable interest rate are variable. As of September 30, 2007, we had $50.0 million of borrowings outstanding under our Credit Facility. In addition, our multiemployer pension plan contributions are determined annually based on our union employee payrolls, which cannot be determined for future periods in advance.

Concentration of Credit Risk

We grant credit under normal payment terms, generally without collateral, to our customers, which include electric power companies, governmental entities, general contractors and builders, owners and managers of commercial and industrial properties located in the United States. Consequently, we are subject to potential credit risk related to changes in business and economic factors throughout the United States. However, we generally have certain statutory lien rights with respect to services provided. Under certain circumstances such as foreclosures or negotiated settlements, we may take title to the underlying assets in lieu of cash in settlement of receivables. No customer accounted for more than 14.2% of revenues for the years ended December 31, 2004, 2005 or 2006. Management believes the terms and conditions in its contracts, billing and collection policies are adequate to minimize the potential credit risk.

Borrowings under our Credit Facility are based upon an interest rate that will vary depending upon the Federal fund rates and LIBOR. If we borrow additional amounts under our Credit Facility, the interest rate on those borrowings will also be variable. If the Federal fund rates or LIBOR rise, our interest payment obligations will increase and have a negative effect on our cash flow and financial condition. We currently do not maintain any hedging contracts that would limit our exposure to variable rates of interest. As of December 31, 2007, we had $30.0 million of borrowings outstanding under our Credit Facility. The Credit Facility currently accrues annual interest at one-month LIBOR rates in effect at each month end plus 1.25% as defined in the credit agreement governing our Credit Facility. A 0.125% increase or decrease in the interest rate would have the effect of changing our interest expense by $37,500 per annum.

Legal Proceedings

We are from time-to-time party to various lawsuits, claims and other legal proceedings that arise in the ordinary course of business. These actions typically seek, among other things, compensation for alleged personal injury, breach of contract and/or property damages, punitive damages, civil and criminal penalties or other losses, or injunctive or declaratory relief. With respect to all such lawsuits, claims and proceedings, we record reserves when it is probable that a liability has been incurred and the amount of loss can be reasonably estimated. We do not believe that any of these proceedings, separately or in the aggregate, would be expected to have a material adverse effect on our financial position, results of operations or cash flows.

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

In 2005, one of our subsidiaries was convicted of a criminal misdemeanor for a violation of certain Occupational Safety and Health Administration, or OSHA, safety regulations that occurred in 1999. We were assessed and paid a fine of $500,000 and the subsidiary was sentenced to a three-year probation period, which ends December 8, 2008. We believe that we are in compliance with the terms of the probation. We have appealed this decision, but cannot predict whether we will be successful in our appeal. The conviction and subsequent probation have not had a material impact on our subsidiary or on us generally and we do not believe either will have a material adverse effect on us in the future.

Inflation

Due to relatively low levels of inflation experienced during the years ended December 31, 2004, 2005 and 2006, inflation did not have a significant effect on our results.

New Accounting Pronouncements

In February 2006, the Financial Accounting Standards Board ("FASB") issued Statement of Financial Accounting Standards ("SFAS") No. 155, "Accounting for Certain Hybrid Financial Instruments—An Amendment of FASB Statements No. 133 and 140." SFAS No. 155 provides entities with relief from having to separately determine the fair value of an embedded derivative that would otherwise be required to be bifurcated from its host contract in accordance with SFAS No. 133. SFAS No. 155 allows an entity to make an irrevocable election to measure such a hybrid financial instrument at fair value in its entirety, with changes in fair value recognized in earnings. SFAS No. 155 is effective for all financial instruments acquired, issued or subject to a remeasurement event occurring after the beginning of an entity's first fiscal year that begins after September 15, 2006. Our adoption of SFAS No. 155 on January 1, 2007 has not had a material impact on our financial position, results of operations or cash flows.

In July 2006, the FASB issued Interpretation No. 48, "Accounting for Uncertainty in Income Taxes, an interpretation of SFAS 109, Accounting for Income Taxes" ("FIN 48"). FIN 48 prescribes a comprehensive model for how companies should recognize, measure, present, and disclose in their financial statements uncertain tax positions taken or expected to be taken on a tax return. Under FIN 48, tax positions may be recognized in the financial statements when it is more likely than not the position will be sustained upon examination by the tax authorities. The amount recognized for such tax positions is the largest amount of benefit that is greater than 50% likely of being realized upon ultimate settlement. FIN 48 also revises disclosure requirements to include an annual tabular roll forward of unrecognized tax benefits. The provisions of this interpretation are required to be adopted for fiscal periods beginning after December 15, 2006. We will be required to apply the provisions of FIN 48 to all tax positions upon initial adoption with any cumulative effect adjustment to be recognized as an adjustment to accumulated deficit. Our adoption of FIN 48 on January 1, 2007 did not have a material impact on our financial position, results of operations or cash flows.

In September 2006, the FASB issued SFAS No. 157, "Fair Value Measurements." SFAS No. 157 defines fair value, establishes methods used to measure fair value and expands disclosure requirements about fair value measurements. SFAS No. 157 is effective for financial statements issued for fiscal years beginning after November 15, 2007, and interim periods within those fiscal periods. We are currently analyzing the provisions of SFAS No. 157 and determining how it will affect our accounting policies and procedures and have not yet made a determination of the impact that our January 1, 2008 adoption will have on our consolidated financial position, results of operations or cash flows.

In February 2007, the FASB issued SFAS No. 159, "The Fair Value Option for Financial Assets and Financial Liabilities, including an amendment of FASB Statement No. 115". SFAS No. 159 permits entities to choose to measure at fair value many financial instruments and certain other items at fair value that are not currently required to be measured. Unrealized gains and losses on items for which the fair value option has been elected are reported in earnings. SFAS No. 159 does not affect any existing accounting literature that requires certain assets and liabilities to be carried at fair value. SFAS No. 159 is effective for fiscal years beginning after November 15, 2007. We adopted SFAS No. 159 on January 1, 2008, but have not yet determined the impact, if any, on our consolidated financial statements.

In December 2007, the FASB issued SFAS No. 141R, "Business Combinations" and SFAS No. 160, "Noncontrolling Interests in Consolidated Financial Statements". SFAS No. 141R establishes the acquisition method to account for business combinations, which requires the acquiring entity to recognize all of the assets acquired and liabilities assumed in the transaction; establishes the acquisition-date fair value as the measurement objective for all assets acquired and liabilities assumed; and requires the acquirer to disclose to investors and other users all of the information they need to evaluate and understand the nature and financial effect of the business combination. SFAS No. 160 requires all entities to report noncontrolling (minority) interests in subsidiaries as equity in the consolidated financial statements and requires transactions between an entity and noncontrolling interests to be treated as equity transactions. Both statements are effective for fiscal years beginning after December 15, 2008. We will adopt SFAS No. 141R and SFAS No. 160 on January 1, 2009, but have not yet determined the impact, if any, on 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 accounting principles generally accepted in the United States. The preparation of these consolidated financial statements requires us to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosures of contingent assets and liabilities known to exist at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. We evaluate our estimates on an ongoing basis, based on historical experience and on various other assumptions that are believed to be reasonable under the circumstances. There can be no assurance that actual results will not differ from those estimates. We believe the following accounting policies affect our more significant judgments and estimates used in the preparation of our consolidated financial statements:

Revenue Recognition. We recognize revenue under long-term contracts using the percentage-of-completion method prescribed in SOP 81-1. Under this method, revenue is recognized based on the percentage of costs incurred to date to total estimated costs for each contract. Provisions for the total estimated losses on uncompleted contracts are made in the period in which such losses are determined. Changes in job performance, job conditions, estimated profitability, weather and final contract settlements may result in revisions to costs and income and their effects are recognized in the period in which the revisions are determined. Delays in construction due to weather or job performance can result in changes in estimates for the percentage-of-completion calculations.

Valuation of Intangibles and Long-Lived Assets. SFAS No. 142 provides that goodwill and other intangible assets that have indefinite useful lives not be amortized but, instead, must be tested at least annually for impairment, and intangible assets that have finite useful lives should continue to be amortized over their useful lives. SFAS No. 142 also provides specific guidance for testing goodwill and other nonamortized intangible assets for impairment. Goodwill of a reporting unit is tested for impairment between annual tests if an event occurs or circumstances change that would, more likely than not, reduce the fair value of a reporting unit below its carrying amount. Examples of such events or circumstances may include a significant change in business climate or a loss of key customers or personnel.

SFAS No. 142 requires that management make certain estimates and assumption in order to allocate goodwill to reporting units and to determine the fair value of reporting unit net assets and liabilities, including, among other things, an assessment of market conditions, projected cash flows, cost of capital and growth rates, which could significantly impact the reported value of goodwill and other intangible assets. Estimating future cash flows requires significant judgment, and our projections may vary from cash flows eventually realized. As part of our 2005 annual test for goodwill impairment, goodwill in the amount of $16.6 million was written off as a non-cash operating expense. The goodwill impairment was identified during the acquisition of our common stock by affiliates of ArcLight.

We review long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying amount may not be realizable. If an evaluation is required, the estimated future undiscounted cash flows associated with the asset are compared to the asset's carrying amount to determine if an impairment of such asset is necessary. Estimating future cash flows requires significant judgment, and our projections may vary from cash flows eventually realized. The effect of any impairment would be to expense the difference between the fair value of such asset and its carrying value.

Insurance. We are self-insured for workers' compensation, general liability and automobile liability claims for the first $1.0 million per claim up to the aggregate amount as defined in the related policy. For workers' compensation, we have an aggregate amount of self-insurance of $1.5 million. Once the aggregate is reached, the deductible is $0.5 million per claim. The aggregate is calculated as the cumulative excess over the first $0.5 million of each claim incurred. For general liability and automobile liability, we have an aggregate amount of $1.0 million. Once the aggregate is reached, the deductible is $0.5 million per claim. The aggregate is calculated as the cumulative excess over the first $0.5 million of each claim incurred.

Health insurance benefits are subject to a $0.1 million deductible for qualified individuals. Losses up to the stop loss amounts are accrued based upon our estimates of the ultimate liability for claims reported and an estimate of claims incurred but not yet reported.

Losses up to the deductible amounts are accrued based upon our estimates of the ultimate liability for claims reported on an estimate of claims incurred but not reported. However, insurance liabilities are difficult to assess and estimate due to unknown factors, including the severity of an injury, the determination of our liability in proportion to other parties, the number of incidents not reported and the effectiveness of our safety program. The accruals are based upon known facts and historical trends and management believes such accruals to be adequate.

Income Taxes. We follow the liability method accounting for income taxes in accordance with SFAS No. 109, "Accounting for Income Taxes." Under this method, deferred assets and liabilities are recorded for future tax consequences of temporary differences between the financial reporting and tax bases of assets and liabilities, and are measured using the enacted tax rates and laws that are expected to be in effect when the underlying assets or liabilities are recovered or settled.

We regularly evaluate valuation allowances established for deferred tax assets for which future realization is uncertain and we maintain an allowance for tax contingencies that we believe is adequate. The estimation of required valuation allowances includes estimates of future taxable income. The ultimate realization of deferred tax assets is dependent upon the generation of future taxable income during the periods in which those temporary differences become deductible. We consider projected future taxable income and tax planning strategies in making this assessment. If actual future taxable income differs from our estimates, we may not realize deferred tax assets to the extent we have estimated. At December 31, 2005 and 2006 and at September 30, 2007, we did not have any valuation allowances established for deferred tax assets as future realization is deemed more likely than not.

Stock-Based Compensation. Effective January 1, 2006, we account for stock-based compensation in accordance with SFAS No. 123R Share-Based Payment. SFAS No. 123R requires the measurement of compensation for stock-based awards based on the estimated fair values at the grant date for equity classified awards and the recognition of the related compensation expense over the appropriate vesting period and, for liability classified awards, based on the fair value of the award at each period until settled. Recognition of compensation expense for liability awards is based upon changes in fair value and is prorated over the appropriate vesting period subject, if applicable, to performance conditions. Under SFAS 123R, compensation expense is based, among other things, on (i) the classification of an award as either an equity or a liability award, (ii) assumptions relating to fair value measurement such as the value of the Company's stock and volatility, the expected term of the award and forfeiture rates, and (iii) whether performance criteria, if any, have been met. The Company uses both internal and external data to assess compensation expense. Changes in these estimates based on factors such as market volatility or employee behavior, such as terminations or exercise of awards, could significantly impact stock based compensation expense in the future.

In conjunction with the closing of the 2007 Private Placement, all unvested outstanding stock options became fully vested due to the change in control provisions in our stock option plan along with the acceleration by us of the time vesting requirements under our stock option plan for all option holders. We recorded additional compensation expense of approximately $15.0 million upon the completion of the 2007 Private Placement.

INDUSTRY

Transmission and Distribution

The electric utility industry is comprised of investor-owned utilities, municipal utilities, cooperatives, federally-owned utilities, independent power producers and independent transmission companies that engage in some or all of three distinct functions: generation, transmission and distribution. The T&D infrastructure is the critical network of towers, transmission lines, substations, poles, distribution lines and other equipment that connects and delivers power from generators to residential, commercial and industrial end users. Electric transmission refers to power lines, substations and related equipment through which electricity is transmitted over long distances at high voltages (over 69 kilovolts) that connect the high voltage transmission infrastructure to local distribution networks. Electric distribution refers to the local municipal, cooperative or utility distribution network, including associated substations, that provides electricity to end users over shorter distances.

Over the past 16 years, electric power consumption in the United States has grown almost two-fold, from $178 billion in 1990 to $324 billion in 2006, according to the Energy Information Administration, or EIA. According to EEI, the transmission industry has been investing, and is expected to continue to invest, in the nation's transmission infrastructure at the highest levels in 30 years. According to EEI, in 2006, investor-owned electric utilities and stand-alone transmission companies invested a combined $6.9 billion in the nation's transmission grid, representing a 9.7% increase over the inflation-adjusted $6.3 billion invested in 2005. Between 2003 and 2006, more than $23 billion has been invested in the nation's transmission systems, and preliminary estimates indicate that the industry is planning to invest more than $38 billion from 2007 through 2010, a 55.3% increase over the amount invested from 2003 to 2006. According to the 2007 Long-Term Reliability Assessment by NERC the total number of transmission miles is projected to increase by 8.8% (14,500 circuit miles) in the United States over the period from 2007 to 2016 or more than 30% over the same period since NERC's 2006 Long-Term Reliability Assessment. NERC also anticipates that the pace of proposed transmission projects in the United States will accelerate over the same period. In addition, distribution investment, which is typically considered more stable than transmission investment, averaged $12 billion per year over the last 10 years and grew significantly during 2005 and 2006. According to EEI, stockholder-owned electric utility investment in the distribution system exceeded $17 billion for the first time in 2006. This represents a 6.5% increase over the inflation-adjusted $16.2 billion invested in 2005.

The existing T&D infrastructure requires ongoing maintenance as well as upgrades and extensions, to manage power line congestion, avoid delivery failures and connect distribution lines to new end users. It further requires emergency repairs whenever unexpected power outages or damage to infrastructure occur. The required maintenance, upgrades and extensions, as well as the emergency repairs, are performed by the entities that own the relevant power lines and by third-party service providers, such as us, to which such entities outsource a large portion of their needs.

The T&D construction industry is comprised of national, regional and local companies that provide outsourced infrastructure services to utility customers. Transmission construction and maintenance work typically requires highly specialized equipment, expertise and scale that creates barriers to entry for smaller regional and local competitors.

Commercial and Industrial

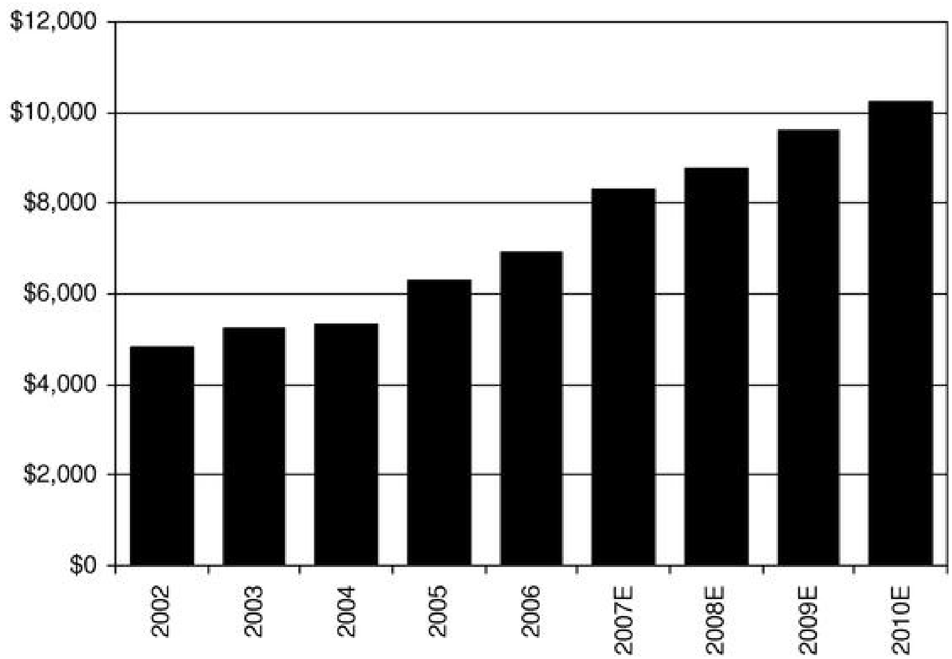
The C&I market consists primarily of electrical, communications, and utility installations and upgrades as well as maintenance and replacement services, which are provided to a wide range of commercial, industrial and institutional facilities. Enhanced modern facility requirements have significantly increased the complexity of C&I projects. These facilities include airports, hospitals, data centers, hotels, casinos, arenas, convention centers, manufacturing plants, processing facilities and transportation control and management systems. The demand for these services is typically driven by non-residential construction and renovation activity levels and regional factors. Total spending in United States non-residential construction exceeded $228 billion in 2005 and is expected to exceed $294 billion in 2008, representing a compound annual growth rate of 8.8% according to Reed Business Information. This increase in spending is being driven by, among other things, lower office and commercial vacancy rates, higher manufacturing utilization rates and institutional infrastructure spending.

Key Industry Trends

We believe that our business will benefit from the following industry trends:

Inadequacy of Existing Electric Power Transmission and Distribution Networks. According to a recent NERC survey of industry professionals, the largest challenge to reliability is the combined risk caused by the aging infrastructure and limited new construction of infrastructure. According to EEI, demand for and the capacity to generate electricity have risen at a significantly faster rate than the rate at which the United States transmission infrastructure has been expanded. During the period from 1995 to 2003, additional generation facilities were often built without significant enhancement to the transmission infrastructure, also according to EEI. Recent de-regulation in the utility sector has converted a portion of the existing electric transmission grid to a competitive marketplace for the delivery of electricity across regional transmission systems, a development which was not contemplated when the grid was designed. These factors, along with the age of the existing infrastructure have led to congested power lines and power disruptions. Such disruptions have included rolling blackouts in California during 2001 and the August 2003 blackout which briefly left 50 million people in the Midwest and Northeast without electricity. These events have contributed to significant interest in the overhaul and upgrade of the T&D infrastructure in the United States, particularly the areas of California, the midwest, new england, the rocky mountain states, the southwest and Texas. The following chart shows historical and projected spending on transmission construction:

Transmission Construction Expenditures 2002—2010E ($ in millions)
Investor-Owned Electric Utilities



Source: EEI

According to EEI's preliminary 2007 survey, investor-owned electric utilities are expected to spend in excess of $10 billion annually on transmission projects by 2010, up from approximately $5 billion in 2004. According to NERC, this investment in the transmission system will help ensure the reliability of the bulk power transmission system, reduce the cost of delivered power to customers and reduce transmission congestion. We believe spending levels will continue to increase as utilities work to address infrastructure maintenance requirements as well and endeavor to meet the future reliability standards required by the Energy Act.

The Energy Policy Act of 2005. Since being signed into law in August 2005, several segments of the Energy Act have come into effect and, as a result, have better positioned utilities to finance and implement system enhancements. Two of the objectives of the Energy Act are to improve the nation's electric transmission capacity and reliability and to promote investment in the nation's energy infrastructure. As of June 2007, the U.S. Federal Energy Regulatory Commission, or FERC, granted NERC the legal authority to enforce reliability standards with all United States owners, operators, and users of bulk power system, and made compliance with those standards mandatory as opposed to voluntary. We believe monetary penalties may further encourage utility operators to invest in and upgrade their facilities and operations. We believe we are well-positioned to benefit from increased investment in existing infrastructure as utility operators work to meet the reliability standards. In addition, FERC is providing lucrative incentives to promote transmission grid investment such as allowing more favorable returns on equity, ranging from 11% to 14% in order to help develop a network that supports a competitive wholesale electricity market.

The Energy Act provided for the creation of NIETC order to aid the siting and construction of transmission systems. A NIETC is a "geographic area" where congestion in the grid is raising the cost of electricity to consumers or jeopardizing reliable service and for which there is a national interest in relieving such congestion. FERC has been granted authority in lieu of state utility commissions and local siting boards to issue siting and construction permits for the construction or modification of transmission facilities within the identified corridors. As rules to implement these new policies are finalized, we expect them to lead to a more streamlined permitting and siting process, which should make investment in the nation's transmission system more attractive. As of October 2007, the U.S. Department of Energy has designated two NIETC's where consumers are currently experiencing adverse effects from transmission capacity constraints and congestion. The Mid-Atlantic Area National Corridor includes counties in Ohio, West Virginia, Pennsylvania, New York, Maryland, Virginia, New Jersey, Delaware, and the District of Columbia and the Southwest Area National Corridor includes counties in California and Arizona.

We believe one of the most significant provisions of the Energy Act is the repeal of PUHCA, which restricted ownership of transmission infrastructure by non-utility entities. We believe the repeal of PUHCA opens the electricity sector to new non-utility sources of investment in and ownership of necessary energy infrastructure, including a number of companies whose focus is solely on transmission services.

Increased Outsourcing of Infrastructure Construction and Maintenance. We believe that electric utility and other transmission network operators are increasingly focusing on their core competencies, resulting in an increase in the outsourcing of construction and maintenance services. We believe that by outsourcing construction and maintenance services to third-party service providers like us, our customers can reduce costs, provide greater flexibility in their budgets and improve service and performance. As part of this outsourcing initiative many transmission providers are shifting towards the use of EPC contracts in awarding transmission infrastructure projects. These EPC contracts allow traditional utilities and new participants in the transmission market to outsource the full scope of project responsibilities and limit total project costs particularly on larger projects.

One of the largest issues facing utilities is the shortage of skilled electrical workers. This shortage is primarily caused by an aging work force, early retirement caused by recent utility cost-cutting and a lack of new recruits entering the field. According to NERC, by 2010, one in three U.S. skilled utility workers will be age 50 or older. Meanwhile, NERC anticipates a 25% increase in demand for industry workers. We believe utilities will increasingly rely on outsourced service suppliers to supplement or completely outsource such utilities' T&D construction, maintenance and repair workforce. With more than 3,000 employees across the nation as of September 30, 2007, we believe that we are well positioned to meet this increased demand from our utility customers. As a specialty contractor with nationwide scope, we are able to leverage our existing labor force and equipment infrastructure across multiple customers and projects, resulting in better utilization of labor and assets.

Emergence of Energy Companies Focused on Electrical Transmission Infrastructure. Over the past 19 years several companies that focus solely on owning electrical transmission assets, such as American Transmission Company, International Transmission Company and Trans-Elect, Inc. have emerged in the T&D sector. We expect these and other new companies to invest considerably in construction of new and the upgrading of existing electrical transmission infrastructure. We believe these companies also will be a source of additional transmission work and ongoing maintenance opportunities. Furthermore, the Internal Revenue Service, or IRS, issued a private letter ruling in June 2007 stating that T&D systems are real estate assets that can be transferred into a real estate investment trust, or REIT, which is a type of investment vehicle that allows for favorable tax treatment of earnings. We believe that by declaring these types of assets REIT-eligible, the IRS has effectively further broadened the pool of potential investors in T&D infrastructure, which may accelerate investment in those assets.

Increased Demand Calls for New Generation Sources. Based on data from NERC, peak demand for electricity in the U.S. occurs in the summer and is forecasted to increase by over 135,000 megawatts or 17.7% over the next ten years, while committed new generation resources are projected to increase by only 77,000 megawatts or 8.4% over the same period. Additional power generation sources beyond currently committed resources will be necessary to accommodate the large growth in demand. As new power plants are built, they will require transmission and substation infrastructure to connect to the existing electric transmission grid. We expect this new plant construction will also significantly contribute to growth in the T&D industry over the next several years. Because many new generating facilities are built in remote locations far from the cities, towns and industrial hubs that create power demand, substantial infrastructure investments will be required to transport electricity to the electric transmission grid. NERC is expected to monitor the integration of new generation in the future to ensure that the transmission infrastructure needed to reliably integrate proposed new capacity into the bulk power system are available, and coordinate development of needed transmission infrastructure to reinforce the current system.

Shift Toward Renewable Energy Sources. According to NERC's 2007 Reliability Assessment, transmission infrastructure must be developed to reliably integrate renewable energy sources like wind, solar, geothermal, hydrogen and biomass. According to Clean Edge Energy Trends, spending on renewables projects is expected to increase from approximately $55 billion in 2006 to an expected $226 billion by 2016. State renewable energy requirements and increasingly likely action on federal carbon dioxide reduction legislation are also contributing to increased renewable spending.

In an effort to reduce green house gases, approximately 23 states are mandating renewable energy levels. The following are examples of these new standards:

- Minnesota has mandated that 25% of the state's energy come from renewable sources;
- New York has mandated that 25% renewable energy mandate by 2013;
- Colorado is contemplating enacting a standard that would require 20% of its energy come from renewable sources by 2020;

- New Jersey has a "20-20" initiative that calls for 20% of its electricity to be generated with renewables by 2020; and
- Florida's governor has issued an executive order setting a 16% target from renewable sources by 2020.

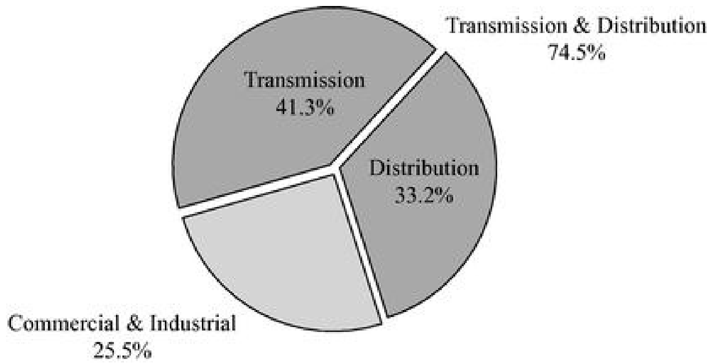
This increased demand for renewable power sources creates a substantial opportunity for incremental infrastructure since each new unit will require a connection to the transmission grid. Typically, many of these renewable generation sources are smaller than traditional fossil fuel power plants. This will likely require a greater number of units to be built to meet the same capacity and therefore increased total transmission infrastructure.

BUSINESS

Our Business

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

The following chart illustrates our revenue mix for the twelve months ended December 31, 2006:



Transmission and Distribution. Our T&D services include the construction and maintenance of high voltage transmission lines, substations and lower voltage underground and overhead distribution systems. We also provide emergency restoration services in response to hurricane, ice or other storm related damage which typically accounts for less than $25.0 million, or 4.5% of consolidated revenue, per year. As a result of several key industry trends, including increased attention to the inadequacy of the existing electric utility infrastructure as well as the impact of the passage of the Energy Act in 2005, the demand for transmission construction and maintenance services has increased and is projected to continue to grow significantly in the future. We believe that the anticipated increased capital spending on transmission infrastructure presents us with a significant revenue opportunity as transmission construction, maintenance and repair has long been a core competency for us. We have completed several large transmission turn key EPC projects including the Iowa T&D Contract, one of the largest EPC projects ever completed in the T&D market. For the year ended December 31, 2006, our T&D revenues were approximately $398.6 million or 74.5% of consolidated revenue. Revenue from transmission projects represented 55.5% of T&D's revenue for the year ended December 31, 2006.

In our T&D segment, we generally serve the electric utility industry as a prime contractor. We have long-standing relationships with many of our T&D customers who rely on us to construct and maintain reliable electric and other utility infrastructure. In 2006, measured by revenue in our T&D segment, we provided 37.7% of our T&D services under fixed-price contracts. We also provide many services to our customers under multi-year MSAs and other variable-term service agreements. We focus on managing our profitability by selecting projects we believe will provide attractive margins, by actively monitoring the costs of completing our projects, by holding customers accountable for changes to contract specifications and by rewarding our employees for keeping costs under budget.

Commercial and Industrial. Our C&I segment provides electrical contracting services for commercial and industrial construction in the western United States. We are focused on the Arizona and Colorado regional markets where we have achieved sufficient scale and believe we enjoy leading market shares. We concentrate our efforts on projects where our technical and project management expertise are critical to successful and timely execution. Typical C&I contracts cover electrical contracting services for airports, hospitals, data centers, hotels, casinos, arenas, convention centers, manufacturing plants, processing facilities and transportation control and management systems. For the year ended December 31, 2006, our C&I revenues were approximately $136.7 million or 25.5% of combined revenue.

In our C&I segment, we generally provide our electric construction and maintenance services as a subcontractor to general contractors in the C&I industry as well as facility owners. We have a diverse customer base with many long-standing relationships. In 2006, measured by revenue in our C&I segment, we provided 46.8% of our services under fixed-price contracts.

On a consolidated basis our overall revenues from continuing operations grew from $322.1 million in 2004 to $535.3 million in 2006, representing a compound annual growth rate of 28.9%, all of which was organic. During that same period, our EBITDA from continuing operations improved from negative $1.1 million in 2004 to $23.3 million in 2006. During that same period, net income from continuing operations improved from negative $3.5 million in 2004 to $11.0 million in 2006. For the nine months ended September 30, 2007 our revenues, net income from continuing operations and EBITDA from continuing operations were $453.9 million, $8.6 million and $22.6 million, respectively, compared to $407.2 million, $7.4 million and $15.2 million for the nine months ended September 30, 2006. Our growth has been driven by successful bids for, and execution of, several large projects, our ability to continue to capitalize on increased infrastructure spending in our markets and the breadth of our customer base. We believe our centralized fleet and skilled workforce provide us with a competitive advantage as increased spending in the transmission infrastructure market has resulted in an increased demand for a limited supply of specialized equipment and labor. We believe these factors have created a more profitable bidding environment for our services. We expect to continue to grow our business organically, as well as selectively consider strategic acquisitions that improve our competitive position within our existing markets, expand our geographic footprint or strengthen our fleet.

Set forth below is our backlog as of December 31, 2005 and 2006 and September 30, 2006 and 2007 (in millions, except percentages):

	December 31,			September 30,		
	2005	2006	% Change	2006	2007	% Change
T&D	$ 136.1	$ 183.2	34.6%	$ 146.2	$ 146.0	(0.1)%
C&I	87.9	92.9	5.7%	77.9	89.4	14.8 %
Total	$ 224.0	$ 276.1	23.3%	$ 224.1	$ 235.4	5.0 %

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

As of September 30, 2007, we employed a highly skilled workforce of over 3,000 people. Our workforce is supported by a large modern fleet of specialty vehicles, equipment and tooling. Our fleet consists of over 4,300 vehicles and pieces of equipment, including approximately 2,000 pieces of specialized equipment, and is highly mobile, allowing us to easily relocate our equipment across all of the regions we serve.

Organization

Our predecessors have served the utility infrastructure markets since 1891 and have been recognized as innovators in the industry. MYR Group Inc. was created in 1995 through the merger of three longstanding specialty contractor franchises. We were a public company with our stock traded on the NYSE until 2000 when we were acquired by GPU, Inc., which was subsequently acquired by FirstEnergy Corp. In 2006, ArcLight acquired substantially all of our capital stock from FirstEnergy Corp. We repurchased 14,515,284 shares held by ArcLight and its affiliates with a portion of the proceeds of the 2007 Private Placement. As of December 31, 2007, ArcLight continued to own approximately 7.1% of our outstanding common stock. Members of our senior management acquired shares of capital stock in 2006 and 2007, and are selling stockholders pursuant to the registration statement of which this prospectus forms a part. We also repurchased 49,675 of the shares underlying outstanding options with a portion of the remaining proceeds of the 2007 Private Placement.

From 1999 to 2005, we acquired and exited numerous businesses as we shifted our strategic focus to better serving the utility infrastructure needs of our customers. In 2003, we made several changes in our management team, including the appointment of Mr. Koertner as our chief executive officer. Since that time, management has worked to position our business to focus on high growth electrical utility infrastructure projects and increased emphasis on safety, leading to a more stable workforce and higher operating margins. Our various stockholders have provided the incremental financial and strategic resources necessary for us to build upon our established foundation, improve our overall performance, invest in our asset base, and position ourselves for substantial growth.

Our operations are currently conducted by five subsidiaries: The L. E. Myers Co., Harlan Electric Company, Hawkeye Construction, Inc., Great Southwestern Construction, Inc. and Sturgeon Electric Company, Inc. Through our operating subsidiaries, we provide utility and electrical construction services with a network of local offices located throughout the continental United States.

Competitive Strengths

We believe our significant competitive strengths are as follows:

Broad National Presence. We are one of the largest national providers of T&D services to electric utilities, cooperatives and municipalities. In contrast with many of our local and regional competitors, our broad geographic reach enables us to serve electric utility customers whose facilities and infrastructure span multiple states and regions throughout the continental United States. We believe our ability to accommodate the national scale of our larger customers better positions us for work on large transmission projects. In addition, we believe that our national presence better positions us to win not only the larger T&D projects, but also the potentially higher profit margin mid-size to smaller T&D projects that may not attract regional or national competition in our local markets.

Strong, Long-Standing Relationships Across a High Quality Customer Base. We have established a strong base of long-standing customer relationships, particularly in our T&D segment, by providing high quality service in a cost-efficient and timely manner. Our diverse base of customers is comprised of over 125 utilities, cooperatives and municipalities throughout the continental United States that we believe are generally of high credit quality. We have served many of our customers for over 40 years and have worked diligently to maintain these strong relationships throughout our organization, including through our senior management, safety, legal and finance professionals, our on-site field crews and supervisors and our subcontractor and supplier base. We believe this focus on relationships has allowed us to better meet our customers' unique needs and become a valuable partner to our broad base of customers. We estimate that approximately 15-25% of our revenues in 2006 were derived from maintenance and repair projects for our T&D clients. These maintenance and repair contracts provide for a base of recurring revenue from our existing customer base.

Established EPC Track Record. We have an established track record for successful completion of EPC contracts and other large projects. We have successfully performed several large turn key projects including one of the largest EPC projects ever completed in the T&D market. We have recently entered into several EPC contracts for other large scale projects. We believe that we are well positioned to capitalize on the shift in the utility industry to EPC or similar contract structures as the framework for large scale transmission construction. We have also established relationships with many well-regarded engineering firms and procurement sources which we believe will strengthen our EPC bids and our bids for large projects.

Specialized Equipment and Centralized Fleet Management. The services we provide, particularly transmission construction and maintenance, require specialized equipment, tooling and expertise. We have operated in the T&D industry since its inception and have been instrumental in designing much of the specialty tooling and equipment used in the industry, including wire pullers, wire tensioners, aerial devices and more. Our maintenance shops have the capability to modify standard construction equipment to meet the specific needs of our specialty applications. Much of this equipment is very capital intensive and hard to procure, but the scale of our operations and our resulting buying power allows us to obtain equipment on favorable terms from manufacturers and other equipment suppliers. The scarcity and high cost of this equipment serves as a considerable barrier to entry for contractors seeking to enter the transmission side of the T&D market. Smaller contractors may not have the financial capacity to obtain the equipment we have and are able to procure, which gives us an advantage when competing for large and complex projects.

Our fleet is managed by our centralized fleet management group. Since our fleet is highly mobile, we have the ability to shift resources from region-to-region quickly, which allows us to effectively respond to customer needs, including major weather events. Our centralized fleet management group enables us to optimize and maintain our equipment to achieve the highest equipment utilization which helps to maintain a competitive position with respect to our equipment costs. We develop internal equipment rates to reflect our true equipment costs, which in turn provide our business units with appropriate pricing levels to estimate their bids for new projects more accurately. We also involve our business units in prioritizing the use of our fleet assets. The group also manages the procurement of additional equipment through our capital budget, operating leases and short-term rentals. All of these factors are critical to meeting our customers' needs as well as allowing us to operate efficiently and to improve margins.

High Quality Workforce and Industry Leading Safety Record. We are committed to providing the highest level of customer service through the development of a highly-trained workforce. Despite a tight labor market, we have been able to retain and build a strong base of employees who are highly motivated and we provide incentives to achieve superior levels of performance. We have committed a significant amount of resources to the process of recruiting new employees who can learn from the more seasoned, experienced members of our team. We have the skills to market our services, estimate our jobs, execute quality work safely, and manage the contracts and change orders. Our objective is to be the employer of choice in the various labor markets in which we compete.

It is also critical to the success of our business that we keep our employees safe. We have therefore developed strong safety programs with stringent safety standards. This helps us to maintain our customer base, which is increasingly focused on the safety performance records of contractors when making bid award decisions. Safer working conditions also reduce costs associated with loss of man hours, liability, and insurance premiums. We provide a progressive training program to improve our employees' technical skills and ensure that they understand and follow applicable safety codes and comply with our safety standards. Our executive management was instrumental in creating a strategic partnership focused on improving T&D safety performance across the industry which includes OSHA, other large T&D contractors, the International Brotherhood of Electrical Workers ("IBEW") and two industry/trade associations. Mr. Koertner, our chief executive officer, serves on the executive committee of the OSHA strategic partnership for the T&D industry. Our safety record has improved considerably in the last four years and we believe it is one of the best in the industry. This is due in large part to management changes and company specific programs as well as training programs developed cooperatively by the OSHA strategic partnership.

Financial Resources to Capitalize on Industry Growth. We believe we have the financial resources to compete effectively for projects across the United States. Financial resources, including bonding capacity, are important considerations to customers when choosing a contractor. Our financial resources are sufficient that we often are not required to post surety bonds or letters of credit for projects while smaller competitors may be required to do so, which lowers our overall costs and makes us more competitive. When bonding is required for a contract, our strong relationship with our bonding provider allows us greater flexibility in the bidding process. We believe our strong balance sheet, coupled with capacity under our Credit Facility, allows us to undertake large scale projects that we expect to be constructed over the next several years. Unlike some of our smaller competitors, our financial strength allows us to bid on multiple larger projects simultaneously.

Experienced Management Team. Our management team, which includes our chief executive officer, chief operating officer and our regional vice presidents, plays a significant role in establishing and maintaining long-term relationships with our customers, thereby supporting the growth of our business and managing the financial aspects of our operations. Our chief executive officer, Mr. Koertner, has over 28 years of experience in the electric utility industry and has served with us for almost ten years, first as our chief financial officer until December 2003 and as our president and chief executive officer since that time. The average tenure of our management team is over 14 years with us and over 20 years in our industry. Our management has worked to position our business to focus on high growth T&D infrastructure, construction, maintenance and repair work, refined our C&I focus to the western United States, and the Arizona and Colorado markets in particular, and increased emphasis on safety, leading to a more stable workforce and higher profit margins.

Growth Strategy

We intend to continue to grow revenues and strengthen our competitive position by using the following strategies:

Capitalize on Favorable Trends in Certain Key End Markets. We believe that we are well positioned to capitalize on the projected capital spending by customers in the T&D market. We believe our strong and diverse customer relationships, track record and geographic reach should allow us to continue to benefit from the growing investment by electric power customers and third-party investors in T&D infrastructure. In particular, we expect that the Energy Act will facilitate investment in large scale electric transmission projects, which are among our core competencies.

Focus on Operating Efficiencies and Expanding Margins. We intend to continue to focus on operating efficiencies and improving our margins in order to maximize earnings for our stockholders. This includes focusing our growth on more profitable services like T&D, continuing to be selective on the projects for which we decide to bid, managing projects efficiently throughout their estimation, negotiation and execution, including actively monitoring change orders, billing and cost overruns. In addition, we intend to use a significant amount of capital to expand our fleet and purchase rather than lease or rent equipment. As a result of implementing these initiatives, we believe our business has the potential to experience significant margin improvement over the next several years.

Expanding Our Fleet to Meet Customer Demands. In 2008, we plan to spend approximately $30.0 million on property, plant and equipment, with the majority of such expenditures used to purchase additional equipment to enhance our fleet and to reduce our reliance on operating leases and short term equipment rentals. The cost of owning core equipment assets is typically lower than leasing or renting. We believe purchasing equipment that would otherwise be leased or rented will reduce our costs and improve our margins over the long term. Because the equipment and tooling required for our business, particularly with respect to transmission, is extensive and in limited supply, we believe investing in our fleet will give us a competitive advantage that smaller firms will not be able to match and will allow us to win more contracts at higher profit margins.

Increase Market Share within T&D Markets. We intend to continue to increase our penetration and market share for T&D projects by expanding our existing customer relationships, attracting new customers and pursuing selective acquisitions. Electric utilities currently outsource a significant portion of their T&D infrastructure construction, maintenance and repair requirements, and we believe the portion that is outsourced will continue to grow. We believe our quality service, national presence, T&D expertise, ability to mobilize people and equipment quickly, and strong safety record will enable us to develop our business with both existing and prospective customers as they continue to further outsource their T&D servicing needs.

Attract and Maintain High Quality Employees. Competitive strength in the electrical services industry depends on the expertise, talent and commitment of a firm's employees. For us to continue to succeed, we must be able to attract, develop and retain highly qualified people. Our employees should be able to benefit from our strong core businesses, our open and entrepreneurial culture, and the breadth of opportunity for individual success. We are fortunate to have a large number of skilled, seasoned employees with significant tenure and experience. We believe the extraordinary capabilities of our people help differentiate us from our competition. From our linemen to our project managers to our management teams, we will continue to look for new ways to improve productivity, diversify our services and expand our customer base. We intend to continue to invest in our personnel, which we believe is essential to ensure we are always prepared to execute our business initiatives and capitalize on new opportunities.

Pursue Strategic Acquisitions. Although acquisitions are not essential to achieving our objectives, we will evaluate acquisition opportunities to bolster our presence in select regional markets or to broaden and enhance our service offerings. Future acquisitions may, among other things, focus on expanding our geographic presence and provide incremental equipment and workforce.

Services

Transmission & Distribution Services. We provide design, engineering, procurement, upgrade, construction, maintenance and repair services for utility infrastructure markets in the continental United States with a particular focus on construction, maintenance and repair. These services, provided to electric utilities and other similar entities, include the construction and ongoing maintenance of high voltage transmission lines, substations and underground and overhead distribution systems. We also provide emergency restoration services in response to hurricane, ice or other storm related damage. We have constructed thousands of miles of transmission and distribution lines. Our capability to provide transmission services at voltages of up to 765 kilovolts provides us with the expertise to construct and maintain power lines and substations for utility, industrial, mining, institutional and government facilities. This segment of our business also provides services outside T&D, including services in the telecommunications sector, but these services do not reflect a significant amount of the revenue or backlog in our T&D segment.

Commercial and Industrial Services. We provide complete electrical system wiring for C&I facilities of a wide variety of types and sizes in the western United States. We focus on the Arizona and

Colorado regional markets where we have achieved sufficient scale and we believe we enjoy leading market shares. We concentrate our efforts on projects where our technical and management expertise is critical to successful and timely execution, as well as more technically complex projects, which often have higher profit margins, since fewer firms are able to do the more complicated work. Our experience includes projects for airports, hospitals, data centers, hotels, casinos, arenas, convention centers, manufacturing plants, processing facilities, transportation control and management systems, high tech manufacturing, clean rooms, power plants, petrochemical facilities, mining operations, prisons, biotechnology laboratories, healthcare facilities, sport complexes, bottling plants, government installations and office complexes. Projects have ranged from small renovations to large fast track projects. Services provided include facility power, site utilities, controls, instrumentation, security systems, fire alarms, fiber optics and telecommunication services.

This segment of our business also provides telecommunication installation services as well as electrical construction related to traffic and light rail signalization, although these services reflect less than 4.2% of consolidated revenue for the twelve months ended December 31, 2006. Telecommunications services include fiber optic and copper communication installation for the transmission of voice, data, and video. The electrical construction services that we provide in connection with traffic and light rail signalization include ramp metering, signalized intersections, fiber optic interconnections for traffic management systems as well as highway and bridge lighting installation and maintenance.

Customers

Our T&D customers include investor-owned utilities, municipal utilities, cooperatives, federal-owned utilities, independent power producers, independent transmission companies and other contractors. Our C&I customer base includes general contractors, commercial and industrial facility owners, local governments and developers in our target markets. We have longstanding relationships with many of our customers, particularly in our T&D segment, and we cultivate these relationships at all levels of our organization from senior management through project supervisors. We seek to build upon existing customer relationships to secure additional projects and to increase revenue from our current customer base. Many of our customer relationships originated decades ago and are maintained through a partnering approach, which includes project evaluation and consulting, quality performance, performance measurement and direct customer contact. At both a senior and operating unit level, management also maintains a parallel focus on pursuing growth opportunities with prospective customers. In addition, our senior management and our operating unit management teams promote and market our services for prospective large-scale projects and national accounts. We believe that our industry experience, technical expertise, customer relationships and emphasis on safety and customer service are important to our being retained by existing and new customers.

Our top 10 customers accounted for 42.2% of our revenue in 2006 and 45.9% of our revenue for the nine months ended September 30, 2007, with our largest customer in each period, MidAmerican Energy Company and Xcel Energy (including contracts where we served as a subcontractor), accounting for 11.2% and 10.3% of our total revenue, respectively. Other than MidAmerican and Xcel in 2006 and Xcel Energy, Greenlight Energy, PacifiCorp and M.A. Mortenson Company in 2007, no single customer accounted for more than 5.0% of our total revenue in 2006 or the nine months ended September 30, 2007. Our largest customers are generally our electric utility customers, which we believe are of a high credit quality.

For the years ended December 31, 2006, 2005 and 2004 revenues derived from T&D customers accounted for 74.5%, 76.3% and 72.2%, respectively, of our total revenues. For the years ended December 31, 2006, 2005 and 2004 revenues derived from C&I customers accounted for 25.5%, 23.7% and 27.8%, respectively, of our total revenues.

Types of Service Arrangements / Bidding Process

We enter into contracts principally on the basis of competitive bids. Although there is considerable variation in the terms of the contracts we undertake, contracts will usually be either fixed-price or unit-price contracts pursuant to which we agree to do the work for a fixed amount for the entire project or for the particular units of work performed. We also enter into time-and-equipment contracts under which we are paid for labor and equipment at negotiated hourly billing rates and for other expenses, including materials, as incurred. On occasion these time-and-equipment contracts require us to include a guaranteed not-to-exceed maximum price. In addition, we obtain time-and-materials contracts under which we are paid for labor at negotiated hourly billing rates and for other expenses, including materials, as incurred. Finally, we sometimes enter into cost-plus contracts, where we are paid for our costs as well as a premium.

Fixed-price and unit-price contracts have the highest potential margins, but hold the greatest risk in terms of profitability, since cost overruns may not be recoverable. Similarly, unit-price contracts also hold cost overrun risk. Time-and-equipment, time-and-materials and cost-plus contracts have limited margin upside, but generally do not bear overrun risk. Fixed-price contracts accounted for 40.0% of total revenue for the year ended December 31, 2006, including 37.7% of our total revenue for our T&D segments and 46.8% of our total revenue for our C&I segment. Work in our T&D segment is generally completed under fixed-price, time-and-materials, time-and-equipment and unit-price agreements. The remainder of the T&D work is generally performed under cost-plus agreements. C&I work is typically performed under fixed-price and time-and-materials agreements. The remainder of our C&I work is performed under cost-plus and unit-price agreements.

Our EPC contracts are typically fixed-price. We may act as the prime contractor for an EPC project where we perform the procurement and construction functions but use a subcontractor to perform the engineering component or we may use a subcontractor for both engineering and procurement functions. We may also act as a subcontractor on an EPC project to an engineering or construction management firm. When acting as a subcontractor for an EPC project we typically provide construction services only, but may also perform both the construction and procurement functions.

We also provide services under MSAs that 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. Under MSAs, customers generally agree to use us for certain services in a specified geographic region. However, most of our contracts, including MSAs, may be terminated by our customers or by us on short notice, typically 30 to 90 days and occasionally on less notice. Furthermore, most MSA customers have no obligation to assign specific volumes of work to us and are not required to use us exclusively, although in some cases are subject to our right of first refusal. Many of our contracts, including MSAs, are open to public bid at expiration and generally attract numerous bidders.

A portion of the work we perform requires performance and payment bonds at the time of execution of the contract. Contracts generally include payment provisions pursuant to which a 5% to 10% retainage is withheld from each progress payment until the contract work has been completed and approved.

Materials

Except where an EPC contract is involved, our T&D customers generally provide the majority of the materials and supplies necessary to carry out our contracted work. For our C&I contracts we usually procure the necessary materials and supplies. We are not dependent on one supplier for materials or supplies.

The recent increase in demand for transmission products and services has strained production resources, creating significant lead-time for obtaining large transformers, transmission towers, poles and wire. Our transmission project revenues could be significantly reduced or delayed due to the difficulty we or our customers may experience in obtaining required materials. However, we are not presently experiencing and we do not anticipate experiencing, any difficulties in timely procuring an adequate amount of materials and supplies for our projects.

Subcontracting

We are the prime contractor for the majority of our T&D projects. We may use subcontractors to perform portions of our contracts and to manage workflow, particularly for design, engineering, procurement and some foundation work. The subcontractors we work with are often sole proprietorships or small business entities. Subcontractors normally provide their own employees, vehicles, tools and insurance coverage. We are not dependent on any single subcontractor. Contracts with subcontractors often contain provisions limiting our obligation to pay the subcontractor if our client has not paid us and is holding our subcontractors responsible for their work or delays in performance. On larger projects we may require surety bonding from subcontractors where we deem appropriate based on the risk involved. We occasionally perform work as a subcontractor and we may elect to do so from time-to-time on larger projects in order to manage our execution risk on certain projects. The majority of our work in our C&I segments is done in the subcontractor role.

Competition

Our business is highly competitive in both our T&D and C&I segments. Competition in both of our business segments is primarily based on the price of the construction services rendered and upon the reputation for quality, safety and reliability of the contractor rendering them. The competition we encounter can vary depending upon the type of construction services to be rendered.

We believe that the principal competitive factors in our industry are:

- price;
- geographic presence and breadth of service offerings;
- reputation and relationships with customers;
- history of service execution (for example, safety record, cost control, timing and experience);
- fleet and equipment;
- technological capabilities;
- the availability of qualified and/or licensed personnel;
- adequate financial resources and bonding capacity;
- inclement weather restoration abilities and reputation; and
- management team experience.

While we believe our customers consider a number of factors when selecting a service provider, most of their work is awarded through a bid process where price is often a principal factor. See "Risk Factors—Our industry is highly competitive."

T&D Competition

With respect to the T&D segment of our business, we often compete with a number of companies in the local markets where we operate, ranging from small local independent companies to large national firms. The national or large regional firms that compete with us for T&D contracts include Pike Electric Corporation, MDU Resources Group, Inc., Quanta Services, Inc., The InfrastruX Group and Henkels & McCoy, Inc. One of our largest competitors, InfraSource Services, Inc. recently merged with and into Quanta Services, Inc., another of our largest competitors.

There are a number of barriers to entry into the transmission services business including the cost of equipment and tooling necessary to perform transmission work, the availability of qualified labor, the scope of typical transmission projects and the technical, managerial and supervisory skills necessary to complete the job. Larger transmission projects in particular generally require more specialized heavy duty equipment as well as stronger financial resources to meet the cash flow, bonding, or letter of credit requirements of these projects. These factors sometimes reduce the number of potential competitors on these projects to our larger competitors. The number of firms that generally compete for any significant transmission infrastructure project varies greatly depending on a number of factors, including the size of the project, its location and the bidder qualification requirements imposed upon contractors by the customer. Many of our competitors restrict their operations to one geographic area while others operate nationally as we do. There are fewer significant barriers to entry in the distribution markets in which we operate and, as a result, any organization that has adequate financial resources and access to technical expertise may become a competitor. Instead of outsourcing to us, some of our T&D customers also employ personnel internally to perform services of the type we provide.

C&I Competition

With respect to the C&I segment of our business, we often compete with a number of regional or small local firms and subsidiaries of larger, national firms like Emcor Group Inc.

Competition for our C&I construction services varies greatly. There are few significant barriers to entry in the C&I business and there are a number of small companies that compete for C&I business. Size, location and technical requirements of the project will impact which competitors and the number of competitors that we will encounter on any particular project.

A major competitive factor in our C&I segment is the individual relationships that we and our competitors have developed with general contractors who typically control the bid process. Unlike in T&D construction, the equipment requirements for C&I work are generally not as significant. Since C&I construction typically involves the purchase of materials by the contractor, the financial resources to meet these requirements on particular projects may impact the competition we encounter. Although certain of our competitors for this type of work operate nationally, the majority of our competition operates locally or regionally. In the majority of cases involving maintenance services provided by us, our customers will also perform some or all of these types of services internally as well. We differentiate ourselves from our competitors by bidding for larger and/or more technically complex projects which we believe many of our smaller competitors may not be capable of executing profitably. We also focus our efforts in growing markets where we have built strong relationships with existing customers.

We believe that we have a favorable competitive position in the markets that we serve due in large part to our strong operating history and strong local market share as well as our reputation and relationships with our customers. Small third-party service providers pose a smaller threat to us than national competitors because they are frequently unable to compete for larger, blanket service agreements to provide system-wide coverage.

Project Bonding Requirements

We believe we have a strong relationship with our bonding provider. We estimate that historically, approximately 20.0% to 30.0% of our annual volume of business requires performance bonds or other means of financial assurance to secure contractual performance. These bonds are typically issued at the face value of the contract awarded. As of September 30, 2007, we have approximately $21.4 million in surety bonds outstanding for projects in our T&D segment and $29.9 million for projects in our C&I segment. The ability to post surety bonds provides us with a competitive advantage over smaller or less financially secure competitors. We believe that the strength of our balance sheet and our long standing relationship with our bonding provider enhances our ability to obtain adequate financing and surety bonds.

Backlog

As of September 30, 2006 our backlog was approximately $224.1 million, consisting of $146.2 million and $77.9 million in our T&D and C&I segments, respectively. As of September 30, 2007 our backlog was approximately $235.4 million, consisting of $146.0 million and $89.4 million in our T&D and C&I segments, respectively. We expect to realize approximately 42.3% of our September 30, 2007 backlog in the year ended December 31, 2007. The balance is our estimate of work to be completed on existing master service and other service agreements.

As discussed above, we calculate backlog differently for different types of contracts. For our fixed-price contracts, we include the full remaining portion of the contract in our calculation of backlog. For our unit-price, time-and-equipment, time-and-materials and cost-plus contracts, our projected revenue for a three-month period is included in the calculation of backlog, regardless of the duration of the contract, which typically exceeds such three-month period. These types of contracts are generally awarded as part of MSAs which typically have a one to three-year duration from execution. Given the duration of our contracts and MSAs and our method of calculating backlog, our backlog at any point in time may not accurately represent the revenue that we expect to realize during any period and our backlog as of the end of a fiscal year may not be indicative of the revenue we expect to earn in the following fiscal year. See "Risk Factors—Backlog may not be realized or may not result in profits."

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

Trade Names

We operate under a number of trade names, including MYR Group Inc., The L. E. Myers Co., Harlan Electric Company, Hawkeye Construction, Inc., Great Southwestern Construction, Inc. and Sturgeon Electric Company, Inc. We do not generally register our trademarks with the United States Patent and Trademark Office, but instead rely on state and common law protection. While we consider our trade names to be valuable assets, we do not consider any single trademark to be of such material importance that its absence would cause a material disruption to our business.

Equipment

We have operated in the T&D industry since 1891 and have been instrumental in designing much of the specialty tools and equipment used in the industry, including wire pullers, wire tensioners, aerial devices and more. We operate a fleet of owned and leased trucks and trailers, support vehicles and specialty construction equipment, such as tension stringing machines, bulldozers, bucket trucks, digger derricks and cranes. We also rely on specialized tooling, including stringing blocks, wire grips and presses. Our fleet is comprised of approximately 4,300 units, including approximately 2,000 pieces of specialty equipment. We believe that our vehicles are well maintained and adequate for present operations. The standardization of our trucks and trailers allows us to minimize training, maintenance and parts costs. Our fleet group is staffed by over 100 mechanics and equipment managers and we operate 14 maintenance shops throughout the United States to service our fleet. Our ability to service our fleet ourselves in various markets allows us to reduce repair costs and the time equipment is out of use by eliminating the need to ship equipment long distances for repair as well as dependence on third party maintenance providers. Our maintenance shops are also able to modify standard construction equipment to meet the specific needs of our specialty applications. We are a final-stage manufacturer for several configurations of our specialty vehicles and in the event that a particular piece of equipment is not available to us, we can build the component on-site, which reduces our reliance on our equipment suppliers.

Our fleet of equipment is managed by our centralized fleet management group. Since our fleet is highly mobile it is integral that we have the ability to shift resources from region-to-region quickly and to effectively respond to customer needs or major weather events. Our centralized fleet management group enables us to optimize and maintain our equipment to achieve the highest equipment utilization which helps to maintain a competitive position with respect to our equipment costs. We develop internal equipment rates to reflect our true equipment costs, which in turn provides our business units with appropriate pricing levels to estimate their bids for new projects more accurately. We also involve our business units in prioritizing the use of our fleet assets. The group also manages the procurement of additional equipment through our capital budget, operating leases and short-term rentals. All of these factors are critical in meeting our customers' needs while allowing us to operate efficiently and to improve margins. We have recently increased capital expenditures on our fleet and we believe these increases will reduce our operating costs over the long term.

Properties

Our corporate headquarters is located at Three Continental Towers, 1701 West Golf Road, Suite 1012, Rolling Meadows, Illinois with 10,506 square feet of office space that we lease, the term of which lease expires on June 30, 2012. Our executive offices are located at this facility, along with our finance, information technology and certain legal personnel. As of September 30, 2007 we owned or leased the following additional facilities:

Location	Type of Facility	Leased or Owned	Expiration of Lease
Chandler, AZ	Building and Service Yard	Owned	N/A
Decatur, IL	Office/Warehouse	Owned	N/A
Grand Junction, CO	Building and Yard	Owned	N/A
Henderson, CO	Warehouse and Yard	Owned	N/A
Indianapolis, IN	District Office/Warehouse	Owned	N/A
Marshalltown, IA	District Office/Warehouse	Owned	N/A
Pasadena, TX	Office/Warehouse	Owned	N/A
Rural Hall, NC	District Office/Warehouse	Owned	N/A
Salt Lake City, UT(1)	Shop	Owned	N/A
Troutdale, OR	District Office/Warehouse	Owned	N/A
Tucson, AZ	Construction Office	Owned	N/A
Albuquerque, NM	Office/Storage	Leased	Month to month
Apopka, FL	Office/Garage/Yard Storage	Leased	June 30, 2008
Brookfield, WI	Office/Warehouse	Leased	March 31, 2011
Carlisle, PA	Office/Warehouse	Leased	Month to month
Castle Rock, CO	Office/Warehouse	Leased	May 30, 2010
Charleston, TN	Shop	Leased	December 31, 2010
Chattanooga, TN	Office	Leased	September 30, 2009
Denver, CO	Office	Leased	Month to month

Denver, CO	Yard	Leased	Month to month
Ellenwood, GA	Office/Storage	Leased	Month to month
El Paso, TX	Office/ Construction Yard	Leased	December 31, 2009
Henderson, CO	Yard	Leased	Month to month
Loveland, CO	Office/Warehouse	Leased	December 31, 2009
Mesa, AZ	Yard	Leased	November 30, 2008
Monessen, PA	Warehouse Storage	Leased	Month to month
North Salt Lake, UT	Office/Warehouse	Leased	Month to month
Rochester Hills, MI	Office/Warehouse	Leased	January 31, 2008
Silverthorne, CO	Office	Leased	Month to month
Tempe, AZ	Office/Warehouse	Leased	May 31, 2010
West Palm Beach, FL	Office/Warehouse	Leased	Month to month
Worthington, MN	Office/Storage	Leased	Month to month

(1) Property to be sold in connection with like-kind property exchange. Following the sale of this property we expect to acquire an office/shop in North Salt Lake, Utah through the use of a like-kind property exchange.

We believe that our existing facilities are adequate for our operations. We do not believe that any single facility is material to our operations and, if necessary, we could readily obtain replacement facilities for our existing facilities.

Training, Quality Assurance and Safety

We are committed to providing the highest level of customer service through the development of a highly-trained workforce. Our employees are encouraged to complete a progressive training program to improve their technical skills and ensure that they understand and follow the applicable safety codes, our safety practices and other internal policies.

We strive to instill safe work habits in our employees, communicate our safety guidelines to them and consistently enforce those guidelines. We employ over 30 professionals in our safety department and offer customized training classes aimed at reducing risk exposure in the various applications within electric line utility construction and maintenance services. We evaluate employees in part based upon their safety records and the safety records of the employees they supervise and we reward our employees for working safely and minimizing injuries. We have established a company-wide safety program to share best practices and to monitor and improve compliance with safety procedures and regulations. Employee safety is a top priority across our entire organization. Each business unit has its own internal safety committee to review regional safety issues and customize safety incentive systems for their workforce. In addition, our chief executive officer serves on the executive committee of the OSHA strategic partnership for the T&D industry and several other officers and employees serve on the strategic partnership's various committees and working groups.

Our industry is experiencing a shortage of journeyman linemen in certain geographic areas and we have, from time-to-time, experienced shortages of journeymen linemen and other qualified personnel. In response to the shortage, we seek to take advantage of various IBEW and National Electric Contractors Association ("NECA") training programs and support the joint IBEW/NECA Apprenticeship Program which trains qualified electrical workers. IBEW training includes apprenticeships consisting of on-the-job training and related academic classes. Upon completion of the apprenticeship program, one becomes a journeyman lineman. Other IBEW programs focus on developing and providing skills upgrade training to help linemen stay current with new technology.

Insurance

Our business involves the use of heavy equipment and exposure to conditions that can be dangerous. While we are committed to operating safely and prudently, we are subject to claims by employees, customers and third parties for property damage and personal injuries that occur in connection with our work. See "Risk Factors—We may incur liabilities or suffer negative financial impact relating to occupational health and safety matters."

The primary non-commercial risks in our operations are bodily injury and property damage. We maintain insurance policies with coverage customary for companies of our type and size, including general liability, automotive and workers' compensation but our insurance does not cover all possible claims and claims are subject to a deductible of $1.0 million per occurrence. Accordingly, we are liable up to $1.0 million per occurrence per policy line. We also have excess umbrella coverage for losses up to an aggregate of $20.0 million. We also maintain insurance for health insurance claims exceeding $0.1 million per covered individual on an annual basis. Losses up to the deductible amounts are accrued based upon our estimates of the ultimate liability for claims reported and an estimate of claims incurred but not yet reported. The determination of such estimated losses and their appropriateness are reviewed by management and updated at least quarterly. We are not required to, and do not, specifically set aside funds for our self-insurance programs. At any given time, we are subject to multiple workers' compensation and personal injury and other employee-related claims. We maintain accruals based on known facts and historical trends. Our workers' compensation and insurance costs have been rising over the past several years as our volume of business has increased. One of our insurance providers, Zurich American Insurance Company, requires letters of credit from time-to-time to ensure reimbursement for amounts they are disbursing on our behalf, such as payments made to beneficiaries under our self-funded insurance programs.

Regulation

While we are not regulated as a public utility, our operations are subject to various federal, state and local laws and regulations including:

- licensing, permitting and inspection requirements applicable to electricians and engineers;
- building and electrical codes;
- permitting and inspection requirements applicable to construction projects;
- regulations relating to worker safety and environmental protection; and
- special bidding and procurement requirements on government projects.

In addition, we conduct a portion of our business in the southwestern United States, where we run a more significant risk of disturbing Native American artifacts and archeological sites. If we encounter artifacts on a site on one of our construction projects, we may need to halt operation while construction is moved or steps are taken to comply with local law and the Archaeological Resources Protection Act of 1979 ("ARPA"). In addition, under ARPA we may be subject to fines or criminal sanctions if we disturb or damage protected sites.

We believe that we are in material compliance with applicable regulatory requirements and have all material licenses required to conduct our operations. Our failure to comply with applicable regulations could result in substantial fines and/or revocation of our operating licenses. Many state and local regulations governing electrical construction require permits and licenses to be held by individuals who typically have passed an examination or met other requirements.

Environmental Matters

We are committed to the protection of the environment and train our employees to perform their duties accordingly. We are subject to numerous federal, state and local environmental laws and regulations governing our operations, including the handling, transportation and disposal of non-hazardous and hazardous substances and wastes, as well as emissions and discharges into the environment, including discharges to air, surface water, groundwater and soil. We also are subject to laws and regulations that impose liability and cleanup responsibility for releases of hazardous substances into the environment. Under certain of these laws and regulations, such liabilities can be imposed for cleanup of previously owned or operated properties, or properties to which hazardous substances or wastes were sent by current or former operations at our facilities, regardless of whether we directly caused the contamination or violated any law at the time of discharge or disposal. The presence of contamination from such substances or wastes could interfere with ongoing operations or adversely affect our ability to sell, lease or use our properties as collateral for financing. We could also be held liable for significant penalties and damages under certain environmental laws and regulations, which could materially and adversely affect our business and results of operations.

Employees

We seek to attract and retain highly qualified hourly employees by providing a superior work environment through our emphasis on safety, our high quality equipment and fleet and competitive compensation. As of September 30, 2007, we had approximately 3,000 employees, consisting of 414 salaried employees including executive officers, district managers, project managers, superintendents, estimators, office managers, and staff and clerical personnel, 2,324 craft labor union employees and 282 non-union field labor employees. The number of employees fluctuates depending on the number and size of projects at any particular time. Approximately 90% of our hourly-rated employees were members of the IBEW, AFL-CIO and are represented by numerous local unions under approximately 60 agreements with generally uniform terms and varying expiration dates. We generally are not direct parties to such local agreements, but instead these agreements are entered into by and between the IBEW local and NECA of which we are a member. NECA negotiates the terms of these agreements on our behalf. The majority of our competitors are members of NECA and all of our competitors which utilize union labor are effectively bound by the terms of the IBEW agreements negotiated by NECA. On occasion we will also employ individuals who are members of other trade unions pursuant to multi-employer, multi-union project agreements.

Legal Proceedings

We are from time-to-time party to various lawsuits, claims and other legal proceedings that arise in the ordinary course of business. These actions typically seek, among other things, compensation for alleged personal injury, breach of contract and/or property damages, punitive damages, civil and criminal penalties or other losses, or injunctive or declaratory relief. With respect to all such lawsuits, claims and proceedings, we record reserves when it is probable that a liability has been incurred and the amount of loss can be reasonably estimated. We do not believe that any of these proceedings, separately or in the aggregate, would be expected to have a material adverse effect on our financial position, results of operations or cash flows.

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

In 2005, one of our subsidiaries was convicted of a criminal misdemeanor for violation of certain OSHA safety regulations that occurred in 1999. We were assessed and paid a fine of $500,000 and the subsidiary was sentenced to a three-year probation period, as currently in effect, ending December 8, 2008. We believe that we are in compliance with the terms of the probation. We have appealed this decision, but cannot predict whether we will be successful in our appeal. The conviction and subsequent probation have not had a material impact on our subsidiary or on us generally and we do not believe either will have a material adverse effect on us in the future.

Seasonality

Although our revenues are primarily driven by spending patterns in our customers' industries, our revenues, particularly those derived from our T&D segment, and results of operations can be subject to seasonal variations. These variations are influenced by weather, hours of daylight, customer spending patterns, available system outages from utilities, bidding seasons and holidays. Typically, our revenues in the first quarter are not as strong due to adverse weather conditions and the cyclicality of customer bidding activities. Bidding activity with respect to new projects is usually light from late-November through mid-January due to the holidays and the fact that our customers typically wait for year-end results to finalize capital and maintenance budgets for the upcoming year. The second quarter is typically better than the first, as some projects begin, but continued cold and wet weather can often impact second quarter productivity. Revenues in our third quarter may be affected by fewer available system outages during which we can perform electrical line service work due to peak electrical demands during hot summer months. Revenues during the fourth quarter of the year are typically higher than the first and third quarters. Many projects are completed in the fourth quarter and revenues often are impacted positively by customers seeking to spend their allocated capital budget on existing projects before the end of the year; however, the holiday season and inclement weather sometimes can cause delays and thereby reduce revenues.

In addition to the negative affect on our revenues caused by severe weather, we also provide storm restoration services to our T&D customers, which tends to have a higher profit margin. Higher profit margins on storm restoration services can offset the lost revenues in connection with weather-related delays in our construction, maintenance and repair work for our T&D customers. However, storm restoration services work is highly unpredictable and can cause our results of operations to vary greatly from quarter-to-quarter. Our revenues will also fluctuate based on the timing of our large EPC contracts. Given the offsetting effects of weather-related events on the services we provide and periodic effect of our large EPC contacts, it is difficult to predict recurring quarterly trends for our business.

MANAGEMENT

The following table sets forth information regarding our directors and executive officers:

Executive Officers and Directors

Name	Age	Position(1)	Term Expires
William A. Koertner	58	Director, President and Chief Executive Officer	2010
Jack L. Alexander	60	Director	2009
Larry F. Altenbaumer	59	Director	2010
Henry W. Fayne	61	Director	2008
Betty R. Johnson	49	Director	2009
Gary R. Johnson	61	Director	2008
William D. Patterson	53	Director	2010
Carter A. Ward	35	Director	2008
William H. Green	64	Senior Vice President and Chief Operating Officer	
Marco A. Martinez	42	Vice President, Chief Financial Officer and Treasurer	
Gerald B. Engen, Jr.	56	Vice President, Chief Legal Officer and Secretary	
John A. Fluss	56	Group Vice President—Transmission and Distribution	
Richard S. Swartz, Jr.	44	Group Vice President—Commercial and Industrial	

William A. Koertner, Director, President and Chief Executive Officer. Mr. Koertner has served as a Director since December 2007. Mr. Koertner joined us in 1998 as senior vice president, treasurer and chief financial officer and became our president and chief executive officer in December 2003. Prior to joining us, Mr. Koertner served as vice president at Central Illinois Public Service Company from 1989 until 1998.

Jack L. Alexander, Director. Mr. Alexander has served as a Director since December 2007. Mr. Alexander has been a business advisor providing advisory and consulting services to MidAmerican Energy Holdings Company since 2005. Mr. Alexander was previously at MidAmerican Energy Company (a Berkshire Hathaway company), a large electric utility company based in Iowa, from 1973 to 2005, where he served in various roles, most recently as senior vice president of supply and marketing from 2002 to 2005.

Larry F. Altenbaumer, Director. Mr. Altenbaumer has served as a Director since 2006. Mr. Altenbaumer is an independent consultant, having retired in 2004 as president of Illinois Power, an electric and natural gas delivery company, and executive vice president for regulated energy delivery, Dynegy Inc., a wholesale power, capacity and ancillary services provider. Mr. Altenbaumer provides business advisory and consulting services to several organizations both in and outside of the energy industry. He is also the fund manager of InDecatur Ventures, LLC, a venture capital investment group focused on economic development opportunities in Decatur, Illinois.

Henry W. Fayne, Director. Mr. Fayne has served as a Director since December 2007. Mr. Fayne has been providing advisory and consulting services to various companies, including Century Aluminum Company and Pace Global Energy Services, since 2005. Mr. Fayne was previously at American Electric Power, a large electric utility company based in Columbus, Ohio, from 1974 to 2004, where he served in various roles, most recently as executive vice president of energy delivery from 2001 to 2004.

Betty R. Johnson, Director. Ms. Johnson has served as a Director since December 2007. Since 2003, Ms. Johnson has been employed by Block and Company, Inc., a manufacturer and distributor of money handling and office products based in Illinois, where she has held the positions of vice president and chief financial officer and, more recently, executive vice president and chief financial officer. Prior to that Ms. Johnson was a vice president-operations finance with Encompass Services Corporation, an electrical and mechanical construction company based in Kansas, from 1999 to 2003. Ms. Johnson served as our controller from 1992 to 1998 and vice president and controller through 1999.

Gary R. Johnson, Director. Mr. Johnson has served as a Director since December 2007. Mr. Johnson retired from his position as the vice president and general counsel of Xcel Energy in March 2007. Mr. Johnson occupied this position from the incorporation of Xcel Energy in 2000 until his retirement.

William D. Patterson, Director. Mr. Patterson has served as a Director since December 2007. Mr. Patterson has served as senior vice president of Pennichuck Corporation, an investor-owned water company located in New Hampshire, since 2006. Mr. Patterson joined Pennichuck Corporation in 2005 as vice president and chief financial officer. From January 2003 to January 2005, he served as executive advisor to Concentric Energy Advisors, a private firm located in Marlborough, Massachusetts, providing financial advisory and consulting services for utilities. From June 2001 through January 2005, he provided financial advisory and consulting services for utilities as president of EnSTAR Management Corporation, a company which he founded. Mr. Patterson continues to serve as president of EnSTAR.

Carter A. Ward, Director. Mr. Ward served as a Director from 2006 to December 2007 when he resigned in connection with the closing of the 2007 Private Placement and was re-appointed to the Board as the designee of Friedman, Billings, Ramsey & Co., Inc. in January 2008. Mr. Ward is a Managing Director at ArcLight Capital Management Partners, LLC. ArcLight is a leading energy investment firm with more than $6.8 billion of capital under management. Mr. Ward joined ArcLight in 2001 and has twelve years of energy finance and private equity experience. Prior to joining ArcLight, Mr. Ward was a Vice President at McManus & Miles, a boutique investment bank serving the Power and Energy Industry. Mr. Ward earned a Bachelor of Science in Operations Research & Industrial Engineering from Cornell University.

William H. Green, Senior Vice President and Chief Operating Officer. Mr. Green has served as senior vice president and chief operating officer since December 2003. Prior to December 2003, Mr. Green served as one of our group vice presidents.

Marco A. Martinez, Vice President, Chief Financial Officer and Treasurer. Mr. Martinez has served as vice president, chief financial officer and treasurer since December 2003. Mr. Martinez served as our director of finance from 2000 until December 2003. From 1997 until 2000, Mr. Martinez served as the controller for several of our operating subsidiaries.

Gerald B. Engen, Jr., Vice President, Chief Legal Officer and Secretary. Mr. Engen has served as vice president, chief legal officer and secretary since November 2002. Mr. Engen joined us an assistant general counsel in September 2000 from Wells, Love & Scoby, LLC, a law firm specializing in construction law.

John A. Fluss, Group Vice President—Transmission and Distribution. Mr. Fluss joined us in 1973 and has served as group vice president—transmission and distribution since 2002. Mr. Fluss has held a number of positions during his 34 years of employment with us including vice president of line operations, district manager and district estimator.

Richard S. Swartz, Jr., Group Vice President—Commercial and Industrial. Mr. Swartz has served as group vice president—commercial and industrial since 2004. Prior to becoming a group vice president, Mr. Swartz served as our vice president transmission & distribution central division from 2002 to 2004. Mr. Swartz has held a number of additional positions since he joined us in 1982, including project foreman, superintendent, project manager and district manager.

Committees of the Board of Directors

Board Independence

Following the effectiveness of this registration statement, a majority of our directors will need to qualify as independent under the Nasdaq listing standards. Under the Nasdaq listing standards, an "independent director" is a director who is not an officer or employee of our company or any subsidiary and who does not have any relationship that the board of directors believes would interfere with the exercise of independent judgment in carrying out the responsibilities of a director. Our board will review the relationships that each director has with our company on an annual basis and only those directors having no direct or indirect material relationship with our company and who qualify as independent under the Nasdaq listing standards will be considered independent directors of MYR. The board has determined that each of our current directors (with the exception of our chief executive officer) is independent under the Nasdaq listing standards.

We have established the following committees of our Board of Directors:

Audit Committee

The audit committee:

- reviews the audit plans and findings of our independent registered public accounting firm and our internal audit and risk review staff, as well as the results of regulatory examinations, and tracks management's corrective action plans where necessary;
- reviews our financial statements, including any significant financial items and/or changes in accounting policies, with our senior management and independent registered public accounting firm;
- reviews our financial risk and control procedures, compliance programs and significant tax, legal and regulatory matters; and
- has the sole discretion to appoint annually our independent registered public accounting firm, evaluate its independence and performance and set clear hiring policies for employees or former employees of the independent registered public accounting firm.

Mr. Patterson, Ms. Johnson, Mr. Alexander, Mr. Fayne and Mr. Ward serve on the audit committee, with Mr. Patterson serving as chairman. The board has determined each member of the audit committee qualifies as an "independent" director as defined under Nasdaq rules and Rule 10A-3 of the Securities Exchange Act of 1934, as amended and Mr. Patterson qualifies as an audit committee "financial expert" under the Nasdaq rules.

Nominating and Corporate Governance Committee

The nominating and corporate governance committee:

- reviews the performance of our Board of Directors and makes recommendations to the board regarding the selection of candidates, qualification and competency requirements for service on the board and the suitability of proposed nominees as directors;
- advises the Board of Directors with respect to the corporate governance principles applicable to us; and
- oversees the evaluation of the Board of Directors and management.

Mr. Johnson, Mr. Altenbaumer, Ms. Johnson and Mr. Ward serve on the nominating and corporate governance committee, with Mr. Johnson serving as chairman. The board has determined that each member on the nominating and corporate governance committee qualifies as an "independent" director as defined under the Nasdaq rules.

Compensation Committee

The Compensation Committee is responsible for setting the philosophy and administering the policies that govern our executive compensation program. The Compensation Committee administers the compensation programs for all of our named executive officers. The Compensation Committee's primary purposes with respect to named executive officer compensation is to align our named executive officers' incentives with stockholder value creation, to attract, motivate and retain the best possible executive officer talent, to tie cash and stock incentives to the achievement of measurable corporate and business unit performance goals and to encourage our named executive officers to behave like owners of the business. To achieve these purposes, the Compensation Committee will implement and maintain compensation plans that reward our named executive officers for their contributions to our short-term and long-term performance and for creating and building stockholder value.

Mr. Altenbaumer, Mr. Patterson, Mr. Johnson, Mr. Alexander and Mr. Fayne serve on the compensation committee, with Mr. Altenbaumer serving as chairman. The board has determined that each member of the compensation committee qualifies as an "independent" director as defined under the Nasdaq rules, "non-employee" director as defined in Rule 16b-3(b)(3) under the Exchange Act and "outside" director within the meaning of Section 162(m)(4)(c)(i) of the Code.

Compensation Committee Interlocks and Insider Participation

During the last fiscal year, our chief executive officer and our vice president-human resources participated in deliberations of the board of directors concerning executive officer compensation.

Compensation Discussion and Analysis

Objectives of our Compensation Programs

We have designed compensation plans to reward our key executive officers for their contributions to our short-term and long-term performance and to be competitive with programs offered by companies with which we compete for executive officer talent. Our named executive officers for 2008 are Mr. Koertner, our president and chief executive officer, Mr. Martinez, our vice president, chief financial officer and treasurer, Mr. Green, our senior vice president and chief operating officer, Mr. Fluss, our group vice president, Mr. Engen, our vice president, secretary and chief legal officer and Mr. Swartz, our group vice president—commercial and industrial. We believe that the pay of our named executive officers should be directly linked to performance, thus our compensation programs are designed to reward strong financial performance and safe operations. We measure the effectiveness of our compensation programs on our success in creating incentives for our named executive officers to meet and exceed our financial performance and on our ability to attract and retain executive officers who will provide exceptional levels of service.

We seek to maintain the competitiveness of our executive compensation levels with those of our peers and competitors and therefore, make changes to the level of our executive officer compensation from time to time. Adjustments to both overall compensation and the individual components of compensation are based on various factors, including results of compensation benchmarking studies, published compensation survey data, economic conditions and the effects of inflation, changes in our business operations and changes in the compensation practices of our competitors. We also take into account the executive officer's individual performance when making compensation adjustments.

Our executive compensation program is designed to reward the achievement of goals related to growth, productivity, safety and personnel development, including such goals as follows:

- meeting financial and safety performance goals;
- attracting and retaining the most talented and dedicated executives possible;
- motivating and exhibiting leadership that aligns employees' interests with that of our stockholders;
- developing and maintaining a grasp of the competitive environment and positioning us as a competitive participant within our industry;
- developing business models and systems that seek out strategic opportunities, which benefit us and our stockholders;
- implementing a culture of compliance and commitment to operating our business with the highest standards of professional conduct and compliance; and
- achieving accountability for performance by linking annual cash awards to the achievement of financial and safety goals.

Management's Role in the Compensation-Setting Process

The board of directors makes all compensation decisions for named executive officers. However, management plays an important role in the compensation setting process of our named executive officers. The most significant aspects of our management's role are recommending to the board of directors compensation plans, financial performance goals and strategic goals relating to each named executive officer, evaluating the performance of and recommending base salary levels and cash bonus and equity awards for our named executive officers (other than with respect to our chief executive officer). While our management makes recommendations as to the goals and awards for named executive officers' compensation (other than with respect to our chief executive officer), the board of directors has final authority and complete discretion in ultimately setting named executive officers' compensation goals and awards.

Elements of Executive Compensation

The key components of our compensation program for our named executive officers are: base salary, the Management Incentive Program ("MIP"), the discretionary bonus plan, profit sharing, the Long-Term Incentive Plan ("LTIP") and other compensation consisting primarily of matching 401(k) contributions. Each component of our compensation program has an important role in creating compensation payouts that motivate and reward strong performance and in retaining the named executive officers who deliver such performance.

Base Salary

Base salary is a critical element of our named executive officers' compensation because it provides named executive officers with a base level of monthly income that is consistent with industry practices. Base salaries for named executive officers, including our chief executive officer, are determined annually by taking into account factors such as competitive T&D and C&I industry salaries, a subjective assessment of the nature of the position, contribution, experience and level of responsibility of the named executive officer and such named executive officer's length of service. While base salaries provide a basic level of economic security for our named executive officers, we use compensation benchmarking studies and published compensation survey data to establish our performance-based compensation such that a significant portion of a named executive officer's total compensation opportunity is pursuant to the incentive compensation plans described below.

The base salaries for our named executive officers under their employment agreements are as follows: Mr. Koertner, $450,000; Mr. Martinez, $240,000; Mr. Green, $292,000; Mr. Fluss, $231,000; Mr. Engen $250,000; and Mr. Swartz $225,000. Each of these salaries is subject to periodic review and adjustment by our board of directors. Base salaries may be increased to realign salaries with market levels after taking into account individual responsibilities, performance and experience. Based on publicly available information, the Board of Directors believes that the base salaries established for our executive officers, including our named executive officers, are generally competitive and comparable to those paid by similarly situated publicly-traded companies of our size and in our industry.

Management Incentive Plan

The MIP is designed to provide our named executive officers with performance awards payable annually in cash in recognition of achieving certain financial performance goals and maintaining safe operations that we believe are strongly linked to stockholder value creation. An important factor in our decision to pay our MIP awards in cash rather than in equity has been to ensure that our compensation program remains competitive with the programs of our direct competitors, which include private companies that generally pay all compensation in cash. Our MIP performance targets are measured against financial performance and safety goals that are approved by the board of directors and that encourage our named executive officers to increase stockholder value by focusing on growth in revenue and earnings and safety in operations.

The payout for each named executive officer under the MIP is dependent on the percentage of each named executive officer's salary that is determined to be subject to the plan and our performance measured against the financial goal and safety goal established by our compensation committee pursuant to the MIP. The factors considered in establishing the financial goals include EBITDA, economic profit, net revenues, net income performance against business plan, retained earnings, and individual goals based on similar objective criteria that pertain to individual contributions to the achievement of such financial measures. The plan provides for a range of payouts for achievement of the goals at percentages of base salary ranging from 25% to 115% for the chief executive officer and the chief operating officer and from 25% to 100% for the other named executive officers.

Consistent with our compensation objective of linking named executive officers' compensation with performance, each named executive officer's 2007 award pursuant to the MIP was based on pretax income as the financial performance goal and total case rate and lost time cases as the safety performance goals.

Discretionary Bonus Plan

Awards under the discretionary bonus plan are made at the discretion of our chief executive officer, with the approval of the board of directors, and are payable in cash. No awards were made under this plan to our named executive officers in 2006.

Profit Sharing Contributions

At its discretion, the board of directors may authorize profit sharing contributions to the Diversified Holdings Savings Plan (our 401(k) plan) accounts of our employees, including our named executive officers. To be eligible for such a profit sharing contribution, the employee must be a participant in the 401(k) plan and employed on the last day of the 401(k) plan year (December 31). An employee's interest in contributions to his or her profit sharing account vests at a graduated vesting schedule of 20% per year of service for five years. After five years of service the employee would be 100% vested in all current and future contributions to his or her profit sharing account; provided the employee works a minimum of 1,000 hours each 401(k) plan year. The board of directors approved a profit sharing contribution to the account of each of our employees for 2007 equal to 10% of each employee's base wages paid in the plan year, including each of our named executive officers (subject to applicable limits imposed by the IRS).

Long-Term Incentive Compensation

We believe that long-term performance is achieved through an ownership culture that rewards and encourages long-term performance by our named executive officers through the use of stock-based awards. In connection with the 2007 Private Placement, our board of directors adopted our new Long-Term Incentive Plan (the "LTIP"). The purposes of the LTIP are to attract, motivate and retain key employees and directors of the Company upon whose judgment, initiative and efforts the financial success and growth of the business of the Company largely depend, and to provide additional incentive to our employees and directors through stock ownership and other rights that promote and recognize the financial success and growth of the Company. 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 (or SARs), (d) restricted stock awards, (e) performance awards, (f) phantom stock, (g) stock bonuses, (h) dividend equivalents, or (i) any combination of such awards. The board of directors will determine who will receive awards under the LTIP and the limitations on those awards.

The board of directors reserved 2,000,000 shares for issuance under the LTIP. Upon the closing of the 2007 Private Placement offering we awarded stock options under the LTIP to our incoming directors, our named executive officers and certain other key employees as follows:

Name	Number of Stock Options
Jack L. Alexander	8,000
Larry F. Altenbaumer	8,000
Henry W. Fayne	8,000
Betty R. Johnson	8,000
Gary R. Johnson	8,000
William D. Patterson	8,000
William A. Koertner	110,000
Marco A. Martinez	32,000
William H. Green	32,000
John A. Fluss	32,000
Gerald B. Engen, Jr.	32,000
Richard S. Swartz, Jr.	32,000
All others, in the aggregate	222,000

Other Compensation

In addition to their base salaries and awards under the incentive plans described above, our named executive officers receive matching contributions under our 401(k) plan. We match 100% of a named executive officer's pre-tax contributions up to the first 6% of such named executive officers' base salary up to the maximum allowed by the plan.

Each named executive officer is also eligible to participate in all other benefit plans and programs that are or in the future may be available to our other executive employees, including any health insurance or health care plan, disability insurance, supplemental retirement plan, vacation and sick leave plan, and other similar plans. In addition, each named executive officer is eligible for certain other benefits, including life insurance, reimbursement of business and entertainment expenses, car allowance and use of a company car and gas card. The board of directors may revise, amend or add to the officer's executive benefits and perquisites as it deems advisable. We believe that these benefits and perquisites are consistent with those provided to senior executives at companies in the T&D and C&I industries.

Exercise of Discretion in Executive Compensation Decisions

The board of directors has complete discretion to withhold payment pursuant to any of our incentive compensation plans regardless of whether we or our named executive officers have successfully met the goals set under these plans. Likewise, the board of directors has the authority to grant payment under any of the plans despite the non-attainment by us or our named executive officers of the pre-established goals. For 2007, we expect that the board of directors will not exercise such discretion in the payment or non-payment of awards to our named executive officers.

Stock Ownership Guidelines

The board of directors has not implemented stock ownership guidelines. The board of directors has chosen not to require stock ownership given the limited market for our common stock. The board of directors will continue to periodically review best practices and re-evaluate our position with respect to stock ownership guidelines.

Impact of Regulatory Requirements on our Executive Compensation Decisions

Beginning on January 1, 2006, we began accounting for stock-based awards in accordance with the requirements of FAS 123R. Our board of directors considers the accounting and tax implications of its compensation decisions as one factor among many in achieving its executive compensation objectives.

Employment Agreements, Severance Benefits and Change in Control Provisions

In connection with the 2007 Private Placement, we entered into employment agreements with each of our named executive officers (each an "Employment Agreement"). Under each Employment Agreement, the named executive officer is eligible to receive base salary (as detailed in the table below), an annual target bonus equal to 50% of the executive's base salary (55% in the case of our chief executive officer and chief operating officer), use of a company car and gas card or a car allowance in accordance with company policy, and is eligible to participate in all incentive, savings, profit sharing, retirement and welfare benefit plans, policies and arrangements applicable generally to our other similarly-situated executive officers. Subject to prior notice, each Employment Agreement automatically renews annually for an additional one-year term following an initial term of 3 years. Each Employment Agreement contains non-competition covenants restricting the ability of the named executive officer to compete with us, solicit our clients or recruit our employees during the term of his employment and for a period of one year thereafter and prohibiting him from disclosing confidential information and trade secrets.

Name	Base Salary
William A. Koertner	$ 450,000
Marco A. Martinez	$ 240,000
William H. Green	$ 292,000
John A. Fluss	$ 231,000
Gerald B. Engen, Jr.	$ 250,000
Richard S. Swartz, Jr.	$ 225,000

The Employment Agreements generally terminate upon a named executive officer's (a) death, (b) disability, (c) termination for "cause" or without "good reason" (as both are defined in the Employment Agreements and generally described below), (d) termination without cause or for good reason or (e) termination without cause or for good reason following a "Change in Control" (as defined in each Employment Agreement and generally described below). If termination results from any of the foregoing, each named executive officer would be entitled to all compensation earned and all benefits and reimbursements due through the date of termination. Additionally, if termination results from any of the reasons below, the named executive officer would be entitled to the following additional payments and/or benefits:

Reason for Termination	Potential Payment(s)
Disability	• Long-term disability benefits pursuant to the terms of any long-term disability policy provided to similarly-situated employees of the Company in which the named executive officer participates
Without good reason	• Lump-sum payment of one-half the named executive officer's base salary and target bonus subject to repayment in the event the named executive officer breaches the restrictive covenants or becomes reemployed in the six-month period following his termination • Company-paid benefit continuation coverage for the named executive officer and his family for a period of six months, subject to forfeiture in the event the named executive officer becomes reemployed in the six-month period following his termination
Without cause or for good reason	• Lump-sum payment of twice the named executive officer's base salary and target bonus, subject to repayment in the event the named executive officer breaches the restrictive covenants or becomes reemployed in the two-year period following his termination • Company-paid benefit continuation coverage for the named executive officer and his family for a period of two years, subject to forfeiture in the event the named executive officer breaches the restrictive covenants or becomes reemployed in the two-year period following his termination
Without cause or for good reason within twelve months following a change in control	• Lump-sum payment of three times the named executive officer's base salary and target bonus • Company-paid benefit continuation coverage for the named executive officer and his family for a period of two years, subject to forfeiture in the event the named executive officer becomes reemployed in the two-year period following his termination • Gross-up payments for any related excise taxes

We compete for executive talent in a highly competitive market in which companies routinely offer similar benefits to named executive officers. We view the cash severance and continuation of health and welfare benefits as appropriate for the named executive officers who may not be in a position to readily obtain comparable employment within a reasonable period of time.

Each Employment Agreement for the named executive officers generally defines "Cause" as a named executive officer's (a) a material breach of the non-competition provisions of the named executive officer's Employment Agreement, (b) the commission of a criminal act by the named executive officer against the company, including but not limited to fraud, embezzlement or theft, (c) conviction or plea of no contest or *nolo cotendre* to a felony or any crime involving moral turpitude, or (d) the named executive officer's failure or refusal to carry out, or comply with, in any material respect, any lawful directive of the board that is not cured within thirty days after the receipt of written notice from the Company. "Good Reason" exists under each Employment Agreement if, among other things, such named executive officer's base salary and/or annual target bonus opportunity is reduced, his duties are materially reduced, he is required to relocate to a work site more than fifty miles from his current work site or if the company materially breaches a material provision of the named executive officer's Employment Agreement and fails to cure such breach within thirty days of the receipt of written notice of the breach.

Transaction Bonus Agreements with Officers

In connection with the 2007 Private Placement, we entered into transaction bonus agreements with each of our named executive officers and certain other key employees. The terms of these bonus agreements provided that each such officer and/or employee was entitled to receive a cash bonus in an amount equal to a specified portion of the transaction bonus pool of approximately $3.0 million. The transaction bonuses were intended to reward our officers and certain of our key employees for their efforts in connection with the 2007 Private Placement, which we believe created tremendous value to our stockholders. The payment of the transaction bonus was contingent upon the applicable officer or employee executing a release of claims in favor of the company. The transaction bonuses paid to of our named executive officers and certain other key employees are as follows:

Name	Cash Bonus	
William A. Koertner	$	625,000
Marco A. Martinez	$	241,250
William H. Green	$	181,250
John A. Fluss	$	181,250
Gerald B. Engen, Jr.	$	241,250
Richard S. Swartz, Jr.	$	181,250
All others, in the aggregate	$	1,348,750

Potential Payments Upon Termination or Change in Control

The named executive officers have long service records with us and generally have provided the vision and leadership that has built us into the successful enterprise that we are today. We believe that providing change in control benefits will reduce the reluctance of our named executive officers to pursue potential change in control transactions that may be in our best interest while simultaneously preserving neutrality in negotiating and executing transactions that are favorable to us.

Each Employment Agreement for the named executive officers generally defines a "Change in Control" as the occurrence of a "change in the ownership of the Company," a "change in the effective control of the Company" or a "change in the ownership of a substantial portion of the Company's assets" as defined in Treasury Regulation §§ 1.409A-3(i)(5)(v), (vi) and (vii), respectively. As described above, if the named executive officer is terminated without cause or for good reason following a "Change in Control", the named executive officer would be entitled to all compensation earned and all benefits and reimbursements due through the date of termination, as well as to lump-sum payment of three times the named executive officer's base salary, target bonus and company-paid benefit continuation coverage for the named executive officer and his family for a period of two years, subject to forfeiture in the event the named executive officer becomes reemployed in the two-year period following his termination and gross-up payments for any related excise taxes.

"Change of Control" is similarly defined in the LTIP. Under the terms of the LTIP, generally upon a "Change in Control," (a) options become immediately exercisable and (b) restricted stock vests and becomes free of any forfeiture restrictions.

Changes to Compensation Plans

Under our 2006 Stock Option Plan, options to acquire 1,429,105 shares of our common stock have been granted to our executive officers, including our named executive officers. These options vested upon the closing of the 2007 Private Placement. We purchased from certain of our management option holders (excluding our named executive officers) an aggregate of 49,675 shares of our common stock underlying certain of these options at the price per share equal to the per share net proceeds we received from the 2007 Private Placement. Upon the closing of the 2007 Private Placement, there were approximately 1,373,673 options outstanding with a weighted average exercise price of $3.65. We do not expect to grant any additional options under the 2006 Stock Option Plan as it has been replaced by the LTIP.

Conclusion

We have designed and administer our compensation program in a manner that emphasizes the retention of key executive officers and rewards them appropriately for positive results. We monitor the program in recognition of the dynamic marketplace in which we compete for talent and will continue to emphasize pay-for-performance and equity-based incentive plans that reward our named executive officers for results consistent with the interests of our stockholders.

Executive Compensation

Summary Compensation Table for Fiscal Year Ended 2007

The following table shows the annual compensation for our named executive officers, for the fiscal year ended December 31, 2007. As explained in more detail below, salary, bonus and other compensation accounted for approximately 40% of the total compensation of the named executive officers in 2007, and equity-based compensation accounted for approximately 60%.

Name	Year	Salary $	Transaction Bonus(1) $	2006 Stock Option Awards(2) $	2007 Stock Option Awards(3) ($)	Non-Equity Incentive Plan Comp(4) $	Stock Purchase Discounts(5) $	All Other Comp(6) $	Total $
William A. Koertner President and Chief Executive Officer	2007	450,000	625,000	3,824,834	4,611	517,500	577,538	204,424	6,203,907
Marco A. Martinez Vice President, Chief Financial Officer and Treasurer	2007	210,000	241,250	581,822	1,341	210,000	87,060	64,427	1,395,900
William H. Green Senior Vice President and Chief Operating Officer	2007	283,877	181,250	547,389	1,341	326,459	144,691	66,400	1,551,407
John A. Fluss Group Vice President	2007	222,525	181,250	922,641	1,341	222,525	144,691	82,838	1,777,811
Gerald B. Engen, Jr. Vice President, Secretary and Chief Legal Officer	2007	229,808	241,250	344,273	1,341	229,808	29,429	46,970	1,122,879
Richard S. Swartz, Jr. Group Vice President—Commercial and Industrial	2007	213,750	181,250	922,641	1,341	213,750	144,691	79,367	1,756,790

(1) Represents the amount of transaction bonus earned in connection with the 2007 Private Placement.

(2) Represents the dollar amount recognized for financial statement reporting purposes for the year ended December 31, 2007, in accordance with FAS 123R, of awards of stock options under the 2006 Stock Option Plan. Assumptions used in the calculation of these amounts are included in Note 4, Summary of Significant Accounting Policies—Stock-Based Compensation in the Notes to the Consolidated Financial Statements contained elsewhere in this prospectus.

(3) Represents the dollar amount recognized for financial statement reporting purposes for the year ended December 31, 2007, in accordance with FAS 123R, of awards of stock options under the LTIP. Assumptions used in the calculation are outlined as follows: volatility of 35%, risk-free interest rate of 4.25%, weighted average time to expiration of 6.25 years and no expected dividends. Under this plan, there have been no forfeitures to date; however, the Company has estimated an expected forfeiture rate of 5% over the life of the options. The amounts shown in the table above exclude any impact for expected forfeitures.

(4) Represents the estimated dollar value of the cash awards earned under our MIP. For further details regarding the MIP, see "Compensation Discussion and Analysis—Elements of Executive Compensation—Management Incentive Plan" above.

(5) Represents the dollar amount recognized for financial statement purposes for the year ended December 31, 2007, for the stock value discount received upon the purchase of common stock by management of the Company in July 2007.

(6) Represents our matching contributions to the named executive officer's 401(k) plan of $15,500 to each of Messrs. Koertner and Green, $12,554 to Mr. Martinez, $13,334 to Mr. Fluss, $13,754 to Mr. Engen, and $12,808 to Mr. Swartz; profit sharing contributions of $22,500 to Messrs. Koertner and Green, $20,923 to Mr. Martinez, $22,224 to Mr. Fluss, $22,923 to Mr. Engen and $21,346 to Mr. Swartz; dividend payment of $150,225 to Mr. Koertner, $24,100 to Mr. Martinez, $45,200 to Messrs. Fluss and Swartz, $7,550 to Mr. Engen and $28,400 to Mr. Green; and personal use of a company automobile or automobile and fuel allowance.

2007 Grants of Plan-Based Awards

The following tables set forth the target and range for grants of awards made to each of the named executive officers under the Management Incentive Plan for 2007.

Name	Grant Date	Estimated Future Payouts Under Non-Equity Incentive Plan Awards(1) Threshold ($)	Target ($)	Maximum ($)	Estimated Future Payouts Under Equity Incentive Plan Awards Grant Date	Target (#)	Exercise or Base Price of Option Awards ($/sh)	Grant Date Fair Value of Option Awards(2)
William A. Koertner	03/08	112,500	247,500	517,500	12/20/07	110,000	13.00	612,403
Marco A. Martinez	03/08	52,500	105,000	210,000	12/20/07	32,000	13.00	178,154
William H. Green	03/08	70,969	156,132	326,459	12/20/07	32,000	13.00	178,154
John A. Fluss	03/08	55,631	111,263	222,525	12/20/07	32,000	13.00	178,154
Gerald B. Engen, Jr.	03/08	57,452	114,904	229,808	12/20/07	32,000	13.00	178,154
Richard S. Swartz, Jr.	03/08	53,437	106,875	213,750	12/20/07	32,000	13.00	178,154

(1) Includes possible payout amounts under our 2007 MIP. For further details regarding the MIP, see "Compensation Discussion and Analysis—Elements of Executive Compensation—Management Incentive Plan" above.

(2) The amounts in the "Grant Date Fair Value of Option Awards" column reflect the grant date fair value of each equity award calculated in accordance with FAS 123R.

Outstanding Equity Awards at 2007 Fiscal Year End

The following table set forth for each named executive officer, unexercised options, unvested stock and equity incentive plan awards as of the end of the 2007 fiscal year.

Name	Number of Securities Underlying Unexercised Options (# Exercisable)(1)	Number of Securities Underlying Unexercised Options (# Unexercisable)	Option Awards Option Exercise Price ($)	Option Expiration Date
2006 Option Grants(1)				
William A. Koertner	365,449	0	3.65	06/02/16
Marco A. Martinez	55,591	0	3.65	06/02/16
William H. Green	52,301	0	3.65	06/02/16
John A. Fluss	88,155	0	3.65	06/02/16
Gerald B. Engen, Jr.	32,894	0	3.65	06/02/16
Richard S. Swartz, Jr.	88,155	0	3.65	06/02/16
2007 Option Grants(2)				
William A. Koertner	0	110,000	13.00	12/20/17
Marco A. Martinez	0	32,000	13.00	12/20/17
William H. Green	0	32,000	13.00	12/20/17
John A. Fluss	0	32,000	13.00	12/20/17
Gerald B. Engen, Jr.	0	32,000	13.00	12/20/17
Richard S. Swartz, Jr.	0	32,000	13.00	12/20/17

(1) All options granted under the MYR Group Inc. 2006 Stock Option Plan. All options vested upon the closing of the 2007 Private Placement.

(2) All options granted under the LTIP during 2007, with a fair value per option of $5.5673, excluding the impact of expected forfeitures.

Potential Payments Upon Termination or Change in Control

As described above in the Compensation Discussion and Analysis section, our named executive officers have severance and change in control clauses in their employment agreements. The following table summarizes and quantifies the compensation that would have become payable upon termination or a change in control on December 31, 2007, given the named executive officers compensation and service levels as of such date.

Name					Severance and Change in Control Payments			
		Termination due to Disability(1)		Termination without Good Reason(2)		Termination without Cause or for Good Reason(3)(5)		Termination without Cause or for Good Reason within 12 months following a Change in Control(4)(5)
William A. Koertner	$	228,426	$	392,364	$	1,456,956	$	2,166,684
Marco A. Martinez	$	121,600	$	201,494	$	745,976	$	1,108,964
William H. Green	$	150,988	$	256,207	$	951,829	$	1,415,577
John A. Fluss	$	118,780	$	195,554	$	724,466	$	1,077,074
Gerald B. Engen, Jr.	$	135,305	$	218,665	$	812,161	$	1,207,825
Richard S. Swartz, Jr.	$	123,054	$	197,748	$	734,742	$	1,092,738

(1) Represents amount to which the named executive officer is entitled under the terms of our long-term disability policy, which provides a benefit equal to 60% of the named executive officer's monthly base salary (up to a maximum monthly benefit of $10,000) until age 65.

(2) Represents the sum of (a) one-half the sum of the named executive's base salary and target bonus (55% of annual salary for our CEO and COO; 50% for all other named executive officers) and (b) company-paid benefit continuation coverage for the named executive officer and his family under our welfare benefit plans in which the named executive officer is a participant for a period of six months.

(3) Represents the sum of (a) twice the sum of the named executive officer's base salary and target bonus (55% of annual salary for our CEO and COO; 50% for all other named executive officers) and (b) company-paid benefit continuation coverage for the named executive officer and his family under our welfare benefit plans in which the named executive officer is a participant for a period of two years.

(4) Represents the sum of (a) three times the sum of the named executive officer's base salary and target bonus (55% of annual salary for our CEO and COO; 50% for all other named executive officers) and (b) company-paid benefit continuation coverage for the named executive officer and his family under our welfare benefit plans in which the named executive officer is a participant for a period of two years.

(5) The amounts shown above do not include any gross up which may be due with respect to the excise tax imposed pursuant to section 4999 of the Internal Revenue Code of 1986, as amended.

Compensation of Directors

Our directors who are not employed by us will be entitled to the following compensation for service on our board of directors and board committees:

- annual compensation of $30,000 for each member of the board, plus an additional $10,000 annually for the chairperson of the audit committee and $5,000 annually for each committee chairperson, other than the audit committee chairperson;
- each director will receive a fee of $2,000 for each meeting of the board that he or she attends in person and $1,000 for each telephonic meeting attended; and
- each director will receive a fee of $1,000 for each meeting of any committee that he or she attends, whether in person or by phone.

We will reimburse our directors for reasonable costs and expenses incurred in connection with attendance at board and board committee meetings.

CERTAIN RELATIONSHIPS AND RELATED PARTY TRANSACTIONS

In connection with certain construction services provided to an affiliate of our former stockholder, FirstEnergy Corp., there were accounts receivable of $0.1 million and $6.1 million as of December 31, 2006 and 2005. We recognized total revenue for services provided to the affiliate for the years ended December 31, 2006 and 2005 of $17.1 million and $39.9 million, respectively. The related direct costs of providing these services were $15.3 million and $35.4 million, respectively.

We used approximately $175.5 million of the proceeds of the 2007 Private Placement to redeem shares of our common stock held by affiliates of ArcLight. In addition, we used approximately $0.4 million of the proceeds of the 2007 Private Placement to redeem shares of our common stock held by members of management, which were purchased from us either in private transactions in May 2006 and July 2007 or pursuant to the exercise of employee stock options. For more information regarding the redemption of common stock held by members of management, see "Principal Stockholders."

We intend to adopt a written policy and procedures for the review, approval and ratification of transactions with related persons. Under our policy, related persons is expected to include, among others, our executive officers and other senior level employees, directors, immediate family members of such persons and any other person that could significantly influence our policies. The transactions covered under our policy will generally include business transactions between the company and a related person, including, among others, the sale of inventory or supplies to or purchase of inventory or supplies from a related person, and the supply of services to or receipt of services from a related person and may in certain instances require the pre-approval of the Audit Committee. In considering the approval of any related party transaction, we expect that a legitimate business case will be presented that includes the reasons that the transaction is beneficial to the company and does not pose an actual conflict of interest.

PRINCIPAL STOCKHOLDERS

The following table sets forth information with respect to the beneficial ownership of our common stock, as adjusted to reflect the sale of common stock offered by us in this offering, for:

- each beneficial owner of more than 5% of any class of our outstanding capital stock;
- each of our named executive officers;
- each of our directors; and
- all of our executive officers and directors as a group.

Beneficial ownership is determined in accordance with the rules of the SEC. In computing the amount of stock beneficially owned by a person and the percentage ownership of that person, shares of common stock subject to options or warrants held by that person that are currently exercisable or exercisable within 60 days of January 1, 2008 are deemed outstanding, but are not deemed outstanding for computing the percentage ownership of any other person. These rules generally attribute beneficial ownership of securities to persons who possess sole or shared voting power or investment power with respect to such securities. Except as otherwise indicated, the address for each person below is Three Continental Towers, 1701 West Golf Road, Suite 1012, Rolling Meadows, Illinois 60008-4007 and all of the shares reflected in the table are shares of common stock and all persons listed below have sole voting and investment power with respect to the stock beneficially owned by them, subject to applicable community property laws. Beneficial ownership calculations below are based on 19,712,811 shares outstanding as of January 1, 2008 and 1,373,673 shares of common stock issuable upon exercise of options that are currently exercisable or exercisable within 60 days of January 1, 2008.

	Common Stock Beneficially Owned(1)	
Name of Beneficial Owner	**Shares**	**Percentage**
Named Executive Officers and Directors		
William A. Koertner	528,766(2)	2.5%
William H. Green	84,537(3)	*
Marco A. Martinez	81,578(4)	*
Gerald B. Engen, Jr.	41,118(5)	*
John A. Fluss	136,180(6)	*
Richard S. Swartz, Jr.	136,180(7)	*
Jack L. Alexander	0	*
Larry F. Altenbaumer	0	*
Henry W. Fayne	0	*
Betty R. Johnson	0	*
Gary R. Johnson	0	*
William D. Patterson	2,000(8)	*
Carter A. Ward	1,395,707(9)	6.6%
All executive officers and directors as a group (13 persons)	2,406,066(9)	11.4%
5% Stockholders		
ArcLight Affiliates 200 Clarendon Street, 55th Floor Boston, MA 02117	1,395,707(10)	6.6%
Goldman, Sachs & Co. 85 Broad Street New York, NY 10004	3,776,923	17.9%
Fidelity 82 Devonshire St. Boston, MA 02109	1,905,000	9.0%

Highfields Capital Management LP 200 Clarendon Street, 59th Floor Boston, MA 02116	1,538,462	7.3%
Fortress Investment Corp. 1345 Avenue of the Americas, 29th Floor New York, NY 10105	1,400,000	6.6%
Balyasny Asset Management LP 135 E 57th Street, 27th Floor New York, NY 10022	1,230,769	5.8%

* Percentage less than 1% of outstanding common stock.

(1) Beneficial ownership has been determined in accordance with Rule 13d-3 under the Exchange Act, thereby including options exercisable within 60 days of January 1, 2008.

(2) This amount includes 365,449 shares which may be acquired within 60 days by exercising stock options.

(3) This amount includes 52,301 shares which may be acquired within 60 days by exercising stock options.

(4) This amount includes 55,591 shares which may be acquired within 60 days by exercising stock options.

(5) This amount includes 32,894 shares which may be acquired within 60 days by exercising stock options.

(6) This amount includes 88,155 shares which may be acquired within 60 days by exercising stock options.

(7) This amount includes 88,155 shares which may be acquired within 60 days by exercising stock options.

(8) This amount includes 2,000 shares beneficially owned by ENSTAR Management Corporation, of which Mr. Patterson is President.

(9) This amount includes 1,395,707 shares beneficially owned by ArcLight, of which Mr. Ward is a Managing Director, through its 100% ownership of MYR Holdings LLC and MYR Holdings II LLC.

(10) This amount includes 822,565 shares owned by MYR Group Holdings LLC and 573,142 shares owned by MYR Group Holdings II LLC.

SELLING STOCKHOLDERS

This prospectus covers sales of shares of our common stock purchased in the 2007 Private Placement, consummated on December 20, 2007, and the additional allotment to the 2007 Private Placement, consummated on December 26, 2007. We sold shares to Friedman, Billings, Ramsey & Co., Inc. as initial purchaser who also acted as sole placement agent in the private placement. Some of the shares sold in the private equity placement were sold to "accredited investors" as defined by Rule 501(a) under the Securities Act pursuant to an exemption from registration under Regulation D, Rule 506 under Section 4(2) of the Securities Act. In addition, Friedman, Billings, Ramsey & Co., Inc. sold shares it purchased from us in transactions exempt from the registration requirements of the Securities Act to persons that it reasonably believed were "qualified institutional buyers," as defined by Rule 144A under the Securities Act or to non-U.S. persons pursuant to Regulation S under the Securities Act. This prospectus also covers shares and shares underlying options held by members of management. The selling stockholders who purchased shares in the private placement and management stockholders and optionholders and their transferees, pledges, donees, assignees or successors, may from time to time offer and sell under this prospectus any or all of the shares listed opposite each of their names below.

The following table sets forth information about the number of shares owned by each selling stockholder that may be offered from time to time under this prospectus. Certain selling stockholders may be deemed to be "underwriters" as defined in the Securities Act. Any profits realized by the selling stockholders may be deemed to be underwriting commissions.

The table below has been prepared based upon the information furnished to us by the selling stockholders as of January 20, 2008. The selling stockholders identified below may have sold, transferred or otherwise disposed of some or all of their shares since the date on which the information in the following table is presented in transactions exempt from or not subject to the registration requirements of the Securities Act. Information concerning the selling stockholders may change from time to time and, if necessary, we will supplement this prospectus accordingly. We cannot give an estimate as to the amount of shares of common stock that will be held by the selling stockholders following sales pursuant to this prospectus because the selling stockholders may offer some or all of their common stock under the offering contemplated by this prospectus. The total amount of shares that may be sold hereunder will not exceed the number of shares offered hereby. See "Plan of Distribution."

Except as noted below, to our knowledge, other than the management stockholders and optionholders named herein and Mr. Patterson, none of the selling stockholders has, or has had within the past three years, any position, office or other material relationship with us or any of our affiliates or subsidiaries, other than their ownership of shares described below.

Selling Stockholder(†)	Number of Shares of Common Stock Held Prior to the Offering	Number of Shares Offered
ADAR Investment Fund Ltd(1)	225,000	225,000
Alexandra Global Master Fund Ltd(13)	150,000	150,000
Great American Insurance Company	384,615	384,615
Atlas Master Fund, Ltd.(3)	1,230,769	1,230,769
Calm Waters Partnership(11)	75,000	75,000

Selling Stockholder	Number of Shares of Common Stock Held Prior to the Offering	Number of Shares Offered
Basso Fund Ltd.(9)	20,000	20,000
Basso Multi-Strategy Holding Fund Ltd.(9)	230,000	230,000
BlackRock Energy Opportunity Master Fund, L.P.(14)	124,537	124,537
BlackRock Global Energy and Resources Trust(15)	269,231	269,231
Credit Suisse Securities (USA) LLC(16)	125,000	125,000
Crosslink Crossover Fund V, LP	150,000	150,000
EGI-Fund (08-10) Investors, LLC(10)	200,000	200,000
Fidelity Magellan Fund: Fidelity Magellan Fund(8)	1,810,900	1,810,900
Highfields Capital I LP(22)	145,385	145,385
Highfields Capital II LP(22)	338,723	338,723
Highfields Capital III LP(22)	1,054,354	1,054,354
Electron Global Utility Fund Ltd(23)	229,500	229,500
Electron Global Utility Fund LP(23)	70,500	70,500
Trust D (for a Portion of the Assets of the Kodak Retirement Income Plan)(20)	15,000	15,000
Munder Micro-Cap Equity Fund(18)	95,800	95,800
Drake Associates L.P.(17)	20,000	20,000
The Dalrymple Global Resources Master Fund, LP(19)	150,000	150,000
Treaty Oak Ironwood Ltd.(12)	47,543	47,543
Treaty Oak Master Fund(12)	27,457	27,457
Euro Pacific Investments Ltd	4,000	4,000
Highline US Map Fund Ltd	8,900	8,900
Industrial Harvest Partners Master Fund, Ltd.(4)	10,000	10,000
Soundpost Capital Offshore, Ltd	26,781	26,718
Henderson North American Equity Multi-Strategy Master Fund Ltd.(21)	46,780	46,780
AMP Enhanced Index International Share Fund(21)	55,819	55,819
Highline Select Ltd	69,700	69,700
Highline Capital International, Ltd	252,900	252,900
Henderson Global Equity Multi-Strategy Master Fund Ltd.(21)	282,016	282,016
BlackRock Energy Opportunity (Employees) Fund, LP(14)	29,309	29,309
Highline Capital Partners, QP LP	120,500	120,500
LibertyView Funds, LP(20)	60,000	60,000
United Capital Management, Inc.(2)	7,000	7,000
Fidelity Advisor Series I: Fidelity Advisor Value Strategies Fund(8)	74,400	74,400
Variable Insurance Products Fund III: Value Strategies Portfolio(8)	19,700	19,700
Philippe Grelsamer	5,000	5,000
Endurance Fund	43,400	43,400
Susan Schiro & Peter Manus Foundation	9,400	9,400
Robert G. Schiro	138,462	138,462
Far West Capital Partners, LP	577,969	577,969
Highline Select, L.P.	13,600	13,600
Highline Capital Partners, L.P.	34,400	34,400
Soundpost Capital, LP	23,219	23,219
Wiegers & Co.(6)	50,000	50,000
Alan B. & Joanne K. Vidinsky 1993 Trust(5)	12,700	12,700
Asphalt Green, Inc.(5)	17,300	17,300
Alexa Zesiger Carver	2,500	2,500

City of Milford Pension & Retirement Fund(5)	155,746	155,746
City of Stamford Firemen's Pension Fund(5)	82,700	82,700
James F. Cleary	700	700
Brook Dey Cosby	2,700	2,700
Mary I. Estabil	600	600
Susan Uris Halpern	21,200	21,200
Jasper Investments(5)	1,500	1,500
John J. & Catherine H. Kayola	1,200	1,200
William B. Lazar	8,800	8,800
The Lazar Foundation(5)	11,500	11,500
Peter Looram	10,000	10,000
Domenic J. Mizio	40,400	40,400
Jeanne L. Morency	10,000	10,000
Morgan Trust Co. of the Bahamas Ltd, as Trustee U/A/D 11/30/1993(5)	33,500	33,500
Nicola Zesiger Mullen	4,600	4,600
National Federation of Independent Business(5)	13,500	13,500
National Federation of Independent Business Employee Pension Trust(5)	23,100	23,100
Norwalk Employees Pension Plan(5)	43,500	43,500
Psychology Associates(5)	5,400	5,400
Public Employees Retirement System of Idaho(5)	574,800	574,800
John Rowan(42)	2,200	2,200
Theeuwes Family Trust, Felix Theeuwes Trustee(5)	19,200	19,200
Robert K. Winters	1,500	1,500
Sharon Winters	1,900	1,900
Albert L. Zesiger	23,500	23,500
Barrie Ramsay Zesiger	23,800	23,800
David Zesiger	3,800	3,800
Felix Harke	2,152	2,152
Elizabeth Susan Sexworth, IRA Rollover(7)	377	377
LeRoy Eakin III & Lindsay Eakin	7,000	7,000
Jeffrey R. Leeds	3,346	3,346
Robert Agnew(24)	60,197	60,197
Francis Barciak, Jr.(25)	24,671	24,671
James Bowen, Sr.(26)	29,112	29,112
Tod Cooper(27)	17,106	17,106
Michael Cooper(28)	33,716	33,716
William Ehlert(26)	22,533	22,533
Gerald Engen, Jr.(35)	41,118	41,118
John Fluss(38)	136,180	136,180
William Green(36)	84,537	84,537
Raymond Holland(24)	56,249	56,249
Larry Howard(43)	11,514	11,514
Elaine Hughes(24)	60,197	60,197
William Koertner(39)	528,766	528,766
Marco Martinez(37)	81,578	81,578
Robert McDaniel(24)	60,197	60,197
Michael Orndahl(30)	19,408	19,408
Terry Roberts(24)	58,716	58,716
Peter Schwantes(29)	15,461	15,461

Doreen Shaw(32)	48,684	48,684
Robert Smith(24)	60,197	60,197
Brian Smolinski(31)	39,802	39,802
Richard Swartz, Jr.(38)	136,180	136,180
Steven Theis(33)	33,882	33,882
Jeffrey Waneka(44)	17,764	17,764
Gregory Wolf(34)	48,519	48,519
Plainfield Special Situations Master Fund Limited(40)	75,000	75,000
Peterson Investment Trust dtd 04/02/01	30,769	30,769
MLP Investments (Luxembourg) S.a.r.l.(41)	215,385	215,385
Michael Heijer IRA Rollover	2,152	2,152
GreenEarth Investments LLC	9,615	9,615
Terry P. Murphy Trust	1,000	1,000
Daryll Marshall-Inman SEP IRA	2,152	2,152
Brad Marshall-Inman SEP IRA	2,152	2,152
ENSTAR Management Corporation(45)	2,000	2,000
Goldman Sachs Investment Partners Master Fund, L.P.(46)	700,000	700,000
Goldman, Sachs & Co.(47)	3,076,923	3,076,923
Other Selling Stockholders (27 persons)(48)	184,394	184,394
Total	19,690,777	19,690,777

(1) We have been advised that Yehuda Blinder exercises sole voting and dispositive power with respect to the shares held by this selling stockholder.

(2) We have been advised that James A. Lustig, President of the selling stockholder, exercises sole voting and dispositive power with respect to the shares held by this selling stockholder.

(3) We have been advised that Dmitry Balyasny exercises sole voting and dispositive power with respect to the shares held by this selling stockholder.

(4) We have been advised that Sanford Prater exercises sole voting and dispositive power with respect to the shares held by this selling stockholder.

(5) We have been advised that voting and dispositive power with respect to the shares held by this selling stockholder is exercised by Albert L. Zesiger, Barrie R. Zesiger, James F. Cleary, John Kayoler and Robert Winters, all of Zesiger Capital Group LLC.

(6) We have been advised that Deane Kreitler, Portfolio Manager of the selling stockholder, exercises sole voting and dispositive power with respect to the shares held by this selling stockholder.

(7) We have been advised that Ms. Sexworth is a member of FINRA and is therefore deemed to be an underwriter. Ms. Sexworth is affiliated with The Shemano Group, a registered broker-dealer. The purchase of the securities held by this selling stockholder was made in the ordinary course of business, and at the time the purchase was made, there were no agreements or understandings, directly or indirectly, with any person to distribute the securities.

(8) We have been advised that this selling stockholder is a registered investment fund advised by Fidelity Management & Research Company, an investment adviser registered under the Investment Advisers Act of 1940, as amended. Neither Edward C. Johnson 3d, Chairman of Fidelity Management & Research Company, nor FMR Corp., the parent of Fidelity Management & Research Company, have sole dispositive power with respect to the shares held by this selling stockholder, which power resides with the selling stockholder's board of trustees. The selling stockholder is an affiliate of a broker-dealer, and the purchase of these securities was made in the ordinary course of business, and at the time the purchase was made, there were no agreements or understandings, directly or indirectly, with any person to distribute the securities.

(9) We have been advised that Basso Capital Management, L.P. is the investment manager for this selling stockholder. Howard Fischer, a managing member of the general partner of Basso Capital Management, L.P. has ultimate responsibility for trading with respect to this selling stockholder.

(10) We have been advised that SZ Investments L.L.C. and Chai Trust Company LLC share beneficial ownership as well as voting and dispositive power with respect to the shares held by this selling stockholder.

(11) We have been advised that Richard S. Strong, Managing Partner of the selling stockholder, exercises sole voting and dispositive power with respect to the shares held by this selling stockholder.

(12) We have been advised that John Myers and Aaron Stanley exercise voting and dispositive power with respect to the shares held by this selling stockholder.

(13) We have been advised that Alexandra Investment Management, LLC, a Delaware limited liability company ("Alexandra") serves as investment advisor to the selling stockholder. By reason of such relationship, Alexandra may be deemed to share dispositive power or investment control over the shares of common stock stated as beneficially owned by the selling stockholder. Alexandra disclaims beneficial ownership of such shares of common stock. Mikhail A. Filimonov is a managing member of Alexandra. By reason of such relationship, Mr. Filimonov may be deemed to share dispositive power or investment control over the shares of common stock stated as beneficially owned by the selling stockholder. Mr. Filimonov disclaims beneficial ownership of such shares of common stock.

(14) We have been advised that BlackRock Capital Management, Inc. is the investment advisor for the selling stockholder, and as such exercises voting and dispositive power with respect to the shares held by the selling stockholder. The selling stockholder is affiliated with BlackRock, Inc., a member of FINRA, and BlackRock Investments, Inc., a registered broker-dealer. The purchase of these securities was made in the ordinary course of business, and at the time the purchase was made, there were no agreements or understandings, directly or indirectly, with any person to distribute the securities.

(15) We have been advised that BlackRock Advisors, LLC is the investment advisor for the selling stockholder, and as such exercises voting and dispositive power with respect to the shares held by the selling stockholder. The selling stockholder is affiliated with BlackRock, Inc., a member of FINRA, and BlackRock Investments, Inc., a registered broker-dealer. The purchase of these securities was made in the ordinary course of business, and at the time the purchase was made, there were no agreements or understandings, directly or indirectly, with any person to distribute the securities.

(16) We have been advised that the selling stockholder is a broker-dealer and is therefore deemed to be an underwriter for the purposes of this offering.

(17) We have been advised that Alexander W. Rutherfurd exercises sole voting and dispositive power with respect to the shares held by this selling stockholder.

(18) We have been advised that Munder Capital Management served as investment advisor to the selling stockholder. John P. Richardson, Robert E. Crosby and Julie R. Hollinshead, as principals of the investment advisor, have dispositive power with respect to the shares held by this selling stockholder. Munder Capital Management has authorized Institutional Shareholder Services to vote proxies on behalf of its clients. The selling stockholder is affiliated with Comerica Securities, a member of FINRA and a registered broker-dealer.

(19) We have been advised that Jerry V. Swank, Managing Member of the selling stockholder, exercises sole voting and dispositive power with respect to the shares held by this selling stockholder. The selling stockholder disclaims beneficial ownership of these shares in favor of Mr. Swank.

(20) We have been advised that LibertyView Funds, LP and Trust D have a common investment advisor, Neuberger Berman, LLC, that has voting and dispositive power over the shares held by them, which is exercised by Richard A. Meckler. Since they have hired a common investment

advisor, these entities are likely to vote together. The General Partner of LibertyView Funds LP is Neuberger Berman Asset Management, LLC, which is affiliated with Neuberger Berman, LLC, a registered broker-dealer. The shares were purchased for investment in the ordinary course of business and at the time of purchase, there were no agreements or understandings, directly or indirectly, with any person to distribute the shares. Trust D (for a Portion of the Assets of the Kodak Retirement Income Plan) is not in any way affiliated with a broker-dealer.

(21) We have been advised that Robert Villiers of Henderson Global Investors exercises sole voting and dispositive power over the shares held by this selling stockholder.

(22) We have been advised that Jonathon S. Jacobson and Richard L. Grubman exercise voting and dispositive power with respect to the shares held by this selling stockholder.

(23) We have been advised that Electron Capital Management LLC is the investment manager for this selling stockholder. James O. Shaver, the managing member and principal of the investment manager, has sole voting and dispositive power over the shares through his control of the investment manager.

(24) This selling stockholder is a member of our management. The number of shares listed includes 39,802 shares that may be acquired pursuant to options exercisable in the next 60 days.

(25) This selling stockholder is a member of our management. The number of shares listed includes 19,572 shares that may be acquired pursuant to options exercisable in the next 60 days.

(26) This selling stockholder is a member of our management. The number of shares listed includes 19,243 shares that may be acquired pursuant to options exercisable in the next 60 days.

(27) This selling stockholder is a member of our management. The number of shares listed includes 15,296 shares that may be acquired pursuant to options exercisable in the next 60 days.

(28) This selling stockholder is a member of our management. The number of shares listed includes 24,177 shares that may be acquired pursuant to options exercisable in the next 60 days.

(29) This selling stockholder is a member of our management. The shares listed are issuable pursuant to options exercisable in the next 60 days.

(30) This selling stockholder is a member of our management. The number of shares listed includes 15,789 shares that may be acquired pursuant to options exercisable in the next 60 days.

(31) This selling stockholder is a member of our management. The number of shares listed includes 26,644 shares that may be acquired pursuant to options exercisable in the next 60 days.

(32) This selling stockholder is a member of our management. The number of shares listed includes 29,770 shares that may be acquired pursuant to options exercisable in the next 60 days.

(33) This selling stockholder is a member of our management. The number of shares listed includes 30,592 shares that may be acquired pursuant to options exercisable in the next 60 days.

(34) This selling stockholder is a member of our management. The number of shares listed includes 31,578 shares that may be acquired pursuant to options exercisable in the next 60 days.

(35) This selling stockholder is one of our named executive officers. The number of shares listed includes 32,894 shares that may be acquired pursuant to options exercisable in the next 60 days.

(36) This selling stockholder is one of our named executive officers. The number of shares listed includes 52,301 shares that may be acquired pursuant to options exercisable in the next 60 days.

(37) This selling stockholder is one of our named executive officers. The number of shares listed includes 55,591 shares that may be acquired pursuant to options exercisable in the next 60 days.

(38) This selling stockholder is one of our named executive officers. The number of shares listed includes 88,155 shares that may be acquired pursuant to options exercisable in the next 60 days.

(39) Mr. Koertner is a member of our Board of Directors, as well as our President and Chief Executive Officer. The number of shares listed includes 365,449 shares that may be acquired pursuant to options exercisable in the next 60 days.

(40) We have been advised that Plainfield Asset Management LLC is the investment manager for this selling stockholder. Max Holmes, the Chief Investment Officer of the investment manager, has sole voting and dispositive power over the shares through his control of the investment manager. The selling stockholder is affiliated with Summit Securities Group LLC, a member of FINRA and a registered broker-dealer.

(41) We have been advised that Millennium International Management LP is the investment manager for this selling stockholder. Israel A. Englander, the managing member of the general partner of the investment manager, has sole voting and dispositive power over the shares through his control of the investment manager. The foregoing is not intended to be construed as an admission by Mr. Englander, the investment manager or any of the members of the board of directors of the selling stockholder as to beneficial ownership of the shares held by the selling stockholder. The selling stockholder is affiliated with Millenco LLC, MLP Trading Co, LLC, Millennium Funding Associates, LLC, Advanced Securities Co., AEGIS Specialist, LLC and AIM Securities Co., registered broker-dealers. The purchase of these securities was made in the ordinary course of business, and at the time the purchase was made, there were no agreements or understandings, directly or indirectly, with any person to distribute the securities.

(42) We have been advised that this selling stockholder is employed by a member of FINRA.

(43) This selling stockholder is a member of our management. The number of shares listed includes 7,731 shares that may be acquired pursuant to options exercisable in the next 60 days.

(44) This selling stockholder is a member of our management. The number of shares listed includes 15,461 shares that may be acquired pursuant to options exercisable in the next 60 days.

(45) We have been advised that William D. Patterson, President of the selling stockholder, exercises sole voting and dispositive power with respect to the shares held by this selling stockholder. Mr. Patterson is a member of our Board of Directors.

(46) We have been advised that GS Investment Strategies, LLC is the investment manager for the selling stockholder. No single natural person at the investment manager has voting or dispositive power with respect to the shares held by this selling stockholder. The investment manager is affiliated with Goldman, Sachs & Co., which provides investment banking, financing, hedging and other services to ArcLight, formerly our majority stockholder. Goldman Sachs & Co. is a member of FINRA and a registered broker-dealer. The purchase of the securities held by this selling stockholder was made in the ordinary course of business, and at the time the purchase was made, there were no agreements or understandings, directly or indirectly, with any person to distribute the securities.

(47) We have been advised that the selling stockholder is a member of FINRA and a registered broker-dealer, and is therefore deemed to be an underwriter for the purposes of this offering.

(48) Other Selling Stockholders consists of a group of our management who hold options, or shares of common stock acquired upon the exercise of options, comprising less than 1% of our outstanding common stock, who were not eligible to purchase common stock in our previous offerings to management. This amount includes 181,759 shares which may be acquired within 60 days by exercising stock options.

(†) Additional Selling Stockholders to be added by pre-effective amendment to the registration statement of which this prospectus forms a part.

DESCRIPTION OF CAPITAL STOCK

We are authorized to issue 100,000,000 shares of common stock and 4,000,000 shares of preferred stock. Shares of each class currently have a par value of $0.01 per share. The following description summarizes information about our capital stock. You can obtain more comprehensive information about our capital stock by consulting our by-laws and certificate of incorporation, as well as the Delaware General Corporation Law.

Common Stock

General

We have a total of 19,712,811 shares of common stock outstanding, which does not include shares reserved for issuance pursuant to our stock incentive plan, including outstanding options to purchase 1,913,673 shares and options to purchase an additional 1,460,000 shares available for future grants. As of December 31, 2007, there were 135 holders of shares of our common stock. Each share of our common stock entitles the holder to one vote on all matters submitted to a vote of stockholders, including the election of directors. Our shareholders may not cumulate their votes in the election of directors.

Subject to any preference rights of holders of preferred stock, holders of our common stock are entitled to receive dividends, if any, declared from time-to-time by the directors out of legally available funds. In the event of our liquidation, dissolution or winding up, the holders of common stock are entitled to share ratably in all assets remaining after the payment of liabilities, subject to any rights of holders of preferred stock to prior distribution.

Our common stock has no preemptive or conversion rights or other subscription rights. There are no redemption or sinking fund provisions applicable to the common stock.

Certain Provisions

Provisions of our certificate of incorporation, by-laws and Delaware law, which are summarized below, may be deemed to have an anti-takeover effect and may delay, defer or prevent a tender offer or takeover attempt that a stockholder might consider in such stockholder's best interest, including those attempts that might result in a premium over the market price for the shares held by stockholders.

Newly Created Directorships, Vacancies and Removal. Newly created directorships resulting from any increase in the number of directors may be filled by a majority of the board of directors then in office, provided that a quorum is present, and any vacancies on the board of directors resulting from death, resignation, disqualification, removal or other cause shall be filled solely by the affirmative vote of a majority of the remaining directors then in office, even if less than a quorum of the board of directors remains. Any director of any class elected to fill a vacancy resulting from an increase in the number of directors of such class shall hold office for a term that shall coincide with the remaining term of that class. Any director elected to fill a vacancy not resulting from the number of directors will have the same remaining term as that of his or her predecessor.

Classified Board of Directors. Our board of directors is divided into three classes of directors serving staggered three-year terms. As a result, approximately one-third of the board of directors will be elected each year. These provisions, when coupled with the provision in our certificate of incorporation authorizing the board of directors to fill vacant directorships or increase the size of the board of directors, may deter a stockholder from removing incumbent directors and simultaneously gaining control of the board of directors by filling the vacancies created by such removal with its own nominees.

Special Meetings of Stockholders. Our by-laws provide that a special meeting of stockholders may be called by the chairman of the board of directors, the president, any vice president, the secretary or any assistant secretary, the board of directors or any committee thereof that has been authorized to call such special meeting and stockholders owning a majority of the outstanding voting stock entitled to vote on the matters for which such meeting is intended. Our by-laws also require us to call a special meeting of stockholders should the shelf registration statement of which this prospectus is a part not be declared effective by June 20, 2009, a date that is 18 months following the closing date of the 2007 Private Placement. The purpose of such meeting shall be to consider and vote on the removal of one or more of our directors and the election of a successor or successors thereto.

Quorum at Stockholder Meetings. The holders of not less than a majority of the shares entitled to vote at any meeting of the stockholders, present in person or by proxy, shall constitute a quorum at all stockholder meetings.

Stockholder Action by Written Consent. Our certificate of incorporation provides that any action required or permitted to be taken by our stockholders at an annual or special meeting of stockholders must be effected at a duly called meeting and may not be taken or effected by a written consent of stockholders.

Advance Notice of Stockholder-Proposed Business at Annual Meetings. Our by-laws provide that for business to be properly brought before an annual meeting by a stockholder, the stockholder must have given timely notice thereof in writing to our secretary. To be timely, a stockholder's notice must be delivered to or mailed and received at our principal executive offices, not less than 90 days nor more than 120 days prior to the anniversary date of the last annual meeting; *provided, however,* that in the event that the annual meeting is called for a date that is not within 30 days before or after the anniversary date, notice by the stockholder must be received not later than the close of business on the 10^{th} day following the day on which notice of the date of the annual meeting was first given to stockholders. A stockholder's notice to the secretary must set forth as to each matter the stockholder proposes to bring before the annual meeting:

- a brief description of the business desired to be brought before the annual meeting;
- the name and address, as they appear on our books, of the stockholder proposing such business;
- the class and number of our shares which are owned by the stockholder;
- a description of all arrangements or understandings between such stockholder and any other person or persons (including their names) in connection with the proposal of business by such stockholder and any material interest of the other person in the business; and
- a representation that the stockholder is a holder of record and intends to appear in person or by proxy at the meeting to bring the business before the meeting.

In addition, the by-laws provide that for a stockholder entitled to vote in the election of directors generally to properly nominate a director at a meeting of stockholders, the stockholder must have given timely notice thereof in writing to our secretary. To be timely, a stockholder's notice must be delivered to or mailed and received at our principal executive offices not later than:

- in the case of an annual meeting, not less than 90 days nor more than 120 days prior to the anniversary date of the last annual meeting of our stockholders; *provided, however,* that in the event that the annual meeting is called for a date that is not within 30 days before or after the anniversary date of the last annual meeting, notice by the stockholder in order to be timely must be received not later than the close of business on the 10th day following the day on which notice of the date of the annual meeting was first given to stockholders; and

- with respect to a special meeting of stockholders called for the purposes of electing directors, the close of business on the tenth day following the date on which notice of such meeting is first given to stockholders.

Such stockholder's notice to our corporate secretary must be in proper written form and must set forth some information related to the stockholder giving the notice, including:

- the name and record address of that stockholder;

- the class and series and number of shares of each class and series of our capital stock which are owned beneficially or of record by that stockholder;

- a description of all arrangements or understandings between that stockholder and any other person in connection with the nomination and any material interest of that stockholder in the nomination; and

- a representation that the stockholder is a holder of record of our stock entitled to vote at that meeting and that the stockholder intends to appear in person or by proxy at the meeting to bring that nomination before the meeting;

and, as to each person whom the stockholder proposes to nominate for election as a director:

- the name, age, business and residence addresses, and the principal occupation and employment of the person;

- the class and series and number of shares of each class and series of our capital stock which are owned beneficially or of record by the person; and

- any other information relating to the person that would be required to be disclosed in a proxy statement or other filings required to be made in connection with solicitations of proxies for election of directors pursuant to the Securities Exchange Act of 1934, as amended.

Amendments to By-laws. Our certificate of incorporation provides that a majority of our entire board of directors or a majority vote of the voting power of all of the shares of our capital stock entitled to vote generally in the election of directors, voting together as a single class, have the power to amend or repeal our by-laws.

Amendment of the Certificate of Incorporation. Any proposal to amend, alter, change or repeal any provision of our certificate of incorporation, except as may be provided in the terms of any preferred stock created by resolution of our board and which relate to such series of preferred stock, requires approval by the affirmative vote of both a majority of the members of our board of directors then in office and a majority vote of the voting power of all of the shares of our capital stock entitled to vote generally in the election of directors, voting together as a single class.

Dividends

Subject to the preferences, if any, of any series of preferred stock, holders of record of shares of common stock are entitled to receive dividends when, if and as may be declared by the board of directors out of funds legally available for such purposes.

Preferred Stock

The board of directors, without further action by the holders of common stock, is authorized to issue up to 4,000,000 shares of preferred stock. The board of directors is vested with authority to fix by resolution the designations and the powers, preferences and relative, participating, optional or other special rights, and qualifications, limitations or restrictions thereof, including, without limitation, the dividend rate, conversion or exchange rights, redemption price and liquidation preference of any series of shares of preferred stock, and to fix the number of shares constituting any such series.

The authority possessed by the board of directors to issue preferred stock could potentially be used to discourage attempts by others to obtain control of the corporation through a merger, tender offer, proxy contest, or otherwise by making such attempts more difficult to achieve or more costly. The board of directors may issue preferred stock with voting and conversion rights that could adversely affect the voting power of the holders of common stock. There are no current agreements or understandings for the issuance of preferred stock and the board of directors has no present intention to issue any shares of preferred stock.

Limitation of Liability and Indemnification of Directors and Officers

As permitted by the Delaware General Corporation Law, our certificate of incorporation limits or eliminates the personal liability of our directors for a breach of their fiduciary duty of care as a director. The duty of care generally requires that, when acting on behalf of the company, directors exercise an informed business judgment based on all material information reasonably available to them. Consequently, a director will not be personally liable to us or our stockholders for monetary damages for breach of fiduciary duty as a director, except for liability for:

- any breach of the director's duty of loyalty to us or our stockholders;
- any act or omission not in good faith or that involves intentional misconduct or a knowing violation of law;
- any act related to unlawful stock repurchases, redemptions or other distributions or payment of dividends; or
- any transaction from which the director derived an improper personal benefit.

These limitations of liability do not generally affect the availability of equitable remedies such as injunctive relief or rescission. Our certificate of incorporation also authorizes us to indemnify our officers, directors and other agents to the fullest extent permitted under Delaware law and we may advance expenses to our directors, officers and employees in connection with a legal proceeding, subject to limited exceptions.

Transfer Agent and Registrar

The transfer agent and registrar for our common stock is Illinois Stock Transfer Company.

SHARES ELIGIBLE FOR FUTURE SALE

Prior to this offering there has been no public market for our common stock. Although we intend to apply to list our shares of common stock on the Nasdaq Global Market, a significant public market for our common stock may never develop or be sustained. We cannot predict the effect, if any, that market sales of shares or the availability of shares for sale will have on the market price prevailing from time-to-time. As described below, a limited number of our shares will be subject to contractual and legal restrictions on resale after the offering. Sales of our common stock in the public market after the restrictions lapse, or the perception that these sales may occur, could cause the market price of our common stock to decline.

We currently have 19,712,811 outstanding shares of common stock. Of these shares, 18,317,104 shares may be sold pursuant to the registration statement of which this prospectus is a part. In addition, 1,373,673 shares underlying options may also be sold pursuant to the registration statement of which this prospectus is a part. Purchasers of shares sold pursuant to the registration statement of which this prospectus is a part—other than our "affiliates" (as defined in Rule 144 under the Securities Act)—will receive shares which are freely tradable and without restriction under the Securities Act. All shares outstanding other than the shares sold pursuant to the registration statement of which this prospectus forms a part, a total of 1,395,707 shares, will be "restricted securities" within the meaning of Rule 144 under the Securities Act.

Eligibility of Restricted Shares for Sale in the Public Market

Rule 144 applies different resale restrictions to affiliate and non-affiliate holders of our common stock.

Affiliates. In general, if six months have elapsed since the date of the acquisition of restricted stock, and we have been a public reporting company under the Exchange Act for at least 90 days, the holder of such restricted stock can sell the shares, provided that the number of shares of common stock sold by such person within any three-month period cannot exceed the greater of:

- 1% of the total number of common stock then outstanding; or
- The average weekly trading volume of common stock during the four calendar weeks preceding the date on which notice of the sale is filed with the SEC.

Sales by affiliates under Rule 144 also are subject to certain manner of sale provisions, notice requirements and the availability of current public information about us. Affiliates must always sell pursuant to Rule 144, even after the applicable holding period has been satisfied.

Non-Affiliates. In general, if six months have elapsed since the date of the acquisition of restricted stock from us or any of our affiliates, and we have been a public reporting company under the Exchange Act for at least 90 days, the holder of such restricted stock can sell the shares with no volume limitations, manner of sale provisions or notice requirements, provided that the sales take place in accordance with the SEC's availability of current public information requirement. If one year has elapsed since the date of the acquisition of restricted stock from us or any of our affiliates, the holder can sell such stock without limitation or restriction.

No assurance can be given as to the likelihood that an active market for common stock will develop, the liquidity of any such market, the ability of the stockholders to sell the securities or the prices that stockholders may obtain for any of the securities. No prediction can be made as to the effect, if any, that future sales of shares, or the availability of common stock for future sale, will have on the market value prevailing from time-to-time. Sales of substantial amounts of common stock, or the perception that such sales could occur, may affect adversely prevailing market values of the common stock. See "Risk Factors—Risks Related to Our Common Stock."

For a description of certain restrictions on transfers of shares of common stock held by certain of our stockholders, see "Plan of Distribution."

Lock-Up Agreements

We have agreed that for the period (a) following December 20, 2007, the closing date of the 2007 Private Placement, until June 17, 2008, 180 days after such date, (b) from the date this registration statement is declared effective until 60 days thereafter and (c) from the date any registration statement relating to an initial public offering of our common stock is declared effective until 180 days thereafter, subject to certain other exceptions, we will not, without the prior written consent of Friedman, Billings, Ramsey & Co., Inc. (in the case of the periods following the 2007 Private Placement and the effective date of this registration statement) or each of the co-bookrunning managers (in the case of the period following the effective date of the registration statement in connection with the initial public offering), which may be withheld or delayed in Friedman, Billings, Ramsey & Co., Inc.'s or any co-bookrunning manager's sole discretion:

- offer, pledge, sell, contract to sell, sell any option or contract to purchase, purchase any option or contract to sell, grant any option, right or warrant for the sale of, lend or otherwise dispose of or transfer, directly or indirectly, any of our equity securities or any securities convertible into or exercisable or exchangeable for our equity securities, or file any registration statement under the Securities Act with respect to any of the foregoing; or

- enter into any swap or other arrangement that transfers to another, in whole or in part, directly or indirectly, any of the economic consequences of ownership of any of our equity securities, whether any such transaction described above is to be settled by delivery of shares of our common stock or such other securities, in cash or otherwise.

We may however, sell our common stock prior to the expiration of either above lockup period in an initial public offering.

Our directors and certain members of our senior management team (including our named executive officers) have agreed that for a period (a) following December 20, 2007, the closing date of the 2007 Private Placement, until June 17, 2008, 180 days after such date, (b) from the date this registration statement is declared effective until 60 days thereafter and (c) from the date any registration statement relating to an initial public offering of our common stock is declared effective until 180 days thereafter, subject to certain exceptions, none of them will, without the prior written consent of Friedman, Billings, Ramsey & Co., Inc. (in the case of the periods following the 2007 Private Placement and the effective date of this registration statement) or each of the co-bookrunning managers (in the case of the period following the effective date of the registration statement in connection with the initial public offering), which may be withheld or delayed in Friedman, Billings, Ramsey & Co., Inc.'s or any co-bookrunning manager's sole discretion:

- offer, pledge, sell, contract to sell, sell any option or contract to purchase, purchase any option or contract to sell, grant any option, right or warrant for the sale of, lend or otherwise dispose of or transfer, directly or indirectly, any of our equity securities or any securities convertible into or exercisable or exchangeable for our equity securities; or

- enter into any swap or other arrangement that transfers to another, in whole or in part, directly or indirectly, any of the economic consequences of ownership of any of our equity securities, whether any such transaction described above is to be settled by delivery of shares of our common stock or such other securities, in cash or otherwise.

Pursuant to NASD Conduct Rule 2710(g)(1), selling stockholders that are affiliated with members of the Financial Industry Regulatory Authority, formerly the National Association of Securities Dealers, Inc., must refrain, during the period commencing on the effective date of the registration statement (of which this prospectus is a part) and ending on the date that is 180 days after such effective date, from selling, transferring, assigning, pledging or hypothecating or otherwise entering into any hedging, short sale, derivative, put or call transaction that would result in the effective economic disposition of his, hers or its shares of our common stock purchased in the 2007 Private Placement through the Financial Industry Regulatory Authority member with which he, she or it is affiliated.

In addition, upon an initial public offering of our common stock, the holders of our common stock purchased in the 2007 Private Placement who elect, pursuant to the registration rights agreement, to include their shares of our common stock for resale in an initial public offering will not be able to sell shares of our common stock, other than in such offering, for a period beginning on the date a registration statement to effect such offering is filed and continuing until the initial public offering and for 180 days following the effective date of such registration statement. Those holders of our common stock purchased in the 2007 Private Placement who do not elect, despite their right to do so under the registration rights agreement, to include their shares of our common stock for resale in the initial public offering will not be able to sell shares of our common stock for a period of up to 60 days following the effective date of the registration statement filed in connection with the initial public offering of our common stock.

REGISTRATION RIGHTS

In connection with the 2007 Private Placement, we entered into a registration rights agreement, whereby we agreed, at our expense, to file with the SEC as soon as reasonably practicable following December 20, 2007, the closing of the 2007 Private Placement (but in no event later than April 18, 2008, 120 days following such date) a shelf registration statement registering for resale the shares of our common stock sold in the 2007 Private Placement plus any additional shares of common stock issued in respect thereof whether by stock dividend, stock distribution, stock split, or otherwise.

All holders of our common stock sold in the 2007 Private Placement and each of their respective direct and indirect transferees may elect to participate in the registration in order to resell their shares, subject to:

- compliance with the registration rights agreement;
- cutback rights on the part of the underwriters; and
- other conditions and limitations that may be imposed by the underwriters.

Upon an initial public offering of our common stock, the holders of our common stock purchased in the 2007 Private Placement who elect, pursuant to the registration rights agreement, to include their shares of our common stock for resale in the initial public offering will not be able to sell any of their shares of our common stock that are not included in the initial public offering during such periods as reasonably requested by the underwriters (but in no event for a period longer than 30 days prior to and 180 days following the effective date of the registration statement filed in connection with the initial public offering of our common stock). Those holders of our common stock purchased in the 2007 Private Placement who do not elect, despite their right to do so under the registration rights agreement, to include their shares of our common stock for resale in the initial public offering may not directly or indirectly sell, offer to sell, grant any option or otherwise dispose of any shares of our common stock (or securities convertible into such shares) for a period of up to 60 days following the effective date of the registration statement filed in connection with the initial public offering of our common stock.

Notwithstanding the foregoing, we will be permitted, under limited circumstances, to suspend the use, from time to time, of this prospectus that is part of the shelf registration statement (and therefore suspend sales under the registration statement) for certain periods, referred to as "blackout periods."

The cumulative blackout periods in any rolling 12-month period commencing on the closing of the offering may not exceed an aggregate of 90 days and, furthermore, may not exceed 60 days in any rolling 90-day period, except as a result of a review of any post-effective amendment by the SEC prior to declaring any post-effective amendment to the registration statement effective, provided we have used all commercially reasonable efforts to cause such post-effective amendment to be declared effective.

In addition to this limited ability to suspend use of the shelf registration statement, until we are eligible to incorporate by reference into the registration statement our periodic and current reports that will be filed after the effectiveness of our shelf registration statement, we will be required to amend or supplement the shelf registration statement to include our quarterly and annual financial information and other developments material to us. Therefore, sales under the shelf registration statement will be suspended until the amendment or supplement, as the case may be, is filed and effective.

We have agreed to use our commercially reasonable efforts (including, without limitation, seeking to cure in our listing or inclusion application any deficiencies cited by the exchange or market) to list or include our common stock on The Nasdaq Global Market and thereafter maintain the listing on such exchange.

The preceding summary of certain provisions of the registration rights agreement is not intended to be complete, and is subject to, and qualified in its entirety by reference to, all of the provisions of the registration rights agreement entered into in connection with the 2007 Private Placement, which has been filed as an exhibit to the registration statement of which this prospectus forms a part, and you should read this summary together with the complete text of the registration rights agreement.

DESCRIPTION OF INDEBTEDNESS

On August 31, 2007, we entered into an agreement for a $125.0 million senior secured credit facility which provides for a refinancing of our existing $75.0 million revolving credit line (which may be increased or decreased in accordance with the terms of the related credit agreement) and a $50.0 million term loan. At our option, borrowings under these facilities bear interest at the greater of a prime rate or the Federal funds rate plus a spread or at an adjusted LIBOR index rate plus a spread based upon our leverage ratio. The interest rate at September 30, 2007 was 6.875%. There were $50.0 million of borrowings outstanding at September 30, 2007. There was $27.0 million of letters of credit outstanding at September 30, 2007, which reduces our borrowing capacity under the revolving credit line. On December 20, 2007, we repaid approximately $20.0 million of outstanding borrowings under the Credit Facility with a portion of the proceeds of the 2007 Private Placement. These facilities expire on August 31, 2012.

The terms of the credit agreement require, among other things, that we adhere to a maximum leverage ratio and maintain a minimum interest coverage ratio. The credit agreement also includes other specific limits or restrictions on additional indebtedness, liens and capital expenditure activity. Our obligations under the credit agreement are secured by a lien on all of our property (including the capital stock of our subsidiaries) other than any property subject to a certificate of title, subject to any lease or similar interest and our real property and fixtures.

PLAN OF DISTRIBUTION

We are registering the common stock covered by this prospectus to permit the selling stockholders to conduct public secondary trading of these shares from time to time after the date of this prospectus. Under the registration rights agreement we entered into with Friedman, Billings, Ramsey & Co., Inc. (for the benefit of selling stockholders), we agreed to, among other things, bear expenses, other than brokers' or underwriters' discounts and commissions and certain roadshow expenses, in connection with the registration and sale of the common stock covered by this prospectus. We will not receive any of the proceeds of the sale of the common stock offered pursuant to this prospectus. The aggregate proceeds to the selling stockholders from the sale of the common stock will be the purchase price of the common stock less any discounts and commissions. A selling stockholder reserves the right to accept and, together with their agents, to reject, any proposed purchases of common stock to be made directly or through agents.

The common stock registered on the registration statement of which this prospectus forms a part may be sold from time to time to purchasers:

- directly by the selling stockholders and their successors, which include their donees, pledges or transferees or their successors-in-interest; or
- through underwriters, broker-dealers or agents, who may receive compensation in the form of discounts, commissions or agent's commissions from the selling stockholders or the purchasers of the common stock. Total compensation, including these discounts, concessions or commissions, may be in excess of those customary in the types of transactions involved but will not be greater than % for the sale of any securities being registered pursuant to SEC Rule 415.

The selling stockholders and any underwriters, brokers-dealers or agents who participate in the sale or distribution of the common stock may be deemed to be "underwriters" within the meaning of the Securities Act. The selling stockholders identified as registered broker-dealers in the selling stockholders table (under the caption "Selling Stockholders") are deemed to be underwriters with respect to securities sold by them pursuant to this prospectus. As a result, any profits on the sale of the common stock by such selling stockholders, any discounts, commissions or agent's commissions or concessions received by any such broker-dealer or agents, the legal fees and expenses on behalf of selling stockholders and Friedman, Billings, Ramsey & Co., Inc. associated with a member of the Financial Industry Regulatory Authority, may be deemed to be underwriting discounts and commissions under the Securities Act and underwriting compensation pursuant to NASD Rule 2710(c); provided however, that the total compensation as calculated pursuant to NASD Rule 2710(c) will not exceed 8% of the proceeds of this offering to the selling stockholders, if any. Selling stockholders who are deemed to be "underwriters" within the meaning of Section 2(11) of the Securities Act will be subject to prospectus delivery requirements of the Securities Act. Underwriters are subject to certain statutory liabilities, including, but not limited to, Sections 11, 12 and 17 of the Securities Act.

The common stock may be sold in one or more transactions at:

- fixed prices;
- prevailing market prices at the time of sale;
- prices related to such prevailing market prices;
- varying prices determined at the time of sale; or
- negotiated prices.

These sales may be effected in one or more transactions:

- on any national securities exchange or quotation on which the common stock may be listed or quoted at the time of the sale;
- in the over-the-counter market;
- in transactions other than on such exchanges or services or in the over-the-counter market;
- through the writing of options (including the issuance by the selling stockholders of derivative securities), whether the options or such other derivative securities are listed on an options exchange or otherwise;
- through the settlement of short sales; or
- through any combination of the foregoing.

These transactions may include block transactions or crosses. Crosses are transactions in which the same broker acts as an agent on both sides of the trade.

In connection with the sales of the common stock, the selling stockholders may enter into hedging transactions with broker-dealers or other financial institutions which in turn may:

- engage in short sales of the common stock in the course of hedging their positions;
- sell the common stock short and deliver the common stock to close out short positions;
- loan or pledge the common stock to broker-dealers or other financial institutions that in turn may sell the common stock;
- enter into option or other transactions with broker-dealers or other financial institutions that require the delivery to the broker-dealer or other financial institution of the common stock, which the broker-dealer or other financial institution may resell under the prospectus; or
- enter into transactions in which a broker-dealer makes purchases as a principal for resale for its own account or through other types of transactions.

To our knowledge, there are currently no plans, arrangements or understandings between any selling stockholders and any underwriter, broker-dealer or agent regarding the sale of the common stock by the selling stockholders.

We intend to apply to list our shares of common stock on the Nasdaq Global Market under the symbol . Following the date of this prospectus, we intend for our shares to be listed on Nasdaq and anticipate that the selling stockholders may sell all or a portion of their shares from time to time in market transactions, in negotiated transactions or otherwise, and at prices and on terms that will be determined by the prevailing market price or at negotiated prices. However, we can give no assurances as to the development of liquidity or any trading market for the common stock.

There can be no assurance that the selling stockholders will sell any or all of the common stock pursuant to this prospectus. Further, we cannot assure you that any selling stockholder will not transfer, devise or gift the common stock by other means not described in this prospectus. In addition, any common stock covered by this prospectus that qualifies for sale under Rule 144 or Rule 144A of the Securities Act may be sold under Rule 144 or Rule 144A rather than pursuant to this prospectus. The common stock covered by the registration statement of which this prospectus forms a part may also be sold to non-U.S. persons outside the U.S. in accordance with Regulation S under the Securities Act rather than under this prospectus. The common stock may be sold in some states only through registered or licensed brokers or dealers. In addition, in some states the common stock may not be sold unless it has been registered or qualified for sale or an exemption from registration or qualification is available and complied with.

The selling stockholders and any other person participating in the sale of the common stock will be subject to the Exchange Act. The Exchange Act rules include, without limitation, Regulation M, which may limit the timing of purchases and sales of any common stock by the selling stockholders and any other such person. In addition, Regulation M may restrict the ability of any person engaged in the distribution of the common stock to engage in market-making activities with respect to the particular common stock being distributed. This may affect the marketability of the common stock and the ability of any person or entity to engage in market-making activities with respect to the common stock.

We have agreed to indemnify the selling stockholders against certain liabilities, including liabilities under the Securities Act.

We have agreed to pay substantially all of the expenses incidental to the registration, offering and sale of the common stock to the public, including the payment of federal securities law and state blue sky registration fees, except that we will not bear any underwriting discounts or commissions or transfer taxes relating to the sale of shares of our common stock by the selling stockholders or certain roadshow expenses.

LEGAL MATTERS

Certain legal matters will be passed upon for us by Skadden, Arps, Slate, Meagher & Flom LLP, New York, New York, including the validity of the shares of our common stock offered in this prospectus. Skadden, Arps, Slate, Meagher & Flom LLP has, from time-to-time, represented and continues to represent ArcLight and its affiliates in connection with various matters.

EXPERTS

The financial statements as of December 31, 2005 and 2006 and for the years ended December 31, 2004 and 2005, and for the period from January 1, 2006 to November 30, 2006 and the period from December 1, 2006 to December 31, 2006, included in this prospectus, have been so included in reliance on the reports (which contain an explanatory paragraph relating to the Company's restatement of its financial statements as described in Note 3 to the financial statements) of PricewaterhouseCoopers LLP, an independent registered public accounting firm, given on the authority of said firm as experts in auditing and accounting.

WHERE YOU CAN FIND MORE INFORMATION

We have filed a registration statement, of which this prospectus is a part, on Form S-1 with the SEC relating to this offering. This prospectus does not contain all of the information in the registration statement and the exhibits and financial statements included with the registration statement. References in this prospectus to any of our contracts, agreements or other documents are not necessarily complete, and you should refer to the exhibits attached to the registration statement for copies of the actual contracts, agreements or documents. You may read and copy the registration statement, the related exhibits and other material we file with the SEC at the SEC's public reference room in Washington, D.C. at 100 F Street, Room 1580, N.E., Washington, D.C. 20549. You can also request copies of those documents, upon payment of a duplicating fee, by writing to the SEC. Please call the SEC at 1-800-SEC-0330 for further information on the operation of the public reference rooms. The SEC also maintains an internet site that contains reports, proxy and information statements and other information regarding issuers that file with the SEC. The website address is *http://www.sec.gov*. You may also request a copy of these filings, at no cost by writing us at Three Continental Towers, 1701 West Golf Road, Suite 1012, Rolling Meadows, IL 60008-1891, Attn: Chief Financial Officer or telephoning us at (847) 290-1891.

Upon the effectiveness of the registration statement, we will be subject to the informational requirements of the Exchange Act and, in accordance with the Exchange Act, will file reports, proxy and information statements and other information with the SEC. Such annual, quarterly and special reports, proxy and information statements and other information can be inspected and copied at the locations set forth above. We will report our financial statements based on a fiscal year ending December 31.

MYR Group Inc.

INDEX TO CONSOLIDATED FINANCIAL STATEMENTS

MYR Group Inc.

Interim Financial Statements

MYR Group Inc.

Unaudited Consolidated Balance Sheets

As of December 31, 2006 and September 30, 2007

(in thousands of dollars, except share data)	Successor As of December 31, 2006	Successor As of September 30, 2007
Assets		
Current assets		
Cash and cash equivalents	$ 26,223	$ 10,447
Accounts receivable, net	76,010	92,408
Costs and estimated earnings in excess of billings on uncompleted contracts	27,633	31,808
Deferred income tax assets	9,692	9,692
Receivable for insurance claims in excess of deductibles	9,216	7,562
Other current assets	6,532	2,355
Total current assets	155,306	154,272
Property and equipment, net	39,519	53,887
Goodwill	46,599	46,599
Intangible assets, net	12,977	12,292
Other assets	2,143	2,608
Total assets	$ 256,544	$ 269,658
Liabilities and Stockholders' Equity		
Current liabilities		
Current maturities of long term debt	$ —	$ 625
Accounts payable	25,214	24,713
Billings in excess of costs and estimated earnings on uncompleted contracts	22,639	34,031
Accrued self-insurance	31,273	30,202
Management shares subject to redemption; 274,675 and 535,851 shares issued and outstanding at December 31, 2006, and September 30, 2007, respectively	1,779	2,452
Other current liabilities	32,765	28,066
Total current liabilities	113,670	120,089
Long-term debt, net of current maturities	—	49,375
Deferred income tax liabilities	14,270	13,096
Other liabilities	813	763
Total liabilities	128,753	183,323
Commitment and contingencies		
Stockholders' equity		
Preferred stock—$0.01 par value per share; 4,000,000 authorized shares; none issued and outstanding at December 31, 2006 and September 30, 2007	—	—
Common stock—$0.01 par value per share; 100,000,000 authorized shares; 16,172,167 and 15,910,991 shares issued and outstanding at December 31, 2006, and September 30, 2007, respectively	162	159
Additional paid-in capital	126,696	84,046
Retained earnings	933	2,130
Total stockholders' equity	127,791	86,335
Total liabilities and stockholders' equity	$ 256,544	$ 269,658

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

MYR Group Inc.

Unaudited Consolidated Statements of Operations

Nine months ended September 30, 2006 (Predecessor)

and September 30, 2007 (Successor)

(in thousands of dollars, except share and per share data)	Predecessor Nine months ended September 30, 2006	Successor Nine months ended September 30, 2007
Contract revenues	$ 407,228	$ 453,915
Contract costs	365,111	403,714
Gross profit	42,117	50,201
Selling, general and administrative expenses	30,848	35,401
Amortization of intangible assets	230	685
Gain on sale of property and equipment	(416)	(514)
Income from operations	11,455	14,629
Other income (expense)		
Interest income	1,056	953
Interest expense	(183)	(696)
Other, net	(133)	(167)
Income before provision for income taxes	12,195	14,719
Income tax expense	4,822	6,161
Net income	$ 7,373	$ 8,558
Basic and diluted income per common share	$ 0.45	$ 0.52
Weighted average number of common shares and potential common shares outstanding—basic and diluted	16,446,842	16,446,842

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

MYR Group Inc.

Unaudited Consolidated Statements of Stockholders' Equity

Nine months ended September 30, 2007 (Successor)

(in thousands of dollars)

	Common Stock	Additional Paid-In Capital	Retained Earnings (Accumulated Deficit)	Total
Balance at January 1, 2007	$ 162	$ 126,696	$ 933	$ 127,791
Net income	—	—	8,558	8,558
Cash dividend/distribution from equity	—	(41,010)	(7,361)	(48,371)
Purchase by management from ArcLight of common shares subject to redemption	(3)	(2,029)	—	(2,032)
Costs incurred by the Parent for the Company	—	389	—	389
Balance at September 30, 2007	$ 159	$ 84,046	$ 2,130	$ 86,335

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

MYR Group Inc.

Unaudited Consolidated Statements of Cash Flows

Nine Months Ended September 30, 2006 (Predecessor)

and September 30, 2007 (Successor)

(in thousands of dollars)	Predecessor Nine months ended September 30, 2006	Successor Nine months ended September 30, 2007
Cash flows from operating activities		
Net income	$ 7,373	$ 8,558
Adjustments to reconcile net income to net cash flows provided by operating activities		
Depreciation	3,665	7,438
Amortization of intangible assets	229	685
Other non-cash items	71	540
Deferred income taxes	(111)	(1,174)
Gain on sale of property and equipment	(416)	(514)
Changes in operating assets and liabilities		
Accounts receivable, net	27,908	(16,398)
Costs and estimated earnings in excess of billings on uncompleted contracts	(8,294)	(4,175)
Construction materials inventory	13,103	—
Receivable for insurance claims in excess of deductibles	2,692	1,654
Other assets	810	4,210
Accounts payable	(11,089)	(501)
Billings in excess of costs and estimated earnings on uncompleted contracts	(20,357)	11,392
Accrued self insurance	(454)	(1,071)
Other liabilities	2,076	(4,799)
Net cash flows provided by operating activities	17,206	5,845
Cash flows from investing activities		
Proceeds from sale of property and equipment	481	634
Purchases of property and equipment	(6,146)	(21,926)
Net cash flows used in investing activities	(5,665)	(21,292)
Cash flows from financing activities		
Proceeds from term loan	—	50,000
Debt issuance costs	(394)	(457)
Notes receivable from purchase of common stock	(154)	128
Excess tax benefit from share based payment	230	—
Dividends paid	(6,034)	(50,000)
Net cash flows used in financing activities	(6,352)	(329)
Increase (decrease) in cash and cash equivalents	5,189	(15,776)
Cash and cash equivalents		
Beginning of period	28,937	26,223
End of period	$ 34,126	$ 10,447

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

MYR Group Inc.

Notes to the Unaudited Consolidated Financial Statements

**For the nine month periods ended September 30, 2006 and September 30, 2007
and as of December 31, 2006 and September 30, 2007
(in thousands of dollars, except share and per share data)**

1. Basis of Presentation

The accompanying unaudited consolidated financial statements of the Company have been prepared in accordance with Accounting Principles Board ("APB") No. 28, *Interim Financial Reporting*, and, accordingly, do not include all the information disclosures required by accounting principles generally accepted in the United States of America for complete financial statements. These financial statements should be read in conjunction with the consolidated financial statements and notes thereto for the years ended December 31, 2004 and 2005, for the period from January 1, 2006 to November 30, 2006 (Predecessor), and for the period from December 1, 2006 to December 31, 2006 (Successor) included in this offering memorandum. The accompanying consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America. In the opinion of management, the accompanying unaudited consolidated financial statements contain all adjustments (consisting of only normal recurring adjustments) necessary to state fairly the financial position of the Company as of September 30, 2007, the results of operations, changes in stockholders' equity and cash flows for the nine months ended September 30, 2006 and 2007. The results of operations for the nine months ended September 30, 2007 are not necessarily indicative of the results for the full year or the results for any future periods. The consolidated balance sheet as of December 31, 2006 has been derived from the audited financial statements as of that date.

2. Acquisition of Common Stock by ArcLight

As a result of the March 10, 2006 and November 30, 2006 transactions, ArcLight and members of management acquired 100% of the predecessor company for total consideration of $133,768. These transactions ("the Acquisition") were accounted for as a step acquisition using the purchase accounting method with the "push down" of ArcLight's basis to the Company as of November 30, 2006. The following pro forma consolidated results of operations for the nine months ended September 30, 2006 assume the Acquisition by ArcLight occurred as of January 1, 2006:

(amount in thousands, except share and per share data)		2006
Pro forma contract revenues	$	407,228
Pro forma net income		4,645
Pro forma net income per common share—basic and diluted	$	0.28
Pro forma weighted average shares outstanding—basic and diluted		16,446,842

The pro forma results of operations for the period prior to the Acquisition include the amortization of intangibles acquired, net of related income tax effects, and the additional depreciation expense, net of related income tax effects, resulting from the changes in the remaining useful lives and the step up to fair value of the related buildings and construction equipment. Pro forma data may not be indicative of the results that would have been obtained had these events actually occurred at the beginning of the periods presented, nor is it intended to be a projection of future results.

(in thousands of dollars, except share and per share data)

3. Supplemental Cash Flows

Supplemental disclosures of cash flow information for the nine months ended September 30, 2006 and 2007 are as follows:

	Predecessor	Successor
	2006	2007
Noncash financing activities:		
Deemed dividend in lieu of payment of income tax receivable from FirstEnergy	$ (1,151)	—
Deemed dividend to be paid to FirstEnergy upon collection of notes receivable from sale of discontinued operations	3,001	—

4. Property and Equipment

In September 2007, the Company acquired a new parcel of land for approximately $900. The Company plans to build a new facility in the Salt Lake City, Utah area with an estimated completion date in the first half of 2008.

5. Contracts in Process

The net asset (liability) position for contracts in process consisted of the following at December 31, 2006 and September 30, 2007 as follows:

	Successor	
	2006	2007
Cost incurred on completed contracts	$ 637,179	$ 698,507
Estimated earnings	70,033	80,849
	707,212	779,356
Less: Billings to date	702,218	781,579
	$ 4,994	$ (2,223)

The net asset (liability) position for contracts in process is included in the accompanying consolidated balance sheets at December 31, 2006 and September 30, 2007 as follows:

	Successor	
	2006	2007
Cost and estimated earnings in excess of billings on uncompleted contracts	$ 27,633	$ 31,808
Billings in excess of costs and estimated earnings on uncompleted contracts	(22,639)	(34,031)
	$ 4,994	$ (2,223)

6. Credit Agreement

On August 31, 2007, the Company entered into a new five year syndicated credit agreement ("2007 Credit Agreement") for an initial facility of $125,000, providing $75,000 for revolving loans and letters of credit and $50,000 for term loans. In accordance with the terms of the agreement, the Company has the ability to increase the revolving or term loan portions of the facility up to an aggregate of $175,000 in minimum increments of $5,000. In addition, the Company has the ability to decrease the revolving commitments at any time in minimum decrements of $1,000. The 2007 Credit Agreement replaces the 2006 Credit Agreement. Company borrowings under this 2007 Credit Agreement are charged interest at the Alternate Base Rate which is the greater of either the Prime Rate or the Federal Funds rate plus 0.5% and an additional 0.0% to 0.25% based on the Company's leverage ratio or LIBOR plus 1.0% to 1.75% based on the Company's leverage ratio. Upon the execution of the 2007 Credit Agreement, the Company borrowed $50,000 under the term loan facility. The term loan has quarterly repayments of $625 on September 30, 2008 through June 30, 2009, $1,250 on September 30, 2009 through March 31, 2012, with the remainder due on August 31, 2012. At September 30, 2007, the Company has $50,000 outstanding under the term loan at an interest rate of 6.875%. The Company has $75,000 available under the remaining Credit Agreement at September 30, 2007.

The 2007 Credit Agreement is guaranteed by certain material subsidiaries of the Company ("Guarantor Subsidiaries"). The Guarantor Subsidiaries are all 100% owned subsidiaries and are composed of the following entities: Harlan Electric Company, The L. E. Myers Co., Hawkeye Construction, Inc., Sturgeon Electric Company, Inc., and Great Southwestern Construction, Inc. All non-guarantor subsidiaries are considered immaterial to the Company. The guarantees are full, unconditional, joint and several. There are no restrictions on the subsidiary guarantees and the parent company does not own independent assets or operations. The Company is subject to certain financial covenants, a leveraged debt ratio and a minimum interest coverage test, under the Agreement and is in compliance at September 30, 2007.

7. Income Taxes

The difference between the U.S. federal statutory tax rate of 35% and the Company's effective tax rates for the nine month periods ended September 30, 2006 (Predecessor) and September 30, 2007 (Successor) is principally due to state income taxes.

The Company adopted the provisions of FASB Interpretation ("FIN") No. 48, *Accounting for Uncertainty in Income Taxes*, on January 1, 2007. The adoption of FIN No. 48 did not have a material effect on the Company's financial statements. The total amount of unrecognized tax benefits as of the date of adoption was $643. If recognized, the entire amount would favorably impact the effective tax rate in future periods. There have been no net changes in the amount of unrecognized tax benefits for the nine months ended September 30, 2007. As of January 1, 2007, the Company had accrued in income tax liabilities of $30 for interest and penalties. Interest and penalties related to income tax liabilities are included with income tax expense in the Unaudited Consolidated Statement of Operations.

The Company is subject to taxation in various jurisdictions. The Company continues to remain subject to examination by U.S. federal authorities for the years 2004 through 2006 and for various state

7. Income Taxes (Continued)

authorities for the years 2003 through 2006. As part of the March 10, 2006 acquisition of the Company by ArcLight, the Company's former parent, FirstEnergy, has agreed to assume any federal tax liabilities prior to the acquisition date.

8. Related Party Transactions

Total revenue recognized by the Company for services provided to the prior parent company, FirstEnergy, for the nine months ended September 30, 2006 was $17,166. The related direct costs of providing these services for the nine months ended September 30, 2006 was $15,276.

The consolidated financial statements for the nine months ended September 30, 2007 include legal costs of $389 incurred by ArcLight, its Parent, on behalf of the Company. These costs have been included in the Company's selling, general and administrative expenses and as a contribution to capital by ArcLight.

9. Commitments and Contingencies

At December 31, 2006 and September 30, 2007, the Company had outstanding irrevocable standby letters of credit totaling $29,610 and $27,000, respectively, related to the Company's payment obligation under its insurance programs.

Total rent expense for the nine months ended September 30, 2006 and 2007 was $21,002 and $23,399, respectively.

The Company guaranteed a minimum profit margin on selected customer contracts related to the sale of D.W. Close. At December 31, 2006, the net liability for uncompleted contracts from the sale of D.W. Close totaled $3,385. During the nine months ended September 30, 2007, this contingency was settled for $3,480, resulting in a payment of $888 due to Valley Electric Company and $2,497 due to First Energy remaining in current liabilities at September 30, 2007.

In 2005, one of the Company's subsidiaries was convicted of a criminal misdemeanor for a violation of certain Occupational Safety and Health Administration, or OSHA, safety regulations that occurred in 1999. The Company was assessed and paid a fine of $500,000 and the subsidiary was sentenced to a three-year probation period, as currently in effect, ending December 8, 2008. The Company believes that it is in compliance with the terms of the probation. The Company has appealed this decision, but cannot predict whether the appeal will be successful. The conviction and subsequent probation have not had a material impact on the subsidiary or on the Company generally and we do not believe either will have a material adverse effect on the Company or the subsidiary in the future.

The Company is involved in various legal matters which arise in the ordinary course of business for which the Company has made provisions in its financial statements as appropriate. The Company believes that there are no pending or threatened litigation that would have a material adverse effect upon the Company's financial condition.

(in thousands of dollars, except share and per share data)

10. Stockholders' Equity

In connection with the Acquisition, FirstEnergy, ArcLight and the Company entered into a principal stockholders agreement that provided certain members of management the right to purchase common shares of the Company's common stock at the same price per share paid by ArcLight in its purchase price from FirstEnergy. In June 2007, ArcLight offered certain members of management the right to purchase up to 263,149 shares of the Company's common stock by July 31, 2007 under terms of the management stockholders' agreement. In July, 2007, ArcLight sold a total of 261,176 shares of previously issued and outstanding common shares at an average price of $7.78.

For the aggregate amount paid for all management shares subject to redemption of $3,953, the Company has imputed an 8% rate of return for the nine months ended September 30, 2006 and 2007 and recorded compensation expense of $47 and $142, respectively. Adjustments for dividends and other distributions on these shares for nine months ended September 30, 2007 totaled $1,629. As of December 31, 2006 and September 30, 2007, the liability related to management shares, net of the reclassification of notes receivable related to the purchase of management shares of $144 and $16, totaled $1,779 and $2,452, respectively.

11. Stock Option Plan

On March 10, 2006 the Board of Directors approved the 2006 Stock Option Plan (the "Plan") for the Company. At September 30, 2007, 390,571 options remained available for grant under this Plan.

A summary of the activity relating to the outstanding options of the Company under the Plan for the nine months ended September 30, 2006 (Predecessor) and nine months ended September 30, 2007 (Successor) is presented below.

	Predecessor 2006	Successor 2007
2006 Stock Option Plan:		
Options outstanding, beginning of period	—	1,412,495
Options granted	1,420,226	39,803
Options exercised	—	—
Options forfeited	—	(15,462)
Options outstanding, end of period	1,420,226	1,436,836
Exercisable	—	—
Weighted average exercise price per share, as adjusted		
Options granted	$ 6.99	$ 3.87
Options exercised	—	—
Options forfeited	—	$ 3.65
Options outstanding, end of period	$ 6.99	$ 3.65

These options contain performance conditions based on the achievement of various annualized Internal Rates of Return ("IRR") levels to ArcLight. As of September 30, 2006 and September 30, 2007, the Company assessed the probability of meeting the performance conditions at 0%. As such, for

(in thousands of dollars, except share and per share data)

11. Stock Option Plan (Continued)

the nine months ended September 30, 2006 and 2007, no stock based compensation costs were recorded in accordance with SFAS 123R.

On August 31, 2007, the Board of Directors, applying provisions provided for in the 2006 Stock Option Agreement, lowered the exercise price of the June 2006 option grants from $6.69 a share to $3.65 a share to prevent the dilutive effect of the $3.04 a share cash dividend (see Note 12). In December 2006, the Board of Directors also lowered the exercise price of the June 2006 option grants from $6.99 a share to $6.69 a share to prevent the diluted effect of the $0.30 a share dividend declared on December 22, 2006.

12. Cash Dividends

On August 24, 2007 the Board of Directors declared a cash dividend of $3.04 per share totaling $50,000, which was paid on August 31, 2007. The payment of the dividend was financed with the proceeds of the term loan borrowed from the 2007 Credit Agreement. In the 2007 financial statements, the Company charged retained earnings to the extent of historical cumulative retained earnings through the dividend date with the remainder charged as a return of capital to additional paid-in capital.

13. Segment Information

The information in the following table for the nine months ended September 30, 2006 (Predecessor) and nine months ended September 30, 2007 (Successor) is derived from the segment's internal financial reports used for corporate management purposes.

	Predecessor	Successor
	2006	2007
Contract revenues:		
T&D	$ 305,584	$ 331,546
C&I	101,644	122,369
	$ 407,228	$ 453,915
Operating income (loss):		
T&D	$ 21,245	$ 22,477
C&I	3,225	6,591
General Corporate	(13,015)	(14,439)
	$ 11,455	$ 14,629

14. Stock Split and Change in Par Value

On December 13, 2007, the Company completed a stock split of approximately 164.47 common shares to one common share and a change in par value of its common stock from no par value to $0.01 per share. Additionally, on December 13 2007, the Company amended its certificate of incorporation to authorize the issuance of 4,000,000 shares of preferred stock, having a par value of $0.01 per share.

14. Stock Split and Change in Par Value (Continued)

However, none of the preferred shares are currently issued or outstanding. The Company has retroactively restated all of the share information in the accompanying financial statements to give effect to the stock split, the changes in par value and the authorization of preferred shares.

15. Offering Pursuant to Rule 144A

On December 20, 2007 and December 26, 2007, the Company completed a private, unregistered offering pursuant to Rule 144A under the Securities Act of 1933. The net proceeds of the transaction were approximately $212.5 million, after deducting offering expenses and underwriting discounts. The Company used some of the proceeds to repurchase shares of its common stock and to repay a portion of the outstanding debt under its term loan facility.

Report of Independent Registered Public Accounting Firm

To Board of Directors and Stockholders of
MYR Group Inc. (Successor)

In our opinion, the accompanying consolidated balance sheet and the related consolidated statements of operations, stockholders' equity and of cash flows present fairly, in all material respects, the financial position of MYR Group Inc. at December 31, 2006 and the results of its operations and its cash flows for the period from December 1, 2006 to December 31, 2006 in conformity with accounting principles generally accepted in the United States of America. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit of these statements in accordance with the Standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

/s/ PricewaterhouseCoopers LLP
November 24, 2007, except for Note 21, which is as of December 13, 2007 and except for Note 22 which is as of December 26, 2007

Report of Independent Registered Public Accounting Firm

To Board of Directors and Stockholders of
MYR Group Inc. (Predecessor)

In our opinion, the accompanying consolidated balance sheet and the related consolidated statements of operations, stockholders' equity and of cash flows present fairly, in all material respects, the financial position of MYR Group Inc. at December 31, 2005, and the results of its operations and its cash flows for the years ended December 31, 2004, 2005, and for the period from January 1, 2006 to November 30, 2006 in conformity with accounting principles generally accepted in the United States of America. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits of these statements in accordance with the Standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

As discussed in Note 3 to the consolidated financial statements, the Company has restated its financial statements as of and for each of the years ended December 31, 2004 and 2005.

As discussed in Note 4 to the consolidated financial statements, the Company adopted Statement of Financial Accounting Standards No. 123R, *Share-Based Payment*, on January 1, 2006.

/s/ PricewaterhouseCoopers LLP
November 24, 2007, except for Note 21, which is as of December 13, 2007

MYR Group Inc.

Consolidated Balance Sheets

As of December 31, 2005 (Predecessor) and 2006 (Successor)

(in thousands of dollars, except share data)	Predecessor 2005 (As restated) (See Note 3)	Successor 2006
Assets		
Current assets		
Cash and cash equivalents	$ 28,937	$ 26,223
Accounts receivable, net	92,484	76,010
Costs and estimated earnings in excess of billings on uncompleted contracts	23,588	27,633
Construction materials inventory	13,103	—
Deferred income tax assets	8,927	9,692
Receivable for insurance claims in excess of deductibles	10,734	9,216
Other current assets	5,952	6,532
Total current assets	183,725	155,306
Property and equipment, net	17,649	39,519
Goodwill	32,055	46,599
Intangible assets, net	8,054	12,977
Other assets	2,148	2,143
Total assets	$ 243,631	$ 256,544
Liabilities and Stockholders' Equity		
Current liabilities		
Accounts payable	$ 34,653	$ 25,214
Billings in excess of costs and estimated earnings on uncompleted contracts	42,040	22,639
Accrued self insurance	28,633	31,273
Management shares subject to redemption; 0 and 274,675 shares issued and outstanding at December 31, 2005 and 2006, respectively	—	1,779
Other current liabilities	23,735	32,765
Total current liabilities	129,061	113,670
Deferred income tax liabilities	9,337	14,270
Other liabilities	214	813
Total liabilities	138,612	128,753
Commitments and contingencies		
Stockholders' equity		
Preferred stock—$0.01 par value per share; 4,000,000 authorized shares; none issued and outstanding at December 31, 2005 and 2006	—	—
Common stock—$0.01 par value per share; 100,000,000 authorized shares; 16,446,842 and 16,172,167 shares issued and outstanding, at December 31, 2005 and 2006, respectively	164	162
Additional paid-in capital	132,153	126,696
Retained earnings (accumulated deficit)	(27,298)	933
Total stockholders' equity	105,019	127,791
Total liabilities and stockholders' equity	$ 243,631	$ 256,544

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

MYR Group Inc.

Consolidated Statements of Operations

**For the years ended December 31, 2004, 2005,
for the period from January 1, 2006 to November 30, 2006 (Predecessor) and
for the period from December 1, 2006 to December 31, 2006 (Successor)**

	Predecessor			Successor
	Year ended December 31,		January 1 to November 30,	December 1 to December 31,
(in thousands of dollars, except share and per share data)	2004 (As restated) (See Note 3)	2005 (As restated) (See Note 3)	2006	2006
Contract revenues	$ 322,096	$ 508,700	$ 489,055	$ 46,202
Contract costs	293,812	457,287	435,520	41,381
Gross profit	28,284	51,413	53,535	4,821
Selling, general and administrative expenses	34,575	37,438	37,754	3,126
Amortization of intangible assets	306	306	281	115
Gain on sale of property and equipment	(475)	(855)	(434)	(10)
Goodwill impairment	—	16,618	—	—
Income (loss) from continuing operations	(6,122)	(2,094)	15,934	1,590
Other income (expense)				
Interest income	194	469	1,382	145
Interest expense	(23)	(18)	(299)	(41)
Other, net	(119)	(343)	(192)	(20)
Income (loss) before provision for income taxes	(6,070)	(1,986)	16,825	1,674
Income tax expense (benefit)	(2,595)	6,624	6,807	741
Net income (loss) from continuing operations	(3,475)	(8,610)	10,018	933
Discontinued operations				
Discontinued operations, (net of income tax expense (benefit) of $(789) and $328 in 2004 and 2005, respectively)	(1,183)	492	—	—
Loss on sale of discontinued operations, (net of income tax (benefit) of $(601) and $(450) in 2004 and 2005, respectively)	(901)	(1,356)	—	—
Net loss from discontinued operations	(2,084)	(864)	—	—
Net income (loss)	$ (5,559)	$ (9,474)	$ 10,018	$ 933
Basic and diluted income (loss) per common share:				
Income (loss) from continuing operations	$ (0.21)	$ (0.52)	$ 0.61	$ 0.06
Income (loss) from discontinued operations	(0.07)	0.03	—	—
Loss on sale of discontinued operations	(0.05)	(0.08)	—	—
Net income (loss)	$ (0.33)	$ (0.57)	$ 0.61	$ 0.06
Weighted average number of common shares and potential common shares outstanding—basic and diluted	16,446,842	16,446,842	16,446,842	16,446,842

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

MYR Group Inc.

Consolidated Statements of Stockholders' Equity

For the years ended December 31, 2004, 2005,
for the period from January 1, 2006 to November 30, 2006 (Predecessor) and
for the period from December 1, 2006 to December 31, 2006 (Successor)

(in thousands of dollars)

Predecessor	Common Stock	Additional Paid-In Capital	Retained Earnings (Accumulated Deficit)	Total
Balance at January 1, 2004, as restated (See Note 3)	$ 164	$ 137,647	$ (12,265)	$ 125,546
Net loss, as restated	—	—	(5,559)	(5,559)
Income tax benefit related to stock compensation, as restated	—	416	—	416
Balance at December 31, 2004, as restated (See Note 3)	$ 164	138,063	(17,824)	120,403
Net loss, as restated	—	—	(9,474)	(9,474)
Cash dividend/distribution	—	(4,387)	—	(4,387)
Noncash dividend/distribution	—	(2,647)	—	(2,647)
Income tax benefit related to stock compensation, as restated	—	1,124	—	1,124
Balance at December 31, 2005, as restated (See Note 3)	$ 164	132,153	(27,298)	105,019
Net income	—	—	10,018	10,018
Cash dividend/distribution	—	(6,034)	—	(6,034)
Noncash dividend/distribution, net	—	(1,850)	—	(1,850)
Purchase by management from FirstEnergy of common shares subject to redemption	(2)	(1,918)	—	(1,920)
Income tax benefit related to stock compensation	—	230	—	230
Balance at November 30, 2006	$ 162	$ 122,581	$ (17,280)	$ 105,463

Successor	Common Stock	Additional Paid-In Capital	Retained Earnings (Accumulated Deficit)	Total
Balance at December 1, 2006	$ 162	$ 131,613	$ —	$ 131,775
Net income	—	—	933	933
Cash dividend/distribution from equity	—	(4,917)	—	(4,917)
Balance at December 31, 2006	$ 162	$ 126,696	$ 933	$ 127,791

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

MYR Group Inc.

Consolidated Statements of Cash Flows

For the years ended December 31, 2004, 2005 for the period from January 1, 2006 to November 30, 2006 (Predecessor) and for the period from December 1, 2006 to December 31, 2006 (Successor)

(in thousands of dollars)	Year Ended December 31,		January 1 to November 30,	December 1 to December 31,
	Predecessor			Successor
	2004 (As restated) (See Note 3)	2005 (As restated) (See Note 3)	2006	2006
Cash flows from operating activities				
Net income (loss)	$ (5,559)	$ (9,474)	$ 10,018	$ 933
Adjustments to reconcile net income (loss) to net cash flows provided by operating activities				
Depreciation	4,787	4,581	4,632	1,005
Amortization of intangible assets	306	306	280	115
Other non-cash items	174	43	114	13
Goodwill impairment	—	16,618	—	—
Deferred income taxes	(898)	(2,864)	(1,597)	(808)
Gain on sale of property and equipment	(475)	(855)	(434)	(10)
Loss on disposal of discontinued operations	901	1,356	—	—
Income tax benefit of stock compensation	416	1,124	—	—
Changes in operating assets and liabilities				
Accounts receivable, net	6,392	(35,192)	17,916	(1,442)
Costs and estimated earnings in excess of billings on uncompleted contracts	322	(7,227)	(10,788)	6,744
Construction materials inventory	—	(13,103)	13,103	—
Receivable for insurance claims in excess of deductibles	4,454	—	2,542	(1,024)
Other assets	(6,810)	6,363	946	(1,520)
Accounts payable	4,726	17,296	(11,270)	1,830
Billings in excess of costs and estimated earnings on uncompleted contracts	1,761	25,681	(14,413)	(4,988)
Accrued self insurance	(4,670)	2,990	1,175	1,465
Other liabilities	(167)	13,765	3,376	4,018
Net cash flows provided by operating activities	5,660	21,408	15,600	6,331
Cash flows from investing activities				
Proceeds from sale of property and equipment	733	1,284	498	12
Proceeds from sale of discontinued operations	1,149	3,238	—	—
Purchases of property and equipment	(4,127)	(5,302)	(12,482)	(1,331)
Net cash flows used in investing activities	(2,245)	(780)	(11,984)	(1,319)
Cash flows from financing activities				
Debt issuance costs	—	—	(394)	—
Notes receivable from purchase of common stock	—	—	(144)	—
Excess tax benefit from share-based payments	—	—	230	—
Dividends paid	—	(4,387)	(6,034)	(5,000)
Net cash flows used in financing activities	—	(4,387)	(6,342)	(5,000)
Increase (decrease) in cash and cash equivalents	3,415	16,241	(2,726)	12
Cash and cash equivalents				
Beginning of period	9,281	12,696	28,937	26,211
End of period	$ 12,696	$ 28,937	$ 26,211	$ 26,223

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

1. Organization and Business

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

As further discussed in Note 19, the Company sold D.W. Close, Inc. in December 2004 and Power Piping Company in March 2005.

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

2. Basis of Presentation and Acquisition of Common Stock by ArcLight

On March 10, 2006, ArcLight Capital Partners, LLC ("ArcLight") through its subsidiary MYR Group Holdings LLC, purchased 60% of the outstanding shares of the common stock of the Company from FirstEnergy Corporation ("FirstEnergy") for $69,792 in cash, including transaction costs.

On June 2, 2006, certain members of management exercised their stock purchase rights to purchase the Company's common stock from FirstEnergy. Management purchased 1.67% of the Company's outstanding common stock from FirstEnergy for $1,920, consisting of $1,766 in cash and $154 in debt. The management shares have certain rights that allow the shares to be sold back to the Company under certain conditions. As a result, such shares are presented as liabilities for balance sheet presentation purposes. All other rights are the same as other outstanding common stock. Certain members of management borrowed an aggregate of $154 from the Company to finance the stock purchase. Notes receivable totaling $144 at December 31, 2006 have been netted against the management shares subject to redemption recorded in current liabilities.

On November 30, 2006, ArcLight, through its subsidiary MYR Group Holdings II, LLC, purchased the remaining 38.33% of the outstanding shares of the common stock of the Company from FirstEnergy for $57,654 in cash, including transaction costs.

This transaction ("the Acquisition") was accounted for as a step acquisition using the purchase accounting method. Under the guidance of Staff Accounting Bulletin ("SAB") No. 54, *Application of "Pushdown" Basis of Accounting in Financial Statement Subsidiaries Acquired by Purchase*, ArcLight's basis in the net assets of the Company was "pushed down" to the Company as ArcLight's interest exceeded 95%. Therefore, the accompanying consolidated financial statements present separately the financial position, results of operations, cash flows and changes in stockholders' equity for the Company

2. Basis of Presentation and Acquisition of Common Stock by ArcLight (Continued)

on a "Successor" basis after November 30, 2006 (reflecting the Company's ownership by ArcLight and other controlling members) and on a "Predecessor" basis (without reflecting the Company's acquisition by ArcLight prior to November 30, 2006). The financial information of the Company has been separated by a vertical line on the face of the consolidated financial statements to identify the periods in which these different bases of accounting were applied.

In summary, ArcLight and members of management acquired 100% of the predecessor company for a total consideration, including transaction costs, of $133,768. ArcLight's investment in the Company consisted of cash paid of $129,366 and their pro rata share of net earnings between March 10, 2006 and November 30, 2006 of $4,402. The purchase price of the assets acquired and liabilities assumed as of November 30, 2006 was allocated based on fair values as follows:

	2006
Current assets	$ 157,591
Property and equipment	39,195
Goodwill	46,599
Intangible assets	13,092
Other non-current assets	2,130
Current liabilities	(109,417)
Deferred income tax liabilities	(14,603)
Other non-current liabilities	(819)
	$ 133,768
Management shares subject to redemption	$ 1,993
Additional paid-in capital	131,775
	$ 133,768

The following unaudited pro forma consolidated results of operations assume that the Acquisition and the related push down of the purchase accounting was completed as of January 1, for each of the years ended December 31, 2005 and 2006:

(amount in thousands, except share and per share data)	2005	2006
Pro forma contract revenues (Unaudited)	$ 508,700	$ 535,257
Pro forma net income from continuing operations (Unaudited)	$ 4,718	$ 8,029
Pro forma net income per common share—basic and diluted (Unaudited)	$ 0.29	$ 0.49
Pro forma weighted average shares outstanding—basic and diluted (Unaudited)	16,446,842	16,446,842

2. Basis of Presentation and Acquisition of Common Stock by ArcLight (Continued)

The unaudited pro forma results of operations for the periods prior to the Acquisition include the amortization of intangibles acquired, net of related income tax effects, and the additional depreciation expense, net of related income tax effects, resulting from the changes in the remaining useful lives and the step up to fair value of the related buildings and construction equipment. The historical results of operations for the year ended December 31, 2005 included an impairment charge of $16,618 which has been eliminated in the pro forma financial results based on the assumption that there would have been a fair value assessment of net assets at January 1, 2005 resulting in the elimination of the need for an impairment in 2005. Pro forma data may not be indicative of the results that would have been obtained had these events actually occurred at the beginning of the periods presented, nor is it intended to be a projection of future results.

On March 10, 2006, the Company declared a stock split of 1,000 to 1 increasing authorized shares of common stock to 150,000 and issued and outstanding shares of common stock to 100,000 shares. All share and per share data has been adjusted to reflect the stock split for all periods presented.

3. Restatement of Previously Reported Financial Statements

During the preparation of its financial statements to reflect the "push down" of the purchase accounting for the Acquisition, the Company determined that adjustments to restate its previously issued 2004 and 2005 financial statements were necessary for the following errors:

- an adjustment to allocate the purchase price to identified tangible and intangible assets in its accounting for FirstEnergy's acquisition of the Company on November 7, 2001. Originally, the entire excess purchase price over net assets acquired was allocated only to goodwill;
- an adjustment to increase the goodwill impairment previously recorded in 2005, based upon the identification of two reporting units versus the one previously utilized, the proper application of the impairment test as it relates to implied fair value, and based upon the revised goodwill amounts from the adjustment discussed above;
- to reflect additional tax benefits on the excess of tax over book basis deductions related to previous owners' stock award plans as additional paid in capital rather than an income tax benefit;
- other adjustments related to out of period items, revision of non-operating income and expenses to income (loss) from operations, and recording of the goodwill allocated to discontinued operations as a component of income (loss) on sale of discontinued operations rather than as a component of discontinued operations.

(in thousands of dollars, except share and per share data)

3. Restatement of Previously Reported Financial Statements (Continued)

The following is a summary of the effects of the restatement on the previously issued Consolidated Statement of Operations, Consolidated Balance Sheets, and Consolidated Statements of Cash Flows:

	Predecessor			
	For the years ended December 31,			
	2004, as previously reported	2004, as restated	2005, as previously reported	2005, as restated
Contract revenues	$ 320,401	$ 322,096	$ 509,516	$ 508,700
Contract costs	292,353	293,812	457,600	457,287
Gross profit	28,048	28,284	51,916	51,413
Selling, general and administrative expenses	33,915	34,575	38,534	37,438
Amortization of intangible assets	—	306	—	306
Gain on sale of property and equipment	(523)	(475)	(609)	(855)
Goodwill impairment	—	—	9,000	16,618
Income (loss) from continuing operations	(5,344)	(6,122)	4,991	(2,094)
Other income (expense)				
Interest income	194	194	469	469
Interest expense	(23)	(23)	(18)	(18)
Other, net	18	(119)	185	(343)
Income (loss) before provision for income taxes	(5,155)	(6,070)	5,627	(1,986)
Income tax expense (benefit)	(2,855)	(2,595)	5,690	6,624
Net income (loss) from continuing operations	(2,300)	(3,475)	(63)	(8,610)
Discontinued operations				
Discontinued operations, (net of income tax expense (benefit) of $(789) and $328 in 2004 and 2005, respectively)	(1,183)	(1,183)	(757)	492
Loss on sale of discontinued operations, (net of income tax (benefit) of $(601) and $(450) in 2004 and 2005, respectively)	(901)	(901)	(565)	(1,356)
Net loss from discontinued operations	(2,084)	(2,084)	(1,322)	(864)
Net income (loss)	$ (4,384)	$ (5,559)	$ (1,385)	$ (9,474)
Basic and diluted income (loss) per common share:				
Income (loss) from continuing operations	$ (0.14)	$ (0.21)	$ —	$ (0.52)
Income (loss) from discontinued operations	(0.07)	(0.07)	(0.05)	0.03
Loss on sale of discontinued operations	(0.05)	(0.05)	(0.03)	(0.08)
Net income (loss)	$ (0.26)	$ (0.33)	$ (0.08)	$ (0.57)
Weighted average number of common shares and potential common shares outstanding —basic and diluted	16,446,842	16,446,842	16,446,842	16,446,842

MYR Group Inc.

Notes to Consolidated Financial Statements (Continued)

For the years ended December 31, 2004, 2005,
for the period from January 1, 2006 to November 30, 2006 (Predecessor) and
for the period from December 1, 2006 to December 31, 2006 (Successor)
(in thousands of dollars, except share and per share data)

3. Restatement of Previously Reported Financial Statements (Continued)

	Predecessor	
	As of December 31,	
	2005, as previously reported	2005, as restated
Assets		
Current assets		
Cash and cash equivalents	$ 28,937	$ 28,937
Accounts receivable, net	92,484	92,484
Costs and estimated earnings in excess of billings on uncompleted contracts	15,286	23,588
Construction materials inventory	13,103	13,103
Deferred income tax assets	10,013	8,927
Receivable for insurance claims in excess of deductibles	10,734	10,734
Other current assets	6,421	5,952
Total current assets	176,978	183,725
Property and equipment, net	13,718	17,649
Goodwill	52,887	32,055
Intangible assets, net	—	8,054
Other assets	2,148	2,148
Total assets	$ 245,731	$ 243,631
Liabilities and Stockholders' Equity		
Current liabilities		
Accounts payable	$ 26,741	$ 34,653
Billings in excess of costs and estimated earnings on uncompleted contracts	42,040	42,040
Accrued self insurance	28,834	28,633
Other current liabilities	23,735	23,735
Total current liabilities	121,350	129,061
Deferred income tax liabilities	5,629	9,337
Other liabilities	214	214
Total liabilities	127,193	138,612
Stockholders' equity		
Preferred stock—$0.01 par value per share; 4,000,000 authorized shares; none issued and outstanding at December 31, 2005	—	—
Common stock—$0.01 par value per share; 100,000,000 authorized shares; 16,446,842 shares issued and outstanding at December 31, 2005	164	164
Additional paid-in capital	128,670	132,153
Retained earnings (accumulated deficit)	(10,296)	(27,298)
Total stockholders' equity	118,538	105,019
Total liabilities and stockholders' equity	$ 245,731	$ 243,631

(in thousands of dollars, except share and per share data)

3. Restatement of Previously Reported Financial Statements (Continued)

	Predecessor			
	For the years ended December 31,			
	2004, as previously reported	2004, as restated	2005, as previously reported	2005, as restated
Cash flows from operating activities				
Net income (loss)	$ (4,384)	$ (5,559)	$ (1,385)	$ (9,474)
Adjustments to reconcile net income (loss) to net cash flows provided by operating activities				
Depreciation	4,399	4,787	4,518	4,581
Amortization of intangibles	—	306	—	306
Other non-cash items	174	174	43	43
Goodwill impairment	—	—	9,000	16,618
Deferred income taxes	(601)	(898)	(2,716)	(2,864)
Gain on sale of property and equipment	(523)	(475)	(855)	(855)
Loss on disposal of discontinued operations	901	901	1,814	1,356
Income tax benefit of stock compensation	—	416	—	1,124
Changes in operating assets and liabilities				
Accounts receivable, net	6,392	6,392	(35,192)	(35,192)
Costs and estimated earnings in excess of billings on uncompleted contracts	2,018	322	(4,820)	(7,227)
Construction materials inventory	—	—	(13,103)	(13,103)
Receivable for insurance claims in excess of deductibles	—	4,454	—	—
Other assets	(2,306)	(6,810)	6,064	6,363
Accounts payable	2,797	4,726	15,403	17,296
Billings in excess of costs and estimated earnings on uncompleted contracts	1,761	1,761	25,681	25,681
Accrued insurance	(4,670)	(4,670)	3,191	2,990
Other liabilities	(298)	(167)	13,765	13,765
Net cash flows provided by operating activities	5,660	5,660	21,408	21,408
Cash flows from investing activities				
Proceeds from sale of property and equipment	733	733	1,284	1,284
Proceeds from sale of discontinued operations	1,149	1,149	3,238	3,238
Purchases of property and equipment	(4,127)	(4,127)	(5,302)	(5,302)
Net cash flows used in investing activities	(2,245)	(2,245)	(780)	(780)
Cash flows from financing activities				
Debt issuance costs	—	—	—	—
Notes receivable from purchase of common stock	—	—	—	—
Dividends paid	—	—	(4,387)	(4,387)
Net cash flows used in financing activities	—	—	(4,387)	(4,387)
Increase (decrease) in cash and cash equivalents	3,415	3,415	16,241	16,241
Cash and cash equivalents				
Beginning of period	9,281	9,281	12,696	12,696
End of period	$ 12,696	$ 12,696	$ 28,937	$ 28,937

(in thousands of dollars, except share and per share data)

3. Restatement of Previously Reported Financial Statements (Continued)

Discussion of Restatement Items

The following table presents a summary of the restatement errors as they affect net income (loss) for the years ended December 31, 2004 and 2005.

	Predecessor	
	Year Ended December 31,	
	2004	2005
Net income (loss), as previously reported	$ (4,384)	$ (1,385)
Allocation of purchase price in 2001 acquisition	(445)	(221)
Goodwill and other intangible asset impairment	—	(7,160)
Income tax benefit of stock compensation	(416)	(1,124)
Other adjustments	(314)	416
Net income (loss), as restated	$ (5,559)	$ (9,474)

Allocation of Purchase Price in 2001 Acquisition: On November 7, 2001 FirstEnergy acquired 100% of the common stock of the Company as a result of its acquisition of the Company's prior 100% owner, GPU Inc. The Company initially allocated all excess purchase price over the fair value of net assets acquired only to goodwill, which was consistent with FirstEnergy's accounting treatment of the GPU Inc. assets acquired. In connection with determining the fair value of the assets acquired and liabilities assumed for the Acquisition in 2006, the Company identified tangible and intangible assets which should have been assigned values in allocating the purchase price in 2001. The Company has restated its November 7, 2001 purchase accounting and increased intangible assets, land, buildings, construction equipment, and deferred tax liabilities while decreasing goodwill.

For assigned values to finite intangibles and increased values on property and equipment, the Company has amortized or depreciated those items on a straight line basis over their estimated useful lives. As a result, the Company has recorded additional depreciation for buildings to either contract costs or general and administrative expenses, additional depreciation related to construction equipment to contract costs, and intangible amortization to amortization of intangible assets shown separately in income (loss) from operations. The gains or losses on sale of property and equipment have been adjusted to reflect the increased fair value of the assets disposed and were disclosed separately in income (loss) from operations.

At December 31, 2005, the restated balance sheet reflects increases in the fair value of intangibles and property and equipment compared to previously reported amounts of $8,054 and $3,931, respectively. The tax effect for the difference between the book and tax basis on these assets resulted in an increase of long-term deferred tax liabilities of $4,794. The decrease in goodwill of $20,832 from previously reported amounts consisted of the reallocation of the 2001 purchase price of $13,784, the additional goodwill impairment charge for continuing operations of $7,618 (see Goodwill and Other Intangible Asset Impairment, discussed below), offset by the reduction of the goodwill allocated to discontinued operations of $570.

(in thousands of dollars, except share and per share data)

3. Restatement of Previously Reported Financial Statements (Continued)

The following table shows the effects of the restatement for the reallocation of fair value for the corresponding line items and net income (loss) in the Company's statement of operations for the years ended December 31, 2004 and 2005:

	Predecessor	
	Year Ended December 31,	
	2004	2005
Contract costs	$ 337	$ 13
Selling, general and administrative expenses	51	50
Amortization of intangibles	306	306
(Gain) loss on sale of property and equipment	47	—
Income tax expense (benefit)	(296)	(148)
Net income (loss)	(445)	(221)

Goodwill Impairment: Historically, the Company was a component of a reporting unit of FirstEnergy. In its stand-alone financial statements, the Company did not test for goodwill impairment using its stand alone reporting units. In the restated financial statements, the Company determined that each operating segment was also a reporting unit and has identified two reporting units. Additionally, the Company did not properly apply the impairment test as it relates to implied fair value. The Company was able to establish values for intangible assets for each reporting unit. The Company then assigned the remaining goodwill to each reporting unit based on an internal discounted cash flow analysis prepared on a reporting unit basis.

In March 2005, the Company sold Power Piping Company which was part of the C&I segment. Based on the restated intangible assets and goodwill analysis, the Company recalculated a decrease of $458 in goodwill and intangible assets associated with the divested company. This decrease was included in discontinued operations and consisted of a reduction of the goodwill allocated of $570 offset by an increased allocation of intangible assets of $112, net of income taxes.

With the pending acquisition of the 60% interest of the Company by ArcLight in March 2006 and before the consolidated financial statements for 2005 were issued, it was determined that the carrying value of the entity exceeded its fair value at December 31, 2005. The Company recorded a goodwill charge in 2005 for the difference between the carrying value and the fair value on a single reporting unit approach. The Company has recalculated the goodwill impairment charge as of December 31, 2005, based upon the identification of two reporting units and proper application as it relates to implied fair value. The decrease in the implied fair value of goodwill resulted in an additional pre-tax goodwill impairment charge of $7,618 for 2005. The goodwill is not deductible for income tax purposes.

Income Tax Benefit of Stock Compensation: The Company's former owners, GPU and FirstEnergy, issued certain members of management restricted stock awards and stock options under their respective stock award plans. The Company recorded compensation expense in accordance with Accounting Principles Board ("APB') Opinion No. 25, *Accounting for Stock Issued to Employees*, the applicable accounting pronouncement in effect at the time. Upon vesting of the restricted stock or exercise of the

3. Restatement of Previously Reported Financial Statements (Continued)

stock options, the Company recorded a reduction in its tax liabilities for the excess of the fair value of the vested stock award over recorded compensation expense and for the sales price in excess of the exercise price for non-qualified options. The additional income tax benefits for stock compensation were recorded as a reduction in the Company's income tax expense. The restated financial statements reflect the additional tax benefit as an increase in additional paid in capital of $3,483 and an increase in income tax expense for the years ended December 31, 2004, and 2005, of $416 and $1,124, respectively.

Other Adjustments: As part of the restatement process, the Company also identified other less significant adjustments. These adjustments principally related to contract costs and operating expenses recorded in the subsequent period that should have been reflected in the previous period and in the analysis of accrued liabilities and the related affect on contract revenues recorded on a percentage of completion basis. All other out of period items impacted selling, general and administrative expenses. The impact on contract revenues for the year ended December 31, 2004 and 2005 was $1,695 and ($816), respectively. Contract costs were impacted $1,609 and ($1,070) respectively; while related selling, general and administrative expenses were adjusted $609 and ($440) respectively. Additionally, as a result of the above adjustments, income tax expense (benefit) was impacted ($209) and $278 for these periods, respectively. The above entries have been reflected in the December 31, 2005 balance sheet.

Income and expense items for Occupational Safety and Health Administration ("OSHA") claim costs, cash discounts, recovery in a legal settlement and gain on sale of land previously recorded in other income have been reclassified to income (loss) from operations. The restated amounts impacted contract costs for ($487) in 2004 and $744 in 2005, selling, general and administrative expenses for ($706) in 2005, and gain on sale of property and equipment for ($246) in 2005. The Company has also restated the classification of the goodwill allocated of $1,249 (restated amount discussed above) related to discontinued operations for the year ended December 31, 2005 from loss on discontinued operations to loss on sale of discontinued operations. Additionally, as a result of the above adjustments income tax expense (benefit) was impacted $350 and ($320) for these periods, respectively, which includes a revision of the classification of federal fuel excise tax credits from income tax expense (benefit) to contract costs. The balance sheet has also been updated to reflect these items.

(in thousands of dollars, except share and per share data)

3. Restatement of Previously Reported Financial Statements (Continued)

The following table shows the effects of the restatement related to other adjustments for the corresponding line items and net income (loss) in the Company's statement of operations for the years ended December 31, 2004 and 2005:

	Predecessor	
	Year Ended December 31,	
	2004	2005
Contract revenues	$ 1,695	$ (816)
Contract costs	1,122	(326)
Selling, general and administrative expenses	609	(1,146)
Gain on sale of property and equipment	—	(246)
Other income (expense)—other	(137)	(528)
Discontinued operations, net of tax	—	1,249
Loss on sale of discontinued operations, net of tax	—	(1,249)
Income tax expense (benefit)	141	(42)
Net income (loss)	(314)	416

4. Summary of Significant Accounting Policies

Revenue Recognition

Revenues from the Company's construction services are performed under fixed price, time-and-equipment, time-and-materials, unit price, and cost-plus-fee contracts.

Revenues under long-term contracts are accounted for under the percentage-of-completion method of accounting in accordance with American Institute of Certified Public Accountants ("AICPA") Statement of Position ("SOP") No. 81-1, *Accounting for Performance of Construction-Type and Certain Production-Type Contracts*. Under the percentage-of-completion method, the Company estimates profit as the difference between total estimated revenue and total estimated cost of a contract and recognizes that profit over the contract term based on either input (e.g., costs incurred under the cost-to-cost method which is typically used for development effort) or output (e.g., units delivered under the units-of-delivery method, which is used for production effort), as appropriate under the circumstances.

For fixed price contracts, the Company uses the ratio of cost incurred to date on the contract (excluding uninstalled direct materials) to management's estimate of the contract's total cost, to determine the percentage of completion on each contract. This method is used as management considers expended costs to be the best available measure of progression of these contracts. Contract cost includes all direct material, subcontract and labor costs and those indirect costs related to contract performance, such as supplies, tool repairs and depreciation.

The Company recognizes revenues from construction services with fees based on time and materials, unit prices, or cost-plus fee as the services are performed and amounts are earned also in accordance with SOP No. 81-1. Revenue on unit price contracts is recognized as units are completed,

4. Summary of Significant Accounting Policies (Continued)

and on cost-plus-fee contracts as costs are incurred. The Company accounts for maintenance and repair services under the guidance of SOP No. 81-1 as the services provided relate to construction work.

Contract costs incurred to date and expected total contract costs are continuously monitored during the term of the contract. Changes in job performance, job conditions, change orders and final contract settlements may result in revisions to the estimated profitability during the contract. These changes, which would include contracts with estimated costs in excess of estimated revenues, would be recognized in contract costs in the period in which the revisions are determined At the point the Company anticipates a loss on a contract, the Company estimates the ultimate loss through completion and recognizes that loss in period in which the possible loss was identified.

The Company does not usually extend warranties to its customers. On occasion, the Company will provide warranties to customers. Typically, the warranty period does not exceed one year. Historically, warranty claims have not been significant to the Company.

Advertising

Advertising costs are expensed when incurred. Advertising costs, included in selling, general and administration expenses totaled $193, $277, $311, and $33 for the years ended December 31, 2004, 2005, for the period from January 1, 2006 to November 30, 2006 and for the period from December 1, 2006 to December 31, 2006 respectively.

Income Taxes

Income taxes are accounted for in accordance with SFAS No. 109, *Accounting for Income Taxes*. Under this method, deferred tax assets and liabilities are determined based on differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax return purposes, and are measured using the enacted tax rates at which the resulting taxes are expected to be paid.

The Company calculates its tax provision on a stand alone basis and has historically filed its own state tax returns. The Company was included in FirstEnergy's consolidated federal tax returns from 2001 to March 10, 2006. At the time of the Acquisition, the tax-sharing arrangement was dissolved and the Company no longer will settle its federal income tax balances with FirstEnergy. Accordingly, the income tax receivable at December 31, 2005 of $2,647 and income tax payable at March 10, 2006 of $1,151 for the period January 1, 2006 to March 10, 2006 has been presented as a Noncash dividend distribution in the consolidated statements of stockholders' equity. From March 11, 2006 onwards the Company has filed its own consolidated federal tax return. As part of ArcLight's acquisition of the Company's common stock on March 10, 2006, FirstEnergy agreed to be responsible for all federal income tax claims against the Company that may arise from prior year's and through the March 10, 2006 federal income tax returns.

4. Summary of Significant Accounting Policies (Continued)

Stock-Based Compensation

Effective January 1, 2006 the Company accounts for stock-based compensation in accordance with SFAS No. 123R *Share-Based Payment*. SFAS No. 123R requires the measurement of compensation for stock-based awards based on the estimated fair values at the grant date for equity classified awards and the recognition of the related compensation expense over the appropriate vesting period and for liability classified awards based on the fair value of the award each period until settled with the recognition of the related compensation expense for the changes in the fair value prorated over the appropriate vesting period subject, if applicable, to performance conditions. The stock options granted in June 2006 to purchase the Company's common stock are conditional upon meeting certain return on investment conditions. These conditions were not met as of December 31, 2006 and as such no compensation costs were recorded related to these options during 2006.

Prior to the adoption of SFAS No. 123R, certain employees of the Company received stock options from its prior parent company, FirstEnergy. The Company followed the intrinsic value method in accordance with APB Opinion No. 25, *Accounting for Stock Issued to Employees*. Accordingly, no compensation costs were recognized in connection with the issuance of these options since the options were granted with an exercise price equal to the fair value at the date of grant. As all options granted were vested as of December 31, 2005, there was no unrecognized compensation costs related to unvested stock options granted prior to the adoption of SFAS No. 123R. Certain employees of the Company also received restricted stock awards from FirstEnergy. The shares were subject to forfeiture, restrictions on transfer and certain other conditions until the award vested. The awards vested over a three year period in equal monthly installments. Compensation expense was determined by FirstEnergy based on the market value of the shares on the acquisition date. This deferred compensation amount was amortized over the vesting period and reflected in the Company's statement of operations as non-cash compensation expense. As all stock based awards issued under the previous owner plans were fully vested at December 31, 2005 and the Company had not yet issued any new stock based awards as of December 31, 2005, there were no transition adjustments associated with the adoption of SFAS No.123R on January 1, 2006.

Earnings Per Share

The Company calculates net income (loss) per common share in accordance with SFAS No. 128, *Earnings per Share*. Basic earnings (loss) per share is calculated by dividing net income by the weighted average number of shares outstanding for the reporting period. Diluted earnings (loss) per share is computed similarly, except that it reflects the potential dilutive impact that would occur if dilutive securities were exercised into common shares. Potential common shares are not included in the denominator of the diluted earnings per share calculation when inclusion of such shares would be anti-dilutive or performance conditions are not met.

4. Summary of Significant Accounting Policies (Continued)

Cash Equivalents

The Company considers all highly liquid investments purchased with an original maturity of three months or less to be cash equivalents.

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 contracts and acceptance by the customer. Based on the Company's experience in recent years, the majority of these balances at each balance sheet date are collected within twelve months.

The Company grants credit, on a non-collateralized basis, with the exception of lien rights against the property in certain cases, to its customers and is subject to potential credit risk related to changes in business and overall economic activity. On a periodic basis, the Company analyzes specific accounts receivable balances, historical bad debts, customer credit-worthiness, current economic trends and changes in customer payment terms when evaluating the adequacy of the allowance for doubtful accounts. In the event that a customer balance is deemed to be uncollectible the account balance is written-off against the allowance for doubtful accounts.

Classification of Construction Contract related Assets and Liabilities

Costs and estimated earnings in excess of billings on uncompleted contracts are presented as an asset in the accompanying consolidated balance sheet, and billings in excess of costs and estimated earnings on uncompleted contracts are presented as a liability in the accompanying consolidated balance sheet. The length of the Company's contracts vary, with some larger contracts exceeding one year. Consistent with industry practices, the Company includes in current assets and current liabilities amounts realizable and payable under contracts, which may extend beyond one year, however; the vast majority of these balances are settled within one year.

Construction Materials Inventory

Construction materials inventory consists of construction materials acquired from time to time for active projects under customer engineering, procurement and construction contracts. These inventories are stated at the lower of cost or market, as determined by the specific identification method.

Property and Equipment

Property and equipment are carried at cost. Depreciation for buildings and improvements is computed using the straight-line method over estimated useful lives ranging from three years to thirty-nine years. Depreciation for construction equipment is computed using the straight line method over estimated useful lives ranging from three years to fifteen years. Depreciation for office equipment is computed using the straight line method over the estimated useful lives ranging from three years to seven years. Major modifications or refurbishments which extend the useful life of the assets are capitalized and amortized over the adjusted remaining useful life of the assets. Upon retirement or disposition of property and equipment, the cost and related accumulated depreciation are removed and any resulting gain or loss is recognized into income (loss) from operations. The cost of maintenance and repairs is charged to expense as incurred.

Impairment of Long-Lived Assets

The Company assesses the impairment of its long-lived assets, including property and equipment, whenever economic events or changes in circumstances indicate that the carrying amounts of the assets may not be recoverable. Long-lived assets are considered to be impaired when the sum of the expected future undiscounted operating cash flows is less than the carrying amount of the related assets. No impairment charges were recorded during 2004, 2005 and 2006.

Goodwill and other Intangible Assets

In accordance with SFAS No. 142, *Goodwill and Other Intangible Assets*, goodwill and other intangible assets with indefinite lives are not amortized. Intangible assets with finite lives are amortized on a pattern of estimated cash flows basis over their estimated useful lives. The Company tests goodwill and other intangible assets with indefinite lives for impairment on an annual basis, or when circumstances change, such as a significant adverse change in the business climate or the decision to sell a business, that would indicate that an impairment may have occurred. The Company applies the two step process in accordance with SFAS No. 142 in the evaluation of goodwill impairment. The first step involves a comparison of the fair value of the reporting unit with its carrying value. If the carrying amount of the reporting unit exceeds its fair value, the second step of the process involves a comparison of the implied fair value and carrying value of the goodwill of that reporting unit. If the carrying value of goodwill exceeds its implied fair value, an impairment charge is recorded in the statement of operations. As part of the business valuation associated with the ArcLight acquisition, subsequent to the December 31, 2005 balance sheet date but before the consolidated financial statements were issued for the year ended December 31, 2005, it was determined that an impairment had occurred at December 31, 2005. Based on the second step comparison of the fair value to the restated carrying value, the impairment loss of $16,618 was recorded by the T&D and C&I reporting units of $12,420 and $4,198, respectively.

The Company determined the fair values of the trademark, customer relationships and backlog acquired in connection with the ArcLight acquisition. The fair value models used the income approach, which values assets based upon associated estimated discounted cash flows, and the cost approach, which values assets based upon their reproduction or replacement costs.

The fair value of trademarks was determined using a relief from royalty analysis under the cost approach. Fair royalty rates were estimated and adjusted to incorporate a discount rate based upon the market participant's weighted-average cost of capital ("WACC"), approximately 16.7%, and a premium to account for uncertainty in the sales projections from which the fair royalty rate estimates were

4. Summary of Significant Accounting Policies (Continued)

derived. The discounted cash flows associated with future royalty payments were used to estimate the value of the trademarks.

The fair value of customer relationships was determined using the excess earnings method under the income approach. Forecasts of the customer base at the time of acquisition were used to estimate rates of attrition, selling and marketing costs related to new customers, and a discount rate, all three of which were used to estimate annual net operating income. Annual net operating income was adjusted for contributory charges, risks associated with the underlying customers, and to incorporate a discount rate based upon the market participant's WACC to estimate the present value of cash flows associated with the customer relationships.

The fair value of the Company's backlog was estimated using the expected margins and backlog fulfillment costs. These earnings associated with the backlog were adjusted assuming a six month useful life and a discount rate based upon the market participant's WACC to estimate the value of the backlog.

Fair Value of Financial Instruments

The carrying value of cash and cash equivalents, accounts receivable and payable, accrued liabilities, and other assets and liabilities approximates fair value due to the short maturities of these instruments.

Concentration of Credit Risk

Financial instruments that potentially subject the Company to a concentration of credit risk consist principally of cash and cash equivalents and accounts receivable. The Company maintains substantially all of its cash and cash equivalent balances with large bank institutions which are believed to be high quality financial institutions. The Company issues credit without collateral to its customers. Management believes the credit risk is limited due to the high credit quality of its customer base.

The Company's top ten customers accounted for approximately 38%, 44%, 43%, and 52% of revenues for the years ended December 31, 2004 and 2005, for the period from January 1, 2006 to November 30, 2006 and for the period from December 1, 2006 to December 31, 2006, respectively. One customer accounted for 14%, 12%, and 11.6% of revenues for the year ended December 31, 2005; for the period from January 1, 2006 to November 30, 2006; and for the period from December 1, 2006 to December 31, 2006, respectively. These revenues are all included in the T&D segment. At December 31, 2005, one customer accounted for 15% of accounts receivable. No other customers accounted for more than 10% of consolidated revenues for the years ended December 31, 2004 and 2005, for the period from January 1, 2006 to November 30, 2006 and for the period from December 1, 2006 to December 31, 2006, or of accounts receivable at December 31, 2005 and 2006.

(in thousands of dollars, except share and per share data)

4. Summary of Significant Accounting Policies (Continued)

Insurance

The Company is self-insured for workers' compensation, general liability and automobile liability claims for the first $1,000 per claim up to the Aggregate amount defined per the policy. For workers' compensation, the Company has an Aggregate amount of $1,500. Once the Aggregate is reached, the deductible is $500 per claim. The Aggregate is calculated as the cumulative excess over the first $500 of each claim incurred. For general liability and automobile liability, the Company has an Aggregate amount of $1,000. Once the Aggregate is reached, the deductible is $500 per claim. The Aggregate is calculated as the cumulative excess over the first $500 of each claim incurred.

Health insurance benefits are subject to a $100 deductible for qualified individuals. Losses up to the stop loss 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 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 stop loss deductible, a corresponding receivable for amounts in excess of the stop loss deductible are recorded in the accompanying consolidated balance sheets.

Supplemental Cash Flows

Supplemental disclosures of cash flow information for the years ended December 31, 2004, 2005, for the period from January 1, 2006 to November 30, 2006 and for the period from December 1, 2006 to December 31, 2006 are as follows:

	Predecessor			Successor
	Year ended December 31,		January 1 to November 30,	December 1 to December 31,
	2004 (restated) (Note 3)	2005 (restated) (Note 3)	2006	2006
Cash paid during the period for:				
Income taxes	$ 327	$ 988	$ 3,834	$ 4,558
Interest expense	23	18	299	41
Noncash financing activities:				
Sale of discontinued operations for note receivable	2,651	500	—	—
Deemed dividend (contribution) in lieu of settlement of income tax balances with FirstEnergy	—	2,647	(1,151)	—
Deemed dividend to be paid to FirstEnergy upon collection of notes receivable from sale of discontinued operations	—	—	3,001	—

4. Summary of Significant Accounting Policies (Continued)

Consolidation

The accompanying consolidated financial statements include the results of operations of the Company and its subsidiaries. Significant intercompany transactions and balances have been eliminated.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and revenues and expenses during the period reported. Actual results could differ from those estimates.

The most significant estimates are accounts receivable reserve, estimates to complete on contracts, self insurance reserves, valuation allowance on deferred taxes and recoverability of goodwill and intangibles.

Recently Issued Accounting Pronouncements

In February 2006, the Financial Accounting Standards Board ("FASB") issued SFAS No. 155, *Accounting for Certain Hybrid Financial Instruments—an amendment of FASB Statements No. 133 and 140*. SFAS No. 155 provides entities with relief from having to separately determine the fair value of an embedded derivative that would otherwise be required to be bifurcated from its host contract in accordance with SFAS No. 133. SFAS No. 155 allows an entity to make an irrevocable election to measure such a hybrid financial instrument at fair value in its entirety, with changes in fair value recognized in earnings. SFAS No. 155 is effective for all financial instruments acquired, issued or subject to a remeasurement event occurring after the beginning of an entity's first fiscal year that begins after September 15, 2006. The adoption of SFAS No. 155 on January 1, 2007 did not have a material impact on the Company's consolidated financial position, results of operations or cash flows.

In July 2006, the FASB issued Interpretation No. 48, *Accounting for Uncertainty in Income Taxes*, an interpretation of SFAS 109, *Accounting for Income Taxes ("FIN 48")*. FIN 48 prescribes a comprehensive model for how companies should recognize, measure, present, and disclose in their financial statements uncertain tax positions taken or expected to be taken on a tax return. Under FIN 48, tax positions may be recognized in the financial statements when it is more likely than not the position will be sustained upon examination by the tax authorities. The amount recognized for such tax positions is the largest amount of benefit that is greater than 50 percent likely of being realized upon ultimate settlement. FIN 48 also revised disclosure requirements to include an annual tabular rollforward of unrecognized tax benefits. The provisions of this interpretation are required to be adopted for fiscal periods beginning after December 15, 2006. The Company will be required to apply the provisions of FIN 48 to all tax positions upon initial adoption with any cumulative effect adjustment to be recognized as an adjustment to accumulated deficit. The adoption of FIN 48 on January 1, 2007

(in thousands of dollars, except share and per share data)

4. Summary of Significant Accounting Policies (Continued)

did not have a material impact on the Company's consolidated financial position, results of operations or cash flows.

In September 2006, the FASB issued SFAS No. 157, *Fair Value Measurements* ("SFAS No. 157") SFAS No. 157 defines fair value, establishes methods used to measure fair value and expands disclosure requirements about fair value measurements. SFAS No. 157 is effective for financial statements issued for fiscal years beginning after November 15, 2007, and interim periods within those fiscal periods. The Company is currently analyzing the provisions of SFAS No. 157 and determining how it will affect the Company's accounting policies and procedures and has not yet made a determination of the impact that the January 1, 2008 adoption will have on the Company's consolidated financial position, results of operations or cash flows.

In February 2007, the FASB issued SFAS No. 159, *The Fair Value Option for Financial Assets and Financial Liabilities, including an amendment of FASB Statement No. 115*. SFAS No. 159 permits entities to choose to measure at fair value many financial instruments and certain other items at fair value that are not currently required to be measured. Unrealized gains and losses on items for which the fair value option has been elected are reported in earnings. SFAS No. 159 does not affect any existing accounting literature that requires certain assets and liabilities to be carried at fair value. SFAS No. 159 is effective for fiscal years beginning after November 15, 2007. The Company is currently analyzing the provisions of SFAS No. 159 and determining how it will affect the Company's accounting policies and procedures and has not yet made a determination of the impact that the January 1, 2008 adoption will have on the Company's consolidated financial position, results of operations or cash flows.

5. Accounts Receivable

Accounts receivable consisted of the following at December 31, 2005 and 2006:

	Predecessor	Successor
	2005 (restated) (Note 3)	2006
Contract receivables	$ 75,610	$ 64,484
Contract retainages	18,029	12,413
Other	35	86
	93,674	76,983
Less: Allowance for doubtful accounts	(1,190)	(973)
	$ 92,484	$ 76,010

(in thousands of dollars, except share and per share data)

5. Accounts Receivable (Continued)

The allowance for doubtful accounts for the years ended December 31, 2004, 2005, for the period from January 1, 2006 to November 30, 2006, and for the period from December 1, 2006 to December 31, 2006 were as follows:

	Predecessor			Successor
	Year Ended December 31,		January 1 to November 30,	December 1 to December 31,
	2004 (restated) (Note 3)	2005 (restated) (Note 3)	2006	2006
Balance at beginning of period	$ (1,509)	$ (942)	$ (1,190)	$ (1,053)
Provision for allowances	(411)	(499)	23	—
Write offs, net of recoveries	978	251	114	80
Balance at end of period	$ (942)	$ (1,190)	$ (1,053)	$ (973)

6. Contracts in Process

The net asset (liability) position for contracts in process consisted of the following at December 31, 2005 and 2006:

	Predecessor	Successor
	2005 (restated) (Note 3)	2006
Cost incurred on uncompleted contracts	$ 457,569	$ 637,179
Estimated earnings	54,200	70,033
	511,769	707,212
Less: Billings to date	530,221	702,218
	$ (18,452)	$ 4,994

(in thousands of dollars, except share and per share data)

6. Contracts in Process (Continued)

The net asset (liability) position for contracts in process is included in the accompanying consolidated balance sheets as follows at December 31, 2005 and 2006:

	Predecessor	Successor
	2005 (restated)	2006
	(Note 3)	
Costs and estimated earnings in excess of billings on uncompleted contracts	$ 23,588	$ 27,633
Billings in excess of costs and estimated earnings on uncompleted contracts	(42,040)	(22,639)
	$ (18,452)	$ 4,994

7. Property and Equipment

Property and equipment consisted of the following at December 31, 2005 and 2006:

	Estimated Useful Life in Years	Predecessor 2005 (restated)	Successor 2006
		(Note 3)	
Land	—	$ 2,671	$ 4,009
Buildings and improvements	3-39	6,343	7,711
Construction equipment	3-15	24,015	28,040
Office equipment	3-7	2,860	764
		35,889	40,524
Less: Accumulated depreciation		(18,240)	(1,005)
		$ 17,649	$ 39,519

The change in the value of property and equipment in 2006 is due to the Company's recording of the fair value of acquired assets in the Acquisition.

Depreciation expense of property and equipment for the years ended 2004, 2005, for the period January 1, 2006 to November 30, 2006, and for the period December 1, 2006 to December 31, 2006 were $4,787, $4,581, $4,632, and $1,005, respectively.

(in thousands of dollars, except share and per share data)

8. Goodwill and Intangible Assets

Goodwill and intangible assets consisted of the following at December 31, 2005 and 2006:

	Predecessor			Successor		
	2005 (restated)			2006		
	Gross Carrying Amount	Accumulated Amortization (Note 3)	Net Carrying Amount	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount
Goodwill						
T&D	$ 32,055	$ —	$ 32,055	$ 40,042	$ —	$ 40,042
C&I	—	—	—	6,557	—	6,557
Amortizable Intangible Assets						
Backlog	558	558	—	521	87	434
Customer relationships	3,060	1,269	1,791	4,015	28	3,987
Covenant not to compete	435	435	—			
Indefinite-lived intangible assets						
Trade names	6,263	—	6,263	8,556	—	8,556
	$ 42,371	$ 2,262	$ 40,109	$ 59,691	$ 115	$ 59,576

In recording the assets acquired in the Acquisition, the goodwill and intangibles increased over their carrying values by $14,544 and $5,318, respectively. The increase in the fair value of the specific intangible assets were as follows: backlog of $521, customer relationships of $2,504, and trademarks of $2,293. There is no goodwill deduction for tax purposes.

Backlog and customer relationships are amortized over an estimated useful life of 0.5 and 12 years, respectively, and both assets have been determined to have no residual values. Trade names have been determined to have indefinite lives and therefore are not being amortized. Intangible asset amortization expense for the years ended December 31, 2004, 2005, and for the period January 1, 2006 to November 30, 2006, and for the period from December 1 to December 31, 2006 was $306, $306, $280, and $115, respectively. Intangible asset amortization expense for the years subsequent to December 31, 2006 is expected to be $769 in 2007, $335 for each of the years in the period from 2008 to 2011, and $2,312 thereafter.

(in thousands of dollars, except share and per share data)

9. Accrued Liabilities

Accrued liabilities consisted of the following at December 31, 2005 and 2006:

	Predecessor	Successor
	2005 (restated) (Note 3)	2006
Payroll and incentive compensation	$ 4,766	$ 7,189
Union dues and benefits	3,303	4,586
Construction material costs	3,279	2,929
Note payable to FirstEnergy	—	3,001
Margin guarantee on discontinued operations (Note 14)	3,406	4,088
Profit sharing and thrift plan	2,802	2,725
Taxes, other than income taxes	2,476	2,491
Other	3,703	5,756
	$ 23,735	$ 32,765

10. Line of Credit Agreement

On July 10, 2006, the Company entered into a new four year syndicated credit arrangement ("2006 Credit Agreement") that provides for an initial facility of $75,000 available for revolving loans or letters of credit. In accordance with the terms of the agreement, the Company has the ability to increase the facility to $100,000 or decrease the facility in minimum increments of $1,000. Company borrowings under this agreement are charged interest at the Alternate Base Rate which is the greater of either the Prime Rate or the Federal Funds rate plus 0.5% and an additional 0.0% to 0.5% based on the Company's leverage ratio or LIBOR plus 1.25% to 2.0% based on the Company's leverage ratio. There were no borrowings under this agreement during 2006. There were $29,610 in letters of credit outstanding at December 31, 2006 (Note 13). Rates charged for letters of credit include a fixed fee of 0.125% plus 1.25% to 2.0% based on the Company's leverage ratio. Finally, there is a commitment fee for the unused portion of the facility ranging from 0.2% to 0.375% based on the Company's leverage ratio. This credit agreement is collateralized by substantially all of the assets of the Company.

The terms of the 2006 Credit Agreement require, among other things, that the Company maintain a minimum tangible net worth and a minimum asset coverage ratio, which have been met. The Credit Agreement also includes other specific limits or restrictions on additional indebtedness, liens and capital expenditure activity.

(in thousands of dollars, except share and per share data)

11. Income Taxes

The income tax provision (benefit) from continuing operations consisted of the following for the years ended December 31, 2004, 2005, for the period from January 1, 2006 to November 30, 2006 and for the period from December 1, 2006 to December 31, 2006:

	Predecessor			Successor
	Year Ended December 31,		January 1 to November 30,	December 1 to December 31,
	2004 (restated) (Note 3)	2005 (restated) (Note 3)	2006	2006
Current				
Federal	$ (1,148)	$ 8,192	$ 6,550	$ 1,212
State	(549)	1,296	1,854	337
	(1,697)	9,488	8,404	1,549
Deferred				
Federal	(763)	(2,434)	(1,357)	(687)
State	(135)	(430)	(240)	(121)
	(898)	(2,864)	(1,597)	(808)
	$ (2,595)	$ 6,624	$ 6,807	$ 741

The differences between the U.S. federal statutory tax rates and the Company's effective rates for continuing operations for the years ended December 31, 2004, 2005, for the period from January 1, 2006 to November 30, 2006 and for the period from December 1, 2006 to December 31, 2006 are as follows:

	Predecessor			Successor
	Year Ended December 31,		January 1 to November 30,	December 1 to December 31,
	2004 (restated) (Note 3)	2005 (restated) (Note 3)	2006	2006
U.S. federal statutory rate	(35.0)%	(35.0)%	35.0%	35.0%
State income taxes, net of U.S. federal income tax expense	(6.0)	(6.0)	6.0	6.0
Domestic production/manufacturing deduction	0.0	(4.2)	(1.1)	(1.0)
Goodwill impairment	0.0	343.0	0.0	0.0
OSHA claim and legal fees	0.0	12.5	0.0	0.0
Non-deductible taxes	0.0	0.0	0.0	0.0
Non-deductible meals and entertainment	2.0	7.5	0.8	0.8
Non-deductible permanent items	0.0	20.1	0.0	0.0
Other	(3.8)	(4.5)	(0.2)	3.5
	(42.8)%	333.4%	40.5%	44.3%

(in thousands of dollars, except share and per share data)

11. Income Taxes (Continued)

The Company is subject to taxation in various jurisdictions. The Company continues to remain subject to examination by U.S. federal authorities for the years 2004 through 2006 and for various state authorities for the years 2003 through 2006. As part of the March 10, 2006 acquisition of the Company by ArcLight, the Company's former parent, FirstEnergy, has agreed to assume any federal tax liabilities prior to the acquisition date.

The net deferred tax assets and (liabilities) arising from temporary differences at December 31, 2005 and 2006 are as follows:

	Predecessor	Successor
	2005 (restated) (Note 3)	2006
Deferred income tax assets:		
Self insurance reserves	$ 6,835	$ 8,047
Contract loss reserves	2,152	1,789
Other	2,203	1,330
Total deferred income tax assets	11,190	11,166
Deferred income tax liabilities:		
Property and equipment—tax over book depreciation	(5,567)	(8,599)
Intangible assets—tax over book amortization	(3,222)	(5,161)
Other	(2,811)	(1,984)
Total deferred income tax liabilities	(11,600)	(15,744)
Net deferred income taxes	$ (410)	$ (4,578)

The balance sheet classification of deferred income taxes is as follows:

Current deferred income tax assets	$ 8,927	$ 9,692
Non-current deferred income tax liabilities	(9,337)	(14,270)
	$ (410)	$ (4,578)

12. Related Party Transactions

In connection with certain construction services provided to the prior owner, FirstEnergy, there were accounts receivables of $6,121 and $125 as of December 31, 2005 and 2006, respectively. Total revenue recognized by the Company for services provided to FirstEnergy for the years ended December 31, 2004, 2005, and for the period from January 1, 2006 to November 30, 2006 were $11,193, $39,932 and $17,121, respectively. The related direct costs of providing these services were $9,533, $35,371 and $15,281, respectively.

12. Related Party Transactions (Continued)

In June 2006, certain members of management exercised their stock purchase rights options. Certain of these members of management borrowed $154 from the Company in order to purchase the common shares. Each loan was due by March 15, 2007 with interest only payable at 8% on September 15, 2006, December 15, 2006 and March 15, 2007. The outstanding balances on these loans at December 31, 2006 of $144 are recorded within the management shares liability balance.

13. Commitments and Contingencies

At December 31, 2005 and 2006, the Company had outstanding irrevocable standby letters of credit totaling $15,639 and $17,610, respectively, related to the Company's payment obligation under its insurance programs.

On July 12, 2006, the Company issued an irrevocable standby letter of credit for $12,000 to their bonding company. The bonding company required the Company to post letters of credit as collateral to guarantee performance under the various contracts and to ensure payment to suppliers and subcontractors of the Company. Prior to the 2006 Credit Agreement, the Company obtained irrevocable standby letters of credit for payment obligations under the previous owner's credit facility and a guarantee issued by the former owner for performance bonds. As a result of the March 10, 2006 acquisition by ArcLight, the bonding company required a performance bond from FirstEnergy and ArcLight totaling $12,000 until the new credit facility was in place.

The Company also leases real estate and construction equipment under operating leases with terms ranging from one to five years. Future minimum lease payments for these operating leases subsequent to December 31, 2006 are $10,830 in 2007, $10,463 in 2008, $7,729 in 2009, $5,320 in 2010, $2,496 in 2011 and $690 thereafter.

The Company has guaranteed the residual value of the underlying assets under certain equipment operating leases at the date of termination of such leases. The Company has agreed to pay any differences between this residual value and the fair market value of each underlying asset as of the lease termination date. As of December 31, 2006, the maximum guaranteed residual value was approximately $4.8 million. The Company does not believe that significant payments will be made as a result of the difference between the fair market value of the leased equipment and the guaranteed residual value. However, there can be no assurance that future payments will not be required.

Total rent expense for the years ended December 31, 2004, 2005, for the period from January 1, 2006 to November 30, 2006 and for the period from December 1, 2006 to December 31, 2006 was $21,956, $30,438, $25,348 and $2,134, respectively.

In 2005, one of the Company's subsidiaries was convicted of a criminal misdemeanor for a violation of certain Occupational Safety and Health Administration, or OSHA, safety regulations that occurred in 1999. The Company was assessed and paid a fine of $500,000 and the subsidiary was sentenced to a three-year probation period, as currently in effect, ending December 8, 2008. The Company believes that it is in compliance with the terms of the probation. The Company has appealed this decision, but cannot predict whether the appeal will be successful. The conviction and subsequent

13. Commitments and Contingencies (Continued)

probation have not had a material impact on the subsidiary or on the Company generally and we do not believe either will have a material adverse effect on the Company or the subsidiary in the future.

The Company is involved in various legal matters which arise in the ordinary course of business for which the Company has made provisions in its financial statements as appropriate. The Company believes that there are no pending or threatened litigation that would have a material adverse effect upon the Company's financial condition.

The Company guaranteed a minimum profit margin on selected customer contracts related to the sale of D.W. Close (Note 19). At December 31, 2005 and 2006, the liability for uncompleted contracts from the sale of D.W. Close was $3,406 and $4,088, respectively. This has been included within current liabilities as the Company expects these contracts to be fully completed within the next 12 months. As part of the March 10, 2006 acquisition by ArcLight, FirstEnergy has agreed to be responsible for any future charges associated with the margin guarantee. The resulting increase in the margin guarantee subsequent to March 10, 2006 of $714 due from FirstEnergy is recorded in other current assets of the consolidated balance sheet.

14. Stockholders' Equity

In connection with the Acquisition, FirstEnergy, ArcLight and the Company entered into a principal stockholders agreement that provided certain members of management the right to purchase up to 368,244 common shares of the Company's stock by June 2, 2006 at the same price as ArcLight purchased common stock on March 10, 2006 from FirstEnergy. Certain members of management exercised their rights on or before May 31, 2006 and executed the management stockholders agreement. FirstEnergy sold a total of 274,675 shares of previously issued and outstanding common shares for $6.99 per share on May 31, 2006.

The management stockholders agreement provides these stockholders with certain rights or obligations relating to the transfer of shares, right of first refusal, piggyback registration rights, drag along rights, and redemption rights. Shares may not be transferred except to an affiliate of a management stockholder (the individual's estate, trust and family members) and the affiliate becomes bound by the terms of the agreement. In case of an impending transfer, ArcLight has right of first refusal (for a period of 30 days) at the same terms offered. If the offer is not accepted by ArcLight, the management stockholder shall offer the shares to the Company at the same terms (also for a period of 30 days). In the event neither ArcLight, nor the Company accepts the offer, the offering stockholder may transfer their shares at a price and terms no more favorable than the original offer. Should the Company choose to register any of its shares under Rule 144a or in an initial public offering prior to March 10, 2016, each management stockholder will be provided written notice thereof. At the stockholder's option and upon a written request delivered to the Company, the stockholders may piggyback their shares for inclusion in the registration statement. In the event that ArcLight shall decide to sell or exchange all shares collectively held by ArcLight in an arm's-length transaction, the management stockholders may be required, under the drag along rights provision, to deliver their shares to the purchasing party at the same price and terms applicable to ArcLight. If the sale does not

14. Stockholders' Equity (Continued)

result in at least an 8% per annum rate of return on the aggregate amount paid by the stockholders to acquire such shares, as adjusted (see below for details), the Company is required to pay to the stockholders an amount equal to the difference between the sale price and the 8% per annum return.

In the management stockholders agreement, the redemption rights provide these stockholders an 8% annual rate of return on the aggregate amount paid adjusted for the present value of any dividends or other distributions on these shares. Until the sale by ArcLight of all its shares, if an employee is terminated or disposes of their shares, the stockholder is entitled to an 8% annual return, as adjusted regardless of changes in the common stock fair market value. On or after the sale of ArcLight of all its shares, if an employee is terminated or disposes of their shares, the stockholder will be entitled to the greater of the fair market value of the shares or an 8% annual return, as adjusted. These shares have been issued to management under terms not present in a traditional company-stockholder relationship. As these shares have characteristics of an employee based stock based arrangement, the Company has applied the classification and expense recognition provisions of SFAS No. 123R. With no sale by ArcLight of its shares, there exists only minimal risk and rewards normally associated with equity share ownership and under the redemption feature these stockholders are currently only entitled to the aggregate amount paid and the specified annual rate of return, as adjusted. With limited risk and rewards associated with equity ownership the Company has classified these shares as management shares subject to redemption in the current liabilities section of the balance sheet. While the shares currently do not accrue compensation expense associated with the stock price, the redemption feature does provide the management stockholder an 8% annual rate of return, as adjusted. For the aggregate amount paid for these shares of $1,920, the Company has imputed an 8% rate of return for the period January 1, 2006 to November 30, 2006 and for the period December 1, 2006 to December 31, 2006 and recorded compensation expense of $73 and $13, respectively. Adjustments for dividends and other distributions on these shares for 2006 totaled $83. As of December 31, 2006, the liability related to management shares, net of the reclassification of notes receivable related to the purchase of management shares of $144, totaled $1,779.

15. Stock Option Plan

On March 10, 2006 the Board of Directors approved the 2006 Stock Option Plan (the "Plan") for the Company. The Plan permits the granting of 1,827,407 shares to officers and employees of the Company. Shares delivered upon the exercise of options granted under the Plan may be (1) authorized but unissued Shares or (2) previously issued Shares reacquired by the Company by private purchase or redemption. Option awards are granted with the intent that the exercise price equal the market price at the date of grant, as determined by the Board of Directors. In the event of a change in the Company's share structure by reason of stock split, recapitalization, rights offering or dividends, the number of option shares or exercise price shall be appropriately adjusted to prevent substantial dilution or enlargement on outstanding option awards in such manner as the Board of Directors, in its sole discretion, may deem equitable. The stock options granted under this Plan normally vest over a three year period, contain performance conditions, and expire ten years from the date of grant if not previously exercised.

(in thousands of dollars, except share and per share data)

15. Stock Option Plan (Continued)

On June 10, 2006, the Company granted 1,420,226 options to officers and employees at an initial exercise price of $6.99 which was subsequently adjusted to $6.69 to account for the dilutive effect of the December 2006 cash dividend. At December 31, 2006, 414,912 options remain available for grant under this Plan. The original $6.99 option price was set at the initial purchase price paid by ArcLight for their 60% interest acquired from FirstEnergy on March 10, 2006. It was anticipated that stock options would be issued as quickly as practical after closing. These options vest over a three year period as of each anniversary date at a rate of 25%, 37.5%, and 37.5%, respectively. In addition, these options contain performance conditions based on the achievement of various annualized Internal Rates of Return ("IRR") levels to ArcLight, the purchaser of the equity investment in the Company (refer to Note 2). The performance conditions will be satisfied upon the Company's completion of the Offering.

As of November 30, 2006 and December 31, 2006, the Company assessed the probability of meeting the performance conditions at 0%. As such, for the period from January 1, 2006 to November 30, 2006 and for the period from December 1, 2006 to December 31, 2006, no stock based compensation costs have been recorded in accordance with SFAS No. 123R. A summary of the activity relating to the outstanding options of the Company under the Plan for the period from January 1, 2006 to November 30, 2006 and for the period from December 1, 2006 to December 31, 2006 is presented below.

	2006
2006 Stock Option Plan:	
Options outstanding, beginning of year	—
Options granted	1,420,226
Options exercised	—
Options forfeited	(7,731)
Options outstanding, November 30, 2006 (Predecessor)	1,412,495
Options granted	—
Options exercised	—
Options forfeited	—
Options outstanding, December 31, 2006 (Successor)	1,412,495
Exercisable at both November 30 and December 31, 2006	—
Weighted average exercise price per share, as adjusted	
Options granted	$ 6.69
Options exercised	—
Options forfeited	6.69
Options outstanding, end of year	6.69

The remaining contractual life of the outstanding options is 9.5 years.

(in thousands of dollars, except share and per share data)

15. Stock Option Plan (Continued)

Previous Stock Award Plans (offered through Predecessor)

Prior to the March 10, 2006 acquisition by ArcLight, certain Company employees participated in the stock option plan of the predecessor company, FirstEnergy. Certain employees of the Company were granted stock options with a typical vesting period of three to five years. As required by terms of the Acquisition, all remaining outstanding options of FirstEnergy were exercised.

Transactions and other information relating to the outstanding stock options for various officers and employees of the Company for the years ended December 31, 2004 and 2005 are summarized below:

	Number of Options	Weighted Average Exercise Price
Outstanding at January 1, 2004	210,455	$ 28.80
Granted	—	—
Forfeited	(46,231)	34.80
Exercised	(42,909)	19.05
Outstanding at December 31, 2004	121,315	29.97
Granted	—	—
Forfeited	—	—
Exercised	(103,161)	29.37
Outstanding at December 31, 2005	18,154	$ 32.11
Exercisable at December 31, 2004	44,491	$ 21.62
Exercisable at December 31, 2005	18,154	$ 32.11

The intrinsic value of options exercised for the years ended December 31, 2004, 2005, the period ended January 1, 2006 to November 30, 2006 and for the period December 1, 2006 to December 31, 2006 were $819, $1,520, $271, and $0, respectively. The intrinsic value for options exercisable and outstanding at December 31, 2004 was $801 and $1,172, respectively. The intrinsic value for options exercisable and outstanding at December 31, 2005 was $306 and $306, respectively.

Prior to the Company's adoption of SFAS No. 123R effective January 1, 2006, the Company followed the intrinsic value method in accordance with APB Opinion No. 25. Accordingly, no stock based compensation expense was recognized during 2004 and 2005.

Certain employees of the Company also received restricted stock awards issued by FirstEnergy. As of December 31, 2005, all restricted stock awards were fully vested. Participants under the restricted stock award plan were entitled to cash dividends and to vote their respective shares. The shares issued were held by FirstEnergy until the restriction period expired. Compensation expense, determined in accordance with APB Opinion No. 25, for the years ended December 31, 2004 and 2005 was $174 and $43, respectively.

(in thousands of dollars, except share and per share data)

15. Stock Option Plan (Continued)

The Company accounted for these plans under the recognition and measurement principles of APB Opinion No. 25. The following table shows the effect on net income (loss) and earnings per share if the Company had applied the fair value recognition provisions of SFAS No. 123, *Accounting for Stock-Based Compensation*, to stock-based employee compensation for calendar years ended December 31, 2004 and 2005.

	2004 (restated) (Note 3)	2005 (restated) (Note 3)
Net income (loss), as restated	$ (5,559)	$ (9,474)
Add: Stock based compensation expense included in reported net loss, net of related tax benefits	104	26
Less: Total stock based compensation expense under the fair value based method for all awards, net of related tax benefits	(227)	(44)
Pro forma net income (loss)	$ (5,682)	$ (9,492)
Basic and diluted net income (loss) per common share, as reported	$ (0.34)	$ (0.58)
Pro forma basic and diluted net income (loss) per common share	$ (0.35)	$ (0.58)

16. Employee Benefit Plans

The Company has profit sharing and thrift employee benefit plans in effect for all eligible salaried employees. Company contributions under such plans are based upon a percentage of income with limitations as defined by the plans. Contributions for the years ended December 31, 2004, 2005, for the period from January 1, 2006 to November 30, 2006 and for the period from December 1, 2006 to December 31, 2006 amounted to $897, $3,643, $3,390, and $324, respectively.

Certain employees are covered under union-sponsored collectively bargained multi-employer defined benefit plans. The Employee Retirement Income Security Act of 1974, as amended by the Multi-Employer Pension Plan Amendments Act of 1980, imposes certain liabilities upon employers who are contributors to a multi-employer plan in the event of the employer's withdrawal from, or upon termination of, such plan. The Company has no plans to withdraw from these plans. The plans do not maintain information on the net assets and actuarial present value of the plans' unfunded vested benefits allocable to the Company, and the amounts, if any, for which the Company may be contingently liable, are not ascertainable at this time. Expenses for these plans for the years ended December 31, 2004, 2005, for the period from January 1, 2006 to November 30, 2006 and for the period from December 1, 2006 to December 31, 2006 amounted to $19,601, $26,274, $25,524, and $2,684, respectively, as determined in accordance with negotiated labor contracts.

17. Cash and Deemed Dividends

The Company declared and paid special purpose cash dividends related to disposed businesses of $1,149, or $0.07 per share, on January 10, 2005; $1,813, or $0.11 per share, on April 20, 2005; $1,425, or $0.09 per share, on June 9, 2005 and $34 on May 16, 2006. The Company also declared and paid a cash dividend of $6,000, or $0.36 per share, on March 10, 2006 immediately prior to the acquisition of 60% of the Company's stock by ArcLight. Also on March 10, 2006, as part of the acquisition agreement with ArcLight, FirstEnergy dissolved its tax sharing agreement with the Company. The Company's income tax payable to FirstEnergy of $1,151 and notes receivable due to the Company to be remitted by FirstEnergy of $2,647 were recorded as a contribution and dividend, respectively. The corresponding notes receivables from disposed businesses and dividend payable to FirstEnergy at December 31, 2006 of $3,001 are presented within other current assets and other current liabilities in the accompanying consolidated balance sheet, respectively. For financial reporting purposes, $2,647 of income taxes receivable at December 31, 2005, subsequently determined as not recoverable from FirstEnergy under the tax sharing agreement, has been reflected as a non-cash deemed distribution as of December 31, 2005.

During the period December 1, 2006 to December 31, 2006, the Company declared on December 22, 2006 and paid on December 29, 2006 a cash dividend of $5,000, or $0.30 per share. Dividends on management shares of $83 have been reclassified to other liabilities consistent with the treatment of the underlying shares.

18. Segment Information

MYR Group is a leading specialty contractor serving the electrical infrastructure market in the United States. 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 headquarter facility and staffing costs, which includes safety, professional fees, management fees, and intangible amortization. The accounting policies of the segments are the same as those described in the Summary of Significant Accounting Policies.

The Company derives revenues from two reporting segments, which are referred to as T&D and C&I, within the United States. The Company's reporting segments are as follows.

Transmission and Distribution: The T&D segment services include the construction and maintenance of high voltage transmissions lines, substations and lower voltage underground and overhead distribution systems. The segment also provides emergency restoration services in response to weather related damage. The T&D business has historically provided construction services; however, more recently, at the request of clients, the segment has expanded its service offerings to include engineering and procurement services. The Company is a national contractor serving over 125 electric utilities, cooperatives and municipalities.

(in thousands of dollars, except share and per share data)

18. Segment Information (Continued)

Commercial and Industrial: The C&I segment provides electrical contracting services, typically as a subcontractor, for facilities such as airports, convention centers, hospitals, hotels, and manufacturing plants. The projects typically require technical and project management expertise and timely execution. The customer base is in the Western United States concentrating on the Arizona and Colorado markets.

The information in the following table for the years ended December 31, 2004, 2005, for the period from January 1, 2006 to November 30, 2006 and for the period from December 1, 2006 to December 31, 2006 is derived from the segment's internal financial reports used for corporate management purposes. The Company does not identify capital expenditures and total assets by segment in its internal financial reports due in part to the shared use of a centralized fleet of vehicles and specialized equipment.

	Predecessor			Successor
	Year Ended December 31,		January 1 to November 30,	December 1 to December 31,
	2004 (restated) (Note 3)	2005 (restated) (Note 3)	2006	2006
Contract revenues:				
T&D	$ 232,667	$ 388,273	$ 365,727	$ 32,835
C&I	89,429	120,427	123,328	13,367
	$ 322,096	$ 508,700	$ 489,055	$ 46,202
Operating income (loss):				
T&D	$ 5,953	$ 13,318(1)	$ 27,386	$ 1,313
C&I	4,371	1,018(1)	4,176	1,088
General Corporate	(16,446)	(16,430)	(15,628)	(811)
	$ (6,122)	$ (2,094)	$ 15,934	$ 1,590
Depreciation and amortization:				
T&D	$ 4,412	$ 4,429	$ 4,486	$ 1,028
C&I	681	458	426	92
	$ 5,093	$ 4,887	$ 4,912	$ 1,120

(1) includes goodwill impairment charge for T&D and C&I of $12,420 and $4,198, respectively.

19. Discontinued Operations

In December 2004, the Company sold the D.W. Close Inc. subsidiary for $3,800. The purchase price was cash and a note receivable for $2,651. The Company recognized a pre-tax loss on the sale of $1,502. Under the terms of the stock sale agreement, the Company guaranteed a minimum margin on selected contracts which was estimated at the time of sale. During 2005, the Company recognized an additional pre-tax loss of $790 attributed to the sale of D.W. Close Inc. This was caused by a combination of factors including an additional accrual for guaranteed minimum margin requirement on selected contracts and a purchase price adjustment based on the re-evaluation of net assets as of the

(in thousands of dollars, except share and per share data)

19. Discontinued Operations (Continued)

date of sale. The remaining amounts due under the margin guarantees are currently presented in the other liabilities caption of the balance sheet.

In March 2005, the Company sold the Power Piping Company subsidiary for $3,217. The sale was negotiated for cash and a note receivable of $500. The Company recognized a pre-tax loss of $1,016 on the sale of the subsidiary which includes goodwill and intangible impairment charges of $865.

The following results of D.W. Close Inc. and Power Piping Company have been presented as discontinued operations:

	Year ended December 31,	
	2004 (restated) (Note 3)	2005 (restated) (Note 3)
Revenues	$ 36,620	$ 7,124
Costs and expenses	38,592	6,304
Income (loss) before income taxes	(1,972)	820
Income tax expense (benefit)	(789)	328
Income (loss) from discontinued operations	$ (1,183)	$ 492

The loss on disposal of discontinued operations was $901 and $1,356, net of tax for the years ended December 31, 2004 and 2005.

20. Subsequent Events

On August 31, 2007, the Company entered into a new five year syndicated credit agreement ("2007 Credit Agreement") for an initial facility of $125,000 providing $75,000 for revolving loans and letters of credit and $50,000 for term loans. This agreement replaces the 2006 Credit Agreement that provided for only revolving loans and letters of credit. Upon the execution of the 2007 Credit Agreement, the Company borrowed $50,000 under the term loan facility. This credit agreement is collateralized by substantially all of the assets of the Company.

On August 31, 2007 the Company's Board of Directors declared and paid a cash dividend of $3.04 per share totaling $50,000. The payment of the dividend was financed with the term loan proceeds from the 2007 Credit Agreement discussed above.

Also on August 31, 2007, the Company's Board of Directors, in accordance with provisions provided in the 2006 Stock Option Agreement, lowered the exercise price of the June 2006 option grants from $6.69 a share to $3.65 a share to prevent the dilutive effect of the $3.04 a share cash dividend.

21. Stock Split and Change in Par Value

On December 13, 2007, the Company completed a stock split of approximately 164.47 common shares to one common share and a change in par value of its common stock from no par value to $0.01 per share. Additionally, on December 13, 2007, the Company amended its certificate of incorporation to authorize the issuance of 4,000,000 shares of preferred stock, having a par value of $0.01 per share. However, none of the preferred shares are currently issued or outstanding. The Company has

21. Stock Split and Change in Par Value (Continued)

retroactively restated all of the share information in the accompanying financial statements to give effect to the stock split, the changes in par value and the authorization of preferred shares.

22. Offering Pursuant to Rule 144A

On December 20, 2007 and December 26, 2007, the Company completed a private, unregistered offering pursuant to Rule 144A under the Securities Act of 1933. The net proceeds of the transaction were approximately $212.5 million, after deducting offering expenses and underwriting discounts. The Company used some of the proceeds to repurchase shares of its common stock and to repay a portion of the outstanding debt under its term loan facility.

We have not authorized any dealer, salesperson or other person to give any information or represent anything to you other than the information contained in this prospectus. You must not rely on unauthorized information or representations.

This prospectus does not offer to sell or ask for offers to buy any of the securities in any jurisdiction where it is unlawful, where the person making the offer is not qualified to do so, or to any person who cannot legally be offered the securities.

The information in this prospectus is current only as of the date of its cover, and may change after that date. For any time after the cover date of this prospectus, the issuers do not represent that their affairs are the same as described or that information in this prospectus is correct—nor do the issuers imply those things by delivering this prospectus or selling securities to you.

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MYR GROUP

19,690,777 Shares
of
Common Stock

PROSPECTUS

, 2008

PART II

INFORMATION NOT REQUIRED IN PROSPECTUS

Item 13. Other Expenses of Issuance and Distribution.

The following table sets forth the costs and expenses, other than the underwriting discount, payable by us in connection with the sale of shares of common stock being registered. All amounts are estimated except the SEC registration fee, the FINRA filing fees and the Nasdaq Global Market listing fee.

	Amount To Be Paid
SEC registration fee	$ 10,061
FINRA filing fee	26,098
Nasdaq Global Market listing fee	
Printing and engraving costs	
Legal fees and expenses	
Accountants' fees and expenses	
Blue sky qualification fees and expenses	
Transfer agent fees	
Miscellaneous	
Total	$

Item 14. Indemnification of Directors and Officers.

Our restated certificate of incorporation provides that all directors, officers, employees and agents of the registrant shall be entitled to be indemnified by us to the fullest extent of the law. As a Delaware corporation, our indemnification provisions are governed by Section 145 of the Delaware General Corporation Law.

Section 145 of the Delaware General Corporation Law concerning indemnification of officers, directors, employees and agents is set forth below.

"Section 145. Indemnification of officers, directors, employees and agents; insurance.

(a) A corporation shall have power to indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative (other than an action by or in the right of the corporation) by reason of the fact that the person is or was a director, officer, employee or agent of the corporation, or is or was serving at the request of the corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise, against expenses (including attorneys' fees), judgments, fines and amounts paid in settlement actually and reasonably incurred by the person in connection with such action, suit or proceeding if the person acted in good faith and in a manner the person reasonably believed to be in or not opposed to the best interests of the corporation, and, with respect to any criminal action or proceeding, had no reasonable cause to believe the person's conduct was unlawful. The termination of any action, suit or proceeding by judgment, order, settlement, conviction, or upon a plea of nolo contendere or its equivalent, shall not, of itself, create a presumption that the person did not act in good faith and in a manner which the person reasonably believed to be in or not opposed to the best interests of the corporation, and, with respect to any criminal action or proceeding, had reasonable cause to believe that the person's conduct was unlawful.

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

(c) To the extent that a present or former director or officer of a corporation has been successful on the merits or otherwise in defense of any action, suit or proceeding referred to in subsections (a) and (b) of this section, or in defense of any claim, issue or matter therein, such person shall be indemnified against expenses (including attorneys' fees) actually and reasonably incurred by such person in connection therewith.

(d) Any indemnification under subsections (a) and (b) of this section (unless ordered by a court) shall be made by the corporation only as authorized in the specific case upon a determination that indemnification of the present or former director, officer, employee or agent is proper in the circumstances because the person has met the applicable standard of conduct set forth in subsections (a) and (b) of this section. Such determination shall be made, with respect to a person who is a director or officer at the time of such determination, (1) by a majority vote of the directors who are not parties to such action, suit or proceeding, even though less than a quorum, or (2) by a committee of such directors designated by majority vote of such directors, even though less than a quorum, or (3) if there are no such directors, or if such directors so direct, by independent legal counsel in a written opinion, or (4) by the stockholders.

(e) Expenses (including attorneys' fees) incurred by an officer or director in defending any civil, criminal, administrative or investigative action, suit or proceeding may be paid by the corporation in advance of the final disposition of such action, suit or proceeding upon receipt of an undertaking by or on behalf of such director or officer to repay such amount if it shall ultimately be determined that such person is not entitled to be indemnified by the corporation as authorized in this section. Such expenses (including attorneys' fees) incurred by former directors and officers or other employees and agents may be so paid upon such terms and conditions, if any, as the corporation deems appropriate.

(f) The indemnification and advancement of expenses provided by, or granted pursuant to, the other subsections of this section shall not be deemed exclusive of any other rights to which those seeking indemnification or advancement of expenses may be entitled under any bylaw, agreement, vote of stockholders or disinterested directors or otherwise, both as to action in such person's official capacity and as to action in another capacity while holding such office.

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

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

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

(j) The indemnification and advancement of expenses provided by, or granted pursuant to, this section shall, unless otherwise provided when authorized or ratified, continue as to a person who has ceased to be a director, officer, employee or agent and shall inure to the benefit of the heirs, executors and administrators of such a person.

(k) The Court of Chancery is hereby vested with exclusive jurisdiction to hear and determine all actions for advancement of expenses or indemnification brought under this section or under any bylaw, agreement, vote of stockholders or disinterested directors, or otherwise. The Court of Chancery may summarily determine a corporation's obligation to advance expenses (including attorneys' fees)."

Insofar as indemnification for liabilities arising under the Securities Act may be permitted to our directors, officers, and controlling persons pursuant to the foregoing provisions, or otherwise, we have been advised that, in the opinion of the SEC, such indemnification is against public policy as expressed in the Securities Act and is, therefore, unenforceable. In the event that a claim for indemnification against such liabilities (other than the payment of expenses incurred or paid by a director, officer or controlling person in a successful defense of any action, suit or proceeding) is asserted by such director, officer or controlling person in connection with the securities being registered, we will, unless in the opinion of its counsel the matter has been settled by controlling precedent, submit to the court of appropriate jurisdiction the question whether such indemnification by it is against public policy as expressed in the Securities Act and will be governed by the final adjudication of such issue.

Article Seventh of our restated certificate of incorporation provides, in relevant part:

"The Corporation shall indemnify its directors and officers to the fullest extent authorized or permitted by law, as now or hereafter in effect, and such right to indemnification shall continue as to a person who has ceased to be a director or officer of the Corporation and shall inure to the benefit of his or her heirs, executors and personal and legal representatives; *provided*, *however*, that, except for proceedings to enforce rights to indemnification, the Corporation shall not be obligated to indemnify any director or officer (or his or her heirs, executors or personal or legal representatives) in connection with a proceeding (or part thereof) initiated by such person unless such proceeding (or part thereof) was authorized or consented to by the Board of Directors. The right to indemnification conferred by this Article Seventh shall include the right to be paid by the Corporation the expenses incurred in defending or otherwise participating in any proceeding in advance of its final disposition."

Item 15. Recent Sales of Unregistered Securities

On December 20, 2007 and December 26, 2007, pursuant to our Purchase/Placement Agreement with Friedman, Billings, Ramsey & Co., Inc., we completed the sale of 17,780,099 shares of our common stock at a sale price of $13.00 per share to qualified institutional buyers, non-U.S. persons and accredited investors. We repurchased and retired 14,515,284 shares of our common stock from ArcLight and affiliates using approximately $175.5 million of the net proceeds, and also repurchased and retired 51,156 shares and shares underlying options of our common stock from certain members of management with approximately $0.4 million of the net proceeds, in each case at a purchase price equal to $12.09 per share. The remaining net proceeds to us from the 2007 Private Placement (after purchaser's discount, placement fees and expenses) were $36.6 million and are being used for working capital and general corporate purposes, including the repayment of $20.0 million outstanding under our $50.0 million term loan facility, which occurred on December 20, 2007. In connection with the 2007 Private Placement, we entered into employment agreements and transaction bonus agreements with our executive officers and certain key employees. Under the agreements, we granted options to acquire 540,000 shares of common stock and made cash payments totaling up to $3.0 million.

Item 16. Exhibits.

(a) See the Exhibit Index on the page immediately preceding the exhibits for a list of exhibits filed as part of this registration statement on Form S-1, which Exhibit Index is incorporated herein by reference.

(b) Financial Statement Schedules

Item 17. Undertakings.

1. The undersigned registrant hereby undertakes:

(a) To file, during any period in which offers or sales are being made, a post-effective amendment to this registration statement:

(i) To include any prospectus required by section 10(a)(3) of the Securities Act of 1933;

(ii) To reflect in the prospectus any facts or events arising after the effective date of the registration statement (or the most recent post-effective amendment thereof) which, individually or in the aggregate, represent a fundamental change in the information set forth in the registration statement. Notwithstanding the foregoing, any increase or decrease in volume of securities offered (if the total dollar value of securities offered would not exceed that which was registered) and any deviation from the low or high end of the estimated maximum offering range may be reflected in the form of prospectus filed with the Commission pursuant to Rule 424(b) (§230.424(b) of this chapter) if, in the aggregate, the changes in volume and price represent no more than 20% change in the maximum aggregate offering price set forth in the "Calculation of Registration Fee" table in the effective registration statement;

(iii) To include any material information with respect to the plan of distribution not previously disclosed in the registration statement or any material change to such information in the registration statement.

(b) That, for the purpose of determining any liability under the Securities Act of 1933, each such post-effective amendment shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.

(c) To remove from registration by means of a post-effective amendment any of the securities being registered which remain unsold at the termination of the offering.

(d) That, for the purpose of determining liability under the Securities Act of 1933 to any purchaser, each prospectus filed pursuant to Rule 424(b) as part of a registration statement relating to an offering, other than registration statements relying on Rule 430B or other than prospectuses filed in reliance on Rule 430A, shall be deemed to be part of and included in the registration statement as of the date it is first used after effectiveness. Provided, however, that no statement made in a registration statement or prospectus that is part of the registration statement or made in a document incorporated or deemed incorporated by reference into the registration statement or prospectus that is part of the registration statement will, as to a purchaser with a time of contract of sale prior to such first use, supersede or modify any statement that was made in the registration statement or prospectus that was part of the registration statement or made in any such document immediately prior to such date of first use.

(e) That, for the purpose of determining liability of the registrant under the Securities Act of 1933 to any purchaser in the initial distribution of securities the undersigned registrant undertakes that in a primary offering of securities of the undersigned registrant pursuant to this registration statement, regardless of the underwriting method used to sell the securities to the purchaser, if the securities are offered or sold to such purchaser by means of any of the following communications, the undersigned registrant will be a seller to the purchaser and will be considered to offer or sell such securities to such purchaser:

(i) Any preliminary prospectus or prospectus of the undersigned registrant relating to the offering required to be filed pursuant to Rule 424;

(ii) Any free writing prospectus relating to the offering prepared by or on behalf of the undersigned registrant or used or referred to by the undersigned registrant;

(iii) The portion of any other free writing prospectus relating to the offering containing material information about the undersigned registrant or its securities provided by or on behalf of the undersigned registrant; and

(iv) Any other communication that is an offer in the offering made by the undersigned registrant to the purchaser.

2. Insofar as indemnification for liabilities arising under the Securities Act of 1933 may be permitted to directors, officers and controlling persons of the registrant pursuant to the provisions referenced in Item 14 of this registration statement, or otherwise, the registrant has been advised that in the opinion of the Securities and Exchange Commission such indemnification is against public policy as expressed in the Securities Act and is, therefore, unenforceable. In the event that a claim for indemnification against such liabilities (other than the payment by the registrant of expenses incurred or paid by a director, officer or controlling person of the registrant is the successful defense of any action, suit or proceeding) is asserted by such director, officer or controlling person in connection with the securities being registered hereunder, the registrant will, unless in the opinion of its counsel the matter has been settled by controlling precedent, submit to a court of appropriate jurisdiction the question of whether such indemnification by it is against public policy as expressed in the Securities Act and will be governed by the final adjudication of such issue.

SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, as amended, the registrant has duly caused this Registration Statement on Form S-1 to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of Rolling Meadows, State of Illinois, on January 25, 2008.

MYR GROUP INC.

By: /s/ WILLIAM A. KOERTNER

Name: William A. Koertner
Title: *President and Chief Executive Officer*

SIGNATURES AND POWER OF ATTORNEY

In accordance with the requirements of the Securities Act of 1933, as amended, this Registration Statement has been signed by the following persons in the capacities and on the dates stated. Each person whose signature appears below constitutes and appoints William A. Koertner and Gerald B. Engen, Jr., and each of them severally, as his or her true and lawful attorney-in-fact and agent, each acting along with full power of substitution and resubstitution, for him or her and in his or her name, place and stead, in any and all capacities, to sign any or all amendments (including post-effective amendments) and exhibits to the Registration Statement on Form S-1, and to any registration statement filed under SEC Rule 462, and to file the same, with all exhibits thereto, and all documents in connection therewith, with the SEC, granting unto said attorney-in-fact and agent, full power and authority to do and perform each and every act and thing requisite and necessary to be done in and about the premises, as fully to all intents and purposes as he or she might or could do in person, hereby ratifying and confirming all that said attorney-in-fact and agent, or his or her substitute or substitutes, may lawfully do or cause to be done by virtue hereof.

Pursuant to the requirements of the Securities Act of 1933, this Registration Statement has been signed by the following persons in the capacities and on the dates indicated.

Signature	Title	Date
/s/ WILLIAM A. KOERTNER William A. Koertner	Director, President and Chief Executive Officer	January 25, 2008
/s/ MARCO A. MARTINEZ Marco A. Martinez	Vice President, Chief Financial Officer and Treasurer	January 25, 2008
/s/ JACK L. ALEXANDER Jack L. Alexander	Director	January 25, 2008
/s/ LARRY F. ALTENBAUMER Larry F. Altenbaumer	Director	January 25, 2008

/s/ HENRY W. FAYNE Henry W. Fayne	Director	January 25, 2008
/s/ BETTY R. JOHNSON Betty R. Johnson	Director	January 25, 2008
/s/ GARY R. JOHNSON Gary R. Johnson	Director	January 25, 2008
/s/ WILLIAM D. PATTERSON William D. Patterson	Director	January 25, 2008
/s/ CARTER A. WARD Carter A. Ward	Director	January 25, 2008

EXHIBIT INDEX

Number	Description
3.1	Restated Certificate of Incorporation
3.2	Amended and Restated By-Laws
4.1	Registration Rights Agreement, dated December 20, 2007, between the Registrant and Friedman, Billings, Ramsey & Co., Inc.
5.1	Opinion of Skadden, Arps, Slate, Meagher & Flom LLP*
10.1	Credit Agreement, dated August 31, 2007, between the Registrant and Fifth Third Bank, Citibank, N.A. and JPMorgan Chase Bank, National Association
10.2	Amendment No. 1 to the Credit Agreement, dated October 26, 2007
10.3	2007 Long-Term Incentive Plan
10.4	2006 Stock Option Plan
10.5	Management Stockholders' Agreement
10.6	Form of First Amendment to the Management Stockholders' Agreement
10.7	Employment Agreement, dated December 1, 2007, between the Registrant and William A. Koertner
10.8	Employment Agreement, dated December 1, 2007, between the Registrant and Gerald B. Engen, Jr.
10.9	Employment Agreement, dated December 1, 2007, between the Registrant and John A. Fluss
10.10	Employment Agreement, dated December 1, 2007, between the Registrant and William H. Green
10.11	Employment Agreement, dated December 1, 2007, between the Registrant and Marco A. Martinez
10.12	Employment Agreement, dated December 1, 2007, between the Registrant and Richard S. Swartz, Jr.
21.1	List of Subsidiaries
23.1	Consent of PricewaterhouseCoopers LLP
23.2	Consent of Skadden, Arps, Slate, Meagher & Flom LLP (included in Exhibit 5.1)*
24.1	Power of Attorney (included in page II-6)
99.1	Charter of the Audit Committee*
99.2	Charter of the Nominating and Corporate Governance Committee*
99.3	Charter of the Compensation Committee*
99.4	Code of Ethics*

* To be filed by amendment

QuickLinks

Exhibit 3.1

RESTATED

CERTIFICATE OF INCORPORATION

OF

MYR GROUP INC.

Pursuant to Sections 228, 242 and 245 of the
Delaware General Corporation Law

MYR Group Inc. (the "Corporation"), a corporation organized and existing under the General Corporation Law of the State of Delaware (the "GCL"), does hereby certify as follows:

(1) The name of the Corporation is MYR Group Inc. The Corporation was originally incorporated under the name The L. E. Myers Co. Group. The original certificate of incorporation of the Corporation was filed with the office of the Secretary of State of the State of Delaware on January 15, 1982.

(2) This Restated Certificate of Incorporation was duly adopted by the Board of Directors of the Corporation (the "Board of Directors") and by the stockholders of the Corporation in accordance with Sections 228, 242 and 245 of the GCL.

(3) This Restated Certificate of Incorporation restates and integrates and further amends the certificate of incorporation of the Corporation, as heretofore amended or supplemented.

(4) Upon the filing (the "Effective Time") of this Restated Certificate of Incorporation pursuant to the GCL, each one share of the Common Stock issued and outstanding

as of the close of business on the day prior to the filing of this Restated Certificate of Incorporation shall automatically be subdivided into 164.46842 validly issued, fully paid and non-assessable shares of the Common Stock, without any action by the holder thereof. Each certificate that prior to such subdivision represented shares of Common Stock ("Old Certificates"), shall thereafter represent that number of shares of Common Stock into which the shares of Common Stock represented by the Old Certificate shall have been divided; provided that each person holding of record an Old Certificate shall receive, upon surrender of such Old Certificate, a new certificate or certificates evidencing and representing the number of shares of Common Stock, to which such person is entitled under the foregoing subdivision.

(5) The text of the Certificate of Incorporation is restated in its entirety as follows:

FIRST: The name of the Corporation is MYR Group Inc. (the "Corporation").

SECOND: The address of the registered office of the Corporation in the State of Delaware is 1209 Orange Street, in the City of Wilmington, County of New Castle. The name of its registered agent at that address is The Corporation Trust Company.

THIRD: The purpose of the Corporation is to engage in any lawful act or activity for which a corporation may be organized under the General Corporation Law of the State of Delaware (the "GCL").

FOURTH: (a) Authorized Capital Stock. The total number of shares of stock which the Corporation shall have authority to issue is 104,000,000 shares of capital stock, consisting of (i) 100,000,000 shares of common stock, par value $0.01 per share (the "Common Stock") and (ii) 4,000,000 shares of preferred stock, par value $0.01 per share (the "Preferred Stock").

(b) Common Stock. The powers, preferences and rights, and the qualifications, limitations and restrictions, of the Common Stock are as follows:

(1) Ranking. Except as otherwise expressly provided in this Restated Certificate of Incorporation, the powers, preferences and rights of the holders of Common Stock, and the qualifications, limitations and restrictions thereof, shall be in all respects identical.

(2) Voting. Except as otherwise expressly required by law or provided in this Restated Certificate of Incorporation, and subject to any voting rights provided to holders of Preferred Stock at any time outstanding, the holders of any outstanding shares of Common Stock shall vote together as a single class on all matters with respect to which stockholders are entitled to vote under applicable law, this Restated Certificate of Incorporation or the By-Laws of the Corporation, or upon which a vote of stockholders is otherwise duly called for by the Corporation. At each annual or special meeting of stockholders, each holder of record of shares of Common Stock on the relevant record date shall be entitled to cast one vote in person or by proxy for each share of the Common Stock standing in such holder's name on the stock transfer records of the Corporation.

(3) No Cumulative Voting. Holders of shares of Common Stock shall not have cumulative voting rights.

(4) Dividends; Stock Splits. Subject to the rights of the holders of Preferred Stock, and subject to any other provisions of this Restated Certificate of Incorporation, as it may be amended from time to time, holders of shares of Common Stock shall be entitled to receive such dividends and other distributions in cash, stock or property of the Corporation when, as and if declared thereon by the Board of Directors from time to time out of assets or funds of the Corporation legally available therefor.

(5) Liquidation, Dissolution, etc. In the event of any liquidation, dissolution or winding up (either voluntary or involuntary) of the Corporation, the holders of shares of Common Stock shall be entitled to receive the assets and funds of the Corporation available for distribution after payments to creditors and to the holders of any Preferred Stock of the Corporation that may at the time be outstanding, in proportion to the number of shares held by them.

(6) No Preemptive or Subscription Rights. No holder of shares of Common Stock shall be entitled to preemptive or subscription rights.

(c) Preferred Stock. The Board of Directors is hereby expressly authorized to provide for the issuance of all or any shares of the Preferred Stock in one or more classes or series, and to fix for each such class or series such voting powers, full or limited, or no voting powers, and such designations, preferences and relative, participating, optional or other special rights and such qualifications, limitations or restrictions thereof, as shall be stated and expressed in the resolution or resolutions adopted by the Board of Directors providing for the issuance of such class or series, including, without limitation, the authority to provide that any such class or series may be (i) subject to redemption at such time or times and at such price or prices; (ii) entitled to receive dividends (which may be cumulative or non-cumulative) at such rates, on such conditions, and at such times, and payable in preference to, or in such relation to, the dividends payable on any other class or classes or any other series; (iii) entitled to such rights upon the dissolution of, or upon any distribution of the assets of, the Corporation; or (iv) convertible into, or exchangeable for, shares of any other class or classes of stock, or of any other series of the same or any other class or classes of stock, of the Corporation at such price or prices or at such rates of exchange and with such adjustments; all as may be stated in such resolution or resolutions.

(d) Power to Sell and Purchase Shares. Subject to the requirements of applicable law, the Corporation shall have the power to issue and sell all or any part of any shares of any class of stock herein or hereafter authorized to such persons, and for such consideration, as the Board of Directors shall from time to time, in its discretion, determine, whether or not greater consideration could be received upon the issue or sale of the same number of shares of another class, and as otherwise permitted by law. Subject to the requirements of applicable law, the Corporation shall have the power to purchase any shares of any class of stock herein or hereafter authorized from such persons, and for such consideration, as the Board of Directors shall from time to time, in its discretion, determine, whether or not less consideration could be paid upon the purchase of the same number of shares of another class, and as otherwise permitted by law.

FIFTH: The following provisions are inserted for the management of the business and the conduct of the affairs of the Corporation, and for further definition, limitation and regulation of the powers of the Corporation and of its directors and stockholders:

(a) The business and affairs of the Corporation shall be managed by or under the direction of the Board of Directors.

(b) The Board of Directors shall consist of not less than one or more than nine members, the exact number of which shall be fixed from time to time by resolution adopted by the affirmative vote of a majority of the entire Board of Directors.

(c) The directors shall be divided into three classes, designated Class I, Class II and Class III. Each class shall consist, as nearly as may be possible, of one-third of the total number of directors constituting the entire Board of Directors. The initial division of the Board of Directors into classes shall be made by the decision of the affirmative vote of a majority of the entire Board of Directors. The term of the initial Class I directors shall terminate on the date of the 2008 annual meeting; the term of the initial Class II directors shall terminate on the date of the 2009 annual meeting; and the term of the initial Class III directors shall terminate on the date of the 2010 annual meeting. At each succeeding annual meeting of stockholders beginning in 2011, successors to the class of directors whose term expires at that annual meeting shall be elected for a three-year term. If the number of directors is changed, any increase or decrease shall be apportioned among the classes so as to maintain the number of directors in each class as nearly equal as possible, and any additional director of any class elected to fill a vacancy resulting from an increase in such class shall hold office for a term that shall coincide with the remaining term of that class, but in no case will a decrease in the number of directors shorten the term of any incumbent director.

(d) A director shall hold office until the annual meeting for the year in which his or her term expires and until his or her successor shall be elected and shall qualify, subject, however, to prior death, resignation, retirement, disqualification or removal from office.

(e) Subject to the terms of any one or more classes or series of Preferred Stock, any vacancy on the Board of Directors that results from an increase in the number of directors may be filled by a majority of the Board of Directors then in office, provided that a quorum is present, and any other vacancy occurring on the Board of Directors may be filled by a majority of the Board of Directors then in office, even if less than a quorum, or by a sole remaining director. Any director of any class elected to fill a vacancy resulting from an increase in the number of directors of such class shall hold office for a term that shall coincide with the remaining term of that class. Any director elected to fill a vacancy not resulting from an increase in the number of directors shall have the same remaining term as that of his predecessor. Subject to the rights, if any, of the holders of shares of Preferred Stock then outstanding, any or all of the directors of the Corporation may be removed from office at any time, but only for cause and only by the affirmative vote of the holders of at least a majority of the voting power of the Corporation's then outstanding capital stock entitled to vote generally in the election of directors. Notwithstanding the foregoing, whenever the holders of any one or more classes or series of Preferred Stock issued by the Corporation shall have the right, voting separately by class or series, to elect directors at an annual or special meeting of stockholders, the election, term of office, filling of vacancies and other features of such directorships shall be governed by the terms of this Restated Certificate of Incorporation applicable thereto, and such directors so elected shall not be divided into classes pursuant to this Article FIFTH unless expressly provided by such terms.

(f) In addition to the powers and authority hereinbefore or by statute expressly conferred upon them, the directors are hereby empowered to exercise all such powers and do all such acts and things as may be exercised or done by the Corporation, subject, nevertheless, to the provisions of the GCL, this Restated Certificate of Incorporation, and any By-Laws adopted by the stockholders; provided, however, that no By-Laws hereafter adopted by the stockholders shall invalidate any prior act of the directors which would have been valid if such By-Laws had not been adopted.

SIXTH: No director shall be personally liable to the Corporation or any of its stockholders for monetary damages for breach of fiduciary duty as a director, except to the extent such exemption from liability or limitation thereof is not permitted under the GCL as the same exists or may hereafter be amended. If the GCL is amended hereafter to authorize the further elimination or limitation of the liability of directors, then the liability of a director of the Corporation shall be eliminated or limited to the fullest extent authorized by the GCL, as so amended. Any repeal or modification of this Article SIXTH shall not adversely affect any right or protection of a director of the Corporation existing at the time of such repeal or modification with respect to acts or omissions occurring prior to such repeal or modification.

SEVENTH: The Corporation shall indemnify its directors and officers to the fullest extent authorized or permitted by law, as now or hereafter in effect, and such right to indemnification shall continue as to a person who has ceased to be a director or officer of the Corporation and shall inure to the benefit of his or her heirs, executors and personal and legal representatives; provided, however, that, except for proceedings to enforce rights to indemnification, the Corporation shall not be obligated to indemnify any director or officer (or his or her heirs, executors or personal or legal representatives) in connection with a proceeding (or part thereof) initiated by such person unless such proceeding (or part thereof) was authorized or consented to by the Board of Directors. The right to indemnification conferred by this Article SEVENTH shall include the right to be paid by the Corporation the expenses incurred in defending or otherwise participating in any proceeding in advance of its final disposition.

The Corporation may, to the extent authorized from time to time by the Board of Directors, provide rights to indemnification and to the advancement of expenses to employees and agents of the Corporation similar to those conferred in this Article SEVENTH to directors and officers of the Corporation.

The rights to indemnification and to the advance of expenses conferred in this Article SEVENTH shall not be exclusive of any other right which any person may have or hereafter acquire under this Restated Certificate of Incorporation, the By-Laws of the Corporation, any statute, agreement, vote of stockholders or disinterested directors or otherwise.

Any repeal or modification of this Article SEVENTH shall not adversely affect any rights to indemnification and to the advancement of expenses of a director or officer of the Corporation existing at the time of such repeal or modification with respect to any acts or omissions occurring prior to such repeal or modification.

EIGHTH: Any action required or permitted to be taken by the stockholders of the Corporation must be effected at a duly called annual or special meeting of stockholders of the Corporation, and the ability of the stockholders to consent in writing to the taking of any action is hereby specifically denied.

NINTH: (A) Meetings of stockholders may be held within or without the State of Delaware, as the By-Laws may provide. The books of the Corporation may be kept (subject to any provision contained in the GCL) outside the State of Delaware at such place or places as may be designated from time to time by the Board of Directors or in the By-Laws of the Corporation.

(B) Unless otherwise required by law, Special Meetings of Stockholders, for any purpose or purposes, may be called by either (i) the Chairman of the Board of Directors, if there be one, (ii) the President, (iii) the Board of Directors or (iv) the affirmative vote of the holders of at least a majority of the voting power of the shares entitled to vote.

TENTH: In furtherance and not in limitation of the powers conferred upon it by the laws of the State of Delaware, the Board of Directors shall have the power to adopt, amend, alter or repeal the Corporation's By-Laws. The affirmative vote of at least a majority of the entire Board of Directors shall be required to adopt, amend, alter or repeal the Corporation's By-Laws.

The Corporation's By-Laws also may be adopted, amended, altered or repealed by the affirmative vote of the holders of at least a majority of the voting power of the shares entitled to vote at an election of directors.

ELEVENTH: The Corporation reserves the right to amend, alter, change or repeal any provision contained in this Restated Certificate of Incorporation in the manner now or hereafter prescribed in this Restated Certificate of Incorporation, the Corporation's By-Laws or the GCL, and all rights herein conferred upon stockholders are granted subject to such reservation.

IN WITNESS WHEREOF, the Corporation has caused this Restated Certificate of Incorporation to be executed on its behalf this 13th day of December, 2007.

MYR GROUP INC.

By: /s/ William A. Koertner
Name: William A. Koertner
Title: President and Chief Executive Officer

Exhibit 3.2

AMENDED AND RESTATED

BY-LAWS

OF

MYR GROUP INC.,

a Delaware Corporation

Effective December 20, 2007

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OF

MYR GROUP INC.

(hereinafter called the "Corporation")

ARTICLE I

OFFICES

Section 1. Registered Office. The registered office of the Corporation shall be in the City of Wilmington, County of New Castle, State of Delaware.

Section 2. Other Offices. The Corporation may also have offices at such other places, both within and without the State of Delaware, as the Board of Directors may from time to time determine.

ARTICLE II

MEETINGS OF STOCKHOLDERS

Section 1. Place of Meetings. Meetings of the stockholders for the election of directors or for any other purpose shall be held at such time and place, either within or without the State of Delaware, as shall be designated from time to time by the Board of Directors. The Board of Directors may, in its sole discretion, determine that a meeting of the stockholders shall not be held at any place, but may instead be held solely by means of remote communication in the manner authorized by the General Corporation Law of the State of Delaware (the "DGCL").

Section 2. Annual Meetings. The Annual Meeting of Stockholders for the election of directors shall be held on such date and at such time as shall be designated from time to time by the Board of Directors. Any other proper business may be transacted at the Annual Meeting of Stockholders.

Section 3. Special Meetings. Unless otherwise required by law or by the certificate of incorporation of the Corporation, as amended and restated from time to time (the "Certificate of Incorporation"), Special Meetings of Stockholders, for any purpose or purposes, may be called by either (i) the Chairman, if there be one, or (ii) the President, (iii) any Vice President, if there be one, (iv) the Secretary or (v) any Assistant Secretary, if there be one, and shall be called by any such officer at the request in writing of (i) the Board of Directors, (ii) a committee of the Board of Directors that has been duly designated by the Board of Directors and whose powers and authority include the power to call such meetings or (iii) stockholders owning a majority of the capital stock of the Corporation issued and outstanding and entitled to vote. Such request shall state the purpose or purposes of the proposed meeting. At a Special Meeting of Stockholders, only such business shall be conducted as shall be specified in the notice of meeting (or any supplement thereto).

The Secretary of the Corporation shall call a Special Meeting of Stockholders in accordance with the procedures set forth in these by-laws on the first business day after the 18 month of anniversary of the closing of the offering contemplated by the Purchase/Placement Agreement, dated as of December 13, 2007, by and between the Corporation and Friedman, Billings, Ramsey & Co., Inc. unless the shelf registration statement contemplated by the registration rights agreement to be entered into between the Corporation and Friedman, Billings, Ramsey & Co., Inc. has already been declared effective by the U.S. Securities and Exchange Commission. The purposes of such meeting shall be to consider and vote on the removal of one or more members of the Board of Directors and the election of a successor for any member of the Board of Directors so removed.

Section 4. Nature of Business at Meetings of Stockholders. No business may be transacted at an Annual Meeting of Stockholders, other than business that is either (a) specified in the notice of meeting (or any supplement thereto) given by or at the direction of the Board of Directors (or any duly authorized committee thereof), (b) otherwise properly brought before the Annual Meeting by or at the direction of the Board of Directors (or any duly authorized committee thereof), or (c) otherwise properly brought before the Annual Meeting by any stockholder of the Corporation (i) who is a stockholder of record on the date of the giving of the notice provided for in this Section 4 and on the record date for the determination of stockholders entitled to notice of and to vote at such Annual Meeting and (ii) who complies with the notice procedures set forth in this Section 4.

In addition to any other applicable requirements, for business to be properly brought before an Annual Meeting by a stockholder, such stockholder must have given timely notice thereof in proper written form to the Secretary of the Corporation.

To be timely, a stockholder's notice to the Secretary must be delivered to or mailed and received at the principal executive offices of the Corporation not less than ninety (90) days nor more than one hundred twenty (120) days prior to the anniversary date of the immediately preceding Annual Meeting of Stockholders; provided, however, that in the event that the Annual Meeting is called for a date that is not within thirty (30) days before or after such anniversary date, notice by the stockholder in order to be timely must be so received not later than the close of business on the tenth (10th) day following the day on which such notice of the date of the Annual Meeting was mailed or such public disclosure of the date of the Annual Meeting was made, whichever first occurs.

To be in proper written form, a stockholder's notice to the Secretary must set forth as to each matter such stockholder proposes to bring before the Annual Meeting (i) a brief description of the business desired to be brought before the Annual Meeting and the reasons for conducting such business at the Annual Meeting, (ii) the name and record address of such stockholder, (iii) the class or series and number of shares of capital stock of the Corporation which are owned beneficially or of record by such stockholder, (iv) a description of all arrangements or understandings between such stockholder and any other person or persons (including their names) in connection with the proposal of such business by such stockholder and any material interest of such stockholder in such business and (v) a representation that such stockholder intends to appear in person or by proxy at the Annual Meeting to bring such business before the meeting.

No business shall be conducted at the Annual Meeting of Stockholders except business brought before the Annual Meeting in accordance with the procedures set forth in this Section 4; provided, however, that, once business has been properly brought before the Annual Meeting in accordance with such procedures, nothing in this Section 4 shall be deemed to preclude discussion by any stockholder of any such business. If the chairman of an Annual Meeting determines that business was not properly brought before the Annual Meeting in accordance with the foregoing procedures, the chairman shall declare to the meeting that the business was not properly brought before the meeting and such business shall not be transacted.

Section 5. Nomination of Directors. Only persons who are nominated in accordance with the following procedures shall be eligible for election as directors of the Corporation, except as may be otherwise provided in the Certificate of Incorporation with respect to the right of holders of preferred stock of the Corporation to nominate and elect a specified number of directors in certain circumstances. Nominations of persons for election to the Board of Directors may be made at any Annual Meeting of Stockholders, or at any Special Meeting of Stockholders called for the purpose of electing directors, (a) by or at the direction of the Board of Directors (or any duly authorized committee thereof) or (b) by any stockholder of the Corporation (i) who is a stockholder of record on the date of the giving of the notice provided for in this Section 5 and on the record date for the determination of stockholders entitled to notice of and to vote at such meeting and (ii) who complies with the notice procedures set forth in this Section 5.

In addition to any other applicable requirements, for a nomination to be made by a stockholder, such stockholder must have given timely notice thereof in proper written form to the Secretary of the Corporation.

To be timely, a stockholder's notice to the Secretary must be delivered to or mailed and received at the principal executive offices of the Corporation (a) in the case of an Annual Meeting, not less than ninety (90) days nor more than one hundred twenty (120) days prior to the anniversary date of the immediately preceding Annual Meeting of Stockholders; provided, however, that in the event that the Annual Meeting is called for a date that is not within thirty (30) days before or after such anniversary date, notice by the stockholder in order to be timely must be so received not later than the close of business on the tenth (10th) day following the day on which such notice of the date of the Annual Meeting was mailed or such public disclosure of the date of the Annual Meeting was made, whichever first occurs; and (b) in the case of a Special Meeting of Stockholders called for the purpose of electing directors, not later than the close of business on the tenth (10th) day following the day on which notice of the date of the Special Meeting was mailed or public disclosure of the date of the Special Meeting was made, whichever first occurs.

To be in proper written form, a stockholder's notice to the Secretary must set forth (a) as to each person whom the stockholder proposes to nominate for election as a director (i) the name, age, business address and residence address of the person, (ii) the principal occupation or employment of the person, (iii) the class or series and number of shares of capital stock of the Corporation which are owned beneficially or of record by the person and (iv) any other information relating to the person that would be required to be disclosed in a proxy statement or other filings required to be made in connection with solicitations of proxies for election of directors pursuant to Section 14 of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), and the rules and regulations promulgated thereunder; and (b) as to the stockholder giving the notice (i) the name and record address of such stockholder, (ii) the class or series and number of shares of capital stock of the Corporation which are owned beneficially or of record by such stockholder, (iii) a description of all arrangements or understandings between such stockholder and each proposed nominee and any other person or persons (including their names) pursuant to which the nomination(s) are to be made by such stockholder, (iv) a representation that such stockholder intends to appear in person or by proxy at the meeting to nominate the persons named in its notice and (v) any other information relating to such stockholder that would be required to be disclosed in a proxy statement or other filings required to be made in connection with solicitations of proxies for election of directors pursuant to Section 14 of the Exchange Act and the rules and regulations promulgated thereunder. Such notice must be accompanied by a written consent of each proposed nominee to being named as a nominee and to serve as a director if elected.

No person shall be eligible for election as a director of the Corporation unless nominated in accordance with the procedures set forth in this Section 5. If the Chairman of the meeting determines that a nomination was not made in accordance with the foregoing procedures, the Chairman shall declare to the meeting that the nomination was defective and such defective nomination shall be disregarded.

Section 6. Notice. Whenever stockholders are required or permitted to take any action at a meeting, a written notice of the meeting shall be given which shall state the place, if any, date and hour of the meeting, the means of remote communications, if any, by which stockholders and proxyholders may be deemed to be present in person and vote at such meeting, and, in the case of a Special Meeting, the purpose or purposes for which the meeting is called. Unless otherwise required by law, written notice of any meeting shall be given not less than ten (10) nor more than sixty (60) days before the date of the meeting to each stockholder entitled to notice of and to vote at such meeting.

Section 7. Adjournments. Any meeting of the stockholders may be adjourned from time to time to reconvene at the same or some other place, and notice need not be given of any such adjourned meeting if the time and place, if any, thereof and the means of remote communications, if any, by which stockholders and proxyholders may be deemed to be present in person and vote at such adjourned meeting are announced at the meeting at which the adjournment is taken. At the adjourned meeting, the Corporation may transact any business which might have been transacted at the original meeting. If the adjournment is for more than thirty (30) days, or if after the adjournment a new record date is fixed for the adjourned meeting, notice of the adjourned meeting in accordance with the requirements of Section 6 hereof shall be given to each stockholder of record entitled to notice of and to vote at the meeting.

Section 8. Quorum. Unless otherwise required by applicable law or the Certificate of Incorporation, the holders of a majority of the Corporation's capital stock issued and outstanding and entitled to vote thereat, present in person or represented by proxy, shall constitute a quorum at all meetings of the stockholders for the transaction of business. A quorum, once established, shall not be broken by the withdrawal of enough votes to leave less than a quorum. If, however, such quorum shall not be present or represented at any meeting of the stockholders, the stockholders entitled to vote thereat, present in person or represented by proxy, shall have power to adjourn the meeting from time to time, in the manner provided in Section 7 hereof, until a quorum shall be present or represented.

Section 9. Voting. Unless otherwise required by law, the Certificate of Incorporation or these By-Laws, or permitted by the rules of any stock exchange on which the Company's shares are listed and traded, any question brought before any meeting of the stockholders, other than the election of directors, shall be decided by the vote of the holders of a majority of the total number of votes of the Corporation's capital stock represented at the meeting and entitled to vote on such question, voting as a single class. Unless otherwise provided in the Certificate of Incorporation, and subject to Section 12(a) of this Article II, each stockholder represented at a meeting of the stockholders shall be entitled to cast one (1) vote for each share of the capital stock entitled to vote thereat held by such stockholder. Such votes may be cast in person or by proxy as provided in Section 10 of this Article II. The Board of Directors, in its discretion, or the officer of the Corporation presiding at a meeting of the stockholders, in such officer's discretion, may require that any votes cast at such meeting shall be cast by written ballot.

Section 10. Proxies. Each stockholder entitled to vote at a meeting of the stockholders may authorize another person or persons to act for such stockholder as proxy, but

no such proxy shall be voted upon after three years from its date, unless such proxy provides for a longer period. Without limiting the manner in which a stockholder may authorize another person or persons to act for such stockholder as proxy, the following shall constitute a valid means by which a stockholder may grant such authority:

(i) A stockholder may execute a writing authorizing another person or persons to act for such stockholder as proxy. Execution may be accomplished by the stockholder or such stockholder's authorized officer, director, employee or agent signing such writing or causing such person's signature to be affixed to such writing by any reasonable means, including, but not limited to, by facsimile signature.

(ii) A stockholder may authorize another person or persons to act for such stockholder as proxy by transmitting or authorizing the transmission of a telegram, cablegram or other means of electronic transmission to the person who will be the holder of the proxy or to a proxy solicitation firm, proxy support service organization or like agent duly authorized by the person who will be the holder of the proxy to receive such transmission, provided that any such telegram, cablegram or other means of electronic transmission must either set forth or be submitted with information from which it can be determined that the telegram, cablegram or other electronic transmission was authorized by the stockholder. If it is determined that such telegrams, cablegrams or other electronic transmissions are valid, the inspectors or, if there are no inspectors, such other persons making that determination shall specify the information on which they relied.

Any copy, facsimile telecommunication or other reliable reproduction of the writing or transmission authorizing another person or persons to act as proxy for a stockholder may be substituted or used in lieu of the original writing or transmission for any and all purposes for which the original writing or transmission could be used; provided, however, that such copy, facsimile telecommunication or other reproduction shall be a complete reproduction of the entire original writing or transmission.

Section 11. List of Stockholders Entitled to Vote. The officer of the Corporation who has charge of the stock ledger of the Corporation shall prepare and make, at least ten (10) days before every meeting of the stockholders, a complete list of the stockholders entitled to vote at the meeting, arranged in alphabetical order, and showing the address of each stockholder and the number of shares registered in the name of each stockholder. Such list shall be open to the examination of any stockholder, for any purpose germane to the meeting, during ordinary business hours, for a period of at least ten (10) days prior to the meeting (i) on a reasonably accessible electronic network, provided that the information required to gain access to such list is provided with the notice of the meeting, or (ii) during ordinary business hours, at the principal place of business of the Corporation. In the event that the Corporation determines to make the list available on an electronic network, the Corporation may take reasonable steps to ensure that such information is available only to stockholders of the Corporation. If the meeting is to be held at a place, then the list shall be produced and kept at the time and place of the meeting during the whole time thereof, and may be inspected by any stockholder who is present. If the meeting is to be held solely by means of remote communication, then the list shall also be open to the examination of any stockholder during the whole time of the meeting on a reasonably accessible electronic network, and the information required to access such list shall be provided with the notice of the meeting.

Section 12. Record Date. In order that the Corporation may determine the stockholders entitled to notice of or to vote at any meeting of the stockholders or any adjournment thereof, the Board of Directors may fix a record date, which record date shall not precede the date upon which the resolution fixing the record date is adopted by the Board of Directors, and which record date shall not be more than sixty (60) nor less than ten (10) days before the date of such meeting. If no record date is fixed by the Board of Directors, the record date for determining stockholders entitled to notice of or to vote at a meeting of the stockholders shall be at the close of business on the day next preceding the day on which notice is given, or, if notice is waived, at the close of business on the day next preceding the day on which the meeting is held. A determination of stockholders of record entitled to notice of or to vote at a meeting of the stockholders shall apply to any adjournment of the meeting; provided, however, that the Board of Directors may fix a new record date for the adjourned meeting.

Section 13. Stock Ledger. The stock ledger of the Corporation shall be the only evidence as to who are the stockholders entitled to examine the stock ledger, the list required by Section 11 of this Article II or the books of the Corporation, or to vote in person or by proxy at any meeting of the stockholders.

Section 14. Conduct of Meetings. The Board of Directors of the Corporation may adopt by resolution such rules and regulations for the conduct of any meeting of the stockholders as it shall deem appropriate. Except to the extent inconsistent with such rules and regulations as adopted by the Board of Directors, the chairman of any meeting of the stockholders shall have the right and authority to prescribe such rules, regulations and procedures and to do all such acts as, in the judgment of such chairman, are appropriate for the proper conduct of the meeting. Such rules, regulations or procedures, whether adopted by the Board of

Directors or prescribed by the chairman of the meeting, may include, without limitation, the following: (i) the establishment of an agenda or order of business for the meeting; (ii) the determination of when the polls shall open and close for any given matter to be voted on at the meeting; (iii) rules and procedures for maintaining order at the meeting and the safety of those present; (iv) limitations on attendance at or participation in the meeting to stockholders of record of the Corporation, their duly authorized and constituted proxies or such other persons as the chairman of the meeting shall determine; (v) restrictions on entry to the meeting after the time fixed for the commencement thereof; and (vi) limitations on the time allotted to questions or comments by participants.

Section 15. Inspectors of Election. In advance of any meeting of the stockholders, the Board of Directors, by resolution, the Chairman or the President shall appoint one or more inspectors to act at the meeting and make a written report thereof. One or more other persons may be designated as alternate inspectors to replace any inspector who fails to act. If no inspector or alternate is able to act at a meeting of the stockholders, the chairman of the meeting shall appoint one or more inspectors to act at the meeting. Unless otherwise required by applicable law, inspectors may be officers, employees or agents of the Corporation. Each inspector, before entering upon the discharge of the duties of inspector, shall take and sign an oath faithfully to execute the duties of inspector with strict impartiality and according to the best of such inspector's ability. The inspector shall have the duties prescribed by law and shall take charge of the polls and, when the vote is completed, shall make a certificate of the result of the vote taken and of such other facts as may be required by applicable law.

ARTICLE III

DIRECTORS

Section 1. Number and Election of Directors. The directors shall be divided into three classes, designated Class I, Class II and Class III. Each class shall consist, as nearly as may be possible, of one-third of the total number of directors constituting the entire Board of Directors. The initial division of the Board of Directors into classes shall be made by the decision of the affirmative vote of a majority of the entire Board of Directors. The term of the initial Class I directors shall terminate on the date of the 2008 Annual Meeting; the term of the initial Class II directors shall terminate on the date of the 2009 Annual Meeting; and the term of the initial Class III directors shall terminate on the date of the 2010 Annual Meeting or, in each case, upon such director's earlier death, resignation or removal. At each succeeding Annual Meeting of Stockholders beginning in 2011, successors to the class of directors whose term expires at that Annual Meeting shall be elected for a three-year term and until their successors are duly elected and qualified. If the number of directors is changed, any increase or decrease shall be apportioned among the classes so as to maintain the number of directors in each class as nearly equal as possible, and any additional director of any class elected to fill a vacancy resulting from an increase in such class or from the removal from office, death, disability, resignation or disqualification of a director or other cause shall hold office for a term that shall coincide with the remaining term of that class, but in no case will a decrease in the number of directors have the effect of removing or shortening the term of any incumbent director.

Section 2. Vacancies. Any vacancy on the Board of Directors that results from an increase in the number of directors may be filled by a majority of the Board of Directors then in office, provided that a quorum is present, and any other vacancy occurring on the Board of Directors may be filled by a majority of the Board of Directors then in office, even if less than a quorum, or by a sole remaining director. Any director of any class elected to fill a vacancy resulting from an increase in the number of directors of such class shall hold office for a term that shall coincide with the remaining term of that class. Any director elected to fill a vacancy not resulting from an increase in the number of directors shall have the same remaining term as that of his or her predecessor.

Section 3. Duties and Powers. The business and affairs of the Corporation shall be managed by or under the direction of the Board of Directors which may exercise all such powers of the Corporation and do all such lawful acts and things as are not by statute or by the Certificate of Incorporation or by these By-Laws required to be exercised or done by the stockholders.

Section 4. Meetings. The Board of Directors and any committee thereof may hold meetings, both regular and special, either within or without the State of Delaware. Regular meetings of the Board of Directors or any committee thereof may be held without notice at such time and at such place as may from time to time be determined by the Board of Directors or such committee, respectively. Special meetings of the Board of Directors may be called by the Chairman, if there be one, the President, or by a majority of the Board of Directors. Special meetings of any committee of the Board of Directors may be called by the chairman of such committee, if there be one, the President, or any director serving on such committee. Notice thereof stating the place, date and hour of the meeting shall be given to each director (or, in the case of a committee, to each member of such committee) either by mail not less than forty-eight (48) hours before the date of the meeting, by telephone, telegram or electronic means on twenty-four (24) hours' notice, or on such shorter notice as the person or persons calling such meeting may deem necessary or appropriate in the circumstances.

Section 5. Organization. At each meeting of the Board of Directors or any committee thereof, the Chairman of the Board of Directors or the chairman of such committee, as the case may be, or, in his or her absence or if there be none, a director chosen by a majority of the directors present, shall act as chairman. Except as provided below, the Secretary of the Corporation shall act as secretary at each meeting of the Board of Directors and of each committee thereof. In case the Secretary shall be absent from any meeting of the Board of Directors or of any committee thereof, an Assistant Secretary shall perform the duties of secretary at such meeting; and in the absence from any such meeting of the Secretary and all the Assistant Secretaries, the chairman of the meeting may appoint any person to act as secretary of the meeting. Notwithstanding the foregoing, the members of each committee of the Board of Directors may appoint any person to act as secretary of any meeting of such committee and the Secretary or any Assistant Secretary of the Corporation may, but need not if such committee so elects, serve in such capacity.

Section 6. Resignations and Removals of Directors. Any director of the Corporation may resign from the Board of Directors or any committee thereof at any time, by giving notice in writing or by electronic transmission to the Chairman of the Board of Directors, if there be one, the President or the Secretary of the Corporation and, in the case of a committee, to the chairman of such committee, if there be one. Such resignation shall take effect at the time therein specified or, if no time is specified, immediately; and, unless otherwise specified in such notice, the acceptance of such resignation shall not be necessary to make it effective. Except as otherwise required by applicable law and subject to the rights, if any, of the holders of shares of preferred stock then outstanding, any director or the entire Board of Directors may be removed from office at any time, but only for cause or as provided in Section 3 of Article II hereof, and only by the affirmative vote of the holders of at least a majority in voting power of the issued and outstanding capital stock of the Corporation entitled to vote in the election of directors. Any director serving on a committee of the Board of Directors may be removed from such committee at any time by the Board of Directors.

Section 7. Quorum. Except as otherwise required by law, or the Certificate of Incorporation or the rules and regulations of any securities exchange or quotation system on which the Corporation's securities are listed or quoted for trading, at all meetings of the Board of Directors or any committee thereof, a majority of the entire Board of Directors or a majority of the directors constituting such committee, as the case may be, shall constitute a quorum for the transaction of business and the act of a majority of the directors or committee members present at any meeting at which there is a quorum shall be the act of the Board of Directors or such committee, as applicable. If a quorum shall not be present at any meeting of the Board of Directors or any committee thereof, the directors present thereat may adjourn the meeting from time to time, without notice other than announcement at the meeting of the time and place of the adjourned meeting, until a quorum shall be present.

Section 8. Actions of the Board by Written Consent. Unless otherwise provided in the Certificate of Incorporation or these By-Laws, any action required or permitted to be taken at any meeting of the Board of Directors or of any committee thereof may be taken without a meeting, if all the members of the Board of Directors or such committee, as the case may be, consent thereto in writing or by electronic transmission, and the writing or writings or electronic transmission or transmissions are filed with the minutes of proceedings of the Board of Directors or such committee. Such filing shall be in paper form if the minutes are maintained in paper form and shall be in electronic form if the minutes are maintained in electronic form.

Section 9. Meetings by Means of Conference Telephone. Unless otherwise provided in the Certificate of Incorporation or these By-Laws, members of the Board of Directors of the Corporation, or any committee thereof, may participate in a meeting of the Board of Directors or such committee by means of a conference telephone or other communications equipment by means of which all persons participating in the meeting can hear each other, and participation in a meeting pursuant to this Section 9 shall constitute presence in person at such meeting.

Section 10. Committees. The Board of Directors may designate one or more committees, each committee to consist of one or more of the directors of the Corporation. Each member of a committee must meet the requirements for membership, if any, imposed by applicable law and the rules and regulations of any securities exchange or quotation system on which the securities of the Corporation are listed or quoted for trading. The Board of Directors may designate one or more directors as alternate members of any committee, who may replace any absent or disqualified member at any meeting of any such committee. Subject to the rules and regulations of any securities exchange or quotation system on which the securities of the Corporation are listed or quoted for trading, in the absence or disqualification of a member of a committee, and in the absence of a designation by the Board of Directors of an alternate member to replace the absent or disqualified member, the member or members thereof present at any meeting and not disqualified from voting, whether or not such member or members constitute a quorum, may unanimously appoint another qualified member of the Board of Directors to act at the meeting in the place of any absent or disqualified member. Any committee, to the extent permitted by law and provided in the resolution establishing such committee, shall have and may exercise all the powers and authority of the Board of Directors in the management of the business and affairs of the Corporation, and may authorize the seal of the Corporation to be affixed to all papers which may require it. Each committee shall keep regular minutes and report to the Board of Directors when required. Notwithstanding anything to the contrary contained in this Article III, the resolution of the Board of Directors establishing any committee of the Board of Directors and/or the charter of any such committee may establish requirements or procedures relating to the governance and/or operation of such committee that are different from, or in addition to, those set forth in these By-Laws and, to the extent that there is any inconsistency between these By-Laws and any such resolution or charter, the terms of such resolution or charter shall be controlling.

Section 11. Compensation. The directors may be paid their expenses, if any, of attendance at each meeting of the Board of Directors and may be paid a fixed sum for attendance at each meeting of the Board of Directors or a stated salary for service as director, payable in cash or securities. No such payment shall preclude any director from serving the Corporation in any other capacity and receiving compensation therefor. Members of special or standing committees may be allowed like compensation for service as committee members.

Section 12. Interested Directors. No contract or transaction between the Corporation and one or more of its directors or officers, or between the Corporation and any other corporation, partnership, association or other organization in which one or more of its directors or officers are directors or officers or have a financial interest, shall be void or voidable solely for this reason, or solely because the director or officer is present at or participates in the meeting of the Board of Directors or committee thereof which authorizes the contract or transaction, or solely because any such director's or officer's vote is counted for such purpose if: (i) the material facts as to the director's or officer's relationship or interest and as to the contract or transaction are disclosed or are known to the Board of Directors or the committee, and the Board of Directors or committee in good faith authorizes the contract or transaction by the affirmative votes of a majority of the disinterested directors, even though the disinterested directors be less than a quorum; or (ii) the material facts as to the director's or officer's relationship or interest and as to the contract or transaction are disclosed or are known to the stockholders entitled to vote thereon, and the contract or transaction is specifically approved in good faith by vote of the stockholders; or (iii) the contract or transaction is fair as to the Corporation as of the time it is authorized, approved or ratified by the Board of Directors, a committee thereof or the stockholders. Common or interested directors may be counted in determining the presence of a quorum at a meeting of the Board of Directors or of a committee which authorizes the contract or transaction.

ARTICLE IV

OFFICERS

Section 1. General. The officers of the Corporation shall be chosen by the Board of Directors and shall be a President, a Secretary and a Treasurer. The Board of Directors, in its discretion, also may choose a Chairman of the Board of Directors (who must be a director) and one or more Vice Presidents, Assistant Secretaries, Assistant Treasurers and other officers. Any number of offices may be held by the same person, unless otherwise prohibited by law, the Certificate of Incorporation or these By-Laws. The officers of the Corporation need not be stockholders of the Corporation nor, except in the case of the Chairman of the Board of Directors, need such officers be directors of the Corporation.

Section 2. Election. The Board of Directors, at its first meeting held after each Annual Meeting of Stockholders, shall elect the officers of the Corporation who shall hold their offices for such terms and shall exercise such powers and perform such duties as shall be determined from time to time by the Board of Directors; and each officer of the Corporation shall hold office until such officer's successor is elected and qualified, or until such officer's earlier death, resignation or removal. Any officer elected by the Board of Directors may be removed at any time by the Board of Directors. Any vacancy occurring in any office of the Corporation shall be filled by the Board of Directors. The salaries of all officers of the Corporation shall be fixed by the Board of Directors.

Section 3. Voting Securities Owned by the Corporation. Powers of attorney, proxies, waivers of notice of meeting, consents and other instruments relating to securities owned by the Corporation may be executed in the name of and on behalf of the Corporation by the President or any Vice President or any other officer authorized to do so by the Board of Directors and any such officer may, in the name of and on behalf of the Corporation, take all such action as any such officer may deem advisable to vote in person or by proxy at any meeting of security holders of any corporation in which the Corporation may own securities and at any such meeting shall possess and may exercise any and all rights and power incident to the ownership of such securities and which, as the owner thereof, the Corporation might have exercised and possessed if present. The Board of Directors may, by resolution, from time to time confer like powers upon any other person or persons.

Section 4. Chairman of the Board of Directors. The Chairman of the Board of Directors, if there be one, shall preside at all meetings of the stockholders and of the Board of Directors. The Chairman of the Board of Directors shall be the Chief Executive Officer of the Corporation, unless the Board of Directors designates the President as the Chief Executive Officer, and, except where by law the signature of the President is required, the Chairman of the

Board of Directors shall possess the same power as the President to sign all contracts, certificates and other instruments of the Corporation which may be authorized by the Board of Directors. During the absence or disability of the President, the Chairman of the Board of Directors shall exercise all the powers and discharge all the duties of the President. The Chairman of the Board of Directors shall also perform such other duties and may exercise such other powers as may from time to time be assigned by these By-Laws or by the Board of Directors.

Section 5. President. The President shall, subject to the control of the Board of Directors and, if there be one, the Chairman of the Board of Directors, have general supervision of the business of the Corporation and shall see that all orders and resolutions of the Board of Directors are carried into effect. The President shall execute all bonds, mortgages, contracts and other instruments of the Corporation requiring a seal, under the seal of the Corporation, except where required or permitted by law to be otherwise signed and executed and except that the other officers of the Corporation may sign and execute documents when so authorized by these By-Laws, the Board of Directors or the President. In the absence or disability of the Chairman of the Board of Directors, or if there be none, the President shall preside at all meetings of the stockholders and, provided the President is also a director, the Board of Directors. If there be no Chairman of the Board of Directors, or if the Board of Directors shall otherwise designate, the President shall be the Chief Executive Officer of the Corporation. The President shall also perform such other duties and may exercise such other powers as may from time to time be assigned to such officer by these By-Laws or by the Board of Directors.

Section 6. Vice Presidents. At the request of the President or in the President's absence or in the event of the President's inability or refusal to act (and if there be no

Chairman of the Board of Directors), the Vice President, or the Vice Presidents if there are more than one (in the order designated by the Board of Directors), shall perform the duties of the President, and when so acting, shall have all the powers of and be subject to all the restrictions upon the President. Each Vice President shall perform such other duties and have such other powers as the Board of Directors from time to time may prescribe. If there be no Chairman of the Board of Directors and no Vice President, the Board of Directors shall designate the officer of the Corporation who, in the absence of the President or in the event of the inability or refusal of the President to act, shall perform the duties of the President, and when so acting, shall have all the powers of and be subject to all the restrictions upon the President.

Section 7. Secretary. The Secretary shall attend all meetings of the Board of Directors and all meetings of the stockholders and record all the proceedings thereat in a book or books to be kept for that purpose; the Secretary shall also perform like duties for committees of the Board of Directors when required. The Secretary shall give, or cause to be given, notice of all meetings of the stockholders and special meetings of the Board of Directors, and shall perform such other duties as may be prescribed by the Board of Directors, the Chairman of the Board of Directors or the President, under whose supervision the Secretary shall be. If the Secretary shall be unable or shall refuse to cause to be given notice of all meetings of the stockholders and special meetings of the Board of Directors, and if there be no Assistant Secretary, then either the Board of Directors or the President may choose another officer to cause such notice to be given. The Secretary shall have custody of the seal of the Corporation and the Secretary or any Assistant Secretary, if there be one, shall have authority to affix the same to any instrument requiring it and when so affixed, it may be attested by the signature of the Secretary or by the signature of any such Assistant Secretary. The Board of Directors may give general authority to any other officer to affix the seal of the Corporation and to attest to the affixing by such officer's signature. The Secretary shall see that all books, reports, statements, certificates and other documents and records required by law to be kept or filed are properly kept or filed, as the case may be.

Section 8. Treasurer. The Treasurer shall have the custody of the corporate funds and securities and shall keep full and accurate accounts of receipts and disbursements in books belonging to the Corporation and shall deposit all moneys and other valuable effects in the name and to the credit of the Corporation in such depositories as may be designated by the Board of Directors. The Treasurer shall disburse the funds of the Corporation as may be ordered by the Board of Directors, taking proper vouchers for such disbursements, and shall render to the President and the Board of Directors, at its regular meetings, or when the Board of Directors so requires, an account of all transactions as Treasurer and of the financial condition of the Corporation. If required by the Board of Directors, the Treasurer shall give the Corporation a bond in such sum and with such surety or sureties as shall be satisfactory to the Board of Directors for the faithful performance of the duties of the office of the Treasurer and for the restoration to the Corporation, in case of the Treasurer's death, resignation, retirement or removal from office, of all books, papers, vouchers, money and other property of whatever kind in the Treasurer's possession or under the Treasurer's control belonging to the Corporation.

Section 9. Assistant Secretaries. Assistant Secretaries, if there be any, shall perform such duties and have such powers as from time to time may be assigned to them by the Board of Directors, the President, any Vice President, if there be one, or the Secretary, and in the absence of the Secretary or in the event of the Secretary's inability or refusal to act, shall perform the duties of the Secretary, and when so acting, shall have all the powers of and be subject to all the restrictions upon the Secretary.

Section 10. Assistant Treasurers. Assistant Treasurers, if there be any, shall perform such duties and have such powers as from time to time may be assigned to them by the Board of Directors, the President, any Vice President, if there be one, or the Treasurer, and in the absence of the Treasurer or in the event of the Treasurer's inability or refusal to act, shall perform the duties of the Treasurer, and when so acting, shall have all the powers of and be subject to all the restrictions upon the Treasurer. If required by the Board of Directors, an Assistant Treasurer shall give the Corporation a bond in such sum and with such surety or sureties as shall be satisfactory to the Board of Directors for the faithful performance of the duties of the office of Assistant Treasurer and for the restoration to the Corporation, in case of the Assistant Treasurer's death, resignation, retirement or removal from office, of all books, papers, vouchers, money and other property of whatever kind in the Assistant Treasurer's possession or under the Assistant Treasurer's control belonging to the Corporation.

Section 11. Other Officers. Such other officers as the Board of Directors may choose shall perform such duties and have such powers as from time to time may be assigned to them by the Board of Directors. The Board of Directors may delegate to any other officer of the Corporation the power to choose such other officers and to prescribe their respective duties and powers.

ARTICLE V

STOCK

Section 1. Shares of Stock. The shares of capital stock of the Corporation shall be represented by a certificate, unless and until the Board of Directors adopts a resolution permitting shares to be uncertificated. Notwithstanding the adoption of any such resolution providing for uncertificated shares, every holder of stock in the Corporation theretofore represented by certificates and, upon request, every holder of uncertificated shares, shall be entitled to have a certificate for shares of capital stock of the Corporation signed by, or in the name of the Corporation (i) by the Chairman of the Board of Directors, or the President or a Vice President and (ii) by the Treasurer or an Assistant Treasurer, or the Secretary or an Assistant Secretary of the Corporation, certifying the number of shares owned by such stockholder in the Corporation.

Section 2. Signatures. Any or all of the signatures on a certificate may be a facsimile. In case any officer, transfer agent or registrar who has signed or whose facsimile signature has been placed upon a certificate shall have ceased to be such officer, transfer agent or registrar before such certificate is issued, it may be issued by the Corporation with the same effect as if such person were such officer, transfer agent or registrar at the date of issue.

Section 3. Lost Certificates. The Board of Directors may direct a new certificate of stock or uncertificated shares to be issued in place of any certificate theretofore issued by the Corporation alleged to have been lost, stolen or destroyed, upon the making of an affidavit of that fact by the person claiming the certificate of stock to be lost, stolen or destroyed. When authorizing such issue of a new certificate or uncertificated shares, the Board of Directors may, in its discretion and as a condition precedent to the issuance thereof, require the owner of such lost, stolen or destroyed certificate, or such owner's legal representative, to advertise the same in such manner as the Board of Directors shall require and/or to give the Corporation a bond in such sum as it may direct as indemnity against any claim that may be made against the

Corporation on account of the alleged loss, theft or destruction of such certificate or the issuance of such new certificate or uncertificated shares.

Section 4. Transfers. Stock of the Corporation shall be transferable in the manner prescribed by applicable law and in these By-Laws. Transfers of stock shall be made on the books of the Corporation, and in the case of certificated shares of stock, only by the person named in the certificate or by such person's attorney lawfully constituted in writing and upon the surrender of the certificate therefor, properly endorsed for transfer and payment of all necessary transfer taxes; or, in the case of uncertificated shares of stock, upon receipt of proper transfer instructions from the registered holder of the shares or by such person's attorney lawfully constituted in writing, and upon payment of all necessary transfer taxes and compliance with appropriate procedures for transferring shares in uncertificated form; provided, however, that such surrender and endorsement, compliance or payment of taxes shall not be required in any case in which the officers of the Corporation shall determine to waive such requirement. With respect to certificated shares of stock, every certificate exchanged, returned or surrendered to the Corporation shall be marked "Cancelled," with the date of cancellation, by the Secretary or Assistant Secretary of the Corporation or the transfer agent thereof. No transfer of stock shall be valid as against the Corporation for any purpose until it shall have been entered in the stock records of the Corporation by an entry showing from and to whom transferred.

Section 5. Dividend Record Date. In order that the Corporation may determine the stockholders entitled to receive payment of any dividend or other distribution or allotment of any rights or the stockholders entitled to exercise any rights in respect of any change, conversion or exchange of stock, or for the purpose of any other lawful action, the Board of Directors may fix a record date, which record date shall not precede the date upon which the resolution fixing the record date is adopted, and which record date shall be not more than sixty (60) days prior to such action. If no record date is fixed, the record date for determining stockholders for any such purpose shall be at the close of business on the day on which the Board of Directors adopts the resolution relating thereto.

Section 6. Record Owners. The Corporation shall be entitled to recognize the exclusive right of a person registered on its books as the owner of shares to receive dividends, and to vote as such owner, and to hold liable for calls and assessments a person registered on its books as the owner of shares, and shall not be bound to recognize any equitable or other claim to or interest in such share or shares on the part of any other person, whether or not it shall have express or other notice thereof, except as otherwise required by law.

Section 7. Transfer and Registry Agents. The Corporation may from time to time maintain one or more transfer offices or agencies and registry offices or agencies at such place or places as may be determined from time to time by the Board of Directors.

ARTICLE VI

NOTICES

Section 1. Notices. Whenever written notice is required by law, the Certificate of Incorporation or these By-Laws, to be given to any director, member of a committee or stockholder, such notice may be given by mail, addressed to such director, member of a committee or stockholder, at such person's address as it appears on the records of the Corporation, with postage thereon prepaid, and such notice shall be deemed to be given at the time when the same shall be deposited in the United States mail. Without limiting the manner by which notice otherwise may be given effectively to stockholders, any notice to stockholders given by the Corporation under applicable law, the Certificate of Incorporation or these By-Laws shall be effective if given by a form of electronic transmission if consented to by the stockholder to whom the notice is given. Any such consent shall be revocable by the stockholder by written notice to the Corporation. Any such consent shall be deemed to be revoked if (i) the Corporation is unable to deliver by electronic transmission two (2) consecutive notices by the Corporation in accordance with such consent and (ii) such inability becomes known to the Secretary or Assistant Secretary of the Corporation or to the transfer agent, or other person responsible for the giving of notice; provided, however, that the inadvertent failure to treat such inability as a revocation shall not invalidate any meeting or other action. Notice given by electronic transmission, as described above, shall be deemed given: (i) if by facsimile telecommunication, when directed to a number at which the stockholder has consented to receive notice; (ii) if by electronic mail, when directed to an electronic mail address at which the stockholder has consented to receive notice; (iii) if by a posting on an electronic network, together with separate notice to the stockholder of such specific posting, upon the later of (A) such posting and (B) the giving of such separate notice; and (iv) if by any other form of electronic transmission, when directed to the stockholder. Notice to directors or committee members may be given personally or by telegram, telex, cable or by means of electronic transmission.

Section 2. Waivers of Notice. Whenever any notice is required by applicable law, the Certificate of Incorporation or these By-Laws, to be given to any director, member of a committee or stockholder, a waiver thereof in writing, signed by the person or persons entitled to notice, or a waiver by electronic transmission by the person or persons entitled to notice, whether before or after the time stated therein, shall be deemed equivalent thereto. Attendance of a person at a meeting, present in person or represented by proxy, shall constitute a waiver of notice of such meeting, except where the person attends the meeting for the express purpose of objecting at the beginning of the meeting to the transaction of any business because the meeting is not lawfully called or convened. Neither the business to be transacted at, nor the purpose of, any Annual or Special Meeting of Stockholders or any regular or special meeting of the directors or members of a committee of directors need be specified in any written waiver of notice unless so required by law, the Certificate of Incorporation or these By-Laws.

ARTICLE VII

GENERAL PROVISIONS

Section 1. Dividends. Dividends upon the capital stock of the Corporation, subject to the requirements of the DGCL and the provisions of the Certificate of Incorporation, if any, may be declared by the Board of Directors at any regular or special meeting of the Board of Directors (or any action by written consent in lieu thereof in accordance with Section 8 of Article III hereof), and may be paid in cash, in property, or in shares of the Corporation's capital stock. Before payment of any dividend, there may be set aside out of any funds of the Corporation available for dividends such sum or sums as the Board of Directors from time to time, in its absolute discretion, deems proper as a reserve or reserves to meet contingencies, or for purchasing any of the shares of capital stock, warrants, rights, options, bonds, debentures, notes, scrip or other securities or evidences of indebtedness of the Corporation, or for equalizing dividends, or for repairing or maintaining any property of the Corporation, or for any proper purpose, and the Board of Directors may modify or abolish any such reserve.

Section 2. Disbursements. All checks or demands for money and notes of the Corporation shall be signed by such officer or officers or such other person or persons as the Board of Directors may from time to time designate.

Section 3. Fiscal Year. The fiscal year of the Corporation shall be fixed by resolution of the Board of Directors.

Section 4. Corporate Seal. The corporate seal shall have inscribed thereon the name of the Corporation, the year of its organization and the words "Corporate Seal, Delaware". The seal may be used by causing it or a facsimile thereof to be impressed or affixed or reproduced or otherwise.

ARTICLE VIII

INDEMNIFICATION

The Corporation shall indemnify its directors and officers to the fullest extent authorized or permitted by applicable law, as now or hereafter in effect, and such right to indemnification shall continue as to a person who has ceased to be a director or officer of the Corporation and shall inure to the benefit of his or her heirs, executors and personal and legal representatives; provided, however, that, except for proceedings to enforce rights to indemnification, the Corporation shall not be obligated to indemnify any director or officer (or his or her heirs, executors or personal or legal representatives) in connection with a proceeding (or part thereof) initiated by such person unless such proceeding (or part thereof) was authorized or consented to by the Board of Directors. The right to indemnification conferred by this Article VIII shall include the right to be paid by the Corporation the expenses incurred in defending or otherwise participating in any proceeding in advance of its final disposition upon receipt by the Corporation of an undertaking by or on behalf of the director or officer receiving advancement to repay the amount advanced if it shall ultimately be determined that such person is not entitled to be indemnified by the Corporation under this Article VIII.

The Corporation may, to the extent authorized from time to time by the Board of Directors, provide rights to indemnification and to the advancement of expenses to employees and agents of the Corporation similar to those conferred in this Article VIII to directors and officers of the Corporation.

The rights to indemnification and to the advancement of expenses conferred in this Article VIII shall not be exclusive of any other right which any person may have or hereafter acquire under the Certificate of Incorporation, the By-Laws of the Corporation, any statute, agreement, vote of stockholders or disinterested directors or otherwise.

Any repeal or modification of this Article VIII by the stockholders of the Corporation shall not adversely affect any rights to indemnification and to the advancement of expenses of a director, officer, employee or agent of the Corporation existing at the time of such repeal or modification with respect to any acts or omissions occurring prior to such repeal or modification.

ARTICLE IX

AMENDMENTS

Section 1. Amendments. These By-Laws may be altered, amended or repealed, in whole or in part, or new By-Laws may be adopted by the stockholders or by the Board of Directors; provided, however, that notice of such alteration, amendment, repeal or adoption of new By-Laws be contained in the notice of such meeting of the stockholders or Board of Directors, as the case may be. All such amendments must be approved by either the holders of a majority of the outstanding capital stock entitled to vote thereon or by a majority of the entire Board of Directors then in office.

Section 2. Entire Board of Directors. As used in this Article IX and in these By-Laws generally, the term "entire Board of Directors" means the total number of directors which the Corporation would have if there were no vacancies.

* * *

Adopted as of: December 20, 2007

Last Amended as of: ____________________

Exhibit 4.1

FORM OF REGISTRATION RIGHTS AGREEMENT

This Registration Rights Agreement (this "*Agreement*") is made and entered into as of December 20, 2007, by and between MYR Group Inc., a Delaware corporation (together with any successor entity thereto, the "*Company*"), and Friedman, Billings, Ramsey & Co., Inc., a Delaware corporation ("*FBR*"), for the benefit of FBR, the purchasers of the Company's common stock, $0.01 par value per share, as participants ("*Participants*") in the private placement by the Company of shares of its common stock, and the direct and indirect transferees of FBR, and each of the Participants.

This Agreement is made pursuant to the Purchase/Placement Agreement (the "*Purchase/Placement Agreement*"), dated as of December 13, 2007, by and between the Company and FBR in connection with the purchase and sale or placement of an aggregate of 17,432,552 shares of the Company's common stock (plus an additional 1,743,254 shares to cover additional allotments, if any). In order to induce FBR to enter into the Purchase/Placement Agreement, the Company has agreed to provide the registration rights provided for in this Agreement to FBR, the Participants, and their respective direct and indirect transferees. The execution of this Agreement is a condition to the closing of the transactions contemplated by the Purchase/Placement Agreement.

The parties hereby agree as follows:

1. *Definitions*

As used in this Agreement, the following terms shall have the following meanings:

Accredited Investor Shares: Shares initially sold by the Company to "accredited investors" (within the meaning of Rule 501(a) promulgated under the Securities Act) as Participants.

Affiliate: As to any specified Person, (i) any Person directly or indirectly owning, controlling or holding, with power to vote, ten percent or more of the outstanding voting securities of such other Person, (ii) any Person, ten percent or more of whose outstanding voting securities are directly or indirectly owned, controlled or held, with power to vote, by such other Person, (iii) any Person directly or indirectly controlling, controlled by or under common control with such other Person, (iv) any executive officer, director, trustee or general partner of such Person and (v) any legal entity for which such Person acts as an executive officer, director, trustee or general partner. An indirect relationship shall include circumstances in which a Person's spouse, children, parents, siblings or mother, father, sister- or brother-in-law is or has been associated with a Person.

Agreement: As defined in the preamble.

Board of Directors: As defined in Section 6(a) hereof.

Business Day: With respect to any act to be performed hereunder, each Monday, Tuesday, Wednesday, Thursday and Friday that is not a day on which banking institutions in New York, New York or other applicable places where such act is to occur are authorized or obligated by applicable law, regulation or executive order to close.

Closing Date: December 20, 2007 or such other time or such other date as FBR and the Company may agree.

Commission: The Securities and Exchange Commission.

Common Stock: The common stock, $0.01 par value per share, of the Company.

Company: As defined in the preamble.

Controlling Person: As defined in Section 7(a) hereof.

End of Suspension Notice: As defined in Section 6(b) hereof.

Exchange Act: The Securities Exchange Act of 1934, as amended, and the rules and regulations promulgated by the Commission pursuant thereto.

FBR: As defined in the preamble.

FINRA: The Financial Industry Regulatory Authority, Inc.

Holder: Each record owner of any Registrable Shares from time to time, including FBR and its Affiliates.

Indemnified Party: As defined in Section 7(c) hereof.

Indemnifying Party: As defined in Section 7(c) hereof.

IPO Registration Statement: As defined in Section 2(b) hereof.

Issuer Free Writing Prospectus: As defined in Section 2(c) hereof.

Liabilities: As defined in Section 7(a) hereof.

No Objections Letter: As defined in Section 5(t) hereof.

Nominee: As defined in Section 3(c) hereof.

Participants: As defined in the preamble.

Person: An individual, partnership, corporation, trust, unincorporated organization, government or agency or political subdivision thereof, or any other legal entity.

Proceeding: An action, claim, suit or proceeding (including without limitation, an investigation or partial proceeding, such as a deposition), whether commenced or, to the knowledge of the Person subject thereto, threatened.

Prospectus: The prospectus included in any Registration Statement, including any preliminary prospectus at the "time of sale" within the meaning of Rule 159 under the Securities Act and all other amendments and supplements to any such prospectus, including post-effective amendments, and all material incorporated by reference or deemed to be incorporated by reference, if any, in such prospectus.

Purchase/Placement Agreement: As defined in the preamble.

Purchaser Indemnitee: As defined in Section 7(a) hereof.

Registrable Shares: The Rule 144A Shares, the Accredited Investor Shares and the Regulation S Shares, upon original issuance thereof, and at all times subsequent thereto, including upon the transfer thereof by the original holder or any subsequent holder and any shares or other securities issued in respect of such Registrable Shares by reason of or in connection with any stock dividend, stock distribution, stock split, purchase in any rights offering or in connection with any exchange for or replacement of such Registrable Shares or any combination of shares, recapitalization, merger or consolidation, or any other equity securities issued pursuant to any other pro rata distribution with respect to the Common Stock, until, in the case of any such Rule 144A Share, Accredited Investor Share or Regulation S Share, the earliest to occur of (i) the date on which the resale of such share has been registered pursuant to the Securities Act and it has been disposed of in accordance with the Registration Statement relating to it, (ii) the date on which either it has been transferred pursuant to Rule 144 (or any similar provision then in effect) or is saleable pursuant to Rule 144(k) promulgated by the Commission pursuant to the Securities Act or (iii) the date on which it is sold or transferred to the Company.

Registration Default: As defined in Section 2(f) hereof.

Registration Expenses: Any and all expenses incident to the performance of or compliance with this Agreement, including, without limitation: (i) all Commission, securities exchange, FINRA registration, listing, inclusion and filing fees; (ii) all fees and expenses incurred in connection with compliance with international, federal or state securities or blue sky laws (including, without limitation, any registration, listing and filing fees and fees and disbursements of counsel in connection with blue sky qualification of any of the Registrable Shares and the preparation of a blue sky memorandum and compliance with the rules of FINRA); (iii) all expenses in preparing or assisting in preparing, word processing, duplicating, printing, delivering and distributing any Registration Statement, any Prospectus, any amendments or supplements thereto, any underwriting agreements, securities sales agreements, certificates and any other documents relating to the performance under and compliance with this Agreement; (iv) all fees and expenses incurred in connection with the listing or inclusion of any of the Registrable Shares on any securities exchange pursuant to Section 5(n) of this Agreement; (v) the fees and disbursements of counsel for the Company and of the independent registered public accounting firm of the Company (including, without limitation, the expenses of any special audit and "cold comfort" letters required by or incident to the performance of this Agreement); (vi) reasonable fees and disbursements of Nelson Mullins Riley & Scarborough, LLP, or one such other counsel, reasonably acceptable to the Company, for the Holders, selected by the Holders holding a majority of the Registrable Shares (such counsel, "*Selling Holders' Counsel*"); and (vii) any fees and disbursements customarily paid by issuers in issues and sales of securities (including the fees and expenses of any experts retained by the Company in connection with any Registration Statement); *provided, however*, that Registration Expenses shall exclude transfer taxes, brokers' or underwriters' discounts and commissions, if any, relating to the sale or disposition of Registrable Shares by a Holder.

Registration Statement: Any registration statement of the Company that covers the resale of Registrable Shares pursuant to the provisions of this Agreement, including the Prospectus, amendments and supplements to such registration statement or Prospectus, including pre- and post-effective amendments, all exhibits thereto and all material incorporated by reference or deemed to be incorporated by reference, if any, in such registration statement.

Regulation S: Regulation S (Rules 901-905) promulgated by the Commission under the Securities Act, as such rules may be amended from time to time, or any similar rule or regulation hereafter adopted by the Commission as a replacement thereto having substantially the same effect as such regulation.

Regulation S Shares: Shares initially resold by FBR pursuant to the Purchase/Placement Agreement to "non-U.S. persons" (in accordance with Regulation S) in an "offshore transaction" (in accordance with Regulation S).

Rule 144: Rule 144 promulgated by the Commission pursuant to the Securities Act, as such rule may be amended from time to time, or any similar rule or regulation hereafter adopted by the Commission as a replacement thereto having substantially the same effect as such rule.

Rule 144A: Rule 144A promulgated by the Commission pursuant to the Securities Act, as such rule may be amended from time to time, or any similar rule or regulation hereafter adopted by the Commission as a replacement thereto having substantially the same effect as such rule.

Rule 144A Shares: Shares initially resold by FBR pursuant to the Purchase/Placement Agreement to "qualified institutional buyers" (as such term is defined in Rule 144A).

Rule 158: Rule 158 promulgated by the Commission pursuant to the Securities Act, as such rule may be amended from time to time, or any similar rule or regulation hereafter adopted by the Commission as a replacement thereto having substantially the same effect as such rule.

Rule 159: Rule 159 promulgated by the Commission pursuant to the Securities Act, as such rule may be amended from time to time, or any similar rule or regulation hereafter adopted by the Commission as a replacement thereto having substantially the same effect as such rule.

Rule 405: Rule 405 promulgated by the Commission pursuant to the Securities Act, as such rule may be amended from time to time, or any similar rule or regulation hereafter adopted by the Commission as a replacement thereto having substantially the same effect as such rule.

Rule 415: Rule 415 promulgated by the Commission pursuant to the Securities Act, as such rule may be amended from time to time, or any similar rule or regulation hereafter adopted by the Commission as a replacement thereto having substantially the same effect as such rule.

Rule 424: Rule 424 promulgated by the Commission pursuant to the Securities Act, as such rule may be amended from time to time, or any similar rule or regulation hereafter adopted by the Commission as a replacement thereto having substantially the same effect as such rule.

Rule 429: Rule 429 promulgated by the Commission pursuant to the Securities Act, as such rule may be amended from time to time, or any similar rule or regulation hereafter adopted by the Commission as a replacement thereto having substantially the same effect as such rule.

Rule 433: Rule 433 promulgated by the Commission pursuant to the Securities Act, as such rule may be amended from time to time, or any similar rule or regulation hereafter adopted by the Commission as a replacement thereto having substantially the same effect as such rule.

Securities Act: The Securities Act of 1933, as amended, and the rules and regulations promulgated by the Commission thereunder.

Shares: The shares of Common Stock being offered and sold pursuant to the terms and conditions of the Purchase/Placement Agreement.

Shelf Registration Statement: As defined in Section 2(a) hereof.

Special Election Meeting: As defined in Section 3(a) hereof.

Suspension Event: As defined in Section 6(b) hereof.

Suspension Notice: As defined in Section 6(b) hereof.

Underwritten Offering: A sale of securities of the Company to an underwriter or underwriters for re-offering to the public.

2. *Registration Rights*

(a) *Mandatory Shelf Registration.* As set forth in Section 5 hereof, the Company agrees to file with the Commission as soon as reasonably practicable following the date of this Agreement (but in no event later than the date that is 120 days after the date of this Agreement) a shelf Registration Statement on Form S-1 or such other form under the Securities Act then available to the Company providing for the resale of any Registrable Shares pursuant to Rule 415 from time to time by the Holders (a "*Shelf Registration Statement*"). The Company shall use its commercially reasonable efforts to cause such Shelf Registration Statement to be declared effective by the Commission as soon as practicable. Any Shelf Registration Statement shall provide for the resale from time to time, and pursuant to any method or combination of methods legally available (including, without limitation, an Underwritten Offering, a direct sale to purchasers or a sale through brokers or agents, which may include sales over the internet) by the Holders of any and all Registrable Shares. The undersigned hereby acknowledges on behalf of the Holders that each management stockholder that is or becomes party to that Management Stockholders Agreement dated March 10, 2006 shall be entitled to have his or her shares then owned listed on the Shelf Registration Statement, and each management option holder holding options on the date hereof shall be entitled to have the shares underlying his or her options listed on the Shelf Registration Statement.

(b) *IPO Registration.* If the Company proposes to file a registration statement on Form S-1 or such other form under the Securities Act providing for the initial public offering of shares of Common Stock (the "*IPO Registration Statement*"), the Company will notify in writing each Holder of the proposed filing and afford each Holder an opportunity to include in the IPO Registration Statement all or any part of the Registrable Shares then held by such Holder. Each Holder desiring to include in the IPO Registration Statement all or part of the Registrable Shares held by such Holder shall, within fifteen (15) days after receipt of the above-described notice from the Company, so notify the Company in writing, and in such notice shall inform the Company of the number of Registrable Shares such Holder wishes to include in the IPO Registration Statement. Any election by any Holder to include any Registrable Shares in the IPO Registration Statement will not affect the inclusion of such Registrable Shares in the Shelf Registration Statement until such Registrable Shares have been sold under the IPO Registration Statement.

(i) *Right to Terminate IPO Registration*. The Company shall have the right to terminate or withdraw the IPO Registration Statement initiated by it referred to in this Section 2(b) prior to the effectiveness of such registration whether or not any Holder has elected to include Registrable Shares in such registration; *provided, however*, the Company must provide each Holder that elected to include any Registrable Shares in such IPO Registration Statement prompt written notice of such termination. Furthermore, in the event the IPO Registration Statement is not declared effective within one hundred thirty-five (135) days following the initial filing of the IPO Registration Statement, unless a road show for the Underwritten Offering pursuant to the IPO Registration Statement is actually in progress at such time, the Company shall promptly provide a new written notice to all Holders giving them another opportunity to elect to include Registrable Shares in the pending IPO Registration Statement. Each Holder receiving such notice shall have the same election rights afforded such Holder as described in clause (b) above.

(ii) *Selection of Underwriter*. The Company shall have the sole right to select the managing underwriter(s) for its initial public offering, regardless of whether any Registrable Securities are included in the IPO Registration Statement or otherwise.

(iii) *Shelf Registration not Impacted by IPO Registration Statement.* The Company's obligation to file the Shelf Registration Statement pursuant to Section 2(a) hereof shall not be affected by the filing or effectiveness of the IPO Registration Statement.

(c) *Issuer Free Writing Prospectus*. The Company represents and agrees that, unless it obtains the prior consent of Selling Holders' Counsel or the consent of the managing underwriter in connection with any Underwritten Offering of Registrable Shares, and each Holder represents and agrees that, unless it obtains the prior consent of the Company and any such underwriter, the Company will not make any offer relating to the Shares that would constitute an "issuer free writing prospectus," as defined in Rule 433 (an "*Issuer Free Writing Prospectus*"), or that would otherwise constitute a "free writing prospectus," as defined in Rule 405, required to be filed with the Commission. The Company represents that any Issuer Free Writing Prospectus will not include any information that conflicts with the information contained in any Registration Statement or the related Prospectus and, any Issuer Free Writing Prospectus, when taken together with the information in such Registration Statement and the related Prospectus, will not include any untrue statement of a material fact or omit to state any material fact necessary in order to make the statements therein, in light of the circumstances under which they were made, not misleading.

(d) *Underwriting*. The Company shall advise all Holders of the underwriter for the Underwritten Offering proposed under the IPO Registration Statement. The right of any such Holder's Registrable Shares to be included in the IPO Registration Statement pursuant to Section 2(b) shall be conditioned upon such Holder's participation in such underwriting and the inclusion of such Holder's Registrable Shares in the underwriting to the extent provided herein. All Holders proposing to distribute their Registrable Shares through such underwriting shall enter into an underwriting agreement in customary form with the managing underwriter(s) selected for such underwriting and complete and execute any questionnaires, powers of attorney, indemnities, custody agreements, securities escrow agreements and other documents reasonably required under the terms of such underwriting, and furnish to the Company such information as the Company may reasonably request in writing for inclusion in the Registration Statement; *provided*, *however*, that no Holder shall be required to make any representations or warranties to or agreements with the Company or the underwriters other than representations, warranties or agreements regarding such Holder and such Holder's intended method of distribution and any other representation required by law or reasonably requested by the underwriters. Notwithstanding any other provision of this Agreement, if the managing underwriter(s) determine(s) in good faith that marketing factors require a limitation on the number of shares to be included, then the managing underwriter(s) may exclude shares (including Registrable Shares) from the IPO Registration Statement and Underwritten Offering, and any shares included in such IPO Registration Statement and Underwritten Offering shall be allocated *first*, to the Company, and *second*, to each of the Holders requesting inclusion of their Registrable Shares in such IPO Registration Statement (on a *pro rata* basis based on the total number of Registrable Shares then held by each such Holder who is requesting inclusion); *provided*, *however*, that the number of Registrable Shares to be included in the IPO Registration Statement shall not be reduced unless all other securities of the Company held by (i) officers, directors, other employees of the Company and consultants other than holders who do not waive their piggyback registration rights under Article III of the Management Stockholders Agreement, dated as March 10, 2006, among the Company and the management stockholders party thereto; and (ii) other holders of the Company's capital stock with registration rights that are inferior (with respect to such reduction) to the registration rights of the Holders set forth herein, are first entirely excluded from the underwriting and registration; *provided*, *further*, *however*, that Holders of Registrable Shares shall be permitted to include Registrable Shares comprising at least

25% of the total securities included in the Underwritten Offering proposed under the IPO Registration Statement.

By electing to include the Registrable Shares in the IPO Registration Statement, the Holder of such Registrable Shares shall be deemed to have agreed not to effect any public sale or distribution of securities of the Company of the same or similar class or classes of the securities included in the IPO Registration Statement or any securities convertible into or exchangeable or exercisable for such securities, including a sale pursuant to Rule 144 or Rule 144A under the Securities Act, during such periods as reasonably requested (but in no event for a period longer than thirty (30) days prior to the anticipated effective date of the IPO Registration Statement and one hundred eighty (180) days following the effective date of the IPO Registration Statement) by the representatives of the underwriters, if an Underwritten Offering, or by the Company in any other registration.

If any Holder disapproves of the terms of any such underwriting, such Holder may elect to withdraw therefrom by written notice to the Company and the managing underwriter(s), delivered at least five (5) Business Days prior to the commencement of any roadshow relating to securities offered under the IPO Registration Statement, or such shorter time as the managing underwriter(s) may agree. Any Registrable Shares excluded or withdrawn from such underwriting shall be excluded and withdrawn from the registration.

(e) *Expenses*. The Company shall pay all Registration Expenses in connection with the registration of the Registrable Shares pursuant to this Agreement. Each Holder participating in a registration pursuant to this Section 2 shall bear such Holder's proportionate share (based on the total number of Registrable Shares sold in such registration) of all discounts and commissions payable to underwriters or brokers in connection with a registration of Registrable Shares pursuant to this Agreement.

(f) *Executive Bonus*. If the Company does not file a Registration Statement registering the resale of the Registrable Shares within 120 days after the Closing Date, other than as a result of the Commission being unable to accept such filings (a "*Registration Default*"), then, for each day the Registration Default continues, William A. Koertner, President and Chief Executive Officer, shall forfeit 1.0% of any bonus that would otherwise be payable to him in the 2008 fiscal year (or to which he became entitled as a result of performance during the 2008 fiscal year), whether under an employment agreement with the Company, a bonus plan or any other bonus arrangement, including any bonus compensation for which payment would otherwise be deferred until after 2008. No bonuses, compensation, awards, equity compensation or other amounts shall be payable or granted in lieu of or to make such President and Chief Executive Officer whole for any such forfeited bonuses.

3. *Special Election Meeting.*

(a) If a Registration Statement registering the resale of the Registrable Shares has not been declared effective by the Commission on a date that is 18 months after the Closing Date (the "Trigger Date"), the Secretary of the Company shall call a special meeting of stockholders (the

"Special Election Meeting") in accordance with the Bylaws of the Company. The Special Election Meeting shall occur as soon as possible following the Trigger Date but in no event more than thirty (30) days after the Trigger Date.

(b) *Purposes of Meeting*. The Special Election Meeting shall be called solely for the purposes of (i) considering and voting upon proposals to remove each then-serving director of the Company; and (ii) electing such number of directors as there are then vacancies on the Board of Directors of the Company (including any vacancies created by the removal of any director pursuant to Section 3(b)(i) hereof). The removal of any director pursuant to Section 3(b)(i) hereof shall be effective immediately upon the receipt of the final report of the Inspector of Elections for the Special Election Meeting of the result of the vote on the proposal to remove such director.

(c) *Nominations*. Nominations of individuals for election to the Board of Directors of the Company at the Special Election Meeting may only be made (i) by or at the direction of the Board of Directors or (ii) upon receipt by the Company of written notice of Holders entitled to cast, or direct the casting of, not less than 20% of all the votes entitled to be cast at the Special Election Meeting and containing the information specified by Section 3(d) hereof. Each individual whose nomination is made in accordance with this Section 3(c) is hereinafter referred to as a "Nominee."

(d) *Procedure for Stockholder Nominations*. For nominations of individuals for election to the Board of Directors to be properly brought before the Special Election Meeting by Holders pursuant to Section 3(c)(ii) hereof, the Holders must have given notice thereof in writing to the Secretary of the Company not later than 5:00 p.m., Eastern Time, on the 10^{th} calendar day after the Trigger Date. Such notice shall include each such proposed Nominee's written consent to serving as a director, if elected, and shall specify:

(i) as to each proposed Nominee, the name, age, business address and residence address of such proposed Nominee and all other information relating to such proposed Nominee that would be required, pursuant to Regulation 14A promulgated under the Exchange Act (or any successor provision), to be disclosed in a contested solicitation of proxies with respect to the election of such individual as a director; and

(ii) as to each Holder giving the notice, the class, series and number of all shares of beneficial interest of the Company that are owned by such Holder, beneficially or of record.

(e) *Notice*. Not less than ten (10) nor more than sixty (60) days before the Special Election Meeting, the Secretary of the Company shall give to each stockholder entitled to vote at, or to notice of, such meeting at such stockholder's address as it appears in the share transfer records of the Company, notice in writing setting forth (i) the time and place of the Special Election Meeting, (ii) the purposes for which the Special Election Meeting has been called and (iii) the name of each Nominee.

4. ***Rules 144 and 144A Reporting***

With a view to making available the benefits of certain rules and regulations of the Commission that may at any time permit the sale of the Registrable Shares to the public without registration, the Company agrees to:

(a) use its commercially reasonable efforts to make and keep public information available, as those terms are understood and defined in Rule 144 under the Securities Act, at all times after the effective date of the first registration statement under the Securities Act filed by the Company for an offering of its securities to the general public;

(b) use its commercially reasonable efforts to file with the Commission in a timely manner all reports and other documents required to be filed by the Company under the Securities Act and the Exchange Act (at any time after it has become subject to such reporting requirements);

(c) so long as a Holder owns any Registrable Shares, if the Company is not required to file reports and other documents under the Securities Act and the Exchange Act, it will make available other information as required by, and so long as necessary to permit sales of Registrable Shares pursuant to, Rule 144 or Rule 144A, and in any event shall make available (either by mailing a copy thereof, by posting on the Company's website, or by press release) to each Holder a copy of:

(i) the Company's annual consolidated financial statements (including at least balance sheets, statements of profit and loss, statements of stockholders' equity and statements of cash flows) prepared in accordance with generally accepted accounting principles in the U.S., accompanied by an audit report of the Company's independent accountants, no later than ninety (90) days after the end of each fiscal year of the Company; and

(ii) the Company's unaudited quarterly financial statements (including at least balance sheets, statements of profit and loss, statements of stockholders' equity and statements of cash flows) prepared in a manner consistent with the preparation of the Company's annual financial statements, no later than forty-five (45) days after the end of each fiscal quarter of the Company;

the Company shall hold, a reasonable time after the availability of such financial statements and upon reasonable notice to the Holders and FBR (either by mail, by posting on the Company's website, or by press release), a quarterly investor conference call to discuss such financial statements, which call will also include an opportunity for the Holders to ask questions of management with regard to such financial statements, and will also cooperate with, and make management reasonably available to, FBR personnel in connection with making Company information available to investors; and

(d) at any time after it has become subject to the reporting requirements of the Exchange Act, so long as a Holder owns any Registrable Shares, to furnish to the Holder promptly upon request (i) a written statement by the Company as to its compliance with the reporting requirements of Rule 144 (at any time after ninety (90) days after the effective date of the first registration statement filed by the Company for an offering of its securities to the general public), and of the Securities Act and the Exchange Act, (ii) a copy of the most recent annual or quarterly report of the Company, and (iii) such other reports and documents of the Company, and take such further actions, as a Holder may reasonably request in availing itself of any rule or regulation of the Commission allowing a Holder to sell any such Registrable Shares without registration.

5. ***Registration Procedures***

In connection with the obligations of the Company with respect to any registration pursuant to this Agreement, the Company shall use its commercially reasonable efforts to effect or cause to be effected the registration of the Registrable Shares under the Securities Act to permit the sale of such Registrable Shares by the Holder or Holders in accordance with the Holder's or Holders' intended method or methods of distribution, and the Company shall:

(a) notify FBR, its counsel, and Selling Holders' Counsel, in writing, at least ten (10) Business Days prior to filing a Registration Statement, of its intention to file a Registration Statement pursuant to which Registrable Shares are to be registered with the Commission and, at least five (5) Business Days prior to filing, provide a copy of the Registration Statement pursuant to which Registrable Shares are to be registered to FBR and Selling Holders' Counsel for review and comment; prepare and file with the Commission, as specified in this Agreement, a Registration Statement(s), which Registration Statement(s) shall (x) comply as to form in all material respects with the requirements of the applicable form and include all financial statements required by the Commission to be filed therewith and (y) be reasonably acceptable to FBR, its counsel and Selling Holders' Counsel; notify FBR and Selling Holders' Counsel in writing, at least five (5) Business Days prior to filing of any amendment or supplement to such Registration Statement and, at least three (3) Business Days prior to filing, provide a copy of such amendment or supplement to FBR, its counsel and Selling Holders' Counsel for review and comment; promptly following receipt from the Commission, provide to FBR, its counsel and Selling Holders' Counsel copies of any comments made by the staff of the Commission relating to such Registration Statement and of the Company's responses thereto for review and comment; and use its commercially reasonable efforts to cause such Registration Statement to become effective as soon as practicable after filing and to remain effective, subject to Section 6 hereof, until the earlier of (i) such time as all Registrable Shares covered thereby have been sold in accordance with the intended distribution of such Registrable Shares, (ii) there are no Registrable Shares outstanding or (iii) the second anniversary of the effective date of such Registration Statement (subject to extension as provided in Section 6(c) hereof); *provided, however,* that the Company shall not be required to cause the IPO Registration Statement to remain effective for any period longer than ninety (90) days following the effective date of the IPO Registration Statement (subject to extension as provided in Section 6(c) hereof); *provided*, *further*, that if the Company has an effective Shelf Registration Statement on Form S-1 under the Securities Act and becomes eligible to use Form S-3 or such other short-form registration statement form under the Securities Act, the Company may, upon thirty (30) Business Days prior written notice to all Holders, register any Registrable Shares registered but not yet distributed under the effective Shelf Registration Statement on such a short-form Shelf Registration Statement and, once the short-form Shelf Registration Statement is declared effective, de-register such shares under the previous Registration Statement or transfer the filing fees from the previous Registration Statement (such transfer pursuant to Rule 429, if applicable) unless any Holder registered under the initial Shelf Registration Statement notifies the Company within fifteen (15) Business Days of receipt of the Company notice that such a registration under a new Registration Statement and de-registration of the initial Shelf Registration Statement would interfere with its distribution of Registrable Shares already in progress;

(b) subject to Section 5(i) hereof, (i) prepare and file with the Commission such amendments and post-effective amendments to each such Registration Statement as may be necessary to keep such Registration Statement effective for the period described in Section 5(a) hereof; (ii) cause each Prospectus contained therein to be supplemented by any required Prospectus supplement, and as so supplemented to be filed pursuant to Rule 424 or any similar rule that may be adopted under the Securities Act; and (iii) comply with the provisions of the Securities Act with respect to the disposition of all securities covered by each Registration Statement during the applicable period in accordance with the intended method or methods of distribution by the selling Holders thereof;

(c) furnish to the Holders, without charge, as many copies of each Prospectus, including each preliminary Prospectus, and any amendment or supplement thereto and such other documents as such Holder may reasonably request, in order to facilitate the public sale or other disposition of the Registrable Shares; the Company consents to the use of such Prospectus, including each preliminary Prospectus, by the Holders, if any, in connection with the offering and sale of the Registrable Shares covered by any such Prospectus;

(d) use its commercially reasonable efforts to register or qualify, or obtain exemption from registration or qualification for, all Registrable Shares by the time the applicable Registration Statement is declared effective by the Commission under all applicable state securities or "blue sky" laws of such jurisdictions as FBR or any Holder of Registrable Shares covered by a Registration Statement shall reasonably request in writing, keep each such registration or qualification or exemption effective during the period such Registration Statement is required to be kept effective pursuant to Section 5(a) and do any and all other acts and things that may be reasonably necessary or advisable to enable such Holder to consummate the disposition in each such jurisdiction of such Registrable Shares owned by such Holder; *provided, however,* that the Company shall not be required to (i) qualify generally to do business in any jurisdiction or to register as a broker or dealer in such jurisdiction where it would not otherwise be required to qualify but for this Section 5(d) and except as may be required by the Securities Act, (ii) subject itself to taxation in any such jurisdiction, or (iii) submit to the general service of process in any such jurisdiction;

(e) use its commercially reasonable efforts to cause all Registrable Shares covered by such Registration Statement to be registered and approved by such other governmental agencies or authorities as may be necessary to enable the Holders thereof to consummate the disposition of such Registrable Shares;

(f) (i) notify FBR and each Holder promptly and, if requested by FBR or any Holder, confirm such advice in writing (1) when a Registration Statement has become effective and when any post-effective amendments and supplements thereto become effective, (2) of the issuance by the Commission or any state securities authority of any stop order suspending the effectiveness of a Registration Statement or the initiation of any proceedings for that purpose, (3) of any request by the Commission or any other federal, state or foreign governmental authority for (A) amendments or supplements to a Registration Statement or related Prospectus or (B) additional information and (4) of the happening of any event during the period a Registration Statement is effective as a result of which such Registration Statement or the related Prospectus or any document incorporated by reference therein contains any untrue statement of a material fact or omits to state any material fact required to be stated therein or necessary to make the statements therein not misleading (which information shall be accompanied by an instruction to suspend the use of the Prospectus until the requisite changes have been made) and (ii) at the request of any such Holder, promptly to furnish to such Holder a reasonable number of copies of a supplement to or an amendment of such Prospectus as may be necessary so that, as thereafter delivered to the purchaser of such securities, such Prospectus shall not include an untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein not misleading;

(g) use its commercially reasonable efforts to avoid the issuance of, or if issued, to obtain the withdrawal of, any order enjoining or suspending the use or effectiveness of a Registration Statement or suspending the qualification of (or exemption from qualification of) any of the Registrable Shares for sale in any jurisdiction, as promptly as practicable;

(h) except as provided in Section 6, upon the occurrence of any event contemplated by Section 5(f)(i)(4) hereof, use its commercially reasonable efforts to promptly prepare a supplement or post-effective amendment to a Registration Statement or the related Prospectus or any document incorporated therein by reference or file any other required document so that, as thereafter delivered to the purchasers of the Registrable Shares, such Prospectus will not contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading;

(i) if requested by the representative of the underwriters, if any, or any Holders of Registrable Shares being sold in connection with such offering, (i) promptly incorporate in a Prospectus supplement or post-effective amendment such information as the representative of the underwriters, if any, or such Holders indicate relates to them or that they reasonably request be included therein and (ii) make all required filings of such Prospectus supplement or such post-effective amendment as soon as practicable after the Company has received notification of the matters to be incorporated in such Prospectus supplement or post-effective amendment;

(j) in the case of an Underwritten Offering, use its commercially reasonable efforts to furnish to the underwriters a signed counterpart, addressed to the underwriters, of: (i) an opinion of counsel for the Company, dated the date of each closing under the underwriting agreement, reasonably satisfactory to the underwriters; and (ii) a "comfort" letter, dated the pricing date of such Underwritten Offering and a bring-down of such letter dated the date of each closing under the underwriting agreement, signed by the independent public accountants who have certified the Company's financial statements included in such Registration Statement, covering substantially the same matters with respect to such Registration Statement (and the Prospectus included therein) and with respect to events subsequent to the date of such financial statements, as are customarily covered in accountants' letters delivered to underwriters in underwritten public offerings of securities;

(k) enter into customary agreements (including in the case of an Underwritten Offering, an underwriting agreement in customary form) and take all other action in connection therewith reasonably necessary in order to expedite or facilitate the distribution of the Registrable Shares included in such Registration Statement and, in the case of an Underwritten Offering, make representations and warranties to the underwriters in such form and scope as are customarily made by issuers to underwriters in underwritten offerings and confirm the same to the extent customary if and when requested; *provided*, this clause (k) shall not require officers or management of the Company to participate in any road show more than once in any given calendar year and provided further that this clause (k) will not require the Company to pay the expenses of any such road show.

(l) make available for inspection by representatives of the Holders and the representative of any underwriters participating in any disposition pursuant to a Registration Statement and any special counsel or accountants retained by such Holders or underwriters, all financial and other records, pertinent corporate documents and properties of the Company and cause the respective officers, directors and employees of the Company to supply all information reasonably requested upon reasonable notice by any such representatives, the representative of the underwriters, counsel thereto or accountants in connection with the offer and sale of Registrable Shares pursuant to a Registration Statement; *provided, however,* that such records, documents or information that the Company determines, in good faith, to be confidential and notifies such representatives, representative of the underwriters, counsel thereto or accountants are confidential shall not be disclosed by such representatives, representative of the underwriters, counsel thereto or accountants unless (i) the disclosure of such records, documents or information is necessary to avoid or correct a material misstatement or omission in a Registration Statement or Prospectus, provided that the person making the disclosure has first made a request to the Company to correct such material misstatement or omission and the Company has unreasonably refused such request, (ii) the release of such records, documents or information is ordered pursuant to a subpoena or other order from a court of competent jurisdiction; *provided*, that (A) the Company shall have first had the opportunity to seek an appropriate protective order or other appropriate remedy with respect to such subpoena or other court order and such request for relief shall have been denied and (B) if, in the absence of a protective order or other remedy, the Company is nonetheless legally compelled to release such records, documents or information or else stand liable for contempt or suffer other censure or penalty, the Company shall disclose only such portion of the records, documents or information that the Company is legally required to disclose; or (ii) such records, documents or information have been generally made available to the public other than in violation of this clause (m);

(m) use its commercially reasonable efforts (including, without limitation, seeking to cure any deficiencies cited by the exchange or market in the Company's listing or inclusion application) to list or include all Registrable Shares on the New York Stock Exchange or the Nasdaq Global Market;

(n) prepare and file in a timely manner all documents and reports required by the Exchange Act and, to the extent the Company's obligation to file such reports pursuant to Section 15(d) of the Exchange Act expires prior to the expiration of the effectiveness period of the Registration Statement as required by Section 5(a) hereof, the Company shall register the Registrable Shares under the Exchange Act and shall maintain such registration through the effectiveness period required by Section 5(a) hereof;

(o) provide a CUSIP number for all Registrable Shares, not later than the effective date of the Registration Statement;

(p) (i) otherwise use its commercially reasonable efforts to comply with all applicable rules and regulations of the Commission, (ii) make generally available to its stockholders, as soon as reasonably practicable, earnings statements covering at least 12 months that satisfy the provisions of Section 11(a) of the Securities Act and Rule 158 (or any similar rule promulgated under the Securities Act) thereunder, but in no event later than forty-five (45) days after the end of each fiscal year of the Company and (iii) not file any Registration Statement or Prospectus or amendment or supplement to such Registration Statement or Prospectus to which any Holder of Registrable Shares covered by any Registration Statement shall have reasonably objected on the grounds that such Registration Statement or Prospectus or amendment or supplement does not comply in all material respects with the requirements of the Securities Act;

(q) provide and cause to be maintained a registrar and transfer agent for all Registrable Shares covered by any Registration Statement from and after a date not later than the effective date of such Registration Statement;

(r) in connection with any sale or transfer of the Registrable Shares (whether or not pursuant to a Registration Statement) that will result in the securities being delivered no longer being Registrable Shares, cooperate with the Holders and the representative of the underwriters, if any, to facilitate the timely preparation and delivery of certificates representing the Registrable Shares to be sold, which certificates shall not bear any restrictive transfer legends unless required by applicable law and to enable such Registrable Shares to be in such denominations and registered in such names as the representative of the underwriters, if any, or the Holders may request at least two (2) Business Days prior to any sale of the Registrable Shares;

(s) in connection with the initial filing of a Shelf Registration Statement and each amendment thereto with the Commission pursuant to Section 2(a) hereof, cooperate with FBR in connection with the filing with FINRA of all forms and information required or requested by FINRA in order to obtain written confirmation from FINRA that FINRA does not object to the fairness and reasonableness of the underwriting terms and arrangements (or any deemed underwriting terms and arrangements) (each such written confirmation, a "*No Objections Letter*") relating to the resale of Registrable Shares pursuant to the Shelf Registration Statement, including, without limitation, information provided to FINRA through its COBRADesk system, and pay all costs, fees and expenses incident to FINRA's review of the Shelf Registration Statement and the related underwriting terms and arrangements, including, without limitation, all filing fees associated with any filings or submissions to FINRA and the legal expenses, filing fees and other disbursements of FBR and any other FINRA member that is the holder of, or is affiliated or associated with an owner of, Registrable Shares included in the Shelf Registration Statement (including in connection with any initial or subsequent member filing);

(t) in connection with the initial filing of a Shelf Registration Statement and each amendment thereto with the Commission pursuant to Section 2(a) hereof, provide to FBR and its representatives, the reasonable opportunity to conduct due diligence, including, without limitation, an inquiry of the Company's financial and other records, and make available members of its management for questions regarding information which FBR may reasonably request in order to fulfill any due diligence obligation on its part;

(u) upon effectiveness of the first Registration Statement filed under this Agreement, take such actions and make such filings as are necessary to effect the registration of the Common Stock under the Exchange Act simultaneously with or immediately following the effectiveness of the Registration Statement; and

(v) in the case of an Underwritten Offering, use its commercially reasonable efforts to cooperate and assist in any filings required to be made with FINRA and in the performance of any due diligence investigation by any underwriter and its counsel (including any "qualified independent underwriter," if applicable) that is required to be retained in accordance with the rules and regulations of FINRA).

The Company may require the Holders to furnish to the Company such information regarding the proposed distribution by such Holder of such Registrable Shares as the Company may from time to time reasonably request in writing or as shall be required to effect the registration of the Registrable Shares, and no Holder shall be entitled to be named as a selling stockholder in any Registration Statement and no Holder shall be entitled to use the Prospectus forming a part thereof if such Holder does not provide such information to the Company. Each Holder further agrees to furnish promptly to the Company in writing all information required from time to time to make the information previously furnished by such Holder not misleading.

Each Holder agrees that, upon receipt of any notice from the Company of the happening of any event of the kind described in Section 5(f)(i)(3) or 5(f)(i)(4) hereof, such Holder will immediately discontinue disposition of Registrable Shares pursuant to a Registration Statement until such Holder's receipt of the copies of the supplemented or amended Prospectus. If so directed by the Company, such Holder will deliver to the Company (at the expense of the Company) all copies in its possession, other than permanent file copies then in such Holder's possession, of the Prospectus covering such Registrable Shares current at the time of receipt of such notice.

6. *Black-Out Period*

(a) Subject to the provisions of this Section 6 and a good faith determination by a majority of the independent members of the board of directors of the Company (the "*Board of Directors*") that it is in the best interests of the Company to suspend the use of the Registration Statement, following the effectiveness of a Registration Statement (and the filings with any international, federal or state securities commissions), the Company, by written notice to FBR and the Holders, may direct the Holders to suspend sales of the Registrable Shares pursuant to a Registration Statement for such times as the Company reasonably may determine is necessary and advisable (but in no event for more than an aggregate of ninety (90) days in any rolling twelve (12) month period commencing on the Closing Date or more than sixty (60) days in any rolling ninety (90) day period), if any of the following events shall occur: (i) the representative of the underwriters of an Underwritten Offering of primary shares by the Company has advised the Company that the sale of Registrable Shares pursuant to the Registration Statement would have a material adverse effect on the Company's primary offering; (ii) the majority of the independent members of the Board of Directors of the Company shall have determined in good faith that (A) the offer or sale of any Registrable Shares would materially impede, delay or interfere with any proposed financing, offer or sale of securities, acquisition, corporate reorganization or other significant transaction involving the Company, (B) after the advice of counsel, the sale of Registrable Shares pursuant to the Registration Statement would require disclosure of non-public material information not otherwise required to be disclosed under applicable law, and (C) (x) the Company has a bona fide business purpose for preserving the confidentiality of such transaction, (y) disclosure would have a material adverse effect on the Company or the Company's ability to consummate such transaction, or (z) renders the Company unable to comply with Commission requirements, in each case under circumstances that would make it impractical or inadvisable to cause the Registration Statement (or such filings) to become effective or to promptly amend or supplement the Registration Statement on a post-effective basis, as applicable; or (iii) the majority of the independent members of the Board of Directors of the Company shall have determined in good faith, after the advice of counsel, that it is required by law, rule or regulation or that it is in the best interests of the Company to supplement the Registration Statement or file a post-effective amendment to the Registration Statement in order to incorporate information into the Registration Statement for the purpose of (1) including in the Registration Statement any prospectus required under Section 10(a)(3) of the Securities Act; (2) reflecting in the prospectus included in the Registration Statement any facts or events arising after the effective date of the Registration Statement (or of the most recent post-effective amendment) that, individually or in the aggregate, represent a fundamental change in the information set forth therein; (3) including in the prospectus included in the Registration Statement any material information with respect to the plan of distribution not disclosed in the Registration Statement or any material change to such information or (4) to correct any material misstatement or omission in the Registration Statement. Upon the occurrence of any such suspension, the Company shall use its best efforts to cause the Registration Statement to become effective or to promptly amend or supplement the Registration Statement on a post-effective basis or to take such action as is necessary to make resumed use of the Registration Statement compatible with the Company's best interests, as applicable, so as to permit the Holders to resume sales of the Registrable Shares as soon as possible.

(b) In the case of an event that causes the Company to suspend the use of a Registration Statement (a "*Suspension Event*"), the Company shall give written notice (a "*Suspension Notice*") to FBR and the Holders to suspend sales of the Registrable Shares and such notice shall state generally the basis for the notice and that such suspension shall continue only for so long as the Suspension Event or its effect is continuing and the Company is using its commercially reasonable efforts and taking all reasonable steps to terminate suspension of the use of the Registration Statement as promptly as possible. The Holders shall not effect any sales of the Registrable Shares pursuant to such Registration Statement (or such filings) at any time after it has received a Suspension Notice from the Company and prior to receipt of an End of Suspension Notice (as defined below). If so directed by the Company, each Holder will deliver to the Company (at the expense of the Company) all copies other than permanent file copies then in such Holder's possession of the Prospectus covering the Registrable Shares at the time of receipt of the Suspension Notice. The Holders may recommence effecting sales of the Registrable Shares pursuant to the Registration Statement (or such filings) following further notice to such effect (an "*End of Suspension Notice*") from the Company, which End of Suspension Notice shall be given by the Company to the Holders and FBR in the manner described above promptly following the conclusion of any Suspension Event and its effect.

(c) Notwithstanding any provision herein to the contrary, if the Company shall give a Suspension Notice pursuant to this Section 6, the Company agrees that it shall extend the period of time during which the applicable Registration Statement shall be maintained effective pursuant to this Agreement by the number of days during the period from the date of receipt by the Holders of the Suspension Notice to and including the date of receipt by the Holders of the End of Suspension Notice and copies of the supplemented or amended Prospectus necessary to resume sales.

7. *Indemnification and Contribution*

(a) The Company agrees to indemnify and hold harmless (i) each Holder of Registrable Shares and any underwriter (as determined in the Securities Act) for such Holder (including, if applicable, FBR), (ii) each Person, if any, who controls (within the meaning of Section 15 of the Securities Act or Section 20(a) of the Exchange Act) any such Person described in clause (i) (any of the Persons referred to in this clause (ii) being hereinafter referred to as a "*Controlling Person*"), and (iii) the respective officers, directors, partners, members, employees, representatives and agents of any such Person or any Controlling Person (any Person referred to in clause (i), (ii) or (iii) above may hereinafter be referred to as a "*Purchaser Indemnitee*"), to the fullest extent lawful, from and against any and all losses, claims, damages, judgments, actions, out-of-pocket expenses, and other liabilities (the "*Liabilities*"), including without limitation and as incurred, reimbursement of all reasonable costs of investigating, preparing, pursuing or defending any claim or action, or any investigation or proceeding by any governmental agency or body, commenced or threatened, including the reasonable fees and expenses of counsel to any Purchaser Indemnitee, joint or several, directly or indirectly related to, based upon, arising out of or in connection with any untrue statement or alleged untrue statement of a material fact contained in any Registration Statement (or any amendment thereto), any Prospectus (or any amendment or supplement thereto) or any Issuer Free Writing Prospectus (or any amendment or supplement thereto), or any preliminary Prospectus used to sell the Shares, or any omission or alleged omission to state therein a material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading, except insofar as such Liabilities arise out of or are based upon any untrue statement or omission or alleged untrue statement or omission made in reliance upon and in conformity with information relating to any Purchaser Indemnitee furnished to the Company or any underwriter in writing by such Purchaser Indemnitee expressly for use therein. The Company shall notify the Holders promptly of the institution, threat or assertion of any claim, proceeding (including any governmental investigation), or litigation of which it shall have become aware in connection with the matters addressed by this Agreement which involves the Company or a Purchaser Indemnitee. The indemnity provided for herein shall remain in full force and effect regardless of any investigation made by or on behalf of any Purchaser Indemnitee.

(b) In connection with any Registration Statement in which a Holder of Registrable Shares is participating, such Holder agrees, severally and not jointly, to indemnify and hold harmless the Company, each Person who controls the Company within the meaning of Section 15 of the Securities Act or Section 20(a) of the Exchange Act and the respective officers, directors, partners, members, employees, representatives and agents of such Person or Controlling Person to the same extent as the foregoing indemnity from the Company to each Purchaser Indemnitee, but only with reference to untrue statements or omissions or alleged untrue statements or omissions made in reliance upon and in strict conformity with information relating to such Holder furnished to the Company in writing by such Holder expressly for use in such Registration Statement (or any amendment thereto), Prospectus (or any amendment or supplement thereto), Issuer Free Writing Prospectus (or any amendment or supplement thereto) or any preliminary Prospectus. Absent gross negligence or willful misconduct, the liability of any Holder pursuant to this paragraph shall in no event exceed the proceeds received by such Holder, net of underwriting discounts and commissions, from sales of Registrable Shares pursuant to such Registration Statement (or any amendment thereto), Prospectus (or any amendment or supplement thereto), Issuer Free Writing Prospectus (or any amendment or supplement thereto) or any preliminary Prospectus.

(c) If any suit, action, proceeding (including any governmental or regulatory investigation), claim or demand shall be brought or asserted against any Person in respect of which indemnity may be sought pursuant to paragraph (a) or (b) above, such Person (the "*Indemnified Party*") shall promptly notify the Person against whom such indemnity may be sought (the "*Indemnifying Party*") in writing of the commencement thereof (but the failure to so notify an Indemnifying Party shall not relieve it from any liability which it may have under this Section 7, except to the extent the Indemnifying Party is materially prejudiced by the failure to give notice), and the Indemnifying Party, upon request of the Indemnified Party, shall retain counsel reasonably satisfactory to the Indemnified Party to represent the Indemnified Party and any others the Indemnifying Party may reasonably designate in such proceeding and shall pay the reasonable fees and expenses actually incurred by such counsel related to such proceeding. Notwithstanding the foregoing, in any such proceeding, any Indemnified Party shall have the right to retain its own counsel, but the fees and expenses of such counsel shall be at the expense of such Indemnified Party, unless (i) the Indemnifying Party and the Indemnified Party shall have mutually agreed in writing to the contrary, (ii) the Indemnifying Party failed within a reasonable time after notice of commencement of the action to assume the defense and employ counsel reasonably satisfactory to the Indemnified Party, (iii) the Indemnifying Party and its counsel do not, in the reasonable judgment of the Indemnified Party, actively and vigorously pursue the defense of such action or (iv) the named parties to any such action (including any impleaded parties) include both such Indemnified Party and Indemnifying Party, or any Affiliate of the Indemnifying Party, and such Indemnified Party shall have been reasonably advised by counsel that, either (x) there may be one or more legal defenses available to it which are different from or additional to those available to the Indemnifying Party or such Affiliate of the Indemnifying Party or (y) a conflict may exist between such Indemnified Party and the Indemnifying Party or such Affiliate of the Indemnifying Party (in which case the Indemnifying Party shall not have the right to assume nor direct the defense of such action on behalf of such Indemnified Party; it being understood, however, that the Indemnifying Party shall not, in connection with any one such action or separate but substantially similar or related actions in the same jurisdiction arising out of the same general allegations or circumstances, be liable for the fees and expenses of more than one separate firm of attorneys (in addition to one local counsel) for all such Indemnified Parties (unless one or more Indemnified Parties shall have been reasonably advised by counsel that either there may be one or more legal defenses available to it which are different from or additional to those available to the other Indemnified Parties or a conflict may exist between such Indemnified Party and one or more Indemnified Parties, in which case the Indemnifying Party shall be liable for the fees and expenses of no more than one separate firm of counsel, in addition to one local counsel, for each such Indemnified Party), which firm shall be designated in writing by those Indemnified Parties who sold a majority of the Registrable Shares sold by all such Indemnified Parties and any such separate firm for the Company, the directors, the officers and such control Persons of the Company as shall be designated in writing by the Company). The Indemnifying Party shall not be liable for any settlement of any proceeding effected without its written consent, which consent shall not be unreasonably withheld, but if settled with such consent or if there is a final judgment for the plaintiff, the Indemnifying Party agrees to indemnify any Indemnified Party from and against any loss or liability by reason of such settlement or judgment. No Indemnifying Party shall, without the prior written consent of the Indemnified Party, effect any settlement of any pending or threatened proceeding in respect of which any Indemnified Party is or could have been a party and indemnity could have been sought hereunder by such Indemnified Party, unless such settlement includes an unconditional release of such Indemnified Party from all liability on claims that are the subject matter of such proceeding.

(d) If the indemnification provided for in paragraphs (a) and (b) of this Section 7 is for any reason held to be unavailable to an Indemnified Party in respect of any Liabilities referred to therein (other than by reason of the exceptions provided therein) or is insufficient to hold harmless a party indemnified thereunder, then each Indemnifying Party under such paragraphs, in lieu of indemnifying such Indemnified Party thereunder, shall contribute to the amount paid or payable by such Indemnified Party as a result of such Liabilities (i) in such proportion as is appropriate to reflect the relative benefits of the Indemnified Party on the one hand and the Indemnifying Party(ies) on the other in connection with the statements or omissions that resulted in such Liabilities, or (ii) if the allocation provided by clause (i) above is not permitted by applicable law, in such proportion as is appropriate to reflect not only the relative benefits referred to in clause (i) above but also the relative fault of the Indemnifying Party(ies) and the Indemnified Party, as well as any other relevant equitable considerations. The relative fault of the Company on the one hand and any Purchaser Indemnitees on the other shall be determined by reference to, among other things, whether the untrue or alleged untrue statement of a material fact or the omission or alleged omission to state a material fact relates to information supplied by the Company or by such Purchaser Indemnitees and the parties' relative intent, knowledge, access to information and opportunity to correct or prevent such statement or omission.

(e) The parties agree that it would not be just and equitable if contribution pursuant to this Section 7 were determined by *pro rata* allocation (even if such Indemnified Parties were treated as one entity for such purpose), or by any other method of allocation that does not take account of the equitable considerations referred to in Section 7(d) above. The amount paid or payable by an Indemnified Party as a result of any Liabilities referred to Section 7(d) shall be deemed to include, subject to the limitations set forth above, any reasonable legal or other expenses actually incurred by such Indemnified Party in connection with investigating or defending any such action or claim. Notwithstanding the provisions of this Section 7, in no event shall a Holder be required to contribute any amount in excess of the amount by which the proceeds received by such Holder, net of underwriting discounts and commissions, from sales of Registrable Shares exceeds the amount of any damages that such Holder has otherwise been required to pay by reason of such untrue or alleged untrue statement or omission or alleged omission. For purposes of this Section 7, each Person, if any, who controls (within the meaning of Section 15 of the Securities Act or Section 20(a) of the Exchange Act) an underwriter or a Holder of Registrable Shares shall have the same rights to contribution as an underwriter or such Holder, as the case may be, and each Person, if any, who controls (within the meaning of Section 15 of the Securities Act or Section 20(a) of the Exchange Act) the Company, and each officer, director, partner, employee, representative, agent or manager of the Company shall have the same rights to contribution as the Company. Any party entitled to contribution will, promptly after receipt of notice of commencement of any action, suit or proceeding against such party in respect of which a claim for contribution may be made against another party or parties, notify each party or parties from whom contribution may be sought, but the omission to so notify such party or parties shall not relieve the party or parties from whom contribution may be sought from any obligation it or they may have under this Section 7 or otherwise, except to the extent that any party is materially prejudiced by the failure to give notice. No Person guilty of fraudulent misrepresentation (within the meaning of Section 11(f) of the Securities Act) shall be entitled to contribution from any Person who was not guilty of such fraudulent misrepresentation.

(f) The indemnity and contribution agreements contained in this Section 7 will be in addition to any liability which the Indemnifying Parties may otherwise have to the Indemnified Parties referred to above. The Purchaser Indemnitee's obligations to contribute pursuant to this Section 7 are several in proportion to the respective number of Shares sold by each of the Purchaser Indemnitees hereunder and not joint.

8. *Market Stand-off Agreement*

Each Holder hereby agrees that it shall not, to the extent requested by the Company or an underwriter of securities of the Company, directly or indirectly sell, offer to sell (including without limitation any short sale), grant any option or otherwise transfer or dispose of any Registrable Shares or other shares of Common Stock of the Company or any securities convertible into or exchangeable or exercisable for shares of Common Stock of the Company then owned by such Holder (other than to donees or partners of the Holder who agree to be similarly bound) for a period of sixty (60) days following the effective date of an IPO Registration Statement of the Company filed under the Securities Act; *provided*, *however*, that:

(a) the restrictions above shall not apply to Registrable Shares sold pursuant to the IPO Registration Statement;

(b) all executive officers and directors of the Company then holding shares of Common Stock of the Company or securities convertible into or exchangeable or exercisable for shares of Common Stock of the Company enter into agreements that are no less restrictive;

(c) the Holders shall be allowed any concession or proportionate release allowed to any officer or director that entered into agreements that are no less restrictive (with such proportion being determined by dividing the number of shares being released with respect to such officer or director by the total number of issued and outstanding shares held by such officer or director); *provided*, that nothing in this Section 8(c) shall be construed as a right to proportionate release for the executive officers and directors of the Company upon the expiration of the sixty (60) day period applicable to all Holders other than the executive officers and directors of the Company; and

(d) this Section 8 shall not be applicable if a Shelf Registration Statement of the Company filed under the Securities Act has been declared effective prior to the filing of an IPO Registration Statement.

In order to enforce the foregoing covenant, the Company shall have the right to place restrictive legends on the certificates representing the securities subject to this Section 8 and to impose stop transfer instructions with respect to the Registrable Shares and such other securities of each Holder (and the securities of every other Person subject to the foregoing restriction) until the end of such period.

9. *Termination of the Company's Obligation*

Except with respect to Section 7 hereof, the Company shall have no obligation pursuant this Agreement with respect to any Registrable Shares proposed to be sold by a Holder in a registration pursuant to this Agreement if, in the opinion of counsel to the Company, there are no longer any Registrable Shares or all such Registrable Shares proposed to be sold by a Holder may be sold in a three month period without registration under the Securities Act pursuant to Rule 144 under the Securities Act.

10. *Limitations on Subsequent Registration Rights*

From and after the date of this Agreement, the Company shall not, without the prior written consent of Holders beneficially owning not less than a majority of the then outstanding Registrable Shares (*provided, however*, that for purposes of this Section 10, Registrable Shares that are owned, directly or indirectly, by an Affiliate of the Company shall not be deemed to be outstanding), enter into any agreement with any holder or prospective holder of any securities of the Company that would allow such holder or prospective holder (a) to include such securities in any Registration Statement filed pursuant to the terms hereof, unless, under the terms of such agreement, such holder or prospective holder may include such securities in any such registration only to the extent that the inclusion of its securities will not reduce the amount of Registrable Shares of the Holders that is included, or (b) to have its securities registered on a registration statement that could be declared effective prior to, or within one hundred eighty (180) days of, the effective date of any Registration Statement filed pursuant to this Agreement.

11. ***Miscellaneous***

(a) *Remedies*. In the event of a breach by the Company of any of its obligations under this Agreement, each Holder, in addition to being entitled to exercise all rights provided herein or, in the case of FBR, in the Purchase/Placement Agreement, or granted by law, including recovery of damages, will be entitled to specific performance of its rights under this Agreement. Subject to Section 7, the Company agrees that monetary damages would not be adequate compensation for any loss incurred by reason of a breach by it of any of the provisions of this Agreement and hereby further agrees that, in the event of any action for specific performance in respect of such breach, it shall waive the defense that a remedy at law would be adequate.

(b) *Amendments and Waivers*. The provisions of this Agreement, including the provisions of this sentence, may not be amended, modified or supplemented, and waivers or consents to or departures from the provisions hereof may not be given, without the written consent of the Company and Holders beneficially owning not less than a majority of the then outstanding Registrable Shares; *provided, however,* that for purposes of this Section 11(b), Registrable Shares that are owned, directly or indirectly, by an Affiliate of the Company shall not be deemed to be outstanding. No amendment shall be deemed effective unless it applies uniformly to all Holders. Notwithstanding the foregoing, a waiver or consent to or departure from the provisions hereof with respect to a matter that relates exclusively to the rights of a Holder whose securities are being sold pursuant to a Registration Statement and that does not directly or indirectly affect, impair, limit or compromise the rights of other Holders may be given by such Holder; *provided* that the provisions of this sentence may not be amended, modified or supplemented except in accordance with the provisions of the immediately preceding sentence.

(c) *Notices*. All notices and other communications, provided for or permitted hereunder, shall be made in writing and delivered by facsimile (with receipt confirmed), overnight courier or registered or certified mail, return receipt requested, or by telegram:

(i) if to a Holder, at the most current address given by the transfer agent and registrar of the Shares to the Company; and

(ii) if to the Company, at the offices of the Company at Three Continental Towers, 1701 West Golf Road, Suite 1012, Rolling Meadows, Illinois 60008-4007, Attention: Marco A. Martinez; (facsimile: 847-290-1892); with a copy to Skadden, Arps, Slate, Meagher & Flom LLP (which shall not constitute notice) at Four Times Square, New York, New York 10036, Attention: Stacy J. Kanter, Esq. (facsimile: 917-777-3497)

(iii) if to FBR, at the offices of FBR at 1001 Nineteenth Street North, Arlington, Virginia 22209, Attention: William Ginivan, Esq. (facsimile 703-469-1140); with a copy (which shall not constitute notice) to Nelson Mullins Riley & Scarborough

LLP (which shall not constitute notice) at 101 Constitution Avenue, N.W., Suite 900, Washington, D.C. 20001, Attention: Jonathan H. Talcott, Esq. (facsimile 202-712-2856).

(d) *Successors and Assigns*. This Agreement shall inure to the benefit of and be binding upon the successors and assigns of each of the parties hereto, including, without limitation and without the need for an express assignment or assumption, subsequent Holders. The Company agrees that the Holders shall be third party beneficiaries to the agreements made hereunder by FBR and the Company, and each Holder shall have the right to enforce such agreements directly to the extent it deems such enforcement necessary or advisable to protect its rights hereunder; *provided, however*, that such Holder fulfills all of its obligations hereunder.

(e) *Counterparts*. This Agreement may be executed in any number of counterparts and by the parties hereto in separate counterparts, each of which when so executed shall be deemed to be an original and all of which taken together shall constitute one and the same agreement.

(f) *Headings*. The headings in this Agreement are for convenience of reference only and shall not limit or otherwise affect the meaning hereof.

(g) ***Governing Law*****. THIS AGREEMENT SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK, AS APPLIED TO CONTRACTS MADE AND PERFORMED WITHIN THE STATE OF NEW YORK, WITHOUT REGARD TO PRINCIPLES OF CONFLICTS OF LAW. EACH OF THE PARTIES HERETO HEREBY IRREVOCABLY SUBMITS TO THE JURISDICTION OF ANY STATE COURT IN THE STATE OF NEW YORK OR ANY FEDERAL COURT SITTING IN NEW YORK IN RESPECT OF ANY SUIT, ACTION OR PROCEEDING ARISING OUT OF OR RELATING TO THIS AGREEMENT, AND IRREVOCABLY ACCEPTS FOR ITSELF AND IN RESPECT OF ITS PROPERTY, GENERALLY AND UNCONDITIONALLY, THE JURISDICTION OF THE AFORESAID COURTS. EACH OF THE PARTIES HERETO IRREVOCABLY WAIVES, TO THE FULLEST EXTENT IT MAY EFFECTIVELY DO SO UNDER APPLICABLE LAW, ANY OBJECTION THAT IT MAY NOW OR HEREAFTER HAVE TO THE LAYING OF THE VENUE OF ANY SUCH SUIT, ACTION OR PROCEEDING BROUGHT IN ANY SUCH COURT AND ANY CLAIM THAT ANY SUCH SUIT, ACTION OR PROCEEDING BROUGHT IN ANY SUCH COURT HAS BEEN BROUGHT IN AN INCONVENIENT FORUM.**

(h) *Severability*. If any term, provision, covenant or restriction of this Agreement is held by a court of competent jurisdiction to be invalid, illegal, void or unenforceable, the remainder of the terms, provisions, covenants and restrictions set forth herein shall remain in full force and effect and shall in no way be affected, impaired or invalidated, and the parties hereto shall use their commercially reasonable efforts to find and employ an alternative means to achieve the same or substantially the same result as that contemplated by such term, provision, covenant or restriction. It is hereby stipulated and declared to be the intention of the parties hereto that they would have executed the remaining terms, provisions, covenants and restrictions without including any of such that may be hereafter declared invalid, illegal, void or unenforceable.

(i) *Entire Agreement*. This Agreement, together with the Purchase/Placement Agreement, is intended by the parties hereto as a final expression of their agreement, and is intended to be a complete and exclusive statement of the agreement and understanding of the parties hereto in respect of the subject matter contained herein and therein.

(j) *Registrable Shares Held by the Company or its Affiliates*. Whenever the consent or approval of Holders of a specified percentage of Registrable Shares is required hereunder, Registrable Shares held by the Company or its Affiliates shall not be counted in determining whether such consent or approval was given by the Holders of such required percentage.

(k) *Adjustment for Stock Splits, etc.* Wherever in this Agreement there is a reference to a specific number of shares, then upon the occurrence of any subdivision, combination, or stock dividend of such shares, the specific number of shares so referenced in this Agreement shall automatically be proportionally adjusted to reflect the effect on the outstanding shares of such class or series of stock by such subdivision, combination, or stock dividend.

(l) *Survival*. This Agreement is intended to survive the consummation of the transactions contemplated by the Purchase/Placement Agreement. The indemnification and contribution obligations under Section 7 of this Agreement shall survive the termination of the Company's obligations under Section 2 of this Agreement.

(m) *Attorneys' Fees*. In any action or proceeding brought to enforce any provision of this Agreement, or where any provision hereof is validly asserted as a defense, the prevailing party, as determined by the court, shall be entitled to recover its reasonable attorneys' fees in addition to any other available remedy.

[Signature page follows]

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

MYR GROUP INC.
By: /s/ William A. Koertner

Name: William A. Koertner
Title: President and Chief Executive Officer

FRIEDMAN, BILLINGS, RAMSEY & CO., INC.
By: /s/ James R. Kleeblatt

Name: James R. Kleeblatt
Title: Executive Vice President

Exhibit 10.1

EXECUTION COPY

CREDIT AGREEMENT

dated as of

August 31, 2007

among

MYR GROUP INC.

The Lenders Party Hereto

FIFTH THIRD BANK
as Documentation Agent

CITIBANK, N.A.
as Syndication Agent

and

JPMORGAN CHASE BANK, NATIONAL ASSOCIATION,
as Administrative Agent

J.P. MORGAN SECURITIES INC.
and
CITIGROUP GLOBAL MARKETS INC.
as Joint Bookrunners and Joint Lead Arrangers

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CREDIT AGREEMENT dated as of August 31, 2007 (as it may be amended or modified from time to time, this "Agreement"), among MYR GROUP INC., the Lenders party hereto, FIFTH THIRD BANK, as Documentation Agent, CITIBANK, N.A., as Syndication Agent and JPMORGAN CHASE BANK, NATIONAL ASSOCIATION, as Administrative Agent.

WHEREAS, the Borrower has requested that the Lenders establish in its favor (i) a revolving credit facility in the aggregate principal amount of U.S. $75,000,000 (as such amount may increase or decrease in accordance with the terms hereof), pursuant to which revolving and swingline loans would be made to, and letters of credit would be issued for the account of, the Borrower and (ii) a term loan facility in the aggregate principal amount of U.S. $50,000,000, pursuant to which a term loan would be made to the Borrower; and

WHEREAS, the Lenders are willing to make such credit and loan facilities available to the Borrower on the terms and subject to the conditions and requirements hereinafter set forth;

NOW, THEREFORE, in consideration of the premises and of the mutual covenants herein contained, the parties hereto agree as follows:

ARTICLE I

Definitions

SECTION 1.01. Defined Terms. As used in this Agreement, the following terms have the meanings specified below:

"ABR", when used in reference to any Loan or Borrowing, refers to whether such Loan, or the Loans comprising such Borrowing, are bearing interest at a rate determined by reference to the Alternate Base Rate.

"Adjusted LIBO Rate" means, with respect to any Eurodollar Borrowing for any Interest Period, an interest rate per annum (rounded upwards, if necessary, to the next 1/16 of 1%) equal to (a) the LIBO Rate for such Interest Period multiplied by (b) the Statutory Reserve Rate.

"Administrative Agent" means JPMorgan Chase Bank, National Association, in its capacity as administrative agent for the Lenders hereunder.

"Administrative Questionnaire" means an Administrative Questionnaire in a form supplied by the Administrative Agent.

"Affiliate" means, with respect to a specified Person, another Person that directly, or indirectly through one or more intermediaries, Controls or is Controlled by or is under common Control with the Person specified.

"Affiliated Subordinated Debt" means any unsecured Indebtedness of the Borrower or any Subsidiary provided by an Affiliate (other than the Borrower or any of its Subsidiaries), the terms and conditions of which are set forth, and payment of which is subordinated to the payment of the Secured Obligations, in each case as provided in Schedule 1.01.

"Aggregate Credit Exposure" means, at any time, the aggregate Credit Exposure of all the Lenders.

"Alternate Base Rate" means, for any day, a rate per annum equal to the greater of (a) the Prime Rate in effect on such day and (b) the Federal Funds Effective Rate in effect on such day plus ½ of 1%. Any change in the Alternate Base Rate due to a change in the Prime Rate or the Federal Funds Effective Rate shall be effective from and including the effective date of such change in the Prime Rate or the Federal Funds Effective Rate, respectively.

"Applicable Percentage" means, with respect to any Lender, (a) with respect to Revolving Loans, LC Exposure or Swingline Loans, a percentage equal to a fraction the numerator of which is such Lender's Revolving Commitment and the denominator of which is the aggregate Revolving Commitment of all Revolving Lenders (if the Revolving Commitments have terminated or expired, the Applicable Percentages shall be determined based upon such Lender's share of the aggregate Revolving Exposures at that time) and (b) with respect to the Term Loans, a percentage equal to a fraction the numerator of which is such Lender's outstanding principal amount of the Term Loans and the denominator of which is the aggregate outstanding amount of the Term Loans of all Term Lenders.

"Applicable Pledge Percentage" means 100%, but 65% in the case of a pledge of Equity Interests of a Foreign Subsidiary to the extent a 100% pledge would cause a Deemed Dividend Problem or Financial Assistance Problem.

"Applicable Rate" means, for any day, with respect to any ABR Loan or Eurodollar Loan, or with respect to the commitment fees payable hereunder, as the case may be, the applicable rate per annum set forth below under the caption "ABR Spread", "Eurodollar Spread" or "Commitment Fee Rate", as the case may be, based upon the Borrower's Leverage Ratio as of the most recent determination date, provided that until the delivery to the Administrative Agent, pursuant to Section 5.01, of the Borrower's consolidated financial information for the Borrower's first fiscal quarter ending after the Effective Date, the "Applicable Rate" shall be the applicable rate per annum set forth below in Category 1:

Leverage Ratio	**Eurodollar Spread**	**ABR Spread**	**Commitment Fee Rate**
Category 1 < 1.5 to 1.0	1.00%	0%	0.20%
Category 2 ≥ 1.5 to 1.0 but < 2.0 to 1.0	1.25%	0%	0.25%
Category 3 ≥ 2.0 to 1.0 but < 2.5 to 1.0	1.50%	0%	0.30%
Category 4 ≥ 2.5 to 1.0	1.75%	0.25%	0.375%

For purposes of the foregoing, (a) the Applicable Rate shall be determined as of the end of each fiscal quarter of the Borrower based upon the Borrower's annual or quarterly consolidated financial statements delivered pursuant to Section 5.01 and (b) each change in the Applicable Rate resulting from a change in the Leverage Ratio shall be effective during the period commencing on and including five (5) Business Days after the date of delivery to the Administrative Agent of such consolidated financial statements indicating such change and ending on the date immediately preceding the effective date of the next such change, provided that the Leverage Ratio shall be deemed to be in Category 4 at the option of the Administrative Agent or at the request of the Required Lenders if the Borrower fails to deliver the annual or quarterly consolidated financial statements required to be delivered by it pursuant to Section 5.01, during the period from the expiration of the time for delivery thereof until five (5) Business Days after such consolidated financial statements are delivered.

"Approved Fund" has the meaning assigned to such term in Section 9.04.

"Assignment and Assumption" means an assignment and assumption entered into by a Lender and an assignee (with the consent of any party whose consent is required by Section 9.04), and accepted by the Administrative Agent, in the form of Exhibit A or any other form approved by the Administrative Agent.

"Available Revolving Commitment" means, at any time, the Revolving Commitment then in effect *minus* the Revolving Exposure of all Revolving Lenders at such time.

"Availability Period" means the period from and including the Effective Date to but excluding the earlier of the Maturity Date and the date of termination of the Commitments.

"Banking Services" means each and any of the following bank services provided to any Loan Party by any Lender or any of its Affiliates: (a) commercial credit cards, (b) stored value cards and (c) treasury management services (including, without limitation, controlled disbursement, automated clearinghouse transactions, return items, overdrafts and interstate depository network services).

"Banking Services Obligations" of the Loan Parties means any and all obligations of the Loan Parties, whether absolute or contingent and howsoever and whensoever created, arising, evidenced or acquired (including all renewals, extensions and modifications thereof and substitutions therefor) in connection with Banking Services.

"Board" means the Board of Governors of the Federal Reserve System of the United States of America.

"Bonding Obligations" means any and all obligations of the Borrower or any of its Subsidiaries to any Person to secure or assure the performance of any bid, contract, lease or statutory obligation, or otherwise constituting a bid, performance, return-of-money, surety, appeal or payment bond, contract or like undertaking, in each case, entered into by the Borrower or such Subsidiary in the ordinary course of business.

"Borrower" means MYR Group Inc., a Delaware corporation.

"Borrowing" means (a) Revolving Loans of the same Type, made, advanced, converted or continued on the same date and, in the case of a Eurodollar Loan, as to which a single Interest Period is in effect, (b) a Term Loan made on the same date and, in the case of a Eurodollar Loan, as to which a single Interest Period is in effect and (c) a Swingline Loan.

"Borrowing Request" means a request by the Borrower for a Borrowing in accordance with Section 2.03.

"Business Day" means any day that is not a Saturday, Sunday or other day on which commercial banks in New York City are authorized or required by law to remain closed; provided that, when used in connection with a Eurodollar Loan, the term "Business Day" shall also exclude any day on which banks are not open for dealings in dollar deposits in the London interbank market.

"Capital Expenditures" means, without duplication, any expenditure or commitment to expend money for any purchase or other acquisition of any asset which would be classified as a fixed or capital asset on a consolidated balance sheet of the Borrower and its Subsidiaries prepared in accordance with GAAP.

"Capital Lease Obligations" of any Person as of the date of determination, means the obligations of such Person to pay rent or other amounts under any lease of (or other arrangement conveying the right to use) real or personal property, or a combination thereof, which obligations are required to be classified and accounted for as capital leases on a balance sheet of such Person under GAAP, and the amount of such obligations shall be the capitalized amount thereof determined in accordance with GAAP.

"Change in Control" means that (a) prior to the consummation by the Borrower of a Qualifying Equity Offering (i) one or more Persons (other than any natural person) organized for the primary purpose of acquiring and disposing of interests in assets and properties of various types and otherwise making debt and equity investments in other Persons and who are administered or managed (whether as general partner, by contract, by appointment or designation under such Person's constitutive documents, or otherwise), directly or indirectly, by ArcLight Capital Partners, LLC (all Persons from time to time so administered or managed, collectively with ArcLight Capital Partners, LLC, the "ArcLight Group") shall collectively cease to own, directly or indirectly, greater than 50% of the Borrower and (ii) ArcLight Group shall cease to have Control of the Borrower; and (b) on and after the consummation by the Borrower of a Qualifying Equity Offering, (i) the acquisition of ownership, directly or indirectly, beneficially or of record, by any Person or group (within the meaning of the Securities Exchange Act of 1934 and the rules of the Securities and Exchange Commission thereunder as in effect on the date hereof) other than any one or more members of the ArcLight Group, of Equity Interests representing more than 25% of the aggregate ordinary voting power represented by the issued and outstanding Equity Interests of the Borrower (calculated on a fully diluted basis taking into account all options or other rights to acquire voting common Equity Interests of the Borrower then outstanding, regardless of whether such options or other rights are then currently exercisable); or (ii) occupation of a majority of the seats (other than vacant seats) on the board of directors of the Borrower by Persons who were neither (A) nominated by the board of directors of the Borrower or by any member of the ArcLight Group nor (B) appointed by directors so nominated.

"Change in Law" means (a) the adoption of any law, rule or regulation after the date of this Agreement, (b) any change in any law, rule or regulation or in the interpretation or application thereof by any Governmental Authority after the date of this Agreement or (c) compliance by any Lender or the Issuing Bank (or, for purposes of Section 2.15(b), by any lending office of such Lender or by such Lender's or the Issuing Bank's holding company, if any) with any request, guideline or directive (whether or not having the force of law) of any Governmental Authority made or issued after the date of this Agreement.

"Class", when used in reference to any Loan or Borrowing, refers to whether such Loan, or the Loans comprising such Borrowing, are Revolving Loans, Term Loans or Swingline Loans.

"Code" means the Internal Revenue Code of 1986, as amended from time to time.

"Collateral" means any and all property owned by any Loan Party, now existing or hereafter acquired, that may at any time be or become subject to a security interest or Lien in favor of Administrative Agent, on behalf of itself and the Holders of Secured Obligations, to secure the Secured Obligations; provided, however, that Collateral shall not include Excluded Assets.

"Collateral Documents" means, collectively, the Security Agreement and all other agreements, instruments and documents executed in connection with this Agreement that are intended to create or evidence Liens on the Collateral for the purpose of securing the Secured Obligations, including all other security agreements, pledge agreements, loan agreements, notes, guarantees, subordination agreements, pledges, powers of attorney, consents, assignments, contracts, fee letters, notices, leases, financing statements and all other written matter whether heretofore, now, or hereafter executed by the Borrower or any of its Material Subsidiaries and delivered to the Administrative Agent.

"Commitment" means, with respect to each Lender, the sum of such Lender's Revolving Commitment and Term Loan Commitment. The initial amount of each Lender's Commitment is set forth on the Commitment Schedule, or in the Assignment and Assumption or in the Commitment and Acceptance, as applicable, pursuant to which such Lender shall have assumed its Commitment, as applicable. The initial aggregate amount of the Lenders' Commitments is $125,000,000.

"Commitment Schedule" means the Schedule attached hereto identified as such.

"Consolidated Availability" means, at any time, (i) Eligible Cash plus (ii) the maximum aggregate amount of Loans and Letters of Credit that are available to be made or issued, respectively, hereunder in accordance with the terms hereof and without causing a Default under Section 6.12 minus (iii) the aggregate outstanding principal amount of the Loans and all LC Exposure.

"Consolidated EBITDA" means, for any period, Net Income for such period plus (a) without duplication and to the extent deducted in determining Net Income for such period, the sum of (i) Interest Expense for such period, (ii) income tax expense for such period, (iii) all amounts attributable to depreciation and amortization expense for such period, (iv) any extraordinary non-cash charges for such period and (v) any other non-cash charges for such period (but excluding any non-cash charge in respect of an item that was included in Net Income in a prior period and any non-cash charge that relates to the write-down or write-off of inventory), minus (b) without duplication and to the extent included in Net Income, (i) any cash payments made during such period in respect of non-cash charges described in clause (a)(v) taken in a prior period and (ii) any extraordinary gains and any non-cash items of income for such period, all calculated for the Borrower and its Subsidiaries on a consolidated basis in accordance with GAAP.

"Consolidated Total Assets" means, as of the date of any determination thereof, total assets of the Borrower and its Subsidiaries calculated in accordance with GAAP on a consolidated basis as of such date.

"Consolidated Total Indebtedness" means, at any date, the aggregate principal amount of all Indebtedness of the Borrower and its Subsidiaries at such date, determined on a consolidated basis in accordance with GAAP.

"Control" means the possession, directly or indirectly, of the power to direct or cause the direction of the management or policies of a Person, whether through the ability to exercise voting power, by contract or otherwise. "Controlling" and "Controlled" have meanings correlative thereto.

"Credit Exposure" means, as to any Lender at any time, the sum of (a) such Lender's Revolving Exposure at such time, ***plus*** (b) an amount equal to the aggregate principal amount of its Term Loans outstanding at such time.

"Deemed Dividend Problem" means, with respect to any Foreign Subsidiary, such Foreign Subsidiary's accumulated and undistributed earnings and profits being deemed to be repatriated to the Borrower or the applicable parent Domestic Subsidiary for U.S. federal income tax purposes and the effect of such repatriation causing materially adverse tax consequences to the Borrower or such parent Domestic Subsidiary, in each case as determined by the Borrower in its commercially reasonable judgment acting in good faith and in consultation with its legal and tax advisors.

"Default" means any event or condition which constitutes an Event of Default or which upon notice, lapse of time or both would, unless cured or waived, become an Event of Default.

"Disclosed Matters" means the actions, suits and proceedings and the environmental matters disclosed in Schedule 3.06.

"Documentation Agent" means Fifth Third Bank, in its capacity as documentation agent for the credit facility evidenced by this Agreement.

"dollars" or "$" refers to lawful money of the United States of America.

"Domestic Subsidiary" means any Subsidiary that is incorporated or organized under the laws of the United States of America, any state thereof or in the District of Columbia.

"Effective Date" means the date on which the conditions specified in Section 4.01 are satisfied (or waived in accordance with Section 9.02).

"Eligible Cash" means, at any time, the aggregate of all cash on hand and Permitted Investments of the Borrower and each Subsidiary, in each case subject to no Liens other than Permitted Encumbrances (excluding Bonding Obligations) or Liens in favor of the Administrative Agent.

"Environmental Laws" means all laws, rules, regulations, codes, ordinances, orders, decrees, judgments, injunctions, notices or binding agreements issued, promulgated or entered into by any Governmental Authority, relating in any way to the environment, preservation or reclamation of natural resources, the management, release or threatened release of any Hazardous Material or to health and safety matters.

"Environmental Liability" means any liability, contingent or otherwise (including any liability for damages, costs of environmental remediation, fines, penalties or indemnities), of the Borrower or any Subsidiary directly or indirectly resulting from or based upon (a) violation of any Environmental Law, (b) the generation, use, handling, transportation, storage, treatment or disposal of any Hazardous Materials, (c) exposure to any Hazardous Materials, (d) the release or threatened release of any Hazardous Materials into the environment or (e) any contract, agreement or other consensual arrangement pursuant to which liability is assumed or imposed with respect to any of the foregoing.

"Equity Interests" means shares of capital stock, partnership interests, membership interests in a limited liability company, beneficial interests in a trust or other equity ownership interests in a Person, and any warrants, options or other rights entitling the holder thereof to purchase or acquire any such equity interest.

"ERISA" means the Employee Retirement Income Security Act of 1974, as amended from time to time.

"ERISA Affiliate" means any trade or business (whether or not incorporated) that, together with the Borrower, is treated as a single employer under Section 414(b) or (c) of the Code or, solely for purposes of Section 302 of ERISA and Section 412 of the Code, is treated as a single employer under Section 414 of the Code.

"ERISA Event" means (a) any "reportable event", as defined in Section 4043 of ERISA or the regulations issued thereunder with respect to a Plan (other than an event for which the 30 day notice period is waived); (b) the existence with respect to any Plan of an "accumulated funding deficiency" (as defined in Section 412 of the Code or Section 302 of ERISA), whether or not waived; (c) the filing pursuant to Section 412(d) of the Code or Section 303(d) of ERISA of an application for a waiver of the minimum funding standard with respect to any Plan; (d) the incurrence by the Borrower or any of its ERISA Affiliates of any liability under

Title IV of ERISA with respect to the termination of any Plan; (e) the receipt by the Borrower or any ERISA Affiliate from the PBGC or a plan administrator of any notice relating to an intention to terminate any Plan or Plans or to appoint a trustee to administer any Plan; (f) the incurrence by the Borrower or any of its ERISA Affiliates of any liability under with respect to the withdrawal or partial withdrawal from any Plan or Multiemployer Plan; or (g) the receipt by the Borrower or any ERISA Affiliate of any notice, or the receipt by any Multiemployer Plan from the Borrower or any ERISA Affiliate of any notice, concerning the imposition of Withdrawal Liability or a determination that a Multiemployer Plan is, or is expected to be, insolvent or in reorganization, within the meaning of Title IV of ERISA.

"Eurodollar", when used in reference to any Loan or Borrowing, refers to whether such Loan, or the Loans comprising such Borrowing, are bearing interest at a rate determined by reference to the Adjusted LIBO Rate.

"Event of Default" has the meaning assigned to such term in Article VII.

"Excluded Assets" means any property (x) subject to any "certificate of title" (as defined in the UCC), (y) subject to any lease or other right-of-use agreement or constituting a leasehold or similar interest or (z) constituting any real property or interest therein or any "fixtures" (as defined in the UCC) related thereto.

"Excluded Taxes" means, with respect to the Administrative Agent, any Lender, the Issuing Bank or any other recipient of any payment to be made by or on account of any obligation of the Borrower hereunder, (a) income or franchise taxes imposed on (or measured by) its net income by the United States of America, or by the jurisdiction under the laws of which such recipient is organized or in which its principal office is located or, in the case of any Lender, in which its applicable lending office is located, (b) any branch profits taxes imposed by the United States of America or any similar tax imposed by any other jurisdiction in which the Borrower is located and (c) in the case of a Foreign Lender (other than an assignee pursuant to a request by the Borrower under Section 2.19(b)), any withholding tax that is imposed on amounts payable to such Foreign Lender at the time such Foreign Lender becomes a party to this Agreement (or designates a new lending office), except to the extent that such Foreign Lender (or its assignor, if any) was entitled, immediately prior to the designation of a new lending office (or to the assignment by such Foreign Lender's assignor), to receive additional amounts from the Borrower with respect to such withholding tax pursuant to Section 2.17(a), or is attributable to such Foreign Lender's failure to comply with Section 2.17(e).

"Existing Letters of Credit" is defined in Section 2.06.

"Extended Letter of Credit" is defined in Section 2.06(c).

"Federal Funds Effective Rate" means, for any day, the weighted average (rounded upwards, if necessary, to the next 1/100 of 1%) of the rates on overnight Federal funds transactions with members of the Federal Reserve System arranged by Federal funds brokers, as published on the next succeeding Business Day by the Federal Reserve Bank of New York, or, if such rate is not so published for any day that is a Business Day, the average (rounded upwards, if necessary, to the next 1/100 of 1%) of the quotations for such day for such transactions received by the Administrative Agent from three Federal funds brokers of recognized standing selected by the Administrative Agent.

"Financial Assistance Problem" means, with respect to any Foreign Subsidiary, the inability of such Foreign Subsidiary to become a Subsidiary Guarantor or to permit its Equity Interests from being pledged pursuant to a pledge agreement on account of legal or financial limitations imposed by the jurisdiction of organization of such Foreign Subsidiary or other relevant jurisdictions having authority over such Foreign Subsidiary, in each case as determined by the Borrower in its commercially reasonable judgment acting in good faith and in consultation with its legal and tax advisors.

"Financial Officer" means the chief financial officer, principal accounting officer, treasurer or controller of the Borrower.

"First Tier Foreign Subsidiary" means each Foreign Subsidiary with respect to which any one or more of the Borrower and its Domestic Subsidiaries directly owns or controls more than 50% of such Foreign Subsidiary's issued and outstanding Equity Interests.

"Foreign Lender" means any Lender that is organized under the laws of a jurisdiction other than that in which the Borrower is located. For purposes of this definition, the United States of America, each State thereof and the District of Columbia shall be deemed to constitute a single jurisdiction.

"Foreign Subsidiary" means any Subsidiary which is not a Domestic Subsidiary.

"Funding Account" means the deposit account of the Borrower to which the Administrative Agent is authorized by the Borrower to transfer the proceeds of any Borrowings requested or authorized pursuant to this Agreement.

"GAAP" means generally accepted accounting principles in the United States of America.

"Governmental Authority" means the government of the United States of America, any other nation or any political subdivision thereof, whether state or local, and any agency, authority, instrumentality, regulatory body, court, central bank or other entity exercising executive, legislative, judicial, taxing, regulatory or administrative powers or functions of or pertaining to government.

"Guarantee" of or by any Person (the "guarantor") means any obligation, contingent or otherwise, of the guarantor guaranteeing or having the economic effect of guaranteeing any Indebtedness or other obligation of any other Person (the "primary obligor") in any manner, whether directly or indirectly, and including any obligation of the guarantor, direct or indirect, (a) to purchase or pay (or advance or supply funds for the purchase or payment of) such Indebtedness or other obligation or to purchase (or to advance or supply funds for the purchase of) any security for the payment thereof, (b) to purchase or lease property, securities or services for the purpose of assuring the owner of such Indebtedness or other obligation of the payment thereof, (c) to maintain working capital, equity capital or any other financial statement condition or liquidity of the primary obligor so as to enable the primary obligor to pay such

Indebtedness or other obligation or (d) as an account party in respect of any letter of credit or letter of guaranty issued to support such Indebtedness or obligation; provided, that the term Guarantee shall not include endorsements for collection or deposit in the ordinary course of business.

"Hazardous Materials" means all explosive or radioactive substances or wastes and all hazardous or toxic substances, wastes or other pollutants, including petroleum or petroleum distillates, asbestos or asbestos containing materials, polychlorinated biphenyls, radon gas, infectious or medical wastes and all other substances or wastes of any nature regulated as hazardous or toxic or as a pollutant or contaminant pursuant to any Environmental Law.

"Holders of Secured Obligations" means the holders of the Secured Obligations from time to time and includes (i) each Lender and the Issuing Bank in respect of its Loans and LC Exposure respectively, (ii) the Administrative Agent, the Issuing Bank and the Lenders in respect of all other present and future obligations and liabilities of the Borrower and each other Loan Party of every type and description arising under or in connection with the Credit Agreement or any other Loan Document, (iii) each Lender and Affiliate of such Lender in respect of Swap Agreements and Banking Services entered into with such Person by the Borrower or any other Loan Party, (iv) each indemnified party under Section 9.03 in respect of the obligations and liabilities of the Borrower to such Person hereunder and under the other Loan Documents, and (v) their respective successors and (in the case of a Lender, permitted) transferees and assigns.

"Hostile Acquisition" means (a) the acquisition of the Equity Interests of a Person through a tender offer or similar solicitation of the owners of such Equity Interests which has not been approved (prior to such acquisition) by the board of directors (or any other applicable governing body) of such Person or by similar action if such Person is not a corporation and (b) any such acquisition as to which such approval has been withdrawn.

"Immaterial Subsidiary" means each of the following Subsidiaries so long as each such Subsidiary is an inactive entity with no assets or liabilities (other than arising from or relating to past inactivity or nonuse of such Person or otherwise associated with the dissolution of such Person): Col-El-Co., a Delaware corporation, Cybertol, Inc., a New York corporation, Lemco Construction, Inc., a Delaware corporation, MFR, Inc., a Delaware corporation and Long Electric Company, a Michigan corporation.

"Indebtedness" of any Person means, without duplication, (a) all obligations of such Person for borrowed money or with respect to deposits or advances of any kind, (b) all obligations of such Person evidenced by bonds, debentures, notes or similar instruments, (c) all obligations of such Person upon which interest charges are customarily paid, (d) all obligations of such Person under conditional sale or other title retention agreements relating to property acquired by such Person, (e) all obligations of such Person in respect of the deferred purchase price of property or services (excluding current accounts payable incurred in the ordinary course of business), (f) all Indebtedness of others secured by (or for which the holder of such Indebtedness has an existing right, contingent or otherwise, to be secured by) any Lien on property owned or acquired by such Person, whether or not the Indebtedness secured thereby has been assumed, (g) all Guarantees by such Person of Indebtedness of others, (h) all Capital Lease

Obligations of such Person, (i) all obligations, contingent or otherwise, of such Person as an account party in respect of letters of credit and letters of guaranty, (j) all obligations, contingent or otherwise, of such Person in respect of bankers' acceptances, (k) the Net Mark-to-Market Exposure of such Person under each Swap Agreement to the extent entered into for investment or speculative purposes and (l) obligations under any liquidated earn-out. The Indebtedness of any Person shall include the Indebtedness of any other entity (including any partnership in which such Person is a general partner) to the extent such Person is liable therefor as a result of such Person's ownership interest in or other relationship with such entity, except to the extent the terms of such Indebtedness provide that such Person is not liable therefor.

"Indemnified Taxes" means Taxes other than Excluded Taxes.

"Information Memorandum" means the Confidential Information Memorandum dated July 2007 relating to the Borrower and the Transactions.

"Interest Coverage Ratio" means, for any period, the ratio of (a) Consolidated EBITDA for such period to (b) Interest Expense for such period.

"Interest Election Request" means a request by the Borrower to convert or continue a Borrowing in accordance with Section 2.08.

"Interest Expense" means, with reference to any period, total interest expense (including that attributable to Capital Lease Obligations) of the Borrower and its Subsidiaries for such period with respect to all outstanding Indebtedness of the Borrower and its Subsidiaries (including all commissions, discounts and other fees and charges owed with respect to letters of credit and bankers' acceptance financing and net costs under Swap Agreements in respect of interest rates to the extent such net costs are allocable to such period in accordance with GAAP), calculated on a consolidated basis for the Borrower and its Subsidiaries for such period in accordance with GAAP.

"Interest Payment Date" means (a) with respect to any ABR Loan (other than a Swingline Loan), the last day of each March, June, September and December and the Maturity Date, (b) with respect to any Eurodollar Loan, the last day of the Interest Period applicable to the Borrowing of which such Loan is a part and, in the case of a Eurodollar Borrowing with an Interest Period of more than three months' duration, each day prior to the last day of such Interest Period that occurs at intervals of three months' duration after the first day of such Interest Period and the Maturity Date, and (c) with respect to any Swingline Loan, the day that such Loan is required to be repaid and the Maturity Date.

"Interest Period" means, with respect to any Eurodollar Borrowing, the period commencing on the date of such Borrowing and ending on the numerically corresponding day in the calendar month that is one, two, three or six months thereafter, in each case as the Borrower may elect; provided, that (i) if any Interest Period would end on a day other than a Business Day, such Interest Period shall be extended to the next succeeding Business Day unless, in the case of a Eurodollar Borrowing only, such next succeeding Business Day would fall in the next calendar month, in which case such Interest Period shall end on the next preceding Business Day and (ii) any Interest Period pertaining to a Eurodollar Borrowing that commences on the last Business

Day of a calendar month (or on a day for which there is no numerically corresponding day in the last calendar month of such Interest Period) shall end on the last Business Day of the last calendar month of such Interest Period. For purposes hereof, the date of a Borrowing initially shall be the date on which such Borrowing is made and, in the case of a Revolving Borrowing, thereafter shall be the effective date of the most recent conversion or continuation of such Borrowing.

"Issuing Bank" means JPMorgan Chase Bank, National Association, in its capacity as the issuer of Letters of Credit hereunder, and its successors in such capacity as provided in Section 2.06(i). The Issuing Bank may, in its discretion, arrange for one or more Letters of Credit to be issued by Affiliates of the Issuing Bank, in which case the term "Issuing Bank" shall include any such Affiliate with respect to Letters of Credit issued by such Affiliate.

"LC Collateral Account" has the meaning assigned to such term in Section 2.06(j).

"LC Disbursement" means a payment made by the Issuing Bank pursuant to a Letter of Credit.

"LC Exposure" means, at any time, the sum of (a) the aggregate undrawn amount of all outstanding Letters of Credit at such time plus (b) the aggregate amount of all LC Disbursements that have not yet been reimbursed to the Issuing Bank by or on behalf of the Borrower at such time. The LC Exposure of any Revolving Lender at any time shall be its Applicable Percentage of the total LC Exposure at such time.

"Lenders" means the Persons listed on the Commitment Schedule and any other Person that shall have become a party hereto pursuant to an Assignment and Assumption, other than any such Person that ceases to be a party hereto pursuant to an Assignment and Assumption. Unless the context otherwise requires, the term "Lenders" includes the Swingline Lender.

"Letter of Credit" means any letter of credit issued pursuant to this Agreement.

"Leverage Ratio" means, on any date, the ratio of (a) Consolidated Total Indebtedness on such date to (b) Consolidated EBITDA for the period of four consecutive fiscal quarters ended on such date (or, if such date is not the last day of a fiscal quarter, ended on the last day of the fiscal quarter most recently ended prior to such date).

"LIBO Rate" means, with respect to any Eurodollar Borrowing for any Interest Period, the rate appearing on Reuters BBA Libor Rates Page 3750 (or on any successor or substitute page of such service, or any successor to or substitute for such service, providing rate quotations comparable to those currently provided on such page of such service, as determined by the Administrative Agent from time to time for purposes of providing quotations of interest rates applicable to dollar deposits in the London interbank market) at approximately 11:00 a.m., London time, two Business Days prior to the commencement of such Interest Period, as the rate for dollar deposits with a maturity comparable to such Interest Period. In the event that such rate is not available at such time for any reason, then the "LIBO Rate" with respect to such Eurodollar Borrowing for such Interest Period shall be the rate at which dollar deposits of $5,000,000 and for a maturity comparable to such Interest Period are offered by the principal

London office of the Administrative Agent in immediately available funds in the London interbank market at approximately 11:00 a.m., London time, two Business Days prior to the commencement of such Interest Period.

"Lien" means, with respect to any asset, (a) any mortgage, deed of trust, lien, pledge, hypothecation, encumbrance, charge or security interest in, on or of such asset, (b) the interest of a vendor or a lessor under any conditional sale agreement, capital lease or title retention agreement (or any financing lease having substantially the same economic effect as any of the foregoing) relating to such asset and (c) in the case of securities, any purchase option, call or similar right of a third party with respect to such securities.

"Loan Documents" means this Agreement, any promissory notes issued pursuant to this Agreement, any Letter of Credit applications, the Collateral Documents, the Subsidiary Guaranty, and all other agreements, instruments, documents and certificates identified in Section 4.01 executed and delivered to, or in favor of, the Administrative Agent or any Lenders and including all other pledges, powers of attorney, consents, assignments, contracts, notices, letter of credit agreements and all other written matter whether heretofore, now or hereafter executed by or on behalf of any Loan Party and delivered to the Administrative Agent or any Lender in connection with the Agreement or the transactions contemplated thereby. Any reference in the Agreement or any other Loan Document to a Loan Document shall include all appendices, exhibits or schedules thereto, and all amendments, restatements, supplements or other modifications thereto, and shall refer to the Agreement or such Loan Document as the same may be in effect at any and all times such reference becomes operative.

"Loan Parties" means the Borrower and the Subsidiary Guarantors.

"Loans" means the loans and advances made by the Lenders pursuant to this Agreement, including Swingline Loans.

"Material Adverse Effect" means a material adverse effect on (a) the business, assets, property or financial condition of the Borrower and the Subsidiaries taken as a whole or (b) the rights of or benefits available to the Administrative Agent, the Issuing Bank or the Lenders under the Loan Documents.

"Material Indebtedness" means Indebtedness (other than the Loans, any Letters of Credit and any Affiliated Subordinated Debt), or obligations in respect of one or more Swap Agreements, of any one or more of the Borrower and its Subsidiaries in an aggregate principal amount exceeding $7,500,000. For purposes of determining Material Indebtedness, the "obligations" of the Borrower or any Subsidiary in respect of any Swap Agreement at any time shall be the maximum aggregate amount (giving effect to any netting agreements) that the Borrower or such Subsidiary would be required to pay if such Swap Agreement were terminated at such time.

"Material Subsidiary" (a) as of the Effective Date, Harlan Electric Company, The L. E. Myers Co., Hawkeye Construction, Inc., Sturgeon Electric Company, Inc., and Great Southwestern Construction, Inc. and (b) after the Effective Date, each Subsidiary (i) which, as of the most recent fiscal quarter of the Borrower, for the period of four consecutive fiscal quarters then ended, for which financial statements have been delivered pursuant to Section 5.01, contributed greater than five percent (5%) of the Borrower's Consolidated EBITDA for such period or (ii) which contributed greater than five percent (5%) of the Borrower's Consolidated Total Assets as of such date.

"Maturity Date" means August 31, 2012 or any earlier date on which the Revolving Commitments are reduced to zero or otherwise terminated pursuant to the terms hereof in accordance with Article VII.

"Moody's" means Moody's Investors Service, Inc.

"Multiemployer Plan" means a multiemployer plan as defined in Section 4001(a)(3) of ERISA.

"Net Income" means, for any period, the consolidated net income (or loss) of the Borrower and its Subsidiaries, determined on a consolidated basis in accordance with GAAP; provided that there shall be excluded (a) the income (or deficit) of any Person accrued prior to the date it becomes a Subsidiary of the Borrower or is merged into or consolidated with the Borrower or any of its Subsidiaries, (b) the income (or deficit) of any Person (other than a Subsidiary of the Borrower) in which the Borrower or any of its Subsidiaries has an ownership interest, except to the extent that any such income is actually received by the Borrower or such Subsidiary in the form of dividends or similar distributions and (c) the undistributed earnings of any Subsidiary of the Borrower to the extent that the declaration or payment of dividends or similar distributions by such Subsidiary is not at the time permitted by the terms of any contractual obligation (other than under any Loan Document) or Requirement of Law applicable to such Subsidiary.

"Net Mark-to-Market Exposure" of a Person means, as of any date of determination, the excess (if any) of all unrealized losses over all unrealized profits of such Person arising from Swap Agreements. "Unrealized losses" means the fair market value of the cost to such Person of replacing such Swap Agreements as of the date of determination (assuming the Swap Agreements were to be terminated as of that date), and "unrealized profits" means the fair market value of the gain to such Person of replacing such Swap Agreement as of the date of determination (assuming such Swap Agreement were to be terminated as of that date).

"Net Proceeds" means, with respect to any event, (a) the cash proceeds actually received by the Borrower or any Subsidiary in respect of such event including (i) any cash received in respect of any non-cash proceeds (including any cash payments received by way of deferred payment of principal pursuant to a note or installment receivable or purchase price adjustment receivable or otherwise, but excluding any interest payments), but only as and when received, (ii) in the case of a casualty, insurance proceeds (net of any deduction) and (iii) in the case of a condemnation or similar event, condemnation awards and similar payments, net of (b) the sum of (i) all reasonable fees and out-of-pocket expenses paid (or reasonably estimated to be payable) to third parties (other than Borrower and its Subsidiaries) in connection with such event, (ii) in the case of a sale, transfer or other disposition of an asset (including pursuant to a sale and leaseback transaction or a casualty or a condemnation or similar proceeding), the amount of all payments required to be made as a result of such event to repay Indebtedness (other than Loans) secured by such asset or otherwise subject to mandatory prepayment as a result of such event and (iii) the amount of all taxes paid (or reasonably estimated to be payable) and the amount of any reserves established to fund contingent liabilities reasonably estimated to be payable, in each case during the year that such event occurred or the next succeeding year and that are directly attributable to such event (as determined reasonably and in good faith by a Financial Officer).

"Non-Consenting Lender" has the meaning assigned to such term in Section 9.02(d).

"Obligations" means all unpaid principal of and accrued and unpaid interest on the Loans, all LC Exposure, all accrued and unpaid fees and all expenses, reimbursements, indemnities and other obligations of the Loan Parties to the Lenders or to any Lender, the Administrative Agent, the Issuing Bank or any indemnified party arising under the Loan Documents, in each case whether now existing or hereafter arising, whether all such obligations arise or accrue before or after the commencement of any bankruptcy, insolvency or receivership proceedings, including, without limitation, interest and fees accruing pre-petition or post-petition and costs, expenses, and attorneys' and paralegals' fees, whenever incurred (and whether or not such claims, interest, costs, expenses or fees are allowed or allowable in any such proceeding).

"Other Taxes" means any and all present or future stamp or documentary taxes or any other excise or property taxes, charges or similar levies arising from any payment made hereunder or from the execution, delivery or enforcement of, or otherwise with respect to, this Agreement.

"Participant" has the meaning set forth in Section 9.04.

"PBGC" means the Pension Benefit Guaranty Corporation referred to and defined in ERISA and any successor entity performing similar functions.

"Permitted Acquisition" means any acquisition (whether by purchase, merger, consolidation or otherwise but excluding in any event a Hostile Acquisition) or series of related acquisitions by the Borrower or any Subsidiary of all or substantially all the assets of, or more than fifty percent (50%) of the Equity Interests in, a Person or division or line of business of a Person if, at the time of and immediately after giving effect thereto, (a) no Default has occurred and is continuing or would arise after giving effect thereto, (b) such Person or division or line of business is engaged in the same or a similar line of business as the Borrower and the Subsidiaries or business reasonably related thereto, (c) all actions required to be taken with respect to such acquired or newly formed Subsidiary under Section 5.11 shall have been taken, (d) the Borrower and the Subsidiaries are in compliance, on a pro forma basis reasonably acceptable to the Administrative Agent after giving effect to such acquisition (without giving effect to any cost savings), with the covenants contained in Section 6.12 recomputed as of the last day of the most recently ended fiscal quarter of the Borrower for which financial statements are available, as if such acquisition (and any related incurrence or repayment of Indebtedness, with any new Indebtedness being deemed to be amortized over the applicable testing period in accordance with its terms) had occurred on the first day of each relevant period for testing such compliance and the Borrower shall have delivered to the Administrative Agent a certificate of a Financial Officer of the Borrower to such effect, together with all relevant financial information, statements and projections requested by the Administrative Agent, (e) in the case of an acquisition or merger involving the Borrower or a Subsidiary, the Borrower or such Subsidiary is the surviving entity of such merger and/or consolidation and (f) Consolidated Availability is not less than $10,000,000.

"Permitted Encumbrances" means:

(a) Liens imposed by law for taxes that are not more than 60 days past due or which can thereafter be paid without penalty or which are being contested in compliance with Section 5.04;

(b) carriers', warehousemen's, mechanics', materialmen's, repairmen's and other similar Liens imposed by law or arising in the ordinary course of business and securing obligations that are not overdue by more than 60 days or are being contested in compliance with Section 5.04;

(c) Liens and deposits arising in the ordinary course of business in compliance with workers' compensation, unemployment insurance and other social security laws and regulations;

(d) Liens and deposits in connection with Bonding Obligations;

(e) judgment liens in respect of judgments that do not constitute an Event of Default under clause (k) of Article VII; and

(f) easements, zoning restrictions and other governmental restrictions on use, rights of way, permits, conditions, servitudes, exceptions, covenants, restrictions and all other encumbrances on or in respect of real property or any interest therein that do not materially interfere with the ordinary conduct of business of the Borrower or any Subsidiary; and

(g) Liens securing the obligations of the Borrower or any of its Subsidiaries under any leases, right-of-use or similar agreement (but only with respect to the property so leased or used) that do not constitute Capital Lease Obligations;

provided that the term "Permitted Encumbrances" shall not include any Lien securing Indebtedness.

"Permitted Investments" means:

(a) direct obligations of, or obligations the principal of and interest on which are unconditionally guaranteed by, the United States of America (or by any agency thereof to the extent such obligations are backed by the full faith and credit of the United States of America), in each case maturing within one year from the date of acquisition thereof;

(b) investments in commercial paper maturing within 270 days from the date of acquisition thereof and having, at such date of acquisition, the highest credit rating obtainable from S&P or from Moody's;

(c) investments in certificates of deposit, banker's acceptances and time deposits maturing within 180 days from the date of acquisition thereof issued or guaranteed by or placed with, and money market deposit accounts issued or offered by, any domestic office of any commercial bank organized under the laws of the United States of America or any State thereof which has a combined capital and surplus and undivided profits of not less than $500,000,000;

(d) fully collateralized repurchase agreements with a term of not more than 30 days for securities described in clause (a) above and entered into with a financial institution satisfying the criteria described in clause (c) above; and

(e) money market funds that (i) comply with the criteria set forth in Securities and Exchange Commission Rule 2a-7 under the Investment Company Act of 1940, (ii) are rated AAA by S&P and Aaa by Moody's and (iii) have portfolio assets of at least $5,000,000,000.

"Person" means any natural person, corporation, limited liability company, trust, joint venture, association, company, partnership, Governmental Authority or other entity.

"Plan" means any employee pension benefit plan (other than a Multiemployer Plan) subject to the provisions of Title IV of ERISA or Section 412 of the Code or Section 302 of ERISA, and in respect of which the Borrower or any ERISA Affiliate is (or, if such plan were terminated, would under Section 4069 of ERISA be deemed to be) an "employer" as defined in Section 3(5) of ERISA.

"Pledge Subsidiary" means each Domestic Subsidiary (other than Parkway on the Lake, Inc., a Michigan corporation and each Immaterial Subsidiary) and First Tier Foreign Subsidiary which is, in each case, a direct Subsidiary of the Borrower or a direct Subsidiary of a Material Subsidiary.

"Prepayment Event" means:

(a) any sale, transfer or other disposition (including pursuant to a sale and leaseback transaction) of any property or asset of the Borrower or any Subsidiary, other than dispositions described in Section 6.05; provided, that any sale, transfer or other disposition associated with any event described in clause (b) below shall be subject to the terms and conditions of such clause (b); or

(b) any casualty or other insured damage to, or any taking under power of eminent domain or by condemnation or similar proceeding of, any property or asset of the Borrower or any Subsidiary that results in the Borrower or such Subsidiary receiving Net Proceeds in respect of such property or asset equal to or greater than $5,000,000; or

(c) the issuance by the Borrower of any Equity Interests, or the receipt by the Borrower of any capital contribution; in either case pursuant to an initial public offering of the Borrower's Equity Interests or other public offering of Equity Interests registered pursuant to the Securities Act of 1933, or any offering pursuant to Rule 144A of the Securities and Exchange Commission or any private placement of Equity Interests of the Borrower to other than an existing holder thereof, but only to the extent necessary to reduce, on a pro forma basis, the Leverage Ratio to less than or equal to 2.0 to 1.0; or

(d) the incurrence by the Borrower or any Subsidiary of any Indebtedness (other than Loans), other than Indebtedness permitted under Section 6.01 or permitted by the Required Lenders pursuant to Section 9.02.

"Prime Rate" means the rate of interest per annum publicly announced from time to time by JPMorgan Chase Bank, National Association as its prime rate at its principal office in New York City; each change in the Prime Rate shall be effective from and including the date such change is publicly announced as being effective.

"Projections" has the meaning assigned to such term in Section 5.01(f).

"Qualifying Equity Offering" means any initial public offering, or other public offering, registered pursuant to an effective registration statement (other than a registration statement on Form S-8 or any substantially similar or successor form) in accordance with the Securities Act of 1933 (as amended, and including the rules and regulations promulgated thereunder) or any offering pursuant to Rule 144A of the Securities and Exchange Commission or any private placement, in each case of voting common Equity Interests of the Borrower pursuant to which ArcLight Group ceases to have Control of the Borrower.

"Register" has the meaning set forth in Section 9.04.

"Related Parties" means, with respect to any specified Person, such Person's Affiliates and the respective directors, officers, employees, agents and advisors of such Person and such Person's Affiliates.

"Required Lenders" means, at any time, Lenders having Credit Exposure and unused Commitments representing 662/3% or more of the sum of the total Credit Exposure and unused Commitments at such time.

"Requirement of Law" means, as to any Person, the Certificate of Incorporation and By Laws or other organizational or governing documents of such Person, and any law, treaty, rule or regulation or determination of an arbitrator or a court or other Governmental Authority, in each case applicable to or binding upon such Person or any of its property or to which such Person or any of its property is subject.

"Restricted Payment" means (i) any dividend or other distribution (whether in cash, securities or other property) with respect to any Equity Interests in the Borrower or any Subsidiary, or (ii) any payment (whether in cash, securities or other property), including any sinking fund or similar deposit, on account of the purchase, redemption, retirement, acquisition, cancellation or termination of any such Equity Interests in the Borrower or any option, warrant or other right to acquire any such Equity Interests in the Borrower or (iii) any payment in respect of Affiliated Subordinated Debt.

"Revolving Commitment" means, with respect to each Lender, the commitment, if any, of such Lender to make Revolving Loans and to acquire participations in Letters of Credit and Swingline Loans hereunder, expressed as an amount representing the maximum possible aggregate amount of such Lender's Revolving Exposure hereunder, as such commitment may be (a) reduced from time to time pursuant to Section 2.09, (b) increased from time to time pursuant to Section 2.04 and (c) reduced or increased from time to time pursuant to assignments by or to such Lender pursuant to Section 9.04. The initial aggregate amount of the Lenders' Revolving Commitments is $75,000,000.

"Revolving Exposure" means, with respect to any Lender at any time, the sum at such time, without duplication, of (i) the outstanding principal amount of such Lender's Revolving Loans and its LC Exposure, and (ii) an amount equal to its Applicable Percentage of the aggregate principal amount of Swingline Loans.

"Revolving Lender" means, as of any date of determination, a Lender with a Revolving Commitment or, if the Revolving Commitments have terminated or expired, a Lender with Revolving Exposure.

"Revolving Loan" means a Loan made pursuant to Section 2.01(a).

"S&P" means Standard & Poor's Ratings Services, a division of The McGraw Hill Companies, Inc.

"Secured Obligations" means all Obligations, together with all Swap Obligations and Banking Services Obligations owing to one or more Lenders or their respective Affiliates, in each case whether now existing or hereafter arising, whether all such obligations arise or accrue before or after the commencement of any bankruptcy, insolvency or receivership proceedings, including, without limitation, interest and fees accruing pre-petition or post-petition and costs, expenses, and attorneys' and paralegals' fees, whenever incurred (and whether or not such claims, interest, costs, expenses or fees are allowed or allowable in any such proceeding).

"Security Agreement" means that certain Pledge and Security Agreement (including any and all supplements thereto), dated as of the date hereof, between the Loan Parties and the Administrative Agent, for the benefit of the Administrative Agent and the other Holders of Secured Obligations, and any other pledge or security agreement entered into, after the date of this Agreement by any other Loan Party (as required by this Agreement or any other Loan Document), or any other Person, as the same may be amended, restated or otherwise modified from time to time.

"Statutory Reserve Rate" means a fraction (expressed as a decimal), the numerator of which is the number one and the denominator of which is the number one minus the aggregate of the maximum reserve percentages (including any marginal, special, emergency or supplemental reserves) expressed as a decimal established by the Board to which the Administrative Agent is subject with respect to the Adjusted LIBO Rate, for eurocurrency funding (currently referred to as "Eurocurrency Liabilities" in Regulation D of the Board). Such

reserve percentages shall include those imposed pursuant to such Regulation D. Eurodollar Loans shall be deemed to constitute eurocurrency funding and to be subject to such reserve requirements without benefit of or credit for proration, exemptions or offsets that may be available from time to time to any Lender under such Regulation D or any comparable regulation. The Statutory Reserve Rate shall be adjusted automatically on and as of the effective date of any change in any reserve percentage.

"subsidiary" means, with respect to any Person (the "parent") at any date, any other Person (other than a natural person) the accounts of which would be consolidated with those of the parent in the parent's consolidated financial statements if such financial statements were prepared in accordance with GAAP as of such date, as well as any other Person (a) of which securities or other ownership interests representing more than 50% of the equity or more than 50% of the ordinary voting power or, in the case of a partnership, more than 50% of the general partnership interests are, as of such date, owned, controlled or held, or (b) that is, as of such date, otherwise Controlled, by the parent or one or more subsidiaries of the parent or by the parent and one or more subsidiaries of the parent.

"Subsidiary" means any subsidiary of the Borrower.

"Subsidiary Guarantor" means each Material Subsidiary that becomes a party to a Subsidiary Guaranty (including pursuant to a joinder or supplement thereto).

"Subsidiary Guaranty" means that certain Guaranty dated as of the Effective Date (including any and all supplements thereto) and executed by each Subsidiary Guarantor, and any other guaranty agreements as are requested by the Administrative Agent and its counsel, in each case as amended, restated, supplemented or otherwise modified from time to time.

"Swap Agreement" means any agreement with respect to any swap, forward, future or derivative transaction or option or similar agreement involving, or settled by reference to, one or more rates, currencies, commodities, equity or debt instruments or securities, or economic, financial or pricing indices or measures of economic, financial or pricing risk or value or any similar transaction or any combination of these transactions; provided that no phantom stock or similar plan providing for payments only on account of services provided by current or former directors, officers, employees or consultants of the Borrower or the Subsidiaries shall be a Swap Agreement.

"Swap Obligations" of a Person means any and all obligations of such Person, whether absolute or contingent and howsoever and whensoever created, arising, evidenced or acquired (including all renewals, extensions and modifications thereof and substitutions therefor), under (a) any and all Swap Agreements, and (b) any and all cancellations, buy backs, reversals, terminations or assignments of any Swap Agreement transaction.

"Swingline Lender" means JPMorgan Chase Bank, National Association, in its capacity as lender of Swingline Loans hereunder.

"Swingline Loan" means a Loan made pursuant to Section 2.05.

"Syndication Agent" means Citibank, N.A., in its capacity as syndication agent for the credit facility evidenced by this Agreement.

"Taxes" means any and all present or future taxes, levies, imposts, duties, deductions, charges or withholdings imposed by any Governmental Authority.

"Term Lenders" means, as of any date of determination, Lenders having a Term Loan Commitment.

"Term Loan Commitment" means (a) as to any Term Lender, the aggregate commitment of such Term Lender to make Term Loans as set forth in the Commitment Schedule or in the most recent Assignment Agreement executed by such Term Lender or pursuant to Section 2.04 hereof and (b) as to all Term Lenders, the aggregate commitment of all Term Lenders to make Term Loans, which aggregate commitment shall be $50,000,000 on the date of this Agreement. After advancing the Term Loan, each reference to a Term Lender's Term Loan Commitment shall refer to that Term Lender's Applicable Percentage of the Term Loans.

"Term Loans" means the term loans or incremental term loans extended by the Lenders to the Borrower pursuant to Section 2.01(b) or Section 2.04 hereof.

"Transactions" means the execution, delivery and performance by the Borrower of this Agreement, the borrowing of Loans and other credit extensions, the use of the proceeds thereof and the issuance of Letters of Credit hereunder.

"Type", when used in reference to any Loan or Borrowing, refers to whether the rate of interest on such Loan, or on the Loans comprising such Borrowing, is determined by reference to the Adjusted LIBO Rate or the Alternate Base Rate.

"UCC" means the Uniform Commercial Code as in effect from time to time in the State of New York or any other state the laws of which are required to be applied in connection with the issue of perfection of security interests.

"Unaffiliated Subordinated Indebtedness" of the Borrower or any Subsidiary means any Indebtedness of such Person the payment of which is subordinated to payment of the Secured Obligations to the written satisfaction of, and the terms and conditions of which are otherwise satisfactory to, the Administrative Agent.

"Unaffiliated Subordinated Indebtedness Documents" means any document, agreement or instrument evidencing any Subordinated Indebtedness or entered into in connection with any Unaffiliated Subordinated Indebtedness.

"Unliquidated Obligations" means, at any time, any Secured Obligations (or portion thereof) that are contingent in nature or unliquidated at such time, including any Secured Obligation that is: (i) an obligation to reimburse a bank for drawings not yet made under a letter of credit issued by it; (ii) any other obligation (including any guarantee) that is contingent in nature at such time; or (iii) an obligation to provide collateral to secure any of the foregoing types of obligations.

"Withdrawal Liability" means liability to a Multiemployer Plan as a result of a complete or partial withdrawal from such Multiemployer Plan, as such terms are defined in Part I of Subtitle E of Title IV of ERISA.

SECTION 1.02. Classification of Loans and Borrowings. For purposes of this Agreement, Loans may be classified and referred to by Class (e.g., a "Revolving Loan") or by Type (e.g., a "Eurodollar Loan") or by Class and Type (e.g., a "Eurodollar Revolving Loan"). Borrowings also may be classified and referred to by Class (e.g., a "Revolving Borrowing") or by Type (e.g., a "Eurodollar Borrowing") or by Class and Type (e.g., a "Eurodollar Revolving Borrowing").

SECTION 1.03. Terms Generally. The definitions of terms herein shall apply equally to the singular and plural forms of the terms defined. Whenever the context may require, any pronoun shall include the corresponding masculine, feminine and neuter forms. The words "include", "includes" and "including" shall be deemed to be followed by the phrase "without limitation". The word "will" shall be construed to have the same meaning and effect as the word "shall". Unless the context requires otherwise (a) any definition of or reference to any agreement, instrument or other document herein shall be construed as referring to such agreement, instrument or other document as from time to time amended, supplemented or otherwise modified (subject to any restrictions on such amendments, supplements or modifications set forth herein), (b) any reference herein to any Person shall be construed to include such Person's successors and assigns, (c) the words "herein", "hereof" and "hereunder", and words of similar import, shall be construed to refer to this Agreement in its entirety and not to any particular provision hereof, (d) all references herein to Articles, Sections, Exhibits and Schedules shall be construed to refer to Articles and Sections of, and Exhibits and Schedules to, this Agreement and (e) the words "asset" and "property" shall be construed to have the same meaning and effect and to refer to any and all tangible and intangible assets and properties, including cash, securities, accounts and contract rights.

SECTION 1.04. Accounting Terms; GAAP. Except as otherwise expressly provided herein, all terms of an accounting or financial nature shall be construed in accordance with GAAP, as in effect from time to time; provided that, if the Borrower notifies the Administrative Agent that the Borrower requests an amendment to any provision hereof to eliminate the effect of any change occurring after the date hereof in GAAP or in the application thereof on the operation of such provision (or if the Administrative Agent notifies the Borrower that the Required Lenders request an amendment to any provision hereof for such purpose), regardless of whether any such notice is given before or after such change in GAAP or in the application thereof, then such provision shall be interpreted on the basis of GAAP as in effect and applied immediately before such change shall have become effective until such notice shall have been withdrawn or such provision amended in accordance herewith.

ARTICLE II

The Credits

SECTION 2.01. Commitments. Subject to the terms and conditions set forth herein, (a) each Revolving Lender agrees to make Revolving Loans to the Borrower from time to time during the Availability Period in an aggregate principal amount that will not result in (i) such Lender's Revolving Exposure exceeding such Lender's Revolving Commitment or (ii) the total Revolving Exposures exceeding the sum of the total Revolving Commitments and (b) each Term Lender agrees to make a Term Loan to the Borrower on the Effective Date, in an amount equal to such Lender's Term Loan Commitment by making immediately available funds available to the Administrative Agent's designated account, not later than the time specified by the Administrative Agent. Within the foregoing limits and subject to the terms and conditions set forth herein, the Borrower may borrow, prepay and reborrow Revolving Loans. Amounts prepaid or repaid in respect of Term Loans may not be reborrowed.

SECTION 2.02. Loans and Borrowings. (a) Each Loan (other than a Swingline Loan) shall be made as part of a Borrowing consisting of Loans of the same Class and Type made by the Lenders ratably in accordance with their respective Commitments of the applicable Class. Any Swingline Loan shall be made in accordance with the procedures set forth in Section 2.05. The Term Loans shall amortize as set forth in Section 2.10.

(b) Subject to Section 2.14, each Revolving Borrowing and Term Loan Borrowing shall be comprised entirely of ABR Loans or Eurodollar Loans as the Borrower may request in accordance herewith, provided that all Revolving Borrowings made on the Effective Date must be made as ABR Borrowings but may be converted into Eurodollar Borrowings in accordance with Section 2.08. Each Swingline Loan shall be an ABR Loan. Each Lender at its option may make any Eurodollar Loan by causing any domestic or foreign branch or Affiliate of such Lender to make such Loan; provided that any exercise of such option shall not affect the obligation of the Borrower to repay such Loan in accordance with the terms of this Agreement.

(c) At the commencement of each Interest Period for any Eurodollar Borrowing, such Borrowing shall be in an aggregate amount that is an integral multiple of $100,000 and not less than $1,000,000. At the time that each ABR Borrowing is made, such Borrowing shall be in an aggregate amount that is an integral multiple of $50,000 and not less than $500,000; provided that an ABR Revolving Borrowing may be in an aggregate amount that is equal to the entire unused balance of the total Revolving Commitments or that is required to finance the reimbursement of an LC Disbursement as contemplated by Section 2.06(e). Each Swingline Loan shall be in an amount that is an integral multiple of $5,000 and not less than $50,000. Borrowings of more than one Type and Class may be outstanding at the same time; provided, however, that there shall not at any time be more than a total of eight (8) Eurodollar Borrowings outstanding.

(d) Notwithstanding any other provision of this Agreement, the Borrower shall not be entitled to request, or to elect to convert or continue, any Borrowing if the Interest Period requested with respect thereto would end after the Maturity Date.

SECTION 2.03. Requests for Borrowings. To request a Borrowing, the Borrower shall notify the Administrative Agent of such request either in writing (delivered by hand or telecopy) in a form approved by the Administrative Agent and signed by the Borrower or by telephone (a) in the case of a Eurodollar Borrowing, not later than 10:00 a.m., Chicago time, three Business Days before the date of the proposed Borrowing or (b) in the case of an ABR Borrowing, not later than 10:00 a.m., Chicago time, on the date of the proposed Borrowing; provided that any such notice of an ABR Revolving Borrowing to finance the reimbursement of an LC Disbursement as contemplated by Section 2.06(e) may be given not later than 9:00 a.m., Chicago time, on the date of the proposed Borrowing. Each such telephonic Borrowing Request shall be irrevocable and shall be confirmed promptly by hand delivery or telecopy to the Administrative Agent of a written Borrowing Request in a form approved by the Administrative Agent and signed by the Borrower. Each such telephonic and written Borrowing Request shall specify the following information in compliance with Section 2.02:

(i) the aggregate amount of the requested Borrowing;

(ii) the date of such Borrowing, which shall be a Business Day;

(iii) whether such Borrowing is to be an ABR Borrowing or a Eurodollar Borrowing; and

(iv) in the case of a Eurodollar Borrowing, the initial Interest Period to be applicable thereto, which shall be a period contemplated by the definition of the term “Interest Period.”

If no election as to the Type of Borrowing is specified, then the requested Revolving Borrowing shall be an ABR Borrowing. If no Interest Period is specified with respect to any requested Eurodollar Revolving Borrowing, then the Borrower shall be deemed to have selected an Interest Period of one month’s duration. Promptly following receipt of a Borrowing Request in accordance with this Section, the Administrative Agent shall advise each Lender of the details thereof and of the amount of such Lender’s Loan to be made as part of the requested Borrowing.

SECTION 2.04. Increase of Commitments. At any time, but not more than five (5) times during the term of this Agreement, the Borrower may request that the aggregate of the Commitments (the “Aggregate Commitment”) be increased by increasing the Revolving Commitments and/or obtaining incremental Term Loans hereunder; provided that (i) the Aggregate Commitment shall at no time exceed $175,000,000 and (ii) each such request shall be in a minimum amount of $5,000,000. Any such incremental Term Loans (A) shall rank pari passu in right of payment and of security with the Revolving Loans and all other Term Loans, (B) shall not mature earlier than the Maturity Date, (C) shall not have a weighted average life that is shorter than the then-remaining weighted average life of the initial Term Loans, and (D) shall be otherwise treated substantially the same as (and in any event no more favorably than) the other Term Loans (in each case, including with respect to pricing and mandatory and voluntary prepayments). Each such request shall be made in a written notice given to the Administrative Agent and the Lenders by the Borrower not less than ten (10) Business Days prior to the proposed effective date of such increase, which notice (a “Commitment Increase Notice”) shall specify the amount of the proposed increase in the Aggregate Commitment, whether such increase is to be allocated to the Revolving Commitments and/or incremental Term Loans and the proposed effective date of such increase. The Borrower may notify the Administrative Agent of any financial institution that shall have agreed to become a "Lender" party hereto (a "Proposed New Lender") in connection with the Commitment Increase Notice and any Proposed New Lender shall be consented to by the Administrative Agent (which consent shall not be unreasonably withheld or delayed). The Administrative Agent shall notify the Borrower, the Lenders and any Proposed New Lender on or before the Business Day immediately prior to the proposed effective date of the amount of each Lender's and Proposed New Lender's Revolving Commitment and/or incremental Term Loan commitment (collectively, the "Effective Commitment Amount") and the amount of the Aggregate Commitment, which amount shall be effective on the following Business Day. Any increase in the Aggregate Commitment shall be subject to the following conditions precedent: (A) as of the date of the Commitment Increase Notice and as of the proposed effective date of the increase in the Aggregate Commitment, all representations and warranties under Article III shall be true and correct in all material respects as though made on such date (except to the extent that any such representation or warranty relates solely to any earlier date, in which case it should have been true and correct in all material respects as of such earlier date) and no event shall have occurred and then be continuing which constitutes a Default, (B) the Borrower, the Administrative Agent and each Proposed New Lender or Lender that shall have agreed to provide a "Revolving Commitment" or incremental Term Loans in support of such increase in the Aggregate Commitment shall have executed and delivered a "Commitment and Acceptance" substantially in the form of Exhibit C, (C) counsel for the Borrower shall have provided to the Administrative Agent supplemental opinions in form and substance reasonably satisfactory to the Administrative Agent, (D) the Borrower and each Proposed New Lender shall otherwise have executed and delivered such other instruments and documents that the Administrative Agent shall have reasonably requested in connection with such increase and (E) the Administrative Agent shall have administered the reallocation of the Credit Exposures on the effective date of such increase ratably among the Lenders (including new Lenders) after giving effect to such increase. The Borrower hereby agrees to compensate each Lender for all losses, expenses and liabilities incurred by such Lender in connection with the sale and assignment of any Eurodollar Loan hereunder on the terms and in the manner as set forth in Section 2.16 hereof. Upon satisfaction of the conditions precedent to any increase in the Aggregate Commitment, the Administrative Agent shall promptly advise the Borrower and each Lender of the effective date of such increase. Upon the effective date of any increase in the Aggregate Commitment that is supported by a Proposed New Lender, such Proposed New Lender shall be a party to this Agreement as a Lender and shall have the rights and obligations of a Lender hereunder. Nothing contained herein shall constitute, or otherwise be deemed to be, a commitment on the part of any Lender to increase its Revolving Commitment or provide incremental Term Loans at any time.

SECTION 2.05. Swingline Loans. (a) Subject to the terms and conditions set forth herein, the Swingline Lender agrees to make Swingline Loans to the Borrower from time to time during the Availability Period, in an aggregate principal amount at any time outstanding that will not result in (i) the aggregate principal amount of outstanding Swingline Loans exceeding $15,000,000 or (ii) the sum of the total Revolving Exposures exceeding the total Revolving Commitments; provided that the Swingline Lender shall not be required to make a Swingline Loan to refinance an outstanding Swingline Loan. Within the foregoing limits and subject to the terms and conditions set forth herein, the Borrower may borrow, prepay and reborrow Swingline Loans. To request a Swingline Loan, the Borrower shall notify the Administrative Agent of such request by telephone (confirmed by telecopy), not later than 11:00 a.m., Chicago time, on the day of a proposed Swingline Loan. Each such notice shall be irrevocable and shall specify the requested date (which shall be a Business Day) and amount of the requested Swingline Loan. The Administrative Agent will promptly advise the Swingline Lender of any such notice received from the Borrower. The Swingline Lender shall make each Swingline Loan available to the Borrower by means of a credit to the Funding Account (or, in the case of a Swingline Loan made to finance the reimbursement of an LC Disbursement as provided in Section 2.06(e), by remittance to the Issuing Bank, and in the case of repayment of another Loan or fees or expenses as provided by Section 2.18(c), by remittance to the Administrative Agent to be distributed to the Lenders) by 2:00 p.m., Chicago time, on the requested date of such Swingline Loan.

(b) The Swingline Lender may by written notice given to the Administrative Agent not later than 9:00 a.m., Chicago time, on any Business Day require the Revolving Lenders to acquire participations on such Business Day in all or a portion of the Swingline Loans outstanding. Such notice shall specify the aggregate amount of Swingline Loans in which Revolving Lenders will participate. Promptly upon receipt of such notice, the Administrative Agent will give notice thereof to each Revolving Lender, specifying in such notice such Lender's Applicable Percentage of such Swingline Loan or Loans. Each Revolving Lender hereby absolutely and unconditionally agrees, upon receipt of notice as provided above, to pay to the Administrative Agent, for the account of the Swingline Lender, such Lender's Applicable Percentage of such Swingline Loan or Loans. Each Revolving Lender acknowledges and agrees that its obligation to acquire participations in Swingline Loans pursuant to this paragraph is absolute and unconditional and shall not be affected by any circumstance whatsoever, including the occurrence and continuance of a Default or reduction or termination of the Commitments, and that each such payment shall be made without any offset, abatement, withholding or reduction whatsoever. Each Revolving Lender shall comply with its obligation under this paragraph by wire transfer of immediately available funds, in the same manner as provided in Section 2.07 with respect to Loans made by such Lender (and Section 2.07 shall apply, mutatis mutandis, to the payment obligations of the Lenders), and the Administrative Agent shall promptly pay to the Swingline Lender the amounts so received by it from the Revolving Lenders. The Administrative Agent shall notify the Borrower of any participations in any Swingline Loan acquired pursuant to this paragraph, and thereafter payments in respect of such Swingline Loan shall be made to the Administrative Agent and not to the Swingline Lender. Any amounts received by the Swingline Lender from the Borrower (or other party on behalf of the Borrower) in respect of a Swingline Loan after receipt by the Swingline Lender of the proceeds of a sale of participations therein shall be promptly remitted to the Administrative Agent; any such amounts received by the Administrative Agent shall be promptly remitted by the Administrative Agent to the Revolving Lenders that shall have made their payments pursuant to this paragraph and to the Swingline Lender, as their interests may appear; provided that any such payment so remitted shall be repaid to the Swingline Lender or to the Administrative Agent, as applicable, if and to the extent such payment is required to be refunded to the Borrower for any reason. The purchase of participations in a Swingline Loan pursuant to this paragraph shall not relieve the Borrower of any default in the payment thereof.

(c) Upon the making of a Swingline Loan (whether before or after the occurrence of a Default), each Revolving Lender shall be deemed, without further action by any party hereto, to have unconditionally and irrevocably purchased from the Swingline Lender without recourse or warranty, an undivided interest and participation in such Swingline Loan in proportion to its Applicable Percentage of the Revolving Commitment. The Swingline Lender may, at any time, require the Revolving Lenders to fund their participations. From and after the date, if any, on which any Revolving Lender is required to fund its participation in any Swingline Loan purchased hereunder, the Administrative Agent shall promptly distribute to such Lender, such Lender's Applicable Percentage of all payments of principal and interest and all proceeds of Collateral received by the Administrative Agent in respect of such Loan.

SECTION 2.06. Letters of Credit. (a) General. Subject to the terms and conditions set forth herein, the Issuing Bank agrees to issue, amend, extend and renew, at any time and from time to time during the Availability Period, at the request of the Borrower, in a form reasonably acceptable to the Administrative Agent and the Issuing Bank, one or more Letters of Credit for the Borrower's account having an amount available for draw that will not result in the total Revolving Exposures exceeding the sum of the total Revolving Commitments of all Lenders. In the event of any inconsistency between the terms and conditions of this Agreement and the terms and conditions of any form of letter of credit application or other agreement submitted by the Borrower to, or entered into by the Borrower with, the Issuing Bank relating to any Letter of Credit, the terms and conditions of this Agreement shall control. The letters of credit previously issued and identified on Schedule 2.06 (the "Existing Letters of Credit") shall be deemed to be "Letters of Credit" issued on the Effective Date for all purposes of the Loan Documents.

(b) Notice of Issuance, Amendment, Renewal, Extension; Certain Conditions. To request the issuance of a Letter of Credit (or the amendment, renewal or extension of an outstanding Letter of Credit), the Borrower shall hand deliver or telecopy (or transmit by electronic communication, if arrangements for doing so have been approved by the Issuing Bank) to the Issuing Bank and the Administrative Agent (reasonably in advance of the requested date of issuance, amendment, renewal or extension) a notice requesting the issuance of a Letter of Credit, or identifying the Letter of Credit to be amended, renewed or extended, and specifying the date of issuance, amendment, renewal or extension (which shall be a Business Day), the date on which such Letter of Credit is to expire (which shall comply with paragraph (c) of this Section), the amount of such Letter of Credit, the name and address of the beneficiary thereof and such other information as shall be necessary to prepare, amend, renew or extend such Letter of Credit. If requested by the Issuing Bank, the Borrower also shall submit a letter of credit application on the Issuing Bank's standard form in connection with any request for a Letter of Credit. A Letter of Credit shall be issued, amended, renewed or extended only if (and upon issuance, amendment, renewal or extension of each Letter of Credit the Borrower shall be deemed to represent and warrant that), after giving effect to such issuance, amendment, renewal or extension, the total Revolving Exposures shall not exceed the total Revolving Commitments.

(c) Expiration Date. Each Letter of Credit shall expire at or prior to the close of business on the earlier of (i) the date one year after the date of the issuance of such Letter of Credit (or, in the case of any renewal or extension thereof, one year after such renewal or extension) and (ii) the date that is five Business Days prior to the Maturity Date; provided that, upon the Borrower's request, any such Letter of Credit which expires in the final year prior to the Maturity Date may have a later expiry date if cash collateralized or covered by standby letter(s) of credit in compliance with Section 2.06(j) below (each such Letter of Credit, an "Extended Letter of Credit").

(d) Participations. By the issuance of a Letter of Credit (or an amendment to a Letter of Credit increasing the amount thereof) and without any further action on the part of the Issuing Bank or the Revolving Lenders, the Issuing Bank hereby grants to each Revolving Lender, and each Revolving Lender hereby acquires from the Issuing Bank, a participation in such Letter of Credit equal to such Lender's Applicable Percentage of the aggregate amount available to be drawn under such Letter of Credit. In consideration and in furtherance of the foregoing, each Revolving Lender hereby absolutely and unconditionally agrees to pay to the Administrative Agent, for the account of the Issuing Bank, such Lender's Applicable Percentage of each LC Disbursement made by the Issuing Bank and not reimbursed by the Borrower on the date due as provided in paragraph (e) of this Section, or of any reimbursement payment required to be refunded to the Borrower for any reason. Each Revolving Lender acknowledges and agrees that its obligation to acquire participations pursuant to this paragraph in respect of Letters of Credit is absolute and unconditional and shall not be affected by any circumstance whatsoever, including any amendment, renewal or extension of any Letter of Credit or the occurrence and continuance of a Default or reduction or termination of the Commitments, and that each such payment shall be made without any offset, abatement, withholding or reduction whatsoever.

(e) Reimbursement. If the Issuing Bank shall make any LC Disbursement in respect of a Letter of Credit, the Borrower shall reimburse such LC Disbursement by paying to the Administrative Agent an amount equal to such LC Disbursement not later than 11:00 a.m., Chicago time, on the date that such LC Disbursement is made, if the Borrower shall have received notice of such LC Disbursement prior to 9:00 a.m., Chicago time, on such date, or, if such notice has not been received by the Borrower prior to such time on such date, then not later than 11:00 a.m., Chicago time, on the Business Day immediately following the day that the Borrower receives such notice, if such notice is not received prior to such time on the day of receipt; provided that the Borrower may request in accordance with Section 2.03 or 2.05 that such payment be financed with an ABR Revolving Borrowing or Swingline Loan in an equivalent amount and, to the extent so financed, the Borrower's obligation to make such payment shall be discharged and replaced by the resulting ABR Revolving Borrowing or Swingline Loan. If the Borrower fails to make such payment when due, the Administrative Agent shall notify each Revolving Lender of the applicable LC Disbursement, the payment then due from the Borrower in respect thereof and such Lender's Applicable Percentage thereof. Promptly following receipt of such notice, each Revolving Lender shall pay to the Administrative Agent its Applicable Percentage of the payment then due from the Borrower, in the same manner as provided in Section 2.07 with respect to Loans made by such Lender (and Section 2.07 shall apply, mutatis mutandis, to the payment obligations of the Revolving Lenders provided that such payment shall be payable by no later than 12:00 noon Chicago time), and the Administrative Agent shall promptly pay to the Issuing Bank the amounts so received by it from the Revolving Lenders. Promptly following receipt by the Administrative Agent of any payment from the Borrower pursuant to this paragraph, the Administrative Agent shall distribute such payment to the Issuing Bank or, to the extent that Revolving Lenders have made payments pursuant to this paragraph to reimburse the Issuing Bank, then to such Lenders and the Issuing

Bank as their interests may appear. Any payment made by a Revolving Lender pursuant to this paragraph to reimburse the Issuing Bank for any LC Disbursement (other than the funding of ABR Revolving Loans or a Swingline Loan as contemplated above) shall not constitute a Loan and shall not relieve the Borrower of its obligation to reimburse such LC Disbursement.

(f) Obligations Absolute. The Borrower's obligation to reimburse LC Disbursements as provided in paragraph (e) of this Section shall be absolute, unconditional and irrevocable, and shall be performed strictly in accordance with the terms of this Agreement under any and all circumstances whatsoever and irrespective of (i) any lack of validity or enforceability of any Letter of Credit or this Agreement, or any term or provision therein, (ii) any draft or other document presented under a Letter of Credit proving to be forged, fraudulent or invalid in any respect or any statement therein being untrue or inaccurate in any respect, (iii) payment by the Issuing Bank under a Letter of Credit against presentation of a draft or other document that does not comply with the terms of such Letter of Credit, or (iv) any other event or circumstance whatsoever, whether or not similar to any of the foregoing, that might, but for the provisions of this Section, constitute a legal or equitable discharge of, or provide a right of setoff against, the Borrower's obligations hereunder. Neither the Administrative Agent, the Revolving Lenders nor the Issuing Bank, nor any of their Related Parties, shall have any liability or responsibility by reason of or in connection with the issuance or transfer of any Letter of Credit or any payment or failure to make any payment thereunder (irrespective of any of the circumstances referred to in the preceding sentence), or any error, omission, interruption, loss or delay in transmission or delivery of any draft, notice or other communication under or relating to any Letter of Credit (including any document required to make a drawing thereunder), any error in interpretation of technical terms or any consequence arising from causes beyond the control of the Issuing Bank; provided that the foregoing shall not be construed to excuse the Issuing Bank from liability to the Borrower to the extent of any direct damages (as opposed to consequential damages, claims in respect of which are hereby waived by the Borrower to the extent permitted by applicable law) suffered by the Borrower that are caused by the Issuing Bank's failure to exercise care when determining whether drafts and other documents presented under a Letter of Credit comply with the terms thereof. The parties hereto expressly agree that, in the absence of gross negligence or willful misconduct on the part of the Issuing Bank, the Issuing Bank shall be deemed to have exercised care in each such determination. In furtherance of the foregoing and without limiting the generality thereof, the parties agree that, with respect to documents presented which appear on their face to be in substantial compliance with the terms of a Letter of Credit, the Issuing Bank may, in its sole discretion, either accept and make payment upon such documents without responsibility for further investigation, regardless of any notice or information to the contrary, or refuse to accept and make payment upon such documents if such documents are not in strict compliance with the terms of such Letter of Credit.

(g) Disbursement Procedures. The Issuing Bank shall, promptly following its receipt thereof, examine all documents purporting to represent a demand for payment under a Letter of Credit. The Issuing Bank shall promptly notify the Administrative Agent and the Borrower by telephone (confirmed by telecopy) of such demand for payment and whether the Issuing Bank has made or will make an LC Disbursement thereunder; provided that any failure to give or delay in giving such notice shall not relieve the Borrower of its obligation to reimburse the Issuing Bank and the Revolving Lenders with respect to any such LC Disbursement.

(h) Interim Interest. If the Issuing Bank shall make any LC Disbursement, then, unless the Borrower shall reimburse such LC Disbursement in full on the date such LC Disbursement is made, the unpaid amount thereof shall bear interest, for each day from and including the date such LC Disbursement is made to but excluding the date that the Borrower reimburses such LC Disbursement, at the rate per annum then applicable to ABR Revolving Loans; provided that, if the Borrower fails to reimburse such LC Disbursement when due pursuant to paragraph (e) of this Section, then Section 2.13(d) shall apply. Interest accrued pursuant to this paragraph shall be for the account of the Issuing Bank, except that interest accrued on and after the date of payment by any Revolving Lender pursuant to paragraph (e) of this Section to reimburse the Issuing Bank shall be for the account of such Lender to the extent of such payment.

(i) Replacement of the Issuing Bank. The Issuing Bank may be replaced at any time by written agreement among the Borrower, the Administrative Agent, the replaced Issuing Bank and the successor Issuing Bank. The Administrative Agent shall notify the Revolving Lenders of any such replacement of the Issuing Bank. At the time any such replacement shall become effective, the Borrower shall pay all unpaid fees accrued for the account of the replaced Issuing Bank pursuant to Section 2.12(b). From and after the effective date of any such replacement, (i) the successor Issuing Bank shall have all the rights and obligations of the Issuing Bank under this Agreement with respect to Letters of Credit to be issued thereafter and (ii) references herein to the term "Issuing Bank" shall be deemed to refer to such successor or to any previous Issuing Bank, or to such successor and all previous Issuing Banks, as the context shall require. After the replacement of an Issuing Bank hereunder, the replaced Issuing Bank shall remain a party hereto and shall continue to have all the rights and obligations of an Issuing Bank under this Agreement with respect to Letters of Credit issued by it prior to such replacement, but shall not be required to issue additional Letters of Credit.

(j) Cover. If (x) any Event of Default shall occur and be continuing, on the Business Day that the Borrower receives notice from the Administrative Agent or the Required Lenders (or, if the maturity of the Loans has been accelerated, Revolving Lenders with LC Exposure representing greater than 50% of the total LC Exposure) demanding the deposit of cash collateral pursuant to this paragraph or (y) the Borrower requests the issuance of an Extended Letter of Credit, the Borrower shall either (A) cover by arranging for the issuance of one or more standby letters of credit issued by an issuer, and otherwise on terms and conditions, satisfactory to the Administrative Agent or (B) deposit in an account with the Administrative Agent, in the name of the Administrative Agent and for the benefit of the Revolving Lenders (the "LC Collateral Account"), an amount in cash equal to 105% of the LC Exposure in respect of such Extended Letter of Credit (in the case of the foregoing clause (y)) or in the aggregate (in the case of the foregoing clause (x)) as of such date plus accrued and unpaid interest thereon; provided that the obligation to provide such letter of credit cover or deposit such cover or cash collateral shall (1) be required by no later than five (5) Business Days prior to the Maturity Date in the case of an Extended Letter of Credit and (2) become effective immediately, and such cover or deposit shall become immediately due and payable, without demand or other notice of any kind, upon the occurrence of any Event of Default with respect to the Borrower described in clause (h) or (i) of Article VII. Such cover and deposit shall be held by the Administrative Agent as collateral for the payment and performance of the Secured Obligations. The Administrative Agent shall have exclusive dominion and control, including the exclusive right of withdrawal, over such account and the Borrower hereby grants the Administrative Agent a security interest in the LC Collateral Account. Other than any interest earned on the investment of such deposits, which investments shall be made at the option and sole discretion of the Administrative Agent and at the Borrower's risk and expense, such deposits shall not bear interest. Interest or profits, if any, on such investments shall accumulate in such account. Moneys in such account shall be applied by the Administrative Agent to reimburse the Issuing Bank for LC Disbursements for which it has not been reimbursed and, to the extent not so applied, shall be held for the satisfaction of the reimbursement obligations of the Borrower for the LC Exposure at such time or, if the maturity of the Loans has been accelerated (but subject to the consent of Revolving Lenders with LC Exposure representing greater than 50% of the total LC Exposure), be applied to satisfy other Secured Obligations. If the Borrower is required to provide an amount of letter of credit cover or cash collateral hereunder as a result of the occurrence of an Event of Default, such amount (to the extent not applied as aforesaid) shall be returned to the Borrower within three Business Days after all such Defaults have been cured or waived.

SECTION 2.07. Funding of Borrowings. (a) Each Lender shall make each Loan to be made by it hereunder on the proposed date thereof by wire transfer of immediately available funds by 11:00 a.m., Chicago time, to the account of the Administrative Agent most recently designated by it for such purpose by notice to the Lenders in an amount equal to such Lender's Applicable Percentage; provided that, Term Loans shall be made as provided in Section 2.01(b) and 2.02(b) and Swingline Loans shall be made as provided in Section 2.05. The Administrative Agent will make such Loans available in immediately available funds to the Borrower by promptly crediting the amounts so received, in like funds, to the Funding Account; provided that ABR Revolving Loans made to finance the reimbursement of an LC Disbursement as provided in Section 2.06(e) shall be remitted by the Administrative Agent to the Issuing Bank.

(b) Unless the Administrative Agent shall have received notice from a Lender prior to the proposed date of any Borrowing that such Lender will not make available to the Administrative Agent such Lender's share of such Borrowing, the Administrative Agent may assume that such Lender has made such share available on such date in accordance with paragraph (a) of this Section and may, in reliance upon such assumption, make available to the Borrower a corresponding amount. In such event, if a Lender has not in fact made its share of the applicable Borrowing available to the Administrative Agent, then the applicable Lender and the Borrower severally agree to pay to the Administrative Agent forthwith on demand such corresponding amount with interest thereon, for each day from and including the date such amount is made available to the Borrower to but excluding the date of payment to the Administrative Agent, at (i) in the case of such Lender, the greater of the Federal Funds Effective Rate and a rate determined by the Administrative Agent in accordance with banking industry rules on interbank compensation or (ii) in the case of the Borrower, the interest rate applicable to ABR Loans. If such Lender pays such amount to the Administrative Agent, then such amount shall constitute such Lender's Loan included in such Borrowing. Nothing in this paragraph (b) shall be deemed to relieve any Lender from any obligation to fund any Loans in accordance with the terms and conditions hereunder or to prejudice any rights which the Borrower may have against any Lender as a result of any default by such Lender hereunder.

SECTION 2.08. Interest Elections. (a) Each Borrowing initially shall be of the Type specified in the applicable Borrowing Request and, in the case of a Eurodollar Borrowing, shall have an initial Interest Period as specified in such Borrowing Request. Thereafter, the Borrower may elect to convert such Borrowing to a different Type or to continue such Borrowing and, in the case of a Eurodollar Borrowing, may elect Interest Periods therefor, all as provided in this Section. The Borrower may elect different options with respect to different portions of the affected Borrowing, in which case each such portion shall be allocated ratably among the Lenders holding the Loans comprising such Borrowing, and the Loans comprising each such portion shall be considered a separate Borrowing. This Section shall not apply to Swingline Borrowings, which may not be converted or continued.

(b) To make an election pursuant to this Section, the Borrower shall notify the Administrative Agent of such election by telephone by the time that a Borrowing Request would be required under Section 2.03 if the Borrower were requesting a Borrowing of the Type resulting from such election to be made on the effective date of such election. Each such telephonic Interest Election Request shall be irrevocable and shall be confirmed promptly by hand delivery or telecopy to the Administrative Agent of a written Interest Election Request in a form approved by the Administrative Agent and signed by the Borrower.

(c) Each telephonic and written Interest Election Request shall specify the following information in compliance with Section 2.02:

(i) the Borrowing to which such Interest Election Request applies and, if different options are being elected with respect to different portions thereof, the portions thereof to be allocated to each resulting Borrowing (in which case the information to be specified pursuant to clauses (iii) and (iv) below shall be specified for each resulting Borrowing);

(ii) the effective date of the election made pursuant to such Interest Election Request, which shall be a Business Day;

(iii) whether the resulting Borrowing is to be an ABR Borrowing or a Eurodollar Borrowing; and

(iv) if the resulting Borrowing is a Eurodollar Borrowing, the Interest Period to be applicable thereto after giving effect to such election, which shall be a period contemplated by the definition of the term "Interest Period".

If any such Interest Election Request requests a Eurodollar Borrowing but does not specify an Interest Period, then the Borrower shall be deemed to have selected an Interest Period of one month's duration.

(d) Promptly following receipt of an Interest Election Request, the Administrative Agent shall advise each Lender of the details thereof and of such Lender's portion of each resulting Borrowing.

(e) If the Borrower fails to deliver a timely Interest Election Request with respect to a Eurodollar Borrowing prior to the end of the Interest Period applicable thereto, then, unless such Borrowing is repaid as provided herein, at the end of such Interest Period such Borrowing shall be converted to an ABR Borrowing. Notwithstanding any contrary provision hereof, if an Event of Default has occurred and is continuing and the Administrative Agent, at the request of the Required Lenders, so notifies the Borrower, then, so long as an Event of Default is continuing (i) no outstanding Borrowing may be converted to or continued as a Eurodollar Borrowing and (ii) unless repaid, each Eurodollar Borrowing shall be converted to an ABR Borrowing at the end of the Interest Period applicable thereto.

SECTION 2.09. Termination and Reduction of Commitments. (a) Unless previously terminated, (i) the Term Loan Commitments shall terminate at 4:00 p.m. Chicago time, on the Effective Date and (ii) all other Commitments shall terminate on the Maturity Date.

(b) The Borrower may at any time terminate the Revolving Commitments upon (i) the payment in full of all outstanding Loans, together with accrued and unpaid interest thereon and on any Letters of Credit, (ii) the cancellation and return of all outstanding Letters of Credit (or alternatively, with respect to each such Letter of Credit, the furnishing to the Administrative Agent of a cash deposit (or at the discretion of the Administrative Agent a back up standby letter of credit satisfactory to the Administrative Agent) equal to 105% of the LC Exposure as of such date), (iii) the payment in full of the accrued and unpaid fees, and (iv) the payment in full of all reimbursable expenses and other Obligations together with accrued and unpaid interest thereon.

(c) The Borrower may at any time and from time to time reduce the Revolving Commitments; provided that (i) each reduction of the Revolving Commitments shall be in an amount that is an integral multiple of $100,000 and not less than $1,000,000.

(d) The Borrower shall notify the Administrative Agent of any election to terminate or reduce the Revolving Commitments under paragraph (b) or (c) of this Section at least three Business Days prior to the effective date of such termination or reduction, specifying such election and the effective date thereof. Promptly following receipt of any notice, the Administrative Agent shall advise the Lenders of the contents thereof. Each notice delivered by the Borrower pursuant to this Section shall be irrevocable; provided that a notice of termination of the Revolving Commitments delivered by the Borrower may state that such notice is conditioned upon the effectiveness of other credit facilities, in which case such notice may be revoked by the Borrower (by notice to the Administrative Agent on or prior to the specified effective date) if such condition is not satisfied. Any termination or reduction of the Revolving Commitments shall be permanent. Each reduction of the Commitments shall be made ratably among the Lenders in accordance with their respective Commitments.

SECTION 2.10. Repayment and Amortization of Loans; Evidence of Debt. (a)The Borrower hereby unconditionally promises to pay (i) to the Administrative Agent for the account of each Revolving Lender the then unpaid principal amount of each Revolving Loan on the Maturity Date, and (ii) to the Swingline Lender the then unpaid principal amount of each Swingline Loan on the earlier of the Maturity Date and the first date after such Swingline Loan is made that is the 15th or last day of a calendar month and is at least five Business Days after such Swingline Loan is made; provided that on each date that a Revolving Loan is made, the Borrower shall repay all Swingline Loans then outstanding. The Borrower shall repay Term Loans on each date set forth below (subject to adjustment pursuant to Section 2.18(a)) in the aggregate principal amount set forth opposite such date (as adjusted from time to time pursuant to Section 2.11(d)):

Date		Amount
September 30, 2008	$	625,000
December 31, 2008	$	625,000
March 31, 2009	$	625,000
June 30, 2009	$	625,000
September 30, 2009	$	1,250,000
December 31, 2009	$	1,250,000
March 31, 2010	$	1,250,000
June 30, 2010	$	1,250,000
September 30, 2010	$	1,250,000
December 31, 2010	$	1,250,000
March 31, 2011	$	1,250,000
June 30, 2011	$	1,250,000
September 30, 2011	$	1,250,000
December 31, 2011	$	1,250,000
March 31, 2012	$	1,250,000

To the extent not previously paid, all unpaid Term Loans shall be paid in full in cash by the Borrower on the Maturity Date.

(b) Each Lender shall maintain in accordance with its usual practice an account or accounts evidencing the indebtedness of the Borrower to such Lender resulting from each Loan made by such Lender, including the amounts of principal and interest payable and paid to such Lender from time to time hereunder.

(c) The Administrative Agent shall maintain accounts in which it shall record (i) the amount of each Loan made hereunder, the Class and Type thereof and the Interest Period applicable thereto, (ii) the amount of any principal or interest due and payable or to become due and payable from the Borrower to each Lender hereunder and (iii) the amount of any sum received by the Administrative Agent hereunder for the account of the Lenders and each Lender's share thereof.

(d) The entries made in the accounts maintained pursuant to paragraph (b) or (c) of this Section shall be prima facie evidence of the existence and amounts of the obligations recorded therein; provided that the failure of any Lender or the Administrative Agent to maintain such accounts or any error therein shall not in any manner affect the obligation of the Borrower to repay the Loans in accordance with the terms of this Agreement.

(e) Any Lender may request that Loans made by it be evidenced by a promissory note. In such event, the Borrower shall prepare, execute and deliver to such Lender a promissory note payable to the order of such Lender (or, if requested by such Lender, to such Lender and its registered assigns) and in a form approved by the Administrative Agent. Thereafter, the Loans evidenced by such promissory note and interest thereon shall at all times (including after assignment pursuant to Section 9.04) be represented by one or more promissory notes in such form payable to the order of the payee named therein (or, if such promissory note is a registered note, to such payee and its registered assigns).

SECTION 2.11. Prepayment of Loans. (a) The Borrower shall have the right at any time and from time to time to prepay any Borrowing, in whole or in part, without premium or penalty (except for break funding payments in accordance with Section 2.16), subject to prior notice in accordance with paragraph (d) of this Section.

(b) In the event and on each occasion that any Net Proceeds are received by or on behalf of the Borrower or any of its Subsidiaries in respect of any Prepayment Event, the Borrower shall, within five (5) Business Days following the date such Net Proceeds are received, prepay the Obligations as set forth in Section 2.11(d) below in an aggregate amount equal to 100% of such Net Proceeds, provided that, in the case of any event described in clause (a) or (b) of the definition of the term "Prepayment Event" that would otherwise require a prepayment to be made pursuant to this Section 2.11(b), if the Borrower shall deliver to the Administrative Agent a certificate of a Financial Officer to the effect that the Borrower or its relevant Subsidiary intends to apply the Net Proceeds from such event (or a portion thereof specified in such certificate), within 90 days after receipt of such Net Proceeds, to acquire (or replace or rebuild) real property, equipment or other tangible assets (excluding inventory) to be used in the business of the Borrower and/or its Subsidiaries, and certifying that no Default has occurred and is continuing, then no prepayment shall be required pursuant to this paragraph in respect of the Net Proceeds specified in such certificate; provided further that to the extent of any such Net Proceeds therefrom that have not been so applied by the end of such 90 day period, at which time a prepayment shall be required in an amount equal to such Net Proceeds that have not been so applied; provided, further that the Borrower shall not be permitted to make elections to use Net Proceeds to acquire (or replace or rebuild) real property, equipment or other tangible assets (excluding inventory) with respect to Net Proceeds in any fiscal year in an aggregate amount in excess of $7,500,000.

(c) All amounts to be prepaid pursuant to Section 2.11(b) shall be applied to prepay the Term Loans. Any prepayment of Term Loans pursuant to Section 2.11(a) or 2.11(b) shall be applied, if so elected by the Borrower so long as no Event of Default is then continuing, ratably to remaining installments of principal of the Term Loans, and otherwise in inverse order of maturity of the Term Loans.

(d) The Borrower shall notify the Administrative Agent (and, in the case of prepayment of a Swingline Loan, the Swingline Lender) by telephone (confirmed by telecopy) of any prepayment hereunder (i) in the case of prepayment of a Eurodollar Borrowing, not later than 10:00 a.m., Chicago time, three Business Days before the date of prepayment, (ii) in the case of prepayment of an ABR Borrowing, not later than 10:00 a.m., Chicago time, one Business Day before the date of prepayment or (iii) in the case of prepayment of a Swingline Loan, not later than 11:00 a.m., Chicago time, on the date of prepayment. Each such notice shall be irrevocable and shall specify the prepayment date and the principal amount of each Borrowing or portion thereof to be prepaid; provided that, if a notice of prepayment is given in connection with a conditional notice of termination of the Commitments as contemplated by Section 2.09, then such notice of prepayment may be revoked if such notice of termination is revoked in accordance with Section 2.09. Promptly following receipt of any such notice relating to a Borrowing, the Administrative Agent shall advise the Lenders of the contents thereof. Each partial prepayment of any Borrowing shall be in an amount that would be permitted in the case of an advance of a Borrowing of the same Type as provided in Section 2.02. Each prepayment of a Revolving Borrowing shall be applied ratably to the Revolving Loans included in the prepaid Borrowing, and each prepayment of a Term Loan Borrowing shall be applied in accordance with the terms hereof, and in each case, any such prepayments shall be accompanied by (i) accrued interest to the extent required by Section 2.13 and (ii) break funding payments pursuant to Section 2.16.

SECTION 2.12. Fees. (a) The Borrower agrees to pay to the Administrative Agent for the account of each Revolving Lender a commitment fee, which shall accrue at the Applicable Rate on the average daily amount of the Available Revolving Commitment of such Revolving Lender during the period from and including the Effective Date to but excluding the date on which the Lenders' Revolving Commitments terminate. Accrued commitment fees shall be payable in arrears on the last day of each March, June, September and December and on the date on which the Revolving Commitments terminate, commencing on the first such date to occur after the date hereof. All commitment fees shall be computed on the basis of a year of 360 days and shall be payable for the actual number of days elapsed (including the first day but excluding the last day). Swingline Loans shall not be included in Revolving Exposure in determining the Available Revolving Commitment for the purpose of calculating the commitment fee due hereunder.

(b) The Borrower agrees to pay (i) to the Administrative Agent for the account of each Revolving Lender a participation fee with respect to its participations in Letters of Credit, which shall accrue at the same Applicable Rate used to determine the interest rate applicable to Eurodollar Revolving Loans on the average daily amount of such Lender's LC Exposure (excluding any portion thereof attributable to unreimbursed LC Disbursements) during the period from and including the Effective Date to but excluding the later of the date on which such Lender's Revolving Commitment terminates and the date on which such Revolving Lender ceases to have any LC Exposure, and (ii) to the Issuing Bank a fronting fee, which shall accrue at the rate of 0.125% per annum on the average daily amount of the LC Exposure (excluding any portion thereof attributable to unreimbursed LC Disbursements during the period from and including the Effective Date to but excluding the later of the date of termination of the Revolving Commitments and the date on which there ceases to be any LC Exposure, as well as the Issuing Bank's standard fees with respect to the issuance, amendment, renewal or extension of any Letter of Credit or processing of drawings thereunder. Participation fees and fronting fees accrued through and including the last day of each March, June, September and December shall be payable on the third Business Day following such last day, commencing on the first such date to occur after the Effective Date; provided that all such fees shall be payable on the date on which the Revolving Commitments terminate and any such fees accruing after the date on which the Revolving Commitments terminate shall be payable on demand. Any other fees payable to the Issuing Bank pursuant to this paragraph shall be payable within 10 days after demand. All participation fees and fronting fees shall be computed on the basis of a year of 360 days and shall be payable for the actual number of days elapsed (including the first day but excluding the last day).

(c) The Borrower agrees to pay to the Administrative Agent, for its own account, fees payable in the amounts and at the times separately agreed upon between the Borrower and the Administrative Agent.

(d) All fees payable hereunder shall be paid on the dates due, in immediately available funds, to the Administrative Agent (or to the Issuing Bank, in the case of fees payable to it) for distribution, in the case of commitment fees and participation fees, to the Lenders. Fees paid shall not be refundable under any circumstances.

SECTION 2.13. Interest. (a) The Loans comprising each ABR Borrowing (including each Swingline Loan) shall bear interest at the Alternate Base Rate plus the Applicable Rate.

(b) The Loans comprising each Eurodollar Borrowing shall bear interest at the Adjusted LIBO Rate for the Interest Period in effect for such Borrowing plus the Applicable Rate.

(c) Notwithstanding the foregoing, if any principal of or interest on any Loan or any fee or other amount payable by the Borrower hereunder is not paid when due, whether at stated maturity, upon acceleration or otherwise, such overdue amount shall bear interest, after as well as before judgment, at a rate per annum equal to (i) in the case of overdue principal of any Loan, 2% plus the rate otherwise applicable to such Loan as provided in the preceding paragraphs of this Section or (ii) in the case of any other amount, 2% plus the rate applicable to ABR Loans as provided in paragraph (a) of this Section.

(d) Accrued interest on each Loan shall be payable in arrears on each Interest Payment Date for such Loan and, in the case of Revolving Loans, upon termination of the Revolving Commitments; provided that (i) interest accrued pursuant to paragraph (c) of this Section shall be payable on demand, (ii) in the event of any repayment or prepayment of any Loan (other than a prepayment of an ABR Loan prior to the end of the Availability Period), accrued interest on the principal amount repaid or prepaid shall be payable on the date of such repayment or prepayment and (iii) in the event of any conversion of any Eurodollar Loan prior to the end of the current Interest Period therefor, accrued interest on such Loan shall be payable on the effective date of such conversion.

(e) All interest hereunder shall be computed on the basis of a year of 360 days, except that interest computed by reference to the Alternate Base Rate at times when the Alternate Base Rate is based on the Prime Rate shall be computed on the basis of a year of 365 days (or 366 days in a leap year), and in each case shall be payable for the actual number of days elapsed (including the first day but excluding the last day). The applicable Alternate Base Rate, Adjusted LIBO Rate or LIBO Rate shall be determined by the Administrative Agent, and such determination shall be conclusive absent manifest error.

SECTION 2.14. Alternate Rate of Interest. If prior to the commencement of any Interest Period for a Eurodollar Borrowing:

(a) the Administrative Agent determines (which determination shall be conclusive absent manifest error) that adequate and reasonable means do not exist for ascertaining the Adjusted LIBO Rate or the LIBO Rate, as applicable, for such Interest Period; or

(b) the Administrative Agent is advised by the Required Lenders that the Adjusted LIBO Rate or the LIBO Rate, as applicable, for such Interest Period will not adequately and fairly reflect the cost to such Lenders (or Lender) of making or maintaining their Loans (or its Loan) included in such Borrowing for such Interest Period;

then the Administrative Agent shall give notice thereof to the Borrower and the Lenders by telephone or telecopy as promptly as practicable thereafter and, until the Administrative Agent notifies the Borrower and the Lenders that the circumstances giving rise to such notice no longer exist, (i) any Interest Election Request that requests the conversion of any Borrowing to, or continuation of any Borrowing as, a Eurodollar Borrowing shall be ineffective, and (ii) if any Borrowing Request requests a Eurodollar Borrowing, such Borrowing shall be made as an ABR Borrowing.

SECTION 2.15. Increased Costs. (a) If any Change in Law shall:

(i) impose, modify or deem applicable any reserve, special deposit or similar requirement against assets of, deposits with or for the account of, or credit extended by, any Lender (except any such reserve requirement reflected in the Adjusted LIBO Rate) or the Issuing Bank; or

(ii) impose on any Lender or the Issuing Bank or the London interbank market any other condition affecting this Agreement or Eurodollar Loans made by such Lender or any Letter of Credit or participation therein;

and the result of any of the foregoing shall be to increase the cost to such Lender of making or maintaining any Eurodollar Loan (or of maintaining its obligation to make any such Loan) or to increase the cost to such Lender or the Issuing Bank of participating in, issuing or maintaining any Letter of Credit or to reduce the amount of any sum received or receivable by such Lender or the Issuing Bank hereunder (whether of principal, interest or otherwise), then the Borrower will pay to such Lender or the Issuing Bank, as the case may be, such additional amount or amounts as will compensate such Lender or the Issuing Bank, as the case may be, for such additional costs incurred or reduction suffered.

(b) If any Lender or the Issuing Bank determines that any Change in Law regarding capital requirements has or would have the effect of reducing the rate of return on such Lender's or the Issuing Bank's capital or on the capital of such Lender's or the Issuing Bank's holding company, if any, as a consequence of this Agreement or the Loans made by, or participations in Letters of Credit held by, such Lender, or the Letters of Credit issued by the Issuing Bank, to a level below that which such Lender or the Issuing Bank or such Lender's or the Issuing Bank's holding company could have achieved but for such Change in Law (taking into consideration such Lender's or the Issuing Bank's policies and the policies of such Lender's or the Issuing Bank's holding company with respect to capital adequacy), then from time to time the Borrower will pay to such Lender or the Issuing Bank, as the case may be, such additional amount or amounts as will compensate such Lender or the Issuing Bank or such Lender's or the Issuing Bank's holding company for any such reduction suffered.

(c) A certificate of a Lender or the Issuing Bank setting forth the amount or amounts necessary to compensate such Lender or the Issuing Bank or its holding company, as the case may be, as specified in paragraph (a) or (b) of this Section and describing in reasonable detail the basis of such compensation and method of calculation shall be delivered to the Borrower and shall be conclusive absent manifest error. The Borrower shall pay such Lender or the Issuing Bank, as the case may be, the amount shown as due on any such certificate within 10 days after receipt thereof.

(d) Failure or delay on the part of any Lender or the Issuing Bank to demand compensation pursuant to this Section shall not constitute a waiver of such Lender's or the Issuing Bank's right to demand such compensation; provided that the Borrower shall not be required to compensate a Lender or the Issuing Bank pursuant to this Section for any increased costs or reductions incurred more than 180 days prior to the date that such Lender or the Issuing Bank, as the case may be, notifies the Borrower of the Change in Law giving rise to such increased costs or reductions and of such Lender's or the Issuing Bank's intention to claim compensation therefor; provided further that, if the Change in Law giving rise to such increased costs or reductions is retroactive, then the 180-day period referred to above shall be extended to include the period of retroactive effect thereof.

SECTION 2.16. Break Funding Payments. In the event of (a) the payment of any principal of any Eurodollar Loan other than on the last day of an Interest Period applicable thereto (including as a result of an Event of Default), (b) the conversion of any Eurodollar Loan other than on the last day of the Interest Period applicable thereto, (c) the failure to borrow, convert, continue or prepay any Eurodollar Loan on the date specified in any notice delivered pursuant hereto (regardless of whether such notice may be revoked under Section 2.09(d) and is revoked in accordance therewith), or (d) the assignment of any Eurodollar Loan other than on the last day of the Interest Period applicable thereto as a result of a request by the Borrower pursuant to Section 2.19, then, in any such event, the Borrower shall compensate each Lender for the loss, cost and expense attributable to such event. In the case of a Eurodollar Loan, such loss, cost or expense to any Lender shall be deemed to include an amount determined by such Lender to be the excess, if any, of (i) the amount of interest which would have accrued on the principal amount of such Loan had such event not occurred, at the Adjusted LIBO Rate that would have been applicable to such Loan, for the period from the date of such event to the last day of the then current Interest Period therefor (or, in the case of a failure to borrow, convert or continue, for the period that would have been the Interest Period for such Loan), over (ii) the amount of interest which would accrue on such principal amount for such period at the interest rate which such Lender would bid were it to bid, at the commencement of such period, for dollar deposits of a comparable amount and period from other banks in the eurodollar market. A certificate of any Lender setting forth any amount or amounts (and the computation of any such loss, cost or expense in reasonable detail) that such Lender is entitled to receive pursuant to this Section shall be delivered to the Borrower and shall be conclusive absent manifest error. The Borrower shall pay such Lender the amount shown as due on any such certificate within 10 days after receipt thereof.

SECTION 2.17. Taxes. (a) Any and all payments by or on account of any obligation of the Borrower hereunder shall be made free and clear of and without deduction for any Indemnified Taxes or Other Taxes; provided that if the Borrower shall be required to deduct any Indemnified Taxes or Other Taxes from such payments, then (i) the sum payable shall be increased as necessary so that after making all required deductions (including deductions applicable to additional sums payable under this Section) the Administrative Agent, any Lender or the Issuing Bank (as the case may be) receives an amount equal to the sum it would have received had no such deductions been made, (ii) the Borrower shall make such deductions and (iii) the Borrower shall pay the full amount deducted to the relevant Governmental Authority in accordance with applicable law.

(b) In addition, the Borrower shall pay any Other Taxes to the relevant Governmental Authority in accordance with applicable law.

(c) The Borrower shall indemnify the Administrative Agent, each Lender and the Issuing Bank, within 10 days after written demand therefor, for the full amount of any Indemnified Taxes or Other Taxes paid by the Administrative Agent, such Lender or the Issuing Bank, as the case may be, on or with respect to any payment by or on account of any obligation of the Borrower hereunder (including Indemnified Taxes or Other Taxes imposed or asserted on or attributable to amounts payable under this Section) and any penalties, interest and reasonable expenses arising therefrom or with respect thereto, whether or not such Indemnified Taxes or Other Taxes were correctly or legally imposed or asserted by the relevant Governmental Authority. A certificate as to the amount of such payment or liability delivered to the Borrower by a Lender or the Issuing Bank, or by the Administrative Agent on its own behalf or on behalf of a Lender or the Issuing Bank, shall be conclusive absent manifest error.

(d) As soon as practicable after any payment of Indemnified Taxes or Other Taxes by the Borrower to a Governmental Authority, the Borrower shall deliver to the Administrative Agent the original or a certified copy of a receipt issued by such Governmental Authority evidencing such payment, a copy of the return reporting such payment or other evidence of such payment reasonably satisfactory to the Administrative Agent.

(e) Any Foreign Lender that is entitled to an exemption from or reduction of withholding tax under the law of the jurisdiction in which the Borrower is located, or any treaty to which such jurisdiction is a party, with respect to payments under this Agreement shall deliver to the Borrower (with a copy to the Administrative Agent), at the time or times prescribed by applicable law or as otherwise reasonably requested by the Borrower, such properly completed and executed documentation prescribed by applicable law or reasonably requested by the Borrower as will permit such payments to be made without withholding or at a reduced rate.

(f) If the Administrative Agent or a Lender determines, in its sole discretion, that it has received a refund of any Taxes or Other Taxes as to which it has been indemnified by the Borrower or with respect to which the Borrower has paid additional amounts pursuant to this Section 2.17, it shall pay over such refund to the Borrower (but only to the extent of indemnity payments made, or additional amounts paid, by the Borrower under this Section 2.17 with respect to the Taxes or Other Taxes giving rise to such refund), net of all out-of-pocket expenses of the Administrative Agent or such Lender and without interest (other than any interest paid by the relevant Governmental Authority with respect to such refund); provided, that the Borrower, upon the request of the Administrative Agent or such Lender, agrees to repay the amount paid over to the Borrower (plus any penalties, interest or other charges imposed by the relevant Governmental Authority) to the Administrative Agent or such Lender in the event the Administrative Agent or such Lender is required to repay such refund to such Governmental Authority. This Section shall not be construed to require the Administrative Agent or any Lender to make available its tax returns (or any other information relating to its taxes which it deems confidential) to the Borrower or any other Person.

SECTION 2.18. Payments Generally; Allocation of Proceeds; Sharing of Set-offs. (a) The Borrower shall make each payment required to be made by it hereunder (whether of principal, interest, fees or reimbursement of LC Disbursements, or of amounts payable under Section 2.15, 2.16 or 2.17, or otherwise) prior to 11:00 a.m., Chicago time, on the date when due, in immediately available funds, without set off or counterclaim. Any amounts received after such time on any date may, in the discretion of the Administrative Agent, be deemed to have been received on the next succeeding Business Day for purposes of calculating interest thereon. All such payments shall be made to the Administrative Agent at its offices at Chase Tower, Chicago, Illinois, except payments to be made directly to the Issuing Bank or Swingline Lender as expressly provided herein and except that payments pursuant to Sections 2.15, 2.16, 2.17 and 9.03 shall be made directly to the Persons entitled thereto. The Administrative Agent shall distribute any such payments received by it for the account of any other Person to the appropriate recipient promptly following receipt thereof. If any payment hereunder shall be due on a day that is not a Business Day, the date for payment shall be extended to the next succeeding Business Day, and, in the case of any payment accruing interest, interest thereon shall be payable for the period of such extension. All payments hereunder shall be made in dollars.

(b) Any proceeds of Collateral received by the Administrative Agent (i) constituting either (A) a specific payment of principal, interest, fees or other sum payable under the Loan Documents shall be applied as specified by the Borrower, so long as no Event of Default has occurred and is continuing, or (B) a mandatory prepayment (which shall be applied in accordance with Section 2.11) and (ii) after an Event of Default has occurred and is continuing and the Administrative Agent so elects or the Required Lenders so direct, such funds shall be applied ratably first, to pay any fees, indemnities, or expense reimbursements including amounts then due to the Administrative Agent and the Issuing Bank from the Borrower (other than in connection with Banking Services Obligations or Swap Obligations), second, to pay any fees or expense reimbursements then due to the Lenders from the Borrower (other than in connection with Banking Services Obligations or Swap Obligations), third, to pay interest then due and payable on the Loans ratably (with amounts being applied to the Term Loans to be applied to installments of the Term Loan in inverse order of maturity), fourth, to prepay principal on the Loans and unreimbursed LC Disbursements ratably, fifth, to pay an amount to the Administrative Agent equal to one hundred five percent (105%) of the aggregate undrawn face amount of all outstanding Letters of Credit and the aggregate amount of any unpaid LC Disbursements, to be held as cash collateral for such Obligations, sixth, to payment of any amounts owing with respect to Banking Services Obligations and Swap Obligations, and seventh, to the payment of any other Secured Obligation due to the Administrative Agent or any Lender by the Borrower. Notwithstanding anything to the contrary contained in this Agreement, unless so directed by the Borrower, or unless a Default is in existence, neither the Administrative

Agent nor any Lender shall apply any payment which it receives to any Eurodollar Loan of a Class, except (a) on the expiration date of the Interest Period applicable to any such Eurodollar Loan or (b) in the event, and only to the extent, that there are no outstanding ABR Loans of the same Class and, in any event, the Borrower shall pay the break funding payment required in accordance with Section 2.16. The Administrative Agent and the Lenders shall have the continuing and exclusive right to apply and reverse and reapply any and all such proceeds and payments to any portion of the Secured Obligations.

(c) At the election of the Administrative Agent, all payments of principal, interest, LC Disbursements, fees, premiums, reimbursable expenses (including, without limitation, all reimbursement for fees and expenses pursuant to Section 9.03), and other sums payable under the Loan Documents, may be paid from the proceeds of Borrowings made hereunder whether made following a request by the Borrower pursuant to Section 2.03 or a deemed request as provided in this Section or may be deducted from any deposit account of the Borrower maintained with the Administrative Agent. The Borrower hereby irrevocably authorizes (i) the Administrative Agent to make a Borrowing for the purpose of paying each payment of principal, interest and fees as it becomes due hereunder or any other amount due under the Loan Documents and agrees that all such amounts charged shall constitute Loans (including Swingline Loans), and that all such Borrowings shall be deemed to have been requested pursuant to Sections 2.03, 2.04 or 2.05, as applicable and (ii) the Administrative Agent to charge any deposit account of the Borrower maintained with the Administrative Agent for each payment of principal, interest and fees as it becomes due hereunder or any other amount due under the Loan Documents.

(d) If any Lender shall, by exercising any right of set off or counterclaim or otherwise, obtain payment in respect of any principal of or interest on any of its Loans or participations in LC Disbursements or Swingline Loans resulting in such Lender receiving payment of a greater proportion of the aggregate amount of its Loans and participations in LC Disbursements and Swingline Loans and accrued interest thereon than the proportion received by any other Lender, then the Lender receiving such greater proportion shall purchase (for cash at face value) participations in the Loans and participations in LC Disbursements and Swingline Loans of other Lenders to the extent necessary so that the benefit of all such payments shall be shared by the Lenders ratably in accordance with the aggregate amount of principal of and accrued interest on their respective Loans and participations in LC Disbursements and Swingline Loans; provided that (i) if any such participations are purchased and all or any portion of the payment giving rise thereto is recovered, such participations shall be rescinded and the purchase price restored to the extent of such recovery, without interest, and (ii) the provisions of this paragraph shall not be construed to apply to any payment made by the Borrower pursuant to and in accordance with the express terms of this Agreement or any payment obtained by a Lender as consideration for the assignment of or sale of a participation in any of its Loans or participations in LC Disbursements and Swingline Loans to any assignee or participant, other than to the Borrower or any Subsidiary or Affiliate thereof (as to which the provisions of this paragraph shall apply). The Borrower consents to the foregoing and agrees, to the extent it may effectively do so under applicable law, that any Lender acquiring a participation pursuant to the foregoing arrangements may exercise against the Borrower rights of set-off and counterclaim with respect to such participation as fully as if such Lender were a direct creditor of the Borrower in the amount of such participation.

(e) Unless the Administrative Agent shall have received notice from the Borrower prior to the date on which any payment is due to the Administrative Agent for the account of the Lenders or the Issuing Bank hereunder that the Borrower will not make such payment, the Administrative Agent may assume that the Borrower has made such payment on such date in accordance herewith and may, in reliance upon such assumption, distribute to the Lenders or the Issuing Bank, as the case may be, the amount due. In such event, if the Borrower has not in fact made such payment, then each of the Lenders or the Issuing Bank, as the case may be, severally agrees to repay to the Administrative Agent forthwith on demand the amount so distributed to such Lender or Issuing Bank with interest thereon, for each day from and including the date such amount is distributed to it to but excluding the date of payment to the Administrative Agent, at the greater of the Federal Funds Effective Rate and a rate determined by the Administrative Agent in accordance with banking industry rules on interbank compensation.

(f) If any Lender shall fail to make any payment required to be made by it pursuant to Section 2.05, 2.06(d) or (e), 2.07(b), 2.18(e) or 9.03(c), then the Administrative Agent may, in its discretion (notwithstanding any contrary provision hereof), apply any amounts thereafter received by the Administrative Agent for the account of such Lender to satisfy such Lender's obligations under such Sections until all such unsatisfied obligations are fully paid.

SECTION 2.19. Mitigation Obligations; Replacement of Lenders. If any Lender requests compensation under Section 2.15, or if the Borrower is required to pay any additional amount to any Lender or any Governmental Authority for the account of any Lender pursuant to Section 2.17, then:

(a) such Lender shall use reasonable efforts to designate a different lending office for funding or booking its Loans hereunder or to assign its rights and obligations hereunder to another of its offices, branches or affiliates, if, in the judgment of such Lender, such designation or assignment (i) would eliminate or reduce amounts payable pursuant to Section 2.15 or 2.17, as the case may be, in the future and (ii) would not subject such Lender to any unreimbursed cost or expense and would not otherwise be disadvantageous to such Lender (and the Borrower hereby agrees to pay all reasonable costs and expenses incurred by any Lender in connection with any such designation or assignment);

(b) the Borrower may, at its sole expense and effort, require such Lender or any Lender that defaults in its obligation to fund Loans hereunder (herein, a "Departing Lender"), upon notice to the Departing Lender and the Administrative Agent, to assign and delegate, without recourse (in accordance with and subject to the restrictions contained in Section 9.04), all its interests, rights and obligations under this Agreement to an assignee that shall assume such obligations (which assignee may be another Lender, if a Lender accepts such assignment); provided that (i) the Borrower shall have received the prior written consent of the Administrative Agent (and if a Revolving Commitment is being assigned, the Issuing Bank), which consent shall not unreasonably be withheld, (ii) the Departing Lender shall have received payment of an amount equal to the outstanding principal of its Loans and participations in LC Disbursements and Swingline Loans, accrued interest thereon, accrued fees and all other amounts payable to it hereunder, from the assignee (to the extent of such outstanding principal and accrued interest and fees) or the Borrower (in the case of all other amounts) and (iii) in the case of any such assignment resulting from a claim for compensation under Section 2.15 or payments required to be made pursuant to Section 2.17, such assignment will result in a reduction in such compensation or payments. A Departing Lender shall not be required to make any such assignment and delegation if, prior thereto, as a result of a waiver by such Lender or otherwise, the circumstances entitling the Borrower to require such assignment and delegation cease to apply.

ARTICLE III

Representations and Warranties

The Borrower represents and warrants to the Lenders that:

SECTION 3.01. Organization; Powers. Each Loan Party is duly organized, validly existing and in good standing under the laws of the jurisdiction of its organization, has all requisite power and authority to carry on its business as now conducted and, except where the failure to do so, individually or in the aggregate, could not reasonably be expected to result in a Material Adverse Effect, is qualified to do business in, and is in good standing in, every jurisdiction where such qualification is required.

SECTION 3.02. Authorization; Enforceability. The Transactions are within each Loan Party's corporate powers and have been duly authorized by all necessary corporate and, if required, stockholder action. The Loan Documents to which each Loan Party is a party have been duly executed and delivered by such Loan Party and constitute a legal, valid and binding obligation of such Loan Party, enforceable in accordance with its terms, subject to applicable bankruptcy, insolvency, reorganization, moratorium or other laws affecting creditors' rights generally and subject to general principles of equity, regardless of whether considered in a proceeding in equity or at law.

SECTION 3.03. Governmental Approvals; No Conflicts. The Transactions (a) do not require any consent or approval of, registration or filing with, or any other action by, any Governmental Authority, except such as have been obtained or made and are in full force and effect and except for filings necessary to perfect Liens created pursuant to the Loan Documents, (b) will not violate any Requirement of Law applicable to the Borrower or any of its Subsidiaries, (c) will not violate or result in a default under any indenture, agreement or other instrument binding upon the Borrower or any of its Subsidiaries or its assets, or give rise to a right thereunder to require any payment to be made by the Borrower or any of its Subsidiaries, and (d) will not result in the creation or imposition of any Lien on any asset of the Borrower or any of its Subsidiaries, except Liens created pursuant to the Loan Documents.

SECTION 3.04. Financial Condition; No Material Adverse Change. (a) The Borrower has heretofore furnished to the Lenders its consolidated balance sheet and statements of income, stockholders equity and cash flows (i) as of and for the fiscal years ended December 31, 2006 and December 31, 2005 reported on by PricewaterhouseCoopers LLP, independent public accountants, and (ii) as of and for the fiscal quarter and the portion of the fiscal year ended June 30, 2007, certified as to the matters set forth in the immediately following sentence by a Financial Officer on behalf of the Borrower. Such financial statements present fairly, in all material respects, the financial position and results of operations and cash flows of the Borrower and its consolidated Subsidiaries as of such dates and for such periods in accordance with GAAP, subject to year end audit adjustments and the absence of footnotes in the case of the statements referred to in clause (ii) above.

(b) Since December 31, 2006, there has been no material adverse change in the business, assets, property or financial condition of the Borrower and its Subsidiaries, taken as a whole.

SECTION 3.05. Properties. (a) Each of the Loan Parties has good title to, or valid leasehold interests in, all its real and personal property (except for defects in title that do not materially interfere with its ability to conduct its business or to utilize such properties for their intended purposes) free of all Liens other than those permitted by Section 6.02.

(b) The Loan Parties own, or are licensed to use, all trademarks, tradenames, copyrights, patents and other intellectual property necessary to their business as currently conducted, and the use thereof by the Loan Parties does not infringe in any material respect upon the rights of any other Person.

SECTION 3.06. Litigation and Environmental Matters. (a) There are no actions, suits or proceedings by or before any arbitrator or Governmental Authority pending against or, to the knowledge of the Borrower, threatened against or affecting the Borrower or any of its Subsidiaries (i) as to which there is a reasonable possibility of an adverse determination and that, if adversely determined, could reasonably be expected, individually or in the aggregate, to result in a Material Adverse Effect (other than the Disclosed Matters) or (ii) that involve this Agreement or the Transactions.

(b) Except for the Disclosed Matters and except with respect to any other matters that, individually or in the aggregate, could not reasonably be expected to result in a Material Adverse Effect, none of the Borrower or any of its Subsidiaries (i) has received notice of any claim with respect to any Environmental Liability, (ii) has failed to comply with any Environmental Law or to obtain, maintain or comply with any permit, license or other approval required under any Environmental Law, or (iii) has become subject to any Environmental Liability.

(c) Since the date of this Agreement, there has been no change in the status of the Disclosed Matters that, individually or in the aggregate, has resulted in, or materially increased the likelihood of, a Material Adverse Effect.

SECTION 3.07. Compliance with Laws and Agreements. Each of the Borrower and its Subsidiaries is in compliance with all Requirements of Law applicable to it or its property and all indentures, agreements and other instruments binding upon it or its property, except where the failure to do so, individually or in the aggregate, could not reasonably be expected to result in a Material Adverse Effect.

SECTION 3.08. Investment Company Status. Neither the Borrower nor any of its Subsidiaries is an "investment company" as defined in, or subject to regulation under, the Investment Company Act of 1940.

SECTION 3.09. Taxes. Each of the Borrower and its Subsidiaries has timely filed or caused to be filed all Tax returns and reports required to have been filed and has paid or caused to be paid all Taxes required to have been paid by it, except (a) Taxes that are being contested in good faith by appropriate proceedings and for which the Borrower or such Subsidiary, as applicable, has set aside on its books adequate reserves or (b) to the extent that the failure to do so could not be expected to result in a Material Adverse Effect.

SECTION 3.10. ERISA. No ERISA Event has occurred or is reasonably expected to occur that, when taken together with all other such ERISA Events for which liability is reasonably expected to occur, could reasonably be expected to result in a Material Adverse Effect.

SECTION 3.11. Disclosure. The Borrower has disclosed to the Lenders all agreements, instruments and corporate or other restrictions to which it or any of its Subsidiaries is subject, and all other matters known to it, that, individually or in the aggregate, could reasonably be expected to result in a Material Adverse Effect. Neither the Information Memorandum nor any of the other reports, financial statements, certificates or other information furnished by or on behalf of the Borrower to the Administrative Agent or any Lender in connection with the negotiation of this Agreement or any other Loan Document (as modified or supplemented by other information so furnished) or delivered hereunder contains any material misstatement of fact or omits to state any material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading; provided that, with respect to projected financial information, the Borrower represents only that such information was prepared in good faith based upon assumptions believed to be reasonable at the time delivered.

SECTION 3.12. Solvency. (a) Immediately after the consummation of the Transactions to occur on the Effective Date, (i) the fair value of the assets of the Borrower, at a fair valuation, will exceed its debts and liabilities, subordinated, contingent or otherwise; (ii) the present fair saleable value of the property of the Borrower will be greater than the amount that will be required to pay the probable liability of its debts and other liabilities, subordinated, contingent or otherwise, as such debts and other liabilities become absolute and matured; (iii) the Borrower will be able to pay its debts and liabilities, subordinated, contingent or otherwise, as such debts and liabilities become absolute and matured; and (iv) the Borrower will not have unreasonably small capital with which to conduct the business in which it is engaged as such business is now conducted and is proposed to be conducted after the Effective Date.

(b) The Borrower does not intend to, nor will it permit any of its Subsidiaries to, and the Borrower does not believe that it or any of its Subsidiaries will, incur debts beyond its ability to pay such debts as they mature, taking into account the timing of and amounts of cash to be received by it or any such Subsidiary and the timing of the amounts of cash to be payable on or in respect of its Indebtedness or the Indebtedness of any such Subsidiary.

SECTION 3.13. Insurance. The Borrower maintains, and has caused each Subsidiary to maintain, with financially sound and reputable insurance companies, insurance on all their real and personal property in such amounts, subject to such deductibles and self-insurance retentions and covering such properties and risks as are adequate and customarily maintained by companies engaged in the same or similar businesses operating in the same or similar locations.

SECTION 3.14. Capitalization and Subsidiaries. Schedule 3.14 sets forth (a) a correct and complete list of the name and relationship to the Borrower of each and all of the Borrower's Subsidiaries, (b) a true and complete listing of each class of each of the Borrower's authorized Equity Interests, of which all of such issued shares are validly issued, outstanding, fully paid and non-assessable, and owned beneficially and of record by the Persons identified on Schedule 3.14, and (c) the type of entity of the Borrower and each of its Subsidiaries. All of the issued and outstanding Equity Interests owned by any Loan Party has been (to the extent such concepts are relevant with respect to such ownership interests) duly authorized and issued and is fully paid and non-assessable.

SECTION 3.15. Security Interest in Collateral. The provisions of this Agreement and the other Loan Documents create legal and valid Liens on all the Collateral in favor of the Administrative Agent, for the benefit of the Holders of Secured Obligations, and, in the case Liens which can be perfected by the filing of UCC financing statements, upon the filing of the financing statements identified in Schedule 3.15, such Liens constitute perfected and continuing Liens on the Collateral, securing the Secured Obligations, enforceable against the applicable Loan Party and all third parties, and having priority over all other Liens on the Collateral except in the case of (a) any Liens permitted under Section 6.02 and (b) Liens perfected only by possession or control to the extent the Administrative Agent has not obtained or does not maintain possession or control of such Collateral in accordance with applicable law.

SECTION 3.16. Labor Disputes. As of the Effective Date, there are no strikes, lockouts or slowdowns against the Borrower or any Subsidiary pending or, to the knowledge of the Borrower, threatened. There are no labor controversies pending against or, to the knowledge of the Borrower, threatened against or affecting the Borrower or any of its Subsidiaries (i) which could reasonably be expected, individually or in the aggregate, to result in a Material Adverse Effect, or (ii) that involve this Agreement or the Transactions.

SECTION 3.17. No Default. No Default has occurred and is continuing.

ARTICLE IV

Conditions

SECTION 4.01. Effective Date. The obligations of the Lenders to make Loans and of the Issuing Bank to issue Letters of Credit hereunder shall not become effective until the date on which each of the following conditions is satisfied (or waived in accordance with Section 9.02):

(a) Credit Agreement and Loan Documents. The Administrative Agent (or its counsel) shall have received (i) from each party hereto either (A) a counterpart of this Agreement signed on behalf of such party or (B) written evidence satisfactory to the Administrative Agent (which may include telecopy transmission of a signed signature page of this Agreement) that such party has signed a counterpart of this Agreement and

(ii) duly executed copies of the Loan Documents and such other legal opinions, certificates, documents, instruments and agreements as the Administrative Agent shall reasonably request in connection with the transactions contemplated by this Agreement and the other Loan Documents, including any promissory notes requested by a Lender pursuant to Section 2.10 payable to the order of each such requesting Lender, all in form and substance satisfactory to the Administrative Agent and its counsel and as further described in the list of closing documents attached as Exhibit B.

(b) Financial Statements and Projections. The Lenders shall have received (i) audited consolidated financial statements of the Borrower for the 2004, 2005 and 2006 fiscal years, (ii) unaudited interim consolidated financial statements of the Borrower for each fiscal quarter ended after the date of the latest applicable financial statements delivered pursuant to clause (i) of this paragraph as to which such financial statements are available, and such financial statements shall not, in the reasonable judgment of the Administrative Agent, reflect any material adverse change in the consolidated financial condition of the Borrower, as reflected in the financial statements or projections contained in the Information Memorandum and (iii) satisfactory projections through 2009.

(c) No Default Certificate. The Administrative Agent shall have received a certificate, signed by the chief financial officer of the Borrower, on the initial Borrowing date (i) stating that no Default has occurred and is continuing, (ii) stating that the representations and warranties contained in Article III are true and correct as of such date, and (iii) certifying any other factual matters as may be reasonably requested by the Administrative Agent.

(d) Fees. The Lenders and the Administrative Agent shall have received all fees required to be paid, and all expenses for which invoices have been presented (including the reasonable fees and expenses of legal counsel to the Administrative Agent), on or before the Effective Date. All such amounts will be paid with proceeds of Loans made on the Effective Date and will be reflected in the funding instructions given by the Borrower to the Administrative Agent on or before the Effective Date.

(e) Lien Searches. The Administrative Agent shall have received the results of a recent lien search of the Uniform Commercial Code records of each jurisdiction and office identified on Schedule 3.15, and such search shall reveal no liens on any of the assets of the Loan Parties except for liens permitted by Section 6.02 or discharged on or prior to the Effective Date pursuant to a pay-off letter or other documentation satisfactory to the Administrative Agent.

(f) Pay-Off Letter. The Administrative Agent shall have received a reasonably satisfactory pay-off letter in respect of the Borrower's Credit Agreement dated as of July 10, 2006 with the lenders party thereto and JPMorgan Chase Bank, National Association as administration agent.

(g) Funding Account. The Administrative Agent shall have received a written money transfer notice setting forth the Funding Account.

(h) Pledged Stock; Stock Powers; Pledged Notes. The Administrative Agent shall have received (i) the certificates representing the shares of Equity Interests pledged pursuant to the Security Agreement, together with an undated stock power for each such certificate executed in blank by a duly authorized officer of the pledgor thereof and (ii) each promissory note (if any) pledged to the Administrative Agent pursuant to the Security Agreement endorsed (without recourse) in blank (or accompanied by an executed transfer form in blank) by the pledgor thereof.

(i) Filings, Registrations and Recordings. Each document (including any Uniform Commercial Code financing statement) required by the Collateral Documents or under law or reasonably requested by the Administrative Agent to be filed, registered or recorded in order to create in favor of the Administrative Agent, for the benefit of the Holders of Secured Obligations, a perfected Lien on the Collateral described therein, prior and superior in right to any other Person (other than with respect to Liens expressly permitted by Section 6.02), shall be in proper form for filing, registration or recordation.

(j) Insurance. The Administrative Agent shall have received evidence of insurance coverage in form, scope, and substance reasonably satisfactory to the Administrative Agent and otherwise in compliance with the terms of Section 5.09.

(k) Letter of Credit Application. The Administrative Agent shall have received a properly completed letter of credit application if the issuance of a Letter of Credit will be required on the Effective Date.

The Administrative Agent shall notify the Borrower and the Lenders of the Effective Date, and such notice shall be conclusive and binding.

SECTION 4.02. Each Credit Event. The obligation of each Lender to make (but not convert, continue or extend) a Loan (other than a Loan which refinances a LC Disbursement in accordance with Section 2.06(e)), and of the Issuing Bank to issue, amend, renew or extend any Letter of Credit, is subject to the satisfaction of the following conditions:

(a) The representations and warranties of the Borrower set forth in this Agreement shall be true and correct on and as of the date of such Loan or the date of issuance, amendment, renewal or extension of such Letter of Credit, as applicable, except to the extent that any such representation or warranty relates solely to an earlier date, in which case it shall have been true and correct as of such earlier date, or, after prior notice to the Administrative Agent, is untrue or incorrect as a result of transactions permitted by the Loan Documents.

(b) At the time of and immediately after giving effect to such Loan or the issuance, amendment, renewal or extension of such Letter of Credit, as applicable, no Default shall have occurred and be continuing.

Each Loan and each issuance, amendment, renewal or extension of a Letter of Credit shall be deemed to constitute a representation and warranty by the Borrower on the date thereof as to the matters specified in paragraphs (a) and (b) of this Section.

ARTICLE V

Affirmative Covenants

Until the Commitments have expired or been terminated and the principal of and interest on each Loan and all fees payable hereunder shall have been paid in full and all Letters of Credit shall have expired, terminated, been cash collateralized or otherwise covered by letters of credit as permitted herein and all LC Disbursements shall have been reimbursed, the Borrower covenants and agrees with the Lenders that:

SECTION 5.01. Financial Statements and Other Information. The Borrower will furnish to the Administrative Agent and each Lender:

(a) within 120 days after the end of each fiscal year of the Borrower, its audited consolidated balance sheet and related statements of operations, stockholders' equity and cash flows as of the end of and for such year, setting forth in each case in comparative form the figures for the previous fiscal year, all reported on by independent public accountants of recognized national standing (without a "going concern" or like qualification or exception and without any qualification or exception as to the scope of such audit) to the effect that such consolidated financial statements present fairly in all material respects the financial condition and results of operations of the Borrower and its consolidated Subsidiaries on a consolidated basis in accordance with GAAP consistently applied, accompanied by any management letter prepared by said accountants;

(b) within 60 days after the end of each of the first three fiscal quarters of the Borrower, its consolidated balance sheet and related statements of operations, stockholders' equity and cash flows as of the end of and for such fiscal quarter and the then elapsed portion of the fiscal year, setting forth in each case in comparative form the figures for the corresponding period or periods of (or, in the case of the balance sheet, as of the end of) the previous fiscal year, all certified by one of its Financial Officers as presenting fairly in all material respects the financial condition and results of operations of the Borrower and its consolidated Subsidiaries on a consolidated basis in accordance with GAAP consistently applied, subject to normal year-end audit adjustments and the absence of footnotes;

(c) concurrently with any delivery of financial statements under clause (a) or (b) above, a certificate of the Borrower executed on its behalf of a Financial Officer in substantially the form of Exhibit D (i) certifying, in the case of the financial statements delivered under clause (b), as presenting fairly in all material respects the financial condition and results of operations of the Borrower and its consolidated Subsidiaries on a consolidated basis in accordance with GAAP consistently applied, subject to normal year-end audit adjustments and the absence of footnotes, (ii) certifying as to whether a Default has occurred and, if a Default has occurred, specifying the details thereof and any action taken or proposed to be taken with respect thereto, (iii) setting forth reasonably detailed calculations demonstrating compliance with Section 6.12 and (iv) stating whether any change in GAAP or in the application thereof has occurred since the date of the audited financial statements referred to in Section 3.04 and, if any such change has occurred, specifying the effect of such change on the financial statements accompanying such certificate;

(d) as soon as available (following approval by the Borrower's board of directors, if such approval is obtained in the ordinary course), but in any event not more than 60 days after the end of each fiscal year of the Borrower, a copy of the plan and forecast (including a projected consolidated and consolidating balance sheet, income statement and funds flow statement) of the Borrower for each month of the upcoming fiscal year (the "Projections") substantially in form of the projections delivered pursuant to Section 4.01(b);

(e) promptly after the same become publicly available, copies of all periodic and other reports, proxy statements and other materials distributed by the Borrower to its shareholders generally, as the case may be; and

(f) promptly following any request therefor, such other information regarding the operations, business affairs and financial condition of the Borrower or any Subsidiary, or compliance with the terms of this Agreement, as the Administrative Agent or any Lender may reasonably request.

SECTION 5.02. Notices of Material Events. The Borrower will furnish to the Administrative Agent and each Lender prompt written notice of the following:

(a) the occurrence of any Default;

(b) the filing or commencement of any action, suit or proceeding by or before any arbitrator or Governmental Authority against or affecting the Borrower or any Affiliate thereof that has a reasonable possibility of an adverse determination and that, if adversely determined, could reasonably be expected to result in a Material Adverse Effect;

(c) the occurrence of any ERISA Event that, alone or together with any other ERISA Events that have occurred, could reasonably be expected to result in a Material Adverse Effect; and

(d) any other development that results in, or could reasonably be expected to result in, a Material Adverse Effect.

Each notice delivered under this Section shall be accompanied by a statement of a Financial Officer or other executive officer of the Borrower setting forth the details of the event or development requiring such notice and any action taken or proposed to be taken with respect thereto.

SECTION 5.03. Existence; Conduct of Business. The Borrower will, and will cause each of its Material Subsidiaries to, (a) do or cause to be done all things necessary to preserve, renew and keep in full force and effect its legal existence and the rights, qualifications, licenses, permits, franchises, governmental authorizations, intellectual property rights, licenses and permits material to the conduct of its business, and maintain all requisite authority to conduct its business in each jurisdiction in which its business is conducted; provided that the foregoing shall not prohibit any merger, consolidation, liquidation or dissolution permitted under Section 6.03 and (b) carry on and conduct its business in substantially the same manner and in substantially the same fields of enterprise as it is presently conducted.

SECTION 5.04. Payment of Obligations. The Borrower will, and will cause each of its Subsidiaries to, pay or discharge all Material Indebtedness and all other material liabilities and obligations, including Taxes, before the same shall become delinquent or in default, except where (a) the validity or amount thereof is being contested in good faith by appropriate proceedings, (b) the Borrower or such Subsidiary has set aside on its books adequate reserves with respect thereto in accordance with GAAP and (c) the failure to make payment pending such contest could not reasonably be expected to result in a Material Adverse Effect.

SECTION 5.05. Maintenance of Properties. The Borrower will, and will cause each of its Material Subsidiaries to, keep and maintain all property material to the conduct of its business in good working order and condition, ordinary wear and tear excepted.

SECTION 5.06. Books and Records; Inspection Rights. The Borrower will, and will cause each of its Subsidiaries to, (i) keep proper books of record and account in accordance with prudent practices and (ii) permit any representatives designated by the Administrative Agent or any Lender, upon reasonable prior notice, to visit and inspect its properties, to examine and make extracts from its books and records, and to discuss its affairs, finances and condition with its officers and independent accountants, all at such reasonable times and as often as reasonably requested. The Borrower acknowledges that the Administrative Agent, after exercising its rights of inspection, may prepare and distribute to the Lenders certain reports pertaining to the assets for internal use by the Administrative Agent and the Lenders. The Administrative Agent agrees to use reasonable efforts to minimize, to the extent practicable and so long as no Default has occurred and is continuing, the number of separate requests from the Lenders to exercise their rights under this Section 5.06 and to coordinate the exercise by the Lenders of such rights.

SECTION 5.07. Compliance with Laws. The Borrower will, and will cause each of its Subsidiaries to, comply with all Requirements of Law applicable to it or its property, except where the failure to do so, individually or in the aggregate, could not reasonably be expected to result in a Material Adverse Effect.

SECTION 5.08. Use of Proceeds. The proceeds of the Term Loans will be used to finance a special dividend to the Borrower’s shareholders, to refinance certain existing indebtedness and for other general corporate purposes of the Borrower and its Subsidiaries. The proceeds of the Revolving Loans will be used to finance Permitted Acquisitions, working capital needs and for other general corporate purposes of the Borrower and its Subsidiaries. No part of the proceeds of any Loan and no Letter of Credit will be used, whether directly or indirectly, for any purpose that entails a violation of any of the Regulations of the Board, including Regulations T, U and X.

SECTION 5.09. Insurance. The Borrower will, and will cause each of its Subsidiaries to, maintain with financially sound and reputable carriers (a) insurance in such amounts (with no greater risk retention) and against such risks (including loss or damage by fire and loss in transit; theft, burglary, pilferage, larceny, embezzlement, and other criminal activities; business interruption; and general liability) and such other hazards, as is customarily maintained by companies of established repute engaged in the same or similar businesses operating in the same or similar locations and (b) all insurance required pursuant to the Collateral Documents. The Borrower will furnish to the Lenders, upon request of the Administrative Agent, information in reasonable detail as to the insurance so maintained. The Borrower shall deliver to the Administrative Agent endorsements (x) to all "All Risk" physical damage or casualty insurance policies in respect of Collateral naming the Administrative Agent as loss payee, and (y) to all general liability and other liability policies naming the Administrative Agent an additional insured. In the event the Borrower or any of its Subsidiaries at any time or times hereafter shall fail to obtain or maintain any of the policies or insurance required herein or to pay any premium in whole or in part relating thereto, then the Administrative Agent, without waiving or releasing any obligations or resulting Default hereunder, may at any time or times thereafter (but shall be under no obligation to do so) obtain and maintain such policies of insurance and pay such premiums and take any other action with respect thereto which the Administrative Agent deems advisable. All sums so disbursed by the Administrative Agent shall constitute part of the Obligations, payable as provided in this Agreement.

SECTION 5.10. Casualty and Condemnation. The Borrower will furnish to the Administrative Agent and the Lenders prompt written notice of any casualty or other insured damage (to the extent representing a loss of in excess of $1,000,000 per occurrence to any property) or the commencement of any action or proceeding for the taking of any property of the Loan Parties or interest therein (with a value in excess of $1,000,000 per action or proceeding) under power of eminent domain or by condemnation or similar proceeding.

SECTION 5.11. Subsidiary Guarantors; Pledges; Additional Collateral; Further Assurances. (a) As promptly as possible but in any event within thirty (30) days (or such later date as may be agreed upon by the Administrative Agent) after any Person becomes a Material Subsidiary, the Borrower shall provide the Administrative Agent with written notice thereof setting forth information in reasonable detail describing the material assets of such Person and shall cause each such Material Subsidiary to deliver to the Administrative Agent the Subsidiary Guaranty and the Security Agreement pursuant to which such Material Subsidiary agrees to be bound by the terms and provisions thereof, such Subsidiary Guaranty and Security Agreement to be accompanied by appropriate corporate resolutions, other corporate documentation and legal opinions in form and substance reasonably satisfactory to the Administrative Agent and its counsel.

(b) The Borrower will cause, and will cause each other Loan Party to cause, all of its owned property (constituting personal, tangible, intangible, or mixed, but excluding Excluded Assets) to be subject at all times to first priority, perfected Liens in favor of the Administrative Agent for the benefit of the Holders of Secured Obligations to secure the Secured Obligations in accordance with and to the extent required by the terms and conditions of the Collateral Documents, subject in any case to Liens permitted by Section 6.02. Without limiting the generality of the foregoing, the Borrower will (i) cause the Applicable Pledge Percentage of the issued and outstanding Equity Interests of each Pledge Subsidiary directly owned by the Borrower or any other Loan Party to be subject at all times to a first priority, perfected Lien in favor of the Administrative Agent to secure the Secured Obligations in accordance with the terms and conditions of the Collateral Documents or such other security documents as the Administrative Agent shall reasonably request and (ii) will, and will cause each Subsidiary Guarantor to, deliver deposit account control agreements or blocked account agreements with respect to deposit accounts maintained by, the Borrower or such Guarantor to the extent, and within such time period as is, reasonably required by the Administrative Agent, in each case in accordance with the terms and conditions of the Security Agreement. Notwithstanding the foregoing, no pledge agreement in respect of the Equity Interests of a Foreign Subsidiary shall be required hereunder to the extent the Administrative Agent or its counsel reasonably determines that such pledge would not provide material credit support for the benefit of the Holders of Secured Obligations pursuant to legally valid, binding and enforceable pledge agreements.

(c) Without limiting the foregoing, the Borrower will, and will cause each Loan Party to, execute and deliver, or cause to be executed and delivered, to the Administrative Agent such documents, agreements and instruments, and will take or cause to be taken such further actions (including the filing and recording of financing statements and other documents and such other actions or deliveries of the type required by Section 4.01, as applicable), which may be required by law or which the Administrative Agent may, from time to time, reasonably request to carry out the terms and conditions of this Agreement and the other Loan Documents and to ensure perfection and priority of the Liens created or intended to be created by the Collateral Documents, all at the expense of the Borrower.

SECTION 5.12. Swap Agreements. By no later than 60 days following the Effective Date, the Borrower (i) shall maintain a hedged position established by one or more Swap Agreements for a period of no less than two years following the initial Borrowing of the Term Loan, with the aggregate notional amount of such Swap Agreements equal to not less than fifty percent (50%) of the then outstanding aggregate principal balance of the Term Loan and on other terms which are reasonably satisfactory to the Administrative Agent and (ii) shall neither assign, terminate or unwind any such Swap Agreements nor sell any Swap Agreements if the effect of such action (when taken together with any other Swap Agreements executed contemporaneously with the taking of such action) would have the effect of canceling its positions under such Swap Agreement.

ARTICLE VI

Negative Covenants

Until the Commitments have expired or terminated and the principal of and interest on each Loan and all fees, expenses and other amounts payable under any Loan Document have been paid in full and all Letters of Credit have expired, terminated, been cash collateralized or otherwise covered by letters of credit as permitted herein and all LC Disbursements shall have been reimbursed, the Borrower covenants and agrees with the Lenders that:

SECTION 6.01. Indebtedness. The Borrower will not, and will not permit any Subsidiary to, create, incur or suffer to exist any Indebtedness, except:

(a) the Secured Obligations;

(b) Indebtedness existing on the date hereof and set forth in Schedule 6.01 and extensions, renewals and replacements of any such Indebtedness that do not increase the outstanding principal amount thereof;

(c) Indebtedness of the Borrower to any Subsidiary and of any Subsidiary to the Borrower or any other Subsidiary, provided that Indebtedness of any Subsidiary that is not a Loan Party to the Borrower or any Subsidiary that is a Loan Party shall be subject to Section 6.04;

(d) Guarantees by the Borrower of Indebtedness of any Subsidiary and by any Subsidiary of Indebtedness of the Borrower or any other Subsidiary, provided that (i) the Indebtedness so Guaranteed is permitted by this Section 6.01 and (ii) Guarantees by the Borrower or any Subsidiary that is a Loan Party of Indebtedness of any Subsidiary that is not a Loan Party shall be subject to Section 6.04;

(e) Indebtedness of the Borrower or any Subsidiary incurred to finance the acquisition, construction, improvement, alteration or repair of any fixed or capital assets (whether or not constituting purchase money Indebtedness), including Capital Lease Obligations and any Indebtedness assumed in connection with the acquisition of any such assets or secured by a Lien on any such assets prior to the acquisition thereof, and extensions, renewals and replacements of any such Indebtedness that do not increase the outstanding principal amount thereof; provided that (i) such Indebtedness is incurred prior to or within 90 days after such acquisition or the completion of such construction, improvement, alteration or repair and (ii) the aggregate principal amount of Indebtedness permitted by this clause (e) shall not exceed $40,000,000 at any time outstanding;

(f) Indebtedness owed to any Person providing workers' compensation, health, disability or other employee benefits or property, casualty or liability insurance, pursuant to reimbursement or indemnification obligations to such Person, in each case incurred in the ordinary course of business;

(g) Indebtedness of the Borrower or any Subsidiary in respect of Bonding Obligations;

(h) Indebtedness under any Swap Agreement entered into for bona fide hedging purposes and not for speculative or investment purposes;

(i) Indebtedness constituting Affiliated Subordinated Debt; provided that the aggregate principal amount of Indebtedness permitted by this clause (i) shall not exceed $20,000,000 at any time outstanding;

(j) Indebtedness constituting Unaffiliated Subordinated Indebtedness; and

(k) other unsecured Indebtedness in an aggregate principal amount not exceeding $7,500,000 at any time outstanding.

SECTION 6.02. Liens. The Borrower will not, and will not permit any Subsidiary to, create, incur, assume or permit to exist any Lien on any property or asset now owned or hereafter acquired by it, or assign or sell any income or revenues (including accounts receivable) or rights in respect of any thereof, except:

(a) Liens created pursuant to any Loan Document;

(b) Permitted Encumbrances;

(c) any Lien on any property or asset of the Borrower or any Subsidiary existing on the date hereof and set forth in Schedule 6.02; provided that (i) such Lien shall not apply to any other property or asset of the Borrower or Subsidiary and (ii) such Lien shall secure only those obligations which it secures on the date hereof and extensions, renewals and replacements thereof that do not increase the outstanding principal amount thereof;

(d) Liens on assets acquired, constructed, improved, altered or repaired by the Borrower or any Subsidiary; provided that (i) such security interests secure Indebtedness permitted by clause (e) of Section 6.01, (ii) such security interests and the Indebtedness secured thereby are incurred prior to or within 90 days after such acquisition or the completion of such construction, improvement, alteration or repair, (iii) the principal amount of the Indebtedness secured thereby does not exceed the cost of acquiring, constructing, improving, altering or repairing such assets and (iv) such security interests shall not apply to any other property or assets of the Borrower or Subsidiary (other than, in respect of any lease, under any one or more master lease agreements with same lessor or an Affiliate thereof);

(e) any Lien existing on any property or asset (other than accounts receivable and inventory) prior to the acquisition thereof by the Borrower or any Subsidiary or existing on any property or asset (other than accounts receivable and inventory) of any Person that becomes a Loan Party after the date hereof prior to the time such Person becomes a Loan Party; provided that (i) such Lien is not created in contemplation of or in connection with such acquisition or such Person becoming a Loan Party, as the case may be, (ii) such Lien shall not apply to any other property or assets of the Loan Party and (iii) such Lien shall secure only those obligations which it secures on the date of such acquisition or the date such Person becomes a Loan Party, as the case may be;

(f) Liens of a collecting bank arising in the ordinary course of business under Section 4-208 of the Uniform Commercial Code in effect in the relevant jurisdiction covering only the items being collected upon;

(g) Liens arising out of sale and leaseback transactions permitted by Section 6.06; and

(h) Liens granted by a Subsidiary that is not a Loan Party in favor of the Borrower or another Loan Party in respect of Indebtedness owed by such Subsidiary.

Notwithstanding the foregoing, none of the Liens permitted pursuant to this Section 6.02 may at any time attach to any Loan Party's (1) accounts receivable, other than those permitted under clauses (a) and (d) of the definition of Permitted Encumbrance and clause (a) above and (2) inventory, other than those permitted under clauses (a), (b) and (d) of the definition of Permitted Encumbrance and clause (a) above.

SECTION 6.03. Fundamental Changes. (a) The Borrower will not, and will not permit any Material Subsidiary to, merge into or consolidate with any other Person, or permit any other Person to merge into or consolidate with it, or liquidate or dissolve, except that, if at the time thereof and immediately after giving effect thereto no Default shall have occurred and be continuing (i) any Subsidiary of the Borrower may merge into the Borrower in a transaction in which the Borrower is the surviving corporation, (ii) any Loan Party (other than the Borrower) may merge into any Loan Party in a transaction in which the surviving entity is a Loan Party, (iii) any Subsidiary that is not a Loan Party may liquidate or dissolve if the Borrower determines in good faith that such liquidation or dissolution is in the best interests of the Borrower and is not materially disadvantageous to the Lenders; provided that any such merger involving a Person that is not a wholly owned Subsidiary immediately prior to such merger shall not be permitted unless also permitted by Section 6.04 and (iv) the Borrower and its Subsidiaries may consummate Permitted Acquisitions.

(b) The Borrower will not, nor will it permit any of its Subsidiaries to, engage in any business other than businesses of the type conducted by the Borrower and its Subsidiaries on the date of execution of this Agreement and businesses reasonably related thereto.

SECTION 6.04. Investments, Loans, Advances, Guarantees and Acquisitions. The Borrower will not, and will not permit any Subsidiary to, purchase, hold or acquire (including pursuant to any merger with any Person that was not a Loan Party and a wholly owned Subsidiary prior to such merger) any capital stock, evidences of indebtedness or other securities (including any option, warrant or other right to acquire any of the foregoing) of, make or permit to exist any loans or advances to, Guarantee any obligations of, or make or permit to exist any investment or any other interest in, any other Person, or purchase or otherwise acquire (in one transaction or a series of transactions) any assets of any other Person constituting a business unit (whether through purchase of assets, merger or otherwise), except:

(a) Permitted Investments and Permitted Acquisitions;

(b) investments in existence on the date of this Agreement and described in Schedule 6.04;

(c) investments by the Borrower and the Subsidiaries in Equity Interests in their respective Subsidiaries, provided that (A) any such Equity Interests held by a Loan Party shall be pledged pursuant to the Security Agreement (subject to the limitations applicable to common stock of a Foreign Subsidiary referred to in Section 5.12) and (B) the aggregate amount of investments by Loan Parties in Subsidiaries that are not Loan Parties (together with outstanding intercompany loans permitted under clause (B) to the proviso to Section 6.04(d) and outstanding Guarantees permitted under the proviso to Section 6.04(e)) shall not exceed $1,000,000 at any time outstanding;

(d) loans or advances made by the Borrower to any Subsidiary and made by any Subsidiary to the Borrower or any other Subsidiary, provided that the amount of such loans and advances made by Loan Parties to Subsidiaries that are not Loan Parties (together with outstanding investments permitted under clause (B) to the proviso to Section 6.04(c) and outstanding Guarantees permitted under the proviso to Section 6.04(e)) shall not exceed $1,000,000 at any time outstanding;

(e) Guarantees constituting Indebtedness permitted by Section 6.01, provided that the aggregate principal amount of Indebtedness of Subsidiaries that are not Loan Parties that is Guaranteed by any Loan Party shall (together with outstanding investments permitted under clause (B) to the proviso to Section 6.04(c) and outstanding intercompany loans permitted under clause (B) to the proviso to Section 6.04(d)) shall not exceed $1,000,000 at any time outstanding;

(f) loans or advances made by the Borrower or any Subsidiary to its employees on an arms-length basis in the ordinary course of business consistent with past practices for travel and entertainment expenses, relocation costs and similar purposes up to a maximum of $500,000 in the aggregate at any one time outstanding;

(g) investments of any Person existing at the time such Person becomes a Subsidiary of the Borrower or consolidates or merges with the Borrower or any of the Subsidiaries (including in connection with a Permitted Acquisition) so long as such investments were not made in contemplation of such Person becoming a Subsidiary or of such merger;

(h) investments received in connection with the dispositions of assets permitted by Section 6.05;

(i) investments constituting deposits described in clauses (c) and (d) of the definition of the term "Permitted Encumbrances"; and

(j) any other investment, loan or advance (other than acquisitions) so long as the aggregate amount of all such investments does not exceed $500,000 in principal amount or original investment outstanding during the term of this Agreement.

SECTION 6.05. Asset Sales. The Borrower will not, and will not permit any Subsidiary to, sell, transfer, lease or otherwise dispose of any asset, including any Equity Interest owned by it, nor will the Borrower permit any Subsidiary to issue any additional Equity Interest in such Subsidiary (other than to the Borrower or another Subsidiary in compliance with Section 6.04), except:

(a) sales, transfers and dispositions of (i) inventory in the ordinary course of business, (ii) used, obsolete, worn out or surplus equipment or property in the ordinary course of business and (iii) any equipment or property subject to any lease or right-of-use agreement entered into in the ordinary course of business, in accordance with the terms of such agreement;

(b) sales, transfers and dispositions to the Borrower or any Subsidiary, provided that any such sales, transfers or dispositions involving a Subsidiary that is not a Loan Party shall be made in compliance with Section 6.08;

(c) sales, transfers and dispositions of accounts receivable in connection with the compromise, settlement or collection thereof;

(d) sales, transfers and dispositions of investments permitted by clauses (i) and (k) of Section 6.04;

(e) sale and leaseback transactions permitted by Section 6.06;

(f) dispositions resulting from any casualty or other insured damage to, or any taking under power of eminent domain or by condemnation or similar proceeding of, any property or asset of the Borrower or any Subsidiary; and

(g) sales, transfers and other dispositions of assets (other than Equity Interests in a Subsidiary unless all Equity Interests in such Subsidiary are sold) that are not permitted by any other paragraph of this Section, provided that the aggregate fair market value of all assets sold, transferred or otherwise disposed of in reliance upon this paragraph (g) shall not exceed $7,500,000 during any fiscal year of the Borrower.

SECTION 6.06. Sale and Leaseback Transactions. The Borrower will not, and will not permit any Subsidiary to, without the prior written consent of the Administrative Agent, enter into any arrangement, directly or indirectly, whereby it shall sell or transfer any property, real or personal, used or useful in its business, whether now owned or hereafter acquired, and thereafter rent or lease such property or other property that it intends to use for substantially the same purpose or purposes as the property sold or transferred, except for any such sale of any fixed or capital assets or equipment by the Borrower or any Subsidiary that is made for cash consideration in an amount not less than the fair value of such fixed or capital asset or equipment (or, if acquired by the Borrower or such Subsidiary within 90 days prior to entering into such sale, not less than the prior purchase price of such asset or equipment) and is consummated within 90 days after the Borrower or such Subsidiary acquires or completes the construction of such fixed or capital asset or equipment.

SECTION 6.07. Restricted Payments; Certain Payments of Indebtedness. (a) The Borrower will not, and will not permit any Subsidiary to, declare or make, or agree to pay or make, directly or indirectly, any Restricted Payment, or incur any obligation (contingent or otherwise) to do so, except (i) the Borrower may declare and pay dividends with respect to its Equity Interest payable solely in additional units of its Equity Interests, (ii) Subsidiaries of the Borrower may declare and pay dividends ratably with respect to their Equity Interests, (iii) the Borrower may make any other Restricted Payments so long as (A) no Event of Default has then occurred and is continuing or would arise after giving effect thereto, (B) Consolidated Availability is not less than $20,000,000 immediately after giving effect thereto and (C) at the time thereof and after giving pro forma effect thereto, the Leverage Ratio (as calculated pursuant to Section 6.12(b)) is not, and would not be, greater than 2.75 to 1.0.

(b) The Borrower will not, and will not permit any Subsidiary to, make or agree to pay or make, directly or indirectly, any payment or other distribution (whether in cash, securities or other property) of or in respect of principal of or interest on any Indebtedness, or any payment or other distribution (whether in cash, securities or other property), including any sinking fund or similar deposit, on account of the purchase, redemption, retirement, acquisition, cancellation or termination of any Indebtedness, except:

(i) payment of Indebtedness created under the Loan Documents;

(ii) any payment in respect of Affiliated Subordinated Debt to the extent such payment is made from funds permitted to be paid as a Restricted Payment pursuant to Section 6.07(a)(iii) and otherwise in conformity with the terms of subordination applicable thereto;

(iii) any payment in respect of Unaffiliated Subordinated Indebtedness made in accordance with the Unaffiliated Subordinated Indebtedness Documents and Section 6.10;

(iv) payment of regularly scheduled interest and principal payments as and when due in respect of any Indebtedness, other than payments in respect of the Subordinated Indebtedness prohibited by the subordination provisions thereof;

(v) refinancings of Indebtedness to the extent permitted by Section 6.01; and

(vi) payment of secured Indebtedness that becomes due as a result of the voluntary sale or transfer of the property or assets securing such Indebtedness.

SECTION 6.08. Transactions with Affiliates. The Borrower will not, and will not permit any Subsidiary to, sell, lease or otherwise transfer any property or assets to, or purchase, lease or otherwise acquire any property or assets from, or otherwise engage in any other transactions with, any of its Affiliates, except (a) transactions that (i) are in the ordinary course of business and (ii) are at prices and on terms and conditions not less favorable to the Borrower or such Subsidiary than could be obtained on an arm's-length basis from unrelated third parties, (b) transactions between or among any Loan Party and any Pledge Subsidiary not involving any other Affiliate, (c) any investment permitted by Sections 6.04(c) or 6.04(d), (d) any Indebtedness permitted under Section 6.01(c) or (i), (e) any Restricted Payment permitted by Section 6.07, (f) loans or advances to employees permitted under Section 6.04, (g) the payment of reasonable fees to directors of the Borrower or any Subsidiary who are not employees of the Borrower or any Subsidiary, and compensation and employee benefit arrangements paid to, and indemnities provided for the benefit of, directors, officers or employees of the Borrower or its Subsidiaries in the ordinary course of business and (h) any issuances of securities or other payments, awards or grants in cash, securities or otherwise pursuant to, or the funding of, employment agreements, stock options and stock ownership plans approved by the Borrower's board of directors.

SECTION 6.09. Restrictive Agreements. The Borrower will not, and will not permit any Subsidiary to, directly or indirectly, enter into, incur or permit to exist any agreement or other arrangement that prohibits, restricts or imposes any condition upon (a) the ability of the

Borrower or any of its Subsidiaries to create, incur or permit to exist any Lien upon any of its property or assets (other than any Lien permitted by Section 6.02), or (b) the ability of any Subsidiary to pay dividends or other distributions with respect to any shares of its capital stock or to make or repay loans or advances to the Borrower or any other Subsidiary or to Guarantee Indebtedness of the Borrower or any other Subsidiary; provided that (i) the foregoing shall not apply to restrictions and conditions imposed by law or by any Loan Document, (ii) the foregoing shall not apply to customary restrictions and conditions contained in agreements relating to the sale of a Subsidiary pending such sale, provided such restrictions and conditions apply only to the Subsidiary that is to be sold and such sale is permitted hereunder, (iii) clause (a) of the foregoing shall not apply to restrictions or conditions imposed by any agreement relating to secured Indebtedness permitted by this Agreement if such restrictions or conditions apply only to the property or assets securing such Indebtedness and (iv) clause (a) of the foregoing shall not apply to customary provisions in leases restricting the assignment thereof.

SECTION 6.10. Unaffiliated Subordinated Indebtedness and Amendments to Unaffiliated Subordinated Indebtedness Documents. The Borrower will not, and will not permit any Subsidiary to, directly or indirectly voluntarily prepay, defease or in substance defease, purchase, redeem, retire or otherwise acquire, any Unaffiliated Subordinated Indebtedness or any Indebtedness from time to time outstanding under the Unaffiliated Subordinated Indebtedness Documents. Furthermore, the Borrower will not, and will not permit any Subsidiary to, amend the Unaffiliated Subordinated Indebtedness Documents or any document, agreement or instrument evidencing any Indebtedness incurred pursuant to the Unaffiliated Subordinated Indebtedness Documents (or any replacements, substitutions, extensions or renewals thereof) or pursuant to which such Indebtedness is issued where such amendment, modification or supplement provides for the following or which has any of the following effects:

(a) increases the overall principal amount of any such Indebtedness or increases the amount of any single scheduled installment of principal or interest;

(b) shortens or accelerates the date upon which any installment of principal or interest becomes due or adds any additional mandatory redemption provisions;

(c) shortens the final maturity date of such Indebtedness or otherwise accelerates the amortization schedule with respect to such Indebtedness;

(d) increases the rate of interest accruing on such Indebtedness;

(e) provides for the payment of additional fees or increases existing fees;

(f) amends or modifies any financial or negative covenant (or covenant which prohibits or restricts the Borrower or any Subsidiary from taking certain actions) in a manner which is more onerous or more restrictive in any material respect to the Borrower or such Subsidiary or which is otherwise materially adverse to the Borrower, any Subsidiary and/or the Lenders or, in the case of any such covenant, which places material additional restrictions on the Borrower or such Subsidiary or which requires the Borrower or such Subsidiary to comply with more restrictive financial ratios or which requires the Borrower to better its financial performance, in each case from that set forth in the existing applicable covenants in the

Unaffiliated Subordinated Indebtedness Documents or the applicable covenants in this Agreement; or

(g) amends, modifies or adds any affirmative covenant in a manner which (i) when taken as a whole, is materially adverse to the Borrower, any Subsidiary and/or the Lenders or (ii) is more onerous than the existing applicable covenant in the Unaffiliated Subordinated Indebtedness Documents or the applicable covenant in this Agreement.

SECTION 6.11. Capital Expenditures. The Borrower will not, and will not permit any Subsidiary to, incur or make any Capital Expenditures, during any period of four consecutive fiscal quarters of the Borrower, in an amount exceeding $25,000,000; provided, that this Section 6.11 shall not apply if the Borrower's Leverage Ratio (as most recently demonstrated pursuant to the certificate delivered pursuant to Section 5.01(c)) is less than 2.5 to 1.0.

SECTION 6.12. Financial Covenants.

(a) Interest Coverage Ratio. The Borrower will not permit the Interest Coverage Ratio, determined as of the end of each of its fiscal quarters for any period of four consecutive fiscal quarters ending with the end of such fiscal quarter, to be less than 3.0 to 1.0.

(b) Leverage Ratio. The Borrower will not permit the Leverage Ratio, determined as of the end of each of its fiscal quarters for any period of four consecutive fiscal quarters ending with the end of such fiscal quarter, to be greater than 3.0 to 1.0; provided that Indebtedness in respect of Letters of Credit with a maturity of one year or less (in an aggregate principal amount not to exceed the amount of Consolidated EBITDA for such period as of the end of such fiscal quarter) shall not be included in determining Consolidated Total Indebtedness for calculating the Leverage Ratio in accordance with this clause (b).

ARTICLE VII

Events of Default

If any of the following events ("Events of Default") shall occur:

(a) the Borrower shall fail to pay any principal of any Loan or any reimbursement obligation in respect of any LC Disbursement when and as the same shall become due and payable, whether at the due date thereof or at a date fixed for prepayment thereof or otherwise;

(b) the Borrower shall fail to pay any interest on any Loan or any fee or any other amount (other than an amount referred to in clause (a) of this Article) payable under this Agreement, when and as the same shall become due and payable, and such failure shall continue unremedied for a period of three Business Days;

(c) any representation or warranty made or deemed made by or on behalf of any Loan Party or any Subsidiary in or in connection with this Agreement or any Loan Document or any amendment or modification thereof or waiver thereunder, or in any report, certificate, financial statement or other document furnished pursuant to or in connection with this Agreement or any Loan Document or any amendment or modification thereof or waiver thereunder, shall prove to have been incorrect in any material respect when made or deemed made;

(d) the Borrower shall fail to observe or perform any covenant, condition or agreement contained in Section 5.02(a), 5.03 (with respect to the Borrower's existence), 5.08, 5.11 or 5.12 or in Article VI;

(e) the Borrower shall fail to observe or perform any covenant, condition or agreement contained in this Agreement (other than those which constitute a default under another Section of this Article), and such failure shall continue unremedied for a period of 30 days after the earlier of such breach or notice thereof from the Administrative Agent (which notice will be given at the request of any Lender);

(f) the Borrower or any Subsidiary shall fail to make any payment (whether of principal or interest and regardless of amount) in respect of any Material Indebtedness, when and as the same shall become due and payable;

(g) any event or condition occurs that results in any Material Indebtedness becoming due prior to its scheduled maturity or that enables or permits (with or without the giving of notice, the lapse of time or both) the holder or holders of any Material Indebtedness or any trustee or agent on its or their behalf to cause any Material Indebtedness to become due, or to require the prepayment, repurchase, redemption or defeasance thereof, prior to its scheduled maturity; provided that this clause (g) shall not apply to secured Indebtedness that becomes due as a result of the voluntary sale or transfer of the property or assets securing such Indebtedness;

(h) an involuntary proceeding shall be commenced or an involuntary petition shall be filed seeking (i) liquidation, reorganization or other relief in respect of the Borrower or any Subsidiary or its debts, or of a substantial part of its assets, under any Federal, state or foreign bankruptcy, insolvency, receivership or similar law now or hereafter in effect or (ii) the appointment of a receiver, trustee, custodian, sequestrator, conservator or similar official for the Borrower or any Subsidiary or for a substantial part of its assets, and, in any such case, such proceeding or petition shall continue undismissed for 60 days or an order or decree approving or ordering any of the foregoing shall be entered;

(i) the Borrower or any Subsidiary shall (i) voluntarily commence any proceeding or file any petition seeking liquidation, reorganization or other relief under any Federal, state or foreign bankruptcy, insolvency, receivership or similar law now or hereafter in effect, (ii) consent to the institution of, or fail to contest in a timely and appropriate manner, any proceeding or petition described in clause (h) of this Article, (iii) apply for or consent to the appointment of a receiver, trustee, custodian, sequestrator, conservator or similar official for the Borrower or such Subsidiary or for a substantial part of its assets, (iv) file an answer admitting the material allegations of a petition filed against it in any such proceeding, (v) make a general assignment for the benefit of creditors or (vi) take any action for the purpose of effecting any of the foregoing;

(j) the Borrower or any Subsidiary shall become unable, admit in writing its inability or fail generally to pay its debts as they become due;

(k) one or more judgments for the payment of money in an aggregate amount in excess of $5,000,000 (to the extent not covered by a creditworthy insurer which has not denied coverage and subject to customary deductibles) shall be rendered against the Borrower or any Subsidiary or any combination thereof and the same shall remain undischarged for a period of 30 consecutive days during which execution shall not be effectively stayed, or any action shall be legally taken by a judgment creditor to attach or levy upon any assets of the Borrower or any Subsidiary to enforce any such judgment;

(l) an ERISA Event shall have occurred that, in the opinion of the Required Lenders, when taken together with all other ERISA Events that have occurred, could reasonably be expected to result in a Material Adverse Effect;

(m) a Change in Control shall occur;

(n) the occurrence of any "default", as defined in any Loan Document (other than this Agreement) or the breach of any of the terms or provisions of any Loan Document (other than this Agreement), which default or breach continues beyond any period of grace therein provided;

(o) the Subsidiary Guaranty shall fail to remain in full force or effect or any action shall be taken to discontinue or to assert the invalidity or unenforceability of the Subsidiary Guaranty, or any Subsidiary Guarantor shall fail to comply with any of the terms or provisions of the relevant Subsidiary Guaranty to which it is a party, or any Subsidiary Guarantor shall deny that it has any further liability under the Subsidiary Guaranty to which it is a party, or shall give notice to such effect;

(p) any Collateral Document shall for any reason fail to create a valid and perfected first priority security interest in any Collateral purported to be covered thereby, except as permitted by the terms of any Collateral Document, or any Collateral Document shall fail to remain in full force or effect or any action shall be taken to discontinue or to assert the invalidity or unenforceability of any Collateral Document, or any Loan Party shall fail to comply with any of the terms or provisions of any Collateral Document, or the Borrower, any Subsidiary or any holder of Affiliated Subordinated Debt shall fail to comply with the terms and conditions set forth in Schedule 1.01, or any such terms and conditions shall fail to remain in full force or effect or any action shall be taken to discontinue or to assert the invalidity or unenforceability of such terms and conditions; or

(q) any material provision of any Loan Document for any reason ceases to be valid, binding and enforceable in accordance with its terms (or the Borrower or any Subsidiary shall challenge the enforceability of any Loan Document or shall assert in writing, or engage in any action or inaction based on any such assertion, that any provision of any of the Loan Documents has ceased to be or otherwise is not valid, binding and enforceable in accordance with its terms);

then, and in every such event (other than an event with respect to the Borrower described in clause (h) or (i) of this Article), and at any time thereafter during the continuance of such event, the Administrative Agent may, and at the request of the Required Lenders shall, by notice to the Borrower, take either or both of the following actions, at the same or different times: (i) terminate the Commitments, and thereupon the Commitments shall terminate immediately, and (ii) declare the Loans then outstanding to be due and payable in whole (or in part, in which case any principal not so declared to be due and payable may thereafter be declared to be due and payable), and thereupon the principal of the Loans so declared to be due and payable, together with accrued interest thereon and all fees and other obligations of the Borrower accrued hereunder, shall become due and payable immediately, without presentment, demand, protest or other notice of any kind, all of which are hereby waived by the Borrower; and in case of any event with respect to the Borrower described in clause (h) or (i) of this Article, the Commitments shall automatically terminate and the principal of the Loans then outstanding, together with accrued interest thereon and all fees and other obligations of the Borrower accrued hereunder, shall automatically become due and payable, without presentment, demand, protest or other notice of any kind, all of which are hereby waived by the Borrower. Upon the occurrence and during the continuance of an Event of Default, the Administrative Agent may, and at the request of the Required Lenders shall, exercise any rights and remedies provided to the Administrative Agent under the Loan Documents or at law or equity, including all remedies provided under the UCC.

ARTICLE VIII

The Administrative Agent

Each of the Lenders and the Issuing Bank hereby irrevocably appoints the Administrative Agent as its agent and authorizes the Administrative Agent to take such actions on its behalf, including execution of the other Loan Documents, and to exercise such powers as are delegated to the Administrative Agent by the terms of the Loan Documents, together with such actions and powers as are reasonably incidental thereto.

The bank serving as the Administrative Agent hereunder shall have the same rights and powers in its capacity as a Lender as any other Lender and may exercise the same as though it were not the Administrative Agent, and such bank and its Affiliates may accept deposits from, lend money to and generally engage in any kind of business with the Borrower or any Subsidiary or other Affiliate thereof as if it were not the Administrative Agent hereunder.

The Administrative Agent shall not have any duties or obligations except those expressly set forth in the Loan Documents. Without limiting the generality of the foregoing, (a) the Administrative Agent shall not be subject to any fiduciary or other implied duties, regardless of whether a Default has occurred and is continuing, (b) the Administrative Agent shall not have any duty to take any discretionary action or exercise any discretionary powers, except discretionary rights and powers expressly contemplated by the Loan Documents that the Administrative Agent is required to exercise in writing as directed by the Required Lenders (or such other number or percentage of the Lenders as shall be necessary under the circumstances as provided in Section 9.02), and (c) except as expressly set forth in the Loan Documents, the Administrative Agent shall not have any duty to disclose, and shall not be liable for the failure to disclose, any information relating to the Borrower or any of its Subsidiaries that is communicated to or obtained by the bank serving as Administrative Agent or any of its Affiliates in any capacity. The Administrative Agent shall not be liable for any action taken or not taken by it with the consent or at the request of the Required Lenders (or such other number or percentage of the Lenders as shall be necessary under the circumstances as provided in Section 9.02) or in the absence of its own gross negligence or willful misconduct. The Administrative Agent shall be deemed not to have knowledge of any Default unless and until written notice thereof is given to the Administrative Agent by the Borrower or a Lender, and the Administrative Agent shall not be responsible for or have any duty to ascertain or inquire into (i) any statement, warranty or representation made in or in connection with any Loan Document, (ii) the contents of any certificate, report or other document delivered hereunder or in connection with any Loan Document, (iii) the performance or observance of any of the covenants, agreements or other terms or conditions set forth in any Loan Document, (iv) the validity, enforceability, effectiveness or genuineness of any Loan Document or any other agreement, instrument or document, (v) the creation, perfection or priority of Liens on the Collateral or the existence of the Collateral, or (vi) the satisfaction of any condition set forth in Article IV or elsewhere in any Loan Document, other than to confirm receipt of items expressly required to be delivered to the Administrative Agent.

The Administrative Agent shall be entitled to rely upon, and shall not incur any liability for relying upon, any notice, request, certificate, consent, statement, instrument, document or other writing believed by it to be genuine and to have been signed or sent by the proper Person. The Administrative Agent also may rely upon any statement made to it orally or by telephone and believed by it to be made by the proper Person, and shall not incur any liability for relying thereon. The Administrative Agent may consult with legal counsel (who may be counsel for the Borrower), independent accountants and other experts selected by it, and shall not be liable for any action taken or not taken by it in accordance with the advice of any such counsel, accountants or experts.

The Administrative Agent may perform any and all its duties and exercise its rights and powers by or through any one or more sub-agents appointed by the Administrative Agent. The Administrative Agent and any such sub-agent may perform any and all its duties and exercise its rights and powers through their respective Related Parties. The exculpatory provisions of the preceding paragraphs shall apply to any such sub-agent and to the Related Parties of the Administrative Agent and any such sub-agent, and shall apply to their respective activities in connection with the syndication of the credit facilities provided for herein as well as activities as Administrative Agent.

Subject to the appointment and acceptance of a successor Administrative Agent as provided in this paragraph, the Administrative Agent may resign at any time by notifying the Lenders, the Issuing Bank and the Borrower. Upon any such resignation, the Required Lenders shall have the right, in consultation with the Borrower, to appoint a successor. If no successor shall have been so appointed by the Required Lenders and shall have accepted such appointment within 30 days after the retiring Administrative Agent gives notice of its resignation, then the retiring Administrative Agent may, on behalf of the Lenders and the Issuing Bank, appoint a successor Administrative Agent which shall be a bank with an office in New York, New York or an Affiliate of any such bank. Upon the acceptance of its appointment as Administrative Agent hereunder by a successor, such successor shall succeed to and become vested with all the rights, powers, privileges and duties of the retiring Administrative Agent, and the retiring Administrative Agent shall be discharged from its duties and obligations hereunder. The fees payable by the Borrower to a successor Administrative Agent shall be the same as those payable to its predecessor unless otherwise agreed between the Borrower and such successor. After the Administrative Agent's resignation hereunder, the provisions of this Article and Section 9.03 shall continue in effect for the benefit of such retiring Administrative Agent, its sub agents and their respective Related Parties in respect of any actions taken or omitted to be taken by any of them while it was acting as Administrative Agent.

Each Lender acknowledges that it has, independently and without reliance upon the Administrative Agent or any other Lender and based on such documents and information as it has deemed appropriate, made its own credit analysis and decision to enter into this Agreement. Each Lender also acknowledges that it will, independently and without reliance upon the Administrative Agent or any other Lender and based on such documents and information as it shall from time to time deem appropriate, continue to make its own decisions in taking or not taking action under or based upon this Agreement, any other Loan Document or related agreement or any document furnished hereunder or thereunder.

None of the Lenders, if any, identified in this Agreement as a Syndication Agent or a Documentation Agent shall have any right, power, obligation, liability, responsibility or duty under this Agreement other than those applicable to all Lenders as such. Without limiting the foregoing, none of such Lenders shall have or be deemed to have a fiduciary relationship with any Lender. Each Lender hereby makes the same acknowledgments with respect to the relevant Lenders in their respective capacities as Syndication Agent or Documentation Agent as it makes with respect to the Administrative Agent in the preceding paragraph.

Except with respect to the exercise of setoff rights of any Lender, in accordance with Section 9.08, the proceeds of which are applied in accordance with this Agreement, each Lender agrees that it will not take any action, nor institute any actions or proceedings, against the Borrower or with respect to any Loan Document, without the prior written consent of the Required Lenders or, as may be provided in this Agreement or the other Loan Documents, with the consent of the Administrative Agent.

The Lenders are not partners or co-venturers, and no Lender shall be liable for the acts or omissions of, or (except as otherwise set forth herein in case of the Administrative Agent) authorized to act for, any other Lender. The Administrative Agent shall have the exclusive right on behalf of the Lenders to enforce the payment of the principal of and interest on any Loan after the date such principal or interest has become due and payable pursuant to the terms of this Agreement.

In its capacity, the Administrative Agent is a "representative" of the Holders of Secured Obligations within the meaning of the term "secured party" as defined in the New York Uniform Commercial Code. Each Lender authorizes the Administrative Agent to enter into each of the Collateral Documents to which it is a party and to take all action contemplated by such documents. Each Lender agrees that no Holder of Secured Obligations (other than the Administrative Agent) shall have the right individually to seek to realize upon the security granted by any Collateral Document, it being understood and agreed that such rights and remedies may be exercised solely by the Administrative Agent for the benefit of the Holders of Secured Obligations upon the terms of the Collateral Documents. In the event that any Collateral is hereafter pledged by any Person as collateral security for the Secured Obligations, the Administrative Agent is hereby authorized, and hereby granted a power of attorney, to execute and deliver on behalf of the Holders of Secured Obligations any Loan Documents necessary or appropriate to grant and perfect a Lien on such Collateral in favor of the Administrative Agent on behalf of the Holders of Secured Obligations. The Lenders hereby authorize the Administrative Agent, at its option and in its discretion, to release any Lien granted to or held by the Administrative Agent upon any Collateral (i) as described in Section 9.02(c); (ii) as permitted by, but only in accordance with, the terms of the applicable Loan Document; or (iii) if approved, authorized or ratified in writing by the Required Lenders, unless such release is required to be approved by all of the Lenders hereunder. Upon request by the Administrative Agent at any time, the Lenders will confirm in writing the Administrative Agent's authority to release particular types or items of Collateral pursuant hereto. Upon any sale or transfer of assets constituting Collateral which is permitted pursuant to the terms of any Loan Document, or consented to in writing by the Required Lenders or all of the Lenders, as applicable, and upon at least two Business Days' prior reasonably detailed written request by the Borrower to the Administrative Agent, the Administrative Agent shall (and is hereby irrevocably authorized by the Lenders to) execute such documents as may be necessary to evidence the release of the Liens granted to the Administrative Agent for the benefit of the Holders of Secured Obligations herein or pursuant hereto upon the Collateral that was sold or transferred; provided, however, that (i) the Administrative Agent shall not be required to execute any such document on terms which, in the Administrative Agent's opinion, would expose the Administrative Agent to liability or create any obligation or entail any consequence other than the release of such Liens without recourse or warranty, and (ii) such release shall not in any manner discharge, affect or impair the Secured Obligations or any Liens upon (or obligations of the Borrower or any Subsidiary in respect of) all interests retained by the Borrower or any Subsidiary, including (without limitation) the proceeds of the sale, all of which shall continue to constitute part of the Collateral.

ARTICLE IX

Miscellaneous

SECTION 9.01. Notices. (a) Except in the case of notices and other communications expressly permitted to be given by telephone (and subject to paragraph (b) below), all notices and other communications provided for herein shall be in writing and shall be delivered by hand or overnight courier service, mailed by certified or registered mail or sent by telecopy, as follows:

(i) if to the Borrower, to it at:

MYR Group Inc.
Three Continental Towers
1701 West Golf Road, Suite 1012
Rolling Meadows, Illinois 60008

Attention: Marco A. Martinez, Vice President, Chief Financial Officer and Treasurer
Facsimile No: 847-290-1892

(ii) if to the Administrative Agent, the Issuing Bank or the Swingline Lender, to JPMorgan Chase Bank, National Association at:

Loan and Agency Services Group
Chase Tower IL 1-0010
Chicago, Illinois 60670
Attention: April Yebd
Facsimile No: 312-732-4864

(iii) if to any other Lender, to it at its address or telecopy number set forth in its Administrative Questionnaire.

All such notices and other communications (i) sent by hand or overnight courier service, or mailed by certified or registered mail, shall be deemed to have been given when received or (ii) sent by telecopy shall be deemed to have been given when sent, provided that if not given during normal business hours for the recipient, shall be deemed to have been given at the opening of business on the next Business Day for the recipient.

(b) Notices and other communications to the Lenders hereunder may be delivered or furnished by electronic communications (including e-mail and internet or intranet websites) pursuant to procedures approved by the Administrative Agent; provided that the foregoing shall not apply to notices pursuant to Article II unless otherwise agreed by the Administrative Agent and the applicable Lender. The Administrative Agent or the Borrower may, in its discretion, agree to accept notices and other communications to it hereunder by electronic communications pursuant to procedures approved by it; provided that approval of such procedures may be limited to particular notices or communications. All such notices and other communications (i) sent to an e-mail address shall be deemed received upon the sender's receipt of an acknowledgement from the intended recipient (such as by the "return receipt requested" function, as available, return e-mail or other written acknowledgement), provided that if not given during the normal business hours of the recipient, such notice or communication shall be deemed to have been given at the opening of business on the next Business Day for the recipient, and (ii) posted to an Internet or intranet website shall be deemed received upon the deemed receipt by the intended recipient at its e-mail address as described in the foregoing clause (b)(i) of notification that such notice or communication is available and identifying the website address therefor.

(c) Any party hereto may change its address or telecopy number for notices and other communications hereunder by notice to the other parties hereto.

SECTION 9.02. Waivers; Amendments. (a) No failure or delay by the Administrative Agent, the Issuing Bank or any Lender in exercising any right or power hereunder or under any other Loan Document shall operate as a waiver thereof, nor shall any single or partial exercise of any such right or power, or any abandonment or discontinuance of steps to enforce such a right or power, preclude any other or further exercise thereof or the exercise of any other right or power. The rights and remedies of the Administrative Agent, the Issuing Bank and the Lenders hereunder and under any other Loan Document are cumulative and are not exclusive of any rights or remedies that they would otherwise have. No waiver of any provision of any Loan Document or consent to any departure by the Borrower therefrom shall in any event be effective unless the same shall be permitted by paragraph (b) of this Section, and then such waiver or consent shall be effective only in the specific instance and for the purpose for which given. Without limiting the generality of the foregoing, the making of a Loan or issuance of a Letter of Credit shall not be construed as a waiver of any Default, regardless of whether the Administrative Agent, any Lender or the Issuing Bank may have had notice or knowledge of such Default at the time.

(b) Neither this Agreement nor any other Loan Document nor any provision hereof or thereof may be waived, amended or modified except (i) in the case of this Agreement, pursuant to an agreement or agreements in writing entered into by the Borrower and the Required Lenders or, (ii) in the case of any other Loan Document, pursuant to an agreement or agreements in writing entered into by the Administrative Agent and the Loan Party or Loan Parties that are parties thereto; provided that no such agreement shall (i) increase the Commitment of any Lender without the written consent of such Lender, (ii) reduce or forgive the principal amount of any Loan or LC Disbursement or reduce the rate of interest thereon, or reduce or forgive any interest or fees payable hereunder, without the written consent of each Lender directly affected thereby, (iii) postpone any scheduled date of payment of the principal amount of any Loan or LC Disbursement (other than any reduction of the amount of, or any extension of the payment date for, the mandatory prepayments required under Section 2.11, in each case which shall only require the approval of the Required Lenders), or any date for the payment of any interest, fees or other Obligations payable hereunder, or reduce the amount of, waive or excuse any such payment, or postpone the scheduled date of expiration of any Commitment, without the written consent of each Lender directly affected thereby, (iv) change Section 2.18(b) or (d) in a manner that would alter the manner in which payments are shared, without the written consent of each Lender, (v) change any of the provisions of this Section or the definition of "Required Lenders" or any other provision of any Loan Document specifying the number or percentage of Lenders (or Lenders of any Class) required to waive, amend or modify any rights thereunder or make any determination or grant any consent thereunder, without the written consent of each Lender, (vi) release all or substantially all of the Subsidiary Guarantors from their obligation under the Subsidiary Guaranty (except as otherwise permitted herein or in the other Loan Documents), without the written consent of each Lender, or (viii) except as provided in clauses (d) and (e) of this Section or in any Collateral Document, release all or substantially all of the Collateral, without the written consent of each Lender; provided further that no such agreement shall amend, modify or otherwise affect the rights or duties of the Administrative Agent, the Issuing Bank or the Swingline Lender hereunder without the prior written consent of the Administrative Agent, the Issuing Bank or the Swingline Lender, as the case may be. The Administrative Agent may also amend the Commitment Schedule to reflect assignments entered into pursuant to Section 9.04

(c) The Lenders hereby irrevocably authorize the Administrative Agent, at its option and in its sole discretion, to release any Liens granted to the Administrative Agent by the Loan Parties on any Collateral (i) upon the termination of the all Commitments, payment and satisfaction in full in cash of all Secured Obligations (other than Unliquidated Obligations), and the cash collateralization of all Unliquidated Obligations in a manner satisfactory to the Administrative Agent, (ii) constituting property being sold or disposed of if the Borrower certifies to the Administrative Agent that the sale or disposition is made in compliance with the terms of this Agreement (and the Administrative Agent may rely conclusively on any such certificate, without further inquiry), (iii) constituting property leased to the Borrower or any Subsidiary under a lease which has expired or been terminated in a transaction permitted under this Agreement, or (iv) as required to effect any sale or other disposition of such Collateral in connection with any exercise of remedies of the Administrative Agent and the Lenders pursuant to Article VII. Any such release shall not in any manner discharge, affect, or impair the Obligations or any Liens (other than those expressly being released) upon (or obligations of the Loan Parties in respect of) all interests retained by the Loan Parties, including the proceeds of any sale, all of which shall continue to constitute part of the Collateral.

(d) If, in connection with any proposed amendment, waiver or consent requiring the consent of "each Lender" or "each Lender affected thereby," the consent of the Required Lenders is obtained, but the consent of other necessary Lenders is not obtained (any such Lender whose consent is necessary but not obtained being referred to herein as a "Non-Consenting Lender"), then the Borrower may elect to replace a Non-Consenting Lender as a Lender party to this Agreement, provided that, concurrently with such replacement, (i) another bank or other entity which is reasonably satisfactory to the Borrower and the Administrative Agent shall agree, as of such date, to purchase for cash the Loans and other Obligations due to the Non-Consenting Lender pursuant to an Assignment and Assumption and to become a Lender for all purposes under this Agreement and to assume all obligations of the Non-Consenting Lender to be terminated as of such date and to comply with the requirements of clause (b) of Section 9.04, and (ii) the Borrower shall pay to such Non-Consenting Lender in same day funds on the day of such replacement (1) all interest, fees and other amounts then accrued but unpaid to such Non-Consenting Lender by the Borrower hereunder to and including the date of termination, including without limitation payments due to such Non-Consenting Lender under Sections 2.15 and 2.17, and (2) an amount, if any, equal to the payment which would have been due to such Lender on the day of such replacement under Section 2.16 had the Loans of such Non-Consenting Lender been prepaid on such date rather than sold to the replacement Lender.

SECTION 9.03. Expenses; Indemnity; Damage Waiver. (a) The Borrower shall pay (i) all reasonable out of pocket expenses incurred by the Administrative Agent and its Affiliates, including the reasonable fees, charges and disbursements of counsel for the Administrative Agent, in connection with the initial general syndication and distribution (including, without limitation, via the internet or through a service such as Intralinks) of the credit facilities provided for herein, the preparation and administration of the Loan Documents or any amendments, modifications or waivers of the provisions of the Loan Documents (whether or not the transactions contemplated hereby or thereby shall be consummated), (ii) all reasonable out-of-pocket expenses incurred by the Issuing Bank in connection with the issuance, amendment, renewal or extension of any Letter of Credit or any demand for payment thereunder and (iii) all reasonable out-of-pocket expenses incurred by the Administrative Agent, the Issuing

Bank or any Lender, including the fees, charges and disbursements of any counsel for the Administrative Agent, the Issuing Bank or any Lender, in connection with the enforcement, collection or protection of its rights in connection with the Loan Documents, including its rights under this Section, or in connection with the Loans made or Letters of Credit issued hereunder, including all such out-of-pocket expenses incurred during any workout, restructuring or negotiations in respect of such Loans or Letters of Credit.

(b) The Borrower shall indemnify the Administrative Agent, the Issuing Bank and each Lender, and each Related Party of any of the foregoing Persons (each such Person being called an "Indemnitee") against, and hold each Indemnitee harmless from, any and all losses, claims, damages, penalties, liabilities and related reasonable out-of-pocket expenses, (other than in respect of Taxes or Other Taxes, in respect of which Section 2.17 shall govern), including the fees, charges and disbursements of any counsel for any Indemnitee, incurred by or asserted against any Indemnitee arising out of, in connection with any actual or prospective claim, litigation, investigation or proceeding, whether based on contract, tort or any other theory and regardless of whether any Indemnitee is a party thereto, relating to (i) the execution or delivery of the Loan Documents or any agreement or instrument contemplated thereby, the performance by the parties hereto of their respective obligations thereunder or the consummation of the Transactions or any other transactions contemplated hereby, (ii) any Loan or Letter of Credit or the use of the proceeds therefrom (including any refusal by the Issuing Bank to honor a demand for payment under a Letter of Credit if the documents presented in connection with such demand do not strictly comply with the terms of such Letter of Credit) or (iii) any actual or alleged presence or release of Hazardous Materials on or from any property owned or operated by the Borrower or any of its Subsidiaries, or any Environmental Liability related in any way to the Borrower or any of its Subsidiaries; provided that such indemnity shall not, as to any Indemnitee, be available to the extent that such losses, claims, damages, penalties, liabilities or related expenses are determined by a court of competent jurisdiction by final and non-appealable judgment to have resulted from (x) the gross negligence or willful misconduct of such Indemnitee (or any Related Party thereof) or (y) the breach by such Indemnitee (or any Related Party thereof) of its obligations under the Loan Documents.

(c) To the extent that the Borrower fails to pay any amount required to be paid by it to the Administrative Agent, the Issuing Bank or the Swingline Lender under paragraph (a) or (b) of this Section, each Lender severally agrees to pay to the Administrative Agent, the Issuing Bank or the Swingline Lender, as the case may be, such Lender's Applicable Percentage (determined as of the time that the applicable unreimbursed expense or indemnity payment is sought) of such unpaid amount; provided that the unreimbursed expense or indemnified loss, claim, damage, penalty, liability or related expense, as the case may be, was incurred by or asserted against the Administrative Agent, the Issuing Bank or the Swingline Lender in its capacity as such.

(d) To the extent permitted by applicable law, each party hereto shall not assert, and hereby waives, any claim against any other party hereto and its Related Parties, on any theory of liability, for special, indirect, consequential or punitive damages (as opposed to direct or actual damages) arising out of, in connection with, or as a result of, this Agreement or any agreement or instrument contemplated hereby, the Transactions, any Loan or Letter of Credit or the use of the proceeds thereof.

(e) All amounts due under this Section shall be payable promptly after written demand therefor.

SECTION 9.04. Successors and Assigns. (a) The provisions of this Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns permitted hereby (including any Affiliate of the Issuing Bank that issues any Letter of Credit), except that (i) the Borrower may not assign or otherwise transfer any of its rights or obligations hereunder without the prior written consent of each Lender (and any attempted assignment or transfer by the Borrower without such consent shall be null and void) and (ii) no Lender may assign or otherwise transfer its rights or obligations hereunder except in accordance with this Section. Nothing in this Agreement, expressed or implied, shall be construed to confer upon any Person (other than the parties hereto, their respective successors and assigns permitted hereby (including any Affiliate of the Issuing Bank that issues any Letter of Credit), Participants (to the extent provided in paragraph (c) of this Section) and, to the extent expressly contemplated hereby, the Related Parties of each of the Administrative Agent, the Issuing Bank and the Lenders) any legal or equitable right, remedy or claim under or by reason of this Agreement.

(b)(i) Subject to the conditions set forth in paragraph (b)(ii) below, any Lender may assign to one or more assignees all or a portion of its rights and obligations under this Agreement (including all or a portion of its Commitment and the Loans at the time owing to it) with the prior written consent (such consent not to be unreasonably withheld) of:

(A) the Borrower, provided that no consent of the Borrower shall be required for an assignment to a Lender, an Affiliate of a Lender, an Approved Fund or, if an Event of Default has occurred and is continuing, any other assignee;

(B) the Administrative Agent, provided that no consent of the Administrative Agent shall be required for an assignment of any Term Loan to an assignee that is a Lender, an Affiliate of a Lender or an Approved Fund; and

(C) the Issuing Bank, provided that no consent of the Issuing Bank shall be required for an assignment of all or any portion of a Term Loan.

(ii) Assignments shall be subject to the following additional conditions:

(A) except in the case of an assignment to a Lender or an Affiliate of a Lender or an assignment of the entire remaining amount of the assigning Lender's Commitment or Loans of any Class, the amount of the Commitment or Loans of the assigning Lender subject to each such assignment (determined as of the date the Assignment and Assumption with respect to such assignment is delivered to the Administrative Agent) shall not be less than $5,000,000 or, in the case of a Term Loan, $1,000,000 unless each of the Borrower and the Administrative Agent otherwise consent, provided that no such consent of the Borrower shall be required if an Event of Default has occurred and is continuing;

(B) each partial assignment shall be made as an assignment of a proportionate part of all the assigning Lender's rights and obligations under this Agreement, provided that this clause shall not be construed to prohibit the assignment of a proportionate part of all the assigning Lender's rights and obligations in respect of one Class of Commitments or Loans;

(C) the parties to each assignment shall execute and deliver to the Administrative Agent an Assignment and Assumption, together with a processing and recordation fee of $3,500; and

(D) the assignee, if it shall not be a Lender, shall deliver to the Administrative Agent an Administrative Questionnaire in which the assignee designates one or more credit contacts to whom all syndicate-level information (which may contain, subject to Section 9.12, material non-public information about the Borrower and its Subsidiaries) will be made available and who may receive such information in accordance with the assignee's compliance procedures and applicable laws, including Federal and state securities laws.

For the purposes of this Section 9.04(b), the term "Approved Fund" has the following meaning:

"Approved Fund" means any Person (other than a natural person) that is engaged in making, purchasing, holding or investing in bank loans and similar extensions of credit in the ordinary course of its business and that is administered or managed by (a) a Lender, (b) an Affiliate of a Lender or (c) an entity or an Affiliate of an entity that administers or manages a Lender.

(iii) Subject to acceptance and recording thereof pursuant to paragraph (b)(iv) of this Section, from and after the effective date specified in each Assignment and Assumption the assignee thereunder shall be a party hereto and, to the extent of the interest assigned by such Assignment and Assumption, have the rights and obligations of a Lender under this Agreement, and the assigning Lender thereunder shall, to the extent of the interest assigned by such Assignment and Assumption, be released from its obligations under this Agreement (and, in the case of an Assignment and Assumption covering all of the assigning Lender's rights and obligations under this Agreement, such Lender shall cease to be a party hereto but shall continue to be entitled to the benefits of Sections 2.15, 2.16, 2.17 and 9.03). Any assignment or transfer by a Lender of rights or obligations under this Agreement that does not comply with this Section 9.04 shall be treated for purposes of this Agreement as a sale by such Lender of a participation in such rights and obligations in accordance with paragraph (c) of this Section.

(iv) The Administrative Agent, acting for this purpose as an agent of the Borrower, shall maintain at one of its offices a copy of each Assignment and Assumption delivered to it and a register for the recordation of the names and addresses of the Lenders, and the Commitment of, and principal amount of the Loans and LC Disbursements owing to, each Lender pursuant to the terms hereof from time to time (the "Register"). The entries in the Register shall be conclusive, and the Borrower, the Administrative Agent, the Issuing Bank and the Lenders may treat each Person whose name is recorded in the Register pursuant to the terms hereof as a Lender hereunder for all purposes of this Agreement, notwithstanding notice to the contrary. The Register shall be available for inspection by the Borrower, the Issuing Bank and any Lender, at any reasonable time and from time to time upon reasonable prior notice.

(v) Upon its receipt of a duly completed Assignment and Assumption executed by an assigning Lender and an assignee, the assignee's completed Administrative Questionnaire (unless the assignee shall already be a Lender hereunder), the processing and recordation fee referred to in paragraph (b) of this Section and any written consent to such assignment required by paragraph (b) of this Section, the Administrative Agent shall accept such Assignment and Assumption and record the information contained therein in the Register; provided that if either the assigning Lender or the assignee shall have failed to make any payment required to be made by it pursuant to Section 2.05, 2.06(d) or (e), 2.07(b), 2.18(d) or 9.03(c), the Administrative Agent shall have no obligation to accept such Assignment and Assumption and record the information therein in the Register unless and until such payment shall have been made in full, together with all accrued interest thereon. No assignment shall be effective for purposes of this Agreement unless it has been recorded in the Register as provided in this paragraph.

(c)(i) Any Lender may, without the consent of the Borrower, the Administrative Agent, the Issuing Bank or the Swingline Lender, sell participations to one or more banks or other entities (a "Participant") in all or a portion of such Lender's rights and obligations under this Agreement (including all or a portion of its Commitment and the Loans owing to it); provided that (A) such Lender's obligations under this Agreement shall remain unchanged, (B) such Lender shall remain solely responsible to the other parties hereto for the performance of such obligations and (C) the Borrower, the Administrative Agent, the Issuing Bank and the other Lenders shall continue to deal solely and directly with such Lender in connection with such Lender's rights and obligations under this Agreement. Any agreement or instrument pursuant to which a Lender sells such a participation shall provide that such Lender shall retain the sole right to enforce this Agreement and to approve any amendment, modification or waiver of any provision of this Agreement; provided that such agreement or instrument may provide that such Lender will not, without the consent of the Participant, agree to any amendment, modification or waiver described in the first proviso to Section 9.02(b) that affects such Participant. Subject to paragraph (c)(ii) of this Section, the Borrower agrees that each Participant shall be entitled to the benefits of Sections 2.15, 2.16 and 2.17 to the same extent as if it were a Lender and had acquired its interest by assignment pursuant to paragraph (b) of this Section. To the extent permitted by law, each Participant also shall be entitled to the benefits of Section 9.08 as though it were a Lender, provided such Participant agrees to be subject to Section 2.18(c) as though it were a Lender.

(ii) A Participant shall not be entitled to receive any greater payment under Section 2.15 or 2.17 than the applicable Lender would have been entitled to receive with respect to the participation sold to such Participant, unless the sale of the participation to such Participant is made with the Borrower's prior written consent. A Participant that would be a Foreign Lender if it were a Lender shall not be entitled to the benefits of Section 2.17 unless the Borrower is notified of the participation sold to such Participant and such Participant agrees, for the benefit of the Borrower, to comply with Section 2.17(e) as though it were a Lender.

(d) Any Lender may at any time pledge or assign a security interest in all or any portion of its rights under this Agreement to secure obligations of such Lender, including without limitation any pledge or assignment to secure obligations to a Federal Reserve Bank, and this Section shall not apply to any such pledge or assignment of a security interest; provided that no such pledge or assignment of a security interest shall release a Lender from any of its obligations hereunder or substitute any such pledgee or assignee for such Lender as a party hereto.

SECTION 9.05. Survival. All covenants, agreements, representations and warranties made by the Loan Parties in the Loan Documents and in the certificates or other instruments delivered in connection with or pursuant to this Agreement or any other Loan Document shall be considered to have been relied upon by the other parties hereto and shall survive the execution and delivery of the Loan Documents and the making of any Loans and issuance of any Letters of Credit, regardless of any investigation made by any such other party or on its behalf and notwithstanding that the Administrative Agent, the Issuing Bank or any Lender may have had notice or knowledge of any Default or incorrect representation or warranty at the time any credit is extended hereunder, and shall continue in full force and effect as long as the principal of or any accrued interest on any Loan or any fee or any other amount payable under this Agreement is outstanding and unpaid or any Letter of Credit is outstanding and so long as the Commitments have not expired or terminated. The provisions of Sections 2.15, 2.16, 2.17 and 9.03 and Article VIII shall survive and remain in full force and effect regardless of the consummation of the transactions contemplated hereby, the repayment of the Loans, the expiration or termination of the Letters of Credit and the Commitments or the termination of this Agreement or any provision hereof.

SECTION 9.06. Counterparts; Integration; Effectiveness. This Agreement may be executed in counterparts (and by different parties hereto on different counterparts), each of which shall constitute an original, but all of which when taken together shall constitute a single contract. This Agreement, the other Loan Documents and any separate letter agreements with respect to fees payable to the Administrative Agent constitute the entire contract among the parties relating to the subject matter hereof and supersede any and all previous agreements and understandings, oral or written, relating to the subject matter hereof. Except as provided in Section 4.01, this Agreement shall become effective when it shall have been executed by the Administrative Agent and when the Administrative Agent shall have received counterparts hereof which, when taken together, bear the signatures of each of the other parties hereto, and thereafter shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns. Delivery of an executed counterpart of a signature page of this Agreement by telecopy shall be effective as delivery of a manually executed counterpart of this Agreement.

SECTION 9.07. Severability. Any provision of any Loan Document held to be invalid, illegal or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such invalidity, illegality or unenforceability without affecting the validity, legality and enforceability of the remaining provisions thereof; and the invalidity of a particular provision in a particular jurisdiction shall not invalidate such provision in any other jurisdiction.

SECTION 9.08. Right of Setoff. If an Event of Default shall have occurred and be continuing, each Lender and each of its Affiliates is hereby authorized at any time and from time to time, to the fullest extent permitted by law, to set off and apply any and all deposits (general or special, time or demand, provisional or final) at any time held and other obligations at any time owing by such Lender or Affiliate to or for the credit or the account of the Borrower or any Subsidiary Guarantor against any of and all the Secured Obligations held by such Lender, irrespective of whether or not such Lender shall have made any demand under the Loan Documents and although such obligations may be unmatured. The applicable Lender shall notify the Borrower and the Administrative Agent of such set-off or application, provided that any failure to give or any delay in giving such notice shall not affect the validity of any such set-off or application under this Section. The rights of each Lender under this Section are in addition to other rights and remedies (including other rights of setoff) which such Lender may have.

SECTION 9.09. Governing Law; Jurisdiction; Consent to Service of Process. (a)The Loan Documents (other than those containing a contrary express choice of law provision) shall be governed by and construed in accordance with the laws of the State of New York, but giving effect to federal laws applicable to national banks.

(b) The Borrower hereby irrevocably and unconditionally submits, for itself and its property, to the nonexclusive jurisdiction of the Supreme Court of the State of New York sitting in New York County and of the United States District Court of the Southern District of New York, and any appellate court from any thereof in any action or proceeding arising out of or relating to any Loan Documents, or for recognition or enforcement of any judgment, and each of the parties hereto hereby irrevocably and unconditionally agrees that all claims in respect of any such action or proceeding may be heard and determined in such New York State or, to the extent permitted by law, in such Federal court. Each of the parties hereto agrees that a final judgment in any such action or proceeding shall be conclusive and may be enforced in other jurisdictions by suit on the judgment or in any other manner provided by law. Nothing in this Agreement or any other Loan Document shall affect any right that the Administrative Agent, the Issuing Bank or any Lender may otherwise have to bring any action or proceeding relating to this Agreement or any other Loan Document against any Loan Party or its properties in the courts of any jurisdiction.

(c) The Borrower hereby irrevocably and unconditionally waives, to the fullest extent it may legally and effectively do so, any objection which it may now or hereafter have to the laying of venue of any suit, action or proceeding arising out of or relating to this Agreement or any other Loan Document in any court referred to in paragraph (b) of this Section. Each of the parties hereto hereby irrevocably waives, to the fullest extent permitted by law, the defense of an inconvenient forum to the maintenance of such action or proceeding in any such court.

(d) Each party to this Agreement irrevocably consents to service of process in the manner provided for notices in Section 9.01. Nothing in this Agreement or any other Loan Document will affect the right of any party to this Agreement to serve process in any other manner permitted by law.

SECTION 9.10. WAIVER OF JURY TRIAL. EACH PARTY HERETO HEREBY WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, ANY RIGHT IT MAY HAVE TO A TRIAL BY JURY IN ANY LEGAL PROCEEDING DIRECTLY OR INDIRECTLY ARISING OUT OF OR RELATING TO THIS AGREEMENT, ANY OTHER LOAN DOCUMENT OR THE TRANSACTIONS CONTEMPLATED THEREBY (WHETHER BASED ON CONTRACT, TORT OR ANY OTHER THEORY).

EACH PARTY HERETO (A) CERTIFIES THAT NO REPRESENTATIVE, AGENT OR ATTORNEY OF ANY OTHER PARTY HAS REPRESENTED, EXPRESSLY OR OTHERWISE, THAT SUCH OTHER PARTY WOULD NOT, IN THE EVENT OF LITIGATION, SEEK TO ENFORCE THE FOREGOING WAIVER AND (B) ACKNOWLEDGES THAT IT AND THE OTHER PARTIES HERETO HAVE BEEN INDUCED TO ENTER INTO THIS AGREEMENT BY, AMONG OTHER THINGS, THE MUTUAL WAIVERS AND CERTIFICATIONS IN THIS SECTION.

SECTION 9.11. Headings. Article and Section headings and the Table of Contents used herein are for convenience of reference only, are not part of this Agreement and shall not affect the construction of, or be taken into consideration in interpreting, this Agreement.

SECTION 9.12. Confidentiality. Each of the Administrative Agent, the Issuing Bank and the Lenders agrees to maintain the confidentiality of the Information (as defined below), except that Information may be disclosed (a) to its and its Affiliates' directors, officers, employees and agents, including accountants, legal counsel and other advisors (it being understood that the Persons to whom such disclosure is made will be informed of the confidential nature of such Information and instructed to keep such Information confidential), (b) to the extent requested by any regulatory authority, (c) to the extent required by Requirement of Law or by any subpoena or similar legal process, (d) to any other party to this Agreement, (e) in connection with the exercise of any remedies hereunder or any suit, action or proceeding relating to this Agreement or any other Loan Document or the enforcement of rights hereunder or thereunder, (f) subject to an agreement containing provisions substantially the same as those of this Section, to (i) any assignee of or Participant in, or any prospective assignee of or Participant in, any of its rights or obligations under this Agreement or (ii) any actual or prospective counterparty (or its advisors) to any swap or derivative transaction relating to the Borrower, its Subsidiaries and their obligations, (g) with the consent of the Borrower or (h) to the extent such Information (i) becomes publicly available other than as a result of a breach of this Section or (ii) becomes available to the Administrative Agent, the Issuing Bank or any Lender on a nonconfidential basis from a source other than the Borrower. For the purposes of this Section, "Information" means all information received from the Borrower relating to the Borrower or its business, other than any such information that is available to the Administrative Agent, the Issuing Bank or any Lender on a nonconfidential basis prior to disclosure by the Borrower. Any Person required to maintain the confidentiality of Information as provided in this Section shall be considered to have complied with its obligation to do so if such Person has exercised the same degree of care to maintain the confidentiality of such Information as such Person would accord to its own confidential information.

SECTION 9.13. Several Obligations; Nonreliance; Violation of Law. The respective obligations of the Lenders hereunder are several and not joint and the failure of any Lender to make any Loan or perform any of its obligations hereunder shall not relieve any other Lender from any of its obligations hereunder. Each Lender hereby represents that it is not relying on or looking to any margin stock for the repayment of the Borrowings provided for herein. Anything contained in this Agreement to the contrary notwithstanding, neither the Issuing Bank nor any Lender shall be obligated to extend credit to the Borrower in violation of any Requirement of Law.

SECTION 9.14. USA PATRIOT Act. Each Lender that is subject to the requirements of the USA Patriot Act (Title III of Pub. L. 107-56 (signed into law October 26, 2001)) (the "Act") hereby notifies the Borrower that pursuant to the requirements of the Act, it is required to obtain, verify and record information that identifies the Borrower, which information includes the name and address of the Borrower and other information that will allow such Lender to identify the Borrower in accordance with the Act.

SECTION 9.15. Disclosure. The Borrower and each Lender hereby acknowledges and agrees that the Administrative Agent and/or its Affiliates from time to time may hold investments in, make other loans to or have other relationships with any of the Borrower, its Subsidiaries and their respective Affiliates.

SECTION 9.16. Appointment for Perfection. Each Lender hereby appoints each other Lender as its agent for the purpose of perfecting Liens, for the benefit of the Administrative Agent and the Holders of Secured Obligations, in assets which, in accordance with Article 9 of the UCC or any other applicable law can be perfected only by possession. Should any Lender (other than the Administrative Agent) obtain possession of any such Collateral, such Lender shall notify the Administrative Agent thereof, and, promptly upon the Administrative Agent's request therefor shall deliver such Collateral to the Administrative Agent or otherwise deal with such Collateral in accordance with the Administrative Agent's instructions.

[Signature Pages Follow]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed by their respective authorized officers as of the day and year first above written.

MYR GROUP INC., as the Borrower

By /s/ Marco A. Martinez
Name Marco A. Martinez
Title: V.P., CFO and Treasurer

JPMORGAN CHASE BANK, NATIONAL ASSOCIATION, individually, as Administrative Agent, Issuing Bank and Swingline Lender

By /s/ Dawn Mase
Name Dawn Mase
Title: Vice President

CITIBANK, N.A., individually and as Syndication Agent

By /s/ Scott A. Miller
Name: Scott A. Miller
Title: Vice President

FIFTH THIRD BANK, individually and as Documentation Agent

By /s/ Neil G. Mesch
Name: Neil G. Mesch
Title: Vice President

KEYBANK NATIONAL ASSOCIATION, as a Lender

By /s/ Frank J. Jancar
Name: Frank J. Jancar
Title: Vice President

NATIONAL CITY BANK, as a Lender

By /s/ Renee M. Bonnell
Name: Renee M. Bonnell
Title: Vice President

Exhibit 10.2

AMENDMENT NO. 1

Dated as of October 26, 2007

to

CREDIT AGREEMENT

Dated as of August 31, 2007

THIS AMENDMENT NO. 1 ("Amendment") is made as of October 26, 2007 (the "Effective Date") by and among MYR Group Inc., a Delaware corporation (the "Borrower"), the financial institutions listed on the signature pages hereof and JPMorgan Chase Bank, National Association, as Administrative Agent (the "Administrative Agent"), under that certain Credit Agreement dated as of August 31, 2007 by and among the Borrower, the Lenders and the Administrative Agent (as amended, supplemented or otherwise modified from time to time, the "Credit Agreement"). Capitalized terms used herein and not otherwise defined herein shall have the respective meanings given to them in the Credit Agreement.

WHEREAS, the Borrower has requested that certain modifications be made to the Credit Agreement;

WHEREAS, the Borrower, the Lenders party hereto and the Administrative Agent have agreed to amend the Credit Agreement on the terms and conditions set forth herein;

NOW, THEREFORE, in consideration of the premises set forth above, the terms and conditions contained herein, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Borrower, the Lenders party hereto and the Administrative Agent hereby agree to the following amendments to the Credit Agreement.

1. Amendments to Credit Agreement. Effective as of the Effective Date but subject to the satisfaction of the conditions precedent set forth in Section 2 below, the Credit Agreement is hereby amended as follows:

(a) Section 5.12 of the Credit Agreement is hereby restated in its entirety as follows:

"SECTION 5.12. [Intentionally Omitted]."

(b) Section 6.04(c) of the Credit Agreement is amended to delete the reference to "5.12" therein and to substitute "5.11" therefor.

(c) Clause (d) of Article VII is amended to delete the reference to "5.12" therein.

2. Conditions of Effectiveness. The effectiveness of this Amendment is subject to the conditions precedent that the Administrative Agent shall have received (i) counterparts of this Amendment duly executed by the Borrower and the Required Lenders and (ii) counterparts of the Consent and Reaffirmation attached hereto duly executed by the Subsidiary Guarantors.

3. Representations and Warranties of the Borrower. The Borrower hereby represents and warrants as follows:

(a) This Amendment and the Credit Agreement as amended hereby constitute legal, valid and binding obligations of the Borrower and are enforceable against the Borrower in accordance with their terms, subject to applicable bankruptcy, insolvency, reorganization, moratorium or other laws affecting creditors' rights generally and subject to general principles of equity, regardless of whether considered in a proceeding in equity or at law.

(b) As of the date hereof and giving effect to the terms of this Amendment, (i) no Default shall have occurred and be continuing and (ii) the representations and warranties of the Borrower set forth in the Credit Agreement, as amended hereby, are true and correct in all material respects as of the date hereof, except to the extent that any such representation or warranty relates solely to an earlier date, in which case it shall have been true and correct in all material respects as of such earlier date.

4. Reference to and Effect on the Credit Agreement.

(a) Upon the effectiveness hereof, each reference to the Credit Agreement in the Credit Agreement or any other Loan Document shall mean and be a reference to the Credit Agreement as amended hereby.

(b) Except as specifically amended above, the Credit Agreement and all other documents, instruments and agreements executed and/or delivered in connection therewith shall remain in full force and effect and are hereby ratified and confirmed.

(c) The execution, delivery and effectiveness of this Amendment shall not operate as a waiver of any right, power or remedy of the Administrative Agent or the Lenders, nor constitute a waiver of any provision of the Credit Agreement or any other documents, instruments and agreements executed and/or delivered in connection therewith.

5. Governing Law. This Amendment shall be governed by and construed in accordance with the laws of the State of New York, but giving effect to federal laws applicable to national banks.

6. Headings. Section headings in this Amendment are included herein for convenience of reference only and shall not constitute a part of this Amendment for any other purpose.

7. Counterparts. This Amendment may be executed by one or more of the parties hereto on any number of separate counterparts, and all of said counterparts taken together shall be deemed to constitute one and the same instrument.

[Signature Pages Follow]

IN WITNESS WHEREOF, this Amendment has been duly executed as of the day and year first above written.

MYR GROUP INC.,
as the Borrower

By: /s/ Marco A. Martinez
Name: Marco A. Martinez
Title: V.P., CFO and Treasurer

JPMORGAN CHASE BANK,
NATIONAL ASSOCIATION,
individually as a Lender, as the Swingline Lender, as Issuing Bank and as Administrative Agent

By: /s/ Dawn Mase
Name: Dawn Mase
Title: Vice-President

Signature Page to Amendment No. 1 to
Credit Agreement dated as of August 31, 2007
MYR Group Inc.

CITIBANK, N.A.,
individually as a Lender and as Syndication Agent

By: /s/ Scott Miller
Name: Scott Miller
Title: Vice President

Signature Page to Amendment No. 1 to
Credit Agreement dated as of August 31, 2007
MYR Group Inc.

FIFTH THIRD BANK,
individually as a Lender and as Documentation Agent

By: /s/ Neil G. Mesch
Name: Neil G. Mesch
Title: Vice President

Signature Page to Amendment No. 1 to
Credit Agreement dated as of August 31, 2007
MYR Group Inc.

KEYBANK NATIONAL ASSOCIATION,
as a Lender

By: /s/ Frank J. Jancar
Name: Frank J. Jancar
Title: Vice President

Signature Page to Amendment No. 1 to
Credit Agreement dated as of August 31, 2007
MYR Group Inc.

NATIONAL CITY BANK,
as a Lender

By: /s/ Renee M. Bonnell
Name: Renee M. Bonnell
Title: Vice President

Signature Page to Amendment No. 1 to
Credit Agreement dated as of August 31, 2007
MYR Group Inc.

Exhibit 10.3

MYR GROUP INC.
2007 LONG-TERM INCENTIVE PLAN

1. PURPOSE OF THE PLAN

The purpose of the Company's 2007 Long-Term Incentive Plan is to promote the interests of the Company and its shareholders by strengthening the Company's ability to attract, motivate and retain key employees and directors of the Company upon whose judgment, initiative and efforts the financial success and growth of the business of the Company largely depend, and to provide an additional incentive for key employees and directors through stock ownership and other rights that promote and recognize the financial success and growth of the Company.

2. DEFINITIONS

Wherever the following capitalized terms are used in this Plan they shall have the meanings specified below:

(a) "Award" means an award of an Option, Restricted Stock, Stock Appreciation Right, Performance Award, Phantom Stock, Stock Bonus or Dividend Equivalent granted under the Plan.

(b) "Award Agreement" means an agreement entered into between the Company and a Participant setting forth the terms and conditions of an Award granted to a Participant.

(c) "Board" means the Board of Directors of the Company.

(d) "Change in Control" shall have the meaning specified in Section 13 hereof.

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

(f) "Committee" means the Compensation Committee of the Board, or such other committee or subcommittee of the Board or group of individuals appointed by the Board to administer the Plan from time to time.

(g) "Common Stock" means the common stock of the Company, without par value, or any security into which such Common Stock may be changed by reason of any transaction or event of the type described in Section 3.2.

(h) "Company" means MYR Group Inc., a Delaware corporation.

(i) "Date of Grant" means the date on which an Award under the Plan is made by the Committee (which date shall not be earlier than the date on which the Committee takes action with respect thereto), or such later date as the Committee may specify that the Award becomes effective.

(j) "Dividend Equivalent" means an Award under Section 12 hereof entitling the Participant to receive payments with respect to dividends declared on the Common Stock.

(k) "Effective Date" means the Effective Date of this Plan, as defined in Section 16.1 hereof.

(l) "Eligible Person" means any person who is an Employee or an Independent Director.

(m) "Employee" means any person who is a key employee of the Company or any Subsidiary or who has agreed to serve in such capacity within 90 days after the Date of Grant; provided, however, that with respect to Incentive Stock Options, "Employee" means any person who is considered an employee of the Company or any Subsidiary for purposes of Treasury Regulation Section 1.421-1(h).

(n) "Fair Market Value" of a share of Common Stock as of a given date means the fair market value of such Common Stock determined by such methods or procedures as shall be established from time to time by the Committee. Unless otherwise determined by the Committee in good faith, the per share Fair Market Value of Common Stock as of a particular date shall mean (i) the closing price per share of Common Stock for such date on the national securities exchange on which the shares of Common Stock are principally traded, or (ii) if the shares of Common Stock are then traded in an over-the-counter market, the average of the closing bid and asked prices for the shares of Common Stock in such over-the-counter market for the relevant date, or (iii) if the shares of Common Stock are not then listed on a national securities exchange or traded in an over-the-counter market, such value as the Committee, in its sole discretion, shall determine.

(o) "Incentive Stock Option" means an option to purchase Common Stock that is intended to qualify as an incentive stock option under section 422 of the Code and the Treasury Regulations thereunder.

(p) "Independent Director" means a member of the Board who is not an employee of the Company or any Subsidiary.

(q) "Nonqualified Stock Option" means an option to purchase Common Stock that is not an Incentive Stock Option.

(r) "Option" means an Incentive Stock Option or a Nonqualified Stock Option granted under Section 6 hereof.

(s) "Participant" means any Eligible Person who holds an outstanding Award under the Plan.

(t) "Performance Award" means an Award made under Section 9 hereof entitling a Participant to a payment based on the Fair Market Value of Common Stock (a "Performance Share") or based on specified dollar units (a "Performance Unit") at the end of a performance period if certain conditions established by the Committee are satisfied.

(u) "Phantom Stock" means an Award under Section 10 hereof entitling a Participant to a payment at the end of a vesting period of a unit value based on the Fair Market Value of a share of Common Stock.

(v) "Plan" means this 2007 Long-Term Incentive Plan as set forth herein, and as it may be further amended from time to time.

(w) "Restricted Stock" means an Award under Section 8 hereof entitling a Participant to shares of Common Stock that are nontransferable and subject to forfeiture until specific conditions established by the Committee are satisfied.

(x) "Section 162(m)" means section 162(m) of the Code and the Treasury Regulations thereunder.

(y) "Section 162(m) Participant" means any Participant who, in the sole judgment of the Committee, could be treated as a "covered employee" under Section 162(m) at the time income may be recognized by such Participant in connection with an Award that is intended to qualify for exemption under Section 162(m).

(z) "Stock Appreciation Right" or "SAR" means an Award under Section 7 hereof entitling a Participant to receive an amount, representing the difference between the base price per share of the right and the Fair Market Value of a share of Common Stock on the date of exercise.

(aa) "Stock Bonus" means an Award under Section 11 hereof entitling a Participant to receive an unrestricted share of Common Stock.

(bb) "Subsidiary" means an entity that is wholly owned, directly or indirectly, by the Company, or any other affiliate of the Company that is so designated, from time to time, by the Committee, provided, however, that with respect to Incentive Stock Options, the term "Subsidiary" shall not include any entity that does not qualify within the meaning of section 424(f) of the Code as a "subsidiary corporation" with respect to the Company.

3. SHARES OF COMMON STOCK SUBJECT TO THE PLAN

3.1 Number of Shares. Subject to the following provisions of this Section 3, the aggregate number of shares of Common Stock that may be issued pursuant to all Awards under the Plan is 2,000,000 shares of Common Stock. Shares of Common Stock that are issued in connection with all Awards other than Options and SARs shall be counted against the 2,000,000 limit described above as four shares of Common Stock for every one share of Common Stock that is issued in connection with such Award. No more than 2,000,000 shares of Common Stock may be issued pursuant to Incentive Stock Options. The shares of Common Stock to be delivered under the Plan will be made available from authorized but unissued shares of Common Stock or treasury stock. If any share of Common Stock that is the subject of an Award is not issued and ceases to be issuable for any reason, or is forfeited, canceled or returned to the Company for failure to satisfy vesting requirements or upon the occurrence of other forfeiture events, such share of Common Stock will no longer be charged against the foregoing maximum share limitations and may again be made subject to Awards under the Plan pursuant to such limitations. Common Stock covered by an Award granted under the Plan shall not be counted unless and until it is actually issued or transferred to a Participant. Without limiting the generality of the foregoing, upon payment in cash of the benefit provided by any Award granted under the Plan, any Common Stock that is covered by the Award will be available for issue or transfer hereunder. Notwithstanding anything to the contrary contained herein, (A) Common Stock tendered in payment of the exercise price of an Option shall not be added to the aggregate Plan limit described above; (B) Common Stock withheld by the Company to satisfy a tax withholding obligation shall not be added to the aggregate Plan limit described above; (C) Common Stock that is repurchased by the Company with Option proceeds shall not be added to the aggregate Plan limit described above and (D) all Common Stock covered by an SAR, to the extent that it is exercised and settled in Common Stock, and whether or not Common Stock is actually issued or transferred to the Participant upon exercise of the SAR, shall be considered issued or transferred pursuant to the Plan.

3.2 Adjustments. If there shall occur any merger, consolidation, liquidation, issuance of rights or warrants to purchase securities, recapitalization, reclassification, stock dividend, spin-off, split-off, stock split, reverse stock split or other distribution with respect to the shares of Common Stock, or any similar corporate transaction or event in respect of the Common Stock, then the Committee shall, in the manner and to the extent that it deems appropriate and equitable to the Participants and consistent with the terms of this Plan, cause a proportionate adjustment to be made in (i) the maximum numbers and kind of shares provided in Section 3.1 hereof, (ii) the maximum numbers and kind of shares set forth in Sections 6.1, 7.1, 8.2 and 9.4 hereof, (iii) the number and kind of shares of Common Stock, share units, or other rights subject to the then-outstanding Awards, (iv) the price for each share or unit or other right subject to then outstanding Awards without change in the aggregate purchase price or value as to which such Awards remain exercisable or subject to restrictions, (v) the performance targets or goals appropriate to any outstanding Performance Awards (subject to such limitations as appropriate for Awards intended to qualify for exemption under Section 162(m)) or (vi) any other terms of an Award that are affected by the event. Moreover, in the event of any such transaction or event, the Committee, in its discretion, may provide in substitution for any or all outstanding awards under the Plan such alternative consideration (including cash) as it, in good faith, may determine to be equitable under the circumstances and may require in connection therewith the surrender of all awards so replaced. Notwithstanding the foregoing, any such adjustments shall be made in a manner consistent with the requirements of section 409A of the Code and, in the case of Incentive Stock Options, any such adjustments shall be made in a manner consistent with the requirements of section 424(a) of the Code.

4. ADMINISTRATION OF THE PLAN

4.1 Committee Members. Except as provided in Section 4.4 hereof, the Plan will be administered by the Committee, which unless otherwise determined by the Board will consist solely of two or more persons who satisfy the requirements for a "nonemployee director" under Rule 16b-3 promulgated under the Securities Exchange Act of 1934, as amended and/or the requirements for an "outside director" under Section 162(m). The Committee may exercise such powers and authority as may be necessary or appropriate for the Committee to carry out its functions as described in the Plan. No member of the Committee will be liable for any action or determination made in good faith by the Committee with respect to the Plan or any Award under it.

4.2 Discretionary Authority. Subject to the express limitations of the Plan, the Committee has authority in its discretion to determine the Eligible Persons to whom, and the time or times at which, Awards may be granted, the number of shares, units or other rights subject to each Award, the exercise, base or purchase price of an Award (if any), the time or times at which an Award will become vested, exercisable or payable, the performance criteria, performance goals and other conditions of an Award, and the duration of the Award. The Committee also has discretionary authority to interpret the Plan, to make all factual determinations under the Plan, and to determine the terms and provisions of the respective Award Agreements and to make all other determinations necessary or advisable for Plan administration. The Committee has authority to prescribe, amend, and rescind rules and regulations relating to the Plan. All interpretations, determinations, and actions by the Committee will be final, conclusive, and binding upon all parties.

4.3 Changes to Awards. The Committee shall have the authority to effect, at any time and from time to time, with the consent of the affected Participants, (i) the cancellation of any or all outstanding Awards and the grant in substitution therefor of new Awards covering the same or different numbers of shares of Common Stock and having an exercise or base price which may be the same as or different than the exercise or base price of the canceled Awards or (ii) the amendment of the terms of any and all outstanding Awards; provided, however, that the Committee shall not have the authority to reduce the exercise or base price of an Award by amendment or cancellation and substitution of an existing Award without the approval of the Company's shareholders. The Committee may in its discretion accelerate the vesting or exercisability of an Award at any time or on the basis of any specified event.

4.4 Delegation of Authority. The Committee shall have the right, from time to time, to delegate to one or more officers or directors of the Company the authority of the Committee to grant and determine the terms and conditions of Awards under the Plan, subject to such limitations as the Committee shall determine; provided, however, that no such authority may be delegated with respect to Awards made to any member of the Board or any Section 162(m) Participant.

4.5 Awards to Independent Directors. An Award to an Independent Director under the Plan shall be approved by the Board. With respect to Awards to Independent Directors, all rights, powers and authorities vested in the Committee under the Plan shall instead be exercised by the Board, and all provisions of the Plan relating to the Committee shall be interpreted in a manner consistent with the foregoing by treating any such reference as a reference to the Board for such purpose.

5. ELIGIBILITY AND AWARDS

All Eligible Persons are eligible to be designated by the Committee to receive an Award under the Plan. The Committee has authority, in its sole discretion, to determine and designate from time to time those Eligible Persons who are to be granted Awards, the types of Awards to be granted and the number of shares or units subject to the Awards that are granted under the Plan. Each Award will be evidenced by an Award Agreement as described in Section 14 hereof between the Company and the Participant that shall include the terms and conditions consistent with the Plan as the Committee may determine.

6. STOCK OPTIONS

6.1 Grant of Option. An Option may be granted to any Eligible Person selected by the Committee; provided, however, that only Employees shall be eligible for Awards of Incentive Stock Options. Each Option shall be designated, at the discretion of the Committee, as an Incentive Stock Option or a Nonqualified Stock Option. The maximum number of shares of Common Stock that may be granted under Options to any one Participant during any one calendar year shall be limited to 200,000 shares (subject to adjustment as provided in Section 3.2 hereof).

6.2 Exercise Price. The exercise price of the Option shall be determined by the Committee; provided, however, that the exercise price per share of an Option shall not be less than 100 percent of the Fair Market Value per share of the Common Stock on the Date of Grant.

6.3 Vesting; Term of Option. The Committee, in its sole discretion, shall prescribe in the Award Agreement the time or times at which, or the conditions upon which, an Option or portion thereof shall become vested and exercisable, and may accelerate the exercisability of any Option at any time. An Option may become vested and exercisable upon a Participant’s retirement, death, disability, Change in Control or other event, to the extent provided in an Award Agreement. The period during which a vested Option may be exercised shall be ten years from the Date of Grant, unless a shorter exercise period is specified by the Committee in an Award Agreement, and subject to such limitations as may apply under an Award Agreement relating to the termination of a Participant’s employment or other service with the Company or any Subsidiary.

6.4 Option Exercise; Withholding. Subject to such terms and conditions as shall be specified in an Award Agreement, an Option may be exercised in whole or in part at any time during the term thereof by notice to the Company together with payment of the aggregate exercise price therefor. Payment of the exercise price shall be made (i) in cash or by cash equivalent, (ii) at the discretion of the Committee, in shares of Common Stock acceptable to the Committee, valued at the Fair Market Value of such shares on the date of exercise, (iii) at the discretion of the Committee, by a delivery of a notice that the Participant has placed a market sell order (or similar instruction) with a broker with respect to shares of Common Stock then issuable upon exercise of the Option, and that the broker has been directed to pay a sufficient portion of the net proceeds of the sale to the Company in satisfaction of the Option exercise price (conditioned upon the payment of such net proceeds), (iv) at the discretion of the Committee, by withholding from delivery shares of Common Stock for which the Option is otherwise exercised, (v) at the discretion of the Committee, by a combination of the methods described above or (vi) by such other method as may be approved by the Committee and set forth in the Award Agreement. In addition to and at the time of payment of the exercise price, the Participant shall pay to the Company the full amount of any and all applicable income tax and employment tax amounts required to be withheld in connection with such exercise, payable under one or more of the methods described above for the payment of the exercise price of the Options or as otherwise may be approved by the Committee.

6.5 Limited Transferability. Solely to the extent permitted by the Committee in an Award Agreement and subject to such terms and conditions as the Committee shall specify, a Nonqualified Stock Option (but not an Incentive Stock Option) may be transferred to members of the Participant's immediate family (as determined by the Committee) or to trusts, partnerships or corporations whose beneficiaries, members or owners are members of the Participant's immediate family, and/or to such other persons or entities as may be approved by the Committee in advance and set forth in an Award Agreement, in each case subject to the condition that the Committee be satisfied that such transfer is being made for estate or tax planning purposes or for gratuitous or donative purposes, without consideration (other than nominal consideration) being received therefor. Except to the extent permitted by the Committee in accordance with the foregoing, an Option shall be nontransferable otherwise than by will or by the laws of descent and distribution, and shall be exercisable during the lifetime of a Participant only by such Participant.

6.6 Additional Rules for Incentive Stock Options.

(a) Annual Limits. No Incentive Stock Option shall be granted to a Participant as a result of which the aggregate fair market value (determined as of the Date of Grant) of the stock with respect to which Incentive Stock Options are exercisable for the first time in any calendar year under the Plan, and any other stock option plans of the Company, any Subsidiary or any parent corporation, would exceed $100,000 (or such other amount provided under section 422(d) of the Code), determined in accordance with section 422(d) of the Code and Treasury Regulations thereunder. This limitation shall be applied by taking options into account in the order in which granted.

(b) Termination of Employment. An Award Agreement for an Incentive Stock Option may provide that such Option may be exercised not later than 3 months following termination of employment of the Participant with the Company and all Subsidiaries, subject to special rules relating to death and disability, as and to the extent determined by the Committee to be appropriate with regard to the requirements of section 422 of the Code and Treasury Regulations thereunder.

(c) Other Terms and Conditions; Nontransferability. Any Incentive Stock Option granted hereunder shall contain such additional terms and conditions, not inconsistent with the terms of this Plan, as are deemed necessary or desirable by the Committee, which terms, together with the terms of this Plan, shall be intended and interpreted to cause such Incentive Stock Option to qualify as an "incentive stock option" under section 422 of the Code and Treasury Regulations thereunder. Such terms shall include, if applicable, limitations on Incentive Stock Options granted to ten-percent owners of the Company. An Award Agreement for an Incentive Stock Option may provide that such Option shall be treated as a Nonqualified Stock Option to the extent that certain requirements applicable to "incentive stock options" under the Code shall not be satisfied. An Incentive Stock Option shall by its terms be nontransferable otherwise than by will or by the laws of descent and distribution, and shall be exercisable during the lifetime of a Participant only by such Participant.

(d) Disqualifying Dispositions. If shares of Common Stock acquired by exercise of an Incentive Stock Option are disposed of within two years following the Date of Grant or one year following the transfer of such shares to the Participant upon exercise, the Participant shall, promptly following such disposition, notify the Company in writing of the date and terms of such disposition and provide such other information regarding the disposition as the Committee may reasonably require.

7. STOCK APPRECIATION RIGHTS

7.1 Grant of SARs. A Stock Appreciation Right granted to a Participant is an Award in the form of a right to receive, upon surrender of the right, but without other payment, an amount based on appreciation in the Fair Market Value of the Common Stock over a base price established for the Award, exercisable at such time or times and upon conditions as may be approved by the Committee. The maximum number of shares of Common Stock that may be subject to SARs granted to any one Participant during any one calendar year shall be limited to 100,000 shares (subject to adjustment as provided in Section 3.2 hereof).

7.2 Tandem SARs. A Stock Appreciation Right may be granted in connection with an Option, either at the time of grant or at any time thereafter during the term of the Option. An SAR granted in connection with an Option will entitle the holder, upon exercise, to surrender such Option or any portion thereof to the extent unexercised, with respect to the number of shares as to which such SAR is exercised, and to receive payment of an amount computed as described in Section 7.4 hereof. Such Option will, to the extent and when surrendered, cease to be exercisable. An SAR granted in connection with an Option hereunder will have a base price per share equal to the per share exercise price of the Option, will be exercisable at such time or times, and only to the extent, that a related Option is exercisable, and will expire no later than the related Option expires.

7.3 Freestanding SARs. A Stock Appreciation Right may be granted without relationship to an Option and, in such case, will be exercisable as determined by the Committee, but in no event after 10 years from the Date of Grant. The base price of an SAR granted without relationship to an Option shall be determined by the Committee in its sole discretion; provided, however, that the base price per share of a freestanding SAR shall not be less than 100 percent of the Fair Market Value of the Common Stock on the Date of Grant.

7.4 Payment of SARs. An SAR will entitle the holder, upon exercise of the SAR, to receive payment of an amount determined by multiplying: (i) the excess of the Fair Market Value of a share of Common Stock on the date of exercise of the SAR over the base price of such SAR, by (ii) the number of shares as to which such SAR will have been exercised. Payment of the amount determined under the foregoing may be made, in the discretion of the Committee as set forth in the Award Agreement, in cash, in shares of Common Stock valued at their Fair Market Value on the date of exercise, or in a combination of cash and shares of Common Stock.

8. RESTRICTED STOCK

8.1 Grants of Restricted Stock. An Award of Restricted Stock to a Participant represents shares of Common Stock that are issued subject to such restrictions on transfer and other incidents of ownership and such forfeiture conditions as the Committee may determine. The Committee may, in connection with an Award of Restricted Stock, require the payment of a specified purchase price. The Committee may grant Awards of Restricted Stock that are intended to qualify for exemption under Section 162(m), as well as Awards of Restricted Stock that are not intended to so qualify.

8.2 Vesting Requirements. The restrictions imposed on an Award of Restricted Stock shall lapse in accordance with the vesting requirements specified by the Committee in the Award Agreement. Such vesting requirements may be based on the continued employment or service of the Participant with the Company or its Subsidiaries for a specified time period or periods, provided that any such restriction shall not be scheduled to lapse in its entirety earlier than the first anniversary of the Date of Grant. Such vesting requirements may also be based on the attainment of specified business goals or measures established by the Committee in its sole discretion. In the case of any Award of Restricted Stock that is intended to qualify for exemption under Section 162(m), the vesting requirements shall be limited to the performance criteria identified in Section 9.3 below, and the terms of the Award shall otherwise comply with the Section 162(m) requirements described in Section 9.4 hereof. The maximum number of shares of Common Stock that may be subject to an Award of Restricted Stock granted to any one Participant during any one calendar year shall be separately limited to 50,000 shares (subject to adjustment as provided in Section 3.2 hereof).

8.3 Restrictions. Shares of Restricted Stock may not be transferred, assigned or subject to any encumbrance, pledge or charge until all applicable restrictions are removed or expire or unless otherwise allowed by the Committee. The Committee may require the Participant to enter into an escrow agreement providing that the certificates representing Restricted Stock granted or sold pursuant to the Plan will remain in the physical custody of an escrow holder until all restrictions are removed or expire. Failure to satisfy any applicable restrictions shall result in the subject shares of Restricted Stock being forfeited and returned to the Company, with any purchase price paid by the Participant to be refunded, unless otherwise provided by the Committee. The Committee may require that certificates representing Restricted Stock granted under the Plan bear a legend making appropriate reference to the restrictions imposed.

8.4 Rights as Shareholder. Subject to the foregoing provisions of this Section 8 and the applicable Award Agreement, the Participant will have all rights of a shareholder with respect to shares of Restricted Stock granted to him, including the right to vote the shares and receive all dividends and other distributions paid or made with respect thereto, unless the Committee determines otherwise at the time the Restricted Stock is granted, as set forth in the Award Agreement.

8.5 Section 83(b) Election. The Committee may provide in an Award Agreement that the Award of Restricted Stock is conditioned upon the Participant refraining from making an election with respect to the Award under section 83(b) of the Code. Irrespective of whether an Award is so conditioned, if a Participant makes an election pursuant to section 83(b) of the Code with respect to an Award of Restricted Stock, the Participant shall be required to promptly file a copy of such election with the Company.

9. PERFORMANCE AWARDS

9.1 Grant of Performance Awards. The Committee may grant Performance Awards under the Plan, which shall be represented by units denominated on the Date of Grant either in shares of Common Stock (Performance Shares) or in specified dollar amounts (Performance Units). The Committee may grant Performance Awards that are intended to qualify for exemption under Section 162(m), as well as Performance Awards that are not intended to so qualify. At the time a Performance Award is granted, the Committee shall determine, in its sole discretion, one or more performance periods and performance goals to be achieved during the applicable performance periods, as well as such other restrictions and conditions as the Committee deems appropriate. In the case of Performance Units, the Committee shall also determine a target unit value or a range of unit values for each Award. No performance period shall exceed ten years from the Date of Grant. The performance goals applicable to a Performance Award grant may be subject to such later revisions as the Committee shall deem appropriate to reflect significant unforeseen events such as changes in law, accounting practices or unusual or nonrecurring items or occurrences. Any such adjustments shall be subject to such limitations as the Committee deems appropriate in the case of a Performance Award granted to a Section 162(m) Participant that is intended to qualify for exemption under Section 162(m).

9.2 Payment of Performance Awards. At the end of the performance period, the Committee shall determine the extent to which performance goals have been attained or a degree of achievement between minimum and maximum levels in order to establish the level of payment to be made, if any, and shall determine if payment is to be made in the form of cash or shares of Common Stock (valued at their Fair Market Value at the time of payment) or a combination of cash and shares of Common Stock. Payments of Performance Awards shall generally be made as soon as practicable following the end of the performance period.

9.3 Performance Criteria. The performance criteria upon which the payment or vesting of a Performance Award intended to qualify for exemption under Section 162(m) may be based shall be limited to the following business measures, which may be applied with respect to the Company, any Subsidiary or any business unit, or, if applicable, any Participant, and which may be measured on an absolute or relative to a peer-group or other market measure basis: total shareholder return; stock price increase; return on equity; return on capital; earnings per share; EBIT (earnings before interest and taxes); EBITDA (earnings before interest, taxes, depreciation and amortization); ongoing earnings; cash flow (including operating cash flow, free cash flow, discounted cash flow return on investment, and cash flow in excess of costs of capital); EVA (economic value added); economic profit (net operating profit after tax, less a cost of capital charge); SVA (shareholder value added); revenues; net income; operating income; pre-tax profit margin; performance against business plan; customer service; corporate governance quotient or rating; market share; employee satisfaction; safety; employee engagement; supplier diversity; workforce diversity; operating margins; credit rating; dividend payments; expenses; fuel cost per million BTU; costs per kilowatt hour; retained earnings; completion of acquisitions, divestitures and corporate restructurings; and individual goals based on objective business criteria underlying the goals listed above and which pertain to individual effort as to achievement of those goals or to one or more business criteria in the areas of litigation, human resources, information services, production, inventory, support services, site development, plant development, building development, facility development, government relations, product market share or management. In the case of Performance Awards that are not intended to qualify for exemption under Section 162(m), the Committee shall designate performance criteria from among the foregoing or such other business criteria as it shall determine it its sole discretion.

9.4 Section 162(m) Requirements. In the case of a Performance Award granted to a Section 162(m) Participant that is intended to comply with the requirements for exemption under Section 162(m), the Committee shall make all determinations necessary to establish a Performance Award within 90 days of the beginning of the performance period (or such other time period required under Section 162(m)), including, without limitation, the designation of the Section 162(m) Participants to whom Performance Awards are made, the performance criteria or criterion applicable to the Award and the performance goals that relate to such criteria, and the dollar amounts or number of shares of Common Stock payable upon achieving the applicable performance goals. As and to the extent required by Section 162(m), the terms of a Performance Award granted to a Section 162(m) Participant must state, in terms of an objective formula or standard, the method of computing the amount of compensation payable to the Section 162(m) Participant, and must preclude discretion to increase the amount of compensation payable that would otherwise be due under the terms of the Award, and, prior to the payment of such compensation, the Committee shall have certified in writing that the applicable performance goal has been satisfied. The maximum amount of compensation that may be payable under Performance Units granted to any one Participant during any one calendar year shall not exceed $3,750,000. The maximum number of Common Stock units that may be subject to a Performance Share Award granted to any one Participant during any one calendar year shall be 100,000 share units (subject to adjustment as provided in Section 3.2 hereof).

10. PHANTOM STOCK

10.1 Grant of Phantom Stock. Phantom Stock is an Award to a Participant of a number of hypothetical share units with respect to shares of Common Stock, with an initial value based on the Fair Market Value of the Common Stock on the Date of Grant. Phantom Stock shall be subject to such restrictions and conditions as the Committee shall determine. On the Date of Grant, the Committee shall determine, in its sole discretion, the installment or other vesting period of the Phantom Stock and the maximum value of the Phantom Stock, if any. No vesting period shall exceed 10 years from the Date of Grant.

10.2 Payment of Phantom Stock. Upon the vesting date or dates applicable to Phantom Stock granted to a Participant, an amount equal to the Fair Market Value of one share of Common Stock upon such vesting dates (subject to any applicable maximum value) shall be paid with respect to such Phantom Stock unit granted to the Participant. Payment may be made, at the discretion of the Committee, in cash or in shares of Common Stock valued at their Fair Market Value on the applicable vesting dates, or in a combination thereof.

11. STOCK BONUS

11.1 Grant of Stock Bonus. An Award of a Stock Bonus to a Participant represents a specified number of shares of Common Stock that are issued without restrictions on transfer or forfeiture conditions. The Committee may, in connection with an Award of a Stock Bonus, require the payment of a specified purchase price.

11.2 Payment of Stock Bonus. In the event that the Committee grants a Stock Bonus, a certificate for (or book entry representing) the shares of Common Stock constituting such Stock Bonus shall be issued in the name of the Participant to whom such grant was made as soon as practicable after the date on which such Stock Bonus is payable.

12. DIVIDEND EQUIVALENTS

12.1 Grant of Dividend Equivalents. A Dividend Equivalent granted to a Participant is an Award in the form of a right to receive cash payments determined by reference to dividends declared on the Common Stock from time to time during the term of the Award, which shall not exceed 10 years from the Date of Grant. Dividend Equivalents may be granted on a stand-alone basis or in tandem with other Awards. Dividend Equivalents granted on a tandem basis shall expire at the time the underlying Award is exercised or otherwise becomes payable to the Participant, or expires.

12.2 Payment of Dividend Equivalents. Dividend Equivalent Awards shall be payable in cash or in shares of Common Stock, valued at their Fair Market Value on either the date the related dividends are declared or the Dividend Equivalents are paid to a Participant, as determined by the Committee. Dividend Equivalents shall be payable to a Participant as soon as practicable following the time dividends are declared and paid with respect to the Common Stock, or at such later date as the Committee shall specify in the Award Agreement. Dividend Equivalents granted with respect to Options shall be payable, in accordance with the terms and in compliance with section 409A of the Code, regardless of whether the Option is exercised.

13. CHANGE IN CONTROL

13.1 Effect of Change in Control. The Committee may, in an Award Agreement, provide for the effect of a Change in Control on an Award. Such provisions may include any one or more of the following: (i) the acceleration or extension of time periods for purposes of exercising, vesting in, or realizing gain from any Award, (ii) the waiver or modification of performance or other conditions related to the payment or other rights under an Award; (iii) provision for the cash settlement of an Award for an equivalent cash value, as determined by the Committee, or (iv) such other modification or adjustment to an Award as the Committee deems appropriate to maintain and protect the rights and interests of Participants upon or following a Change in Control.

13.2 Definition of Change in Control Except as otherwise provided by the Committee in an Award Agreement, for purposes hereof, a "Change in Control" shall be deemed to have occurred upon a "change in the ownership of the Company," a "change in the effective control of the Company" or a "change in the ownership of a substantial portion of the Company's assets" as defined in Treasury Regulation §§1.409A-3(i)(5)(v), (vi) and (vii), respectively.

14. AWARD AGREEMENTS

14.1 Form of Agreement. Each Award under this Plan shall be evidenced by an Award Agreement in a form approved by the Committee setting forth the number of shares of Common Stock, units or other rights (as applicable) subject to the Award, the exercise, base or purchase price (if any) of the Award, the time or times at which an Award will become vested, exercisable or payable, the duration of the Award and, in the case of Performance Awards, the applicable performance criteria and goals. The Award Agreement shall also set forth other material terms and conditions applicable to the Award as determined by the Committee consistent with the limitations of this Plan. Award Agreements evidencing Awards intended to qualify for exemption under Section 162(m) shall contain such terms and conditions as may be necessary to meet the applicable requirements of Section 162(m). Award Agreements evidencing Incentive Stock Options shall contain such terms and conditions as may be necessary to meet the applicable provisions of section 422 of the Code.

14.2 Termination of Service. The Award Agreements may include provisions describing the treatment of an Award in the event of the retirement, disability, death or other termination of a Participant's employment with or other services to the Company and all Subsidiaries, such as provisions relating to the vesting, exercisability, acceleration, forfeiture or cancellation of the Award in these circumstances, including any such provisions as may be appropriate for Incentive Stock Options as described in Section 6.6(b) hereof.

14.3 Forfeiture Events. The Committee may specify in an Award Agreement that the Participant's rights, payments and benefits with respect to an Award shall be subject to reduction, cancellation, forfeiture or recoupment upon the occurrence of certain specified events, in addition to any otherwise applicable vesting or performance conditions of an Award. Such events shall include, but shall not be limited to, termination of employment for cause, violation of material Company or Subsidiary policies, breach of noncompetition, confidentiality or other restrictive covenants that may apply to the Participant, or other conduct by the Participant that is detrimental to the business or reputation of the Company or any Subsidiary.

14.4 Contract Rights; Amendment. Any obligation of the Company to any Participant with respect to an Award shall be based solely upon contractual obligations created by an Award Agreement. No Award shall be enforceable until the Award Agreement has been signed on behalf of the Company (electronically or otherwise) by its authorized representative and acknowledged by the Participant (electronically or otherwise) and returned to the Company. By executing the Award Agreement, a Participant shall be deemed to have accepted and consented to the terms of this Plan and any action taken in good faith under this Plan by and within the discretion of the Committee, the Board or their delegates. Award Agreements covering outstanding Awards may be amended or modified by the Committee in any manner that may be permitted for the grant of Awards under the Plan, subject to the consent of the Participant to the extent provided in the Award Agreement. In accordance with such procedures as the Company may prescribe, a Participant may sign or otherwise execute an Award Agreement and may consent to amendments of modifications of Award Agreements covering outstanding Awards by electronic means.

15. GENERAL PROVISIONS

15.1 No Assignment or Transfer; Beneficiaries. Except as provided in Section 6.5 hereof, Awards under the Plan shall not be assignable or transferable, except by will or by the laws of descent and distribution, and during the lifetime of a Participant the Award shall be exercised only by such Participant or by his guardian or legal representative. Notwithstanding the foregoing, the Committee may provide in the terms of an Award Agreement that the Participant shall have the right to designate a beneficiary or beneficiaries who shall be entitled to any rights, payments or other specified benefits under an Award following the Participant's death.

15.2 Deferrals of Payment. The Committee may permit a Participant to defer the receipt of payment of cash or delivery of shares of Common Stock that would otherwise be due to the Participant by virtue of the exercise of a right or the satisfaction of vesting or other conditions with respect to an Award. If any such deferral is to be permitted by the Committee, the Committee shall establish the rules and procedures relating to such deferral, including, without limitation, the period of time in advance of payment when an election to defer may be made, the time period of the deferral and the events that would result in payment of the deferred amount, the interest or other earnings attributable to the deferral and the method of funding, if any, attributable to the deferred amount. Unless otherwise expressly agreed between the Participant and the Company, any such deferral shall be effected in accordance with the requirements of section 409A of the Code so as to avoid any imposition of a tax under section 409A of the Code.

15.3 Rights as Shareholder. A Participant shall have no rights as a holder of Common Stock with respect to any unissued securities covered by an Award until the date the Participant becomes the holder of record of those securities. Except as provided in Section 3.2 or Section 8.4 hereof, no adjustment or other provision shall be made for dividends or other shareholder rights, except to the extent that the Award Agreement provides for Dividend Equivalents, dividend payments or similar economic benefits.

15.4 Employment or Service. Nothing in the Plan, in the grant of any Award or in any Award Agreement shall confer upon any Eligible Person the right to continue in the capacity in which he is employed by or otherwise serves the Company or any Subsidiary.

15.5 Securities Laws. No shares of Common Stock will be issued or transferred pursuant to an Award unless and until all then applicable requirements imposed by federal and state securities and other laws, rules and regulations and by any regulatory agencies having jurisdiction, and by any stock exchanges upon which the Common Stock may be listed, have been fully met. As a condition precedent to the issuance of shares pursuant to the grant or exercise of an Award, the Company may require the Participant to take any reasonable action to meet such requirements. The Committee may impose such conditions on any shares of Common Stock issuable under the Plan as it may deem advisable, including, without limitation, restrictions under the Securities Act of 1933, as amended, under the requirements of any stock exchange upon which such shares of the same class are then listed, and under any blue sky or other securities laws applicable to such shares.

15.6 Tax Withholding. The Participant shall be responsible for payment of any taxes or similar charges required by law to be withheld from an Award or an amount paid in satisfaction of an Award, which shall be paid by the Participant on or prior to the payment or other event that results in taxable income in respect of an Award. The Award Agreement shall specify the manner in which the withholding obligation shall be satisfied with respect to the particular type of Award, provided that, if shares of Common Stock are withheld from delivery upon exercise of an Option or a Stock Appreciation Right, the Fair Market Value of the shares withheld shall not exceed, as of the time the withholding occurs, the minimum amount of tax for which withholding is required.

15.7 Unfunded Plan. The adoption of this Plan and any setting aside of cash amounts or shares of Common Stock by the Company with which to discharge its obligations hereunder shall not be deemed to create a trust or other funded arrangement. The benefits provided under this Plan shall be a general, unsecured obligation of the Company payable solely from the general assets of the Company, and neither a Participant nor the Participant's permitted transferees or estate shall have any interest in any assets of the Company by virtue of this Plan, except as a general unsecured creditor of the Corporation. Notwithstanding the foregoing, the Company shall have the right to implement or set aside funds in a grantor trust subject to the claims of the Company's creditors to discharge its obligations under the Plan.

15.8 Other Compensation and Benefit Plans. The adoption of the Plan shall not affect any other stock incentive or other compensation plans in effect for the Company or any Subsidiary, nor shall the Plan preclude the Company from establishing any other forms of stock incentive or other compensation for employees of the Company or any Subsidiary. The amount of any compensation deemed to be received by Participant pursuant to an Award shall not constitute compensation with respect to which any other employee benefits of such Participant are determined, including, without limitation, benefits under any bonus, pension, profit sharing, life insurance or salary continuation plan, except as otherwise specifically provided by the terms of such plan.

15.9 Plan Binding on Successors. The Plan shall be binding upon the Company, its successors and assigns, and the Participant, his executor, administrator and permitted transferees and beneficiaries.

15.10 Construction and Interpretation. Whenever used herein, nouns in the singular shall include the plural, and the masculine pronoun shall include the feminine gender. Headings of Articles and Sections hereof are inserted for convenience and reference and constitute no part of the Plan.

15.11 Severability. If any provision of the Plan or any Award Agreement shall be determined to be illegal or unenforceable by any court of law in any jurisdiction, the remaining provisions hereof and thereof shall be severable and enforceable in accordance with their terms, and all provisions shall remain enforceable in any other jurisdiction.

15.12 Governing Law. The validity and construction of this Plan and of the Award Agreements shall be governed by the laws of the State of Delaware.

15.13 Non-U.S. Employees. In order to facilitate the making of any grant or combination of grants under this Plan, the Committee may provide for such special terms for awards to Participants who are foreign nationals, who are employed by the Company or any Subsidiary outside of the United States of America or who provide services to the Company under an agreement with a foreign nation or agency, as the Committee may consider necessary or appropriate to accommodate differences in local law, tax policy or custom. Moreover, the Committee may approve such supplements to, or amendments, restatements or alternative versions of, this Plan as it may consider necessary or appropriate for such purposes without thereby affecting the terms of this Plan as in effect for any other purpose, and the Secretary or other appropriate officer of the Company may certify any such document as having been approved and adopted in the same manner as this Plan. No such special terms, supplements, amendments or restatements shall include any provisions that are inconsistent with the terms of this Plan as then in effect unless this Plan could have been amended to eliminate such inconsistency without further approval by the shareholders of the Company.

15.14 Compliance with Section 409A of the Code. This Plan is intended to comply and shall be administered in a manner that is intended to comply with section 409A of the Code and shall be construed and interpreted in accordance with such intent. To the extent that an Award, issuance and/or payment is subject to section 409A of the Code, it shall be awarded and/or issued or paid in a manner that will comply with section 409A of the Code, including proposed, temporary or final regulations or any other guidance issued by the Secretary of the Treasury and the Internal Revenue Service with respect thereto. Any provision of this Plan that would cause an Award, issuance and/or payment to fail to satisfy section 409A of the Code shall have no force and effect until amended to comply with Code section 409A (which amendment may be retroactive to the extent permitted by applicable law).

16. EFFECTIVE DATE, TERMINATION AND AMENDMENT

16.1 Effective Date; Shareholder Approval. The Effective Date of the Plan shall be the date on which the Plan is approved by the Board (provided that, to the extent the Plan is not approved by the shareholders of the Company within 12 months after the Effective Date, any Award that at the time of grant was intended to be an Incentive Stock Option shall be a Nonqualified Stock Option).

16.2 Termination. The Plan shall terminate on the date immediately preceding the tenth anniversary of the date the Plan is adopted by the Board. The Board may, in its sole discretion and at any earlier date, terminate the Plan. Notwithstanding the foregoing, no termination of the Plan shall in any manner affect any Award theretofore granted without the consent of the Participant or the permitted transferee of the Award.

16.3 Amendment. The Board may at any time and from time to time and in any respect, amend or modify the Plan; provided, however, that no amendment or modification of the Plan shall be effective without the consent of the Company's shareholders that would (i) change the class of Eligible Persons under the Plan, (ii) increase the number of shares of Common Stock reserved for issuance under the Plan or for certain types of Awards under Section 3.1 hereof, or (iii) allow the grant of SARs or Options at an exercise price below Fair Market Value, or allow the repricing of SARs or Options without shareholder approval. In addition, the Board may seek the approval of any amendment or modification by the Company's shareholders to the extent it deems necessary or advisable in its sole discretion for purposes of compliance with Section 162(m) or section 422 of the Code, the listing requirements of the New York Stock Exchange or for any other purpose. No amendment or modification of the Plan shall in any manner affect any Award theretofore granted without the consent of the Participant or the permitted transferee of the Award.

IN WITNESS OF its adoption by the Board on November 26, 2007, this Plan is executed on behalf of the Company this 26th day of November, 2007.

MYR GROUP INC.

By: /s/ WILLIAM A. KOERTNER
Name: William A. Koertner
Title: President and Chief Executive Officer

Exhibit 10.4

MYR Group Inc. 2006 Stock Option Plan

As Adopted Effective April 30, 2006

1. Purpose

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

2. Definitions

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

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

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

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

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

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

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

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

"Closing Date" shall mean March 10, 2006.

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

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

"Eligible Employee" shall mean any employee of the Company or any of its Affiliated Companies who, in the sole judgment of the Board of Directors, has made or is expected to make significant contributions to the success of the Company and its Affiliated Companies. An individual employed with any entity other than the Company shall be treated as an Eligible Employee only if such entity is a member of a group of corporations or other entities that includes the Company which is treated as a single "service recipient" for purposes of proposed Treasury regulation §1.409A-1(b)(5)(iii)(A) and (D) or in any comparable provisions contained in the final Treasury regulations issued under section 409A of the Code. For such purposes, the language "at least 50%"

shall be used instead of "at least 80%" each place it appears in section 1563(a)(1), (2) and (3) of the Code and in Treas. Reg.§1.414(c)-2.

"Fair Market Value" shall mean the value of a Share as determined by the Board of Directors (i) using a valuation method that satisfies the valuation requirements set forth in IRS Notice 2005-1, Q & A-4(d)(ii), for purposes of determining the exercise price of any Option granted prior to January 1, 2007, and (ii) using a valuation method that satisfies the valuation requirements set forth in proposed Treasury regulation §1.409A-1(b)(5)(iv) or in any comparable provisions contained in the final Treasury regulations issued under section 409A of the Code, for purposes of all other valuations of a Share required to be made under the Plan.

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

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

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

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

"Purchaser" shall mean MYR Group Holdings, LLC.

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

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

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

3. Shares Available for the Grant of Options

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

(a) The aggregate number of Shares that may be issued in respect of Options granted under the Plan, as determined as of any date, shall not exceed 11,111 Shares.

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

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

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

4. Grant of Options

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

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

5. Terms and Conditions for Options

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(i) No Shares shall be delivered to an Option Holder pursuant to his or her exercise of an Option unless and until the Option Holder has executed a written instrument, in such form as the Board of Directors shall require, pursuant to which the Option Holder becomes a party to, and agrees to be bound by all of the terms and conditions of, the Management Stockholders Agreement between the Company and the employees who, pursuant to the terms of such agreement, will become stockholders of the Company.

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

(iii) If at any time the Company determines, in its sole discretion, that the listing, registration or qualification of Shares subject to an Option upon any securities exchange or under any federal or state law or approval of any regulatory body is necessary or desirable, the Company may postpone the exercise of such Option or the issuance or delivery of Shares upon any exercise of such Option until such listing, registration, qualification, or approval has been completed or obtained free of any conditions not acceptable to the Company.

6. Transferability of Options

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

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

7. Taxes

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

8. Certain Adjustments to Shares

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

Any such adjustment shall be made in a manner that will not result in the adjustment being treated as a "modification" of any outstanding Option under the applicable provisions of proposed Treasury regulation §1.409A-1(b)(5)(v) or any comparable provisions contained in the final regulations issued under section 409A of the Code.

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

9. Change in Control

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

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

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

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

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

(e) For purposes of (d) above, an “Equivalent Option” shall mean an option (“New Option”) issued by a corporation whose acquisition of Shares, or acquisition of assets of the Company and/or its Affiliated Companies, resulted in the Change in Control (the “Acquiror”), to the holder of an unexercised Option or Tranche of an Option cancelled pursuant to (c) above (the holder’s “Cancelled Option”) in substitution for such Cancelled Option, that (i) permits the holder to purchase shares of the Acquiror’s stock having an aggregate Fair Market Value in excess of the aggregate option price for such shares immediately after the issuance of the New Option to the holder, that is equal to the excess of the aggregate Fair Market Value of the Shares that were subject to the unexercised portion of the Cancelled Option over the aggregate option exercise price for such Shares immediately before cancellation;
(ii) permits such shares to be purchased during a term expiring on the same date as the expiration date of the term of the holder’s Cancelled Option and
(iii) contains such other terms and conditions as are necessary in order for the New Option not to be treated as a “modification” of such Cancelled Option under the applicable provisions of proposed Treasury regulation §1.409A-1(b)(5)(v) or any comparable provisions contained in the final regulations issued under section 409A of the Code.

10. Administration

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

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

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

Notwithstanding the foregoing, no waiver or modification may be authorized or directed by the Board of Directors with respect to any outstanding Option pursuant to this Section 10(b) without the consent of the Option Holder if it would adversely affect, to any material extent, any of the rights of the Option Holder with respect to such Option, or without the consent of the Eligible Employee to whom such Option was granted, if it would constitute a "modification" of such Option under the applicable provisions of proposed Treasury regulation §1.409A-1(b)(5)(v) or any comparable provisions contained in the final regulations issued under section 409A of the Code.

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

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

11. Designation and Change of Beneficiary

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

12. Amendment and Termination of Plan

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

11. Continued Employment

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

12. Governing Law

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

Exhibit 10.5

MYR GROUP INC.

MANAGEMENT STOCKHOLDERS AGREEMENT

Dated March 10, 2006

among

MYR GROUP INC.

and its

MANAGEMENT STOCKHOLDERS

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MYR GROUP INC.

MANAGEMENT STOCKHOLDERS AGREEMENT

THIS MANAGEMENT STOCKHOLDERS AGREEMENT (the "Agreement") of **MYR GROUP INC.** (the "Company") is made and entered into this 10th day of March, 2006, by and among the Company and the individuals signatory to this Agreement (each a "Management Stockholders"), effective for each Management Stockholder as of the date on which he or she executes this Agreement.

SUMMARY

Effective as of March 10, 2006, MYR Group Holdings LLC ("ArcLight") acquired 60% of the capital stock of the Company from FirstEnergy Corp. ("FirstEnergy"), pursuant to a Stock Purchase Agreement dated March 10, 2006 (the "Stock Purchase Agreement"). In connection with such acquisition, ArcLight, FirstEnergy and the Company have entered into a stockholders agreement (the "Principal Stockholders Agreement") in order to set forth their understandings regarding their continuing ownership of the Company and regarding certain of the Company's continuing operations.

The Principal Stockholders Agreement provides that certain employees of the Company (the "Management Employees") identified in Schedule 2.2 to the Principal Stockholders Agreement will be offered the right (the "Stock Purchase Right") to purchase Shares upon the terms set forth in Section 2.2 of the Principal Stockholders Agreement during the period commencing on the fifth and ending on the 60th business day following the date of the Principal Stockholders Agreement.

The Principal Stockholders Agreement also provides that the Management Employees will be granted Options to purchase, under the terms of the Plan (as defined therein), such number of Shares as provided in Section 2.4 of the Principal Stockholders Agreement.

Pursuant to the terms of the Principal Stockholders Agreement and the Plan, the Management Employees are required, as a condition to their exercise of their Stock Purchase Rights and their exercise of the Option granted to them, to execute a copy of this Agreement.

The Management Stockholders therefore agree as follows:

ARTICLE I

DEFINITIONS

In this Agreement, the following terms have the following meanings:

"Affiliate" means, (i) for each Management Stockholder who is an individual, the estates and family members of such Management Stockholder, and any trusts for the benefit of such individuals; and (ii) for each Management Stockholder that is a trust, the estates and family members of such trust's individual beneficiaries, and any other trusts for the benefit of such beneficiaries. A "family member" of an individual shall mean such individual's spouse, and each of such individual's lineal descendents.

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

"Bona Fide Offeror" means a Person, other than an Affiliate of a Management Stockholder, who offers in writing to purchase Shares of one or more Management Stockholders solely for cash and who has provided evidence of the availability of sufficient funds in cash to make the necessary cash purchase price payment.

"Common Stock" means the common stock, without par value, of the Company.

"Executive Management Committee" shall mean the executive committee appointed pursuant to the provisions of the by-laws, which currently consists of the Chief Executive Officer, Chief Operating Officer, Chief Legal Counsel, Chief Financial Officer, Vice President Safety and two Group Operating Vice Presidents.

"Equity Securities" means any shares of capital stock of the Company, any securities convertible into or exchangeable for shares of capital stock of the Company, and any options, warrants, and other rights to purchase or otherwise acquire from the Company shares of such capital stock, or securities convertible into or exchangeable for shares of such capital stock.

"Management Stockholder" means any employee listed on Schedule 2.2 to the Principal Stockholders Agreement who has acquired any Shares pursuant to his or her exercise of a Stock Purchase Right or an Option and who has executed a copy of this Agreement and a promissory note and pledge agreement, if applicable, or any Permitted Transferee to whom such Person has Transferred any Shares pursuant to Section 2.1.

"Option" means a stock option issued under the Plan.

"Permitted Transferee" means any Affiliate of a Management Stockholder.

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

"Plan" means the Company's Stock Option Plan referred to in Section 2 of the Principal Stockholders Agreement.

"**Register**" and "**Registration**" mean registration under the Securities Act of an offering of securities.

"**Registrable Securities**" shall mean all Equity Securities held by or issued to a Management Stockholder unless (i) they have been effectively registered under Section 5 of the Securities Act and disposed of pursuant to an effective registration statement, or (ii) all of such Equity Securities may be freely sold and transferred during a three-month period pursuant to

Rule 144 under the Securities Act or any successor rule.

"**Registration Expenses**" shall mean all expenses incurred by the Company in complying with Article V ("Piggyback Registration Rights") of this Agreement, as applicable, including, without limitation, all federal and state registration, qualification and filing fees, printing expenses, fees and disbursements of counsel and accountants for the Company, Blue Sky fees and expenses (which fees and expenses shall be deemed to include all fees and expenses of the Company arising out of filings required by, and all other costs and expenses incident to compliance with, state securities laws, rules and regulations), and the expense of any special audits incident to or required by any such registration.

"Securities Act" means the U.S. Securities Act of 1933, as amended.

"**Selling Expenses**" shall mean all underwriting discounts and selling commissions applicable to the sale of Registrable Securities pursuant to this Agreement.

"Shares" means the issued and outstanding shares of Common Stock.

"Transfer" means to issue, sell, transfer, gift, assign, pledge or otherwise dispose of, whether voluntarily or involuntarily, directly or indirectly, or by operation of law and whether with or without consideration.

ARTICLE II

TRANSFER OF SHARES

2.1 Restrictions on Transfer. Except as provided in Sections 2.5 and 2.6, a Management Stockholder's Shares shall not be Transferred except to a Permitted Transferee of such Management Stockholder upon the conditions specified in this Section 2.1. In the event that a Management Stockholder Transfers any or all of his, her or its Shares to a Permitted Transferee, as a condition to the Transfer, such Permitted Transferee shall execute a counterpart to this Agreement, whereupon such transferee shall be bound by this Agreement and shall, by becoming a party to this Agreement as required by this Agreement, be deemed to and shall have irrevocably agreed with such Management Stockholder to grant all consents the Management Stockholder grants or otherwise would be entitled to grant, as directed by such Management Stockholder, and to cast all votes as such Management Stockholder casts or otherwise would be entitled to cast, as directed by such Management Stockholder.

2.2 Notice of Proposed Transfer. Each Management Stockholder shall, prior to any Transfer permitted under Section 2.1, deliver written notice to the Company and such notice shall disclose in all reasonable detail the identity of the Permitted Transferee(s) and shall deliver to the Company copies of the agreements of such transferee as contemplated by Section 2.1.

2.3 Termination of Restrictions. Notwithstanding the foregoing provisions of this Article, the restrictions imposed by this Article upon the Transfer of any Shares shall cease and terminate when any such Shares are sold or otherwise disposed of pursuant to an effective registration statement under the Securities Act. Whenever the restrictions imposed by this Article shall terminate, the Management Stockholder holding any Shares as to which such restrictions have terminated shall be entitled to receive from the Company, without expense, a new certificate not bearing the restrictive legend provided for in this Agreement and not containing any other reference to the restrictions imposed by this Article.

2.4 **Other Transfers Void**. Any Transfer of Shares by a Management Stockholder not in accordance with this Article shall be void.

2.5 **Right of First Refusal**.

(a) **Proposed Sale**. If a Management Stockholder proposes to sell any or all of his, her or its Shares to any Bona Fide Offeror (and only to a Bona Fide Offeror), such Management Stockholder shall, before making or accepting such offer, deliver to ArcLight and FirstEnergy an offer (the "Offer") to Transfer to them all, and not less than all, of such shares (the "Offered Shares") upon the terms upon which such Management Stockholder proposes to Transfer such Offered Shares to the Bona Fide Offeror. The Offer shall state that such Management Stockholder proposes to sell such Offered Shares and shall specify in reasonable detail the number of Offered Shares and the terms of such proposed sale (including purchase price and payment terms). The Offer shall remain open and irrevocable for a period of 30 days (the "First Offer Period") from the date of its delivery.

(b) **Acceptance**. ArcLight or FirstEnergy may accept the Offer by delivering to the offering Management Stockholder a notice within the First Offer Period for the purchase of all, and not less than all, of the Offered Shares. If both ArcLight and FirstEnergy accept the Offer, then the Offer shall be deemed accepted by ArcLight and FirstEnergy with respect to the number of Shares offered multiplied by the pro rata amounts (meaning the quotient obtained by dividing (i) the aggregate number of Shares held by ArcLight and FirstEnergy, respectively, and their respective "Permitted Transferees" (as such term is defined with respect to ArcLight and FirstEnergy in the Principal Stockholders Agreement) by (ii) the aggregate number of Shares held by ArcLight and FirstEnergy.

(c) **Closing**. If ArcLight or FirstEnergy or both accept the Offer, the sale of the Offered Shares to them shall be made on a business day designated by the offering Management Stockholder, not less than 10 and not more than 30 days after expiration of the First Offer Period on those terms and conditions set forth in the Offer not inconsistent with this Section 2.5.

(d) **Second Offer**. If ArcLight or FirstEnergy do not accept the Offer, the offering Management Stockholder shall deliver the Offer to the Company. The Offer shall remain open and irrevocable for a period of 30 days (the "Second Offer Period") from the date of its delivery.

(e) **Company's Acceptance**. The Company may accept the Offer by delivering to the offering Management Stockholder a notice (the "Second Purchase Notice") within the Second Offer Period to purchase all, and not less than all, of the Offered Shares which the offering Management Stockholder proposes to Transfer.

(f) **Second Offer Closing**. If the Company accepts the Offer, the sale of the Offered Shares to the Company shall be made on a business day designated by the offering Management Stockholder, not less than 10 and not more than 30 days after expiration of the Second Offer Period on those terms and conditions set forth in the Offer not inconsistent with this Section 2.5.

(g) **Permitted Sale**. In the event that neither ArcLight or FirstEnergy nor the Company accept the Offer with respect to all of the Offered Shares, the offering Management Stockholder may Transfer the Offered Shares to the proposed Bona Fide Offeror within 90 days from the commencement date of the First Offer Period at a price and on terms no more favorable to the Bona Fide Offeror than the price and terms initially offered by the Bona Fide Offeror. If the price and terms offered to the Bona Fide Offeror are more favorable to the Bona Fide Offeror than the price and terms initially offered by the Bona Fide Offeror, such Management Stockholder shall once again be required to make to ArcLight and FirstEnergy the offer as provided for in this Section 2.5.

2.6 **Drag Along Rights**. In the event that ArcLight shall determine to sell or exchange (in a business combination or otherwise) all, and not less than all, of the Shares held by ArcLight collectively with its Permitted Transferees (as such term is defined with respect to ArcLight in the Principal Stockholders Agreement), in a bona fide arm's-length transaction, then, upon the written notice of ArcLight (the "Drag Along Sale Notice"), the Management Stockholders shall be obligated to, and shall, sell, transfer and deliver, or cause to be sold, transferred and delivered, to the other party,

(i) in the case of Shares acquired by exercise of an Option, all and not less than all of such Shares, at the same price per share and on the same terms applicable to ArcLight collectively with its Permitted Transferees (as such term is defined with respect to ArcLight in the Principal Stockholders Agreement), and set forth in the Drag Along Sale Notice,

(ii) in the case of Shares acquired by exercise of a Stock Purchase Right, all and not less than all of such Shares, at the same price per share and on the same terms applicable to ArcLight collectively with its Permitted Transferees, and set forth in the Drag Along Sale Notice, provided that, if the sale does not result in a 8% per annum rate of return on the aggregate amount paid by the Management Stockholder to acquire such Shares (less the present value of any dividends or other distributions received by the Management Stockholder with respect to such Shares) (the "8% Return Rate"), then the Company shall pay to the Management Stockholders an amount equal to the difference between the price per share paid by the other party and a price representing an 8% Return Rate, which amount shall be payable in a single cash lump sum within 30 days after the closing of the sale; provided that the liability of each Management Stockholder to the prospective purchaser in connection with such transaction shall not under any circumstances exceed the consideration received by such Management Stockholder in connection therewith and all representations, warranties and covenants given in connection with such transaction shall be several and not joint, or if they are not several, then the Management Stockholders shall have entered into a contribution agreement to bear, among themselves, liability to the purchaser in connection with such transaction in proportion to the amount of consideration received in such transaction by each Management Stockholder and to bear full liability with respect to breaches of representations, warranties and covenants with respect to which other Management Stockholders would not have been liable had such representations, warranties and covenants been given severally, and not jointly.

2.7 **Redemption Upon Termination of Employment**.

(a) Notwithstanding any contrary provision contained herein, upon a Management Stockholder's termination of employment with the Company and all of its Affiliated Companies for any reason other than the reason set forth in subsection (b), all Shares then held by such Management Stockholder shall be redeemed by the Company. In the case of Shares acquired by exercise of a Stock Purchase Right, such Shares shall be redeemed (i) in the event that the employment is terminated before a sale by ArcLight of its Shares in the Company, at a price representing an 8% Return Rate, and (ii) in the event that the employment is terminated at the same time as or after a sale by ArcLight of its Shares in the Company, at a price equal to the greater of (x) the fair market value of such Shares at the date of the Management Stockholder's termination of employment, as determined in accordance with the valuation requirements of the proposed regulations under Internal Revenue Code section 409A or the comparable provisions in the final regulations issued under that section, and (y) an amount representing an 8% Return Rate. In the case of Shares acquired by exercise of an Option, such Shares shall be redeemed at a price equal to the fair market value of such Shares at the date of the Management Stockholder's termination of employment, as determined in accordance with the valuation requirements of the proposed regulations under Internal Revenue Code section 409A or the comparable provisions in the final regulations issued under that section. Payment of the redemption price shall be made within 30 days after the date of the Management Stockholder's termination of employment, or by the earliest date thereafter by which the amount of the payment can be determined.

(b) Notwithstanding the foregoing, if two (2) or more members of the Company's Executive Management Committee terminate their employment within any 90 day period to accept employment with any single entity or any of such entity's affiliated entities that engages directly or indirectly in infrastructure construction services and/or the commercial/industrial services business, then (i), in the case of Shares acquired by exercise of Stock Purchase Rights, the Company shall redeem from each such Management Stockholder their Shares for a consideration equal to such Management Stockholder's purchase price paid for such Shares; (ii) in the case of Shares acquired by exercise of an Option, the Company shall redeem from each such Management Stockholder their Shares for a consideration equal to the purchase price set forth in Section 2.7(a)(ii)(x), and (iii), in the case of any unvested or unexercised Options, the Management Stockholder shall surrender their unvested or unexercised Options to the Company for no consideration.

(c) This Section 2.7 shall not apply to the extent that the restrictions on transferability of the Shares have been terminated pursuant to Section 2.3.

ARTICLE III

PIGGYBACK REGISTRATION

3.1 **Piggyback Registration.** Subject to the terms of this Agreement, in the event the Company chooses to Register any of its Common Stock, prior to the date 10 years after the date of this Agreement, on a form that is suitable for a Registration involving Registrable Securities, the Company will: (i) promptly give each Management Stockholder written notice (the "Company Notice") thereof, and (ii) include in such Registration (and any related qualification under Blue Sky laws or other compliance), and in any underwriting involved therein, all the Registrable Securities specified in a written request delivered to the Company by any Management Stockholder within 15 days after delivery of the Company Notice.

3.2 **Underwriting in Piggyback Registration**. If the Company Notice relates to an underwritten public offering, the Company shall so advise the Management Stockholders in the Company Notice. In such event the right of any Management Stockholder to Registration shall be conditioned upon the inclusion of such Management Stockholder's Registrable Securities in such underwritten public offering to the extent provided in this Section. All Management Stockholders proposing to distribute their securities through such underwriting shall (together with the Company and any other Management Stockholders participating in such offering) enter into an underwriting agreement with the Underwriter's Representative for such offering. The Company shall select the underwriters.

3.3 **Withdrawal in Piggyback Registration**. If any Management Stockholder disapproves of the terms of any such underwriting, he or she may elect to withdraw therefrom by written notice to the Company and the underwriter delivered at least 7 business days prior to the effective date of the Registration Statement as disclosed to such Management Stockholder by the Company.

3.4 **Blue Sky in Piggyback Registration**. In the event of any Registration of Registrable Securities pursuant to this Section, the Company shall use commercially reasonable efforts to qualify the securities covered by the Registration Statement under the Blue Sky laws of such jurisdictions as shall be reasonably appropriate for the distribution of such securities; provided, however, that the Company shall not be required to qualify to do business or to file a general consent to service of process in any such states or jurisdictions.

3.5 **Expenses of Registration**. All Registration Expenses and Selling Expenses incurred in connection with any registration pursuant to Section 3.1 shall be borne by the Company.

3.6 **Indemnities**. In the event of any registered offering of Registrable Securities pursuant to this Section,

(a) **Indemnity by the Company**. The Company will indemnify and hold harmless, to the fullest extent permitted by law, any Management Stockholder and any underwriter for such Management Stockholder, and each person, if any, who controls the

Management Stockholder or such underwriter, from and against any and all losses, damages, claims, liabilities, joint or several, costs and expenses (including any amounts paid in any settlement effected with the Company's consent) to which the Management Stockholder or any such underwriter or controlling person may become subject under applicable law or otherwise, insofar as such losses, damages, claims, liabilities (or actions or proceedings in respect thereof), costs or expenses arise out of or are based upon (i) any untrue statement or alleged untrue statement of any material fact contained in the registration statement or included in the prospectus, as amended or supplemented, or (ii) the omission or alleged omission to state therein a material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances in which they are made, not misleading, and the Company will reimburse the Management Stockholder, such underwriter and each such controlling person of the Management Stockholder or the underwriter, promptly upon demand, for any reasonable legal or any other expenses incurred by them in connection with investigating, preparing to defend or defending against or appearing as a third-party witness in connection with such loss, claim, damage, liability, action or proceeding; provided, however, that the Company will not be liable to any such Management Stockholder, underwriter or controlling person in any such case to the extent that any such loss, damage, liability, cost or expense arises out of or is based upon an untrue statement or alleged untrue statement or omission or alleged omission so made in conformity with information furnished in writing by such Management Stockholder, such underwriter or such controlling persons in writing specifically for inclusion therein; provided, further, that this indemnity shall not be deemed to relieve any underwriter of any of its due diligence obligations; provided, further, that the indemnity agreement contained in this subsection shall not apply to amounts paid in settlement of any such claim, loss, damage, liability or action if such settlement is effected without the consent of the Company, which consent shall not be unreasonably withheld. Such indemnity shall remain in full force and effect regardless of any investigation made by or on behalf of the selling Management Stockholder, the underwriter or any controlling person of the selling Management Stockholder or the underwriter, and regardless of any sale in connection with such offering by the selling Management Stockholder. Such indemnity shall survive the transfer of securities by a selling Management Stockholder.

(b) **Indemnity by the Selling Management Stockholders**. Each Management Stockholder participating in a registration hereunder will indemnify and hold harmless the Company, any underwriter for the Company, and each person, if any, who controls the Company or such underwriter, from and against any and all losses, damages, claims, liabilities, costs or expenses (including any amounts paid in any settlement effected with the selling Management Stockholder's consent) to which the Company or any such controlling person and/or any such underwriter may become subject under applicable law or otherwise, insofar as such losses, damages, claims, liabilities (or actions or proceedings in respect thereof), costs or expenses arise out of or are based on (i) any untrue or alleged untrue statement of any material fact contained in the registration statement or included in the prospectus, as amended or supplemented, or (ii) the omission or the alleged omission to state therein a material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances in which they were made, not misleading, and each such Management Stockholder will reimburse the Company, any underwriter and each such controlling person of the Company or any underwriter, promptly upon demand, for any reasonable legal or other expenses incurred by them in connection with investigating, preparing to defend or defending against or appearing as a third-party witness in connection with such loss, claim, damage, liability, action or proceeding; in each case to the extent, but only to the extent, that such untrue statement or alleged untrue statement or omission or alleged omission was so made in strict conformity with written information furnished by such Management Stockholder specifically for inclusion therein. The foregoing indemnity agreement is subject to the condition that, insofar as it relates to any such untrue statement (or alleged untrue statement) or omission (or alleged omission) made in the preliminary prospectus but eliminated or remedied in the amended prospectus at the time the registration statement becomes effective or in the Final Prospectus, such indemnity agreement shall not inure to the benefit of (i) the Company and (ii) any underwriter, if a copy of the Final Prospectus was not furnished to the person or entity asserting the loss, liability, claim or damage at or prior to the time such furnishing is required by the Securities Act; provided, further, that this indemnity shall not be deemed to relieve any underwriter of any of its due diligence obligations; provided, further, that the indemnity agreement contained in this subsection shall not apply to amounts paid in settlement of any such claim, loss, damage, liability or action if such settlement is effected without the consent of the Management Stockholders, as the case may be, which consent shall not be unreasonably withheld. In no event shall the liability of a Management Stockholder exceed the gross proceeds (net of underwriting discounts and commissions) from the offering received by such Management Stockholder.

(c) **Indemnity Procedures**. Promptly after receipt by an indemnified party of notice of the commencement of any action involving the subject matter of the foregoing indemnity provisions, such indemnified party will, if a claim thereof is to be made against the indemnifying party, promptly notify the indemnifying party of the commencement thereof; but the omission to notify the indemnifying party will not relieve it from any liability which it may have to any indemnified party otherwise than hereunder. In case such action is brought against any indemnified party and it notifies the indemnifying party of the commencement thereof, the indemnifying party shall have the right to participate in, and, to the extent that it may wish, jointly with any other indemnifying party similarly notified, to assume the defense thereof with counsel reasonably satisfactory to such indemnified party; provided however, that if the defendants in any action include both the indemnified party and the indemnifying party and there is a conflict of interests which would prevent counsel for the indemnifying party from also representing the indemnified party, the indemnified party or parties shall have the right to select one separate counsel to participate in the defense of such action on behalf of such indemnified party or parties. After notice from the indemnifying party to such indemnified party of its election so to assume the defense thereof, the indemnifying party will not be liable to such indemnified party for any legal or other expense subsequently incurred by such indemnified party in connection with the defense thereof, unless (i) the indemnified party shall have employed counsel in accordance with the provisions of the preceding sentence, (ii) the indemnifying party shall not have employed counsel reasonably satisfactory to the indemnified party to represent the indemnified party within a reasonable time after the notice of the commencement of the action and within 15 days after written notice of the indemnified party's intention to employ separate counsel pursuant to the previous sentence, or (iii) the indemnifying party has authorized the employment of counsel for the indemnified party at the expense of the indemnifying party. No indemnifying party will consent to entry of any judgment or enter into any settlement which does not include as an unconditional term thereof the giving by the claimant or plaintiff to such indemnified party of a release from all liability in respect to such claim or litigation. The indemnifying party shall give the indemnified party at least 20 days (or such shorter period as shall reasonably be required under the circumstances) notice of any proposed settlement, together with true and correct copies of any proposed settlement.

(d) **Insufficiency of Indemnities**. If the indemnification provided for in this Section is unavailable to or insufficient to hold harmless an indemnified party in respect of any losses, claims, damages or liabilities (or actions or proceedings in respect thereof) then each indemnifying party shall (severally, but not jointly) contribute to the aggregate amount paid or payable by such indemnified party in such proportion as is appropriate to reflect the relative benefits received by the Company on the one hand and the Management Stockholders on the other from the offering. If, however, the allocation provided by the immediately preceding sentence is not permitted by applicable law then each indemnifying party shall (severally, but not jointly) contribute to such amount paid or payable by such indemnified party in such proportion as is appropriate to reflect not only such relative benefits but also the relative fault of the Company on the one hand and the Management Stockholders on the other in connection with the statements or omissions which resulted in such losses, claims, damages or liabilities, (or actions or proceedings in respect thereof), as well as any other relevant equitable considerations. The relative benefits received by the Company on the one hand and the Management Stockholders on the other shall be deemed to be in the same proportion as the total net proceeds from the offering (before deducting Registration Expenses) received by the Company bears to the total net proceeds from the offering received by the Management Stockholders. The relative fault shall be determined by reference to, among other things, whether the untrue or alleged untrue statement of a material fact or the omission or alleged omission to state a material fact relates to information supplied by the Company on the one hand or the Management Stockholders on the other and the parties' relative intent, knowledge, access to information and opportunity to correct or prevent such statement or omission. The Company and the Management Stockholders agree that it would not be just and equitable if contributions pursuant to this Section were determined by pro rata allocation (even if the Management Stockholders were treated as one entity for such purpose) or by any other method of allocation which does not take into account the equitable considerations referred to above in this Section. The amount paid or payable by an indemnified party as a result of the losses, claims, damages or liabilities (or actions or proceedings in respect thereof) referred to above in this Section shall be deemed to include any legal or other expenses reasonably incurred by such indemnified party in connection with investigating or defending any such action or claim. Notwithstanding the provisions of this Section, (i) no Management Stockholder shall be required to contribute any amount in excess of the gross proceeds of the offering to such Management Stockholder, net of underwriting discounts or commissions and (ii) no person guilty of fraudulent misrepresentation (within the meaning of Section 11(f) of the Securities Act) shall be entitled to contribution from any person who was not guilty of such fraudulent misrepresentation. The Management Stockholders' obligations in this Section to contribute are several in proportion to their respective underwriting obligations and not joint.

3.7 **Obligations of the Company**. Whenever required under this Agreement to effect the registration of any Registrable Securities, the Company shall:

(a) **Registration Statement**. Prepare and file with the SEC a registration statement with respect to such Registrable Securities and use commercially reasonable efforts to cause such registration statement to become effective, and, upon the request of the Management Stockholders of a majority of the Registrable Securities registered thereunder, keep such registration statement effective for a period of up to ninety days or, if sooner, until the distribution contemplated in the Registration Statement has been completed.

(b) **Amendments**. Prepare and file with the SEC such amendments and supplements to such registration statement and the prospectus used in connection with such registration statement as may be necessary to comply with the provisions of the Securities Act with respect to the disposition of all Registrable Securities covered by such registration statement.

(c) **Prospectus**. Furnish to the Management Stockholders such numbers of copies of a prospectus, including a preliminary prospectus, in conformity with the requirements of the Securities Act, and such other documents as they may reasonably request in order to facilitate the disposition of Registrable Securities owned by them.

(d) **Underwriting Agreement**. In the event of any underwritten public offering, enter into and perform its obligations under an underwriting agreement, in usual and customary form, with the managing underwriter of such offering. Each Management Stockholder participating in such underwriting shall also enter into and perform its obligations under such an agreement. If permitted by the managing underwriter, the Management Stockholders may, at their option, require that any or all of the conditions precedent to the obligations of the underwriters under such underwriting agreement be conditions precedent to the obligations of such Management Stockholders. If permitted by the managing underwriter, the Management Stockholders shall not be required to make any representations or warranties to or agreement with the Company or the underwriters other than the representations, warranties or agreements regarding the Management Stockholders, the Management Stockholders' right title and interest in the Registrable Securities and the Management Stockholders' intended method of distribution or any other representations or warranties required by law.

(e) **Prospectus Notice**. Promptly notify each Management Stockholder of Registrable Securities covered by such registration statement at any time when a prospectus relating thereto is required to be delivered under the Act of the happening of any event as a result of which the prospectus included in such registration statement, as then in effect, includes an untrue statement of a material fact or omits to state a material fact required to be stated therein or necessary to make the statements therein not misleading in the light of the circumstances then existing and the Company agrees to prepare and furnish to the Management Stockholders a post-effective amendment to the registration statement or supplement to the prospectus or any document incorporated therein by reference or file any other required document so that, as thereafter delivered to the purchasers of the Registrable Securities, the prospectus will not contain an untrue statement of material fact or omit to state any material fact required to be stated therein or necessary to make the statements therein not misleading in the light of the circumstances underlying such statements.

(f) **Listing**. Cause all Registrable Securities registered pursuant to this Agreement to be listed on each securities exchange or approved for quotation on Nasdaq or such other automated quotation system on which similar securities issued by the Company are then listed or quoted.

(g) **Transfer Agent and Registrar**. Provide a transfer agent and registrar for all Registrable Securities registered pursuant to this Agreement and a CUSIP number for all such Registrable Securities, in each case not later than the effective date of such registration.

(h) **Legal Opinions and Accountants' Letters**. Furnish, at the request of any Management Stockholder requesting registration of Registrable Securities, on the date that such Registrable Securities are delivered to the underwriters for sale in connection with a registration pursuant to this Agreement, if such securities are being sold through underwriters, or, if such securities are not being sold through underwriters, on the date that the registration statement with respect to such securities becomes effective, (i) an opinion, of the counsel representing the Company for the purposes of such registration, in form and substance as is customarily given to underwriters in an underwritten public offering, addressed to the underwriters, if any, and to the Management Stockholders requesting registration of Registrable Securities and (ii) a letter dated such date and a bring-down letter dated the closing date, from the independent certified public accountants of the Company, in form and substance as is customarily given by independent certified public accountants to underwriters in an underwritten public offering, addressed to the underwriters, if any, and to the Management Stockholders requesting registration of Registrable Securities.

(i) **Stop Orders**. Notify a Management Stockholder the shares of which are registered in the offering when the Registration Statement covering such Management Stockholder's Registrable Securities becomes effective, upon the issuance of any stop order by the SEC, or of the receipt of any notification of the suspension of qualification under state securities or Blue Sky laws, the Company hereby agreeing to use commercially reasonable efforts to obtain the withdrawal of any stop order or suspension of qualification.

(j) **Earnings Statement Pursuant to Section 11(a)**. otherwise use commercially reasonable efforts to comply with all applicable rules of the SEC, and make available to the Management Stockholders, as soon as reasonably practicable, an earnings statement covering a period of at least 12 months, but not more than 18 months, beginning with the first full calendar month after the effective date of such registration statement, which earnings statement shall satisfy the provisions of Section 11(a) of the Securities Act and the rules and regulations of the SEC thereunder.

3.8 **Termination of Registration Rights**. The registration rights granted pursuant to this Agreement shall terminate as to any Management Stockholder at the time such Management Stockholder is able to sell all Registrable Securities held by it under Rule 144 promulgated under the Securities Act of 1933.

3.9 **Market Stand-Off**. Each Management Stockholder hereby agrees that it will not, without the prior written consent of the managing underwriter, during the period commencing on the date of the final prospectus relating to the Company's IPO and ending on the date specified by the Company and the managing underwriter (such period not to exceed l80 days) (i) lend, offer, pledge, sell, contract to sell, sell any option or contract to purchase, purchase any option or contract to sell, grant any option, right or warrant to purchase, or otherwise transfer or dispose of, directly or indirectly, any shares of Common Stock or any securities convertible into or exercisable or exchangeable for Common Stock (whether such shares or any such securities are then owned by the Holder or are thereafter acquired), or (ii) enter into any swap or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership of the Common Stock, whether any such transaction described in clause (i) or (ii) above is to be settled by delivery of Common Stock or such other securities, in cash or otherwise. The foregoing provisions of this Section shall not apply to the sale of any shares to an underwriter pursuant to an underwriting agreement, and shall only be applicable to the Management Stockholders if all officers and directors of the Company enter into similar agreements. The underwriters in connection with the Company's public offering are intended third party beneficiaries of this Section 3.9 and shall have the right, power and authority to enforce the provisions hereof as though they were a party hereto. In order to enforce the foregoing covenant, the Company may impose stop-transfer instructions with respect to the Registrable Securities of each Management Stockholder (and the shares or securities of every other person subject to the foregoing restriction) until the end of such period.

3.10 **Public Information**. At any time and from time to time after the earlier of the close of business on such date as (a) a registration statement filed by the Company under the Securities Act becomes effective, (b) the Company registers a class of securities under Section 12 of the United States Securities Exchange Act of 1934, as amended, or any federal statute or code which is a successor thereto (the "Exchange Act"), or (c) the Company issues an offering circular meeting the requirements of Regulation A under the Securities Act, the Company shall undertake to make publicly available and available to the Management Stockholders pursuant to Rule 144, such information as is necessary to enable the Management Stockholders to make sales of Registrable Stock pursuant to Rule 144. The Company shall comply with the current public information requirements of Rule 144 and shall furnish thereafter to any Management Stockholder upon request, a written statement executed by the Company as to the steps it has taken to so comply.

3.11 **Information Furnished by Management Stockholders**. It shall be a condition precedent of the Company's obligations under this Agreement that each Management Stockholder of Registrable Securities included in any Registration furnish to the Company such information regarding such Management Stockholder and the distribution proposed by such Management Stockholder or Management Stockholders as the Company may reasonably request or as may be required by the Securities Act.

ARTICLE IV

MISCELLANEOUS

4.1 **Entire Agreement; Amendments.** This Agreement and the schedules and exhibits to this Agreement and the documents referred to in this Agreement and to be delivered pursuant to this Agreement constitute the entire agreement among the parties pertaining to the subject matter of this Agreement, and supersede all prior and contemporaneous agreements, understandings, negotiations and discussions of the parties, whether oral or written, with respect to the subject matter of this Agreement, and there are no warranties, representations or other agreements between the parties in connection with the subject matter of this Agreement, except as specifically set forth herein or therein. This Agreement may be amended from time to time upon the unanimous written consent of the parties hereto.

4.2 **Expenses**. Except as otherwise provided in this Agreement, whether or not the transactions contemplated by this Agreement are consummated, each of the parties hereto shall pay the fees and expenses of their respective counsel, investment bankers, financial advisors, accountants and other experts and the other expenses incident to the negotiation and preparation of this Agreement and the consummation of the transactions contemplated hereby.

4.3 **Governing Law**. This Agreement shall be governed by and construed and interpreted in accordance with the Laws of the state of Delaware, without regard to principles of conflict of laws.

4.4 **Jurisdiction**.

(a) **Dispute Resolution**. Except as otherwise specifically provided in this Agreement, In the event of any dispute, controversy or claim arising out of or related to this Agreement or a breach hereof, whether based in contract, tort, or statute, including its interpretation, scope, formation, performance or termination ("Dispute"), the parties shall settle such Dispute in accordance with the following:

(i) ***Friendly Discussions***. The parties shall first use their best efforts to settle the Dispute by consulting and negotiating with each other in good faith to reach a just and equitable solution satisfactory to all parties;

(ii) ***Litigation***. If the Dispute is not resolved through friendly discussions within 60 days of the date of the Dispute, the Dispute shall be finally resolved by litigation in Delaware federal court.

(b) **Consent to Service**. In connection with any litigation involving any Dispute, the parties agree to accept service of process by mail to the Notice addresses set forth in this Agreement.

4.5 **Assignment.** This Agreement and each party's rights hereunder may not be assigned without the prior written consent of the other Party, except that any party may: (a) assign any or all of its rights and obligations hereunder to one or more Affiliates; and (b) designate one or more of its Affiliates to perform its obligations hereunder; provided, however, that in any or all of such cases such assigning nonetheless shall remain responsible for the performance of all of its obligations hereunder. Subject to the preceding sentence, this Agreement shall be binding upon the parties hereto and their respective successors and assigns.

4.6 **Notices**. All communications, notices and disclosures required or permitted by this Agreement shall be in writing and shall be deemed to have been given when delivered personally or by messenger or by overnight delivery service, or when received via telecopy, in all cases addressed to the Person for whom it is intended at his address set forth below or to such other address as a Party shall have designated by notice in writing to the other Party in the manner provided by this Section.

If to a Management Stockholder:	The address set forth on the signature pages of this Agreement.
If to the Company:	MYR Group Inc. Three Continental Towers 1701 West Golf Road, Suite 1012 Rolling Meadows, Illinois 60008-4270 Fax: (847) 290-8046

4.7 **Severability**. Any term or provision of this Agreement that is invalid or unenforceable in any situation in any jurisdiction shall not affect the validity or enforceability of the remaining terms and provisions hereof or the validity or enforceability of the offending term or provision in any other situation or in any other jurisdiction.

4.8 **No Third Parties; No Reliance**. Except as specifically set forth or referred to herein, nothing herein expressed or implied is intended or shall be construed to confer upon or give to any Person, other than the parties hereto and their permitted successors or assigns, any rights or remedies under or by reason of this Agreement. No third party is entitled to rely on any of the representations, warranties and agreements contained in this Agreement, and the parties assume no liability to any third party because of any reliance on the representations, warranties and agreements of the parties contained in this Agreement.

4.9 **Exhibits and Schedules; Construction of Certain Provisions**. The Exhibits and Schedules referred to in this Agreement shall be construed with and as an integral part of this Agreement to the same extent as if they had been set forth in their entirety herein.

4.10 **Headings**. The Article and Section headings contained in this Agreement are inserted for convenience only and shall not affect in any way the meaning or interpretation of this Agreement. They do not define, limit, extend or describe the scope of this Agreement or the intent of any provision of this Agreement.

4.11 **Counterparts; Execution by Facsimile.** This Agreement and any consents required hereunder may be executed in one or more counterparts, and by any Management Stockholder on separate counterparts, each of which as so executed and delivered shall be deemed an original, but all of which together shall constitute one and the same instrument, and it shall not be necessary in making proof of this Agreement as to any Management Stockholder hereto to produce or account for more than one such counterpart executed and delivered by such Management Stockholder. The exchange of copies of this Agreement and of signature pages by facsimile transmission shall constitute effective execution and delivery of this Agreement as to the Management Stockholders and may be used in lieu of the original Agreement for all purposes. Signatures of the parties transmitted by facsimile shall be deemed to be their original signatures for all purposes.

4.12 **Binding Provisions.** Except as herein otherwise provided to the contrary, this Agreement shall be binding upon and inure to the benefit of the parties hereto, their heirs, personal representatives, successors and permitted assigns.

4.13 **Severability**. If any provision of this Agreement is held invalid or unenforceable by any court of competent jurisdiction, the other provisions of this Agreement will remain in full force and effect. Any provision of this Agreement held invalid or unenforceable only in part or degree will remain in full force and effect to the extent not held invalid or unenforceable

4.14 **Legend**. The certificates of Shares of the Company held by the Management Stockholders, together with all certificates hereinafter issued to or acquired by the Management Stockholders, shall be endorsed with a legend in substantially the following form:

> "The shares represented by this certificate are subject to a Management Stockholder Agreement dated March , 2006 (the "Stockholder Agreement") by and between the holder of this certificate (the "Stockholder"), and the Company, which is on file in the office of the Secretary of the Company, pursuant to which the Stockholder has, among other things, agreed to restrict the sale, assignment, transfer, gift, grant, hypothecation, pledge, or other disposition or encumbrance of the shares of the Company represented by this certificate. This certificate is transferable only upon compliance with the provisions of the aforesaid Stockholder Agreement. The Company will mail to the Stockholder a copy of the Stockholder Agreement without charge within five (5) days after receipt of written request therefor."

> "The shares represented by this certificate have not been registered under the Securities Act of 1933, as amended (the "Securities Act"), and may not be transferred unless a registration statement under the Securities Act with respect to such shares has become effective or unless the Company is in receipt of an opinion of counsel satisfactory to it to the effect that such shares may be transferred without registration under the Securities Act."

****

[*Remainder of Page Intentionally Left Blank - Signature Page Follows*]

IN WITNESS WHEREOF, the parties have executed as of the day and year first above written.

MYR GROUP INC.

By: /s/ WILLIAM A. KOERTNER
Name: William A. Koertner
Title: President and Chief Executive Officer

FIRSTENERGY CORP.
(for purposes of Section 2.5 only)

By: /s/ DAVID W. WHITEHEAD
Name: David W. Whitehead
Title: Corporate Secretary

MYR GROUP HOLDINGS, LLC
(for purposes of Sections 2.5 and 2.6 only)

By: /s/ DANIEL R. REVERS
Name: Daniel R. Revers
Title: Managing Partner of ArcLight Capital Holdings, L.L.C.,
Manager of ArcLight PEF GP II, LLC,
General Partner of ArcLight Energy Partners Fund II, LP
sole member and manager of MYR Group Holdings, LLC

Management Stockholders

Name	Signature	Date
Koertner, William	By: /s/ WILLIAM KOERTNER Address:	
Green, William	By: /s/ WILLIAM GREEN Address:	
Engen, Gary	By: /s/ GARY ENGEN Address:	
Fluss, John	By: /s/ JOHN FLUSS Address:	
Swartz, Richard	By: /s/ RICHARD SWARTZ Address:	

Theis, Steven	By: /s/ STEVEN THEIS Address:
Martinez, Marco	By: /s/ MARCO MARTINEZ Address:
Urbas, James	By: /s/ JAMES URBAS Address:
Roberts, Terry	By: /s/ TERRY ROBERTS Address:
Smolinski, Brian	By: /s/ BRIAN SMOLINSKI Address:
McDaniel, Robert	By: /s/ ROBERT MCDANIEL Address:

Hughes, Elaine	By: /s/ ELAINE HUGHES Address:
Agnew, Robert	By: /s/ ROBERT AGNEW Address:
Barciak, Frank	By: /s/ FRANK BARCIAK Address:
Boulanger, Lee	By: /s/ LEE BOULANGER Address:
Bowen, James	By: /s/ JAMES BOWEN Address:
Branco, Joseph	By: /s/ JOSEPH BRANCO Address:

Collins, James	By: /s/ JAMES COLLINS Address:
Cooper, Michael	By: /s/ MICHAEL COOPER Address:
Cooper, Tod	By: /s/ TOD COOPER Address:
Dillow, Henry	By: /s/ HENRY DILLOW Address:
Ehlert, William	By: /s/ WILLIAM EHLERT Address:
Filleman, Howard	By: /s/ HOWARD FILLEMAN Address:

Greenhalge, Scott	By: /s/ SCOTT GREENHALGE Address:
Hix, Kathy	By: /s/ KATHY HIX Address:
Hoekstra, James	By: /s/ JAMES HOEKSTRA Address:
Holland, Ray	By: /s/ RAY HOLLAND Address:
Howard, Larry	By: /s/ LARRY HOWARD Address:
Karpala, Jacek	By: /s/ JACEK KARPALA Address:

Kinzel, Bernard	By: /s/ BERNARD KINZEL Address:
Klein, Michael	By: /s/ MICHAEL KLEIN Address:
Klocke, Gary	By: /s/ GARY KLOCKE Address:
Kohl, Robert	By: /s/ ROBERT KOHL Address:
Lamont, David	By: /s/ DAVID LAMONT Address:
Marcotte, Francis	By: /s/ FRANCIS MARCOTTE Address:

Miller, James	By: /s/ JAMES MILLER Address:
Moore III, Paul	By: /s/ PAUL MOORE III Address:
Moore, Stephen	By: /s/ STEPHEN MOORE Address:
Mumm, Michael	By: /s/ MICHAEL MUMM Address:
Orndahl, Michael	By: /s/ MICHAEL ORNDAHL Address:
Quinn, Rodney	By: /s/ RODNEY QUINN Address:

Roddy, Bobby	By: /s/ BOBBY RODDY Address:
Schmidt, Arthur	By: /s/ ARTHUR SCHMIDT Address:
Schwantes, Peter	By: /s/ PETER SCHWANTES Address:
Serocki, Jeffrey	By: /s/ JEFFREY SEROCKI Address:
Shaw, Doreen	By: /s/ DOREEN SHAW Address:
Sherrill, Shane	By: /s/ SHANE SHERRILL Address:

Smith, Robert	By: /s/ ROBERT SMITH Address:
Sterkel, Mark	By: /s/ MARK STERKEL Address:
Thiaville, Gary	By: /s/ GARY THIAVILLE Address:
Volpe, Frank	By: /s/ FRANK VOLPE Address:
Vorwaller, Michael	By: /s/ MICHAEL VORWALLER Address:
Waneka, Jeffrey	By: /s/ JEFFREY WANEKA Address:

Whaley, Dale	By: /s/ DALE WHALEY Address:
Widner, Darrell	By: /s/ DARRELL WIDNER Address:
Wolf, Gregory	By: /s/ GREGORY WOLF Address:
Shaw, Doreen	By: /s/ DOREEN SHAW Address:
Howard, Larry	By: /s/ LARRY HOWARD Address:

Exhibit 10.6

FORM OF ADDENDUM
TO
MARCH 10, 2006 MANAGEMENT STOCKHOLDERS AGREEMENT

THIS ADDENDUM TO THE MARCH 10, 2006 MANAGEMENT STOCKHOLDERS AGREEMENT, dated as of this 20th day of June, 2007 is made between MYR GROUP INC., a Delaware Corporation, (the "Company") and the individual employee signatory to this Addendum and is effective as of the date stated next to the signature line of the undersigned Management Stockholder.

RECITALS

WHEREAS, on March 10, 2006, MYR Group Holdings, LLC acquired 60% of the capital stock of the Company from FirstEnergy Corp. ("FirstEnergy"), pursuant to a Stock Purchase Agreement dated March 10, 2006 (the "Stock Purchase Agreement"). In connection with such acquisition, MYR Group Holdings, FirstEnergy and the Company entered into a stockholders agreement (the "Principal Stockholders Agreement") in order to set forth their understandings regarding their continuing ownership of the Company and regarding certain of the Company's continuing operations; and

WHEREAS, pursuant to the Principal Stockholders Agreement, certain employees of the Company (the "Management Employees") identified in Schedule 2.2 to the Principal Stockholders Agreement were offered the right to purchase Shares upon the terms set forth in Section 2.2 of the Principal Stockholders Agreement during the period commencing on the fifth and ending on the 60th business day following the date of the Principal Stockholders Agreement; and

WHEREAS, on June 2, 2006, the Company redeemed from FirstEnergy 1,670 Shares of Common Stock reflecting the extent to which the Management Employees exercised their Stock Purchase Rights; and

WHEREAS, the terms of the Principal Stockholders Agreement and the Plan required the Management Employees, as a condition to exercising their Stock Purchase Rights, to execute a copy of the Management Stockholders Agreement dated March 10, 2006 (the "Management Stockholders Agreement").

WHEREAS, on November 30, 2006, MYR Group Holdings II, LLC acquired from FirstEnergy 38,330 Shares of Common Stock constituting the entire capita1 stock of the Company held by FirstEnergy (the "Second Acquisition"); and

WHEREAS, as a consequence of the Second Acquisition, the Company, ArcLight and FirstEnergy terminated the Principal Stockholders Agreement and FirstEnergy waived any and all of its rights under the Management Stockholders Agreement, including, but not limited to, it rights of first refusal under Section 2.5; and

WHEREAS, as to Management Employees who exercise a Stock Purchase Right after November 30, 2006, the date of termination of the Principal Stockholders Agreement, certain modifications to the Management Stockholders Agreement are required.

NOW, THEREFORE, in consideration of the premises and of the mutual representations, warranties, covenants, conditions and agreements set forth herein, the parties agree that the covenants and obligations of the Management Stockholders Agreement are modified as set forth below as to Management Employees and their Permitted Transferees who exercise a Stock Purchase Right on or after December 31, 2006:

1. **Capitalized Terms.** All capitalized terms used in this Addendum and not otherwise defined herein shall have the meaning set forth in the Management Stockholders Agreement.

2. **Definitions.** The definitions in the Management Stockholders Agreement are modified as follows:

   a. **"ArcLight"** means jointly MYR Holdings, LLC and MYR Holdings II, LLC.

   b. **"Management Employee"** means those certain employees identified in Schedule 2.2 of the Principal Stockholders Agreement plus any other employees of the Company and Affiliated Companies that the Company's board of directors determines will be offered a Stock Purchase Right and that qualifies as an "accredited investor" as such term is defined under rule 501 under the Securities Act of 1933.

   c. **"Management Stockholder"** means any employee listed on Schedule 2.2 to the Principal Stockholders Agreement or Management Employee the Company's board of directors determines will be offered a Stock Purchase Right who has acquired any Shares pursuant to his or her exercise of a Stock Purchase Right or an Option and who has executed a copy of the Management Stockholders Agreement, this Addendum and a promissory note and pledge agreement, if applicable, or any Permitted Transferee to whom such Person has Transferred any Shares pursuant to Section 2.1.

   d. **"Plan"** means the Company's 2006 Stock Option Plan.

   e. **"Stock Purchase Right"** means an offer made by the Company to a Management Employee to purchase up to the number of Shares of the Company's Common Stock specified in the offer at the exercise price and by the date specified in the offer.

3. **Exercise of Stock Purchase Rights.** A Stock Purchase Right shall be exercised by delivering a written notice of exercise, in such form as the Company's board of directors shall have approved, to the Company at its principal business office and addressed to the attention of the Company's Secretary or such other Person as the Secretary may have designated to receive such notice. The notice shall specify the number of Shares with respect to which the Stock Purchase Right is to be exercised, and shall be accompanied by the full exercise price for the Shares to be purchased.

   If the Company's offer to purchase Shares expressly so states, payment of the full exercise price for the Shares to be purchased may be made by payment of not less than fifty percent (50%) of the full exercise price at the time of exercise of the Stock Purchase Right and the balance of which shall be paid by simultaneous delivery of a promissory note executed by the Management Employee pursuant to which the Management Employee is unconditionally obligated to pay the balance of the exercise price to the Company within one year of the date the Stock Purchase Right is exercised, with interest at the annual rate of 8%, payable quarterly by the Management Employee to the Company, payment of which note is to be secured by a pledge of the Shares purchased pursuant to the exercise of the Stock Purchase Right.

   The initial payment of the exercise price for the Shares and any payments on the note shall be made in cash, by wire transfer, or by personal check.

4. **Delivery of Shares.** No Shares shall be delivered to a Management Employee pursuant to his or her exercise of a Stock Purchase Right and the Company is not obligated to accept such exercise of a Stock Purchase Right unless and until the Company has accepted the Management Employee's subscription for Shares and the Management Employee has delivered to the Company executed copies of the Management Stockholders Agreement, this Addendum, and, if applicable, executed copies of the promissory note and pledge agreement referred to in the Management Employee's subscription agreement.

5. **FirstEnergy Waiver.** All of FirstEnergy's rights and Management Stockholder's obligations to FirstEnergy under Section 2.5 of the Management Stockholders Agreement are waived and all references to FirstEnergy in this Section 2.5 are deleted.

6. **ArcLight's "Permitted Transferees."** As referenced in Sections 2.5 and 2.6 of the Management Stockholders Agreement, ArcLight's "Permitted Transferees" include any other Person that directly or indirectly, through one or more intermediaries, controls, is controlled by, or is under common control with ArcLight. For the purpose of this definition, the term "control" (including, with correlative meaning, the terms "controlling," "controlled by," and "under common control with"), as used with respect to any Person, means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of such Person, whether through the ownership of voting securities, by contract or otherwise.

7. **Entire Agreement.** This Addendum is added to the documents referenced in Section 4.1 that comprise the entire Management Stockholders Agreement.

8. **Management Stockholder as Party to Management Stockholders Agreement.** Management Stockholder expressly represents that he/she has executed and is a party to the Management Stockholders Agreement.

9. **Remainder of Terms.** Except as expressly modified by the provisions of this Addendum, the terms of the Management Stockholders Agreement remain in full force and effect. To the extent there is any conflict between the terms of the Management Stockholders Agreement and this Addendum, the terms of this Addendum shall control.

10. **Miscellaneous Terms.** The miscellaneous terms set forth in Article IV of the Management Stockholders Agreement are incorporated herein as if fully restated.

****

[Remainder of Page Intentionally Left Blank – Signature Page Follows]

IN WITNESS WHEREOF, the parties have executed as of the day and year first above written.

MYR GROUP INC.

By: /s/ WILLIAM A. KOERTNER
Name: William A. Koertner
Title: President and Chief Executive Officer

MYR GROUP HOLDINGS, LLC
(for purposes of Sections 2.5 and 2.6 only)

By: /s/ DANIEL R. REVERS
Name: Daniel R. Revers
Title: Managing Partner of ArcLight Capital Holdings, L.L.C.,
Manager of ArcLight PEF GP II, LLC,
General Partner of ArcLight Energy Partners Fund II, LP
sole member and manager of MYR Group Holdings, LLC

MYR GROUP HOLDINGS II, LLC
(for purposes of Sections 2.5 and 2.6 only)

By: /s/ DANIEL R. REVERS
Name: Daniel R. Revers
Title: Managing Partner of ArcLight Capital Holdings, L.L.C.,
Manager of ArcLight PEF GP II, LLC,
General Partner of ArcLight Energy Partners Fund II, LP
sole member and manager of MYR Group Holdings, LLC

[MANAGEMENT STOCKHOLDER]

By: ______________________
Name: ______________________
Date: ______________________
Address: ______________________

____

____

Exhibit 10.7

EMPLOYMENT AGREEMENT
(William A. Koertner)

This **EMPLOYMENT AGREEMENT**, dated as of December 1, 2007 (this "**Agreement**"), is by and between MYR Group Inc., a Delaware corporation (the "**Company**"), and William A. Koertner (the "**Key Employee**"). This Agreement shall become effective upon the closing of the offering and sale of equity securities by the Company (the "**Effective Date**") pursuant to a Purchase/Placement Agreement to be entered into by and between the Company and Friedman, Billings, Ramsey & Co., Inc. (the "**Financing**"); provided, that this Agreement shall be null and void, and of no force or effect, if such closing does not occur within ninety (90) days after the date hereof.

W I T N E S S E T H:

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

WHEREAS, the Company recognizes Key Employee's efforts and desires to reward those efforts to protect and enhance the best interests of the Company.

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

ARTICLE I
DEFINITIONS AND INTERPRETATIONS

1.1 Definitions.

(a) "**Base Salary**" means the Key Employee's base salary as in effect from time to time, as described in Section 2.3(a).

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

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

(i) A material breach by Key Employee of Sections 3.9(d), (e) or (f) of this Agreement (regarding the noncompetition provisions);

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

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

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

Notwithstanding the foregoing, Key Employee shall not be deemed to have been terminated for Cause pursuant to this Section 1.1(c) unless and until there shall have been delivered to him a copy of a resolution duly adopted by at least seventy-five percent (75%) of the entire membership of the Board (not including for this purpose Key Employee if 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 Key Employee and a reasonable opportunity for him, together with his counsel, to be heard before the Board), finding that in the good faith opinion of the Board, Key Employee engaged in conduct set forth in this Section 1.1(c).

(d) "**Change in Control**" means the occurrence of a "change in the ownership of the Company," a "change in the effective control of the Company," or a "change in the ownership of a substantial portion of the Company's assets," as defined in Treasury Regulation §§1.409A-3(i)(5)(v), (vi) and (vii), respectively.

(e) "**COBRA**" means the Consolidated Omnibus Budget Reconciliation Act of 1986, as amended.

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

(g) "**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, Key Employee is unable to engage in any substantial gainful activity or is receiving income replacement benefits under an accident and health plan covering employees of the Company for a period of not less than three months.

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

(i) a reduction of Key Employee's Base Salary and/or annual target bonus opportunity without Key Employee's consent,

(ii) a material reduction of Key Employee's duties (without the Key Employee's consent) from those in effect as of the Effective Date or as subsequently agreed to by Key Employee and the Company for which Key Employee shall have given the Company written notice of such breach and the Company shall have failed to cure such breach within thirty (30) days after receipt of such notice,

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

(iv) any other material breach by the Company of a material provision of this Agreement for which Key Employee shall have given the Company written notice of such breach and the Company shall have failed to cure such breach within thirty (30) days after receipt of such notice.

(i) **"Post-Termination Period"** means the period beginning on the date that Key Employee's employment terminates and ending on the first anniversary of such date; provided, however, that with respect to a termination without Good Reason, such period shall

begin on the date that Key Employee's employment terminates and end on the six-month anniversary of such date.

(j) "**Protection Period**" means the period beginning on the date of the occurrence of a Change in Control and ending 12 months following the occurrence of a Change in Control.

(k) "**Severance Pay**" means

(i) one-half (1/2) the sum of Key Employee's annual Base Salary and Target Bonus as of the date of his termination of employment, in the case of a termination by Key Employee without Good Reason, whether or not during the Protection Period;

(ii) two (2) times the sum of Key Employee's annual Base Salary and Target Bonus as of the date of his termination of employment, in the case of a termination Without Cause outside the Protection Period or a termination by Key Employee with Good Reason outside the Protection Period; and

(iii) three (3) times the sum of Key Employee's annual Base Salary and Target Bonus as of the date of his termination of employment, in the case of a termination Without Cause during the Protection Period or a termination by Key Employee for Good Reason during the Protection Period.

(l) "**Severance Period**" means

(i) the six (6) month period following the date of his termination of employment, in the case of a termination by Key Employee without Good Reason, whether or not during the Protection Period; and

(ii) the two (2) year period following the date of his termination of employment, in the case of a termination Without Cause or a termination by Key Employee for Good Reason, whether or not during the Protection Period.

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

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

ARTICLE II
EMPLOYMENT AND DUTIES

2.1 **Term.** The term of this Agreement shall be three (3) years commencing on the Effective Date of this Agreement (the "**Initial Term**"), provided, however, that the Agreement shall automatically be extended for an additional one-year period at the end of the Initial Term and each one-year anniversary thereafter (each a "**Renewal Term**" and together with the Initial Term being referred to herein as the "**Employment Term**"), unless not later than one-hundred eighty (180) days prior to the end of the then-current period, either Key Employee or the Company shall have provided written notice to the other party that it does not wish to extend the Agreement.

2.2 **Position, Duties and Services.** The Key Employee shall serve in the position of President and Chief Executive Officer and shall have duties and responsibilities consistent with an executive serving in such capacity. The Key Employee shall perform such duties and responsibilities diligently and to the best of his abilities. The Key Employee's employment will be subject to the supervision and direction of the Chief Executive Officer of the Company and the Board.

2.3 **Compensation.**

(a) Base Salary. Key Employee shall receive an initial Base Salary at the rate of four hundred fifty thousand dollars ($450,000) per annum payable in periodic installments in accordance with the Company's normal payroll practices and procedures, which Base Salary may be increased (but not decreased) by the Board or (a committee thereof) from time to time.

(b) Target Bonus. During the Employment Term, Key Employee shall be eligible to receive an annual target bonus (the "Target Bonus") equal to fifty-five percent (55%) of Executive's Base Salary, based on the achievement of annual performance objectives, as determined by the Board (or a committee thereof) in its discretion.

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

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

2.4 **Severance Benefit.** Key Employee shall be entitled to receive the severance benefits described in ARTICLE III upon his termination of employment during the Employment Term, provided he satisfies the requirements outlined in ARTICLE III. Notwithstanding anything in this Agreement to the contrary, for all purposes of this Agreement, Key Employee shall not be deemed to have incurred a termination of employment unless Key Employee has incurred a "separation from service" as defined in Treasury Regulation §1.409A-1(h).

2.5 **Indemnification.** The Company shall (i) indemnify, hold harmless and defend Key Employee to the extent permitted under applicable law from and against reasonable costs, including reasonable attorneys fees, incurred by him in connection with or arising out of any acts or decisions made by Key Employee in the course and scope of his employment hereunder and (ii) pay all reasonable expenses and reasonable attorney's fees actually incurred by Key Employee in connection with or relating to the defense of any claim, action, suit or proceeding by any third party against Key Employee arising out of or relating to any acts or decisions made by Key Employee in the course and scope of his employment hereunder; provided, however, that such indemnification shall not apply with respect to the commission of a criminal act or any gross misconduct by Key Employee. This Section 2.5 shall survive the termination or expiration of this Agreement.

ARTICLE III
EARLY TERMINATION

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

3.2 **Disability.** In the event of Key Employee's Disability during the Employment Term, the Agreement and Key Employee's employment with the Company shall terminate and Key Employee shall be entitled to payment of the following benefits: (a) his Base Salary through the date of such termination; (b) long-term disability benefits pursuant to the terms of any long-term disability policy provided to similarly situated employees of the Company in which Key Employee is a participant; and (c) any compensation and benefits payable pursuant to the terms of the compensation and benefit plans specified in Section 2.3 in which Key Employee is a participant.

3.3 **Termination for Cause by Company.** If Key Employee's employment is terminated during the Employment Term for Cause, the Company shall pay Key Employee through the date of termination (a) his Base Salary in effect at the time notice of termination is given and (b) any compensation and benefits payable pursuant to the terms of the compensation and benefit plans specified in Section 2.3 in which Key Employee is a participant.

3.4 **Termination Without Good Reason by Key Employee.** If Key Employee terminates his employment with the Company during the Employment Term without Good Reason, whether or not during the Protection Period, Key Employee shall be entitled to (a) his unpaid Base Salary through the date of termination; (b) any compensation and benefits payable pursuant to the terms of the compensation and benefit plans specified in Section 2.3 in which Key Employee is a participant; (c) a lump sum payment equal to his Severance Pay, and (d) during the Severance Period, Company-paid benefit continuation coverage, on an insured or uninsured basis as determined by the Company in its sole discretion, concurrent with COBRA, for Key Employee and his family under the welfare benefit plans specified in Section 2.3(d) in which Key Employee is a participant, on the same basis as such benefits are provided to active employees; provided, however, that if Key Employee breaches the provisions of Section 3.9(b),

(d), (e) or (f) before the end of the Severance Period, Key Employee shall forfeit the right to benefit continuation coverage for the remainder of the Severance Period and, within thirty (30) days of such breach, Key Employee shall be required to remit to the Company a pro-rata portion of his Severance Pay, calculated as the product of (i) the Severance Pay received by Key Employee upon his termination, times (ii) a fraction, the numerator of which shall be the number of months from Key Employee's termination to the date of such breach and the denominator of which shall be six (6) (the number of months in the Severance Period). Notwithstanding anything to the contrary herein, if Key Employee becomes re-employed by another employer during the Severance Period, Key Employee shall provide written notice of such re-employment to the Company within thirty (30) days of the commencement of such new employment, at which time the Company-paid benefit continuation coverage described herein shall be terminated and Key Employee shall be required to remit to the Company a pro-rata portion of his Severance Pay, calculated as the product of (i) the Severance Pay received by Key Employee upon his termination, times (ii) a fraction, the numerator of which shall be the number of months from Key Employee's termination to the date of such re-employment and the denominator of which shall be six (6). Subject to Section 3.11, the payment of any Severance Pay and the continuation of welfare benefit plan coverage, as provided in Section 2.3(d), shall be made (or commence) in the month immediately following the month in which the waiver and release of claims described in Section 3.8 becomes non-revocable.

3.5 **Termination Without Cause or for Good Reason Outside the Protection Period.** If, during the Employment Term and outside the Protection Period, the Key Employee's employment is terminated by the Company Without Cause or Key Employee terminates his employment with the Company for Good Reason, he shall be entitled to (a) his unpaid Base Salary through the date of termination; (b) any compensation and benefits payable pursuant to the terms of the compensation and benefit plans specified in Section 2.3 in which Key Employee is a participant; (c) a lump sum payment equal to his Severance Pay; and (d) during the Severance Period, Company-paid benefit continuation coverage, on an insured or uninsured basis as determined by the Company in its sole discretion, concurrent with COBRA, for Key Employee and his family under the welfare benefit plans specified in Section 2.3(d) in which Key Employee is a participant, on the same basis as such benefits are provided to active employees. Notwithstanding anything to the contrary herein, if Key Employee becomes re-employed by another employer during the Severance Period, Key Employee shall provide written notice of such re-employment to the Company within thirty (30) days of the commencement of such new employment, at which time the Company-paid benefit continuation coverage described herein shall be terminated. Subject to Section 3.11, the payment of any Severance Pay and the continuation of welfare benefit plan coverage, as provided in Section 2.3(d), shall be made (or commence) in the month immediately following the month in which the waiver and release of claims described in Section 3.8 becomes non-revocable.

3.6 **Termination Without Cause or for Good Reason During the Protection Period.** If, during the Employment Term and during the Protection Period, Key Employee's employment is terminated by the Company Without Cause or Key Employee terminates his employment with the Company for Good Reason, he shall be entitled to (a) his unpaid Base Salary through the date of termination; (b) any compensation and benefits payable pursuant to the terms of the compensation and benefit plans specified in Section 2.3 in which Key Employee is a participant; (c) a lump sum payment equal to his Severance Pay; and (d) during the

Severance Period, Company-paid benefit continuation coverage, on an insured or uninsured basis as determined by the Company in its sole discretion, concurrent with COBRA, for Key Employee and his family under the welfare benefit plans specified in Section 2.3(d) in which Key Employee is a participant, on the same basis as such benefits are provided to active employees. Notwithstanding anything to the contrary herein, if Key Employee becomes re-employed by another employer during the Severance Period, Key Employee shall provide written notice of such re-employment to the Company within thirty (30) days of the commencement of such new employment, at which time the Company-paid benefit continuation coverage described herein shall be terminated. Subject to Section 3.11, the payment of any Severance Pay and the continuation of welfare benefit plan coverage, as provided in Section 2.3(d), shall be made (or commence) in the month following the month in which the waiver and release of claims described in Section 3.8 becomes non-revocable. In the event of Key Employee's termination under this Section 3.6, Key Employee shall not be bound by the provisions of Section 3.9(b).

3.7 **Termination of Company's Obligations.** Upon termination of Key Employee's employment for any reason, the Company's obligations under this Agreement shall terminate and Key Employee shall be entitled to no compensation and benefits other than that provided in this ARTICLE III. Notwithstanding such termination, the parties' obligations under Sections 2.5 and 3.9 of this Agreement shall remain in full force and effect.

3.8 **Release.** Notwithstanding the foregoing provisions of this ARTICLE III, Key Employee shall be entitled to the additional benefits specified in Section 3.4 (regarding termination Without Good Reason whether or not during the Protection Period), Section 3.5 (regarding termination Without Cause or for Good Reason outside the Protection Period) and Section 3.6 (regarding termination Without Cause or for Good Reason during the Protection Period) (*i.e.*, those in addition to the payment of his Base Salary through the date of termination and any benefits payable pursuant to the terms of the compensation and benefit plans specified in Section 2.3 in which Key Employee is a participant), only upon his execution (and non-revocation) of a waiver and release of all claims substantially in the form attached hereto, which execution must occur before the forty-fifth ($45^{th)}$ day immediately following the date of termination; provided, however, that in any case where such forty-five (45) day period extends into December of any calendar year, any payments required to be made to Key Employee that are treated as deferred compensation for purposes of Section 409A shall be made no earlier than January 1 of the following calendar year.

3.9 **Non-Competition; Non-Solicitation; Confidentiality.**

(a) Key Employee acknowledges and agrees that: (i) the Company is engaged in the business of power line and commercial/industrial electrical construction services for electric utilities, telecommunication providers, commercial/industrial facilities, and government agencies and electrical construction and maintenance services for industrial and power generation clients (the "Business"); (ii) the Business is intensely competitive; (iii) Key Employee's customer relationships are near permanent and but for Key Employee's association with the Company, Key Employee would not have had contact with the customers; (iv) Key Employee will continue to develop and have access to and knowledge of non-public information of the Company and its clients; (v) the direct or indirect disclosure of any such confidential

information to existing or potential competitors of the Company would place the Company at a competitive disadvantage and would do damage to the Company; (vi) Key Employee has developed goodwill with the Company's clients at the substantial expense of the Company; (vii) but for Key Employee entering into the covenants set forth in this Section 3.9, the Company would not have entered into the Financing and the closing of the offering and sale of equity securities by the Company as set forth above, (viii) Key Employee engaging in any of the activities prohibited by this Section 3.9, would constitute improper appropriation and/or use of the Company's confidential information and/or goodwill, (ix) Key Employee's association with the Company has been critical, and Key Employee's association with the Company is expected to continue to be critical, to the success of the Company, (x) the services to be rendered by Key Employee to the Company are of a special and unique character, (xi) Company conducts the Business throughout the United States, (xii) the noncompetition and other restrictive covenants and agreements set forth in this Agreement are fair and reasonable and it would not be reasonable to enter into the Financing without obtaining such non-competition and other restrictive covenants and agreements, and (xiii) in light of the foregoing and of Key Employee's education, skills, abilities and financial resources, Key Employee acknowledges and agrees that the Key Employee will not assert, and it should not be considered, that enforcement of any of the covenants set forth in this Section 3.9 would prevent Key Employee from earning a living or otherwise are void, voidable or unenforceable or should be voided or held unenforceable.

(b) Agreement not to Compete. Key Employee will not, during his employment and the Post-Termination Period, directly or indirectly, carry on or conduct, the Business or any business of the nature in which the Company or its subsidiaries are then engaged in any geographical area in which the Company or its subsidiaries or affiliates engage in business at the time of such termination or any new line of business with respect to which Key Employee has created, received or had access to confidential information (as set forth below). Key Employee agrees that he will not so conduct or engage in the Business or any such business in any capacity, including as an individual on his own account or as a partner or joint venturer or as an employee, agent, consultant or salesman for any other person or entity, or as an officer or director of a corporation, provided, that Key Employee may be a shareholder in any public corporation if he does not own ten percent (10%) or more of any class of its stock.

(c) Confidential Information. Key Employee will not, directly or indirectly, at any time following termination of his employment with the Company for any reason, reveal, divulge or make known to any person or entity, or use for Key Employee's personal benefit (including for the purpose of soliciting business, whether or not competitive with any business of the Company or its subsidiaries or affiliates), any information acquired during the Employment Term with regard to the financial, business or other affairs of the Company or its subsidiaries or affiliates (including any list or record of persons or entities with which the Company or its subsidiaries or affiliates has any dealings), other than (i) information already in the public domain; or (ii) information that Key Employee is required to disclose under the following circumstances: (A) at the direction of any authorized governmental entity; (B) pursuant to a subpoena or other court process; (C) as otherwise required by law or the rules, regulations, or orders of any applicable regulatory body; or (D) as otherwise necessary, in the opinion of counsel for Key Employee, to be disclosed by Key Employee in connection with any legal action or proceeding involving Key Employee in his capacity as an employee, officer, director, or stockholder of the Company or any subsidiary or affiliate of the Company.

(d) Key Employee will, upon the earlier of (i) any time requested by the Company or (ii) termination of his employment with the Company for any reason, promptly deliver to the Company all documents, memoranda, notes, reports, lists, files, customer lists, mailing lists, software, disks, credit cards, door and file keys, computer access codes, instructional manuals, and other physical or personal property which Key Employee received or prepared or helped to prepare in connection with his relationship with the Company including, but not limited to, any confidential information (as set forth above) of the Company or any of its subsidiaries and affiliates which he may then possess or have under his control, and Key Employee shall not retain any copies, duplicates, reproductions or excerpts thereof.

(e) Agreement not to Solicit. During the Employment Term and for the Post-Termination Period, Key Employee shall not (except on behalf of or with the written consent of the Company), either directly or indirectly, on Key Employee's own behalf or in the service or on behalf of others, (i) solicit, divert, or appropriate, or (ii) attempt to solicit, divert, or appropriate, any person or entity that is or was a customer of the Company or any of its affiliates at any time during the twelve (12) months prior to the date of termination and with whom Key Employee has had material contact.

(f) Agreement not to Recruit. During the Employment Term and for the Post-Termination Period, Key Employee shall not, either directly or indirectly, on Key Employee's behalf or in the service or on behalf of others, (i) solicit, divert, or hire away, or (ii) attempt to solicit, divert, or hire away, any employee of or consultant to the Company or its subsidiaries or affiliates.

(g) Reasonableness of Restrictions. Key Employee acknowledges that the geographic boundaries, scope of prohibited activities, and time duration set forth in this Section 3.9 are reasonable in nature and are no broader than are necessary to maintain the goodwill of the Company and the confidentiality of its confidential information and to protect the legitimate business interests of the Company, and that the enforcement of such provisions would not cause Key Employee any undue hardship nor unreasonably interfere with Key Employee's ability to earn a livelihood. If any court determines that any portion of this Section 3.9 is invalid or unenforceable, the remainder of this Section 3.9 will not thereby be affected and will be given full effect without regard to the invalid provisions. If any court construes any of the provisions of this Section 3.9, or any part thereof, to be unreasonable because of the duration or scope of such provision, such court shall reduce the duration or scope of such provision and enforce such provision as so reduced.

(h) Enforcement. Upon Key Employee's employment with an entity that is not a subsidiary or affiliate of the Company (a "**Successor Employer**") during the period that the provisions of this Section 3.9 remain in effect, Key Employee will provide such Successor Employer with a copy of this Agreement and will notify the Company of such employment within thirty (30) days thereof. Key Employee agrees that in the event of a breach or threatened breach of the terms and conditions of this Section 3.9 by Key Employee, the Company will be entitled, if it so elects, to institute and prosecute proceedings, either in law or in equity, against Key Employee, to obtain damages for any such breach, or to enjoin (in the form of specific performance, temporary restraining order, temporary or permanent injunction or otherwise) Key Employee from any conduct in violation of this Section 3.9, without having to post a bond.

3.10 Parachute Payments. Notwithstanding anything to the contrary in this Agreement, if it is determined (as hereafter provided) that any payment or distribution to or for Key Employee's benefit, whether paid or payable or distributed or distributable pursuant to the terms of this Agreement or otherwise pursuant to or by reason of any other agreement, policy, plan, program or arrangement, including without limitation any stock option, stock appreciation right or similar right, or the lapse or termination of any restriction on or the vesting or exercisability of any of the foregoing (a "Payment"), would be subject to the excise tax imposed by Section 4999 of the Code (or any successor provision thereto) or to any similar tax imposed by state or local law, or any interest or penalties with respect to such excise tax (such tax or taxes, together with any such interest and penalties, are hereafter collectively referred to as the "Excise Tax"), then Key Employee shall be entitled to receive an additional payment or payments (a "Gross-Up Payment") in an amount such that, after payment by Key Employee of all taxes (including any interest or penalties imposed with respect to such taxes), including any Excise Tax, imposed upon the Gross-Up Payment, Key Employee retains an amount of the Gross-Up Payment equal to the Excise Tax imposed upon the Payments. For purposes of determining whether any of the Payments will be subject to the Excise Tax and the amount of such Excise Tax, (i) all of the Payments shall be treated as "parachute payments" within the meaning of section 28OG(b)(2) of the Code, and all "excess parachute payments" within the meaning of section 28OG(b)(1) of the Code shall be treated as subject to the Excise Tax, unless in the opinion of tax counsel selected by the Company's independent auditors and reasonably acceptable to Key Employee such other payments or benefits (in whole or in part) do not constitute parachute payments, including by reason of section 28OG(b)(4)(A) of the Code, or such excess parachute payments (in whole or in part) represent reasonable compensation for services actually rendered, within the meaning of section 28OG(b)(4)(B) of the Code, in excess of the "base amount" (as such term is defined in section 28OG(b)(3) of the Code) allocable to such reasonable compensation, or are otherwise not subject to the Excise Tax, (ii) the amount of the Payments which shall be treated as subject to the Excise Tax shall be equal to the lesser of (A) the total amount of the Payments or (B) the amount of excess parachute payments within the meaning of section 28OG(b)(1) of the Code (after applying clause (i), above), and (iii) the value of any non-cash benefits or any deferred payment or benefit shall be determined by the Company's independent auditors in accordance with the principles of sections 28OG(d)(3) and (4) of the Code. For purposes of determining the amount of the Gross-Up Payment, Key Employee shall be deemed to pay federal income taxes at the highest marginal rate of federal income taxation in the calendar year in which the Gross-Up Payment is to be made and state and local income taxes at the highest marginal rate of taxation in the state and locality of Key Employee's residence on the date of termination, net of the maximum reduction in federal income taxes which could be obtained from deduction of such state and local taxes. In the event that the Excise Tax is subsequently determined to be less than the amount taken into account hereunder at the time of Key Employee's termination of employment, Key Employee shall repay to the Company, at the time that the amount of such reduction in Excise Tax is finally determined, the portion of the Gross-Up Payment attributable to such reduction (plus that portion of the Gross-Up Payment attributable to the Excise Tax and federal, state and local income tax imposed on the Gross-Up Payment being repaid by Key Employee to the extent that such repayment results in a reduction in Excise Tax and/or a federal, state or local income tax deduction) plus interest on the amount of such repayment at the rate provided in section 1274(b)(2)(B) of the Code. In the event that the Excise Tax is determined to exceed the amount

taken into account hereunder (including by reason of any payment the existence or amount of which cannot be determined at the time of the Gross-Up Payment), the Company shall make an additional Gross-Up Payment in respect of such excess (plus any interest, penalties or additions payable by Key Employee with respect to such excess) at the time that the amount of such excess is finally determined. Key Employee and the Company shall each reasonably cooperate with the other in connection with any administrative or judicial proceedings concerning the existence or amount of liability for Excise Tax with respect to the Severance Payments. Notwithstanding anything in this Agreement to the contrary, in no event shall payments under this Section be made later than the end of Key Employee's taxable year following the taxable year in which the related Excise Tax is remitted by or on behalf of the Key Employee.

3.11 **Payments Subject to Section 409A of the Code.** Notwithstanding the foregoing provisions of this ARTICLE III, to the extent required by Section 409A of the Code and applicable guidance thereunder, payments that Key Employee would otherwise be entitled to receive hereunder during the first six months following the date of Key Employee's termination of employment will be accumulated and paid on the date that is six months and one day after the date of Key Employee's termination of employment (or if such payment date does not fall on a business day of the Company, the next following business day of the Company), or such earlier date upon which such amount can be paid without adverse tax consequences to Key Employee under section 409A of the Code; provided, however, that no such delay shall apply with respect to payments to which Key Employee is entitled in the event of his death.

ARTICLE IV
MISCELLANEOUS

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

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

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

4.4 **Entire Agreement.** Except as provided in the written benefit plans and programs referenced in Section 2.3(c) and Section 2.3(d), this Agreement embodies the complete agreement and understanding among the parties hereto with respect to the subject matter hereof and supersede and preempt any prior understandings, agreements or representations by or among the parties, written or oral, which may have related to the subject matter hereof in any way.

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

4.6 **Legal Fees**. The Company shall reimburse Key Employee for all reasonable legal fees and expenses incurred by the Executive in a dispute regarding the Key Employee's rights under this Agreement, within forty-five (45) day of when such fees and expenses are incurred, but in no event later than the end of the taxable year in which such fees and expenses are incurred, unless a court of competent jurisdiction determines the Key Employee's position in such dispute not to be bona fide.

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

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

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

[Signature Page Follows]

INTENDING TO BE BOUND, the parties hereto have executed this Agreement as of the date first set forth above.

COMPANY:

MYR GROUP INC.

By:	/s/ GERALD B. ENGEN, JR.
Name:	Gerald B. Engen, Jr.
Title:	Vice President, CLO and Secretary

KEY EMPLOYEE:

/s/ WILLIAM A. KOERTNER
William A. Koertner

Exhibit 10.8

EMPLOYMENT AGREEMENT
(Gerald B. Engen, Jr.)

This **EMPLOYMENT AGREEMENT**, dated as of December 1, 2007 (this "**Agreement**"), is by and between MYR Group Inc., a Delaware corporation (the "**Company**"), and Gerald B. Engen, Jr. (the "**Key Employee**"). This Agreement shall become effective upon the closing of the offering and sale of equity securities by the Company (the "**Effective Date**") pursuant to a Purchase/Placement Agreement to be entered into by and between the Company and Friedman, Billings, Ramsey & Co., Inc. (the "**Financing**"); provided, that this Agreement shall be null and void, and of no force or effect, if such closing does not occur within ninety (90) days after the date hereof.

W I T N E S S E T H:

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

WHEREAS, the Company recognizes Key Employee's efforts and desires to reward those efforts to protect and enhance the best interests of the Company.

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

ARTICLE I
DEFINITIONS AND INTERPRETATIONS

1.1 Definitions.

(a) "**Base Salary**" means the Key Employee's base salary as in effect from time to time, as described in Section 2.3(a).

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

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

(i) A material breach by Key Employee of Sections 3.9(d), (e) or (f) of this Agreement (regarding the noncompetition provisions);

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

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

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

Notwithstanding the foregoing, Key Employee shall not be deemed to have been terminated for Cause pursuant to this Section 1.1(c) unless and until there shall have been delivered to him a copy of a resolution duly adopted by at least seventy-five percent (75%) of the entire membership of the Board (not including for this purpose Key Employee if 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 Key Employee and a reasonable opportunity for him, together with his counsel, to be heard before the Board), finding that in the good faith opinion of the Board, Key Employee engaged in conduct set forth in this Section 1.1(c).

(d) "**Change in Control**" means the occurrence of a "change in the ownership of the Company," a "change in the effective control of the Company," or a "change in the ownership of a substantial portion of the Company's assets," as defined in Treasury Regulation §§1.409A-3(i)(5)(v), (vi) and (vii), respectively.

(e) "**COBRA**" means the Consolidated Omnibus Budget Reconciliation Act of 1986, as amended.

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

(g) "**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, Key Employee is unable to engage in any substantial gainful activity or is receiving income replacement benefits under an accident and health plan covering employees of the Company for a period of not less than three months.

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

(i) a reduction of Key Employee's Base Salary and/or annual target bonus opportunity without Key Employee's consent,

(ii) a material reduction of Key Employee's duties (without the Key Employee's consent) from those in effect as of the Effective Date or as subsequently agreed to by Key Employee and the Company for which Key Employee shall have given the Company written notice of such breach and the Company shall have failed to cure such breach within thirty (30) days after receipt of such notice,

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

(iv) any other material breach by the Company of a material provision of this Agreement for which Key Employee shall have given the Company written notice of such breach and the Company shall have failed to cure such breach within thirty (30) days after receipt of such notice.

(i) **"Post-Termination Period"** means the period beginning on the date that Key Employee's employment terminates and ending on the first anniversary of such date; provided, however, that with respect to a termination without Good Reason, such period shall

begin on the date that Key Employee's employment terminates and end on the six-month anniversary of such date.

(j) "**Protection Period**" means the period beginning on the date of the occurrence of a Change in Control and ending 12 months following the occurrence of a Change in Control.

(k) "**Severance Pay**" means

(i) one-half (1/2) the sum of Key Employee's annual Base Salary and Target Bonus as of the date of his termination of employment, in the case of a termination by Key Employee without Good Reason, whether or not during the Protection Period;

(ii) two (2) times the sum of Key Employee's annual Base Salary and Target Bonus as of the date of his termination of employment, in the case of a termination Without Cause outside the Protection Period or a termination by Key Employee with Good Reason outside the Protection Period; and

(iii) three (3) times the sum of Key Employee's annual Base Salary and Target Bonus as of the date of his termination of employment, in the case of a termination Without Cause during the Protection Period or a termination by Key Employee for Good Reason during the Protection Period.

(l) "**Severance Period**" means

(i) the six (6) month period following the date of his termination of employment, in the case of a termination by Key Employee without Good Reason, whether or not during the Protection Period; and

(ii) the two (2) year period following the date of his termination of employment, in the case of a termination Without Cause or a termination by Key Employee for Good Reason, whether or not during the Protection Period.

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

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

ARTICLE II
EMPLOYMENT AND DUTIES

2.1 **Term.** The term of this Agreement shall be three (3) years commencing on the Effective Date of this Agreement (the "**Initial Term**"), provided, however, that the Agreement shall automatically be extended for an additional one-year period at the end of the Initial Term and each one-year anniversary thereafter (each a "**Renewal Term**" and together with the Initial Term being referred to herein as the "**Employment Term**"), unless not later than one-hundred eighty (180) days prior to the end of the then-current period, either Key Employee or the Company shall have provided written notice to the other party that it does not wish to extend the Agreement.

2.2 **Position, Duties and Services.** The Key Employee shall serve in the position of Vice President, Chief Legal Officer and Secretary and shall have duties and responsibilities consistent with an executive serving in such capacity. The Key Employee shall perform such duties and responsibilities diligently and to the best of his abilities. The Key Employee's employment will be subject to the supervision and direction of the Chief Executive Officer of the Company and the Board.

2.3 **Compensation.**

(a) Base Salary. Key Employee shall receive an initial Base Salary at the rate of two hundred fifty thousand dollars ($250,000) per annum payable in periodic installments in accordance with the Company's normal payroll practices and procedures, which Base Salary may be increased (but not decreased) by the Board or (a committee thereof) from time to time.

(b) Target Bonus. During the Employment Term, Key Employee shall be eligible to receive an annual target bonus (the "Target Bonus") equal to fifty percent (50%) of Executive's Base Salary, based on the achievement of annual performance objectives, as determined by the Board (or a committee thereof) in its discretion.

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

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

2.4 **Severance Benefit.** Key Employee shall be entitled to receive the severance benefits described in ARTICLE III upon his termination of employment during the Employment Term, provided he satisfies the requirements outlined in ARTICLE III. Notwithstanding anything in this Agreement to the contrary, for all purposes of this Agreement, Key Employee shall not be deemed to have incurred a termination of employment unless Key Employee has incurred a "separation from service" as defined in Treasury Regulation §1.409A-1(h).

2.5 **Indemnification.** The Company shall (i) indemnify, hold harmless and defend Key Employee to the extent permitted under applicable law from and against reasonable costs, including reasonable attorneys fees, incurred by him in connection with or arising out of any acts or decisions made by Key Employee in the course and scope of his employment hereunder and (ii) pay all reasonable expenses and reasonable attorney's fees actually incurred by Key Employee in connection with or relating to the defense of any claim, action, suit or proceeding by any third party against Key Employee arising out of or relating to any acts or decisions made by Key Employee in the course and scope of his employment hereunder; provided, however, that such indemnification shall not apply with respect to the commission of a criminal act or any gross misconduct by Key Employee. This Section 2.5 shall survive the termination or expiration of this Agreement.

ARTICLE III
EARLY TERMINATION

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

3.2 **Disability.** In the event of Key Employee's Disability during the Employment Term, the Agreement and Key Employee's employment with the Company shall terminate and Key Employee shall be entitled to payment of the following benefits: (a) his Base Salary through the date of such termination; (b) long-term disability benefits pursuant to the terms of any long-term disability policy provided to similarly situated employees of the Company in which Key Employee is a participant; and (c) any compensation and benefits payable pursuant to the terms of the compensation and benefit plans specified in Section 2.3 in which Key Employee is a participant.

3.3 **Termination for Cause by Company.** If Key Employee's employment is terminated during the Employment Term for Cause, the Company shall pay Key Employee through the date of termination (a) his Base Salary in effect at the time notice of termination is given and (b) any compensation and benefits payable pursuant to the terms of the compensation and benefit plans specified in Section 2.3 in which Key Employee is a participant.

3.4 **Termination Without Good Reason by Key Employee.** If Key Employee terminates his employment with the Company during the Employment Term without Good Reason, whether or not during the Protection Period, Key Employee shall be entitled to (a) his unpaid Base Salary through the date of termination; (b) any compensation and benefits payable pursuant to the terms of the compensation and benefit plans specified in Section 2.3 in which Key Employee is a participant; (c) a lump sum payment equal to his Severance Pay, and (d) during the Severance Period, Company-paid benefit continuation coverage, on an insured or uninsured basis as determined by the Company in its sole discretion, concurrent with COBRA, for Key Employee and his family under the welfare benefit plans specified in Section 2.3(d) in which Key Employee is a participant, on the same basis as such benefits are provided to active employees; provided, however, that if Key Employee breaches the provisions of Section 3.9(b),

(d), (e) or (f) before the end of the Severance Period, Key Employee shall forfeit the right to benefit continuation coverage for the remainder of the Severance Period and, within thirty (30) days of such breach, Key Employee shall be required to remit to the Company a pro-rata portion of his Severance Pay, calculated as the product of (i) the Severance Pay received by Key Employee upon his termination, times (ii) a fraction, the numerator of which shall be the number of months from Key Employee's termination to the date of such breach and the denominator of which shall be six (6) (the number of months in the Severance Period). Notwithstanding anything to the contrary herein, if Key Employee becomes re-employed by another employer during the Severance Period, Key Employee shall provide written notice of such re-employment to the Company within thirty (30) days of the commencement of such new employment, at which time the Company-paid benefit continuation coverage described herein shall be terminated and Key Employee shall be required to remit to the Company a pro-rata portion of his Severance Pay, calculated as the product of (i) the Severance Pay received by Key Employee upon his termination, times (ii) a fraction, the numerator of which shall be the number of months from Key Employee's termination to the date of such re-employment and the denominator of which shall be six (6). Subject to Section 3.11, the payment of any Severance Pay and the continuation of welfare benefit plan coverage, as provided in Section 2.3(d), shall be made (or commence) in the month immediately following the month in which the waiver and release of claims described in Section 3.8 becomes non-revocable.

3.5 Termination Without Cause or for Good Reason Outside the Protection Period. If, during the Employment Term and outside the Protection Period, the Key Employee's employment is terminated by the Company Without Cause or Key Employee terminates his employment with the Company for Good Reason, he shall be entitled to (a) his unpaid Base Salary through the date of termination; (b) any compensation and benefits payable pursuant to the terms of the compensation and benefit plans specified in Section 2.3 in which Key Employee is a participant; (c) a lump sum payment equal to his Severance Pay; and (d) during the Severance Period, Company-paid benefit continuation coverage, on an insured or uninsured basis as determined by the Company in its sole discretion, concurrent with COBRA, for Key Employee and his family under the welfare benefit plans specified in Section 2.3(d) in which Key Employee is a participant, on the same basis as such benefits are provided to active employees. Notwithstanding anything to the contrary herein, if Key Employee becomes re-employed by another employer during the Severance Period, Key Employee shall provide written notice of such re-employment to the Company within thirty (30) days of the commencement of such new employment, at which time the Company-paid benefit continuation coverage described herein shall be terminated. Subject to Section 3.11, the payment of any Severance Pay and the continuation of welfare benefit plan coverage, as provided in Section 2.3(d), shall be made (or commence) in the month immediately following the month in which the waiver and release of claims described in Section 3.8 becomes non-revocable.

3.6 Termination Without Cause or for Good Reason During the Protection Period. If, during the Employment Term and during the Protection Period, Key Employee's employment is terminated by the Company Without Cause or Key Employee terminates his employment with the Company for Good Reason, he shall be entitled to (a) his unpaid Base Salary through the date of termination; (b) any compensation and benefits payable pursuant to the terms of the compensation and benefit plans specified in Section 2.3 in which Key Employee is a participant; (c) a lump sum payment equal to his Severance Pay; and (d) during the

Severance Period, Company-paid benefit continuation coverage, on an insured or uninsured basis as determined by the Company in its sole discretion, concurrent with COBRA, for Key Employee and his family under the welfare benefit plans specified in Section 2.3(d) in which Key Employee is a participant, on the same basis as such benefits are provided to active employees. Notwithstanding anything to the contrary herein, if Key Employee becomes re-employed by another employer during the Severance Period, Key Employee shall provide written notice of such re-employment to the Company within thirty (30) days of the commencement of such new employment, at which time the Company-paid benefit continuation coverage described herein shall be terminated. Subject to Section 3.11, the payment of any Severance Pay and the continuation of welfare benefit plan coverage, as provided in Section 2.3(d), shall be made (or commence) in the month following the month in which the waiver and release of claims described in Section 3.8 becomes non-revocable. In the event of Key Employee's termination under this Section 3.6, Key Employee shall not be bound by the provisions of Section 3.9(b).

3.7 **Termination of Company's Obligations.** Upon termination of Key Employee's employment for any reason, the Company's obligations under this Agreement shall terminate and Key Employee shall be entitled to no compensation and benefits other than that provided in this ARTICLE III. Notwithstanding such termination, the parties' obligations under Sections 2.5 and 3.9 of this Agreement shall remain in full force and effect.

3.8 **Release.** Notwithstanding the foregoing provisions of this ARTICLE III, Key Employee shall be entitled to the additional benefits specified in Section 3.4 (regarding termination Without Good Reason whether or not during the Protection Period), Section 3.5 (regarding termination Without Cause or for Good Reason outside the Protection Period) and Section 3.6 (regarding termination Without Cause or for Good Reason during the Protection Period) (*i.e*., those in addition to the payment of his Base Salary through the date of termination and any benefits payable pursuant to the terms of the compensation and benefit plans specified in Section 2.3 in which Key Employee is a participant), only upon his execution (and non-revocation) of a waiver and release of all claims substantially in the form attached hereto, which execution must occur before the forty-fifth (45th) day immediately following the date of termination; provided, however, that in any case where such forty-five (45) day period extends into December of any calendar year, any payments required to be made to Key Employee that are treated as deferred compensation for purposes of Section 409A shall be made no earlier than January 1 of the following calendar year.

3.9 **Non-Competition; Non-Solicitation; Confidentiality.**

(a) Key Employee acknowledges and agrees that: (i) the Company is engaged in the business of power line and commercial/industrial electrical construction services for electric utilities, telecommunication providers, commercial/industrial facilities, and government agencies and electrical construction and maintenance services for industrial and power generation clients (the "Business"); (ii) the Business is intensely competitive; (iii) Key Employee's customer relationships are near permanent and but for Key Employee's association with the Company, Key Employee would not have had contact with the customers; (iv) Key Employee will continue to develop and have access to and knowledge of non-public information of the Company and its clients; (v) the direct or indirect disclosure of any such confidential

information to existing or potential competitors of the Company would place the Company at a competitive disadvantage and would do damage to the Company; (vi) Key Employee has developed goodwill with the Company's clients at the substantial expense of the Company; (vii) but for Key Employee entering into the covenants set forth in this Section 3.9, the Company would not have entered into the Financing and the closing of the offering and sale of equity securities by the Company as set forth above, (viii) Key Employee engaging in any of the activities prohibited by this Section 3.9, would constitute improper appropriation and/or use of the Company's confidential information and/or goodwill, (ix) Key Employee's association with the Company has been critical, and Key Employee's association with the Company is expected to continue to be critical, to the success of the Company, (x) the services to be rendered by Key Employee to the Company are of a special and unique character, (xi) Company conducts the Business throughout the United States, (xii) the noncompetition and other restrictive covenants and agreements set forth in this Agreement are fair and reasonable and it would not be reasonable to enter into the Financing without obtaining such non-competition and other restrictive covenants and agreements, and (xiii) in light of the foregoing and of Key Employee's education, skills, abilities and financial resources, Key Employee acknowledges and agrees that the Key Employee will not assert, and it should not be considered, that enforcement of any of the covenants set forth in this Section 3.9 would prevent Key Employee from earning a living or otherwise are void, voidable or unenforceable or should be voided or held unenforceable.

(b) Agreement not to Compete. Key Employee will not, during his employment and the Post-Termination Period, directly or indirectly, carry on or conduct, the Business or any business of the nature in which the Company or its subsidiaries are then engaged in any geographical area in which the Company or its subsidiaries or affiliates engage in business at the time of such termination or any new line of business with respect to which Key Employee has created, received or had access to confidential information (as set forth below). Key Employee agrees that he will not so conduct or engage in the Business or any such business in any capacity, including as an individual on his own account or as a partner or joint venturer or as an employee, agent, consultant or salesman for any other person or entity, or as an officer or director of a corporation, provided, that Key Employee may be a shareholder in any public corporation if he does not own ten percent (10%) or more of any class of its stock.

(c) Confidential Information. Key Employee will not, directly or indirectly, at any time following termination of his employment with the Company for any reason, reveal, divulge or make known to any person or entity, or use for Key Employee's personal benefit (including for the purpose of soliciting business, whether or not competitive with any business of the Company or its subsidiaries or affiliates), any information acquired during the Employment Term with regard to the financial, business or other affairs of the Company or its subsidiaries or affiliates (including any list or record of persons or entities with which the Company or its subsidiaries or affiliates has any dealings), other than (i) information already in the public domain; or (ii) information that Key Employee is required to disclose under the following circumstances: (A) at the direction of any authorized governmental entity; (B) pursuant to a subpoena or other court process; (C) as otherwise required by law or the rules, regulations, or orders of any applicable regulatory body; or (D) as otherwise necessary, in the opinion of counsel for Key Employee, to be disclosed by Key Employee in connection with any legal action or proceeding involving Key Employee in his capacity as an employee, officer, director, or stockholder of the Company or any subsidiary or affiliate of the Company.

(d) Key Employee will, upon the earlier of (i) any time requested by the Company or (ii) termination of his employment with the Company for any reason, promptly deliver to the Company all documents, memoranda, notes, reports, lists, files, customer lists, mailing lists, software, disks, credit cards, door and file keys, computer access codes, instructional manuals, and other physical or personal property which Key Employee received or prepared or helped to prepare in connection with his relationship with the Company including, but not limited to, any confidential information (as set forth above) of the Company or any of its subsidiaries and affiliates which he may then possess or have under his control, and Key Employee shall not retain any copies, duplicates, reproductions or excerpts thereof.

(e) Agreement not to Solicit. During the Employment Term and for the Post-Termination Period, Key Employee shall not (except on behalf of or with the written consent of the Company), either directly or indirectly, on Key Employee's own behalf or in the service or on behalf of others, (i) solicit, divert, or appropriate, or (ii) attempt to solicit, divert, or appropriate, any person or entity that is or was a customer of the Company or any of its affiliates at any time during the twelve (12) months prior to the date of termination and with whom Key Employee has had material contact.

(f) Agreement not to Recruit. During the Employment Term and for the Post-Termination Period, Key Employee shall not, either directly or indirectly, on Key Employee's behalf or in the service or on behalf of others, (i) solicit, divert, or hire away, or (ii) attempt to solicit, divert, or hire away, any employee of or consultant to the Company or its subsidiaries or affiliates.

(g) Reasonableness of Restrictions. Key Employee acknowledges that the geographic boundaries, scope of prohibited activities, and time duration set forth in this Section 3.9 are reasonable in nature and are no broader than are necessary to maintain the goodwill of the Company and the confidentiality of its confidential information and to protect the legitimate business interests of the Company, and that the enforcement of such provisions would not cause Key Employee any undue hardship nor unreasonably interfere with Key Employee's ability to earn a livelihood. If any court determines that any portion of this Section 3.9 is invalid or unenforceable, the remainder of this Section 3.9 will not thereby be affected and will be given full effect without regard to the invalid provisions. If any court construes any of the provisions of this Section 3.9, or any part thereof, to be unreasonable because of the duration or scope of such provision, such court shall reduce the duration or scope of such provision and enforce such provision as so reduced.

(h) Enforcement. Upon Key Employee's employment with an entity that is not a subsidiary or affiliate of the Company (a "**Successor Employer**") during the period that the provisions of this Section 3.9 remain in effect, Key Employee will provide such Successor Employer with a copy of this Agreement and will notify the Company of such employment within thirty (30) days thereof. Key Employee agrees that in the event of a breach or threatened breach of the terms and conditions of this Section 3.9 by Key Employee, the Company will be entitled, if it so elects, to institute and prosecute proceedings, either in law or in equity, against Key Employee, to obtain damages for any such breach, or to enjoin (in the form of specific performance, temporary restraining order, temporary or permanent injunction or otherwise) Key Employee from any conduct in violation of this Section 3.9, without having to post a bond.

3.10 Parachute Payments. Notwithstanding anything to the contrary in this Agreement, if it is determined (as hereafter provided) that any payment or distribution to or for Key Employee's benefit, whether paid or payable or distributed or distributable pursuant to the terms of this Agreement or otherwise pursuant to or by reason of any other agreement, policy, plan, program or arrangement, including without limitation any stock option, stock appreciation right or similar right, or the lapse or termination of any restriction on or the vesting or exercisability of any of the foregoing (a "Payment"), would be subject to the excise tax imposed by Section 4999 of the Code (or any successor provision thereto) or to any similar tax imposed by state or local law, or any interest or penalties with respect to such excise tax (such tax or taxes, together with any such interest and penalties, are hereafter collectively referred to as the "Excise Tax"), then Key Employee shall be entitled to receive an additional payment or payments (a "Gross-Up Payment") in an amount such that, after payment by Key Employee of all taxes (including any interest or penalties imposed with respect to such taxes), including any Excise Tax, imposed upon the Gross-Up Payment, Key Employee retains an amount of the Gross-Up Payment equal to the Excise Tax imposed upon the Payments. For purposes of determining whether any of the Payments will be subject to the Excise Tax and the amount of such Excise Tax, (i) all of the Payments shall be treated as "parachute payments" within the meaning of section 28OG(b)(2) of the Code, and all "excess parachute payments" within the meaning of section 28OG(b)(1) of the Code shall be treated as subject to the Excise Tax, unless in the opinion of tax counsel selected by the Company's independent auditors and reasonably acceptable to Key Employee such other payments or benefits (in whole or in part) do not constitute parachute payments, including by reason of section 28OG(b)(4)(A) of the Code, or such excess parachute payments (in whole or in part) represent reasonable compensation for services actually rendered, within the meaning of section 28OG(b)(4)(B) of the Code, in excess of the "base amount" (as such term is defined in section 28OG(b)(3) of the Code) allocable to such reasonable compensation, or are otherwise not subject to the Excise Tax, (ii) the amount of the Payments which shall be treated as subject to the Excise Tax shall be equal to the lesser of (A) the total amount of the Payments or (B) the amount of excess parachute payments within the meaning of section 28OG(b)(1) of the Code (after applying clause (i), above), and (iii) the value of any non-cash benefits or any deferred payment or benefit shall be determined by the Company's independent auditors in accordance with the principles of sections 28OG(d)(3) and (4) of the Code. For purposes of determining the amount of the Gross-Up Payment, Key Employee shall be deemed to pay federal income taxes at the highest marginal rate of federal income taxation in the calendar year in which the Gross-Up Payment is to be made and state and local income taxes at the highest marginal rate of taxation in the state and locality of Key Employee's residence on the date of termination, net of the maximum reduction in federal income taxes which could be obtained from deduction of such state and local taxes. In the event that the Excise Tax is subsequently determined to be less than the amount taken into account hereunder at the time of Key Employee's termination of employment, Key Employee shall repay to the Company, at the time that the amount of such reduction in Excise Tax is finally determined, the portion of the Gross-Up Payment attributable to such reduction (plus that portion of the Gross-Up Payment attributable to the Excise Tax and federal, state and local income tax imposed on the Gross-Up Payment being repaid by Key Employee to the extent that such repayment results in a reduction in Excise Tax and/or a federal, state or local income tax deduction) plus interest on the amount of such repayment at the rate provided in section 1274(b)(2)(B) of the Code. In the event that the Excise Tax is determined to exceed the amount

taken into account hereunder (including by reason of any payment the existence or amount of which cannot be determined at the time of the Gross-Up Payment), the Company shall make an additional Gross-Up Payment in respect of such excess (plus any interest, penalties or additions payable by Key Employee with respect to such excess) at the time that the amount of such excess is finally determined. Key Employee and the Company shall each reasonably cooperate with the other in connection with any administrative or judicial proceedings concerning the existence or amount of liability for Excise Tax with respect to the Severance Payments. Notwithstanding anything in this Agreement to the contrary, in no event shall payments under this Section be made later than the end of Key Employee's taxable year following the taxable year in which the related Excise Tax is remitted by or on behalf of the Key Employee.

3.11 **Payments Subject to Section 409A of the Code.** Notwithstanding the foregoing provisions of this ARTICLE III, to the extent required by Section 409A of the Code and applicable guidance thereunder, payments that Key Employee would otherwise be entitled to receive hereunder during the first six months following the date of Key Employee's termination of employment will be accumulated and paid on the date that is six months and one day after the date of Key Employee's termination of employment (or if such payment date does not fall on a business day of the Company, the next following business day of the Company), or such earlier date upon which such amount can be paid without adverse tax consequences to Key Employee under section 409A of the Code; provided, however, that no such delay shall apply with respect to payments to which Key Employee is entitled in the event of his death.

ARTICLE IV
MISCELLANEOUS

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

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

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

4.4 **Entire Agreement.** Except as provided in the written benefit plans and programs referenced in Section 2.3(c) and Section 2.3(d), this Agreement embodies the complete agreement and understanding among the parties hereto with respect to the subject matter hereof and supersede and preempt any prior understandings, agreements or representations by or among the parties, written or oral, which may have related to the subject matter hereof in any way.

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

4.6 **Legal Fees**. The Company shall reimburse Key Employee for all reasonable legal fees and expenses incurred by the Executive in a dispute regarding the Key Employee's rights under this Agreement, within forty-five (45) day of when such fees and expenses are incurred, but in no event later than the end of the taxable year in which such fees and expenses are incurred, unless a court of competent jurisdiction determines the Key Employee's position in such dispute not to be bona fide.

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

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

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

[Signature Page Follows]

INTENDING TO BE BOUND, the parties hereto have executed this Agreement as of the date first set forth above.

COMPANY:

MYR GROUP INC.

By: /s/ WILLIAM A. KOERTNER
Name: William A. Koertner
Title: President and CEO

KEY EMPLOYEE:

/s/ GERALD B. ENGEN, JR.
Gerald B. Engen, Jr.

Exhibit 10.9

EMPLOYMENT AGREEMENT
(John A. Fluss)

This **EMPLOYMENT AGREEMENT**, dated as of December 1, 2007 (this "**Agreement**"), is by and between MYR Group Inc., a Delaware corporation (the "**Company**"), and John A. Fluss (the "**Key Employee**"). This Agreement shall become effective upon the closing of the offering and sale of equity securities by the Company (the "**Effective Date**") pursuant to a Purchase/Placement Agreement to be entered into by and between the Company and Friedman, Billings, Ramsey & Co., Inc. (the "**Financing**"); provided, that this Agreement shall be null and void, and of no force or effect, if such closing does not occur within ninety (90) days after the date hereof.

W I T N E S S E T H:

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

WHEREAS, the Company recognizes Key Employee's efforts and desires to reward those efforts to protect and enhance the best interests of the Company.

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

ARTICLE I
DEFINITIONS AND INTERPRETATIONS

1.1 Definitions.

(a) "**Base Salary**" means the Key Employee's base salary as in effect from time to time, as described in Section 2.3(a).

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

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

(i) A material breach by Key Employee of Sections 3.9(d), (e) or (f) of this Agreement (regarding the noncompetition provisions);

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

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

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

Notwithstanding the foregoing, Key Employee shall not be deemed to have been terminated for Cause pursuant to this Section 1.1(c) unless and until there shall have been delivered to him a copy of a resolution duly adopted by at least seventy-five percent (75%) of the entire membership of the Board (not including for this purpose Key Employee if 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 Key Employee and a reasonable opportunity for him, together with his counsel, to be heard before the Board), finding that in the good faith opinion of the Board, Key Employee engaged in conduct set forth in this Section 1.1(c).

(d) "**Change in Control**" means the occurrence of a "change in the ownership of the Company," a "change in the effective control of the Company," or a "change in the ownership of a substantial portion of the Company's assets," as defined in Treasury Regulation §§1.409A-3(i)(5)(v), (vi) and (vii), respectively.

(e) "**COBRA**" means the Consolidated Omnibus Budget Reconciliation Act of 1986, as amended.

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

(g) "**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, Key Employee is unable to engage in any substantial gainful activity or is receiving income replacement benefits under an accident and health plan covering employees of the Company for a period of not less than three months.

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

(i) a reduction of Key Employee's Base Salary and/or annual target bonus opportunity without Key Employee's consent,

(ii) a material reduction of Key Employee's duties (without the Key Employee's consent) from those in effect as of the Effective Date or as subsequently agreed to by Key Employee and the Company for which Key Employee shall have given the Company written notice of such breach and the Company shall have failed to cure such breach within thirty (30) days after receipt of such notice,

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

(iv) any other material breach by the Company of a material provision of this Agreement for which Key Employee shall have given the Company written notice of such breach and the Company shall have failed to cure such breach within thirty (30) days after receipt of such notice.

(i) **"Post-Termination Period"** means the period beginning on the date that Key Employee's employment terminates and ending on the first anniversary of such date; provided, however, that with respect to a termination without Good Reason, such period shall

begin on the date that Key Employee's employment terminates and end on the six-month anniversary of such date.

(j) "**Protection Period**" means the period beginning on the date of the occurrence of a Change in Control and ending 12 months following the occurrence of a Change in Control.

(k) "**Severance Pay**" means

(i) one-half (1/2) the sum of Key Employee's annual Base Salary and Target Bonus as of the date of his termination of employment, in the case of a termination by Key Employee without Good Reason, whether or not during the Protection Period;

(ii) two (2) times the sum of Key Employee's annual Base Salary and Target Bonus as of the date of his termination of employment, in the case of a termination Without Cause outside the Protection Period or a termination by Key Employee with Good Reason outside the Protection Period; and

(iii) three (3) times the sum of Key Employee's annual Base Salary and Target Bonus as of the date of his termination of employment, in the case of a termination Without Cause during the Protection Period or a termination by Key Employee for Good Reason during the Protection Period.

(l) "**Severance Period**" means

(i) the six (6) month period following the date of his termination of employment, in the case of a termination by Key Employee without Good Reason, whether or not during the Protection Period; and

(ii) the two (2) year period following the date of his termination of employment, in the case of a termination Without Cause or a termination by Key Employee for Good Reason, whether or not during the Protection Period.

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

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

ARTICLE II
EMPLOYMENT AND DUTIES

2.1 **<u>Term</u>.** The term of this Agreement shall be three (3) years commencing on the Effective Date of this Agreement (the "**Initial Term**"), provided, however, that the Agreement shall automatically be extended for an additional one-year period at the end of the Initial Term and each one-year anniversary thereafter (each a "**Renewal Term**" and together with the Initial Term being referred to herein as the "**Employment Term**"), unless not later than one-hundred eighty (180) days prior to the end of the then-current period, either Key Employee or the Company shall have provided written notice to the other party that it does not wish to extend the Agreement.

2.2 **<u>Position, Duties and Services</u>.** The Key Employee shall serve in the position of Group Vice President and shall have duties and responsibilities consistent with an executive serving in such capacity. The Key Employee shall perform such duties and responsibilities diligently and to the best of his abilities. The Key Employee's employment will be subject to the supervision and direction of the Chief Executive Officer of the Company and the Board.

2.3 **<u>Compensation</u>.**

(a) <u>Base Salary</u>. Key Employee shall receive an initial Base Salary at the rate of two hundred thirty thousand fifty dollars ($230,050) per annum payable in periodic installments in accordance with the Company's normal payroll practices and procedures, which Base Salary may be increased (but not decreased) by the Board or (a committee thereof) from time to time.

(b) <u>Target Bonus</u>. During the Employment Term, Key Employee shall be eligible to receive an annual target bonus (the "Target Bonus") equal to fifty percent (50%) of Executive's Base Salary, based on the achievement of annual performance objectives, as determined by the Board (or a committee thereof) in its discretion.

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

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

2.4 **<u>Severance Benefit</u>.** Key Employee shall be entitled to receive the severance benefits described in <u>ARTICLE III</u> upon his termination of employment during the Employment Term, provided he satisfies the requirements outlined in <u>ARTICLE III</u>. Notwithstanding anything in this Agreement to the contrary, for all purposes of this Agreement, Key Employee shall not be deemed to have incurred a termination of employment unless Key Employee has incurred a "separation from service" as defined in Treasury Regulation §1.409A-1(h).

2.5 **Indemnification.** The Company shall (i) indemnify, hold harmless and defend Key Employee to the extent permitted under applicable law from and against reasonable costs, including reasonable attorneys fees, incurred by him in connection with or arising out of any acts or decisions made by Key Employee in the course and scope of his employment hereunder and (ii) pay all reasonable expenses and reasonable attorney's fees actually incurred by Key Employee in connection with or relating to the defense of any claim, action, suit or proceeding by any third party against Key Employee arising out of or relating to any acts or decisions made by Key Employee in the course and scope of his employment hereunder; provided, however, that such indemnification shall not apply with respect to the commission of a criminal act or any gross misconduct by Key Employee. This Section 2.5 shall survive the termination or expiration of this Agreement.

ARTICLE III
EARLY TERMINATION

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

3.2 **Disability.** In the event of Key Employee's Disability during the Employment Term, the Agreement and Key Employee's employment with the Company shall terminate and Key Employee shall be entitled to payment of the following benefits: (a) his Base Salary through the date of such termination; (b) long-term disability benefits pursuant to the terms of any long-term disability policy provided to similarly situated employees of the Company in which Key Employee is a participant; and (c) any compensation and benefits payable pursuant to the terms of the compensation and benefit plans specified in Section 2.3 in which Key Employee is a participant.

3.3 **Termination for Cause by Company.** If Key Employee's employment is terminated during the Employment Term for Cause, the Company shall pay Key Employee through the date of termination (a) his Base Salary in effect at the time notice of termination is given and (b) any compensation and benefits payable pursuant to the terms of the compensation and benefit plans specified in Section 2.3 in which Key Employee is a participant.

3.4 **Termination Without Good Reason by Key Employee.** If Key Employee terminates his employment with the Company during the Employment Term without Good Reason, whether or not during the Protection Period, Key Employee shall be entitled to (a) his unpaid Base Salary through the date of termination; (b) any compensation and benefits payable pursuant to the terms of the compensation and benefit plans specified in Section 2.3 in which Key Employee is a participant; (c) a lump sum payment equal to his Severance Pay, and (d) during the Severance Period, Company-paid benefit continuation coverage, on an insured or uninsured basis as determined by the Company in its sole discretion, concurrent with COBRA, for Key Employee and his family under the welfare benefit plans specified in Section 2.3(d) in which Key Employee is a participant, on the same basis as such benefits are provided to active employees; provided, however, that if Key Employee breaches the provisions of Section 3.9(b),

(d), (e) or (f) before the end of the Severance Period, Key Employee shall forfeit the right to benefit continuation coverage for the remainder of the Severance Period and, within thirty (30) days of such breach, Key Employee shall be required to remit to the Company a pro-rata portion of his Severance Pay, calculated as the product of (i) the Severance Pay received by Key Employee upon his termination, times (ii) a fraction, the numerator of which shall be the number of months from Key Employee's termination to the date of such breach and the denominator of which shall be six (6) (the number of months in the Severance Period). Notwithstanding anything to the contrary herein, if Key Employee becomes re-employed by another employer during the Severance Period, Key Employee shall provide written notice of such re-employment to the Company within thirty (30) days of the commencement of such new employment, at which time the Company-paid benefit continuation coverage described herein shall be terminated and Key Employee shall be required to remit to the Company a pro-rata portion of his Severance Pay, calculated as the product of (i) the Severance Pay received by Key Employee upon his termination, times (ii) a fraction, the numerator of which shall be the number of months from Key Employee's termination to the date of such re-employment and the denominator of which shall be six (6). Subject to Section 3.11, the payment of any Severance Pay and the continuation of welfare benefit plan coverage, as provided in Section 2.3(d), shall be made (or commence) in the month immediately following the month in which the waiver and release of claims described in Section 3.8 becomes non-revocable.

3.5 Termination Without Cause or for Good Reason Outside the Protection Period. If, during the Employment Term and outside the Protection Period, the Key Employee's employment is terminated by the Company Without Cause or Key Employee terminates his employment with the Company for Good Reason, he shall be entitled to (a) his unpaid Base Salary through the date of termination; (b) any compensation and benefits payable pursuant to the terms of the compensation and benefit plans specified in Section 2.3 in which Key Employee is a participant; (c) a lump sum payment equal to his Severance Pay; and (d) during the Severance Period, Company-paid benefit continuation coverage, on an insured or uninsured basis as determined by the Company in its sole discretion, concurrent with COBRA, for Key Employee and his family under the welfare benefit plans specified in Section 2.3(d) in which Key Employee is a participant, on the same basis as such benefits are provided to active employees. Notwithstanding anything to the contrary herein, if Key Employee becomes re-employed by another employer during the Severance Period, Key Employee shall provide written notice of such re-employment to the Company within thirty (30) days of the commencement of such new employment, at which time the Company-paid benefit continuation coverage described herein shall be terminated. Subject to Section 3.11, the payment of any Severance Pay and the continuation of welfare benefit plan coverage, as provided in Section 2.3(d), shall be made (or commence) in the month immediately following the month in which the waiver and release of claims described in Section 3.8 becomes non-revocable.

3.6 Termination Without Cause or for Good Reason During the Protection Period. If, during the Employment Term and during the Protection Period, Key Employee's employment is terminated by the Company Without Cause or Key Employee terminates his employment with the Company for Good Reason, he shall be entitled to (a) his unpaid Base Salary through the date of termination; (b) any compensation and benefits payable pursuant to the terms of the compensation and benefit plans specified in Section 2.3 in which Key Employee is a participant; (c) a lump sum payment equal to his Severance Pay; and (d) during the

Severance Period, Company-paid benefit continuation coverage, on an insured or uninsured basis as determined by the Company in its sole discretion, concurrent with COBRA, for Key Employee and his family under the welfare benefit plans specified in Section 2.3(d) in which Key Employee is a participant, on the same basis as such benefits are provided to active employees. Notwithstanding anything to the contrary herein, if Key Employee becomes re-employed by another employer during the Severance Period, Key Employee shall provide written notice of such re-employment to the Company within thirty (30) days of the commencement of such new employment, at which time the Company-paid benefit continuation coverage described herein shall be terminated. Subject to Section 3.11, the payment of any Severance Pay and the continuation of welfare benefit plan coverage, as provided in Section 2.3(d), shall be made (or commence) in the month following the month in which the waiver and release of claims described in Section 3.8 becomes non-revocable. In the event of Key Employee's termination under this Section 3.6, Key Employee shall not be bound by the provisions of Section 3.9(b).

3.7 **Termination of Company's Obligations.** Upon termination of Key Employee's employment for any reason, the Company's obligations under this Agreement shall terminate and Key Employee shall be entitled to no compensation and benefits other than that provided in this ARTICLE III. Notwithstanding such termination, the parties' obligations under Sections 2.5 and 3.9 of this Agreement shall remain in full force and effect.

3.8 **Release.** Notwithstanding the foregoing provisions of this ARTICLE III, Key Employee shall be entitled to the additional benefits specified in Section 3.4 (regarding termination Without Good Reason whether or not during the Protection Period), Section 3.5 (regarding termination Without Cause or for Good Reason outside the Protection Period) and Section 3.6 (regarding termination Without Cause or for Good Reason during the Protection Period) (*i.e.*, those in addition to the payment of his Base Salary through the date of termination and any benefits payable pursuant to the terms of the compensation and benefit plans specified in Section 2.3 in which Key Employee is a participant), only upon his execution (and non-revocation) of a waiver and release of all claims substantially in the form attached hereto, which execution must occur before the forty-fifth ($45^{th)}$ day immediately following the date of termination; provided, however, that in any case where such forty-five (45) day period extends into December of any calendar year, any payments required to be made to Key Employee that are treated as deferred compensation for purposes of Section 409A shall be made no earlier than January 1 of the following calendar year.

3.9 **Non-Competition; Non-Solicitation; Confidentiality.**

(a) Key Employee acknowledges and agrees that: (i) the Company is engaged in the business of power line and commercial/industrial electrical construction services for electric utilities, telecommunication providers, commercial/industrial facilities, and government agencies and electrical construction and maintenance services for industrial and power generation clients (the "Business"); (ii) the Business is intensely competitive; (iii) Key Employee's customer relationships are near permanent and but for Key Employee's association with the Company, Key Employee would not have had contact with the customers; (iv) Key Employee will continue to develop and have access to and knowledge of non-public information of the Company and its clients; (v) the direct or indirect disclosure of any such confidential

information to existing or potential competitors of the Company would place the Company at a competitive disadvantage and would do damage to the Company; (vi) Key Employee has developed goodwill with the Company's clients at the substantial expense of the Company; (vii) but for Key Employee entering into the covenants set forth in this Section 3.9, the Company would not have entered into the Financing and the closing of the offering and sale of equity securities by the Company as set forth above, (viii) Key Employee engaging in any of the activities prohibited by this Section 3.9, would constitute improper appropriation and/or use of the Company's confidential information and/or goodwill, (ix) Key Employee's association with the Company has been critical, and Key Employee's association with the Company is expected to continue to be critical, to the success of the Company, (x) the services to be rendered by Key Employee to the Company are of a special and unique character, (xi) Company conducts the Business throughout the United States, (xii) the noncompetition and other restrictive covenants and agreements set forth in this Agreement are fair and reasonable and it would not be reasonable to enter into the Financing without obtaining such non-competition and other restrictive covenants and agreements, and (xiii) in light of the foregoing and of Key Employee's education, skills, abilities and financial resources, Key Employee acknowledges and agrees that the Key Employee will not assert, and it should not be considered, that enforcement of any of the covenants set forth in this Section 3.9 would prevent Key Employee from earning a living or otherwise are void, voidable or unenforceable or should be voided or held unenforceable.

(b) Agreement not to Compete. Key Employee will not, during his employment and the Post-Termination Period, directly or indirectly, carry on or conduct, the Business or any business of the nature in which the Company or its subsidiaries are then engaged in any geographical area in which the Company or its subsidiaries or affiliates engage in business at the time of such termination or any new line of business with respect to which Key Employee has created, received or had access to confidential information (as set forth below). Key Employee agrees that he will not so conduct or engage in the Business or any such business in any capacity, including as an individual on his own account or as a partner or joint venturer or as an employee, agent, consultant or salesman for any other person or entity, or as an officer or director of a corporation, provided, that Key Employee may be a shareholder in any public corporation if he does not own ten percent (10%) or more of any class of its stock.

(c) Confidential Information. Key Employee will not, directly or indirectly, at any time following termination of his employment with the Company for any reason, reveal, divulge or make known to any person or entity, or use for Key Employee's personal benefit (including for the purpose of soliciting business, whether or not competitive with any business of the Company or its subsidiaries or affiliates), any information acquired during the Employment Term with regard to the financial, business or other affairs of the Company or its subsidiaries or affiliates (including any list or record of persons or entities with which the Company or its subsidiaries or affiliates has any dealings), other than (i) information already in the public domain; or (ii) information that Key Employee is required to disclose under the following circumstances: (A) at the direction of any authorized governmental entity; (B) pursuant to a subpoena or other court process; (C) as otherwise required by law or the rules, regulations, or orders of any applicable regulatory body; or (D) as otherwise necessary, in the opinion of counsel for Key Employee, to be disclosed by Key Employee in connection with any legal action or proceeding involving Key Employee in his capacity as an employee, officer, director, or stockholder of the Company or any subsidiary or affiliate of the Company.

(d) Key Employee will, upon the earlier of (i) any time requested by the Company or (ii) termination of his employment with the Company for any reason, promptly deliver to the Company all documents, memoranda, notes, reports, lists, files, customer lists, mailing lists, software, disks, credit cards, door and file keys, computer access codes, instructional manuals, and other physical or personal property which Key Employee received or prepared or helped to prepare in connection with his relationship with the Company including, but not limited to, any confidential information (as set forth above) of the Company or any of its subsidiaries and affiliates which he may then possess or have under his control, and Key Employee shall not retain any copies, duplicates, reproductions or excerpts thereof.

(e) Agreement not to Solicit. During the Employment Term and for the Post-Termination Period, Key Employee shall not (except on behalf of or with the written consent of the Company), either directly or indirectly, on Key Employee's own behalf or in the service or on behalf of others, (i) solicit, divert, or appropriate, or (ii) attempt to solicit, divert, or appropriate, any person or entity that is or was a customer of the Company or any of its affiliates at any time during the twelve (12) months prior to the date of termination and with whom Key Employee has had material contact.

(f) Agreement not to Recruit. During the Employment Term and for the Post-Termination Period, Key Employee shall not, either directly or indirectly, on Key Employee's behalf or in the service or on behalf of others, (i) solicit, divert, or hire away, or (ii) attempt to solicit, divert, or hire away, any employee of or consultant to the Company or its subsidiaries or affiliates.

(g) Reasonableness of Restrictions. Key Employee acknowledges that the geographic boundaries, scope of prohibited activities, and time duration set forth in this Section 3.9 are reasonable in nature and are no broader than are necessary to maintain the goodwill of the Company and the confidentiality of its confidential information and to protect the legitimate business interests of the Company, and that the enforcement of such provisions would not cause Key Employee any undue hardship nor unreasonably interfere with Key Employee's ability to earn a livelihood. If any court determines that any portion of this Section 3.9 is invalid or unenforceable, the remainder of this Section 3.9 will not thereby be affected and will be given full effect without regard to the invalid provisions. If any court construes any of the provisions of this Section 3.9, or any part thereof, to be unreasonable because of the duration or scope of such provision, such court shall reduce the duration or scope of such provision and enforce such provision as so reduced.

(h) Enforcement. Upon Key Employee's employment with an entity that is not a subsidiary or affiliate of the Company (a "**Successor Employer**") during the period that the provisions of this Section 3.9 remain in effect, Key Employee will provide such Successor Employer with a copy of this Agreement and will notify the Company of such employment within thirty (30) days thereof. Key Employee agrees that in the event of a breach or threatened breach of the terms and conditions of this Section 3.9 by Key Employee, the Company will be entitled, if it so elects, to institute and prosecute proceedings, either in law or in equity, against Key Employee, to obtain damages for any such breach, or to enjoin (in the form of specific performance, temporary restraining order, temporary or permanent injunction or otherwise) Key Employee from any conduct in violation of this Section 3.9, without having to post a bond.

3.10 Parachute Payments. Notwithstanding anything to the contrary in this Agreement, if it is determined (as hereafter provided) that any payment or distribution to or for Key Employee's benefit, whether paid or payable or distributed or distributable pursuant to the terms of this Agreement or otherwise pursuant to or by reason of any other agreement, policy, plan, program or arrangement, including without limitation any stock option, stock appreciation right or similar right, or the lapse or termination of any restriction on or the vesting or exercisability of any of the foregoing (a "Payment"), would be subject to the excise tax imposed by Section 4999 of the Code (or any successor provision thereto) or to any similar tax imposed by state or local law, or any interest or penalties with respect to such excise tax (such tax or taxes, together with any such interest and penalties, are hereafter collectively referred to as the "Excise Tax"), then Key Employee shall be entitled to receive an additional payment or payments (a "Gross-Up Payment") in an amount such that, after payment by Key Employee of all taxes (including any interest or penalties imposed with respect to such taxes), including any Excise Tax, imposed upon the Gross-Up Payment, Key Employee retains an amount of the Gross-Up Payment equal to the Excise Tax imposed upon the Payments. For purposes of determining whether any of the Payments will be subject to the Excise Tax and the amount of such Excise Tax, (i) all of the Payments shall be treated as "parachute payments" within the meaning of section 28OG(b)(2) of the Code, and all "excess parachute payments" within the meaning of section 28OG(b)(1) of the Code shall be treated as subject to the Excise Tax, unless in the opinion of tax counsel selected by the Company's independent auditors and reasonably acceptable to Key Employee such other payments or benefits (in whole or in part) do not constitute parachute payments, including by reason of section 28OG(b)(4)(A) of the Code, or such excess parachute payments (in whole or in part) represent reasonable compensation for services actually rendered, within the meaning of section 28OG(b)(4)(B) of the Code, in excess of the "base amount" (as such term is defined in section 28OG(b)(3) of the Code) allocable to such reasonable compensation, or are otherwise not subject to the Excise Tax, (ii) the amount of the Payments which shall be treated as subject to the Excise Tax shall be equal to the lesser of (A) the total amount of the Payments or (B) the amount of excess parachute payments within the meaning of section 28OG(b)(1) of the Code (after applying clause (i), above), and (iii) the value of any non-cash benefits or any deferred payment or benefit shall be determined by the Company's independent auditors in accordance with the principles of sections 28OG(d)(3) and (4) of the Code. For purposes of determining the amount of the Gross-Up Payment, Key Employee shall be deemed to pay federal income taxes at the highest marginal rate of federal income taxation in the calendar year in which the Gross-Up Payment is to be made and state and local income taxes at the highest marginal rate of taxation in the state and locality of Key Employee's residence on the date of termination, net of the maximum reduction in federal income taxes which could be obtained from deduction of such state and local taxes. In the event that the Excise Tax is subsequently determined to be less than the amount taken into account hereunder at the time of Key Employee's termination of employment, Key Employee shall repay to the Company, at the time that the amount of such reduction in Excise Tax is finally determined, the portion of the Gross-Up Payment attributable to such reduction (plus that portion of the Gross-Up Payment attributable to the Excise Tax and federal, state and local income tax imposed on the Gross-Up Payment being repaid by Key Employee to the extent that such repayment results in a reduction in Excise Tax and/or a federal, state or local income tax deduction) plus interest on the amount of such repayment at the rate provided in section 1274(b)(2)(B) of the Code. In the event that the Excise Tax is determined to exceed the amount

taken into account hereunder (including by reason of any payment the existence or amount of which cannot be determined at the time of the Gross-Up Payment), the Company shall make an additional Gross-Up Payment in respect of such excess (plus any interest, penalties or additions payable by Key Employee with respect to such excess) at the time that the amount of such excess is finally determined. Key Employee and the Company shall each reasonably cooperate with the other in connection with any administrative or judicial proceedings concerning the existence or amount of liability for Excise Tax with respect to the Severance Payments. Notwithstanding anything in this Agreement to the contrary, in no event shall payments under this Section be made later than the end of Key Employee's taxable year following the taxable year in which the related Excise Tax is remitted by or on behalf of the Key Employee.

3.11 **Payments Subject to Section 409A of the Code.** Notwithstanding the foregoing provisions of this ARTICLE III, to the extent required by Section 409A of the Code and applicable guidance thereunder, payments that Key Employee would otherwise be entitled to receive hereunder during the first six months following the date of Key Employee's termination of employment will be accumulated and paid on the date that is six months and one day after the date of Key Employee's termination of employment (or if such payment date does not fall on a business day of the Company, the next following business day of the Company), or such earlier date upon which such amount can be paid without adverse tax consequences to Key Employee under section 409A of the Code; provided, however, that no such delay shall apply with respect to payments to which Key Employee is entitled in the event of his death.

ARTICLE IV
MISCELLANEOUS

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

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

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

4.4 **Entire Agreement.** Except as provided in the written benefit plans and programs referenced in Section 2.3(c) and Section 2.3(d), this Agreement embodies the complete agreement and understanding among the parties hereto with respect to the subject matter hereof and supersede and preempt any prior understandings, agreements or representations by or among the parties, written or oral, which may have related to the subject matter hereof in any way.

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

4.6 **Legal Fees**. The Company shall reimburse Key Employee for all reasonable legal fees and expenses incurred by the Executive in a dispute regarding the Key Employee's rights under this Agreement, within forty-five (45) day of when such fees and expenses are incurred, but in no event later than the end of the taxable year in which such fees and expenses are incurred, unless a court of competent jurisdiction determines the Key Employee's position in such dispute not to be bona fide.

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

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

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

[Signature Page Follows]

INTENDING TO BE BOUND, the parties hereto have executed this Agreement as of the date first set forth above.

COMPANY:
MYR GROUP INC.

By: /s/ WILLIAM A. KOERTNER
Name: William A. Koertner
Title: President and CEO

KEY EMPLOYEE:

/s/ JOHN A. FLUSS
John A. Fluss

Exhibit 10.10

EMPLOYMENT AGREEMENT
(William H. Green)

This **EMPLOYMENT AGREEMENT**, dated as of December 1, 2007 (this "**Agreement**"), is by and between MYR Group Inc., a Delaware corporation (the "**Company**"), and William H. Green (the "**Key Employee**"). This Agreement shall become effective upon the closing of the offering and sale of equity securities by the Company (the "**Effective Date**") pursuant to a Purchase/Placement Agreement to be entered into by and between the Company and Friedman, Billings, Ramsey & Co., Inc. (the "**Financing**"); provided, that this Agreement shall be null and void, and of no force or effect, if such closing does not occur within ninety (90) days after the date hereof.

W I T N E S S E T H:

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

WHEREAS, the Company recognizes Key Employee's efforts and desires to reward those efforts to protect and enhance the best interests of the Company.

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

ARTICLE I
DEFINITIONS AND INTERPRETATIONS

1.1 Definitions.

(a) "**Base Salary**" means the Key Employee's base salary as in effect from time to time, as described in Section 2.3(a).

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

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

(i) A material breach by Key Employee of Sections 3.9(d), (e) or (f) of this Agreement (regarding the noncompetition provisions);

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

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

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

Notwithstanding the foregoing, Key Employee shall not be deemed to have been terminated for Cause pursuant to this Section 1.1(c) unless and until there shall have been delivered to him a copy of a resolution duly adopted by at least seventy-five percent (75%) of the entire membership of the Board (not including for this purpose Key Employee if 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 Key Employee and a reasonable opportunity for him, together with his counsel, to be heard before the Board), finding that in the good faith opinion of the Board, Key Employee engaged in conduct set forth in this Section 1.1(c).

(d) "**Change in Control**" means the occurrence of a "change in the ownership of the Company," a "change in the effective control of the Company," or a "change in the ownership of a substantial portion of the Company's assets," as defined in Treasury Regulation §§1.409A-3(i)(5)(v), (vi) and (vii), respectively.

(e) "**COBRA**" means the Consolidated Omnibus Budget Reconciliation Act of 1986, as amended.

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

(g) "**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, Key Employee is unable to engage in any substantial gainful activity or is receiving income replacement benefits under an accident and health plan covering employees of the Company for a period of not less than three months.

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

(i) a reduction of Key Employee's Base Salary and/or annual target bonus opportunity without Key Employee's consent,

(ii) a material reduction of Key Employee's duties (without the Key Employee's consent) from those in effect as of the Effective Date or as subsequently agreed to by Key Employee and the Company for which Key Employee shall have given the Company written notice of such breach and the Company shall have failed to cure such breach within thirty (30) days after receipt of such notice,

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

(iv) any other material breach by the Company of a material provision of this Agreement for which Key Employee shall have given the Company written notice of such breach and the Company shall have failed to cure such breach within thirty (30) days after receipt of such notice.

(i) **"Post-Termination Period"** means the period beginning on the date that Key Employee's employment terminates and ending on the first anniversary of such date; provided, however, that with respect to a termination without Good Reason, such period shall

begin on the date that Key Employee's employment terminates and end on the six-month anniversary of such date.

(j) "**Protection Period**" means the period beginning on the date of the occurrence of a Change in Control and ending 12 months following the occurrence of a Change in Control.

(k) "**Severance Pay**" means

(i) one-half (1/2) the sum of Key Employee's annual Base Salary and Target Bonus as of the date of his termination of employment, in the case of a termination by Key Employee without Good Reason, whether or not during the Protection Period;

(ii) two (2) times the sum of Key Employee's annual Base Salary and Target Bonus as of the date of his termination of employment, in the case of a termination Without Cause outside the Protection Period or a termination by Key Employee with Good Reason outside the Protection Period; and

(iii) three (3) times the sum of Key Employee's annual Base Salary and Target Bonus as of the date of his termination of employment, in the case of a termination Without Cause during the Protection Period or a termination by Key Employee for Good Reason during the Protection Period.

(l) "**Severance Period**" means

(i) the six (6) month period following the date of his termination of employment, in the case of a termination by Key Employee without Good Reason, whether or not during the Protection Period; and

(ii) the two (2) year period following the date of his termination of employment, in the case of a termination Without Cause or a termination by Key Employee for Good Reason, whether or not during the Protection Period.

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

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

ARTICLE II
EMPLOYMENT AND DUTIES

2.1 **Term.** The term of this Agreement shall be three (3) years commencing on the Effective Date of this Agreement (the "**Initial Term**"), provided, however, that the Agreement shall automatically be extended for an additional one-year period at the end of the Initial Term and each one-year anniversary thereafter (each a "**Renewal Term**" and together with the Initial Term being referred to herein as the "**Employment Term**"), unless not later than one-hundred eighty (180) days prior to the end of the then-current period, either Key Employee or the Company shall have provided written notice to the other party that it does not wish to extend the Agreement.

2.2 **Position, Duties and Services.** The Key Employee shall serve in the position of Senior Vice President and Chief Operating Officer and shall have duties and responsibilities consistent with an executive serving in such capacity. The Key Employee shall perform such duties and responsibilities diligently and to the best of his abilities. The Key Employee's employment will be subject to the supervision and direction of the Chief Executive Officer of the Company and the Board.

2.3 **Compensation.**

(a) Base Salary. Key Employee shall receive an initial Base Salary at the rate of two hundred ninety-one thousand two hundred dollars ($291,200) per annum payable in periodic installments in accordance with the Company's normal payroll practices and procedures, which Base Salary may be increased (but not decreased) by the Board or (a committee thereof) from time to time.

(b) Target Bonus. During the Employment Term, Key Employee shall be eligible to receive an annual target bonus (the "Target Bonus") equal to fifty-five percent (55%) of Executive's Base Salary, based on the achievement of annual performance objectives, as determined by the Board (or a committee thereof) in its discretion.

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

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

2.4 **Severance Benefit.** Key Employee shall be entitled to receive the severance benefits described in ARTICLE III upon his termination of employment during the Employment Term, provided he satisfies the requirements outlined in ARTICLE III. Notwithstanding anything in this Agreement to the contrary, for all purposes of this Agreement, Key Employee shall not be deemed to have incurred a termination of employment unless Key Employee has incurred a "separation from service" as defined in Treasury Regulation §1.409A-1(h).

2.5 **Indemnification.** The Company shall (i) indemnify, hold harmless and defend Key Employee to the extent permitted under applicable law from and against reasonable costs, including reasonable attorneys fees, incurred by him in connection with or arising out of any acts or decisions made by Key Employee in the course and scope of his employment hereunder and (ii) pay all reasonable expenses and reasonable attorney's fees actually incurred by Key Employee in connection with or relating to the defense of any claim, action, suit or proceeding by any third party against Key Employee arising out of or relating to any acts or decisions made by Key Employee in the course and scope of his employment hereunder; provided, however, that such indemnification shall not apply with respect to the commission of a criminal act or any gross misconduct by Key Employee. This Section 2.5 shall survive the termination or expiration of this Agreement.

ARTICLE III
EARLY TERMINATION

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

3.2 **Disability.** In the event of Key Employee's Disability during the Employment Term, the Agreement and Key Employee's employment with the Company shall terminate and Key Employee shall be entitled to payment of the following benefits: (a) his Base Salary through the date of such termination; (b) long-term disability benefits pursuant to the terms of any long-term disability policy provided to similarly situated employees of the Company in which Key Employee is a participant; and (c) any compensation and benefits payable pursuant to the terms of the compensation and benefit plans specified in Section 2.3 in which Key Employee is a participant.

3.3 **Termination for Cause by Company.** If Key Employee's employment is terminated during the Employment Term for Cause, the Company shall pay Key Employee through the date of termination (a) his Base Salary in effect at the time notice of termination is given and (b) any compensation and benefits payable pursuant to the terms of the compensation and benefit plans specified in Section 2.3 in which Key Employee is a participant.

3.4 **Termination Without Good Reason by Key Employee.** If Key Employee terminates his employment with the Company during the Employment Term without Good Reason, whether or not during the Protection Period, Key Employee shall be entitled to (a) his unpaid Base Salary through the date of termination; (b) any compensation and benefits payable pursuant to the terms of the compensation and benefit plans specified in Section 2.3 in which Key Employee is a participant; (c) a lump sum payment equal to his Severance Pay, and (d) during the Severance Period, Company-paid benefit continuation coverage, on an insured or uninsured basis as determined by the Company in its sole discretion, concurrent with COBRA, for Key Employee and his family under the welfare benefit plans specified in Section 2.3(d) in which Key Employee is a participant, on the same basis as such benefits are provided to active employees; provided, however, that if Key Employee breaches the provisions of Section 3.9(b),

(d), (e) or (f) before the end of the Severance Period, Key Employee shall forfeit the right to benefit continuation coverage for the remainder of the Severance Period and, within thirty (30) days of such breach, Key Employee shall be required to remit to the Company a pro-rata portion of his Severance Pay, calculated as the product of (i) the Severance Pay received by Key Employee upon his termination, times (ii) a fraction, the numerator of which shall be the number of months from Key Employee's termination to the date of such breach and the denominator of which shall be six (6) (the number of months in the Severance Period). Notwithstanding anything to the contrary herein, if Key Employee becomes re-employed by another employer during the Severance Period, Key Employee shall provide written notice of such re-employment to the Company within thirty (30) days of the commencement of such new employment, at which time the Company-paid benefit continuation coverage described herein shall be terminated and Key Employee shall be required to remit to the Company a pro-rata portion of his Severance Pay, calculated as the product of (i) the Severance Pay received by Key Employee upon his termination, times (ii) a fraction, the numerator of which shall be the number of months from Key Employee's termination to the date of such re-employment and the denominator of which shall be six (6). Subject to Section 3.11, the payment of any Severance Pay and the continuation of welfare benefit plan coverage, as provided in Section 2.3(d), shall be made (or commence) in the month immediately following the month in which the waiver and release of claims described in Section 3.8 becomes non-revocable.

3.5 **Termination Without Cause or for Good Reason Outside the Protection Period.** If, during the Employment Term and outside the Protection Period, the Key Employee's employment is terminated by the Company Without Cause or Key Employee terminates his employment with the Company for Good Reason, he shall be entitled to (a) his unpaid Base Salary through the date of termination; (b) any compensation and benefits payable pursuant to the terms of the compensation and benefit plans specified in Section 2.3 in which Key Employee is a participant; (c) a lump sum payment equal to his Severance Pay; and (d) during the Severance Period, Company-paid benefit continuation coverage, on an insured or uninsured basis as determined by the Company in its sole discretion, concurrent with COBRA, for Key Employee and his family under the welfare benefit plans specified in Section 2.3(d) in which Key Employee is a participant, on the same basis as such benefits are provided to active employees. Notwithstanding anything to the contrary herein, if Key Employee becomes re-employed by another employer during the Severance Period, Key Employee shall provide written notice of such re-employment to the Company within thirty (30) days of the commencement of such new employment, at which time the Company-paid benefit continuation coverage described herein shall be terminated. Subject to Section 3.11, the payment of any Severance Pay and the continuation of welfare benefit plan coverage, as provided in Section 2.3(d), shall be made (or commence) in the month immediately following the month in which the waiver and release of claims described in Section 3.8 becomes non-revocable.

3.6 **Termination Without Cause or for Good Reason During the Protection Period.** If, during the Employment Term and during the Protection Period, Key Employee's employment is terminated by the Company Without Cause or Key Employee terminates his employment with the Company for Good Reason, he shall be entitled to (a) his unpaid Base Salary through the date of termination; (b) any compensation and benefits payable pursuant to the terms of the compensation and benefit plans specified in Section 2.3 in which Key Employee is a participant; (c) a lump sum payment equal to his Severance Pay; and (d) during the

Severance Period, Company-paid benefit continuation coverage, on an insured or uninsured basis as determined by the Company in its sole discretion, concurrent with COBRA, for Key Employee and his family under the welfare benefit plans specified in Section 2.3(d) in which Key Employee is a participant, on the same basis as such benefits are provided to active employees. Notwithstanding anything to the contrary herein, if Key Employee becomes re-employed by another employer during the Severance Period, Key Employee shall provide written notice of such re-employment to the Company within thirty (30) days of the commencement of such new employment, at which time the Company-paid benefit continuation coverage described herein shall be terminated. Subject to Section 3.11, the payment of any Severance Pay and the continuation of welfare benefit plan coverage, as provided in Section 2.3(d), shall be made (or commence) in the month following the month in which the waiver and release of claims described in Section 3.8 becomes non-revocable. In the event of Key Employee's termination under this Section 3.6, Key Employee shall not be bound by the provisions of Section 3.9(b).

3.7 **Termination of Company's Obligations.** Upon termination of Key Employee's employment for any reason, the Company's obligations under this Agreement shall terminate and Key Employee shall be entitled to no compensation and benefits other than that provided in this ARTICLE III. Notwithstanding such termination, the parties' obligations under Sections 2.5 and 3.9 of this Agreement shall remain in full force and effect.

3.8 **Release.** Notwithstanding the foregoing provisions of this ARTICLE III, Key Employee shall be entitled to the additional benefits specified in Section 3.4 (regarding termination Without Good Reason whether or not during the Protection Period), Section 3.5 (regarding termination Without Cause or for Good Reason outside the Protection Period) and Section 3.6 (regarding termination Without Cause or for Good Reason during the Protection Period) (*i.e.*, those in addition to the payment of his Base Salary through the date of termination and any benefits payable pursuant to the terms of the compensation and benefit plans specified in Section 2.3 in which Key Employee is a participant), only upon his execution (and non-revocation) of a waiver and release of all claims substantially in the form attached hereto, which execution must occur before the forty-fifth (45th) day immediately following the date of termination; provided, however, that in any case where such forty-five (45) day period extends into December of any calendar year, any payments required to be made to Key Employee that are treated as deferred compensation for purposes of Section 409A shall be made no earlier than January 1 of the following calendar year.

3.9 **Non-Competition; Non-Solicitation; Confidentiality.**

(a) Key Employee acknowledges and agrees that: (i) the Company is engaged in the business of power line and commercial/industrial electrical construction services for electric utilities, telecommunication providers, commercial/industrial facilities, and government agencies and electrical construction and maintenance services for industrial and power generation clients (the "Business"); (ii) the Business is intensely competitive; (iii) Key Employee's customer relationships are near permanent and but for Key Employee's association with the Company, Key Employee would not have had contact with the customers; (iv) Key Employee will continue to develop and have access to and knowledge of non-public information of the Company and its clients; (v) the direct or indirect disclosure of any such confidential

information to existing or potential competitors of the Company would place the Company at a competitive disadvantage and would do damage to the Company; (vi) Key Employee has developed goodwill with the Company's clients at the substantial expense of the Company; (vii) but for Key Employee entering into the covenants set forth in this Section 3.9, the Company would not have entered into the Financing and the closing of the offering and sale of equity securities by the Company as set forth above, (viii) Key Employee engaging in any of the activities prohibited by this Section 3.9, would constitute improper appropriation and/or use of the Company's confidential information and/or goodwill, (ix) Key Employee's association with the Company has been critical, and Key Employee's association with the Company is expected to continue to be critical, to the success of the Company, (x) the services to be rendered by Key Employee to the Company are of a special and unique character, (xi) Company conducts the Business throughout the United States, (xii) the noncompetition and other restrictive covenants and agreements set forth in this Agreement are fair and reasonable and it would not be reasonable to enter into the Financing without obtaining such non-competition and other restrictive covenants and agreements, and (xiii) in light of the foregoing and of Key Employee's education, skills, abilities and financial resources, Key Employee acknowledges and agrees that the Key Employee will not assert, and it should not be considered, that enforcement of any of the covenants set forth in this Section 3.9 would prevent Key Employee from earning a living or otherwise are void, voidable or unenforceable or should be voided or held unenforceable.

(b) Agreement not to Compete. Key Employee will not, during his employment and the Post-Termination Period, directly or indirectly, carry on or conduct, the Business or any business of the nature in which the Company or its subsidiaries are then engaged in any geographical area in which the Company or its subsidiaries or affiliates engage in business at the time of such termination or any new line of business with respect to which Key Employee has created, received or had access to confidential information (as set forth below). Key Employee agrees that he will not so conduct or engage in the Business or any such business in any capacity, including as an individual on his own account or as a partner or joint venturer or as an employee, agent, consultant or salesman for any other person or entity, or as an officer or director of a corporation, provided, that Key Employee may be a shareholder in any public corporation if he does not own ten percent (10%) or more of any class of its stock.

(c) Confidential Information. Key Employee will not, directly or indirectly, at any time following termination of his employment with the Company for any reason, reveal, divulge or make known to any person or entity, or use for Key Employee's personal benefit (including for the purpose of soliciting business, whether or not competitive with any business of the Company or its subsidiaries or affiliates), any information acquired during the Employment Term with regard to the financial, business or other affairs of the Company or its subsidiaries or affiliates (including any list or record of persons or entities with which the Company or its subsidiaries or affiliates has any dealings), other than (i) information already in the public domain; or (ii) information that Key Employee is required to disclose under the following circumstances: (A) at the direction of any authorized governmental entity; (B) pursuant to a subpoena or other court process; (C) as otherwise required by law or the rules, regulations, or orders of any applicable regulatory body; or (D) as otherwise necessary, in the opinion of counsel for Key Employee, to be disclosed by Key Employee in connection with any legal action or proceeding involving Key Employee in his capacity as an employee, officer, director, or stockholder of the Company or any subsidiary or affiliate of the Company.

(d) Key Employee will, upon the earlier of (i) any time requested by the Company or (ii) termination of his employment with the Company for any reason, promptly deliver to the Company all documents, memoranda, notes, reports, lists, files, customer lists, mailing lists, software, disks, credit cards, door and file keys, computer access codes, instructional manuals, and other physical or personal property which Key Employee received or prepared or helped to prepare in connection with his relationship with the Company including, but not limited to, any confidential information (as set forth above) of the Company or any of its subsidiaries and affiliates which he may then possess or have under his control, and Key Employee shall not retain any copies, duplicates, reproductions or excerpts thereof.

(e) Agreement not to Solicit. During the Employment Term and for the Post-Termination Period, Key Employee shall not (except on behalf of or with the written consent of the Company), either directly or indirectly, on Key Employee's own behalf or in the service or on behalf of others, (i) solicit, divert, or appropriate, or (ii) attempt to solicit, divert, or appropriate, any person or entity that is or was a customer of the Company or any of its affiliates at any time during the twelve (12) months prior to the date of termination and with whom Key Employee has had material contact.

(f) Agreement not to Recruit. During the Employment Term and for the Post-Termination Period, Key Employee shall not, either directly or indirectly, on Key Employee's behalf or in the service or on behalf of others, (i) solicit, divert, or hire away, or (ii) attempt to solicit, divert, or hire away, any employee of or consultant to the Company or its subsidiaries or affiliates.

(g) Reasonableness of Restrictions. Key Employee acknowledges that the geographic boundaries, scope of prohibited activities, and time duration set forth in this Section 3.9 are reasonable in nature and are no broader than are necessary to maintain the goodwill of the Company and the confidentiality of its confidential information and to protect the legitimate business interests of the Company, and that the enforcement of such provisions would not cause Key Employee any undue hardship nor unreasonably interfere with Key Employee's ability to earn a livelihood. If any court determines that any portion of this Section 3.9 is invalid or unenforceable, the remainder of this Section 3.9 will not thereby be affected and will be given full effect without regard to the invalid provisions. If any court construes any of the provisions of this Section 3.9, or any part thereof, to be unreasonable because of the duration or scope of such provision, such court shall reduce the duration or scope of such provision and enforce such provision as so reduced.

(h) Enforcement. Upon Key Employee's employment with an entity that is not a subsidiary or affiliate of the Company (a "**Successor Employer**") during the period that the provisions of this Section 3.9 remain in effect, Key Employee will provide such Successor Employer with a copy of this Agreement and will notify the Company of such employment within thirty (30) days thereof. Key Employee agrees that in the event of a breach or threatened breach of the terms and conditions of this Section 3.9 by Key Employee, the Company will be entitled, if it so elects, to institute and prosecute proceedings, either in law or in equity, against Key Employee, to obtain damages for any such breach, or to enjoin (in the form of specific performance, temporary restraining order, temporary or permanent injunction or otherwise) Key Employee from any conduct in violation of this Section 3.9, without having to post a bond.

3.10 Parachute Payments. Notwithstanding anything to the contrary in this Agreement, if it is determined (as hereafter provided) that any payment or distribution to or for Key Employee's benefit, whether paid or payable or distributed or distributable pursuant to the terms of this Agreement or otherwise pursuant to or by reason of any other agreement, policy, plan, program or arrangement, including without limitation any stock option, stock appreciation right or similar right, or the lapse or termination of any restriction on or the vesting or exercisability of any of the foregoing (a "Payment"), would be subject to the excise tax imposed by Section 4999 of the Code (or any successor provision thereto) or to any similar tax imposed by state or local law, or any interest or penalties with respect to such excise tax (such tax or taxes, together with any such interest and penalties, are hereafter collectively referred to as the "Excise Tax"), then Key Employee shall be entitled to receive an additional payment or payments (a "Gross-Up Payment") in an amount such that, after payment by Key Employee of all taxes (including any interest or penalties imposed with respect to such taxes), including any Excise Tax, imposed upon the Gross-Up Payment, Key Employee retains an amount of the Gross-Up Payment equal to the Excise Tax imposed upon the Payments. For purposes of determining whether any of the Payments will be subject to the Excise Tax and the amount of such Excise Tax, (i) all of the Payments shall be treated as "parachute payments" within the meaning of section 28OG(b)(2) of the Code, and all "excess parachute payments" within the meaning of section 28OG(b)(1) of the Code shall be treated as subject to the Excise Tax, unless in the opinion of tax counsel selected by the Company's independent auditors and reasonably acceptable to Key Employee such other payments or benefits (in whole or in part) do not constitute parachute payments, including by reason of section 28OG(b)(4)(A) of the Code, or such excess parachute payments (in whole or in part) represent reasonable compensation for services actually rendered, within the meaning of section 28OG(b)(4)(B) of the Code, in excess of the "base amount" (as such term is defined in section 28OG(b)(3) of the Code) allocable to such reasonable compensation, or are otherwise not subject to the Excise Tax, (ii) the amount of the Payments which shall be treated as subject to the Excise Tax shall be equal to the lesser of (A) the total amount of the Payments or (B) the amount of excess parachute payments within the meaning of section 28OG(b)(1) of the Code (after applying clause (i), above), and (iii) the value of any non-cash benefits or any deferred payment or benefit shall be determined by the Company's independent auditors in accordance with the principles of sections 28OG(d)(3) and (4) of the Code. For purposes of determining the amount of the Gross-Up Payment, Key Employee shall be deemed to pay federal income taxes at the highest marginal rate of federal income taxation in the calendar year in which the Gross-Up Payment is to be made and state and local income taxes at the highest marginal rate of taxation in the state and locality of Key Employee's residence on the date of termination, net of the maximum reduction in federal income taxes which could be obtained from deduction of such state and local taxes. In the event that the Excise Tax is subsequently determined to be less than the amount taken into account hereunder at the time of Key Employee's termination of employment, Key Employee shall repay to the Company, at the time that the amount of such reduction in Excise Tax is finally determined, the portion of the Gross-Up Payment attributable to such reduction (plus that portion of the Gross-Up Payment attributable to the Excise Tax and federal, state and local income tax imposed on the Gross-Up Payment being repaid by Key Employee to the extent that such repayment results in a reduction in Excise Tax and/or a federal, state or local income tax deduction) plus interest on the amount of such repayment at the rate provided in section 1274(b)(2)(B) of the Code. In the event that the Excise Tax is determined to exceed the amount

taken into account hereunder (including by reason of any payment the existence or amount of which cannot be determined at the time of the Gross-Up Payment), the Company shall make an additional Gross-Up Payment in respect of such excess (plus any interest, penalties or additions payable by Key Employee with respect to such excess) at the time that the amount of such excess is finally determined. Key Employee and the Company shall each reasonably cooperate with the other in connection with any administrative or judicial proceedings concerning the existence or amount of liability for Excise Tax with respect to the Severance Payments. Notwithstanding anything in this Agreement to the contrary, in no event shall payments under this Section be made later than the end of Key Employee's taxable year following the taxable year in which the related Excise Tax is remitted by or on behalf of the Key Employee.

3.11 Payments Subject to Section 409A of the Code. Notwithstanding the foregoing provisions of this ARTICLE III, to the extent required by Section 409A of the Code and applicable guidance thereunder, payments that Key Employee would otherwise be entitled to receive hereunder during the first six months following the date of Key Employee's termination of employment will be accumulated and paid on the date that is six months and one day after the date of Key Employee's termination of employment (or if such payment date does not fall on a business day of the Company, the next following business day of the Company), or such earlier date upon which such amount can be paid without adverse tax consequences to Key Employee under section 409A of the Code; provided, however, that no such delay shall apply with respect to payments to which Key Employee is entitled in the event of his death.

ARTICLE IV
MISCELLANEOUS

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

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

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

4.4 Entire Agreement. Except as provided in the written benefit plans and programs referenced in Section 2.3(c) and Section 2.3(d), this Agreement embodies the complete agreement and understanding among the parties hereto with respect to the subject matter hereof and supersede and preempt any prior understandings, agreements or representations by or among the parties, written or oral, which may have related to the subject matter hereof in any way.

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

4.6 **Legal Fees**. The Company shall reimburse Key Employee for all reasonable legal fees and expenses incurred by the Executive in a dispute regarding the Key Employee's rights under this Agreement, within forty-five (45) day of when such fees and expenses are incurred, but in no event later than the end of the taxable year in which such fees and expenses are incurred, unless a court of competent jurisdiction determines the Key Employee's position in such dispute not to be bona fide.

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

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

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

[Signature Page Follows]

INTENDING TO BE BOUND, the parties hereto have executed this Agreement as of the date first set forth above.

COMPANY:

MYR GROUP INC.

By: /s/ WILLIAM A. KOERTNER
Name: William A. Koertner
Title: President and CEO

KEY EMPLOYEE:

/s/ WILLIAM H. GREEN
William H. Green

Exhibit 10.11

EMPLOYMENT AGREEMENT
(Marco A. Martinez)

This **EMPLOYMENT AGREEMENT**, dated as of December 1, 2007 (this "**Agreement**"), is by and between MYR Group Inc., a Delaware corporation (the "**Company**"), and Marco A. Martinez (the "**Key Employee**"). This Agreement shall become effective upon the closing of the offering and sale of equity securities by the Company (the "**Effective Date**") pursuant to a Purchase/Placement Agreement to be entered into by and between the Company and Friedman, Billings, Ramsey & Co., Inc. (the "**Financing**"); provided, that this Agreement shall be null and void, and of no force or effect, if such closing does not occur within ninety (90) days after the date hereof.

W I T N E S S E T H:

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

WHEREAS, the Company recognizes Key Employee's efforts and desires to reward those efforts to protect and enhance the best interests of the Company.

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

ARTICLE I
DEFINITIONS AND INTERPRETATIONS

1.1 Definitions.

(a) "**Base Salary**" means the Key Employee's base salary as in effect from time to time, as described in Section 2.3(a).

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

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

(i) A material breach by Key Employee of Sections 3.9(d), (e) or (f) of this Agreement (regarding the noncompetition provisions);

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

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

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

Notwithstanding the foregoing, Key Employee shall not be deemed to have been terminated for Cause pursuant to this Section 1.1(c) unless and until there shall have been delivered to him a copy of a resolution duly adopted by at least seventy-five percent (75%) of the entire membership of the Board (not including for this purpose Key Employee if 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 Key Employee and a reasonable opportunity for him, together with his counsel, to be heard before the Board), finding that in the good faith opinion of the Board, Key Employee engaged in conduct set forth in this Section 1.1(c).

(d) "**Change in Control**" means the occurrence of a "change in the ownership of the Company," a "change in the effective control of the Company," or a "change in the ownership of a substantial portion of the Company's assets," as defined in Treasury Regulation §§1.409A-3(i)(5)(v), (vi) and (vii), respectively.

(e) "**COBRA**" means the Consolidated Omnibus Budget Reconciliation Act of 1986, as amended.

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

(g) "**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, Key Employee is unable to engage in any substantial gainful activity or is receiving income replacement benefits under an accident and health plan covering employees of the Company for a period of not less than three months.

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

(i) a reduction of Key Employee's Base Salary and/or annual target bonus opportunity without Key Employee's consent,

(ii) a material reduction of Key Employee's duties (without the Key Employee's consent) from those in effect as of the Effective Date or as subsequently agreed to by Key Employee and the Company for which Key Employee shall have given the Company written notice of such breach and the Company shall have failed to cure such breach within thirty (30) days after receipt of such notice,

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

(iv) any other material breach by the Company of a material provision of this Agreement for which Key Employee shall have given the Company written notice of such breach and the Company shall have failed to cure such breach within thirty (30) days after receipt of such notice.

(i) **"Post-Termination Period"** means the period beginning on the date that Key Employee's employment terminates and ending on the first anniversary of such date; provided, however, that with respect to a termination without Good Reason, such period shall

begin on the date that Key Employee's employment terminates and end on the six-month anniversary of such date.

(j) "**Protection Period**" means the period beginning on the date of the occurrence of a Change in Control and ending 12 months following the occurrence of a Change in Control.

(k) "**Severance Pay**" means

(i) one-half (1/2) the sum of Key Employee's annual Base Salary and Target Bonus as of the date of his termination of employment, in the case of a termination by Key Employee without Good Reason, whether or not during the Protection Period;

(ii) two (2) times the sum of Key Employee's annual Base Salary and Target Bonus as of the date of his termination of employment, in the case of a termination Without Cause outside the Protection Period or a termination by Key Employee with Good Reason outside the Protection Period; and

(iii) three (3) times the sum of Key Employee's annual Base Salary and Target Bonus as of the date of his termination of employment, in the case of a termination Without Cause during the Protection Period or a termination by Key Employee for Good Reason during the Protection Period.

(l) "**Severance Period**" means

(i) the six (6) month period following the date of his termination of employment, in the case of a termination by Key Employee without Good Reason, whether or not during the Protection Period; and

(ii) the two (2) year period following the date of his termination of employment, in the case of a termination Without Cause or a termination by Key Employee for Good Reason, whether or not during the Protection Period.

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

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

ARTICLE II
EMPLOYMENT AND DUTIES

2.1 **Term.** The term of this Agreement shall be three (3) years commencing on the Effective Date of this Agreement (the "**Initial Term**"), provided, however, that the Agreement shall automatically be extended for an additional one-year period at the end of the Initial Term and each one-year anniversary thereafter (each a "**Renewal Term**" and together with the Initial Term being referred to herein as the "**Employment Term**"), unless not later than one-hundred eighty (180) days prior to the end of the then-current period, either Key Employee or the Company shall have provided written notice to the other party that it does not wish to extend the Agreement.

2.2 **Position, Duties and Services.** The Key Employee shall serve in the position of Vice President, Chief Financial Officer and Treasurer and shall have duties and responsibilities consistent with an executive serving in such capacity. The Key Employee shall perform such duties and responsibilities diligently and to the best of his abilities. The Key Employee's employment will be subject to the supervision and direction of the Chief Executive Officer of the Company and the Board.

2.3 **Compensation.**

(a) Base Salary. Key Employee shall receive an initial Base Salary at the rate of two hundred forty thousand dollars ($240,000) per annum payable in periodic installments in accordance with the Company's normal payroll practices and procedures, which Base Salary may be increased (but not decreased) by the Board or (a committee thereof) from time to time.

(b) Target Bonus. During the Employment Term, Key Employee shall be eligible to receive an annual target bonus (the "Target Bonus") equal to fifty percent (50%) of Executive's Base Salary, based on the achievement of annual performance objectives, as determined by the Board (or a committee thereof) in its discretion.

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

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

2.4 **Severance Benefit.** Key Employee shall be entitled to receive the severance benefits described in ARTICLE III upon his termination of employment during the Employment Term, provided he satisfies the requirements outlined in ARTICLE III. Notwithstanding anything in this Agreement to the contrary, for all purposes of this Agreement, Key Employee shall not be deemed to have incurred a termination of employment unless Key Employee has incurred a "separation from service" as defined in Treasury Regulation §1.409A-1(h).

2.5 **Indemnification.** The Company shall (i) indemnify, hold harmless and defend Key Employee to the extent permitted under applicable law from and against reasonable costs, including reasonable attorneys fees, incurred by him in connection with or arising out of any acts or decisions made by Key Employee in the course and scope of his employment hereunder and (ii) pay all reasonable expenses and reasonable attorney's fees actually incurred by Key Employee in connection with or relating to the defense of any claim, action, suit or proceeding by any third party against Key Employee arising out of or relating to any acts or decisions made by Key Employee in the course and scope of his employment hereunder; provided, however, that such indemnification shall not apply with respect to the commission of a criminal act or any gross misconduct by Key Employee. This Section 2.5 shall survive the termination or expiration of this Agreement.

ARTICLE III
EARLY TERMINATION

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

3.2 **Disability.** In the event of Key Employee's Disability during the Employment Term, the Agreement and Key Employee's employment with the Company shall terminate and Key Employee shall be entitled to payment of the following benefits: (a) his Base Salary through the date of such termination; (b) long-term disability benefits pursuant to the terms of any long-term disability policy provided to similarly situated employees of the Company in which Key Employee is a participant; and (c) any compensation and benefits payable pursuant to the terms of the compensation and benefit plans specified in Section 2.3 in which Key Employee is a participant.

3.3 **Termination for Cause by Company.** If Key Employee's employment is terminated during the Employment Term for Cause, the Company shall pay Key Employee through the date of termination (a) his Base Salary in effect at the time notice of termination is given and (b) any compensation and benefits payable pursuant to the terms of the compensation and benefit plans specified in Section 2.3 in which Key Employee is a participant.

3.4 **Termination Without Good Reason by Key Employee.** If Key Employee terminates his employment with the Company during the Employment Term without Good Reason, whether or not during the Protection Period, Key Employee shall be entitled to (a) his unpaid Base Salary through the date of termination; (b) any compensation and benefits payable pursuant to the terms of the compensation and benefit plans specified in Section 2.3 in which Key Employee is a participant; (c) a lump sum payment equal to his Severance Pay, and (d) during the Severance Period, Company-paid benefit continuation coverage, on an insured or uninsured basis as determined by the Company in its sole discretion, concurrent with COBRA, for Key Employee and his family under the welfare benefit plans specified in Section 2.3(d) in which Key Employee is a participant, on the same basis as such benefits are provided to active employees; provided, however, that if Key Employee breaches the provisions of Section 3.9(b),

(d), (e) or (f) before the end of the Severance Period, Key Employee shall forfeit the right to benefit continuation coverage for the remainder of the Severance Period and, within thirty (30) days of such breach, Key Employee shall be required to remit to the Company a pro-rata portion of his Severance Pay, calculated as the product of (i) the Severance Pay received by Key Employee upon his termination, times (ii) a fraction, the numerator of which shall be the number of months from Key Employee's termination to the date of such breach and the denominator of which shall be six (6) (the number of months in the Severance Period). Notwithstanding anything to the contrary herein, if Key Employee becomes re-employed by another employer during the Severance Period, Key Employee shall provide written notice of such re-employment to the Company within thirty (30) days of the commencement of such new employment, at which time the Company-paid benefit continuation coverage described herein shall be terminated and Key Employee shall be required to remit to the Company a pro-rata portion of his Severance Pay, calculated as the product of (i) the Severance Pay received by Key Employee upon his termination, times (ii) a fraction, the numerator of which shall be the number of months from Key Employee's termination to the date of such re-employment and the denominator of which shall be six (6). Subject to Section 3.11, the payment of any Severance Pay and the continuation of welfare benefit plan coverage, as provided in Section 2.3(d), shall be made (or commence) in the month immediately following the month in which the waiver and release of claims described in Section 3.8 becomes non-revocable.

3.5 **Termination Without Cause or for Good Reason Outside the Protection Period.** If, during the Employment Term and outside the Protection Period, the Key Employee's employment is terminated by the Company Without Cause or Key Employee terminates his employment with the Company for Good Reason, he shall be entitled to (a) his unpaid Base Salary through the date of termination; (b) any compensation and benefits payable pursuant to the terms of the compensation and benefit plans specified in Section 2.3 in which Key Employee is a participant; (c) a lump sum payment equal to his Severance Pay; and (d) during the Severance Period, Company-paid benefit continuation coverage, on an insured or uninsured basis as determined by the Company in its sole discretion, concurrent with COBRA, for Key Employee and his family under the welfare benefit plans specified in Section 2.3(d) in which Key Employee is a participant, on the same basis as such benefits are provided to active employees. Notwithstanding anything to the contrary herein, if Key Employee becomes re-employed by another employer during the Severance Period, Key Employee shall provide written notice of such re-employment to the Company within thirty (30) days of the commencement of such new employment, at which time the Company-paid benefit continuation coverage described herein shall be terminated. Subject to Section 3.11, the payment of any Severance Pay and the continuation of welfare benefit plan coverage, as provided in Section 2.3(d), shall be made (or commence) in the month immediately following the month in which the waiver and release of claims described in Section 3.8 becomes non-revocable.

3.6 **Termination Without Cause or for Good Reason During the Protection Period.** If, during the Employment Term and during the Protection Period, Key Employee's employment is terminated by the Company Without Cause or Key Employee terminates his employment with the Company for Good Reason, he shall be entitled to (a) his unpaid Base Salary through the date of termination; (b) any compensation and benefits payable pursuant to the terms of the compensation and benefit plans specified in Section 2.3 in which Key Employee is a participant; (c) a lump sum payment equal to his Severance Pay; and (d) during the

Severance Period, Company-paid benefit continuation coverage, on an insured or uninsured basis as determined by the Company in its sole discretion, concurrent with COBRA, for Key Employee and his family under the welfare benefit plans specified in Section 2.3(d) in which Key Employee is a participant, on the same basis as such benefits are provided to active employees. Notwithstanding anything to the contrary herein, if Key Employee becomes re-employed by another employer during the Severance Period, Key Employee shall provide written notice of such re-employment to the Company within thirty (30) days of the commencement of such new employment, at which time the Company-paid benefit continuation coverage described herein shall be terminated. Subject to Section 3.11, the payment of any Severance Pay and the continuation of welfare benefit plan coverage, as provided in Section 2.3(d), shall be made (or commence) in the month following the month in which the waiver and release of claims described in Section 3.8 becomes non-revocable. In the event of Key Employee's termination under this Section 3.6, Key Employee shall not be bound by the provisions of Section 3.9(b).

3.7 **Termination of Company's Obligations.** Upon termination of Key Employee's employment for any reason, the Company's obligations under this Agreement shall terminate and Key Employee shall be entitled to no compensation and benefits other than that provided in this ARTICLE III. Notwithstanding such termination, the parties' obligations under Sections 2.5 and 3.9 of this Agreement shall remain in full force and effect.

3.8 **Release.** Notwithstanding the foregoing provisions of this ARTICLE III, Key Employee shall be entitled to the additional benefits specified in Section 3.4 (regarding termination Without Good Reason whether or not during the Protection Period), Section 3.5 (regarding termination Without Cause or for Good Reason outside the Protection Period) and Section 3.6 (regarding termination Without Cause or for Good Reason during the Protection Period) (*i.e.*, those in addition to the payment of his Base Salary through the date of termination and any benefits payable pursuant to the terms of the compensation and benefit plans specified in Section 2.3 in which Key Employee is a participant), only upon his execution (and non-revocation) of a waiver and release of all claims substantially in the form attached hereto, which execution must occur before the forty-fifth ($45^{th)}$ day immediately following the date of termination; provided, however, that in any case where such forty-five (45) day period extends into December of any calendar year, any payments required to be made to Key Employee that are treated as deferred compensation for purposes of Section 409A shall be made no earlier than January 1 of the following calendar year.

3.9 **Non-Competition; Non-Solicitation; Confidentiality.**

(a) Key Employee acknowledges and agrees that: (i) the Company is engaged in the business of power line and commercial/industrial electrical construction services for electric utilities, telecommunication providers, commercial/industrial facilities, and government agencies and electrical construction and maintenance services for industrial and power generation clients (the "Business"); (ii) the Business is intensely competitive; (iii) Key Employee's customer relationships are near permanent and but for Key Employee's association with the Company, Key Employee would not have had contact with the customers; (iv) Key Employee will continue to develop and have access to and knowledge of non-public information of the Company and its clients; (v) the direct or indirect disclosure of any such confidential

information to existing or potential competitors of the Company would place the Company at a competitive disadvantage and would do damage to the Company; (vi) Key Employee has developed goodwill with the Company's clients at the substantial expense of the Company; (vii) but for Key Employee entering into the covenants set forth in this Section 3.9, the Company would not have entered into the Financing and the closing of the offering and sale of equity securities by the Company as set forth above, (viii) Key Employee engaging in any of the activities prohibited by this Section 3.9, would constitute improper appropriation and/or use of the Company's confidential information and/or goodwill, (ix) Key Employee's association with the Company has been critical, and Key Employee's association with the Company is expected to continue to be critical, to the success of the Company, (x) the services to be rendered by Key Employee to the Company are of a special and unique character, (xi) Company conducts the Business throughout the United States, (xii) the noncompetition and other restrictive covenants and agreements set forth in this Agreement are fair and reasonable and it would not be reasonable to enter into the Financing without obtaining such non-competition and other restrictive covenants and agreements, and (xiii) in light of the foregoing and of Key Employee's education, skills, abilities and financial resources, Key Employee acknowledges and agrees that the Key Employee will not assert, and it should not be considered, that enforcement of any of the covenants set forth in this Section 3.9 would prevent Key Employee from earning a living or otherwise are void, voidable or unenforceable or should be voided or held unenforceable.

(b) Agreement not to Compete. Key Employee will not, during his employment and the Post-Termination Period, directly or indirectly, carry on or conduct, the Business or any business of the nature in which the Company or its subsidiaries are then engaged in any geographical area in which the Company or its subsidiaries or affiliates engage in business at the time of such termination or any new line of business with respect to which Key Employee has created, received or had access to confidential information (as set forth below). Key Employee agrees that he will not so conduct or engage in the Business or any such business in any capacity, including as an individual on his own account or as a partner or joint venturer or as an employee, agent, consultant or salesman for any other person or entity, or as an officer or director of a corporation, provided, that Key Employee may be a shareholder in any public corporation if he does not own ten percent (10%) or more of any class of its stock.

(c) Confidential Information. Key Employee will not, directly or indirectly, at any time following termination of his employment with the Company for any reason, reveal, divulge or make known to any person or entity, or use for Key Employee's personal benefit (including for the purpose of soliciting business, whether or not competitive with any business of the Company or its subsidiaries or affiliates), any information acquired during the Employment Term with regard to the financial, business or other affairs of the Company or its subsidiaries or affiliates (including any list or record of persons or entities with which the Company or its subsidiaries or affiliates has any dealings), other than (i) information already in the public domain; or (ii) information that Key Employee is required to disclose under the following circumstances: (A) at the direction of any authorized governmental entity; (B) pursuant to a subpoena or other court process; (C) as otherwise required by law or the rules, regulations, or orders of any applicable regulatory body; or (D) as otherwise necessary, in the opinion of counsel for Key Employee, to be disclosed by Key Employee in connection with any legal action or proceeding involving Key Employee in his capacity as an employee, officer, director, or stockholder of the Company or any subsidiary or affiliate of the Company.

(d) Key Employee will, upon the earlier of (i) any time requested by the Company or (ii) termination of his employment with the Company for any reason, promptly deliver to the Company all documents, memoranda, notes, reports, lists, files, customer lists, mailing lists, software, disks, credit cards, door and file keys, computer access codes, instructional manuals, and other physical or personal property which Key Employee received or prepared or helped to prepare in connection with his relationship with the Company including, but not limited to, any confidential information (as set forth above) of the Company or any of its subsidiaries and affiliates which he may then possess or have under his control, and Key Employee shall not retain any copies, duplicates, reproductions or excerpts thereof.

(e) Agreement not to Solicit. During the Employment Term and for the Post-Termination Period, Key Employee shall not (except on behalf of or with the written consent of the Company), either directly or indirectly, on Key Employee's own behalf or in the service or on behalf of others, (i) solicit, divert, or appropriate, or (ii) attempt to solicit, divert, or appropriate, any person or entity that is or was a customer of the Company or any of its affiliates at any time during the twelve (12) months prior to the date of termination and with whom Key Employee has had material contact.

(f) Agreement not to Recruit. During the Employment Term and for the Post-Termination Period, Key Employee shall not, either directly or indirectly, on Key Employee's behalf or in the service or on behalf of others, (i) solicit, divert, or hire away, or (ii) attempt to solicit, divert, or hire away, any employee of or consultant to the Company or its subsidiaries or affiliates.

(g) Reasonableness of Restrictions. Key Employee acknowledges that the geographic boundaries, scope of prohibited activities, and time duration set forth in this Section 3.9 are reasonable in nature and are no broader than are necessary to maintain the goodwill of the Company and the confidentiality of its confidential information and to protect the legitimate business interests of the Company, and that the enforcement of such provisions would not cause Key Employee any undue hardship nor unreasonably interfere with Key Employee's ability to earn a livelihood. If any court determines that any portion of this Section 3.9 is invalid or unenforceable, the remainder of this Section 3.9 will not thereby be affected and will be given full effect without regard to the invalid provisions. If any court construes any of the provisions of this Section 3.9, or any part thereof, to be unreasonable because of the duration or scope of such provision, such court shall reduce the duration or scope of such provision and enforce such provision as so reduced.

(h) Enforcement. Upon Key Employee's employment with an entity that is not a subsidiary or affiliate of the Company (a "**Successor Employer**") during the period that the provisions of this Section 3.9 remain in effect, Key Employee will provide such Successor Employer with a copy of this Agreement and will notify the Company of such employment within thirty (30) days thereof. Key Employee agrees that in the event of a breach or threatened breach of the terms and conditions of this Section 3.9 by Key Employee, the Company will be entitled, if it so elects, to institute and prosecute proceedings, either in law or in equity, against Key Employee, to obtain damages for any such breach, or to enjoin (in the form of specific performance, temporary restraining order, temporary or permanent injunction or otherwise) Key Employee from any conduct in violation of this Section 3.9, without having to post a bond.

3.10 Parachute Payments. Notwithstanding anything to the contrary in this Agreement, if it is determined (as hereafter provided) that any payment or distribution to or for Key Employee's benefit, whether paid or payable or distributed or distributable pursuant to the terms of this Agreement or otherwise pursuant to or by reason of any other agreement, policy, plan, program or arrangement, including without limitation any stock option, stock appreciation right or similar right, or the lapse or termination of any restriction on or the vesting or exercisability of any of the foregoing (a "Payment"), would be subject to the excise tax imposed by Section 4999 of the Code (or any successor provision thereto) or to any similar tax imposed by state or local law, or any interest or penalties with respect to such excise tax (such tax or taxes, together with any such interest and penalties, are hereafter collectively referred to as the "Excise Tax"), then Key Employee shall be entitled to receive an additional payment or payments (a "Gross-Up Payment") in an amount such that, after payment by Key Employee of all taxes (including any interest or penalties imposed with respect to such taxes), including any Excise Tax, imposed upon the Gross-Up Payment, Key Employee retains an amount of the Gross-Up Payment equal to the Excise Tax imposed upon the Payments. For purposes of determining whether any of the Payments will be subject to the Excise Tax and the amount of such Excise Tax, (i) all of the Payments shall be treated as "parachute payments" within the meaning of section 28OG(b)(2) of the Code, and all "excess parachute payments" within the meaning of section 28OG(b)(1) of the Code shall be treated as subject to the Excise Tax, unless in the opinion of tax counsel selected by the Company's independent auditors and reasonably acceptable to Key Employee such other payments or benefits (in whole or in part) do not constitute parachute payments, including by reason of section 28OG(b)(4)(A) of the Code, or such excess parachute payments (in whole or in part) represent reasonable compensation for services actually rendered, within the meaning of section 28OG(b)(4)(B) of the Code, in excess of the "base amount" (as such term is defined in section 28OG(b)(3) of the Code) allocable to such reasonable compensation, or are otherwise not subject to the Excise Tax, (ii) the amount of the Payments which shall be treated as subject to the Excise Tax shall be equal to the lesser of (A) the total amount of the Payments or (B) the amount of excess parachute payments within the meaning of section 28OG(b)(1) of the Code (after applying clause (i), above), and (iii) the value of any non-cash benefits or any deferred payment or benefit shall be determined by the Company's independent auditors in accordance with the principles of sections 28OG(d)(3) and (4) of the Code. For purposes of determining the amount of the Gross-Up Payment, Key Employee shall be deemed to pay federal income taxes at the highest marginal rate of federal income taxation in the calendar year in which the Gross-Up Payment is to be made and state and local income taxes at the highest marginal rate of taxation in the state and locality of Key Employee's residence on the date of termination, net of the maximum reduction in federal income taxes which could be obtained from deduction of such state and local taxes. In the event that the Excise Tax is subsequently determined to be less than the amount taken into account hereunder at the time of Key Employee's termination of employment, Key Employee shall repay to the Company, at the time that the amount of such reduction in Excise Tax is finally determined, the portion of the Gross-Up Payment attributable to such reduction (plus that portion of the Gross-Up Payment attributable to the Excise Tax and federal, state and local income tax imposed on the Gross-Up Payment being repaid by Key Employee to the extent that such repayment results in a reduction in Excise Tax and/or a federal, state or local income tax deduction) plus interest on the amount of such repayment at the rate provided in section 1274(b)(2)(B) of the Code. In the event that the Excise Tax is determined to exceed the amount

taken into account hereunder (including by reason of any payment the existence or amount of which cannot be determined at the time of the Gross-Up Payment), the Company shall make an additional Gross-Up Payment in respect of such excess (plus any interest, penalties or additions payable by Key Employee with respect to such excess) at the time that the amount of such excess is finally determined. Key Employee and the Company shall each reasonably cooperate with the other in connection with any administrative or judicial proceedings concerning the existence or amount of liability for Excise Tax with respect to the Severance Payments. Notwithstanding anything in this Agreement to the contrary, in no event shall payments under this Section be made later than the end of Key Employee's taxable year following the taxable year in which the related Excise Tax is remitted by or on behalf of the Key Employee.

3.11 Payments Subject to Section 409A of the Code. Notwithstanding the foregoing provisions of this ARTICLE III, to the extent required by Section 409A of the Code and applicable guidance thereunder, payments that Key Employee would otherwise be entitled to receive hereunder during the first six months following the date of Key Employee's termination of employment will be accumulated and paid on the date that is six months and one day after the date of Key Employee's termination of employment (or if such payment date does not fall on a business day of the Company, the next following business day of the Company), or such earlier date upon which such amount can be paid without adverse tax consequences to Key Employee under section 409A of the Code; provided, however, that no such delay shall apply with respect to payments to which Key Employee is entitled in the event of his death.

ARTICLE IV
MISCELLANEOUS

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

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

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

4.4 Entire Agreement. Except as provided in the written benefit plans and programs referenced in Section 2.3(c) and Section 2.3(d), this Agreement embodies the complete agreement and understanding among the parties hereto with respect to the subject matter hereof and supersede and preempt any prior understandings, agreements or representations by or among the parties, written or oral, which may have related to the subject matter hereof in any way.

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

4.6 **<u>Legal Fees</u>**. The Company shall reimburse Key Employee for all reasonable legal fees and expenses incurred by the Executive in a dispute regarding the Key Employee's rights under this Agreement, within forty-five (45) day of when such fees and expenses are incurred, but in no event later than the end of the taxable year in which such fees and expenses are incurred, unless a court of competent jurisdiction determines the Key Employee's position in such dispute not to be bona fide.

4.7 **<u>Headings</u>.** The paragraph headings have been inserted for purposes of convenience and will not be used for interpretive purposes.

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

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

[Signature Page Follows]

INTENDING TO BE BOUND, the parties hereto have executed this Agreement as of the date first set forth above.

COMPANY:

MYR GROUP INC.

By: /s/ WILLIAM A. KOERTNER
Name: William A. Koertner
Title: President and CEO

KEY EMPLOYEE:

/s/ MARCO A. MARTINEZ
Marco A. Martinez

Exhibit 10.12

EMPLOYMENT AGREEMENT
(Richard S. Swartz, Jr.)

This **EMPLOYMENT AGREEMENT**, dated as of December 1, 2007 (this "**Agreement**"), is by and between MYR Group Inc., a Delaware corporation (the "**Company**"), and Richard S. Swartz, Jr. (the "**Key Employee**"). This Agreement shall become effective upon the closing of the offering and sale of equity securities by the Company (the "**Effective Date**") pursuant to a Purchase/Placement Agreement to be entered into by and between the Company and Friedman, Billings, Ramsey & Co., Inc. (the "**Financing**"); provided, that this Agreement shall be null and void, and of no force or effect, if such closing does not occur within ninety (90) days after the date hereof.

W I T N E S S E T H:

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

WHEREAS, the Company recognizes Key Employee's efforts and desires to reward those efforts to protect and enhance the best interests of the Company.

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

ARTICLE I
DEFINITIONS AND INTERPRETATIONS

1.1 Definitions.

(a) "**Base Salary**" means the Key Employee's base salary as in effect from time to time, as described in Section 2.3(a).

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

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

(i) A material breach by Key Employee of Sections 3.9(d), (e) or (f) of this Agreement (regarding the noncompetition provisions);

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

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

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

Notwithstanding the foregoing, Key Employee shall not be deemed to have been terminated for Cause pursuant to this Section 1.1(c) unless and until there shall have been delivered to him a copy of a resolution duly adopted by at least seventy-five percent (75%) of the entire membership of the Board (not including for this purpose Key Employee if 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 Key Employee and a reasonable opportunity for him, together with his counsel, to be heard before the Board), finding that in the good faith opinion of the Board, Key Employee engaged in conduct set forth in this Section 1.1(c).

(d) "**Change in Control**" means the occurrence of a "change in the ownership of the Company," a "change in the effective control of the Company," or a "change in the ownership of a substantial portion of the Company's assets," as defined in Treasury Regulation §§1.409A-3(i)(5)(v), (vi) and (vii), respectively.

(e) "**COBRA**" means the Consolidated Omnibus Budget Reconciliation Act of 1986, as amended.

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

(g) "**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, Key Employee is unable to engage in any substantial gainful activity or is receiving income replacement benefits under an accident and health plan covering employees of the Company for a period of not less than three months.

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

(i) a reduction of Key Employee's Base Salary and/or annual target bonus opportunity without Key Employee's consent,

(ii) a material reduction of Key Employee's duties (without the Key Employee's consent) from those in effect as of the Effective Date or as subsequently agreed to by Key Employee and the Company for which Key Employee shall have given the Company written notice of such breach and the Company shall have failed to cure such breach within thirty (30) days after receipt of such notice,

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

(iv) any other material breach by the Company of a material provision of this Agreement for which Key Employee shall have given the Company written notice of such breach and the Company shall have failed to cure such breach within thirty (30) days after receipt of such notice.

(i) **"Post-Termination Period"** means the period beginning on the date that Key Employee's employment terminates and ending on the first anniversary of such date; provided, however, that with respect to a termination without Good Reason, such period shall

begin on the date that Key Employee's employment terminates and end on the six-month anniversary of such date.

(j) "**Protection Period**" means the period beginning on the date of the occurrence of a Change in Control and ending 12 months following the occurrence of a Change in Control.

(k) "**Severance Pay**" means

(i) one-half (1/2) the sum of Key Employee's annual Base Salary and Target Bonus as of the date of his termination of employment, in the case of a termination by Key Employee without Good Reason, whether or not during the Protection Period;

(ii) two (2) times the sum of Key Employee's annual Base Salary and Target Bonus as of the date of his termination of employment, in the case of a termination Without Cause outside the Protection Period or a termination by Key Employee with Good Reason outside the Protection Period; and

(iii) three (3) times the sum of Key Employee's annual Base Salary and Target Bonus as of the date of his termination of employment, in the case of a termination Without Cause during the Protection Period or a termination by Key Employee for Good Reason during the Protection Period.

(l) "**Severance Period**" means

(i) the six (6) month period following the date of his termination of employment, in the case of a termination by Key Employee without Good Reason, whether or not during the Protection Period; and

(ii) the two (2) year period following the date of his termination of employment, in the case of a termination Without Cause or a termination by Key Employee for Good Reason, whether or not during the Protection Period.

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

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

ARTICLE II
EMPLOYMENT AND DUTIES

2.1 **Term.** The term of this Agreement shall be three (3) years commencing on the Effective Date of this Agreement (the "**Initial Term**"), provided, however, that the Agreement shall automatically be extended for an additional one-year period at the end of the Initial Term and each one-year anniversary thereafter (each a "**Renewal Term**" and together with the Initial Term being referred to herein as the "**Employment Term**"), unless not later than one-hundred eighty (180) days prior to the end of the then-current period, either Key Employee or the Company shall have provided written notice to the other party that it does not wish to extend the Agreement.

2.2 **Position, Duties and Services.** The Key Employee shall serve in the position of Group Vice President — Commercial and Industrial and shall have duties and responsibilities consistent with an executive serving in such capacity. The Key Employee shall perform such duties and responsibilities diligently and to the best of his abilities. The Key Employee's employment will be subject to the supervision and direction of the Chief Executive Officer of the Company and the Board.

2.3 **Compensation.**

(a) Base Salary. Key Employee shall receive an initial Base Salary at the rate of two hundred twenty-five thousand dollars ($225,000) per annum payable in periodic installments in accordance with the Company's normal payroll practices and procedures, which Base Salary may be increased (but not decreased) by the Board or (a committee thereof) from time to time.

(b) Target Bonus. During the Employment Term, Key Employee shall be eligible to receive an annual target bonus (the "Target Bonus") equal to fifty percent (50%) of Executive's Base Salary, based on the achievement of annual performance objectives, as determined by the Board (or a committee thereof) in its discretion.

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

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

2.4 **Severance Benefit.** Key Employee shall be entitled to receive the severance benefits described in ARTICLE III upon his termination of employment during the Employment Term, provided he satisfies the requirements outlined in ARTICLE III. Notwithstanding anything in this Agreement to the contrary, for all purposes of this Agreement, Key Employee shall not be deemed to have incurred a termination of employment unless Key Employee has incurred a "separation from service" as defined in Treasury Regulation §1.409A-1(h).

2.5 **Indemnification.** The Company shall (i) indemnify, hold harmless and defend Key Employee to the extent permitted under applicable law from and against reasonable costs, including reasonable attorneys fees, incurred by him in connection with or arising out of any acts or decisions made by Key Employee in the course and scope of his employment hereunder and (ii) pay all reasonable expenses and reasonable attorney's fees actually incurred by Key Employee in connection with or relating to the defense of any claim, action, suit or proceeding by any third party against Key Employee arising out of or relating to any acts or decisions made by Key Employee in the course and scope of his employment hereunder; provided, however, that such indemnification shall not apply with respect to the commission of a criminal act or any gross misconduct by Key Employee. This Section 2.5 shall survive the termination or expiration of this Agreement.

ARTICLE III
EARLY TERMINATION

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

3.2 **Disability.** In the event of Key Employee's Disability during the Employment Term, the Agreement and Key Employee's employment with the Company shall terminate and Key Employee shall be entitled to payment of the following benefits: (a) his Base Salary through the date of such termination; (b) long-term disability benefits pursuant to the terms of any long-term disability policy provided to similarly situated employees of the Company in which Key Employee is a participant; and (c) any compensation and benefits payable pursuant to the terms of the compensation and benefit plans specified in Section 2.3 in which Key Employee is a participant.

3.3 **Termination for Cause by Company.** If Key Employee's employment is terminated during the Employment Term for Cause, the Company shall pay Key Employee through the date of termination (a) his Base Salary in effect at the time notice of termination is given and (b) any compensation and benefits payable pursuant to the terms of the compensation and benefit plans specified in Section 2.3 in which Key Employee is a participant.

3.4 **Termination Without Good Reason by Key Employee.** If Key Employee terminates his employment with the Company during the Employment Term without Good Reason, whether or not during the Protection Period, Key Employee shall be entitled to (a) his unpaid Base Salary through the date of termination; (b) any compensation and benefits payable pursuant to the terms of the compensation and benefit plans specified in Section 2.3 in which Key Employee is a participant; (c) a lump sum payment equal to his Severance Pay, and (d) during the Severance Period, Company-paid benefit continuation coverage, on an insured or uninsured basis as determined by the Company in its sole discretion, concurrent with COBRA, for Key Employee and his family under the welfare benefit plans specified in Section 2.3(d) in which Key Employee is a participant, on the same basis as such benefits are provided to active employees; provided, however, that if Key Employee breaches the provisions of Section 3.9(b),

(d), (e) or (f) before the end of the Severance Period, Key Employee shall forfeit the right to benefit continuation coverage for the remainder of the Severance Period and, within thirty (30) days of such breach, Key Employee shall be required to remit to the Company a pro-rata portion of his Severance Pay, calculated as the product of (i) the Severance Pay received by Key Employee upon his termination, times (ii) a fraction, the numerator of which shall be the number of months from Key Employee's termination to the date of such breach and the denominator of which shall be six (6) (the number of months in the Severance Period). Notwithstanding anything to the contrary herein, if Key Employee becomes re-employed by another employer during the Severance Period, Key Employee shall provide written notice of such re-employment to the Company within thirty (30) days of the commencement of such new employment, at which time the Company-paid benefit continuation coverage described herein shall be terminated and Key Employee shall be required to remit to the Company a pro-rata portion of his Severance Pay, calculated as the product of (i) the Severance Pay received by Key Employee upon his termination, times (ii) a fraction, the numerator of which shall be the number of months from Key Employee's termination to the date of such re-employment and the denominator of which shall be six (6). Subject to Section 3.11, the payment of any Severance Pay and the continuation of welfare benefit plan coverage, as provided in Section 2.3(d), shall be made (or commence) in the month immediately following the month in which the waiver and release of claims described in Section 3.8 becomes non-revocable.

3.5 **Termination Without Cause or for Good Reason Outside the Protection Period.** If, during the Employment Term and outside the Protection Period, the Key Employee's employment is terminated by the Company Without Cause or Key Employee terminates his employment with the Company for Good Reason, he shall be entitled to (a) his unpaid Base Salary through the date of termination; (b) any compensation and benefits payable pursuant to the terms of the compensation and benefit plans specified in Section 2.3 in which Key Employee is a participant; (c) a lump sum payment equal to his Severance Pay; and (d) during the Severance Period, Company-paid benefit continuation coverage, on an insured or uninsured basis as determined by the Company in its sole discretion, concurrent with COBRA, for Key Employee and his family under the welfare benefit plans specified in Section 2.3(d) in which Key Employee is a participant, on the same basis as such benefits are provided to active employees. Notwithstanding anything to the contrary herein, if Key Employee becomes re-employed by another employer during the Severance Period, Key Employee shall provide written notice of such re-employment to the Company within thirty (30) days of the commencement of such new employment, at which time the Company-paid benefit continuation coverage described herein shall be terminated. Subject to Section 3.11, the payment of any Severance Pay and the continuation of welfare benefit plan coverage, as provided in Section 2.3(d), shall be made (or commence) in the month immediately following the month in which the waiver and release of claims described in Section 3.8 becomes non-revocable.

3.6 **Termination Without Cause or for Good Reason During the Protection Period.** If, during the Employment Term and during the Protection Period, Key Employee's employment is terminated by the Company Without Cause or Key Employee terminates his employment with the Company for Good Reason, he shall be entitled to (a) his unpaid Base Salary through the date of termination; (b) any compensation and benefits payable pursuant to the terms of the compensation and benefit plans specified in Section 2.3 in which Key Employee is a participant; (c) a lump sum payment equal to his Severance Pay; and (d) during the

Severance Period, Company-paid benefit continuation coverage, on an insured or uninsured basis as determined by the Company in its sole discretion, concurrent with COBRA, for Key Employee and his family under the welfare benefit plans specified in Section 2.3(d) in which Key Employee is a participant, on the same basis as such benefits are provided to active employees. Notwithstanding anything to the contrary herein, if Key Employee becomes re-employed by another employer during the Severance Period, Key Employee shall provide written notice of such re-employment to the Company within thirty (30) days of the commencement of such new employment, at which time the Company-paid benefit continuation coverage described herein shall be terminated. Subject to Section 3.11, the payment of any Severance Pay and the continuation of welfare benefit plan coverage, as provided in Section 2.3(d), shall be made (or commence) in the month following the month in which the waiver and release of claims described in Section 3.8 becomes non-revocable. In the event of Key Employee's termination under this Section 3.6, Key Employee shall not be bound by the provisions of Section 3.9(b).

3.7 **Termination of Company's Obligations.** Upon termination of Key Employee's employment for any reason, the Company's obligations under this Agreement shall terminate and Key Employee shall be entitled to no compensation and benefits other than that provided in this ARTICLE III. Notwithstanding such termination, the parties' obligations under Sections 2.5 and 3.9 of this Agreement shall remain in full force and effect.

3.8 **Release.** Notwithstanding the foregoing provisions of this ARTICLE III, Key Employee shall be entitled to the additional benefits specified in Section 3.4 (regarding termination Without Good Reason whether or not during the Protection Period), Section 3.5 (regarding termination Without Cause or for Good Reason outside the Protection Period) and Section 3.6 (regarding termination Without Cause or for Good Reason during the Protection Period) (*i.e.*, those in addition to the payment of his Base Salary through the date of termination and any benefits payable pursuant to the terms of the compensation and benefit plans specified in Section 2.3 in which Key Employee is a participant), only upon his execution (and non-revocation) of a waiver and release of all claims substantially in the form attached hereto, which execution must occur before the forty-fifth ($45^{th)}$ day immediately following the date of termination; provided, however, that in any case where such forty-five (45) day period extends into December of any calendar year, any payments required to be made to Key Employee that are treated as deferred compensation for purposes of Section 409A shall be made no earlier than January 1 of the following calendar year.

3.9 **Non-Competition; Non-Solicitation; Confidentiality.**

(a) Key Employee acknowledges and agrees that: (i) the Company is engaged in the business of power line and commercial/industrial electrical construction services for electric utilities, telecommunication providers, commercial/industrial facilities, and government agencies and electrical construction and maintenance services for industrial and power generation clients (the "Business"); (ii) the Business is intensely competitive; (iii) Key Employee's customer relationships are near permanent and but for Key Employee's association with the Company, Key Employee would not have had contact with the customers; (iv) Key Employee will continue to develop and have access to and knowledge of non-public information of the Company and its clients; (v) the direct or indirect disclosure of any such confidential

information to existing or potential competitors of the Company would place the Company at a competitive disadvantage and would do damage to the Company; (vi) Key Employee has developed goodwill with the Company's clients at the substantial expense of the Company; (vii) but for Key Employee entering into the covenants set forth in this Section 3.9, the Company would not have entered into the Financing and the closing of the offering and sale of equity securities by the Company as set forth above, (viii) Key Employee engaging in any of the activities prohibited by this Section 3.9, would constitute improper appropriation and/or use of the Company's confidential information and/or goodwill, (ix) Key Employee's association with the Company has been critical, and Key Employee's association with the Company is expected to continue to be critical, to the success of the Company, (x) the services to be rendered by Key Employee to the Company are of a special and unique character, (xi) Company conducts the Business throughout the United States, (xii) the noncompetition and other restrictive covenants and agreements set forth in this Agreement are fair and reasonable and it would not be reasonable to enter into the Financing without obtaining such non-competition and other restrictive covenants and agreements, and (xiii) in light of the foregoing and of Key Employee's education, skills, abilities and financial resources, Key Employee acknowledges and agrees that the Key Employee will not assert, and it should not be considered, that enforcement of any of the covenants set forth in this Section 3.9 would prevent Key Employee from earning a living or otherwise are void, voidable or unenforceable or should be voided or held unenforceable.

(b) Agreement not to Compete. Key Employee will not, during his employment and the Post-Termination Period, directly or indirectly, carry on or conduct, the Business or any business of the nature in which the Company or its subsidiaries are then engaged in any geographical area in which the Company or its subsidiaries or affiliates engage in business at the time of such termination or any new line of business with respect to which Key Employee has created, received or had access to confidential information (as set forth below). Key Employee agrees that he will not so conduct or engage in the Business or any such business in any capacity, including as an individual on his own account or as a partner or joint venturer or as an employee, agent, consultant or salesman for any other person or entity, or as an officer or director of a corporation, provided, that Key Employee may be a shareholder in any public corporation if he does not own ten percent (10%) or more of any class of its stock.

(c) Confidential Information. Key Employee will not, directly or indirectly, at any time following termination of his employment with the Company for any reason, reveal, divulge or make known to any person or entity, or use for Key Employee's personal benefit (including for the purpose of soliciting business, whether or not competitive with any business of the Company or its subsidiaries or affiliates), any information acquired during the Employment Term with regard to the financial, business or other affairs of the Company or its subsidiaries or affiliates (including any list or record of persons or entities with which the Company or its subsidiaries or affiliates has any dealings), other than (i) information already in the public domain; or (ii) information that Key Employee is required to disclose under the following circumstances: (A) at the direction of any authorized governmental entity; (B) pursuant to a subpoena or other court process; (C) as otherwise required by law or the rules, regulations, or orders of any applicable regulatory body; or (D) as otherwise necessary, in the opinion of counsel for Key Employee, to be disclosed by Key Employee in connection with any legal action or proceeding involving Key Employee in his capacity as an employee, officer, director, or stockholder of the Company or any subsidiary or affiliate of the Company.

(d) Key Employee will, upon the earlier of (i) any time requested by the Company or (ii) termination of his employment with the Company for any reason, promptly deliver to the Company all documents, memoranda, notes, reports, lists, files, customer lists, mailing lists, software, disks, credit cards, door and file keys, computer access codes, instructional manuals, and other physical or personal property which Key Employee received or prepared or helped to prepare in connection with his relationship with the Company including, but not limited to, any confidential information (as set forth above) of the Company or any of its subsidiaries and affiliates which he may then possess or have under his control, and Key Employee shall not retain any copies, duplicates, reproductions or excerpts thereof.

(e) Agreement not to Solicit. During the Employment Term and for the Post-Termination Period, Key Employee shall not (except on behalf of or with the written consent of the Company), either directly or indirectly, on Key Employee's own behalf or in the service or on behalf of others, (i) solicit, divert, or appropriate, or (ii) attempt to solicit, divert, or appropriate, any person or entity that is or was a customer of the Company or any of its affiliates at any time during the twelve (12) months prior to the date of termination and with whom Key Employee has had material contact.

(f) Agreement not to Recruit. During the Employment Term and for the Post-Termination Period, Key Employee shall not, either directly or indirectly, on Key Employee's behalf or in the service or on behalf of others, (i) solicit, divert, or hire away, or (ii) attempt to solicit, divert, or hire away, any employee of or consultant to the Company or its subsidiaries or affiliates.

(g) Reasonableness of Restrictions. Key Employee acknowledges that the geographic boundaries, scope of prohibited activities, and time duration set forth in this Section 3.9 are reasonable in nature and are no broader than are necessary to maintain the goodwill of the Company and the confidentiality of its confidential information and to protect the legitimate business interests of the Company, and that the enforcement of such provisions would not cause Key Employee any undue hardship nor unreasonably interfere with Key Employee's ability to earn a livelihood. If any court determines that any portion of this Section 3.9 is invalid or unenforceable, the remainder of this Section 3.9 will not thereby be affected and will be given full effect without regard to the invalid provisions. If any court construes any of the provisions of this Section 3.9, or any part thereof, to be unreasonable because of the duration or scope of such provision, such court shall reduce the duration or scope of such provision and enforce such provision as so reduced.

(h) Enforcement. Upon Key Employee's employment with an entity that is not a subsidiary or affiliate of the Company (a "**Successor Employer**") during the period that the provisions of this Section 3.9 remain in effect, Key Employee will provide such Successor Employer with a copy of this Agreement and will notify the Company of such employment within thirty (30) days thereof. Key Employee agrees that in the event of a breach or threatened breach of the terms and conditions of this Section 3.9 by Key Employee, the Company will be entitled, if it so elects, to institute and prosecute proceedings, either in law or in equity, against Key Employee, to obtain damages for any such breach, or to enjoin (in the form of specific performance, temporary restraining order, temporary or permanent injunction or otherwise) Key Employee from any conduct in violation of this Section 3.9, without having to post a bond.

3.10 **Parachute Payments.** Notwithstanding anything to the contrary in this Agreement, if it is determined (as hereafter provided) that any payment or distribution to or for Key Employee's benefit, whether paid or payable or distributed or distributable pursuant to the terms of this Agreement or otherwise pursuant to or by reason of any other agreement, policy, plan, program or arrangement, including without limitation any stock option, stock appreciation right or similar right, or the lapse or termination of any restriction on or the vesting or exercisability of any of the foregoing (a "Payment"), would be subject to the excise tax imposed by Section 4999 of the Code (or any successor provision thereto) or to any similar tax imposed by state or local law, or any interest or penalties with respect to such excise tax (such tax or taxes, together with any such interest and penalties, are hereafter collectively referred to as the "Excise Tax"), then Key Employee shall be entitled to receive an additional payment or payments (a "Gross-Up Payment") in an amount such that, after payment by Key Employee of all taxes (including any interest or penalties imposed with respect to such taxes), including any Excise Tax, imposed upon the Gross-Up Payment, Key Employee retains an amount of the Gross-Up Payment equal to the Excise Tax imposed upon the Payments. For purposes of determining whether any of the Payments will be subject to the Excise Tax and the amount of such Excise Tax, (i) all of the Payments shall be treated as "parachute payments" within the meaning of section 28OG(b)(2) of the Code, and all "excess parachute payments" within the meaning of section 28OG(b)(1) of the Code shall be treated as subject to the Excise Tax, unless in the opinion of tax counsel selected by the Company's independent auditors and reasonably acceptable to Key Employee such other payments or benefits (in whole or in part) do not constitute parachute payments, including by reason of section 28OG(b)(4)(A) of the Code, or such excess parachute payments (in whole or in part) represent reasonable compensation for services actually rendered, within the meaning of section 28OG(b)(4)(B) of the Code, in excess of the "base amount" (as such term is defined in section 28OG(b)(3) of the Code) allocable to such reasonable compensation, or are otherwise not subject to the Excise Tax, (ii) the amount of the Payments which shall be treated as subject to the Excise Tax shall be equal to the lesser of (A) the total amount of the Payments or (B) the amount of excess parachute payments within the meaning of section 28OG(b)(1) of the Code (after applying clause (i), above), and (iii) the value of any non-cash benefits or any deferred payment or benefit shall be determined by the Company's independent auditors in accordance with the principles of sections 28OG(d)(3) and (4) of the Code. For purposes of determining the amount of the Gross-Up Payment, Key Employee shall be deemed to pay federal income taxes at the highest marginal rate of federal income taxation in the calendar year in which the Gross-Up Payment is to be made and state and local income taxes at the highest marginal rate of taxation in the state and locality of Key Employee's residence on the date of termination, net of the maximum reduction in federal income taxes which could be obtained from deduction of such state and local taxes. In the event that the Excise Tax is subsequently determined to be less than the amount taken into account hereunder at the time of Key Employee's termination of employment, Key Employee shall repay to the Company, at the time that the amount of such reduction in Excise Tax is finally determined, the portion of the Gross-Up Payment attributable to such reduction (plus that portion of the Gross-Up Payment attributable to the Excise Tax and federal, state and local income tax imposed on the Gross-Up Payment being repaid by Key Employee to the extent that such repayment results in a reduction in Excise Tax and/or a federal, state or local income tax deduction) plus interest on the amount of such repayment at the rate provided in section 1274(b)(2)(B) of the Code. In the event that the Excise Tax is determined to exceed the amount

taken into account hereunder (including by reason of any payment the existence or amount of which cannot be determined at the time of the Gross-Up Payment), the Company shall make an additional Gross-Up Payment in respect of such excess (plus any interest, penalties or additions payable by Key Employee with respect to such excess) at the time that the amount of such excess is finally determined. Key Employee and the Company shall each reasonably cooperate with the other in connection with any administrative or judicial proceedings concerning the existence or amount of liability for Excise Tax with respect to the Severance Payments. Notwithstanding anything in this Agreement to the contrary, in no event shall payments under this Section be made later than the end of Key Employee's taxable year following the taxable year in which the related Excise Tax is remitted by or on behalf of the Key Employee.

3.11 **Payments Subject to Section 409A of the Code.** Notwithstanding the foregoing provisions of this ARTICLE III, to the extent required by Section 409A of the Code and applicable guidance thereunder, payments that Key Employee would otherwise be entitled to receive hereunder during the first six months following the date of Key Employee's termination of employment will be accumulated and paid on the date that is six months and one day after the date of Key Employee's termination of employment (or if such payment date does not fall on a business day of the Company, the next following business day of the Company), or such earlier date upon which such amount can be paid without adverse tax consequences to Key Employee under section 409A of the Code; provided, however, that no such delay shall apply with respect to payments to which Key Employee is entitled in the event of his death.

ARTICLE IV
MISCELLANEOUS

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

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

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

4.4 **Entire Agreement.** Except as provided in the written benefit plans and programs referenced in Section 2.3(c) and Section 2.3(d), this Agreement embodies the complete agreement and understanding among the parties hereto with respect to the subject matter hereof and supersede and preempt any prior understandings, agreements or representations by or among the parties, written or oral, which may have related to the subject matter hereof in any way.

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

4.6 **Legal Fees**. The Company shall reimburse Key Employee for all reasonable legal fees and expenses incurred by the Executive in a dispute regarding the Key Employee's rights under this Agreement, within forty-five (45) day of when such fees and expenses are incurred, but in no event later than the end of the taxable year in which such fees and expenses are incurred, unless a court of competent jurisdiction determines the Key Employee's position in such dispute not to be bona fide.

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

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

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

[Signature Page Follows]

INTENDING TO BE BOUND, the parties hereto have executed this Agreement as of the date first set forth above.

COMPANY:

MYR GROUP INC.

By: /s/ WILLIAM A. KOERTNER
Name: William A. Koertner
Title: President and CEO

KEY EMPLOYEE:

/s/ RICHARD S. SWARTZ, JR.
Richard S. Swartz, Jr.

Exhibit 21.1

Subsidiaries of the Registrant

Subsidiary		Jurisdiction of Incorporation
1.	Comtel Technology Inc.	Colorado
2.	Great Southwestern Construction, Inc.	Colorado
3.	The L.E. Myers Co.	Delaware
4.	Myers International, Inc.	Delaware
5.	MYRcom, Inc.	Delaware
6.	MYRpower, Inc.	Delaware
7.	Harlan Electric Company	Michigan
8.	Sturgeon Electric Company, Inc.	Michigan
9.	Hawkeye Construction, Inc.	Oregon

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Exhibit 23.1

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We hereby consent to the use in this Registration Statement on Form S-1 of our Predecessor report dated November 24, 2007, except for Note 21 which is as of December 13, 2007, and our Successor report dated November 24, 2007, except for Note 21 which is as of December 13, 2007 and except for Note 22 which is as of December 26, 2007, relating to the consolidated financial statements of MYR Group, Inc., which appear in such Registration Statement. We also consent to the references to us under the heading "Experts" in such Registration Statement.

/s/ PricewaterhouseCoopers LLP
Chicago, IL
January 24, 2008

QuickLinks