

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

SCHEDULE 14A

(Rule 14a-101)

SCHEDULE 14A INFORMATION

Proxy Statement Pursuant to Section 14(a) of  
the Securities Exchange Act of 1934  
(Amendment No. )

Filed by the Registrant ☒

Filed by a Party other than the Registrant ☐

Check the appropriate box:

- ☐ Preliminary Proxy Statement
- ☐ Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))
- ☒ Definitive Proxy Statement
- ☐ Definitive Additional Materials
- ☐ Soliciting Material under §240.14a-12

MYR Group Inc.

(Name of Registrant as Specified In Its Charter)

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

- ☒ No fee required.
- ☐ Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.

(1) Title of each class of securities to which transaction applies:

(2) Aggregate number of securities to which transaction applies:

(3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):

(4) Proposed maximum aggregate value of transaction:

(5) Total fee paid:

- ☐ Fee paid previously with preliminary materials.
- ☐ Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.

(1) Amount Previously Paid:

(2) Form, Schedule or Registration Statement No.:

(3) Filing Party:

(4) Date Filed:



## **Notice of 2020 Annual Meeting of Stockholders and Proxy Statement**



April 23, 2020  
Westin Denver International Airport  
8300 Peña Blvd.  
Denver, Colorado 80249

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## LETTER TO STOCKHOLDERS



March 6, 2020

Dear Fellow Stockholder,

On behalf of the Board of Directors and management of MYR Group Inc., we are pleased to invite you to attend the 2020 Annual Meeting of Stockholders of MYR Group Inc., which will be held at 10:00 a.m. Mountain time on Thursday, April 23, 2020, at the Westin Denver International Airport, 8300 Peña Blvd., Denver, Colorado 80249 (the "2020 Annual Meeting"). The meeting facilities will open to stockholders at 8:30 a.m. Mountain time.

At the 2020 Annual Meeting, we will act on the matters described in the Notice of the 2020 Annual Meeting of Stockholders of MYR Group Inc. and the Proxy Statement that follow this letter. Stockholders of record at the close of business on March 2, 2020 are entitled to notice of, and to vote at, the 2020 Annual Meeting.

It is important that your shares are represented and voted at the 2020 Annual Meeting regardless of the size of your holdings. **Even if you intend to attend the 2020 Annual Meeting, please complete, sign, date and return the accompanying proxy card in the enclosed postage-paid envelope as soon as possible in order to ensure the presence of a quorum.** If you do not vote promptly, we may incur additional costs in soliciting proxies. Voting by returning your proxy card in advance of the 2020 Annual Meeting does not deprive you of your right to attend and vote in person at the 2020 Annual Meeting.

Our Board of Directors and management look forward to your participation at the 2020 Annual Meeting and appreciate your continued support.

Sincerely yours,

A handwritten signature in black ink, appearing to read "Ken Hartwick".

Kenneth M. Hartwick  
*Chairman of the Board of Directors*

A handwritten signature in black ink, appearing to read "Rick Swartz".

Richard S. Swartz  
*President and Chief Executive Officer*

MYR GROUP INC.  
1701 Golf Road, Suite 3-1012  
Rolling Meadows, IL 60008

**YOUR VOTE IS IMPORTANT**

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# NOTICE OF THE 2020 ANNUAL MEETING OF STOCKHOLDERS OF MYR GROUP INC.

March 6, 2020

MYR Group Inc. will hold its 2020 Annual Meeting of Stockholders on Thursday, April 23, 2020. At the meeting, stockholders will be asked to consider and act upon the following items of business discussed in the attached proxy statement. Please note that this Notice of Meeting does not contain all the information you should consider, and you should read the proxy statement in its entirety before voting.

**WHEN:** Thursday, April 23, 2020 at 10:00 a.m. Mountain Time

**WHERE:** Westin Denver International Airport, 8300 Peña Blvd., Denver, Colorado 80249

## ITEMS OF BUSINESS:

- **Proposal 1.** Election as directors of the three Class I nominees, each to serve a term of three years;
- **Proposal 2.** Advisory resolution to approve the compensation of our named executive officers;
- **Proposal 3.** Approval of the MYR Group Inc. 2017 Long-Term Incentive Plan (amended and restated as of April 23, 2020);
- **Proposal 4.** Ratification of the appointment of our independent registered public accounting firm; and
- Consideration of other business properly presented at the meeting.

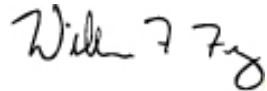
## BOARD RECOMMENDATIONS:

The Board of Directors recommends that you vote FOR the election of each of the nominees named in Proposal 1 and FOR Proposals 2, 3 and 4.

**WHO CAN VOTE:** Stockholders of record at the close of business on March 2, 2020 are entitled to vote at the meeting, or any postponement or adjournment thereof.

**Important Notice Regarding the Availability of Proxy Materials for our 2020 Annual Meeting of Stockholders to be held on April 23, 2020.**

This Notice of Meeting, the Proxy Statement, the accompanying proxy card and our 2019 Annual Report on Form 10-K are being distributed to stockholders beginning on or about March 6, 2020. This Notice of Meeting, the Proxy Statement, and the 2019 Annual Report on Form 10-K are also available on our website at [www.myrgroup.com](http://www.myrgroup.com).



William F. Fry  
Vice President, Chief Legal Officer and Secretary

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## PROXY STATEMENT

We are providing the enclosed proxy materials to you in connection with the solicitation by the board of directors (collectively the “Board” and individually “Director”) of MYR Group Inc. of proxies to be voted at the Annual Meeting of Stockholders to be held on April 23, 2020 (the “2020 Annual Meeting”). We began giving these proxy materials to our stockholders on March 6, 2020.

*Throughout this proxy statement, references to “MYR Group,” the “Company,” “we,” “us,” and “our” refer to MYR Group Inc. and its consolidated subsidiaries, except as otherwise indicated or as the context otherwise requires.*

## PROXY SUMMARY

This section introduces and provides overview information and the recommendations of the Board for each of the proposals to be voted on at the 2020 Annual Meeting, in addition to highlighting our corporate governance, business results and executive compensation. This overview of voting items does not contain all of the information that you should consider, and we encourage you to review the entire 2020 proxy statement (the “Proxy Statement”) prior to determining how you wish to vote your shares.

### PROPOSAL 1. ELECTION OF DIRECTORS (full proposal begins on page [13](#))

#### **OUR BOARD UNANIMOUSLY RECOMMENDS THAT YOU VOTE “FOR” THE ELECTION OF EACH OF THE DIRECTOR NOMINEES.**

The Board and the Nominating and Corporate Governance Committee believe that the three class I nominees possess the necessary qualifications, attributes, skills and experiences to provide quality advice and counsel to the Company’s management and effectively oversee the business and long-term interests of the Company’s stockholders. Further biographical and qualification information for each director nominee can be found in the full proposal.

#### **Our Director Nominees**

You are being asked to vote on the election of three Class I directors, each for a term ending in 2023 or until a successor has been chosen and qualified.

Directors will be elected by the affirmative vote of a majority of votes cast in this uncontested election.

	Age	Director Since	Primary Occupation	Independent	Other Public Boards	Committee Membership			Board Recommendation
						Audit	Comp	NCG	
<b>Kenneth M. Hartwick</b>	57	2015	President and Chief Executive Officer Ontario Power Generation	Yes	2	<input checked="" type="checkbox"/>			<b>FOR</b>
<b>Jennifer E. Lowry</b>	51	2018	Vice President of Corporate Finance for McCormick & Company, Inc.	Yes	0	<input checked="" type="checkbox"/>			<b>FOR</b>
<b>Richard S. Swartz</b>	56	2019	President and Chief Executive Officer of MYR Group	No	0		(a)		<b>FOR</b>

(a) Our independent Directors do not serve on committees.

## Corporate Governance Highlights

We are committed to sound corporate governance practices. We believe that good governance promotes the long-term interests of our stockholders and strengthens Board and management accountability.

<ul style="list-style-type: none"> <li>• Separate Chairman of the Board and Chief Executive Officer Positions</li> <li>• Independent Chairman of the Board</li> </ul>	<ul style="list-style-type: none"> <li>• Regular Executive Sessions Without Management Present</li> <li>• Annual “Say-on-Pay” Stockholder Vote on Executive Compensation</li> </ul>
<ul style="list-style-type: none"> <li>• All Independent Directors Except our Former and Current Chief Executive Officers</li> <li>• Majority Voting in Uncontested Elections</li> </ul>	<ul style="list-style-type: none"> <li>• 100% Independent Audit, Compensation and Nominating and Corporate Governance Committees</li> <li>• Annual Engagement of Independent Executive Compensation Consultant</li> </ul>
<ul style="list-style-type: none"> <li>• Risk Oversight by Full Board and Committees</li> </ul>	<ul style="list-style-type: none"> <li>• Engagement Every Three Years of Independent Compensation Consultant for Director Compensation</li> </ul>
<ul style="list-style-type: none"> <li>• Balanced Director Ages (5 Under 60)</li> <li>• Annual Board and Committee Self-Evaluations</li> </ul>	<ul style="list-style-type: none"> <li>• Investor Outreach Program</li> <li>• Stock Ownership Guidelines for Named Executive Officers and Directors</li> </ul>
<ul style="list-style-type: none"> <li>• Annual Performance Evaluation of Named Executive Officers by Directors</li> </ul>	<ul style="list-style-type: none"> <li>• Code of Business Conduct and Ethics for Officers and Directors</li> </ul>
<ul style="list-style-type: none"> <li>• Periodic Engagement of Independent Executive and Corporate Governance Consultant</li> </ul>	<ul style="list-style-type: none"> <li>• Limited Director Service on Other Public Boards</li> </ul>
<ul style="list-style-type: none"> <li>• Board Authority to Retain Outside Consultants</li> </ul>	<ul style="list-style-type: none"> <li>• Board Refreshment Policy With an Expected Director Retirement Age of 72</li> </ul>

The Board conducted 2019 annual self-evaluation exercises for the Board and its committees, which provided the Board with insight as to the effectiveness of its operation, the operations of its committees, its governance practices and its strategic planning processes.

Effective April 26, 2019, the Board appointed Richard S. Swartz, the Company’s President and Chief Executive Officer (“CEO”), as a director. Mr. Swartz was appointed as a Class I director with an initial term expiring at the upcoming 2020 annual meeting of stockholders.

In 2018, the Board amended the guidelines that provide a framework for MYR Group’s corporate governance (the “Corporate Governance Principles”) to establish the general policy that directors will not be nominated for reelection or reappointment to the Board after reaching the age of 72. Additionally, directors are expected to tender their resignations immediately following the first annual stockholders’ meeting following their 72<sup>nd</sup> birthday. The Board retains its discretion to waive this policy in individual cases.

All but two of our directors are independent and five independent directors have been appointed since 2014.

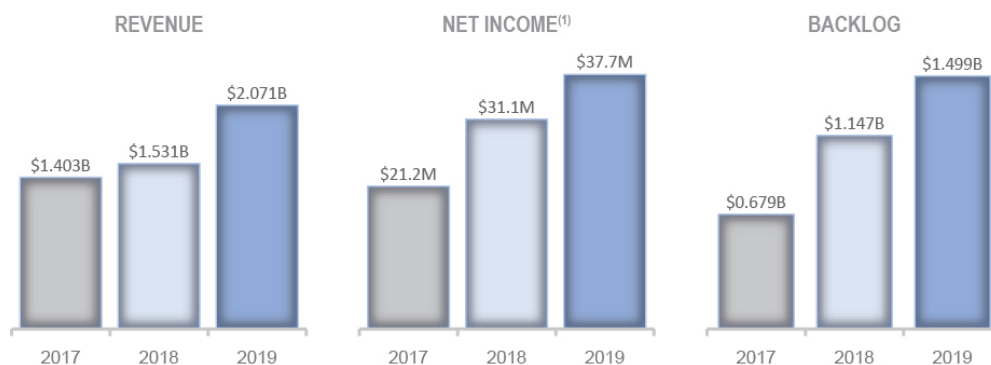


## PROPOSAL 2. ADVISORY RESOLUTION TO APPROVE THE COMPENSATION OF OUR NAMED EXECUTIVE OFFICERS

(full proposal begins on page [60](#))

### OUR BOARD UNANIMOUSLY RECOMMENDS THAT YOU VOTE “FOR” THE ADVISORY RESOLUTION TO APPROVE OUR EXECUTIVE COMPENSATION.

The Board and the Compensation Committee seek a non-binding advisory vote to approve our named executive officer (“NEO”) compensation as described under the sections entitled “Compensation Discussion and Analysis” and “Executive Compensation Tables.” The Board values stockholders’ opinions, and the Compensation Committee will consider the outcome of the advisory vote when evaluating future executive compensation decisions.



(1) Represents net income attributable to MY Group Inc.

### 2019 Performance

Our revenues for the year ended December 31, 2019 were \$2.071 billion compared to \$1.531 billion and \$1.403 billion for the years ended December 31, 2018 and 2017, respectively. Our net income attributable to MYR Group Inc. for the year ended December 31, 2019 was \$37.7 million compared to \$31.1 million and \$21.2 million for the years ended December 31, 2018 and 2017, respectively. For the year ended December 31, 2019, our backlog was \$1.499 billion compared to \$1.147 billion and \$0.679 billion for the years ended December 31, 2018 and 2017, respectively.

On July 15, 2019, we completed the acquisition of substantially all the assets of CSI Electrical Contractors, Inc. (“CSI Electric”), an electrical contracting firm based in California. CSI Electric provides services to a broad array of end markets under the Company’s Commercial and Industrial segment (“C&I”) and expanded our operations in California.

### Executive Compensation Highlights

Compensation decisions are based on a number of factors, including peer company data and general market data, Company performance against pre-established goals, relative performance of the Company’s stock compared to a peer group, and the experience and contributions of individual executives. At our 2019 Annual Meeting, our stockholders voted on an advisory resolution regarding the compensation of our NEOs (the “Say-on-Pay” proposal), which was approved by more than 99% of the votes represented at the 2019 Annual Meeting and entitled to vote. Our executive compensation program seeks to attract, motivate and retain executive talent and emphasizes pay for performance. Our executive compensation program includes base salary, short-term incentive compensation under our Senior Management Incentive Plan (amended and restated as of May 1, 2014) (the “SMIP”), long-term equity compensation under our 2017 Long-Term Incentive Plan (the “LTIP”), a defined-contribution retirement plan, and very limited perquisites.

We continue to strive to adhere to the following best practices in executive compensation:

<i><b>WE DO:</b></i>	<i><b>WE DO NOT:</b></i>
<input checked="" type="checkbox"/> Pay for Performance	<input checked="" type="checkbox"/> Allow Hedging of our Stock
<input checked="" type="checkbox"/> Hold Annual "Say-on-Pay" Stockholder Vote	<input checked="" type="checkbox"/> Allow Pledging of our Stock
<input checked="" type="checkbox"/> Require Officers and Directors to Meet Stock Ownership Guidelines	<input checked="" type="checkbox"/> Provide Tax Gross-Ups
<input checked="" type="checkbox"/> Encourage Stockholder Input	<input checked="" type="checkbox"/> Provide Single Trigger Change in Control Provisions
<input checked="" type="checkbox"/> Impose Clawback Provisions	<input checked="" type="checkbox"/> Allow Short-Selling of our Stock
<input checked="" type="checkbox"/> Maintain an Independent Compensation Committee	<input checked="" type="checkbox"/> Guarantee Minimum Annual Cash Incentive Payments to our NEOs
<input checked="" type="checkbox"/> Conduct Annual Compensation Review and Risk Assessment	<input checked="" type="checkbox"/> Provide Dividends or Dividend Equivalents on Unvested Equity
<input checked="" type="checkbox"/> Provide Incentive Compensation Based Upon Financial and Safety Performance Metrics	<input checked="" type="checkbox"/> Allow Repricing of Stock Options Without Stockholder Approval
<input checked="" type="checkbox"/> Cap Annual Cash Incentive and Performance Awards	<input checked="" type="checkbox"/> Grant Stock Options Below Fair Market Value as of the Grant Date
<input checked="" type="checkbox"/> Base Significant Portion of Long-Term Incentive Awards on Relative Total Shareholder Return	
<input checked="" type="checkbox"/> Engage an Independent Compensation Consultant	
<input checked="" type="checkbox"/> Align the Financial Interests of our NEOs with those of Stockholders	

### **PROPOSAL 3. APPROVAL OF THE 2017 LONG-TERM INCENTIVE PLAN (AMENDED AND RESTATED AS OF APRIL 23, 2020).** (full proposal begins on page [62](#))

#### ***OUR BOARD RECOMMENDS THAT YOU VOTE "FOR" THE APPROVAL OF THE 2017 LONG-TERM INCENTIVE PLAN (AMENDED AND RESTATED AS OF APRIL 23, 2020).***

On February 27, 2020, the Board approved and adopted, subject to stockholder approval, the 2017 Long-Term Incentive Plan (amended and restated as of April 23, 2020) (the "A&R 2017 LTIP"). If approved by stockholders, the A&R 2017 LTIP will amend the LTIP. The amendments are to add an additional 1,000,000 shares available for issuance and update the plan.

We believe our future success depends in part on our ability to attract, motivate and retain high quality employees and directors and the ability to provide equity-based and incentive-based awards under the A&R 2017 LTIP is critical to achieving this success. We believe we would be at a competitive disadvantage if we could not use stock-based awards to recruit and compensate our officers, other employees and directors. Material features and other details of the A&R 2017 LTIP can be found under "Proposal 3. Approval of the 2017 Long-Term Incentive Plan (amended and restated as of April 23, 2020)" and the A&R 2017 LTIP in its entirety is found in Appendix A.

## **PROPOSAL 4. RATIFICATION OF THE APPOINTMENT OF OUR INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM** (full proposal begins on page [81](#))

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***OUR BOARD UNANIMOUSLY RECOMMENDS THAT YOU VOTE “FOR” THE RATIFICATION OF CROWE LLP AS OUR INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM.***

The Board and the Audit Committee believe that the appointment of Crowe LLP (“Crowe”) to serve as our independent registered public accounting firm for the fiscal year ending December 31, 2020 is in the best interests of the Company and its stockholders.

## **OTHER MATTERS THAT MAY BE PRESENTED AT THE 2020 ANNUAL MEETING** (found on page [82](#))

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We will also act upon any other business as may properly come before the 2020 Annual Meeting and any adjournments or postponements of that meeting. The Board or proxy holders will use their discretion on other matters that may arise at the 2020 Annual Meeting.

# CORPORATE GOVERNANCE

## CODE OF ETHICS AND CORPORATE GOVERNANCE PRINCIPLES

We have a Code of Business Conduct and Ethics (the “Code of Ethics”) applicable to all of our directors, officers and employees. The Code of Ethics promotes honest and ethical conduct, full and accurate public communication and compliance with applicable laws, rules and regulations. We disclose any waiver or amendments to the Code of Ethics as required by the applicable rules of the U.S. Securities and Exchange Commission (“SEC”).

Additionally, our Corporate Governance Principles provide a framework for MYR Group’s corporate governance and assist the Board in the exercise of its responsibilities to help ensure compliance with governing law and our policies.

Stockholders and others can access our corporate governance materials, including our Certificate of Incorporation, Amended and Restated By-Laws (the “By-Laws”), committee charters, Corporate Governance Principles, Code of Ethics and other corporate governance related materials on our website at [www.myrgroup.com](http://www.myrgroup.com). Copies of these materials are also available free of charge to any stockholder who sends a written request to our Secretary at MYR Group Inc., 1701 Golf Road, Suite 3-1012, Rolling Meadows, Illinois 60008.

The information on our website is not, and shall not be deemed to be, a part of this Proxy Statement or incorporated into any other filings we make with the SEC.

## DIRECTOR INDEPENDENCE

Our Corporate Governance Principles require that at least a majority of the Board qualify as independent directors under the listing standards of the NASDAQ Stock Market (“Nasdaq”) and any other requirements of the committees upon which he or she serves. Nasdaq listing standards have both objective tests and a subjective test for determining who is an independent director. The objective tests state, for example, that a director who is, or at any time during the past three years was, employed by the Company, is not considered independent. The subjective test requires the Board to affirmatively determine that the director does not have a relationship that would interfere with the director’s exercise of independent judgment in carrying out his or her responsibilities. Members of our Audit Committee and Compensation Committee, respectively, are subject to certain additional qualification requirements as described below under “Audit Committee Matters” and “Compensation Committee Matters.” During the Board’s annual review of director independence, the Board also considers transactions, relationships and arrangements between each director or an immediate family member of the director and each of MYR Group and our senior management.

After considering the Nasdaq listing standards and information provided by each director, the Board determined that the following directors are independent: Larry F. Altenbaumer, Bradley T. Favreau, Kenneth M. Hartwick, Jennifer E. Lowry, Donald C.I. Lucky, Maurice E. Moore and William D. Patterson. William A. Koertner is not considered an independent director due to his prior employment with MYR Group, which ended on March 31, 2018, and he will not be considered independent until March 31, 2021 in accordance with the Nasdaq listing standards. Richard S. Swartz is currently serving as President and Chief Executive Officer of the Company and therefore is not considered an independent director. The Board has also determined that each of Messrs. Fayne and Johnson, each of whom served as a director during fiscal 2019 prior to their resignations on April 26, 2019, was independent within the meaning of applicable independence standards.

## EXECUTIVE SESSIONS OF THE BOARD

In accordance with the Corporate Governance Principles, the independent directors meet at least twice per year in executive sessions. Executive sessions are typically held following Board meetings, without management present.

## COMMUNICATIONS WITH THE BOARD AND REPORTING OF CONCERNS

The Board values and encourages constructive dialogue with stockholders and other interested parties on compensation and other important governance topics. Stockholders and other interested parties can communicate with the directors, individually or as a group, by writing to our Secretary at MYR Group Inc., 1701 Golf Road, Suite 3-1012, Rolling Meadows, Illinois 60008 or by completing and submitting the “Contact Us” form on our corporate website at [www.myrgroup.com](http://www.myrgroup.com) under the “Investor Contact” tab of the “Investors” section.

The Secretary forwards communications relating to matters within the Board's purview to the appropriate directors, communications relating to matters within a Board committee's area of responsibility to the chair of the appropriate committee and communications relating to ordinary business matters to the appropriate Company officer. The Secretary generally does not forward complaints about service, new services suggestions, resumes and other forms of job inquiries, surveys, business solicitations, advertisements or inappropriate communications. Anyone who has a concern about the Company's conduct, accounting, financial reporting, internal controls, or auditing matters may submit that concern anonymously or confidentially to the Company's Anonymous Incident Reporting System, MySafeWorkplace, at 800-461-9330 or [www.mysafeworkplace.com](http://www.mysafeworkplace.com).

## BOARD LEADERSHIP STRUCTURE

Our Corporate Governance Principles provide that the Board has the discretion to choose its board leadership structure as it deems best for MYR Group and our stockholders. When determining the leadership structure that allows the Board to effectively carry out its responsibilities and represent our stockholders' interests, the Board considers various factors, including our specific business needs, our industry's demands, our operating and financial performance, the economic and regulatory environment, the Board's self-evaluations, alternative leadership structures and our corporate governance policies and practices.

## BOARD STRUCTURE

The Board currently consists of nine directors that are divided into three classes, designated as Class I, Class II and Class III. The Board believes the classified structure allows Board members to gain a deep understanding of the Company and its operations, promotes continuity and stability, encouraging directors to take a long-term perspective. The classified structure is reviewed periodically and alternatives including annual elections are considered.

### Separate Chairman and CEO Positions; Independent Chairman of the Board

The Board believes that separate Chairman of the Board (“Chairman”) and CEO positions provides strong leadership for our Company. By separating these positions, our CEO is able to focus on managing the Company's daily operations and our Chairman can devote his time and attention to matters of Board oversight and governance.

The Corporate Governance Principles require an independent director to serve as lead director if the Chairman is not an independent director. As the Chairman is currently an independent director Board does not have a separate lead independent director.

All our committee members and our Chairman are independent.

The Nominating and Corporate Governance Committee and the Board periodically review and consider this leadership structure to ensure it remains appropriate for MYR Group.

## BOARD AUTHORITY TO RETAIN OUTSIDE CONSULTANTS

The Board has the necessary power and authority to request and obtain information directly from management, to retain outside consultants and to consult directly with management and employees where it deems appropriate. The Audit Committee has the sole authority to appoint, compensate, retain and oversee the Company's independent registered public accountants. The Compensation Committee has the sole authority to engage, retain, oversee and terminate compensation advisers for our senior

management compensation review and for our directors' compensation review. The Nominating and Corporate Governance Committee has the sole authority to retain and terminate search firms used to identify director candidates.

## RISK OVERSIGHT

We do not view risk in isolation but consider risk as part of our regular consideration of business strategy and business decisions. Assessing and managing risk is the responsibility of management, which establishes and maintains risk management processes, including action plans and controls, to balance risk mitigation and opportunities to create stockholder value. It is management's responsibility to anticipate, identify and communicate risks to the Board and/or its committees.

The Board has the responsibility to oversee and review certain aspects of our risk management efforts, either directly or through its committees, based upon management's identification, assessment and mitigation of risk. We approach risk management by integrating strategic planning and operational decision-making with risk oversight by management and the Board. The Board commits extensive time and effort in discussing and establishing the Company's strategic plan, and it reconsiders key elements of the strategic plan as significant events and opportunities arise during the year. As part of the strategic plan review, the Board and management focus on the primary value drivers for the Company and risks facing the Company, as well as the Company's sustainability and social responsibilities.

Only independent Directors serve on our committees that support the Board's oversight functions by regularly addressing various risks in their respective areas of oversight. Specifically, the Audit Committee assists the Board in fulfilling its risk management oversight responsibilities in the areas of financial reporting, internal controls (including internal controls over information technology systems and security), compliance with public reporting requirements and cyber security. The Compensation Committee assists the Board in fulfilling its risk management oversight responsibilities associated with risks arising from compensation policies and programs, including the review of incentive compensation to ensure our programs contribute to our success, increase stockholder value and discourage unnecessary and excessive risk taking. The Nominating and Corporate Governance Committee assists the Board in fulfilling its risk management oversight responsibilities associated with risks primarily related to corporate governance, director succession and the composition of the Board. Each of the committee chairs reports to the full Board at regular meetings concerning the activities of the committee, the significant issues it has discussed, and the actions taken by the committee.

We believe that our leadership structure supports the risk oversight function of the Board.

## BOARD AND COMMITTEE SELF-EVALUATIONS

Each year, the Board and each of the Audit Committee, the Compensation Committee, and the Nominating and Corporate Governance Committee conduct a self-evaluation addressing matters that the Board and committees consider relevant to their performance. These evaluations include an assessment by each director of the performance of the Board and the committee or committees on which the director sits. The Nominating and Corporate Governance Committee oversees the evaluation process.

The Board periodically retains an independent, third-party executive and corporate governance consultant to facilitate Board and committee self-evaluations and individual director performance evaluations.

## COMMITTEE MEMBERSHIP AND MEETING ATTENDANCE

Our Board designates the members and chairs of committees based on the Nominating and Corporate Governance Committee's recommendations. The Board has three standing committees — Audit, Compensation, and Nominating and Corporate Governance — each composed entirely of independent directors. Non-independent directors do not serve on any of the committees.

Each of the three standing committees has a written charter adopted by the Board. The charters define each committee's roles and responsibilities. The charters are available on our website at [www.myrgroup.com](http://www.myrgroup.com) under the "Investors" section. MYR Group will provide copies of these charters free of charge to any

stockholder who sends a written request to our Secretary at MYR Group Inc., 1701 Golf Road, Suite 3-1012, Rolling Meadows, Illinois 60008.

We expect directors to regularly attend Board meetings and meetings of the committees on which they serve. In 2019, the Board held 8 meetings, the Audit Committee held 4 meetings, the Compensation Committee held 4 meetings, and the Nominating and Corporate Governance Committee held 4 meetings. Each of our directors serving during the year ended December 31, 2019 attended at least 75% of the aggregate number of meetings of the Board and committees on which they served. The overall aggregate director attendance for all Board and committee meetings was over 98%. All directors serving at the time of the 2019 Annual Meeting of Stockholders (the “2019 Annual Meeting”), including the director nominees, attended that meeting and all directors are expected to attend the 2020 Annual Meeting and each annual meeting of stockholders generally.

Current membership of the standing committees is as follows:

	Audit	Compensation	Nominating and Corporate Governance
Larry F. Altenbaumer		Chair	
Bradley T. Favreau		<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Kenneth M. Hartwick	<input checked="" type="checkbox"/>		
William A. Koertner	Only independent directors serve on committees		
Jennifer E. Lowry	<input checked="" type="checkbox"/>		
Donald C.I. Lucky		<input checked="" type="checkbox"/>	Chair
Maurice E. Moore	Chair		<input checked="" type="checkbox"/>
William D. Patterson		<input checked="" type="checkbox"/>	
Richard S. Swartz	Only independent directors serve on committees		

## BOARD REFRESHMENT

In 2018, the Board amended its Corporate Governance Principles in order to establish the general policy that directors will not be nominated for reelection or reappointment to the Board after reaching the age of 72. Directors are expected to tender their resignations immediately following the first annual meeting of stockholders following their 72<sup>nd</sup> birthday. The Board retains its discretion to waive this policy in individual cases. Accordingly, Larry F. Altenbaumer is expected to tender his resignation from the Board following the 2020 Annual Meeting, and the Board will consider accepting his resignation at that time.

# NOMINATING AND CORPORATE GOVERNANCE COMMITTEE MATTERS

## COMMITTEE INDEPENDENCE AND RESPONSIBILITIES

The Board has determined that all of the Nominating and Corporate Governance Committee members are independent under the Nasdaq listing standards. The primary responsibilities of the Nominating and Corporate Governance Committee include, among others:

- identifying and recommending to the Board individuals qualified to serve as directors of the Company;
- advising the Board with respect to the Board's size, composition, procedures and committees;
- advising the Board on corporate governance matters, including the ongoing review and assessment of the Board's Corporate Governance Principles; and
- overseeing the self-evaluation of the Board and its committees.

## CRITERIA FOR NOMINATION TO THE BOARD OF DIRECTORS

The Nominating and Corporate Governance Committee is responsible for identifying, screening, and recommending candidates to the Board for Board membership in accordance with the committee's charter, our Certificate of Incorporation, our By-Laws, our Corporate Governance Principles and additional criteria that may be considered regarding director candidate qualifications. The Nominating and Corporate Governance Committee will consider director candidates recommended by stockholders and evaluates the qualifications of all such properly nominated candidates by stockholders using the same criteria.

Since the identification and selection of qualified directors is a complex and subjective process that requires consideration of many intangible factors, and is significantly influenced by the particular needs of the Board from time to time, there is not a specific set of qualifications, qualities or skills that are necessary for a nominee to possess, other than those that are necessary to meet legal requirements, the Nasdaq listing standards and the provisions of our Certificate of Incorporation, By-Laws, Corporate Governance Principles and charters of the Board's committees. When considering nominees, the Nominating and Corporate Governance Committee may take into consideration many factors including, but not limited to, a candidate's:

- record of accomplishment in his or her field;
- depth and breadth of experience at an executive, policy-making level in business, financial services, academia, law, government, technology or other areas relevant to the Company's activities;
- personal and professional ethics, integrity and values;
- commitment to enhancing stockholder value;
- ability to exercise good judgment and provide practical insights and diverse perspectives;
- knowledge of the Company's industry, markets and customers;
- vision, leadership and individual talents;
- absence of real and perceived conflicts of interest;
- ability and willingness to devote sufficient time to become knowledgeable about the Company and to effectively carry out the duties and responsibilities of service;
- ability to attend Board and committee meetings in person;
- ability to develop a good working relationship with other members of the Board; and
- ability to contribute to the Board's working relationship with senior management.

When considering nominees, the Nominating and Corporate Governance Committee may also consider whether the candidate possesses the qualifications, experience, attributes and skills, taken as a whole, it considers appropriate in the context of the Board's overall composition and needs.



The Board is responsible for nominating directors for election to the Board. When considering whether our directors, including the nominees, have the experience, qualifications, attributes and skills to serve on the Board, the Board considers the Nominating and Corporate Governance Committee's recommendations and the individual's breadth of knowledge of our industry and customers, integrity, particular experiences, talents, business judgment, vision, leadership skills and what each individual would bring to the Board as a whole, including the information discussed in each of the director's individual biographies. Additionally, the Board considers and values a director's or director nominee's extensive experience as a business leader and strong understanding of business operations in general.

Under the heading "Proposal 1. Election of Directors," we provide an overview of each nominee's principal occupation, business experience and other directorships of publicly traded companies, together with the qualifications, experience, key attributes and skills that the Nominating and Corporate Governance Committee and the Board believe will best serve the interests of the Board, the Company and our stockholders.

## DIVERSITY

Our Corporate Governance Principles specify that the Nominating and Corporate Governance Committee should consider the value of diversity on the Board in the director nominee identification and nomination process. While the Company does not have a specific policy regarding diversity, the Nominating and Corporate Governance Committee is responsible for recommending measures to be taken so that the Board reflects the appropriate balance of knowledge, experience, skills, expertise and diversity. The Nominating and Corporate Governance Committee's evaluation of director nominees and the Board as a whole includes a diversity of personal and professional experiences, opinions, perspectives, backgrounds, genders, ages and ethnicities. The Nominating and Corporate Governance Committee believes that a diverse board strengthens Board performance and better positions the Board to make thoughtful decisions. Accordingly, the Nominating and Corporate Governance Committee strives to select nominees with complementary and diverse skills, backgrounds and experiences. The Nominating and Corporate Governance Committee will assess the effectiveness of this approach as part of its review of the Board's composition as well as in the course of the Board's and the Nominating and Corporate Governance Committee's self-evaluation process.

In 2018, the Nominating and Corporate Governance Committee recommended, and the Board appointed, Jennifer E. Lowry as a director, continuing the diversification and strengthening of our Board.

## DIRECTOR SUCCESSION PLANNING

The Nominating and Corporate Governance Committee regularly reviews the size and composition of the Board, which includes identifying measures to be taken so that the Board reflects the appropriate balance of knowledge, experience, skills, expertise and diversity, and recommends opportunities for adding diversity to the Board. While the Nominating and Corporate Governance Committee performs the initial review of the succession plans and makes recommendations to the Board as necessary, the entire Board has the primary responsibility for Board and committee succession planning and has developed both long-term and contingency plans.

## PROPOSAL 1. ELECTION OF DIRECTORS

### ***OUR BOARD UNANIMOUSLY RECOMMENDS THAT YOU VOTE “FOR” THE ELECTION OF EACH OF THE DIRECTOR NOMINEES.***

The Board currently consists of nine directors. The directors are divided into three classes, designated as Class I, Class II and Class III. The term for each class expires at the conclusion of a three-year period. At the 2020 Annual Meeting, the Class I directors are standing for election.

The Nominating and Corporate Governance Committee recommended to the Board, and the Board approved, the nominations of Kenneth M. Hartwick, Jennifer E. Lowry and Richard S. Swartz, each for a term ending at the 2023 Annual Meeting of Stockholders or until his or her successor has been chosen and qualified. Mr. Hartwick was elected by stockholders at the Company's 2017 Annual Meeting of Stockholders. The Board appointed Ms. Lowry as a director of the Company effective as of July 27, 2018. The Board appointed Mr. Swartz as a director of the Company effective as of April 26, 2019. Mr. Swartz also serves as the Company's President and CEO.

Each of the nominees was chosen by the Board to be a director because the Board and the Nominating and Corporate Governance Committee believe that their qualifications, experience, background and skills, taken together, demonstrate their capacity to make a continuing meaningful contribution to the Board's oversight of the business and affairs of the Company. Accordingly, the Board believes that the continued service of each of the nominees on the Board will serve the best interests of the Company and all of its stockholders.

If any nominee should be unavailable to serve due to an unanticipated event, the Board may designate another person as a substitute nominee or, in accordance with our By-Laws, act to reduce the number of directors. If the Board substitutes another nominee, the shares represented by your proxy card will be voted for the substitute nominee. None of the nominees are related to one another or to any other director or executive officer of MYR Group or its subsidiaries by blood, marriage or adoption.

### **VOTE REQUIRED**

Our By-Laws provide that a director nominee in an uncontested election will be elected if the number of shares voted FOR the director's election exceeds 50% of the number of votes cast on the issue of that director's election (including votes FOR, votes AGAINST and votes to withhold authority with respect to that director's election, but excluding any votes to ABSTAIN or broker non-votes). If a director in an uncontested election fails to receive the required number of votes for re-election in an uncontested election, the director is expected to tender his or her resignation for prompt consideration by the Board. A director whose resignation is under consideration is expected to abstain from participating in any decision regarding that resignation. The Nominating and Corporate Governance Committee and the Board may consider any factors they deem relevant in deciding whether to accept or reject a director's resignation.

In a contested election, where the number of director nominees exceeds the number of directors to be elected, a plurality vote standard will apply, and the director nominees who receive the most FOR votes will be elected.

In this election, because the number of director nominees does not exceed the number of directors to be elected, the election of directors at the 2020 Annual Meeting will not be a contested election. As a result, each of the nominees will be elected if the number of shares voted FOR such nominee's election exceeds 50% of the number of votes cast on the issue of such nominee's election (including votes FOR, votes AGAINST and votes to withhold authority with respect to that director's election, but excluding any votes to ABSTAIN or broker non-votes).

If you return a proxy card without giving specific voting instructions, then your shares will be voted FOR the election of each of the nominees.

## 2020 DIRECTOR NOMINEES

The following is information as of February 28, 2020, regarding each director who is up for election at the 2020 Annual Meeting.



### Kenneth M. Hartwick

Age: 57

Director Since: 2015

Independent: Yes

Class: I

Committee Membership: Audit ☒ Compensation ☐ NCG ☐

Meeting Attendance: 90%

Other Public Directorships: 2

Since April 1, 2019, Mr. Hartwick has served as President and CEO for Ontario Power Generation, a provincial owner of power generation in Ontario, Canada. Mr. Hartwick is also a Director at Ontario Power Generation. Previously, Mr. Hartwick served as Senior Vice President of Finance, Strategy, Risk & Chief Financial Officer for Ontario Power Generation. From February 2015 to March 2016, Mr. Hartwick served as the Chief Financial Officer of Wellspring Financial Corporation, a Canadian sales financing company. Prior to joining Wellspring Financial Corporation, Mr. Hartwick served for ten years as Director, President and Chief Executive Officer of Just Energy Group Inc., an integrated retailer of commodity products. At Just Energy Group, Inc., his role included putting in place a broad set of financing arrangements for growth in North America and the United Kingdom and the expansion of the sales organization across these locations. Prior to that, Mr. Hartwick held a variety of senior executive roles, gaining an extensive financial background in the energy, consumer products and capital markets areas, including the positions of Chief Executive Officer and Chief Financial Officer at Just Energy Group, Inc., Chief Financial Officer at Hydro One, Inc. and a partner at Ernst & Young LLP. In each of these roles, Mr. Hartwick participated in the expansion and growth of the businesses and the establishment of financial platforms to support that growth. Mr. Hartwick currently serves on the Board of Directors of Spark Energy, Inc., a publicly-traded retail energy services company. From October 2004 to March of 2016, Mr. Hartwick served on the Board of Directors of Atlantic Power Corporation, a publicly-traded power generation company in the United States and Canada. From 2014 through 2016, Mr. Hartwick served on the Board of Governors for Trent University, his alma mater. Mr. Hartwick earned his Honors of Business Administration Degree from Trent University, Peterborough, Ontario and is a Certified Public Accountant.

**Qualifications, Experience, Key Attributes and Skills:**

Mr. Hartwick's experience in senior executive positions, including the roles of chief executive officer and chief financial officer, brings leadership, risk management, and strategic planning experience to the Board and Audit Committee. Mr. Hartwick's in-depth knowledge of financing initiatives as a senior executive in North American markets provides the Board with proficiencies to support business development, growth strategies and expenditure plans. Mr. Hartwick's experience as a director of other publicly-traded companies enables him to provide insights into a variety of strategic planning, risk management, compensation, finance and governance practices. The culmination of Mr. Hartwick's leadership in the energy industry and financial sector make him a valued advisor and highly qualified to serve as Chairman and as a member of our Audit Committee.




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**Jennifer E. Lowry**

Age: 51

Director Since: 2018

Independent: Yes

Class: I

Committee Membership: Audit ☒ Compensation ☐ NCG ☐

Meeting Attendance: 100%

Other Public Directorships: 0

Since November 2016, Ms. Lowry has served as Vice President of Corporate Finance for McCormick & Company, Inc. From 2012 to 2016, Ms. Lowry held senior management roles with Exelon Corporation ("Exelon") and Constellation Energy Group, Inc. ("Constellation"), which merged with Exelon, including Treasurer and Vice President of Constellation and Senior Vice President and head of strategy for Exelon's Generation Company. Prior to that, she held executive positions at companies within the electric power industry including AES Corporation and Cogentrix Energy Group, Inc. Ms. Lowry has served on numerous governing committees within Constellation and Exelon and is currently Chair of the Maryland Zoo Board of Trustees. She attended Dartmouth College, where she obtained a Bachelor of Arts degree and Bachelor of Engineering degree with a focus on electrical engineering, and she holds a Masters in Management from the Northwestern University Kellogg School of Management.

**Qualifications, Experience, Key Attributes and Skills:**

Ms. Lowry, through her variety of experience, brings industry knowledge and expertise, strong leadership qualities and a diverse set of governance skills to our Board. Her financial and strategic transactional experience with both national and global organizations offer unique perspectives to our Board. Ms. Lowry's collective leadership, experience and skillset makes her a valuable asset and highly qualified to serve on our Board and as a member of our Audit Committee.




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**Richard S. Swartz**

Age: 56

Director Since: 2019

Independent: No

Class: I

Committee Membership: Audit ☐ Compensation ☐ NCG ☐

Meeting Attendance: 100%

Other Public Directorships: 0

Mr. Swartz was appointed President and Chief Executive Officer on January 1, 2017. Mr. Swartz also chairs the Company's internal executive committee. Mr. Swartz has more than 38 years of industry experience and began his career in field operations, and which has evolved into a variety of senior management positions including as the vice president of our subsidiary Sturgeon Electric Company, Inc. ("Sturgeon Electric") C&I division, vice president of Sturgeon Electric's T&D — Midwest division, group vice president C&I and T&D — West, and MYR Group's executive vice president and chief operating officer for six years, preceding his CEO appointment. Mr. Swartz was instrumental in the development and inception of project management and productivity improvement programs as well as in the formulation of several corporate safety initiatives. He spearheaded Sturgeon Electric's participation in the Occupational Health and Safety Administration's ("OSHA") Voluntary Protection Program ("VPP") for the Mobile Workforce Demonstration Program, for which Sturgeon Electric has achieved and maintained STAR status since 2008.

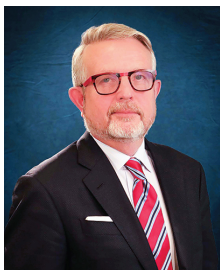
**Qualifications, Experience, Key Attributes and Skills:**

Mr. Swartz's 38 years of experience with the Company's operations brings leadership, risk management, technical and strategic planning experience to the Board. His extensive knowledge of the Company's personnel and capabilities provides valuable insight to the Board.

## CLASS II AND CLASS III DIRECTORS

The following is information as of February 28, 2020 regarding Class II and Class III directors.

### CLASS II DIRECTORS




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#### Donald C.I. Lucky

Age: 57

Director Since: 2015

Independent: Yes

Class: II

Committee Membership: Audit ☐ Compensation ☒ NCG ☒ (Chair)

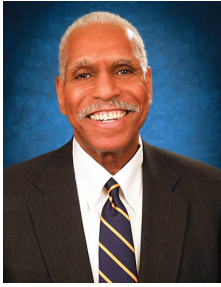
Meeting Attendance: 100%

Other Public Directorships: 0

Mr. Lucky is a construction attorney and Managing Partner at the century-old Alberta-based law firm of Reynolds Mirth Richards & Farmer LLP, where he has practiced since 1988. He has advised contractors and owners in major power projects, including oil and gas, solar, wind and carbon capture, engineer procurement and construction mega projects and more than 100 public-private finance infrastructure projects (hospitals, penitentiaries, water treatment and transportation) throughout Canada, the United States and Australia. Mr. Lucky has appeared as counsel at all levels of the Courts of Alberta and the Northwest Territories and in mediations and arbitrations as counsel and adjudicator. In addition to his practice of law, he taught Construction Law at the University of Alberta from 2002 to 2015 and has received numerous industry awards and recognitions in the area of construction law and otherwise, including being inducted into the Canadian College of Construction Lawyers in 2009. Mr. Lucky obtained his Bachelor of Commerce and Bachelor of Law degrees from the University of Alberta, and his Master of Law degree from the University of Cambridge.

#### Qualifications, Experience, Key Attributes and Skills:

Throughout his career as an attorney in the construction industry, Mr. Lucky has demonstrated a detailed understanding of the legal issues and risks of our current and expanding markets. Mr. Lucky's perspective as an academic and his involvement in various energy projects in multiple countries provides the Board with valuable new ideas and perspectives. Mr. Lucky's experience in the construction industry, along with the wealth of knowledge he has gained through advocating for contractors, gives the Board significant insight for our strategic planning as well as an understanding and awareness of the Company's opportunities and challenges, all of which makes him highly qualified to serve as Chairman of the Nominating and Corporate Governance Committee and as a member on the Compensation Committee.


**Maurice E. Moore**

Age: 69

Director Since: 2010

Independent: Yes

Class: II

Committee Membership: Audit ☒ (Chair) Compensation ☐ NCG ☒

Meeting Attendance: 100%

Other Public Directorships: 0

Mr. Moore has over 30 years of experience in banking, leasing and project financing, and in providing financial advisory services to the electric utility and renewable energy industries. Since 2009, Mr. Moore has served as Managing Director of Primus Financial Group, LLC, a company that he founded, which provides asset and lease financial advisory services to major U.S. commercial banks and companies engaged in the renewable energy business. From 2006 to 2009, Mr. Moore served in senior leadership roles with Chase Equipment Leasing, Inc., a division of JP Morgan Chase, offering a variety of financing and lease solutions to help businesses acquire the equipment needed for daily operations. From 1986 to 2005, Mr. Moore served in various roles, including senior leadership roles, with JP Morgan Capital Corporation and its predecessor companies. Prior to serving on the Board, Mr. Moore served on the boards for West Suburban Medical Center and Community Chest of Oak Park & River Forest, Illinois, and was formerly Finance Advisory Committee Chairman for Oak Park & River Forest High School in Illinois. Mr. Moore earned a Bachelor of Science degree in civil engineering from Brown University and a Master of Business Administration degree from Harvard Business School.

**Qualifications, Experience, Key Attributes and Skills:**

Mr. Moore has substantial leadership, financial services and capital expenditures experience, and has advised a variety of clients engaged in energy and renewable energy markets. His skills in originating, negotiating and financing large capital projects serve as a guiding force concerning our capital investment and expenditure plans. In addition, his financial advisory involvement in the renewable energy space provides a diverse range of insight that contributes to the Board's understanding of the markets in which we operate. Mr. Moore's business acumen and experience in both financial services and capital expenditure experience broadens our Board's experience and understanding of successful financial practices and growth strategies and makes Mr. Moore highly qualified to serve as the Chairman of our Audit Committee and as a member of our Nominating and Corporate Governance Committee.



## CLASS III DIRECTORS

**Larry F. Altenbaumer**

Age: 71

Director Since: 2006

Independent: Yes

Nominated for Class: III

Committee Membership: Audit ☐ Compensation ☒ (Chair) NCG ☐

Meeting Attendance: 90%

Other Public Directorships: 0

Mr. Altenbaumer has over 45 years of experience in the energy industry, including nearly 34 years at Illinois Power Company ("Illinois Power"), an electric and natural gas utility, where he served as President from 1999 until his retirement in 2004. At Illinois Power, he also held various financial leadership positions, including Treasurer, Controller and Chief Financial Officer. During his tenure as President of Illinois Power, Mr. Altenbaumer also served as Executive Vice President for Regulated Delivery for Dynegy, Inc. ("Dynegy"), a wholesale power, capacity and ancillary services provider. Illinois Power became a subsidiary of Dynegy in 2000 in a transaction led by Mr. Altenbaumer for Illinois Power. Since 2004 he has served as an independent consultant providing services to several organizations both inside and outside the energy industry. Since 2005, he has served as an independent director and currently serves as Board Chair of the Southwest Power Pool ("SPP"), a Federal Energy Regulation Commission ("FERC") approved regional transmission organization covering portions of fourteen states. He also chairs SPP's Strategic Planning Committee and is a member of its Corporate Governance Committee. He also currently serves on the board of Memorial Health System based in Springfield, Illinois, a leading health care organization in Illinois with five affiliates in central Illinois, including Decatur Memorial Hospital, where Mr. Altenbaumer currently serves as board chair. He is also a director and Audit Committee Chair of BW Terminals, an independent developer and operator of agricultural, petroleum and chemical liquid terminal storage facilities. BW Terminals is an investment of the JP Morgan Asset Management Infrastructure Investments Group ("JPMIIF"). He also recently served as a director for Summit Utilities, another JPMIIF investment that owns and operates natural gas distribution companies in Colorado, Missouri, Maine, Arkansas and Oklahoma. From 2005 to 2014, he served as an advisor to ArcLight Capital Partners, LLC ("ArcLight"), a private equity firm that has invested approximately \$22 billion in energy infrastructure assets since its inception in 2001. In 2017, he stepped down from four years of serving as the President of the Economic Development Corporation of Decatur and Macon County. Mr. Altenbaumer received a Bachelor's Degree in electrical engineering and computer science from the University of Illinois in 1970.

**Qualifications, Experience, Key Attributes and Skills:**

Mr. Altenbaumer's long record of achievement in various leadership positions at Illinois Power, including President, enables him to provide valuable insight into key aspects of successfully managing our day-to-day business and management operations. This career experience augmented by his current position as Board Chair for the Southwest Power Pool and Chair of its Strategic Planning Committee support his role as Chairman of the Compensation Committee. His executive management roles, knowledge of our customers and competitors and range of consulting experience both inside and outside of the energy industry strengthen Mr. Altenbaumer's ability to provide strategic leadership to help us better position ourselves for future growth and success. In addition, Mr. Altenbaumer's board service for the Southwest Power Pool, along with the nature of his activity in support of several ArcLight portfolio companies and more recent experience providing board service for portfolio companies of the JP Morgan Asset Management Infrastructure Investments Group, provide him with relevant expertise in areas related to corporate governance issues affecting U. S. publicly traded companies and arm him with a wide base of knowledge related to his Chairmanship of the Compensation Committee.




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**Bradley T. Favreau**

Age: 36

Director Since: 2016

Independent: Yes

Nominated for Class: III

Committee Membership: Audit ☐ Compensation ☒ NCG ☒

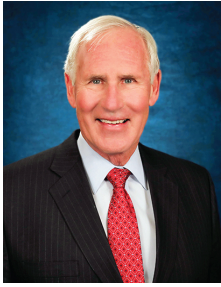
Meeting Attendance: 100%

Other Public Directorships: 0

Mr. Favreau currently serves as Partner at Engine Capital Management, LLC (“Engine Capital Management”), which serves as the investment manager to value-oriented special situations funds that invest both actively and passively in companies undergoing change. Mr. Favreau has been at Engine Capital Management since 2013. His responsibilities include sourcing and evaluating investment opportunities as well as monitoring portfolio risk and position sizing. From 2015 to 2017, Mr. Favreau served as a director and a member of the Audit Committee of RDM Corporation, a provider of solutions for the electronic commerce and payment processing industries. Prior to Engine Capital Management, in 2011, Mr. Favreau served as a consultant at HUSCO International, a global leader in the development and manufacture of hydraulic and electro-hydraulic controls for off-highway applications. At HUSCO International, his duties included identifying and initiating supply chain improvement initiatives. Mr. Favreau has also worked as an investment professional at Apax Partners, an international private equity investment group, and in the mergers and acquisition group at UBS AG. Mr. Favreau received a Master of Business Administration from Columbia Business School and a Bachelor of Science degree from the Kelley School of Business at Indiana University.

**Qualifications, Experience, Key Attributes and Skills:**

Mr. Favreau's experience at an investment firm with investments in a broad range of industries provides the Board with additional financial and operational expertise. Such knowledge helps our Company to position itself for future growth and allocate capital effectively. Mr. Favreau's experiences as a director and member of the Audit Committee of RDM Corporation and as a consultant at HUSCO International offer the Board additional awareness and perspectives for the Company's oversight and risk management functions. Mr. Favreau, with his financial background and experience serving on another board of directors, has proven to be a valuable asset to the Board and the Compensation Committee and the Nominating and Corporate Governance Committee.




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**William A. Koertner**

Age: 70

Director Since: 2007

Independent: No (Former MYR Group President, CEO and Executive Chairman of the Board)

Nominated for Class: III

Committee Membership: Audit ☐ Compensation ☐ NCG ☐

Meeting Attendance: 100%

Other Public Directorships: 0

Mr. Koertner served as President and CEO of MYR Group from December 2003 until January 1, 2017. Mr. Koertner also served as Executive Chairman of the Board of MYR Group from December 2007 through January 1, 2017 and following his retirement as CEO he continued to serve as Executive Chairman until March 31, 2018. Mr. Koertner joined MYR Group in 1998 as Senior Vice President, Treasurer and Chief Financial Officer, and was responsible for all financial functions including accounting, treasury, risk management and management information systems. Prior to joining MYR Group, Mr. Koertner served as Chief Financial Officer for Central Illinois Public Service Company from 1995 to 1998 and President and Chief Executive Officer of CIPSCO Investment Company ("CIPSCO") from 1995 to 1998 as well. CIPSCO manages nonutility investments and provides investment management services for affiliates. Mr. Koertner holds a Bachelor of Science degree in finance from Northern Illinois University and a Master of Business Administration degree from the University of Illinois.

**Qualifications, Experience, Key Attributes and Skills:**

During Mr. Koertner's tenure as an executive officer and Executive Chairman of the Company, he gained an in-depth understanding of the day-to-day operations that enhances the Board's understanding of our Company and the industries in which we operate. His leadership of the Board was instrumental in setting our business goals and creating a culture of good corporate governance that has contributed greatly to the growth and success of the Company. Mr. Koertner is a leader in our industry in the area of safety and he was instrumental in the creation of the OSHA Electrical Transmission and Distribution Strategic Partnership in 2004 and served as the first chairman of its executive committee. Mr. Koertner possesses an expert understanding of financial, accounting and treasury practices, which allows him to provide sound guidance to the Board regarding growth strategies and management of the Company.




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**William D. Patterson**

Age: 65

Director Since: 2007

Independent: Yes

Nominated for Class: III

Committee Membership: Audit ☐ Compensation ☒ NCG ☐

Meeting Attendance: 100%

Other Public Directorships: 0

Mr. Patterson is a retired water utility executive that is currently engaged in not-for-profit and philanthropic activities. From 2010 through 2016, Mr. Patterson provided advisory and consulting services to utilities through EnSTAR Management Corporation, a company that he founded. In 2010, Mr. Patterson retired from American Water Works Company Inc. ("American Water Works"), the largest investor-owned U.S. water and wastewater utility company. From 2009 until his retirement in 2010, Mr. Patterson served as Senior Vice President of Corporate and Business Development for American Water Works. From 2005 to 2008, Mr. Patterson served as Senior Vice President and Chief Financial Officer of Pennichuck Corporation, an investor-owned water utility holding company. From 2003 to 2005, he served as an executive advisor to Concentric Energy Advisors, a private firm located in Marlborough, Massachusetts, providing financial advisory and consulting services for utilities. His experience also includes nearly 20 years of work within the investment banking industry, serving in senior positions at E.F. Hutton, Shearson Lehman and Smith Barney, where he was managing director and co-head of the corporate finance department's regulated utilities practice. Mr. Patterson earned his Bachelor of Science degree in civil engineering from Princeton University, graduating summa cum laude. He earned his Master of Business Administration degree in finance and accounting from the University of Chicago Booth School of Business.

**Qualifications, Experience, Key Attributes and Skills:**

Mr. Patterson is a financial executive and expert with 30 years of experience primarily serving the regulated utility and energy/utility infrastructure markets. Mr. Patterson brings a broad-based track record of success as a banker, investor and advisor and has held senior management and independent director positions for both public and private companies. His service as a senior executive for various companies in the utility industry provides him with an unparalleled understanding and awareness of our markets and a valuable perspective that make Mr. Patterson highly qualified to serve on the Compensation Committee.

## DIRECTOR COMPENSATION

We use a combination of cash and equity-based compensation to attract and retain directors and to compensate directors for their service on the Board in amounts that are commensurate with their Board and committee responsibilities. The Compensation Committee reviews director compensation periodically and recommends changes to the Board when it deems them appropriate. The Compensation Committee and the Board consider analyses prepared by the Compensation Committee's independent executive and director compensation consultant, Mercer, of reported director compensation practices at our peer companies. The Compensation Committee generally seeks to target our directors' total compensation (defined as total cash compensation and total equity compensation) at or near the median total compensation of the directors of our peers.

In October of 2016, at the request of our Compensation Committee, Mercer performed and presented to the Compensation Committee a study of reported non-employee director compensation practices (the "2016 Mercer Non-Employee Director Compensation Study"). The 2016 Mercer Non-Employee Director Compensation Study included comparisons of our non-employee director compensation to a peer group of companies, which assisted the Compensation Committee with designing our non-employee director compensation program to be competitive with the peer group and other companies in our markets. The Compensation Committee used the 2016 Mercer Non-Employee Director Compensation Study to develop the 2019 compensation to determine 2019 Non-Employee compensation.

In October 2019, at the request of our Compensation Committee, Mercer performed and presented to the Compensation Committee a study of reported non-employee director compensation practices (the "2019 Mercer Non-Employee Director Compensation Study"). The 2019 Mercer Non-Employee Director Compensation Study included comparisons of our non-employee director compensation to a peer group of companies, which assisted the Compensation Committee with designing our non-employee director compensation program to be competitive with the peer group and other companies in our markets.

According to the 2019 Mercer Non-Employee Director Compensation Study, total cash compensation compared to a group of our peers was below the 50<sup>th</sup> percentile and annual equity compensation was near the 50<sup>th</sup> percentile, which resulted in total direct compensation below the 50<sup>th</sup> percentile. The 2019 Mercer Non-Employee Director Compensation Study made the following recommendations for our non-employee directors:

- continue the annual retainer of \$80,000, with such retainer to continue to include seven in-person Board meetings and ten telephonic Board meetings without committee meeting fees;
- continue to pay additional cash compensation of \$2,000 for attendance in-person and \$1,000 for attendance telephonically for each meeting for attendance above the number of Board meetings included in the annual retainer;
- continue the additional compensation for the chairperson of the Audit Committee of \$15,000 and continue to pay \$10,000 for the chairperson of the Compensation Committee and \$5,000 for the chairperson of the Nominating and Corporate Governance Committee; and
- increase annual equity compensation from \$75,000 to \$90,000.

The Compensation Committee considered the 2016 Mercer Non-Employee Director Compensation Study and changes in the Board's structure in 2019 and recommended to the Board, and the Board approved, no changes to non-employee director compensation for 2019:

- an annual retainer of \$80,000, with such amount to include seven in-person Board meetings and ten telephonic Board meetings;
- additional cash compensation of \$2,000 for each meeting attended in person and \$1,000 for each meeting attended telephonically for attendance above the number of Board meetings included in the retainer;
- additional cash compensation of \$37,500 annually for the Chairman, \$12,500 annually for each chairperson of the Audit and Compensation Committees and \$5,000 annually for the chairperson of the Nominating and Corporate Governance Committee;

- equity compensation in the form of time-based Restricted Stock Units with tandem dividend equivalents (“Restricted Stock Units”) with a value of approximately \$75,000, with each grant vesting at the end of a one-year period, which may be accelerated upon a change in control, as defined in the LTIP);
- additional equity compensation in the form of Restricted Stock Units with a value of approximately \$37,500 for the Chairman that vests at the end of a one-year period and may be accelerated upon a change in control, as defined in the LTIP; and
- reimbursement for reasonable costs and expenses incurred in connection with attendance at Board and committee meetings.

### 2019 Director Compensation Table

The following table sets forth the compensation received by each of our non-employee directors in the year ended December 31, 2019. Beginning with the Board meeting in April 2019, our non-employee directors received one-quarter of the annual cash retainer and one-quarter of the additional cash compensation for serving as the chair of a board committee or as Chairman at each quarterly board meeting:

Name	Fees Received in Cash or Stock (\$) <sup>(1)</sup>	Stock Awards (\$) <sup>(2)(3)</sup>	Total (\$)
Larry F. Altenbaumer <sup>(4)</sup>	92,500	74,969	167,469
Bradley T. Favreau	80,000	74,969	154,969
Henry W. Fayne <sup>(5)</sup>	20,000	0	20,000
Kenneth M. Hartwick <sup>(6)</sup>	117,500	112,472	229,972
Gary R. Johnson <sup>(5)</sup>	20,000	0	20,000
William A. Koertner	80,000	74,969	154,969
Jennifer E. Lowry	80,000	74,969	154,969
Donald C.I. Lucky <sup>(7)</sup>	85,000	74,969	159,969
Maurice E. Moore <sup>(8)</sup>	92,500	74,969	167,469
William D. Patterson	80,000	74,969	154,969

(1) Our non-employee directors have the option of receiving between 10% and 60% of their annual retainer in the form of our common stock. In addition to fees received, the amounts in this column include the cash equivalent of the stock received by a director making this election. In 2019, Ms. Lowry received 1,378 shares of stock as a portion of her annual retainer and Mr. Lucky received 1,021 shares of stock as a portion of his annual retainer. These amounts are based upon the closing stock price on the date the retainer payment is made.

(2) Messrs. Altenbaumer, Favreau, Koertner, Lucky, Moore and Patterson and Ms. Lowry were each awarded 2,063 Restricted Stock Units and Mr. Hartwick was awarded 3,095 Restricted Stock Units, on April 25, 2019. The amounts in this column represent the aggregate grant date fair value of those awards in accordance with Financial Accounting Standards Board (“FASB”) Accounting Standards Codification (“ASC”) *Compensation-Stock Compensation* Topic 718. These awards vest at the end of a one-year period. These amounts are based upon the closing stock price on the date of the grant for these awards and may not correspond to the actual value that may be recognized. Assumptions used in the calculation of these amounts are included in footnote 14 to our audited consolidated financial statements for the fiscal year ended December 31, 2019 included in our 2019 Annual Report on Form 10-K.

(3) As of December 31, 2019, Messrs. Altenbaumer, Favreau, Koertner, Lucky, Moore and Patterson each held 2,809 unvested Restricted Stock Units, Ms. Lowry held 2,063 unvested Restricted Stock Units and Mr. Hartwick held 3,841 unvested Restricted Stock Units.

(4) Mr. Altenbaumer received additional cash compensation of \$12,500 as the chairperson of the Compensation Committee.

(5) The amounts for Messrs. Fayne and Johnson represent their retainer payment earned prior to their resignation from the Board on April 26, 2019.

(6) Mr. Hartwick received additional cash compensation of \$37,500 as Chairman.

(7) Mr. Lucky received additional cash compensation of \$5,000 as the chairperson of the Nominating and Corporate Governance Committee.

(8) Mr. Moore received additional cash compensation of \$12,500 as the chairperson of the Audit Committee.

## Director Stock Ownership

The Board has established stock ownership guidelines for our non-employee directors to reinforce the importance of aligning the interests of our directors and stockholders. The guidelines for non-employee Directors generally require directors to meet an equity ownership level with a value equal to or greater than four times the annual cash retainer within five years from the date the director was appointed to the Board. A non-employee director has three years to meet an incremental increase in the minimum stock ownership level caused by an increase in the annual retainer. We have adopted retention requirements with respect to these stock ownership guidelines whereby directors are expected to retain shares after withholding any shares to satisfy taxes at the time of vest ("Net Shares") received through the vesting of Restricted Stock Units if they have not satisfied the required equity ownership level.

The following table sets forth each non-employee director's ownership as of February 28, 2020 for stock ownership guidelines purposes:

Name	Share Ownership (#) <sup>(1)</sup>	Value Of Share Ownership (\$) <sup>(2)</sup>	Ownership Guideline	Current Ownership Multiple
Larry F. Altenbaumer	26,845	1,023,868	4.0×	12.8×
Bradley T. Favreau	9,755	372,056	4.0×	4.7×
Kenneth M. Hartwick	13,010	496,201	4.0×	6.2×
William A. Koertner <sup>(3)</sup>	292,261	11,146,834	4.0×	139.3×
Jennifer E. Lowry <sup>(4)</sup>	4,852	185,055	4.0×	2.3×
Donald C.I. Lucky	11,274	429,990	4.0×	5.4×
Maurice E. Moore	26,671	1,017,232	4.0×	12.7×
William D. Patterson	27,235	1,038,743	4.0×	13.0×

(1) The numbers of equivalent shares in this column were calculated in accordance with the stock ownership guidelines and may differ from owned shares for SEC reporting purposes and from the Ownership of Equity Securities Table.

(2) The amounts in this column were calculated in accordance with the stock ownership guidelines by multiplying the holdings in the Share Ownership column by either the value of the stock on the date of grant or the highest reported share price for the year ended December 31, 2019 of \$38.14, whichever is higher.

(3) Mr. Koertner stepped down as President and CEO effective January 1, 2017 and as Executive Chairman of the Board effective March 31, 2018 and continues to serve as a non-employee director.

(4) Ms. Lowry's appointment to the Board was effective on July 27, 2018.

## Insider Trading Policy

Our insider trading policy, among other things, prohibits our directors from hedging the economic risk of their stock ownership, holding shares of the Company's common stock in a margin account, pledging shares as collateral for a loan or short-selling the Company's securities. The policy also prohibits trading in our securities outside of specified window periods and without pre-clearance.



## CERTAIN RELATIONSHIPS AND RELATED PERSON TRANSACTIONS

We have a written policy and procedures for the review, approval and ratification of transactions with related persons, which have been adopted by the Board. Under our policy, the definition of related persons includes, among others, any person who is or was, during the last fiscal year, an executive officer, director or nominee for director of the Company, any stockholder owning more than 5% of any class of our voting securities, or an immediate family member of any such person.

It is the policy of the Company to prohibit related person transactions unless the Company's Audit Committee has determined in advance of the Company or a subsidiary entering into the transaction that it will be conducted on terms that are fair to the Company or the subsidiary and the transaction is in the best interests of the Company or the subsidiary.

Pursuant to our policy and the SEC and Nasdaq reporting rules, there were no reported transactions in 2019 that qualified as a related person transaction. As a result, no reported transaction was referred to the Audit Committee or any other committee of the Board for review and no related person transaction was required to be disclosed in the Company's filings.

## COMPENSATION COMMITTEE MATTERS

### COMMITTEE INDEPENDENCE AND RESPONSIBILITIES

The Board established the standing Compensation Committee in accordance with our By-Laws. The Board has determined that each member of the Compensation Committee qualifies as an “independent” director as defined under the Nasdaq rules and, as a “non-employee director” as defined in Rule 16b-3(b)(3) under the Securities and Exchange Act of 1934, as amended (the “Exchange Act”).

The Compensation Committee firmly believes that the compensation of our executive officers should emphasize paying for performance that contributes to our success while encouraging behavior that is in our stockholders’ long-term best interests. The Compensation Committee is responsible for assisting the Board in overseeing the Company’s compensation and employee benefit plans and practices, including its executive compensation plans and its incentive-compensation and equity-based plans. To represent and assist the Board in its oversight of the Company’s compensation practices and under its charter, the Compensation Committee performs, among others, the following tasks:

- reviews and recommends changes to the Company’s executive compensation philosophy, general compensation programs and executive benefit plans, including incentive-compensation programs and equity-based plans;
- reviews and recommends any changes to the goals and objectives of the Company’s executive compensation plans;
- annually evaluates the performance of executive officers in light of the goals and objectives of the Company’s executive compensation plans, and determines and approves, or recommends to the Board for its approval, the compensation levels of executive officers based on this evaluation;
- evaluates the appropriate level of compensation for Board and committee service on our Board and determines and approves, or recommends to the Board for its approval, the level of compensation for such service;
- establishes and reviews stock ownership guidelines for directors and officers;
- oversees management succession, in accordance with the Board’s Corporate Governance Principles; and
- reviews and recommends to the Board the frequency with which the Company will conduct Say-on-Pay Votes and reviews and approves proposals regarding the Say-on-Pay Vote and the frequency of the Say-on-Pay Vote to be included in the Company’s proxy statement.

The “Compensation Discussion and Analysis” included in this Proxy Statement goes into further detail about the Compensation Committee’s processes for determining the appropriate levels of compensation for NEOs and directors.

### COMPENSATION CONSULTANTS

In order to fulfill its duties, the Compensation Committee has the authority to retain, at the Company’s expense, its own advisors and compensation consultants and to approve their compensation. These external compensation consultants provide the Compensation Committee with guidance on compensation trends, program designs and market research and advice and recommendations on both executive and director compensation. They also help evaluate the competitive position of executive officers’ and directors’ compensation and provide advice on incentive award programs. Their findings are discussed in more detail in “Compensation Discussion and Analysis.”

Compensation consultants are engaged by and report directly to the Compensation Committee on executive compensation matters and meet separately with the Compensation Committee outside the presence of management. Interaction between the compensation consultants and management is generally limited to providing necessary information and data.

As it has in prior years, the Compensation Committee retained Mercer, a wholly-owned subsidiary of Marsh & McLennan Companies, Inc., to serve as its executive and director compensation consultant. The Compensation Committee reviewed the independence of Mercer's advisory role relative to the six consultant independence factors adopted by the SEC to guide listed companies in determining the independence of their compensation consultants, legal counsel and other advisers. Following its review, the Compensation Committee concluded that Mercer had no conflicts of interest and could provide the Compensation Committee with objective and independent executive and director compensation advice.

## MANAGEMENT SUCCESSION PLANNING AND DIVERSITY

The Compensation Committee regularly reviews and provides input on management's succession planning and talent management. This review includes an ongoing evaluation of management's talent and leadership at both the workforce and senior management levels as well as an endorsement of extensive training and professional development programs for all employees. The Compensation Committee believes that a diverse workforce strengthens the Company and, accordingly, considers the importance of diversity in its review of management's succession planning and talent management.

## COMPENSATION RISK ASSESSMENT

In reviewing and approving compensation programs, the Compensation Committee considers whether the programs are likely to promote risk-taking behavior that could adversely affect the Company. The Compensation Committee has designed the Company's compensation programs, including the Company's incentive compensation plans, with specific features to address potential risks while rewarding employees for achieving long-term financial and strategic objectives through prudent business judgment and appropriate risk taking. The following elements have been incorporated into our programs available for our executive officers:

- *A Balanced Mix of Compensation Components* — The target compensation mix for the Company's executive officers is composed of salary, annual cash incentives and long-term equity incentives, representing a mix that is not overly weighted toward short-term cash incentives.
- *Multiple Performance Metrics* — The Company's incentive compensation plans use multiple Company-wide metrics, which encourage retention of executives and focus on the achievement of objectives for the overall benefit of the Company. The incentive compensation granted under the plans in 2019 included:
  - o Annual cash incentive compensation under the SMIP that was dependent on multiple performance metrics, including pre-tax income and safety performance.
  - o 40% of the long-term incentive compensation granted under the LTIP in the form of Restricted Stock Units with three-year ratable vesting.
  - o 60% of the long-term incentive compensation granted under the LTIP in the form of performance awards that will cliff-vest on December 31, 2021 and were allocated evenly between awards that will pay out based on the performance measures of return on invested capital ("ROIC") and relative total shareholder return ("TSR") as compared to a group of peer companies.
- *Capped Incentive Awards* — Annual cash incentive awards are capped at 200% of salary for our CEO and lesser amounts for our other executive officers. The number of performance shares that can be earned is capped at 200% of target for all executive officers.
- *Clawback Provisions* — Long-term incentive award agreements contain clawback provisions, which make all such equity awards subject to the Company's right to recover the award in the event that it is determined that a participant has engaged in conduct that contributed to any material restatement of our earnings.
- *Stock Ownership Guidelines* — Stock ownership guidelines call for significant share ownership for our executive officers.

- *Stock Retention Policy* — Executive officers are expected to retain the Net Shares received through an exercise of stock options and the vesting of restricted stock, Restricted Stock Units and performance shares if they have not reached the applicable stock ownership guidelines.
- *Anti-Hedging and Pledging Policy* — Executive officers are expected to comply with our insider trading policy that prohibits our executive officers from hedging the economic risk of their stock ownership and holding shares of the Company's common stock in a margin account or pledging shares as collateral for a loan.

The Compensation Committee annually performs an assessment of compensation-related risks for all of our compensation policies and programs. These assessments include a review of multiple factors including, but not limited to, the design of compensation policies and programs, controls and approval processes and the discretion provided in the oversight of these programs. Periodically, the Compensation Committee retains outside consultants to assist in these assessments. After its review in 2019, the Compensation Committee concluded that our compensation programs do not create risks that are reasonably likely to have a material adverse effect on the Company. If the Company's risk profile was to change, the Compensation Committee would consider appropriate adjustments in policies and practices.

## COMPENSATION COMMITTEE REPORT FOR THE YEAR ENDED DECEMBER 31, 2019

The Compensation Committee oversees our compensation program on behalf of the Board. In fulfilling its oversight responsibilities, the Compensation Committee reviewed and discussed with management the "Compensation Discussion and Analysis" included in this Proxy Statement.

In reliance on the review and discussion referred to above, the Compensation Committee recommended to the Board that the "Compensation Discussion and Analysis" be included in our Proxy Statement to be filed with the SEC in connection with our 2020 Annual Meeting and incorporated by reference in the Company's Annual Report on Form 10-K for the year ended December 31, 2019 ("2019 Form 10-K").

### Compensation Committee:

Larry F. Altenbaumer, Chair  
Bradley T. Favreau  
Donald C.I. Lucky  
William D. Patterson

*The information contained in the above Compensation Committee Report shall not be deemed to be "soliciting material" or to be "filed" with the SEC, nor shall such information be incorporated by reference into any future filing under the Securities Act of 1933, as amended (the "Securities Act"), or the Exchange Act, as amended, except to the extent that MYR Group specifically incorporates it by reference in such filing.*

## LETTER FROM OUR COMPENSATION COMMITTEE



Dear Fellow Stockholder,

Good progress was realized in 2019 in the advancement of the Company's strategy to grow through a balanced combination of organic growth and strategic acquisitions that built on our foundation that emphasizes safety and quality relationships.

The Compensation Committee believes that the design of its compensation programs is an important driver of stockholder value creation at MYR Group by helping us attract, retain and incentivize quality talent. Our programs reward success when the management team's efforts build stockholder value and limit compensation when our performance expectations are not met. We have designed our compensation programs to incentivize employees at all levels within the organization and to specifically reward our key leaders for their contributions to both our short-term and long-term performance.

We believe that the pay of our executive officers should be linked to our long-term performance; thus, our compensation programs are designed to reward strong financial performance and safe operations. We also recognize the importance of acquiring and retaining the very best employees, and we regularly review our compensation programs to ensure we are competitive with the market for quality talent. In addition, we offer extensive training and professional development programs for all employees to provide them with opportunities for meaningful career paths.

The Compensation Committee annually reviews the performance metrics and the equity compensation vehicles used in our long-term equity compensation program to ensure they are aligned with the goals we believe will drive stockholder value. Following our analysis for 2019, we concluded that the financial performance metric of return on invested capital and the market-based metric of relative total stockholder return were appropriate. We believe these metrics align the long-term equity compensation opportunities of our executive officers with stockholder value creation. In addition to this focus on long-term value, we also provide short-term incentives to employees for both financial and safety performance.

In addition to our annual "say-on-pay" proposal, we invite our stockholders to provide feedback on our executive compensation programs, as we believe these conversations have improved and will continue to improve our programs. With the positive responses to our "say-on-pay" votes over recent years and based on our annual review of best practices with our independent compensation consultant, we have maintained our fundamental compensation programs and structures. Through these review processes and stockholder feedback, we continue to endeavor to improve these programs with the objective of improving stockholder value.

On behalf of the Compensation Committee,

A handwritten signature in black ink, appearing to read "Larry F. Altenbaumer".

Larry F. Altenbaumer  
Chair of the Compensation Committee



# COMPENSATION DISCUSSION AND ANALYSIS

## INTRODUCTION

This Compensation Discussion and Analysis (the “CD&A”) describes the objectives, principles and material components of our executive officer compensation program for our NEOs.

### Named Executive Officers

Our NEOs for 2019 were as follows:

Name	Title
Richard S. Swartz	President and CEO
Betty R. Johnson	Senior Vice President, Chief Financial Officer and Treasurer
Tod M. Cooper	Senior Vice President and Chief Operating Officer – Transmission & Distribution
William F. Fry	Vice President, Chief Legal Officer and Secretary
Jeffrey J. Waneka	Senior Vice President and Chief Operating Officer – Commercial & Industrial

### 2019 Company Performance

MYR Group is a holding company of specialty electrical construction service providers that was established in 1995 through the merger of long-standing specialty contractors. Through our subsidiaries, we serve the electric utility infrastructure, commercial and industrial construction markets in the United States and western Canada and have the experience and expertise to complete electrical installations of any type and size. Our Transmission and Distribution (“T&D”) segment provides a broad range of comprehensive services on electric transmission and distribution networks and substation facilities including design, engineering, procurement, construction, upgrade, maintenance and repair services. Our T&D customers include investor-owned utilities, cooperatives, private developers, government-funded utilities, independent power producers, independent transmission companies, industrial facility owners and other contractors. Our C&I segment provides electrical contracting services including the design, installation, maintenance and repair of commercial and industrial wiring, the installation of traffic networks and the installation of bridge, roadway and tunnel lighting for general contractors, facility owners, local governments and developers in the United States and western Canada. Typical C&I contracts cover electrical contracting services for airports, hospitals, data centers, hotels, stadiums, convention centers, renewable energy projects, manufacturing plants, processing facilities, waste-water treatment facilities, mining facilities and transportation control and management systems.

Our noteworthy 2019 highlights included the following:

- record revenues of \$2.071 billion, an increase of 35.3% over 2018;
- record backlog of \$1.499 billion compared to \$1.147 billion at the end of 2018;
- net income attributable to MYR Group Inc. was \$37.7 million compared to \$31.1 million in 2018; and
- completed the acquisition of substantially all the assets of CSI Electric, an electrical contracting firm based in California, which provides a wide range of electrical construction capabilities under the Company’s C&I segment. This acquisition greatly expanded our operations in California.

### Pay For Performance

We have designed our compensation programs to reward our key executive officers for their contributions to our short- and long-term performance and to be competitive with programs offered by companies with which we compete for executive officer talent. We believe that the pay of our NEOs should be directly linked to performance; thus, our compensation programs are designed to reward strong financial performance and safe operations.

In 2019, we slightly exceeded our pretax financial performance goal resulting in annual cash incentive payouts at approximately target for financial performance under the SMIP. Additionally, we exceeded our targets for safety performance goals, resulting in above target annual cash incentive payouts under the SMIP for safety performance. The average ROIC for the three years ended December 1, 2019, 2018 and 2017 was below threshold performance and, consequently, no ROIC performance shares were earned for grants made in 2017. For the 2017 TSR performance shares, TSR performance ranked at the 33<sup>rd</sup> percentile and, therefore, 48.4% of the target number of TSR performance shares were earned.

## OBJECTIVES OF OUR COMPENSATION PROGRAM

We seek to maintain the competitiveness of our executive compensation program with those of our peers and competitors. Adjustments to both overall compensation and the individual components of compensation are based on various factors, including results of compensation benchmarking studies, general economic conditions, the effects of inflation or other economic forces, changes in our business operations and the related financial results, results of our stockholder vote on our Say-on-Pay proposal and changes in the compensation practices of our competitors. We also take into account each executive officer's individual performance when making compensation adjustments.

The primary objectives of our executive compensation program are to:

- attract, motivate and retain the most talented and dedicated executive officers possible;
- reward accountability and performance by linking compensation to the achievement of financial and safety performance goals;
- motivate executive leadership and promote behavior that aligns our executive officers' interests with those of our stockholders;
- encourage our executive officers to develop business and build a backlog of profitable business to ensure our long-term success;
- encourage our executive officers to develop business models and systems that seek out strategic opportunities, which benefit the Company and our stockholders;
- encourage our executive officers to develop and maintain an understanding of our industry's competitive environment and position ourselves as a leader within our industry; and
- encourage our executive officers to implement a culture of legal and regulatory compliance and a commitment to operating our business with the highest standards of professional conduct, ethics and compliance.



## KEY FEATURES OF OUR COMPENSATION

### *We adhere to executive compensation best practices*

- ☑ Competitive Pay. We provide our executive officers with total compensation opportunities at levels that are competitive with our peer companies, and we reward outstanding performance and the achievement of strategic goals.
- ☑ Capped Incentive Awards. Annual cash incentive awards are capped at 200% of target for our CEO and lesser amounts for our other NEOs, and the number of performance shares that can be earned is capped at 200% of target for all NEOs.
- ☑ Independent Compensation Consultant. Our Compensation Committee has engaged its own independent compensation consultant, which performs an annual comprehensive market analysis of our executive compensation programs and pay levels.
- ☑ Peer Companies. We conduct a rigorous peer group assessment and maintain a peer group that provides a valuable comparison for compensation decisions.
- ☑ Clawback Policy. Long-term incentive award agreements contain clawback provisions that make all such equity awards subject to the Company's right to recover the award in the event that it is determined that a participant has engaged in conduct that contributed to any material restatement of our earnings.
- ☑ Risk Assessment. The Compensation Committee performed a risk assessment and determined that no element of our compensation program was reasonably likely to have a material adverse effect on our Company.

### *What we do to align executive compensation with the interests of our stockholders*

- ☑ Pay for Performance. We grant equity awards that provide a mix of retention-based awards and awards that will reward our executives for the achievement of long-term performance goals that are intended to maximize stockholder value.
- ☑ "Say-on-Pay." We annually put our NEO compensation to an advisory vote of our stockholders and received a positive response of over 99% of the votes represented at the 2019 Annual Meeting and entitled to vote on this proposal at our 2019 Annual Meeting.
- ☑ Stock Ownership Guidelines. We have stock ownership guidelines, with a stock retention feature, for our NEOs.
- ☑ Stockholder Input. We encourage open dialogue with stockholders to solicit input and feedback on our compensation practices and policies.

### *What we don't do*

- ⊗ No Hedging or Pledging. We have an insider trading policy that prohibits our NEOs and employees from hedging the economic risk of their stock ownership and holding shares of the Company's common stock in a margin account or pledging shares as collateral for a loan.
- ⊗ No Gross-ups. We do not include gross-up payments for excise taxes in our employment agreements.
- ⊗ No Single Trigger. Our employment agreements with our NEOs provide for additional severance payments and benefits only on a so-called "double trigger" basis, for termination without cause or for good reason following a change of control.

## COMPONENTS OF OUR COMPENSATION

Pay Component	Objective	Key Features
<b>Base Salary</b>	To provide a fixed level of cash compensation to reward demonstrated experience, skills and competencies relative to the market value of the job.	Varies based on skills, experience, level of responsibility and other factors.  Adjustments are considered annually based on individual performance, level of pay relative to the market and internal pay equity.
<b>Short-Term Incentives</b>	To reward for annual corporate performance under the SMIP.  To align NEOs' interests with those of our stockholders by linking part of their compensation with annually established financial and safety performance goals.  To retain NEOs by providing market-competitive compensation.	Annual incentive payments are cash awards based on financial, safety and individual performance objectives.  Annual cash incentive awards are capped at 200% of salary for our CEO and lower percentages for our other NEOs.
<b>Long-Term Incentives</b>	To reward long-term corporate performance under the LTIP.  To align NEOs' interests with long-term stockholder interests by linking part of NEO compensation with long-term corporate performance.  To provide opportunities for wealth creation and stock ownership, which promote retention and enable us to attract talent and motivate our NEOs.  To retain NEOs by providing multi-year vesting of equity grants and multi-year performance periods.	Targeted at levels that will provide total direct compensation (salary plus short-term incentive plus long-term equity awards) competitive with our Peer Group's total direct compensation.  Balances multiple objectives using different equity types, including Restricted Stock Units and performance shares to balance multiple objectives.  Restricted Stock Units vest ratably over three-year periods.  Performance shares granted in 2019 will cliff-vest on December 31, 2021 and the number of shares that can be earned is capped at 200% of target.
<b>Profit Sharing Contributions to Diversified Holdings Savings Plan</b>	To reward annual corporate performance for our employees, including our NEOs.	Contribute up to 10% of salary depending on the profitability of the Company, up to the maximum allowed by the plan.
<b>401(k) Matching Contributions to Diversified Holdings Savings Plan</b>	To provide certain retirement income for our employees, including our NEOs.	Provide a match of 100% of an employee's contributions up to the first 6% of the employee's salary, up to the maximum allowed by the plan.
<b>Executive Perquisites</b>	To attract and retain NEOs.	Limited programs offering perquisites such as a company vehicle or car allowance, financial planning services and relocation expenses.

## STOCKHOLDER ENGAGEMENT AND “SAY-ON-PAY”

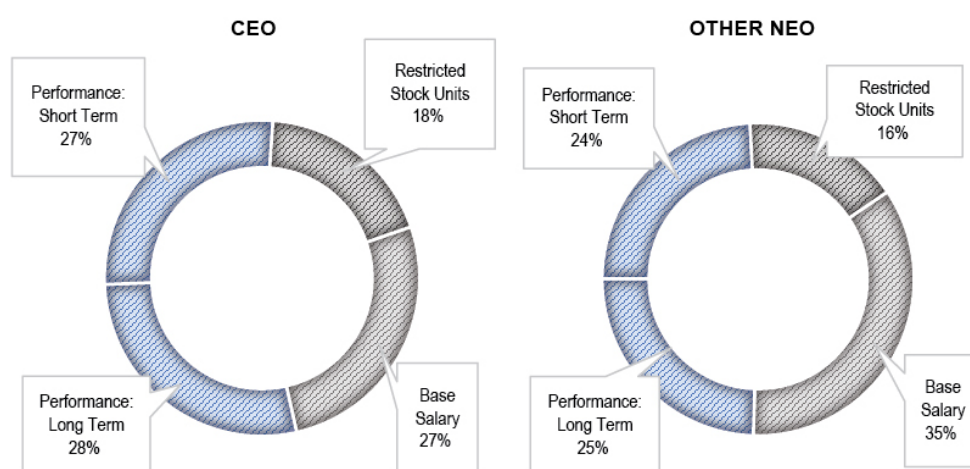
At our 2019 Annual Meeting, more than 99% of the votes represented at the 2019 Annual Meeting and entitled to vote on the Say-on-Pay proposal voted in support of an advisory resolution regarding the compensation of our NEOs. These results demonstrated strong stockholder support for our overall executive compensation program. The Compensation Committee considered this favorable vote and determined that our current practices and processes did not require any significant modifications to address stockholder concerns. The Compensation Committee will continue to consider the outcome of these annual advisory votes when considering future executive compensation arrangements.

In addition to our annual Say-on-Pay proposal, stockholders are encouraged to provide feedback on our corporate governance policies and our executive compensation programs, including their various components. Management reports to the Compensation Committee on issues or concerns our stockholders provide with respect to our executive compensation programs. We encourage stockholders to reach out to the Board or the Compensation Committee with any feedback on our executive compensation programs. For more information on providing feedback and the related procedures, please see “Corporate Governance — Communications with the Board and Reporting of Concerns” in this Proxy Statement.

## 2019 TARGET COMPENSATION

We endeavor to maintain strong compensation practices, which requires effective governance standards with respect to the oversight of our executive compensation policies and practices. Although we do not use a specific formula to determine the mix of at-risk pay that is performance-based and fixed compensation paid to our NEOs, our emphasis on pay-for-performance results in at-risk performance-based compensation (which we define as performance share awards and cash awards tied to performance) representing a significant part of our NEOs’ target compensation. In 2019, at-risk performance-based compensation represented approximately 55% of the target total direct compensation for our CEO and an average of approximately 49% of the target total direct compensation for our other NEOs, as shown in the charts below:

### 2019 TARGET COMPENSATION



As shown below for 2019, the target total direct compensation for our CEO and other NEOs was generally below the Peer Group median (as discussed below under “Peer Groups, Pay Mix and Use of Compensation Consultants”):

	2019 Target Total Direct Compensation (\$ in 000s) <sup>(1)</sup>	Median Peer Group Total Direct Compensation Based on Mercer's 2019 Report (\$ in 000s)
Chief Executive Officer	\$2,530	\$3,251
Other NEOs <sup>(2)</sup>	\$1,164	\$1,227

(1) 2019 target total direct compensation includes base salary, target annual cash incentive awards under our SMIP, and target equity awards under our LTIP, which are valued in accordance with FASB ASC Topic 718. Assumptions used in the calculation of the fair value of equity awards and vesting details are included in footnote 14 to our audited consolidated financial statements 2019 Form 10-K.

(2) Represents the average total direct compensation of Ms. Johnson and Messrs. Cooper, Fry and Waneka.

## MANAGEMENT’S ROLE IN DETERMINING COMPENSATION

The Compensation Committee oversees the executive compensation program for our NEOs, as discussed under “Compensation Committee Matters.” Our management also plays an important role in setting the compensation of our NEOs by initially recommending various aspects of incentive compensation, including financial performance goals, safety performance goals and strategic goals relating to each NEO. Management also makes recommendations regarding the salary, short-term cash incentive awards and equity awards for our NEOs (other than with respect to our CEO). While our management makes recommendations as to the goals and awards for NEOs’ incentive compensation (other than with respect to our CEO), the Compensation Committee has final authority and complete discretion to ultimately set the compensation of our NEOs.

At the request of the Compensation Committee, our CEO presents to the Compensation Committee his evaluation of the performance of our other NEOs and his recommendations regarding their compensation. The Compensation Committee considers these evaluations and recommendations in determining our NEOs’ salaries and the amounts that may be paid under our incentive plans. To assist the Compensation Committee, management also prepares information “tally sheets.” The purpose of the tally sheets is to provide the Compensation Committee the information on key elements of actual realized compensation and potential realizable compensation for our NEOs so that the Compensation Committee may fully evaluate our total compensation packages. Further, the Compensation Committee discusses compensation decisions with Mercer, its independent compensation consultant, and deliberates on such decisions without management present.

## PEER GROUPS, PAY MIX AND USE OF COMPENSATION CONSULTANTS

The Compensation Committee believes that it is appropriate to utilize compensation benchmarking studies of our peer and competitor companies to establish initial compensation targets because the competitiveness of our compensation practices greatly influences our ability to attract, motivate and retain top executive officer talent, which is an important determinant of our business success. However, the Compensation Committee believes compensation benchmarking studies should be considered only as a point of reference for measurement and not as the determinative factor for our NEOs’ compensation. The results of the studies do not supplant the significance of the individual performance of our NEOs that the Compensation Committee considers when making compensation decisions. Because the information provided by compensation benchmark studies is just one of the pieces of information that is used in setting executive compensation, the Compensation Committee has discretion in determining the nature and extent of its use. Further, the Compensation Committee has discretion to determine the frequency of performing benchmarking and other studies.

We annually compare our compensation program with those companies in a peer group that the Compensation Committee evaluates together with Mercer (the “Peer Group”). The companies selected for inclusion in the Peer Group, which are listed below, were selected on the basis of a number of factors,

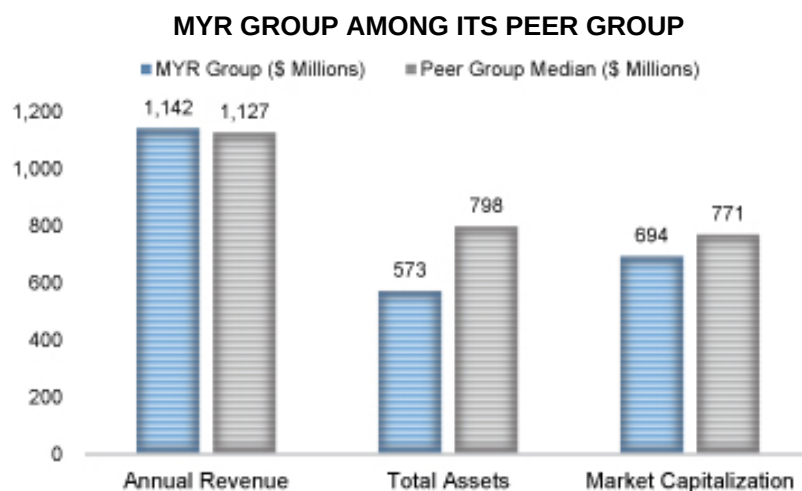
including similar industry characteristics, organization size and financial characteristics such as revenues, total assets and market capitalization, as well as companies we compete with for talent. At the time of selection, all of the companies were publicly traded U.S. companies in the construction, engineering and commercial services industries with annual revenue between approximately one-half and two times our annual revenue.

In 2019, we removed the following companies from our peer group: Layne Christensen Company and TRC Companies, Inc. because they are no longer publicly traded and Argan, Inc. due to its relative size. The companies included in the Peer Group for the evaluation of 2019 executive compensation are as follows:

#### EXECUTIVE COMPENSATION PEER GROUP FOR 2019

• Aegion Corporation	• Matrix Service Company
• Ameresco, Inc.	• Newpark Resources, Inc.
• Astec Industries, Inc.	• Orion Group Holdings, Inc.
• Comfort Systems USA, Inc.	• Primoris Services Corporation
• Dycom Industries, Inc.	• Sterling Construction Company, Inc.
• Granite Construction Incorporated	• Superior Energy Services, Inc.
• Great Lakes Dredge & Dock Corporation	• Team, Inc.
• IES Holdings, Inc.	• Tetra Tech, Inc.

The Compensation Committee used the 2016 Mercer Executive Compensation Review to develop the 2019 executive compensation. In October 2016, Mercer performed and presented to the Compensation Committee an executive compensation study (the "Mercer Executive Compensation Review"). The Mercer Executive Compensation Review included comparisons of our executive compensation programs to the Peer Group, which assisted the Compensation Committee with designing our executive compensation program for 2016 to be competitive with the Peer Group and our markets. According to the Mercer Executive Compensation Review, MYR Group was positioned over the Peer Group median of annual revenue and below the Peer Group median of total assets and market capitalization, respectively, as indicated in the chart below:



The Compensation Committee generally considers the median total compensation of the Peer Group in determining total executive compensation and allows business and individual performance to determine whether actual pay is above or below the median. The Compensation Committee believes that this review of Peer Group programs provides valuable information during the Compensation Committee's review and design of both the NEOs' overall compensation levels and individual components of compensation, including the allocation of compensation between long-term and short-term compensation and cash and non-cash compensation.

## ANALYSIS OF 2019 COMPENSATION DECISIONS AND ACTIONS

### 2019 Base Salary

Salary is a critical element of our NEOs' compensation because it provides them with a base level of guaranteed monthly income as compensation for services provided to the Company. The Compensation Committee generally reviews the salaries of the NEOs annually. To assist with that review, the Compensation Committee often will refer to the salaries in effect for comparable officers at companies in the Peer Group. The Compensation Committee also considers internal comparables, individual performance and level of responsibility, economic conditions and the Company's financial performance in reviewing salary levels. When market or merit increases are warranted, changes in salary are generally made effective during our second quarter.

When setting salaries for our NEOs for 2019, the Compensation Committee considered the 2016 Mercer Executive Compensation Review, as well as certain other factors, including those specified above. As a result, the Compensation Committee made the following decisions related to base salaries for our NEOs in 2019:

Name	2019 Base Salary	2018 Base Salary	Percentage Increase
Richard S. Swartz	\$690,000	\$600,000	15.0%
Betty R. Johnson	\$425,000	\$390,000	9.0%
Tod M. Cooper	\$425,000	\$390,000	9.0%
William F. Fry <sup>(1)</sup>	\$325,000	\$ 0	0.0%
Jeffrey J. Waneka	\$395,000	\$340,000	16.2%

(1) Mr. Fry joined us as Vice President, Chief Legal Officer and Secretary on January 21, 2019.

### 2019 Short-Term Incentive Compensation

Awards granted under the SMIP are designed to provide our NEOs with annual cash performance awards to reward the achievement of certain performance goals established annually by the Compensation Committee that we believe are strongly linked to stockholder value creation. An important factor in our decision to pay our SMIP awards in cash rather than in equity has been to help ensure that our compensation program remains competitive with the compensation programs of our direct competitors. The Compensation Committee established performance targets based on financial performance and safety performance goals that encouraged our NEOs to increase stockholder value by focusing on growth in revenue and earnings, and to maintain and improve safety performance in operations. These performance goals were the basis for awards under the SMIP for 2019.

The amount of the payout of awards for each NEO under the SMIP for 2019 depended on the percentage of each NEO's salary that the Compensation Committee determined to be subject to the award, our performance measured against financial and safety performance goals established by the Compensation Committee and an assessment of the NEO's individual performance.

The basic formula for calculating the 2019 SMIP payout is as follows:



The Compensation Committee determined the percentage of each NEO's salary to be subject to an award under the plan based on position, market pay levels and our overall compensation philosophy, which emphasizes performance-based compensation. No payouts under the 2019 SMIP awards would be made unless the threshold levels for performance goals were achieved. Achievement of the performance goals above the maximum level would not result in any additional payments above the maximum payout level. Any payouts under the 2019 SMIP awards would be calculated by the straight-line mathematical interpolation between (i) threshold and target performance for performance lower than target but greater than threshold or (ii) target and maximum for performance greater than or equal to target but less than or equal to maximum.

In 2019, each NEO's award opportunity was based on pre-tax income as the financial performance goal and total case incident rate and lost time incident rate as the safety performance goals. We chose these particular metrics because we believe they are strongly correlated with our success and are consistent with our compensation philosophy of linking NEOs' compensation with performance. The financial and safety performance goals are intended to be challenging and ambitious but also realistic enough to be attainable given a concerted effort by our NEOs in consideration of current market and competitive conditions and trends.

In connection with its review of the percentage of each NEO's salary that should be subject to an award under the SMIP in 2019 and considering the Mercer Executive Compensation Review, the Compensation Committee set the following threshold, target and maximum award opportunities based on the achievement of financial and safety performance goals, subject to the weighting percentages set forth below:

Name	2019 SMIP Opportunity (Percent of Base Salary) <sup>(1)(2)</sup>					
	Pre-tax Income Target	Total Case Rate Target	Lost Time Incident Rate Target	Total Payout at Threshold	Total Payout at Target	Total Payout at Maximum
Mr. Swartz	70.0%	15.0%	15.0%	50.0%	100.0%	200.0%
Ms. Johnson and Messrs. Cooper and Waneka	49.0%	10.5%	10.5%	35.0%	70.0%	140.0%
Mr. Fry	45.5%	9.8%	9.8%	32.5%	65.0%	130.0%

(1) The SMIP provides for a range of payouts based upon the achievement of performance goals determined by linear interpolation between achievement levels. There is no payout under the SMIP unless threshold performance is achieved. Payout maximum is achieved at maximum performance.

(2) At the discretion of the Compensation Committee, individual payouts may be reduced up to 20% or increased up to 15% based upon an assessment of the NEO's individual performance.

For 2019, the levels of threshold, target and maximum performance, and the Company's actual performance are shown in the following table:

	Threshold	Target	Maximum	2019 Results
Pre-tax Income (\$000)	38,836	51,781	77,672	51,918 <sup>(1)</sup>
Total Case Incident Rate	2.13	1.60	1.07	1.19
Lost Time Incident Rate	0.35	0.26	0.17	0.17

(1) The pretax result was computed by adding pretax income of \$50,442 million to the \$1,476 million pretax loss of our noncontrolling interest. See our Consolidated Statements of Operations in our 2019 Form 10-K.

The Compensation Committee has discretion to reduce individual payouts by up to 20% or increase them by up to 15% based on an assessment of each NEO's individual performance throughout the year, including consideration of talent development and successor preparation, contributions toward strategic initiatives, internal controls, business development, acquisition integration and information technology initiatives. At the beginning of 2020, the Compensation Committee conducted a review of each NEOs' performance, with input from the human resources department and other applicable departments, and, based on its qualitative assessment of each NEOs performance, determined not to decrease or increase the SMIP payout awards to any of the NEOs.

See "Executive Compensation Tables — 2019 Summary Compensation Table" for the 2019 SMIP payouts to the NEOs.

### 2019 Long-Term Incentive Compensation

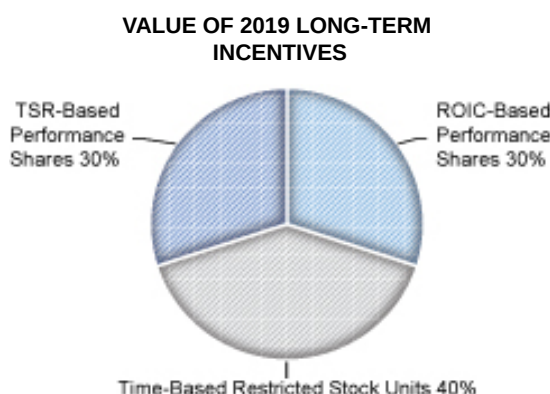
We believe that long-term performance is achieved through an ownership culture that rewards and encourages our NEOs to foster our long-term success. We believe that an effective method to reward and encourage such success is through the use of equity compensation awards. The purposes of our long-term incentive plan are to attract, motivate and retain our key employees and non-employee directors upon whose judgment, initiative and efforts the financial success and growth of our business largely depends, to provide additional incentives to our employees and directors through stock ownership and other rights that promote and recognize our financial success and growth, and to align management's interests with those of our stockholders.

All long-term equity awards granted to NEOs in 2019 were made under the LTIP. The LTIP succeeded the 2007 Long-Term Incentive Plan (Amended and Restated as of May 1, 2014) (the "2007 LTIP") in its entirety. Equity grants before March 31, 2017 were made under the 2007 LTIP; all subsequent grants were made under the LTIP.

The Compensation Committee has the authority to determine who will receive long-term equity awards and the nature, amounts and limitations on those awards. The Compensation Committee also has the authority to cancel outstanding grants and substitute new grants of the same or different number of shares of stock and having exercise prices that may be the same or different than the exercise price of the cancelled grants, or amend the terms of outstanding grants, provided that such amendment does not impair the rights of the grantee without the grantee's consent. Our long-term incentive plans prohibit the repricing of outstanding stock options or stock appreciation rights without stockholder approval.



For 2019, the Compensation Committee considered the market data with respect to each NEO in the 2016 Mercer Executive Compensation Review, compensation levels of executive officers of our Peer Group, and compensation objectives of retention, stockholder value creation and individual and corporate performance. As a result of this review, in February 2019, the Compensation Committee approved the following mix of equity compensation awards for our NEOs:



The Compensation Committee elected this mix of equity awards because it represented an appropriate balance of the types of incentives provided by the different types of equity instruments. For example, Restricted Stock Units help to retain key employees and performance shares are designed to vary the level of rewards an NEO receives dependent upon actual corporate performance and market results that are critical to stockholders.

#### *Time-Based Restricted Stock Units*

The 40% of the equity compensation award granted to our NEOs as Restricted Stock Units will vest ratably over a three-year period beginning on the first anniversary of the grant. The number of Restricted Stock Units was determined by dividing the amount of the equity compensation award allocated to Restricted Stock Units by the closing price per share of our common stock on the date of the grant.

#### *ROIC Performance Shares*

The 30% of the equity compensation award granted to our NEOs as ROIC-based performance shares can be earned based on the achievement of an average ROIC that is measured over the three-year performance period that starts on January 1, 2019 and ends on December 31, 2021 compared to a target level of average ROIC. For purposes of the ROIC-based performance shares granted in 2019, ROIC, which is a non-GAAP measure that we define ROIC as net income plus net interest, net of taxes, less dividends divided by invested capital (funded debt less cash and marketable securities plus total stockholders' equity) at the beginning of each fiscal year in the performance period (the "2019 ROIC"), computed as follows:

$$2019 \text{ ROIC} = \frac{\text{Net Income} + (\text{Net Interest} \times (1 - \text{Tax Rate})) - \text{Dividends}}{\text{Funded Debt} - \text{Cash and Marketable Securities} + \text{Total Stockholders' Equity}}$$

The target number of ROIC-based performance shares was determined by dividing the amount of the equity compensation award allocated to ROIC performance by the closing price per share of the Company's common stock on the date of grant.

In 2019 the Compensation Committee approved a change in the way ROIC is calculated. The calculation of ROIC for the 2019 grants ("2019 ROIC") is assessed annually and the achievement in the following reporting periods are computed, if earned, based on the metrics detailed below:

- 20% for the twelve-month period ended December 31, 2019;
- 20% for the twelve-month period ending December 31, 2020;
- 20% for the twelve-month period ending December 31, 2021; and
- 40% for the average of the three annual periods above.

The weighted performance in each of these reporting periods will be accumulated to determine the performance at the end of the performance period, subject to approval by the Compensation Committee.

The number of ROIC-based performance shares earned can vary from zero to 200% of the target number of performance shares granted. The potential award levels are as follows (straight-line mathematical interpolation between threshold and target and between target and maximum levels):

2019 ROIC Performance	Performance Shares Earned (% of Target)
Equal to or Above the Maximum	200%
Equal to the Target	100%
Equal to the Threshold	50%
Below the Threshold	0%

#### TSR Performance Shares

The 30% of the equity compensation award granted to our NEOs as TSR-based performance shares can be earned based on the TSR of the Company's stock compared to the TSR of a peer group over the performance period of the equity award grant date, March 22, 2019, to December 31, 2021. We define relative TSR as the change in the fair market value, adjusted for dividends, of the Company's common stock compared to the change in the fair market value, adjusted for dividends, of a peer group. The measurement of change in fair market value over the performance period is based on the average closing price of common stock for the 20 trading days preceding the grant date, March 22, 2019, and the 20 trading days preceding December 31, 2021. The target number of TSR-based performance shares was determined by dividing the amount of the equity compensation award allocated to TSR performance by the fair value of the grant, which was based on a market-based metric and, therefore, is calculated utilizing a Monte Carlo simulation. The number of TSR-based performance shares earned can vary from zero to 200% of the target number of performance shares granted. The potential award levels are as follows (straight-line mathematical interpolation between 25<sup>th</sup> percentile and 50<sup>th</sup> percentile or between 50<sup>th</sup> percentile and 75<sup>th</sup> percentile):

Relative TSR Performance	Performance Shares Earned (% of Target)
75 <sup>th</sup> Percentile or Higher	200%
50 <sup>th</sup> Percentile	100%
25 <sup>th</sup> Percentile	25%
Less than 25 <sup>th</sup> Percentile	0%

The Compensation Committee selected the TSR peer group based on each company's industry and operational comparability. The 2019 TSR peer group was comprised of companies that are in either the peer group used in the stock performance graph in 2019 Form 10-K, the Peer Group used to set 2019 executive compensation or certain industry peers recommended by Mercer. Consequently, TRC Companies, Inc. and Willbros Group Inc. were removed from the TSR peer group from the prior year because they are no longer publicly traded. In order to be counted in the final TSR calculations, a company must remain publicly traded during the entire performance period.

The peer group of companies used for evaluating the Company's relative TSR performance for the 2019 grant of TSR-based performance shares is as follows:

#### TSR PEER GROUP FOR 2019

• Aegion Corporation	• Matrix Service Company
• Ameresco, Inc.	• McDermott International, Inc.
• Argan, Inc.	• Newpark Resources, Inc.
• Astec Industries, Inc.	• Orion Group Holdings, Inc.
• Comfort Systems USA, Inc.	• Primoris Services Corporation
• Dycom Industries, Inc.	• Quanta Services, Inc.
• EMCOR Group, Inc.	• Sterling Construction Company, Inc.
• Granite Construction Incorporated	• Superior Energy Services, Inc.
• Great Lakes Dredge & Dock Corporation	• Team, Inc.
• IES Holdings, Inc.	• Tetra Tech, Inc.
• Mastec, Inc.	

#### 2019 Grants of Equity Awards

With respect to each NEO, the Compensation Committee considered the Mercer Executive Compensation Review, compensation levels of executive officers of our Peer Group, compensation objectives of retention and stockholder value creation and individual and corporate performance, and approved equity award grants to our NEOs in the following amounts based on grant-date fair value, consistent with the presentation in the 2019 Summary Compensation Table:

Named Executive Officer	Value of 2019 Equity Grants by Grant Type			
	Value of Restricted Stock Units (\$)	Value of ROIC Based Performance Shares (\$) <sup>(1)</sup>	Value of TSR Based Performance Shares (\$) <sup>(1)</sup>	Total Value of Equity Awards (\$)
Richard S. Swartz	460,000	344,983	344,955	1,149,938
Betty R. Johnson	220,000	164,983	164,968	549,951
Tod M. Cooper	220,000	164,983	164,968	549,951
William F. Fry	160,000	120,000	119,960	399,960
Jeffrey J. Waneka	200,000	150,000	149,997	499,997

(1) Target awards are shown. The performance shares may be earned over a performance period ending December 31, 2021. The values of the performance shares have been calculated taking into consideration the probable outcome of the respective performance conditions as of the grant date. The ROIC-based performance shares are valued at the closing price per share of our common stock on the grant date. Because TSR is a market-based performance metric, the Company used a Monte Carlo simulation model to calculate the fair value of the grant of TSR-based performance shares in accordance with FASB ASC Topic 718, which resulted in a fair value of \$47.08 per share.

### 2017 Performance Shares Vesting in 2019

The Compensation Committee granted performance share awards in 2017 under the 2007 LTIP, that could be earned based on achievement compared to a target level of ROIC, a non-GAAP measure defined as net income plus net interest net of taxes (net income plus net interest, less net interest times the effective tax rate), less dividends divided by invested capital (total debt less cash and marketable securities plus total stockholders' equity) (the "2017 ROIC") measured as the average of the 2017 ROIC calculated for the years ended December 31, 2019, 2018 and 2017, respectively and the TSR of the Company's stock compared to the TSR of a peer group over a performance period that started on March 23, 2017 and ended on December 31, 2019 and otherwise contained terms consistent with the performance shares granted in 2019 under the LTIP described above.

The 2017 ROIC threshold, target and maximum goals were 7.5%, 11.0% and 13.75%, respectively. For all compensation subject to the 2017 ROIC performance goal, the Compensation Committee exercised negative discretion to exclude the positive impacts of the 2017 Tax Act and the adoption of ASU No. 2016-09, *Compensation — Stock Compensation (Topic 718)* (see footnote 1, *Recently Adopted Accounting Pronouncements* to our audited consolidated financial statements for the fiscal year ended December 31, 2017 included in our 2017 Annual Report on Form 10-K) in its calculation of the three-year average of 2017 ROIC. After this exercise of negative discretion, the three-year average 2017 ROIC was 7.4%, which was below threshold performance, and, consequently, no ROIC performance shares were earned. For the 2017 performance share awards based on TSR, the TSR of the Company's stock ranked at the 33<sup>rd</sup> percentile of the TSR peer group and, consequently, 48.4% of the target TSR performance shares were earned.

The chart below shows the performance share payouts in 2019 for each of our NEOs that were awarded performance shares in 2017:

Named Executive Officer	Award Type	Target Award (Shares)	Earned Award (Shares)	Award Value at End of Performance Period <sup>(1)</sup> (\$)
Richard S. Swartz	ROIC	7,505	0	0
	TSR	5,084	2,460	67,109
Betty R. Johnson	ROIC	3,226	0	0
	TSR	2,185	1,057	28,835
Tod M. Cooper	ROIC	3,226	0	0
	TSR	2,185	1,057	28,835
William F. Fry	ROIC	0	0	0
	TSR	0	0	0
Jeffrey J. Waneka	ROIC	2,087	0	0
	TSR	1,414	684	18,660

(1) The vesting date was December 31, 2019, subject to the certification of the results. The award value was based on the closing stock price of \$27.28 on February 26, 2020, the date the results were certified and the shares were received.

### 2018 Performance Shares Vesting in 2020

The Compensation Committee also awarded performance shares in 2018 under the LTIP that can be earned based on achievement compared to a target level of ROIC measured as the average of the 2017 ROIC calculated for the years ended December 31, 2020, 2019 and 2018, respectively and TSR of the Company's stock compared to the TSR of a peer group over a performance period that started on March 23, 2018 and will end on December 31, 2020 and otherwise contain terms consistent with the performance shares granted in 2019 under the LTIP described above.

*Forward-Looking Target Performance Grants*

We do not publicly disclose specific, forward-looking target levels of ROIC for outstanding performance share awards because these target levels relate to executive compensation to be earned and/or paid in future years, do not reflect a fair understanding of the NEOs' compensation for 2019 and constitute confidential commercial or financial information, the disclosure of which could cause us competitive harm with regard to short-term strategies and goals. We intend to disclose this information after the conclusion of the applicable performance period. When establishing the applicable target levels for the ROIC performance measure, we specifically considered how likely it will be for us to achieve the target levels. We believe that the threshold level will be appropriately difficult to attain, and that the target level will require considerable and increasing collective effort on the part of our employees, including our NEOs, to achieve. Achievement of the maximum level is considered to be a stretch goal given current market conditions. We cannot forecast the results of our TSR grants because it is dependent on the stock price per share in the last 20 trading days before the vest date.

*Pro-Rata Earning of Shares and Acceleration of Vesting*

Under the terms of the grant agreements, a NEO may earn a pro-rata share of performance shares in the event of his or her death, disability, retirement after reaching normal retirement age (as such is defined in the Social Security Act of 1935, as amended) or termination without "cause" or for "good reason." The vesting of performance shares may be accelerated in the event of a NEO's termination without "cause" or for "good reason" following a "change in control." Additional information regarding these awards may be found in the 2019 Summary Compensation Table, the 2019 Grants of Plan-Based Awards Table and under "Potential Payments Upon Termination or Change in Control."

*Change in Control*

As part of our long-term incentive plan, we include a "change in control" provision that more closely aligns our interests with those of the NEOs in the event of a change in control by allowing the Compensation Committee to adjust long-term incentive equity awards to maintain and protect the rights of the participants in the event of a change in control.

**Other Compensation**

At its discretion, the Compensation Committee may authorize profit sharing contributions to the Diversified Holdings Savings Plan (our 401("k") plan) accounts of our employees, including our NEOs, subject to applicable limitations. For 2019, we paid 5% of salary in profit sharing contributions.

Additionally, our employees, including our NEOs, receive matching contributions under our 401(k) plan. We match 100% of an employee's contributions up to the first 6% of such employee's salary, up to the maximum allowed by the plan.

Each NEO is eligible to utilize the financial planning service paid by the Company.

Each NEO 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, life insurance, disability insurance, retirement plan, vacation and sick leave plan and other similar plans. In addition, each NEO is eligible for certain other benefits that are generally available to our employees, including reimbursement of business and entertainment expenses, reimbursement of relocation expenses and perquisites, including the choice of a car allowance or the use of a company car with a gas card. The Board may revise, amend or add to the executive officer's benefits and perquisites as it deems advisable.

The benefits described in this section are paid to remain competitive in the marketplace. Amounts relating to certain of these benefits may be found in the "All Other Compensation" column of the "Executive Compensation Tables — 2019 Summary Compensation Table."

## Employment Agreements, Severance Benefits and Change in Control Provisions

Mr. Swartz entered into an employment agreement in connection with our private placement in 2007. Mr. Swartz's employment agreement was amended and restated in April 2017 to replace the excise tax gross-up provisions in favor of a modified cut-back approach, which is consistent with the provisions that the Company has included in new employment agreements since 2011. Ms. Johnson entered into an employment agreement in connection with her appointment as Senior Vice President, Chief Financial Officer and Treasurer in October 2015. Mr. Cooper entered into an employment agreement in April 2015 in connection with his appointment as a Senior Vice President. Mr. Waneka entered into an employment agreement in connection with his appointment as Senior Vice President and Chief Operating Officer C&I in December 2017. Mr. Fry entered into an employment agreement in connection with his appointment as Vice President and Chief Legal Officer and Secretary in January 2019. These employment agreements (each an "Employment Agreement" and collectively, the "Employment Agreements") provide for severance payments and benefits upon a termination of an NEO's employment without "cause" or resignation for "good reason," as further described below under "Executive Compensation Tables — Employment Agreements." We compete for executive talent in a highly competitive market in which companies routinely offer similar benefits to NEOs. We view the cash severance and continuation of health and welfare benefits provided by these agreements as appropriate for the NEOs who may not be in a position to readily obtain comparable employment within a reasonable period of time due to the restrictive covenants, including a one-year non-compete covenant, in the Employment Agreements.

In addition, the Employment Agreements provide for additional severance payments and benefits upon a termination of a NEO's employment without "cause" or resignation for "good reason" within one year following a change in control (in other words, only on a so-called "double trigger" basis). We believe that providing change in control benefits reduces the potential reluctance of our NEOs 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. The Compensation Committee maintains a policy that it will not include gross-up payments for excise taxes as a result of a change in control pursuant to any new employment agreement. Accordingly, the Employment Agreements do not include any provisions to provide gross-up payments for excise taxes as a result of a change in control. Details regarding severance payments and benefits payable upon a termination of a NEO's employment following a change in control are described under "Executive Compensation Tables — Employment Agreements" and "— Potential Payments Upon Termination or Change in Control."

## Deductibility of Executive Compensation

In developing the compensation packages for the NEOs, the Compensation Committee generally considered the deductibility of executive compensation under Section 162(m) of the Code. Section 162(m) generally disallows a tax deduction for compensation paid to certain executive officers (and, beginning in 2018, to certain former executive officers) to the extent that the compensation for any such individual exceeds \$1,000,000 in any taxable year. Historically, compensation that qualified as "performance-based" could be excluded from this \$1,000,000 limit. This exception has been repealed, effective for taxable years beginning after December 31, 2017, except for certain compensation arrangements in place as of November 2, 2017 for which transition relief is available. In order to maintain flexibility in making compensation decisions, the Compensation Committee has not adopted a policy requiring all compensation to be deductible under Section 162(m) of the Code. Portions of the compensation we paid to NEOs in 2019 may not be deductible due to the application of Section 162(m) of the Code and, with the general elimination of the "performance-based" exception and the expansion of the definition of "covered employees" brought about by 2017 tax reform, the Compensation Committee is likely to approve compensation that is not deductible under Section 162(m). In addition, because of the uncertainties associated with the application and interpretation of Section 162(m) and the regulations issued thereunder, there can be no assurance that compensation intended to satisfy requirements for deductibility under Section 162(m), as in effect prior to 2018, will in fact be deductible.

## Stock Ownership Guidelines and Retention

In order to align the interests of our executives with those of our stockholders, our NEOs are expected to attain levels of beneficial stock ownership measured based on a multiple of his or her annual base salary, as set forth below:

Position	Stock Ownership Guideline
Chief Executive Officer	5× base salary
All Other Named Executive Officers	3× base salary

Under our stock ownership guidelines, our NEOs are expected to attain levels of beneficial stock ownership within five years from the later of the date of the NEO's appointment to a position subject to the guidelines and three years from the effective date of an increase in compensation. We have adopted retention requirements with respect to these stock ownership guidelines whereby NEOs are expected to retain the Net Shares received through an exercise of stock options and the vesting of restricted stock, Restricted Stock Units and performance shares if they have not reached the applicable stock ownership guidelines.

The following table sets forth each NEO's ownership value as of March 1, 2020:

Name	Share Ownership (#) <sup>(1)</sup>	Value Of Share Ownership (\$) <sup>(2)</sup>	Ownership Guideline	Current Ownership Multiple
Richard S. Swartz	99,975	3,824,231	5.0x	5.5x
Betty R. Johnson	39,411	1,508,458	3.0x	3.5x
Tod M. Cooper	39,307	1,503,887	3.0x	3.5x
William F. Fry <sup>(3)</sup>	2,376	90,621	3.0x	0.3x
Jeffrey J. Waneka <sup>(4)</sup>	16,163	619,642	3.0x	1.6x

(1) The numbers of equivalent shares in this column were calculated in accordance with the stock ownership guidelines and may differ from owned shares for SEC reporting purpose and from the Ownership of Equity Securities Table.

(2) The amounts in this column were calculated in accordance with the stock ownership guidelines by multiplying the holdings in the Share Ownership column by either the value of the stock on the date of grant or the highest reported share price for the year ended December 31, 2019 of \$38.14, whichever is higher.

(3) Mr. Fry became subject to the stock ownership guidelines for other NEOs in 2019 upon his appointment as Vice President, Chief Legal Officer and Secretary.

(4) Mr. Waneka became subject to the stock ownership guidelines for other NEOs in 2017 upon his appointment as Senior Vice President and Chief Operating Officer C&I.

## Trading Restrictions

We also have an insider trading policy which, among other things, prohibits NEOs from hedging the economic risk of their stock ownership, holding shares of the Company's common stock in a margin account, pledging shares as collateral for a loan or short-selling the Company's securities. Among other restrictions, the policy also prohibits trading in our securities outside of specific window periods and without pre-clearance.

**Clawback Arrangements**

Each of the agreements underlying equity awards granted to our NEOs under the LTIP and its predecessor, the 2007 LTIP, as applicable, permits the Compensation Committee to cause us to recover shares of common stock or cash paid to the NEO with respect to the applicable award if:

- we restate any part of our financial statements for any fiscal year or years covered by the respective award due to material noncompliance with any applicable financial reporting requirement; and
- the Compensation Committee determines that the respective NEO is personally responsible for causing the restatement as a result of his or her personal misconduct or any fraudulent activity on the part of the NEO.

For grants of restricted stock and Restricted Stock Units, we may recover any shares that vested within the period of 18 months prior to the restatement or the net proceeds of any sales of such shares. With respect to performance shares, the amount of any cash or shares recoverable is limited to the amount by which the payments exceeded the amount that would have been paid to the NEO had our financial statements for the applicable restated fiscal year or years been initially filed as restated, as reasonably determined by the Compensation Committee. In the case of stock options, to the extent an applicable NEO exercises a stock option within a period of 18 months prior to the restatement, we may recover from the NEO any equity acquired by the NEO or any net proceeds of any exercises and sales.

**CONCLUSION OF THE CD&A**

We have designed and administer our compensation programs in a manner that emphasizes the retention of our NEOs and rewards them appropriately for positive results. We monitor the programs 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 NEOs for results aligned with the interests of our stockholders.



## EXECUTIVE COMPENSATION TABLES

### 2019 SUMMARY COMPENSATION TABLE

The following table shows the compensation earned by our NEOs for the fiscal years ended December 31, 2019, 2018 and 2017:

Name and Principal Position	Year	Salary (\$)	Bonus (\$)	Stock Awards <sup>(1)</sup> (\$)	Non-Equity Incentive Plan Comp <sup>(2)</sup> (\$)	All Other Compensation <sup>(3)</sup> (\$)	Total (\$)
Richard S. Swartz President and CEO	2019	680,769	—	1,149,938	854,570	34,887	2,720,164
	2018	591,250	—	1,199,936	535,438	23,019	2,349,643
	2017	563,750	—	988,676	—	20,867	1,573,293
Betty R. Johnson Senior Vice President, Chief Financial Officer and Treasurer	2019	424,423	—	549,951	372,945	40,800	1,388,119
	2018	387,500	—	459,922	253,443	34,000	1,134,865
	2017	375,000	—	424,941	—	31,300	831,241
Tod M. Cooper Senior Vice President, Chief Operating Officer T&D	2019	421,423	—	549,951	372,945	40,719	1,385,038
	2018	384,750	—	459,922	270,298	21,700	1,136,670
	2017	364,596	—	424,941	—	16,200	805,737
William F. Fry <sup>(4)</sup> Vice President, Chief Legal Officer and Secretary	2019	306,250	100,000	399,960	249,883	239,236	1,295,329
Jeffrey J. Waneka Senior Vice President, Chief Operating Officer C&I	2019	388,846	—	499,997	341,683	35,004	1,265,530
	2018	325,000	—	466,664	212,565	23,245	1,027,474
	2017	279,423	—	274,955	—	20,695	575,073

(1) Represents the aggregate grant date fair value of stock awards, including restricted stock, Restricted Stock Units and performance shares granted under the 2007 LTIP and LTIP during the applicable period in accordance with FASB ASC Topic 718. Assumptions used in the calculation of these amounts and vesting details are included in footnote 14 to our 2019 Form 10-K. The values of the performance shares have been calculated taking into consideration the probable outcome of the respective performance conditions as of the grant date. These amounts reflect our accounting expense for these awards and do not correspond to the actual value that may be recognized by the officers. Below is a breakout of the 2019 performance share grant date fair values assuming probable performance and maximum performance (in the case of maximum, based on the maximum number of shares multiplied by the fair value on the grant date):

Named Executive Officer	Probable Performance (\$)	Maximum Performance (\$)
Richard S. Swartz	344,955	1,379,876
Betty R. Johnson	164,968	659,902
Tod M. Cooper	164,968	659,902
William F. Fry	119,960	479,920
Jeffrey J. Waneka	149,997	599,994

(2) Represents the dollar value of the cash awards earned under our SMIP by the NEOs for fiscal 2019, 2018 and 2017 for Messrs. Swartz, Cooper and Waneka and Ms. Johnson. Mr. Fry joined us as Vice President, Chief Legal Officer and Secretary on January 21, 2019. For further details regarding the SMIP, see "Compensation Discussion and Analysis — Analysis of 2019 Compensation Decisions and Actions — 2019 Short-Term Incentive Compensation" above.

(3) The following supplemental table describes the items of compensation reported in this column for 2019:

Name	401(k) Matching Contribution (\$)	Profit Sharing Contribution (\$)	Automobile and Other Travel Expenses (\$) <sup>(a)</sup>	Financial Planning Services (\$)	Relocation Services (\$)
Richard S. Swartz	16,500	14,000	4,387	—	—
Betty R. Johnson	16,500	14,000	9,000	1,300	—
Tod M. Cooper	16,500	14,000	3,000	7,219	—
William F. Fry	16,500	14,000	5,849	—	202,887
Jeffrey J. Waneka	16,500	14,000	4,504	—	—

a. Represents the NEO's personal use of a company automobile or automobile and fuel allowance and related expenses and reimbursements for certain personal travel-related expenses.

(4) Mr. Fry received relocation benefits in the amount of \$202,887, which includes reimbursement for qualified moving expenses. Should Mr. Fry voluntarily resign from the Company within two (2) years after receipt of the reimbursement or payment for expenses he must reimburse the Company for these costs within fifteen (15) days of the date of separation. Mr. Fry also received a sign-on bonus when he joined the Company in January of 2019 in amount of \$100,000.

## 2019 GRANTS OF PLAN-BASED AWARDS

The following table sets forth the estimated future payouts for grants of awards made to each of the NEOs under the SMIP and LTIP for 2019:

Name	Grant Date	Estimated Future Payouts Under Non-Equity Incentive Plan Awards <sup>(1)</sup>			Performance Metric	Estimated Future Payouts Under Equity Incentive Plan Awards <sup>(2)</sup>			Stock Awards: Number of Shares of Stock or Units <sup>(3)</sup> (#)	Grant Date Fair Value of Stock and Option Awards <sup>(4)</sup> (\$)
		Threshold (\$)	Target (\$)	Maximum (\$)		Threshold (#)	Target (#)	Maximum (#)		
Richard S. Swartz	3/22/19	345,000	690,000	1,380,000	TSR	3,663	7,327	14,654	13,662	344,955
	3/22/19				ROIC	5,123	10,246	20,492		344,983
	3/22/19									460,000
Betty R. Johnson	3/22/19	148,750	297,500	595,000	TSR	1,752	3,504	7,008	6,534	164,968
	3/22/19				ROIC	2,450	4,900	9,800		164,983
	3/22/19									220,000
Tod M. Cooper	3/22/19	148,750	297,500	595,000	TSR	1,752	3,504	7,008	6,534	164,968
	3/22/19				ROIC	2,450	4,900	9,800		164,983
	3/22/19									220,000
William F. Fry	3/22/19	105,625	211,250	422,500	TSR	1,274	2,548	5,096	4,752	119,960
	3/22/19				ROIC	1,782	3,564	7,128		120,000
	3/22/19									160,000
Jeffrey J. Waneka	3/22/19	138,250	276,500	553,000	TSR	1,593	3,186	6,372	5,940	149,997
	3/22/19				ROIC	2,227	4,455	8,910		150,000
	3/22/19									200,000

(1) These amounts reflect the threshold, target and maximum annual cash incentive compensation amounts that could have been earned during 2019 based upon the achievement of annual performance goals under the SMIP. For further details regarding the SMIP, see "Compensation Discussion and Analysis — Analysis of 2019 Compensation Decisions and Actions — 2019 Short-Term Incentive Compensation" above. Actual amounts awarded under the SMIP that were earned in 2019 are disclosed in the "Executive Compensation Tables — 2019 Summary Compensation Table."

(2) These amounts reflect the threshold, target and maximum number of ROIC-based performance shares and TSR-based performance shares granted on March 22, 2019 under the LTIP. The ROIC-based performance shares will ultimately vest upon

the achievement of performance goals over the January 1, 2019-December 31, 2021 performance period. The TSR-based performance shares will ultimately vest upon the achievement of performance goals over the March 22, 2019-December 31, 2021 performance period.

- (3) This column contains the Restricted Stock Unit awards only. The Restricted Stock Unit awards granted on March 22, 2019 under the LTIP to the NEO's will vest ratably over a three-year period beginning on the first anniversary of the grant date.
- (4) Represents the aggregate grant date fair value of Restricted Stock Units and performance shares granted under the LTIP during the fiscal year ended December 31, 2019 in accordance with FASB ASC Topic 718. The values of the performance shares have been calculated taking into consideration the probable outcome of the respective performance conditions as of the grant date. The fair value per share of the Restricted Stock Units and ROIC-based performance awards granted on March 22, 2019 was \$33.67. The fair value per share of the TSR-based performance awards granted on March 22, 2019, which are based on a market-based performance measure was \$47.08, as determined using a Monte Carlo simulation. Assumptions used in the calculation of these amounts and vesting details are included in footnote 14 to our audited consolidated financial statements in our 2019 Form 10-K. These amounts reflect our accounting expense for these awards and may not correspond to the actual value that may be recognized by the officers.

## EMPLOYMENT AGREEMENTS

Under each Employment Agreement, the NEO is eligible to receive salary, an annual cash incentive award, as defined under the SMIP, severance pay under certain conditions, use of a company car and gas card or a car allowance in accordance with the Company's policy, and is eligible to participate in all incentive, 401(k), profit sharing, health 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.

Each Employment Agreement contains non-competition covenants restricting the ability of the NEO to compete with us, to solicit our clients or to recruit our employees during the term of his or her employment and for a period of one year thereafter and prohibiting him or her from disclosing confidential information and trade secrets at any time during or after his or her employment.

Each Employment Agreement generally terminates upon the NEO's:

- death;
- disability;
- termination for cause by the Company or without good reason by the employee;
- termination without cause or for good reason; or
- 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 NEO is 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 NEO 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 NEO participates.
Termination by the Company without cause or resignation by the employee for good reason	Lump-sum payment of twice the NEO's base salary and target annual incentive. Company-funded benefit continuation coverage for the NEO and eligible dependents for a period of two years, subject to forfeiture in the event the NEO breaches the restrictive covenants or becomes reemployed in the two-year period following his or her termination.
Termination by the Company without cause or resignation by the employee for good reason within 12 months following a change in control, a so-called "double trigger" provision	Lump-sum payment of three times the NEO's base salary and target annual incentive. Company-funded benefit continuation coverage for the NEO and eligible dependents for a period of two years, subject to forfeiture in the event the NEO becomes reemployed in the two-year period following his or her termination.

Each Employment Agreement generally defines "cause" as an NEO's:

- material breach of the non-competition provisions of the NEO's Employment Agreement;
- commission of a criminal act by the NEO against the Company, including but not limited to fraud, embezzlement or theft;
- conviction or plea of no contest or *nolo contendere* to a felony or any crime involving moral turpitude; or
- failure or refusal to carry out, or comply with, in any material respect, any lawful directive of the Board that is not cured within 30 days after the receipt of written notice from the Company.

"Good reason" for a NEO's resignation exists under each Employment Agreement if, among other things, the NEO's base salary and/or annual target incentive opportunity is reduced, his or her duties are materially reduced, he or she is required to relocate to a work site more than 50 miles from his or her current work site or if the Company materially breaches a material provision of the NEO's Employment Agreement and fails to cure such breach within 30 days of the receipt of written notice of the breach.

Each Employment Agreement 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 a NEO is terminated without cause or resigns for good reason within 12 months following a "change in control," the NEO would be entitled to all compensation earned and all benefits and reimbursements due through the date of termination, as well as a lump-sum payment equal to three times the NEO's base salary, three times target annual incentive and company-funded benefit continuation coverage for the NEO and eligible dependents for a period of two years, subject to forfeiture in the event the NEO becomes reemployed in the two-year period following his or her termination.

The foregoing descriptions of the terms of the Employment Agreements are qualified in their entirety by reference to the terms and conditions of such agreements that the Company has filed with the SEC.

"Change in control" is similarly defined in the LTIP and its predecessor, the 2007 LTIP. Under the terms of the long-term incentive plans, award agreements may provide for one or more of the following effects in connection with a change in control:

- the acceleration or extension of time periods for purposes of exercising, vesting in or realizing gain from any award granted under the LTIP and its predecessor, the 2007 LTIP;
- the waiver or modification of performance or other conditions related to the payment or other rights under an award;
- provision for the cash settlement of an award for an equivalent cash value, as determined by the Compensation Committee; or
- other modifications or adjustments to an award as the Compensation Committee deems appropriate to maintain and protect the rights and interests of plan participants upon or following a change in control.

## OUTSTANDING EQUITY AWARDS AT 2019 FISCAL YEAR END

The following table sets forth for each NEO outstanding equity awards as of the end of the 2019 fiscal year:

Name <sup>(a)</sup>	OPTION AWARDS				STOCK AWARDS			
	Grant Date	Number of Securities Underlying Unexercised Options # Exercisable <sup>(b)</sup> <sup>(1)</sup>	Option Exercise Price (\$) <sup>(d)</sup>	Option Expiration Date <sup>(e)</sup>	Number of Shares or units of Stock That Have Not Vested <sup>(f)</sup>	Market Value of Shares or units of Stock That Have Not Vested (\$) <sup>(g)</sup> <sup>(2)</sup>	Equity Incentive Plan Awards: Number of Unearned Shares, Units or Other Rights That Have Not Vested <sup>(h)</sup>	Equity Incentive Plan Performance Awards: Market or Payout Value of Unearned Shares, Units or Other Rights That Have Not Vested (\$) <sup>(i)</sup> <sup>(2)</sup>
Richard S. Swartz	3/24/11	8,419	24.18	3/24/21				
	3/25/13	9,935	24.68	3/25/23				
	3/23/17				3,336 <sup>(3)</sup>	108,720		
	3/23/18				10,617 <sup>(3)</sup>	346,008		
	3/22/19				13,662 <sup>(3)</sup>	445,245		
	3/23/18						20,854 <sup>(4)</sup>	679,632
	3/22/19						17,573 <sup>(5)</sup>	572,704
Betty R. Johnson	10/19/15				8,861 <sup>(6)</sup>	288,780		
	3/23/17				1,434 <sup>(3)</sup>	46,734		
	3/23/18				4,069 <sup>(3)</sup>	132,609		
	3/22/19				6,534 <sup>(3)</sup>	212,943		
	3/23/18						7,993 <sup>(4)</sup>	260,492
	3/22/19						8,404 <sup>(5)</sup>	273,886
Tod M. Cooper	3/23/17				1,434 <sup>(3)</sup>	46,734		
	3/23/18				4,069 <sup>(3)</sup>	132,609		
	3/22/19				6,534 <sup>(3)</sup>	212,943		
	3/23/18						7,993 <sup>(4)</sup>	260,492
	3/22/19						8,404 <sup>(5)</sup>	273,886
William F. Fry	3/22/19				4,752 <sup>(3)</sup>	154,868		
	3/22/19						6,112 <sup>(4)</sup>	199,190
Jeffrey J. Waneka	3/23/12	1,484	17.48	3/23/22				
	3/25/13	709	24.68	3/25/23				
	3/23/17				928 <sup>(3)</sup>	30,244		
	3/23/18				3,317 <sup>(3)</sup>	108,101		
	3/22/19				5,940 <sup>(3)</sup>	193,585		
	3/23/18						6,516 <sup>(4)</sup>	212,356
	3/22/19						7,641 <sup>(5)</sup>	249,020

(1) All options were granted under the 2007 LTIP and were fully vested and exercisable as of December 31, 2019.

(2) The closing price per share of the Company's common stock of \$32.59 on December 31, 2019 was used to determine the market values shown in columns (g) and (i).

(3) The restricted stock awards granted on March 23, 2017, March 23, 2018 and March 22, 2019 vest ratably over a three-year period beginning on the first anniversary of the grant date. These awards are subject to certain clawback provisions.

(4) These performance share awards will cliff vest on December 31, 2020 and are split between the achievement of certain specified levels of the Company's ROIC as defined in the grant and the Company's TSR compared to the TSR of a peer group of companies. Target award shown: ROIC-based awards may be earned between threshold (50% of target) and maximum (200% of target) and TSR-based award may be earned between threshold (25% of target) and maximum (200% of target), although the minimum payout for either award is zero. These awards are subject to certain clawback provisions.

(5) These performance share awards will cliff vest on December 31, 2021 and are split between the achievement of certain specified levels of the Company's ROIC as defined in the grant and the Company's TSR compared to the TSR of a peer group of companies. Target award shown: ROIC-based awards may be earned between threshold (50% of target) and maximum (200% of target) and TSR-based award may be earned between threshold (25% of target) and maximum (200% of target), although the minimum payout for either award is zero. These awards are subject to certain clawback provisions.

(6) This restricted stock award was granted to Ms. Johnson upon her appointment as Senior Vice President, Chief Financial Officer and Treasurer. The award will cliff vest on October 19, 2020 and is subject to certain clawback provisions.

## 2019 OPTION EXERCISES AND STOCK VESTED

The following table sets forth for each NEO the activity for stock option exercises and vesting of stock awards during the year ended December 31, 2019:

Name	Option Awards		Stock Awards	
	Number of Shares Acquired On Exercise (#)	Value Realized On Exercise (\$) <sup>(1)</sup>	Number of Shares Acquired On Vesting (#) <sup>(2)</sup>	Value Realized On Vesting (\$) <sup>(3)</sup>
Richard S. Swartz	—	—	15,682	502,324
Betty R. Johnson	—	—	6,702	218,902
Tod M. Cooper	—	—	6,430	209,744
William F. Fry	—	—	—	—
Jeffrey J. Waneka	—	—	3,678	119,468

(1) Amounts reflect the difference between the exercise price of the option and the market price of our common stock at the time of exercise. No stock options were exercised by NEOs in 2019.

(2) The amounts shown include restricted stock, Restricted Stock Units that vested on March 23 and March 24, 2019, performance shares awarded in 2017 that vested on December 31, 2019 and restricted stock that vested on September 1, 2019 for Mr. Swartz.

(3) The amounts shown are calculated based on the closing market price per share of our common stock on the date the shares were received.

## POTENTIAL PAYMENTS UPON TERMINATION OR CHANGE IN CONTROL

As described above under "Employment Agreements," our NEOs have severance and change in control clauses in their Employment Agreements. The following table summarizes and quantifies the compensation that would have become payable to each current NEO upon termination or a change in control (and qualifying termination) on December 31, 2019, given the NEO's compensation and service levels as of such date:

Name	Benefit	Termination due to Disability <sup>(1)</sup>	Termination without Cause or for Good Reason <sup>(2)</sup>	Termination without Cause or for Good Reason within 12 months following a Change in Control <sup>(3)</sup>
Richard S. Swartz	Severance pay <sup>(4)</sup>	302,538	2,760,000	4,140,000
	Welfare benefits	11,802	47,208	47,208
	Accelerated equity <sup>(5)</sup>	1,386,170	1,386,170	2,152,309
	Total	1,700,510	4,193,378	6,339,517
Betty R. Johnson	Severance pay <sup>(4)</sup>	182,260	1,445,000	2,167,500
	Welfare benefits	3,396	13,584	13,584
	Accelerated equity <sup>(5)</sup>	880,418	880,418	1,215,444
	Total	1,066,074	2,339,002	3,396,528
Tod M. Cooper	Severance pay <sup>(4)</sup>	186,346	1,445,000	2,167,500
	Welfare benefits	11,802	47,208	47,208
	Accelerated equity <sup>(5)</sup>	591,638	591,638	926,664
	Total	789,786	2,083,846	3,141,372
William F. Fry	Severance pay <sup>(4)</sup>	131,875	1,072,500	1,608,750
	Welfare benefits	11,802	47,208	47,208
	Accelerated equity <sup>(5)</sup>	202,489	202,489	354,058
	Total	346,166	1,322,197	2,010,016
Jeffrey J. Waneka	Severance pay <sup>(4)</sup>	173,192	1,343,000	2,014,500
	Welfare benefits	11,802	47,208	47,208
	Accelerated equity <sup>(5)</sup>	500,590	500,590	793,306
	Total	685,584	1,890,798	2,855,014

(1) Represents the amount of salary continuation and other benefits to which the NEO is entitled under the terms of our long-term disability policy for a period of 180 days from the date of termination due to long-term disability. After six months of salary continuation, as provided by us, the NEO will be eligible for benefits under the terms of our long-term disability insurance plan, which provides a benefit equal to 60% of the NEO's monthly base salary (up to a maximum monthly benefit of \$10,000) until age 65 or older, as defined in the plan. Also includes the value of accelerated equity.

(2) Represents the sum of (a) twice the sum of the NEO's base salary and target annual incentive (for 2019, the target annual incentive was 100.0% of annual salary for Mr. Swartz, 70.0% of annual salary for Ms. Johnson and Messrs. Cooper and Waneka and 65.0% for Mr. Fry), (b) the estimated cost of two years of company-funded benefit continuation coverage for the NEO and eligible dependents under our welfare benefit plans in which the NEO is a participant and (c) the value of accelerated equity.

(3) Represents the sum of (a) three times the sum of the NEO's base salary and target annual incentive (for 2019, the target annual incentive was 100.0% of annual salary for Mr. Swartz, 70.0% of annual salary for Ms. Johnson and Messrs. Cooper and and 65.0% for Mr. Fry), (b) the estimated cost of two years of company-funded benefit continuation coverage for the NEO and eligible dependents under our welfare benefit plans in which the NEO is a participant and (c) the value of accelerated equity.



- (4) Severance pay includes the NEO's base salary and target annual incentive applicable to the type of severance or change in control payment shown.
- (5) Accelerated equity reflects the amount of compensation that each NEO would receive upon the accelerated vesting of any outstanding unvested stock-based awards as of the date of termination. Equity award agreements between the Company and a person who was a NEO at the time of the award contain an accelerated vesting clause. Equity awards made before an officer becomes a NEO are not subject to a similar accelerated vesting clause and will be forfeited upon termination. The compensation amount shown is based upon (a) the number of unvested restricted shares outstanding as of December 31, 2019, (b) the number of unvested Restricted Stock Units outstanding as of December 31, 2019, (c) the number of performance shares outstanding as of December 31, 2019 that are expected to be earned prorated for the length of service completed as of December 31, 2019 for termination without cause or resignation for good reason or all performance shares outstanding for termination without cause or resignation for good reason within 12 months following a change of control and (d) the closing market price per share of our common stock as reported on the Nasdaq on December 31, 2019, which was \$32.59 per share. The compensation amounts for unvested restricted stock and unvested Restricted Stock Units are calculated by multiplying the number of shares of unvested restricted stock and unvested Restricted Stock Units times the closing market price. The compensation amount for the unvested performance shares for termination without cause or resignation for good reason is calculated by multiplying the number of unvested performance shares by the closing price and then multiplying that amount by the percentage earned (number of months the executive worked from date of grant to date of termination divided by the number of months in the vesting period for the performance shares). The compensation amount for unvested performance shares for termination without cause or resignation for good reason within 12 months following a change of control is calculated by multiplying the number of unvested performance shares by the market closing price on the date of termination.

## 2019 PAY RATIO

We believe our compensation programs must be consistent and internally equitable. The following is a reasonable estimate, prepared under applicable SEC rules, of the ratio of the annual total compensation of our CEO to the annual total compensation of our median employee. In 2018, we identified the median employee by calculating the salary or wages of each full-time, part-time, seasonal and temporary employee paid in 2017 through December 24, 2017 (the determination date), ranking the salary or wages of all employees except for the CEO from lowest to highest. We applied a Canadian to U.S. dollar exchange rate to the compensation elements paid in Canadian currency for our Canadian employees.

In 2018, we reviewed the changes in our employee population and employee compensatory arrangements and determined there had been no change that would significantly affect our pay ratio disclosure. However, as permitted under SEC rules and regulations, we elected to use for the 2018 pay ratio disclosure an alternative median employee who was substantially similar to the original median employee based on the same salary/wages compensation measure used to select the original median employee in 2017. We made this election because the original median employee had a change of circumstances that we believed would have resulted in a significant change in our pay ratio disclosure.

For 2019, we determined that there had been no significant change that would significantly affect our pay ratio disclosure. Consequently, we used last year's median employee as there was no change of circumstances that we believed would have resulted in a significant change in our pay ratio disclosure.

The ratio between the pay of our CEO to the pay of our median employee is 28.2. The annual total compensation for our median employee for 2019 was \$97,095. The annual total compensation of our CEO was \$2,738,493. The difference between this annual total compensation and the annual total compensation found in "Executive Compensation Tables — 2019 Summary Compensation Table" is due to the inclusion of nondiscriminatory health and welfare benefit plans that are not required to be included in the 2019 Summary Compensation Table.

## PROPOSAL 2. ADVISORY RESOLUTION TO APPROVE THE COMPENSATION OF OUR NAMED EXECUTIVE OFFICERS

**OUR BOARD UNANIMOUSLY RECOMMENDS THAT YOU VOTE “FOR” THE APPROVAL OF THE ADVISORY RESOLUTION REGARDING THE COMPENSATION OF OUR NAMED EXECUTIVE OFFICERS AS DISCLOSED IN THIS PROXY STATEMENT.**

As required under Section 14A of the Exchange Act, we are asking stockholders to approve an advisory resolution on the compensation of our NEOs as reported in this Proxy Statement. As described in the “Compensation Discussion and Analysis” section of this Proxy Statement, the Compensation Committee has designed our executive compensation program to align each NEO’s compensation with our short-term and long-term performance and to provide the compensation and incentives needed to attract, motivate and retain the NEOs who are crucial to our success. We urge stockholders to read the “Compensation Discussion and Analysis” and the related tables and narratives, which describe in more detail how our NEO compensation policies and procedures operate and how they achieve our compensation objectives. All of this information provides detailed discussion and analysis of the compensation of our NEOs including the following:

- **We pay for performance.** We align executive compensation with short- and long-term Company-wide, business unit and individual performance. Generally, we target about half of our NEO compensation as performance-based compensation. In 2019, we slightly exceeded our pretax financial performance goal resulting in annual cash incentive payouts at approximately target for financial performance under the SMIP. Additionally, we exceeded our targets for safety performance goals, resulting in above target annual cash incentive payouts for safety performance under the SMIP. The three-year average 2017 ROIC as defined in the grant was below threshold performance, consequently no ROIC performance shares were earned for grants made in 2017. The three-year 2017 TSR performance ranked at the 33<sup>rd</sup> percentile, therefore 48.4% of the target number of TSR performance shares were earned for grants made in 2017.
- **We have compensation practices that ensure leadership, decision-making and actions that are aligned with our short- and long-term goals without taking inappropriate or unnecessary risks.** The practices are discussed in detail in the “Compensation Discussion and Analysis” and include:
  - o stock ownership guidelines for directors and executive officers;
  - o a long-standing insider trading policy, which prohibits, among other activities, the pledging of and hedging transactions with respect to our common stock;
  - o a practice of offering limited executive officer perquisites; and
  - o regular review of the risk profile of our compensation programs and the inclusion of significant risk mitigators in those programs, such as stock holding requirements, clawback provisions and caps on incentive awards.
- **The Compensation Committee acts prudently in making decisions.** All members of the Compensation Committee are independent directors. The Compensation Committee has established a thorough process for the review and approval of compensation program design, practices and amounts awarded to our executive officers. The Compensation Committee engaged and received advice from an independent, third-party compensation consultant, and, using that advice, selected a peer group of companies to compare to our NEOs’ compensation.

We ask our stockholders to participate annually in this review and indicate their support for our NEO compensation set forth in this Proxy Statement. This proposal, commonly known as a “Say-on-Pay” proposal, gives our stockholders the opportunity to express their views on our NEOs’ compensation. This vote is not intended to address any specific item of compensation, but rather the overall compensation of our NEOs and the philosophy, policies and practices described in this Proxy Statement. We are asking our stockholders to vote “FOR” the following resolution at the 2020 Annual Meeting:

“RESOLVED, that the Company’s stockholders approve, on an advisory basis, the compensation of the Company’s named executive officers, as disclosed in the Company’s Proxy Statement for the 2020 Annual Meeting of Stockholders pursuant to the compensation disclosure rules of the SEC, including the “Compensation Discussion and Analysis,” the 2019 Summary Compensation Table and the other related tables and disclosures.”

The Say-on-Pay vote is advisory, and therefore not binding on the Company, the Compensation Committee or the Board. The Board and the Compensation Committee value the opinions of our stockholders and to the extent there is any significant vote against the NEO compensation as disclosed in this Proxy Statement, we expect to consider our stockholders’ concerns and the Compensation Committee will evaluate whether any actions are necessary to address those concerns.

## PROPOSAL 3. APPROVAL OF THE MYR GROUP INC. 2017 LONG-TERM INCENTIVE PLAN (AMENDED AND RESTATED) AS OF APRIL 23, 2020)

**OUR BOARD UNANIMOUSLY RECOMMENDS A VOTE “FOR” THE APPROVAL OF THE MYR GROUP INC. 2017 LONG-TERM INCENTIVE PLAN (AS AMENDED AND RESTATED).**

### General

We are asking our stockholders to approve the MYR Group 2017 Long-Term Incentive Plan, as amended and restated as of April 23, 2020 (the “A&R 2017 LTIP”). On February 27, 2020, upon recommendation of the Compensation Committee, our Board adopted, subject to the approval of our stockholders at the 2020 Annual Meeting, an amendment and restatement of the LTIP. The LTIP was originally adopted by our Board on February 23, 2017 and approved by our stockholders on April 27, 2017 at our 2017 Annual Meeting of Stockholders.

The Board is recommending that the Company’s stockholders vote in favor of the A&R 2017 LTIP, which amends and restates the LTIP in its entirety. The A&R 2017 LTIP will continue to provide the Board and Compensation Committee with the flexibility to design equity-based compensatory awards that are responsive to our business needs and authorizes a variety of awards designed to advance our interests and promote our long-term success.

If the A&R 2017 LTIP is approved by our stockholders, it will become effective on the day of the 2020 Annual Meeting. Outstanding awards under the LTIP, however, will continue in effect in accordance with their terms. If the A&R 2017 LTIP is not approved by our stockholders, no awards will be made under the A&R 2017 LTIP, and the LTIP will remain in effect.

Our principal reason for amending and restating the A&R 2017 LTIP is to obtain stockholder approval of a total of 1,900,000 shares of common stock, par value \$0.01 per share, available for awards under the A&R 2017 LTIP (which represents an increase of 1,000,000 shares from the 900,000 shares previously approved under the LTIP).

While the primary purpose of amending and restating the LTIP is to permit an increase in the number of shares available for awards under the plan document, the Company is also proposing to make certain substantive changes from the LTIP to, as further described below to the extent material (in addition to certain other conforming and non-substantive changes):

- extend the term of the LTIP;
- add cash incentive awards as an award type;
- add consultants as eligible persons for awards;
- clarify the types of events that permit the Compensation Committee to make equitable adjustments to outstanding awards;
- remove certain LTIP language and provisions relating to the potential to qualify awards for deductibility as performance-based compensation under Section 162(m) of the Code, as such deductibility will not be available for new awards granted under the A&R 2017 LTIP;
- revise the non-employee director compensation limit to cover more than equity awards and cash fees paid to directors;
- add individual grant limits for phantom stock awards and stock bonus awards; and
- clarify the plan document amendment provisions.

### Why We Recommend You Vote for Proposal 3:

The A&R 2017 LTIP authorizes the Compensation Committee to provide cash awards and equity-based compensation in the form of stock options, stock appreciation rights (“SARs”), restricted stock, Restricted Stock Units, performance awards, phantom stock, stock bonuses and dividend equivalents for the purpose of providing our employees, directors and consultants (and those of our subsidiaries) incentives and

rewards for service or performance. Some of the key features of the A&R 2017 LTIP that reflect our commitment to effective management of equity and incentive compensation are set forth below in this subsection.

We believe our future success depends in part on our ability to attract, motivate and retain high quality employees, directors, and consultants and that the ability to provide equity-based and incentive-based awards under the A&R 2017 LTIP is critical to achieving this success. We believe we would be at a severe competitive disadvantage if we could not use stock-based awards to recruit and compensate our officers, other employees and directors.

The use of our stock as part of our compensation program is also important to our continued success because we believe it fosters a pay-for-performance culture that is an important element of our overall compensation philosophy. We believe that equity compensation motivates employees to create stockholder value because the value employees realize from equity compensation is based on our stock price performance. Equity compensation also aligns the compensation interests of our employees with the investment interests of our stockholders and promotes a focus on long-term value creation because our equity compensation awards can be subject to vesting and/or performance criteria.

As of March 2, 2020, 565,170 shares remained available for issuance under the LTIP (based on share counting mechanics under the LTIP and assuming all outstanding performance shares are settled at target levels) (but decreased to 426,925 shares assuming all outstanding performance shares are settled at maximum levels). Additionally, we currently anticipate granting about \$5.7 million in employee equity awards between the date of this Proxy Statement and March 31, 2020. If the A&R 2017 LTIP is not approved, we may be compelled to increase significantly the cash component of our employee and director compensation, which may not necessarily align employee and director compensation interests with the investment interests of our stockholders. Replacing equity awards with cash would also increase cash compensation expense and use cash that might be better utilized.

The following includes aggregated information regarding the overhang and dilution associated with the LTIP and the potential stockholder dilution that would result if our proposed additional 1,000,000 share allocation is approved. The information is as of March 2, 2020. As of that date, there were 16,657,072 shares of our common stock outstanding (and of this amount, 28,834 shares (0.2% of our outstanding shares) were represented by unvested restricted stock awards):

Under the LTIP:

- Outstanding full-value awards (performance shares, restricted stock, and Restricted Stock Units, assuming that the outstanding performance awards achieve maximum performance): 406,038 shares would be issued (approximately 2.4% of our outstanding shares of common stock);
- No stock options have been issued under the LTIP;
- Total number of shares of common stock subject to outstanding awards as of March 2, 2020 (565,170 shares of common stock) represents a current overhang percentage of 3.4% under the LTIP as of that date. Additionally, we currently anticipate granting about \$5.7 million in employee equity awards between the date of this Proxy Statement and March 31, 2020, but the specific details of these awards have not yet been finalized.

Under the A&R 2017 LTIP:

- Proposed shares of common stock available for future issuance under the A&R 2017 LTIP: 1,000,000 additional shares of common stock; the new share request of 1,000,000 shares of common stock represents about 6.0% of our outstanding shares of common stock — this percentage reflects the dilution of our stockholders that would occur if the A&R 2017 LTIP is approved.

Total potential overhang or dilution under the A&R 2017 LTIP:

- The total shares of common stock subject to outstanding awards as of March 2, 2020 (406,038 shares of common stock) plus 426,925 shares available for future awards under the LTIP as of March 2, 2020 as described above, plus the proposed new shares available for future issuance

under the A&R 2017 LTIP (1,000,000 shares of common stock), represent a total fully-diluted overhang of 1,832,963 shares of common stock (11.0% of the outstanding shares) under the A&R 2017 LTIP.

Based on the closing price of our common stock on March 2, 2020 of \$26.26 per share, the aggregate market value as of that date of the additional 1,000,000 shares requested for issuance under the A&R 2017 LTIP was \$26,260,000.

In 2017, 2018 and 2019, awards earned and granted under the LTIP covered 105,759 shares, 122,935 shares and 94,494 shares, respectively, of our common stock. Based on our basic weighted average of shares of common stock outstanding for those three years of 16,273,000, 16,585,000, and 16,699,000, respectively, for the three-fiscal-year period 2017-2019, our average burn rate, not taking into account forfeitures, was 0.7% (our individual years' burn rates were 0.6% for fiscal 2017, 0.7% for fiscal 2018, and 0.6% for fiscal 2019).

In determining the number of shares to request for approval under the A&R 2017 LTIP, our Compensation Committee worked with our management team (which received guidance from our proxy solicitor and consultant), to evaluate a number of factors including our institutional stockholder profile, share usage under the LTIP and criteria expected to be utilized by institutional proxy advisory firms in evaluating our proposal for the A&R 2017 LTIP.

If the A&R 2017 LTIP is approved, we intend to utilize the shares authorized under the A&R 2017 LTIP to continue our practice of incentivizing key individuals through annual equity grants. We currently anticipate that the shares requested in connection with approval of the A&R 2017 LTIP will last for about four years based on historic grant rates but could last for a different period of time if actual practice does not match recent rates. As noted in "Summary of Material Terms of the A&R 2017 LTIP," our Compensation Committee would retain full discretion under the A&R 2017 LTIP to determine the number and amount of awards to be granted under the A&R 2017 LTIP, subject to the terms of the A&R 2017 LTIP, and future benefits or amounts that may be received by participants under the A&R 2017 LTIP are not determinable at this time.

We believe that we have demonstrated a commitment to sound equity compensation practices in recent years. We recognize that equity compensation awards dilute stockholder equity, so we have carefully managed our equity incentive compensation. Our equity compensation practices are intended to be competitive and consistent with market practices, and we believe our historical share usage has been responsible and mindful of stockholder interests, as described above.

In evaluating this Proposal 3, stockholders should consider all of the information in this proposal, including the information set forth under "Summary of Material Terms of the A&R 2017 LTIP" below.

### **Summary of Material Changes from LTIP**

*Increase in Shares Available for Awards.* The A&R 2017 LTIP increases the number of shares available for awards by 1,000,000 shares of common stock.

*Extension of Term.* The A&R 2017 LTIP extends the term under which awards may be granted until the tenth anniversary of the date stockholders approve the A&R 2017 LTIP.

*Addition of Cash Incentive Awards.* The A&R 2017 LTIP adds cash incentive awards as an award type that can be granted under the plan to eligible participants and provides an individual annual grant limit of \$5,000,000 for such awards.

*Addition of Consultants as Eligible Persons.* The A&R 2017 LTIP adds consultants who provide services to the Company or a subsidiary that are equivalent to those typically provided by an employee as eligible persons to receive awards under the Plan.

*Clarification of Events that Require Equitable Adjustments to Outstanding Awards.* The A&R 2017 LTIP clarifies that certain events, such as an extraordinary cash dividend, combination of shares, spin-out, or split-up, in addition to other previously events enumerated in the plan document, shall result in an equitable adjustment to certain terms of outstanding awards as the Compensation Committee may decide in accordance with the terms of the plan document.

**Removal of Certain Section 162(m) Language and Provisions.** The A&R 2017 LTIP removes certain 2017 LTIP language and provisions relating to the potential to qualify awards for deductibility as performance-based compensation under Section 162(m) of the Code, as such deductibility will not be available for new awards granted under the A&R 2017 LTIP in the future as a result of recent amendments to Section 162(m) of the Code.

**Revision of Director Compensation Limit.** The A&R 2017 LTIP revises the non-employee director compensation limit so that, subject to adjustment as provided in the plan document, no non-employee director will be granted compensation for such service, in any one calendar year, having an aggregate maximum value at the date of grant, as applicable (calculating the value of any awards based on the grant date fair value for financial reporting purposes) in excess of \$400,000. The comparable limit in the LTIP applied only to awards granted under the LTIP and cash fees but did not contemplate any other types of compensation that a non-employee director might receive.

**Add Individual Grant Limits for Phantom Stock and Stock Bonus Awards.** The A&R 2017 LTIP provides an individual annual grant limit of 100,000 units for phantom stock awards and 100,000 shares for stock bonus awards.

**Clarification of Amendment Provisions.** The A&R 2017 LTIP clarifies that the plan document amendments that require stockholder approval (as enumerated in the plan document) are included for purposes of applicable stock exchange rules and do not prohibit equitable antidilution adjustments as provided for under the A&R 2017 LTIP.

The actual text of the A&R 2017 LTIP is attached to this Proxy Statement as Appendix A. The following description of the A&R 2017 LTIP is only a summary of its principal terms and provisions and is qualified by reference to the actual text as set forth in Appendix A.

### **A&R 2017 LTIP Highlights**

**Administration.** The A&R 2017 LTIP will generally be administered by the Compensation Committee.

**Reasonable A&R 2017 LTIP Limits.** Subject to adjustment as described in the A&R 2017 LTIP, total awards under the A&R 2017 LTIP are limited to 1,900,000 shares (900,000 of which were approved in 2017 and 1,000,000 of which are anticipated to be approved by the Company's stockholders in 2020), plus any shares returned to the A&R 2017 LTIP as described below. These shares may be shares of original issuance or treasury shares or a combination of the two.

The A&R 2017 LTIP also provides that, subject to adjustment as described in the A&R 2017 LTIP, for grants under the A&R 2017 LTIP:

- the aggregate number of shares of common stock actually issued or transferred upon the exercise of incentive stock options will not exceed 1,900,000 shares of common stock;
- no participant will be granted stock options, in the aggregate, for more than 200,000 shares of common stock during any calendar year;
- no participant will be granted SARs, in the aggregate, for more than 100,000 shares of common stock during any calendar year;
- no participant will be granted: (1) awards of restricted stock for more than 100,000 shares of common stock during any calendar year, (2) Restricted Stock Units for more than 100,000 shares of common stock during any calendar year, and (3) performance shares for more than 100,000 shares of common stock during any calendar year;
- no participant in any calendar year will receive an award of performance units having an aggregate maximum value in excess of \$3,750,000;
- no participant in any calendar year will receive cash incentive awards with an aggregate maximum value in excess of \$5,000,000;
- no participant will be granted more than 100,000 units of phantom stock during any calendar year;

- no participant will be granted a stock bonus for more than 100,000 shares of common stock during any calendar year; and
- no non-employee director will be granted, in any one calendar year, compensation for such service having an aggregate maximum value (measured at the date of grant as applicable, and calculating the value of any awards granted under the A&R 2017 LTIP based on the grant date fair value for financial reporting purposes) in excess of \$400,000.

*Allowances for Conversion Awards and Assumed Plans.* Shares of common stock issued or transferred under awards granted under the A&R 2017 LTIP in substitution for or conversion of, or in connection with an assumption of, stock options, SARs, restricted stock, RSUs or other stock or stock-based awards held by awardees of an entity engaging in a corporate acquisition or merger transaction with us or any of our subsidiaries will not count against (or be added to) the aggregate share limit or other A&R 2017 LTIP limits described above. Additionally, shares available under certain plans that we or our subsidiaries may assume in connection with corporate transactions from another entity may be available for certain awards under the A&R 2017 LTIP, under circumstances further described in the A&R 2017 LTIP, but will not count against the aggregate share limit or other A&R 2017 LTIP limits described above.

*Limited Share Recycling Provisions.* Subject to certain exceptions described in the A&R 2017 LTIP, if any award granted under the A&R 2017 LTIP or the LTIP, or the 2007 LTIP is cancelled or forfeited, expires or is settled for cash (in whole or in part) or is unearned, the shares of common stock subject to such award will, to the extent of such cancellation, forfeiture, expiration, cash settlement, or unearned amount, again be available under the A&R 2017 LTIP. The following shares of common stock will not be added (or added back, as applicable) to the aggregate share limit under the A&R 2017 LTIP: (1) shares of common stock tendered or otherwise used in payment of the exercise price of a stock option granted under the A&R 2017 LTIP, (2) shares of common stock withheld by us or tendered or otherwise used to satisfy tax withholding, and (3) shares of common stock reacquired by the Company on the open market or otherwise using cash proceeds from the exercise of stock options granted under the A&R 2017 LTIP. Further, all shares of common stock covered by SARs that are exercised and settled in shares, whether or not all shares of common stock covered by the SARs are actually issued to the participant upon exercise, will not be added back to the aggregate number of shares available under the A&R 2017 LTIP, as further described below.

*No Repricing Without Stockholder Approval.* The repricing of options and SARs (outside of certain corporate transactions or adjustment events described in the A&R 2017 LTIP or in connection with a “change in control”) is prohibited without stockholder approval under the A&R 2017 LTIP.

*Change in Control Definition.* The A&R 2017 LTIP includes a definition of “change in control,” which is set forth below.

*Minimum Vesting Periods.* The A&R 2017 LTIP provides that, subject to the discretionary acceleration provisions of the A&R 2017 LTIP, and except for awards under which up to an aggregate of 5% of the maximum number of shares of common stock available under the A&R 2017 LTIP may be granted:

- Time-based restrictions on stock options, SARs, restricted shares, restricted stock units and other share-based awards (or any portion of such awards) may not lapse solely by the passage of time sooner than after one year, unless the Compensation Committee specifically provides for those restrictions to lapse sooner, including by virtue of the retirement, death or disability of a participant or in the event of a change in control; and
- If restrictions on stock options, SARs, restricted shares, restricted stock units and other share-based awards lapse upon the achievement of management objectives, the applicable performance period with respect to any portion of the award must be at least one year, and the performance period for performance shares, performance units and cash incentive awards (or any portion of such awards) must be at least one year, unless the Compensation Committee specifically provides for earlier lapse or modification, including by virtue of the retirement, death or disability of a participant or in the event of a change in control.



*Other Features.*

- The A&R 2017 LTIP also provides that, except with respect to certain converted, assumed or substituted awards as described in the A&R 2017 LTIP, no stock options or SARs will be granted with an exercise or base price less than the fair market value of a share of our common stock on the date of grant.

**Section 162(m)**

Section 162(m) of the Code generally disallows a deduction for certain compensation paid to certain executive officers (and certain former executive officers) to the extent that compensation to a covered employee exceeds \$1 million for such year. Compensation qualifying for a performance-based exception as “qualified performance-based compensation” under Section 162(m) of the Code was historically not subject to the deduction limit if the compensation satisfied the requirements of Section 162(m) of the Code. This exception has now been repealed, effective for taxable years beginning after December 31, 2017, unless certain transition relief for certain compensation arrangements in place as of November 2, 2017 is available. No grants under the A&R 2017 LTIP will be intended to qualify for the performance-based exception. As a result, the A&R 2017 LTIP removes certain language and provisions relating to the potential qualification of future grants for deductibility for purposes of Section 162(m) of the Code. To be clear, stockholders are not being asked to approve the A&R 2017 LTIP (or any of its provisions) for purposes of Section 162(m) of the Code or the performance-based exception.

**Summary of Other Material Terms of the A&R 2017 LTIP***Administration*

The A&R 2017 LTIP is administered by the Compensation Committee, except that the Compensation Committee has the authority to delegate the authority to grant and determine the terms and conditions of certain awards under the A&R 2017 LTIP to one or more of our officers or directors, subject to such limitations as the Compensation Committee will determine. The Compensation Committee, however, may not delegate such authority with respect to awards granted under the A&R 2017 LTIP to any member of the Board or officer for purposes of Section 16 of the Securities Exchange Act of 1934.

All awards made pursuant to the A&R 2017 LTIP to non-employee directors must be approved by the Board. With respect to such awards, all rights, powers and authorities vested in the Compensation Committee under the A&R 2017 LTIP will instead be exercised by the Board.

The Compensation Committee has the discretionary authority to interpret the A&R 2017 LTIP, to make all factual determinations under the A&R 2017 LTIP, to determine the terms and provisions of the respective award agreements, and to make all other determinations necessary or advisable for the A&R 2017 LTIP’s administration. The Compensation Committee has authority to prescribe, amend, and rescind rules and regulations relating to the A&R 2017 LTIP and all interpretations, determinations, and actions by the Compensation Committee will be final, conclusive, and binding upon all parties.

The Board may amend the A&R 2017 LTIP from time to time without approval by our stockholders. However, no amendment will be effective without the consent of the stockholders that would:

- materially increase the benefits accruing to participants under the A&R 2017 LTIP;
- materially modify the A&R 2017 LTIP participation requirements;
- materially increase the number of shares of common stock that may be issued under the A&R 2017 LTIP; or
- otherwise need to be approved by our stockholders under applicable stock exchange rules and requirements.

*Eligibility*

Our employees and the employees of our subsidiaries (or any person who has agreed to commence serving in those capacities within 90 days of the date of grant), as well as our non-employee directors and certain persons, including consultants, who provide services to the Company or any of its subsidiaries that are equivalent to those typically provided by an employee (provided that such persons satisfy the Form S-8 definition of “employee”) may be selected by the Compensation Committee to receive benefits under the A&R 2017 LTIP. The Compensation Committee has authority, in its sole discretion, to determine and designate from time to time those eligible 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 A&R 2017 LTIP. As of March 2, 2020, there are approximately 150 employees, 8 non-employee directors, and zero consultants eligible to participate in the A&R 2017 LTIP. The basis for participation in the A&R 2017 LTIP by eligible persons is the selection of such persons for participation by the Compensation Committee (or its proper delegate) in its discretion.

*Shares Available for Awards under the A&R 2017 LTIP*

Subject to adjustment as described in the A&R 2017 LTIP, the number of shares of common stock available under the A&R 2017 LTIP for:

- stock options or stock appreciation rights;
- restricted stock;
- restricted stock units;
- performance awards (including performance shares, performance units, and cash incentive awards);
- phantom stock;
- bonus stock awards; or
- dividend equivalents paid with respect to awards under the A&R 2017 LTIP

will be, in the aggregate, 1,900,000 shares of common stock (900,000 of which were approved in 2017 and 1,000,000 of which are anticipated to be approved by the Company's stockholders in 2020), plus any shares of common stock that become available under the A&R 2017 LTIP as a result of forfeiture, cancellation, expiration, cash settlement or less-than-maximum earning of awards (the “Available Shares”). The Available Shares may be shares of original issuance, treasury shares or a combination of the foregoing.

*Other Share Limits Under the A&R 2017 LTIP.* The A&R 2017 LTIP also includes certain other share limits, as described above under “A&R 2017 LTIP Highlights.”

*Prohibition on Liberal Share Counting.* The A&R 2017 LTIP does not permit us to use “liberal share counting” methods, such as adding back to the shares of common stock available for issuance under the A&R 2017 LTIP shares that were used to pay the exercise price of stock options or to cover tax withholding.

Upon payment in cash of the benefit provided by any award granted under the A&R 2017 LTIP, any common stock that is covered by the award will be available for issue or transfer hereunder. Common stock tendered or otherwise used in payment of the exercise price of an option will not be added to the aggregate plan limit described above. In addition, common stock withheld by us or otherwise used to satisfy tax withholding will not be added to the aggregate plan limit. Moreover, common stock that is repurchased by us with option proceeds will not be added to the aggregate plan limit. All common stock covered by a 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, will be considered issued or transferred pursuant to the A&R 2017 LTIP.

For each award we will subtract one share from the available number of shares under the A&R 2017 LTIP for every one share underlying such award.

*Types of Awards Authorized*

Awards granted under the A&R 2017 LTIP will be upon such terms as may be approved by the Compensation Committee and set forth in an evidence of award. An evidence of award will contain such terms and provisions, consistent with the A&R 2017 LTIP, as the Compensation Committee may approve, including provisions for the acceleration of vesting or satisfaction of other requirements upon the occurrence of certain events. In general, stock options and SARs will not be granted with an exercise price or base price, as the case may be, less than the full fair market value per share on the date of grant. No stock option or SARs may be exercisable more than 10 years from the date of grant.

Subject to the discretionary acceleration provisions of the A&R 2017 LTIP, any award that vests solely upon the passage of time will vest over a period of time that is no shorter than one year, and any award that vests upon the achievement of performance objectives will have a performance period of at least one year. Notwithstanding the foregoing, up to 5% of the maximum number of shares of common stock that may be available for awards under the A&R 2017 LTIP, subject to adjustment as described in the A&R 2017 LTIP, may be used for stock bonus awards and awards that are not subject to a minimum vesting period.

For any full-value award, we will defer the payment of any dividends or dividend equivalents with respect to the underlying shares of such award until vesting or the achievement of performance objectives and payment of such award, as applicable. To the extent vesting does not occur or the performance objectives are not achieved, and the underlying shares are not earned, the dividends or dividend equivalents with respect to those unearned shares will be forfeited.

*Stock Options*

A stock option is a right to purchase shares of common stock upon exercise of the stock option. Stock options granted to an employee under the A&R 2017 LTIP may consist of either an incentive stock option, a non-qualified stock option that is not intended to be an "incentive stock option" under Section 422 of the Code, or a combination of both. Incentive stock options may only be granted to employees of the Company or certain of our related corporations. Except with respect to awards issued in substitution for, in conversion of, or in connection with an assumption of stock options held by awardees of an entity engaging in a corporate acquisition or merger with us or any of our subsidiaries, incentive stock options and non-qualified stock options must have an exercise price per share that is not less than the fair market value of a share of common stock on the date of grant. The term of a stock option may not extend more than ten years after the date of grant.

Each grant of a stock option will specify the applicable terms of the stock option, including the number of shares of common stock subject to the stock option and the required period or periods of the participant's continuous service before any stock option or portion of a stock option will become vested and exercisable. A grant of stock options may provide for the earlier exercise of the stock options, including in the event of retirement, death or disability of the participant or in the event of a change in control. Each grant of a stock option will be evidenced by an Award Agreement. Each Award Agreement will be subject to the A&R 2017 LTIP and will contain such other terms and provisions, consistent with the A&R 2017 LTIP, as the Compensation Committee may approve.

Any grant of stock options may specify management objectives that must be achieved as a condition to the exercise of the stock options. Each grant will specify whether the consideration to be paid in satisfaction of the exercise price will be payable (1) in cash or by cash equivalent, (2) at the discretion of the Compensation Committee, in shares of common stock acceptable to the Committee, valued at the fair market value of such shares on the date of exercise, (3) at the discretion of the Compensation Committee, and to the extent permitted by law, 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), (4) at the discretion of the Compensation Committee, by withholding from delivery shares of common stock for which the option is otherwise exercised, (5) at the discretion of the Compensation Committee, by a combination of the methods described above or (6) by such other method as may be

approved by the Compensation Committee and set forth in the Award Agreement. Stock options granted under the A&R 2017 LTIP may not provide for dividends or dividend equivalents.

#### *Stock Appreciation Rights*

The Compensation Committee may, from time to time and upon such terms and conditions as it may determine, authorize the granting of stock appreciation rights or SARs. A stock appreciation right is a right to receive from us, without payment by a participant, an amount based on appreciation in the fair market value of a share of common stock between the date of grant and the date of exercise. SARs may be granted in connection with an option, either at the time of grant or at any time thereafter during the term of an option, or they may be granted without any relationship to an option.

Each grant of a stock appreciation right will be evidenced by an Award Agreement. Each Award Agreement will be subject to the A&R 2017 LTIP and will contain such other terms and provisions, consistent with the A&R 2017 LTIP, as the Compensation Committee may approve. Each grant of stock appreciation rights will specify the period or periods of continuous service by the participant with the Company or any subsidiary that is necessary before the stock appreciation rights or installments of such stock appreciation rights will become exercisable. A grant of stock appreciation rights may provide for earlier exercise, including in the case of retirement, death or disability of the participant or in the event of a change in control. Any grant of stock appreciation rights may specify management objectives that must be achieved as a condition of the exercise of such stock appreciation rights. A stock appreciation right may be paid in cash, shares of common stock or any combination of the two.

Except with respect to awards issued in substitution for, in conversion of, or in connection with an assumption of stock appreciation rights held by awardees of an entity engaging in a corporate acquisition or merger with us or any of our subsidiaries, the base price of a stock appreciation right may not be less than the fair market value of a share of common stock on the date of grant. The term of a stock appreciation right may not extend more than ten years from the date of grant. Stock appreciation rights granted under the A&R 2017 LTIP may not provide for dividends or dividend equivalents.

#### *Restricted Stock*

Restricted stock constitutes an immediate transfer of the ownership of shares of common stock to the participant in consideration of the performance of services, entitling such participant to dividend, voting and other ownership rights, subject to the substantial risk of forfeiture and restrictions on transfer determined by the Compensation Committee for a period of time determined by the Committee or until certain management objectives specified by the Committee are achieved. Each such grant or sale of restricted stock may be made without additional consideration or in consideration of a payment by the participant that is less than the fair market value per share of common stock on the date of grant.

Any grant of restricted stock may specify management objectives that, if achieved, will result in termination or early termination of the restrictions applicable to the restricted stock. Any grant of restricted stock will require that any and all dividends or distributions paid on restricted stock that remain subject to a substantial risk of forfeiture be automatically deferred and/or reinvested in additional restricted stock, which will be subject to the same restrictions as the underlying restricted stock. Any such dividends or other distributions on restricted stock will be deferred until, and paid contingent upon, the vesting of such restricted stock. Each grant of restricted stock will be evidenced by an Award Agreement. Each Award Agreement will be subject to the A&R 2017 LTIP and will contain such terms and provisions, consistent with the A&R 2017 LTIP, as the Compensation Committee may approve.

Any grant or sale of restricted stock may provide for the earlier termination of restrictions on such restricted stock, including in the event of retirement, death or disability of the participant or in the event of a change in control.

#### *Restricted Stock Units*

Restricted Stock Units awarded under the A&R 2017 LTIP constitute an agreement by the Company to deliver shares of common stock, cash, or a combination of the two, to the participant in the future in consideration of the performance of services, but subject to the fulfillment of such conditions (which may

include the achievement of management objectives) during the restriction period as the Compensation Committee may specify. Each grant or sale of Restricted Stock Units may be made without additional consideration or in consideration of a payment by the participant that is less than the fair market value of shares of our common stock on the date of grant.

Any grant or sale of Restricted Stock Units may provide for the earlier lapse or other modification of the restriction period, including in the event of retirement, death or disability of the participant or in the event of a change in control.

During the restriction period applicable to Restricted Stock Units, the participant will have no right to transfer any rights under the award and will have no rights of ownership in the shares of common stock underlying the Restricted Stock Units and no right to vote them. Rights to dividend equivalents may be extended to and made part of any Restricted Stock Unit award at the discretion of and on the terms determined by the Compensation Committee, on a deferred and contingent basis, either in cash or in additional shares of common stock, but dividend equivalents or other distributions on shares of common stock under the Restricted Stock Units will be deferred until and paid contingent upon vesting of such Restricted Stock Units. Each grant or sale of Restricted Stock Units will specify the time and manner of payment of the Restricted Stock Units that have been earned. A restricted stock unit may be paid in cash, shares of common stock or any combination of the two.

Each grant of a Restricted Stock Unit award will be evidenced by an Award Agreement. Each Award Agreement will be subject to the A&R 2017 LTIP and will contain such terms and provisions, consistent with the A&R 2017 LTIP, as the Compensation Committee may approve.

#### *Performance Awards*

Performance awards, which include performance shares, performance units, and cash incentive awards, may also be granted to participants under the A&R 2017 LTIP. A performance share is a bookkeeping entry that records the equivalent of one share of common stock and a performance unit is a bookkeeping entry that records a unit in specified dollar amounts as determined by the Compensation Committee. A cash incentive award is a performance-based award that is represented by, and settled in, a cash amount. Each grant will specify the number or amount of performance shares, performance units, or cash, as applicable, which number or amount may be subject to adjustment to reflect changes in compensation or other factors.

These awards, when granted under the A&R 2017 LTIP, become payable to participants upon the achievement of specified management objectives and upon such terms and conditions as the Compensation Committee determines at the time of grant. Each grant may specify with respect to the management objectives a minimum acceptable level or levels of achievement (and, in the case of performance units, will specify a target unit value or a range of unit values for each award) and may set forth a formula for determining the number of performance shares or performance units that will be earned if performance is at or above the minimum or threshold level or levels, or is at or above the target level or levels but falls short of maximum achievement. Each grant will specify the time and manner of payment of performance shares, performance units, or cash amounts that have been earned. Any grant of performance shares or performance units may specify that the amount payable with respect to such grant may be paid by the Company in cash, in shares of common stock, or in any combination thereof. Cash incentive awards may only be paid by the Company in cash.

Any grant of performance shares may provide for the payment of dividend equivalents in cash or in additional shares of common stock, subject to deferral and payment on a contingent basis based on the participant's earning of the performance shares with respect to which such dividend equivalents are paid.

The performance period with respect to each grant of performance shares or performance units will be a period of time determined by the Compensation Committee and within which the management objectives relating to such award are to be achieved. The performance period may be subject to earlier lapse or modification, including in the event of retirement, death or disability of the participant or in the event of a change in control.

Each grant of performance shares or performance units will be evidenced by an Award Agreement. Each Award Agreement will be subject to the A&R 2017 LTIP and will contain such other terms and provisions of such award, consistent with the A&R 2017 LTIP, as the Compensation Committee may approve.

#### *Phantom Stock*

The Compensation Committee may grant to any participant phantom stock, which is an award comprised 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 a share of common stock on the date of grant. The terms and conditions of any such awards will be determined by the Compensation Committee. Any grant of phantom stock may provide for the earning or vesting of, or earlier elimination of restrictions applicable to, such award, including in the event of the retirement, death, or disability of the participant or in the event of a change in control. However, no vesting period shall exceed ten years, and any grant of phantom stock may provide for the payment of dividend equivalents in cash or in additional shares of common stock, subject to deferral and payment on a contingent basis based on the participant's earning of the performance shares with respect to which such dividend equivalents are paid. Each grant will specify the time and manner of payment of phantom stock that has been earned. Any grant may specify that the amount payable with respect to such grant may be paid by the Company in cash, in shares of common stock, or in any combination thereof. Each grant of phantom stock will be evidenced by an Award Agreement. Each Award Agreement will be subject to the A&R 2017 LTIP and will contain such other terms and provisions, consistent with the A&R 2017 LTIP, as the Compensation Committee may approve.

#### *Stock Bonus*

The Compensation Committee may also grant a stock bonus to any participant, which represents a specified number of shares of common stock that are issued without restrictions on transfer or forfeiture conditions. The Compensation Committee may, in connection with an award of a stock bonus, require the payment of a specified purchase price. 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 will 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.

#### *Change in Control*

The A&R 2017 LTIP includes a definition of "change in control." Individual award agreements will set forth the treatment of awards granted under the A&R 2017 LTIP in the event of a change in control of the Company. Unless otherwise provided in an award agreement, a change in control of the company generally means the occurrence of one of the following events (subject in each case to certain exceptions described in the A&R 2017 LTIP): (1) the purchase by a person or a group of our stock that gives them ownership of more than 50% of either the total fair market value or total voting power of our stock; (2) the consummated acquisition by a person or a group (including during a 12-month period) of our common stock giving them 30% or more of the total voting power of our stock; (3) the individuals who, as of the effective date of the A&R 2017 LTIP, cease to constitute at least a majority of the Board unless their replacements are approved as described in the A&R 2017 LTIP (subject to certain exceptions); or (4) the consummated acquisition by a person or a group (including over a 12-month period ending on the date of the most recent acquisition by such person or persons) of all or substantially all of our assets.

#### *Performance Criteria*

The A&R 2017 LTIP permits the Company to grant awards that are subject to the achievement of specified management objectives or other performance criteria. Performance criteria are the measurable performance objective or objectives established pursuant to the A&R 2017 LTIP for participants who have received grants of performance awards or cash incentive awards, or, when so determined by the Compensation Committee, stock options, stock appreciation rights, restricted stock, restricted stock units, phantom stock, or dividend equivalents. The Compensation Committee will determine the performance criteria (or other business criteria) in its sole discretion, which may include (but are not limited to) any of the following:

- total shareholder return;

- stock price appreciation;
- return on equity;
- return on assets;
- modified return on assets;
- return on capital (including return on invested 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 (stockholder value added);
- revenues;
- net income;
- pre-tax income;
- pre-tax income per share;
- operating income;
- pre-tax profit margin;
- performance against business plan;
- backlog;
- customer service;
- corporate governance quotient or rating;
- market share;
- employee satisfaction;
- 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;

- safety (including total OSHA recordable rate, OSHA lost time accident rate, lost workday severity rate, restricted workday severity rate, restricted workday incident rate, days away and restricted time, first aid cases, general liability cases, and auto accidents); and
- strategic business criteria, consisting of one or more objectives based on meeting goals in the areas of litigation, human resources, information services, production, inventory, safety, support services, site development, plant development, building development, facility development, government relations, product market share or management.

Performance criteria may be described in terms of Company-wide objectives or objectives that are related to the performance of the individual participant or of the subsidiary, division, department, region or function within the Company or subsidiary in which the participant is employed, or may be relative to the performance of one or more other companies or subsidiaries, divisions, departments, regions or functions within such other companies, and may be made relative to an index of one or more of the performance criteria themselves. Each such performance criterion will define in an objective manner the extent to which the performance criterion for a performance period has been achieved. In addition to the performance measures, the A&R 2017 LTIP also includes certain individual grant limits for equity or incentive awards that can be granted pursuant to the A&R 2017 LTIP, as further described above under the heading "A&R 2017 LTIP Highlights."

#### *Transferability*

Except as otherwise determined by the Compensation Committee in the terms of an award agreement, no award granted under the A&R 2017 LTIP is transferable by a participant except upon death, by will or the laws of descent and distribution. Except as otherwise determined by the Compensation Committee, stock options and SARs are exercisable during the optionee's lifetime only by him or her or by his or her guardian or legal representative. In no event may any award granted under the A&R 2017 LTIP be transferred for value.

#### *Adjustments*

The number and kind of shares covered by outstanding awards under the A&R 2017 LTIP and, if applicable, the prices per share applicable thereto, are subject to adjustment in the event of extraordinary cash dividend, stock dividend, stock split, combination of shares, recapitalization or other change in the capital structure of the Company, any merger, consolidation, spin-off, split-off, spin-out, split-up, reorganization, partial or complete liquidation or other distribution of assets, issuance of rights or warrants to purchase securities, or any other corporate transaction or event having an effect similar to any of the foregoing. The permitted adjustments are only those the Compensation Committee determines are appropriate to reflect the occurrence of the transaction or event, including but not limited to adjustments in the number and kind of securities reserved for issuance; in the award limits on individual awards; in the performance goals of any outstanding awards; and to the number and kind of securities subject to outstanding awards; and, if applicable, to the grant amounts, exercise prices or of the awards. Additionally, in the event of any such transaction or event, the Compensation Committee, in its discretion, may provide in substitution for any or all outstanding awards under the A&R 2017 LTIP such alternative consideration (including cash) as it determines to be equitable in the circumstances and the Compensation Committee may require the surrender of all awards so replaced. In addition, for each stock option or SAR with an exercise price greater than the consideration offered in connection with any such transaction or event or change in control, the Compensation Committee may in its sole discretion elect to cancel such stock option or SAR without any payment to the person holding such stock option or SAR. Any such adjustments will 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 will be made in a manner consistent with the requirements of Section 424(a) of the Code.

#### *Prohibition on Repricing*

Except in connection with certain corporate transactions or changes in the capital structure of the Company or in connection with a change in control, the terms of outstanding awards may not be amended to (1) reduce the exercise price or base price of outstanding stock options or stock appreciation rights,



respectively, or (2) cancel outstanding “underwater” stock options or stock appreciation rights in exchange for cash, other awards or stock options or stock appreciation rights (including following a participant’s voluntary surrender of “underwater” stock options or stock appreciation rights) with an exercise price or base price, as applicable, that is less than the exercise price or base price of the original stock options or stock appreciation rights, as applicable, without stockholder approval. The A&R 2017 LTIP specifically provides that this provision is intended to prohibit the repricing of “underwater” stock options and stock appreciation rights and that it may not be amended without approval by our stockholders.

#### *Forfeiture Events*

The Compensation 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 may include, among others, 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. In addition, any Award Agreement may provide for cancellation or forfeiture of an award or the forfeiture and repayment of any shares of common stock issued under and/or any other benefit related to an award, or other provisions intended to have a similar effect, upon such terms and conditions as may be required by the Committee or under Section 10D of the Exchange Act and any applicable rules and regulations promulgated by the SEC or any national securities exchange or national securities association on which the shares of common stock may be traded.

#### *Grants to Non-U.S. Based Participants*

In order to facilitate the making of any grant or combination of grants under the A&R 2017 LTIP, the Compensation Committee may provide for such special terms for awards to participants who are foreign nationals, who are employed by, or provide services as a non-employee director to, the Company or any of its subsidiaries outside of the United States of America or who provide services to the Company or any of its subsidiaries under an agreement with a foreign nation or agency, as the Compensation Committee may consider necessary or appropriate to accommodate differences in local law, tax policy or custom. The Compensation Committee may approve such supplements to, or amendments, restatements or alternative versions of, the A&R 2017 LTIP (including sub-plans) (to be considered part of the A&R 2017 LTIP) as it may consider necessary or appropriate for such purposes, provided that no such special terms, supplements, amendments or restatements will include any provisions that are inconsistent with the terms of the A&R 2017 LTIP as then in effect unless the A&R 2017 LTIP could have been amended to eliminate such inconsistency without further approval by our stockholders.

#### *Tax Withholding*

A participant will be responsible for payment of any taxes required by law to be withheld from an award or an amount paid in satisfaction of an award, which will 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 will 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 an SAR or another taxable event with respect to any award, the fair market value of the shares withheld will not exceed, at the time the withholding occurs, the minimum amount of tax required to be withheld, unless (1) an additional amount can be withheld and not result in adverse accounting consequences and (2) such additional withholding amount is authorized by the Compensation Committee.

#### *No Right to Continued Employment*

The A&R 2017 LTIP does not confer upon any participant any right with respect to continuance of employment or service with the Company or any of its subsidiaries.

*Effective Date of the A&R 2017 LTIP*

The 2017 LTIP was adopted by the Board on February 23, 2017 and approved by the Company's stockholders on April 27, 2017. The A&R 2017 LTIP was adopted by the Board on February 27, 2020 and will become effective on the date it is approved by the Company's stockholders. No grants will be made under the predecessor plan, the 2007 LTIP, on or after April 27, 2017, provided that outstanding awards granted under the 2007 LTIP will continue unaffected following such date.

*Amendment and Termination of the A&R 2017 LTIP*

The Board generally may amend the A&R 2017 LTIP at any time and from time to time in whole or in part. However, if any amendment (for purposes of applicable stock exchange rules and except as permitted by the A&R 2017 LTIP) (1) would materially increase the benefits accruing to participants under the A&R 2017 LTIP, (2) would materially increase the number of shares which may be issued under the A&R 2017 LTIP, (3) would materially modify the requirements for participation in the A&R 2017 LTIP, or (4) must otherwise be approved by our stockholders in order to comply with applicable law or the rules of the Nasdaq Stock Market, then such amendment will be subject to stockholder approval and will not be effective unless and until such approval has been obtained.

Further, subject to the A&R 2017 LTIP's prohibition on repricing, the Compensation Committee generally may amend the terms of any award prospectively or retroactively. Except in the case of certain adjustments permitted under the A&R 2017 LTIP, no such amendment may be made that would impair the rights of any participant without his or her consent. If permitted by Section 409A of the Code and subject to certain other limitations set forth in the A&R 2017 LTIP, including in the case of termination of employment or service due to death, disability or retirement, in the case of unforeseeable emergency or other circumstances or in the event of a change in control, the Compensation Committee may accelerate the vesting of certain awards granted under the A&R 2017 LTIP.

No grant will be made under the A&R 2017 LTIP after April 23, 2030, the date preceding the tenth anniversary of the date the A&R 2017 LTIP is being submitted to our stockholders for approval at the 2020 Annual Meeting. The Board may, in its sole discretion and at any earlier date, terminate the A&R 2017 LTIP. Termination of the A&R 2017 LTIP will not affect the rights of participants under any outstanding awards that are not exercised in full on the date of termination.

**U.S. Federal Income Tax Consequences**

The following is a brief summary of some of the federal income tax consequences of certain transactions under the A&R 2017 LTIP based on U.S. federal income tax laws in effect on January 1, 2020. This summary, which is presented for the information of stockholders considering how to vote on this proposal and not for A&R 2017 LTIP participants, is not intended to be complete and does not describe federal taxes other than income taxes (such as Medicare and Social Security taxes), state, local or foreign tax consequences.

**Tax Consequences to Participants**

*Non-Qualified Stock Option Rights.* In general, (1) no income will be recognized by an optionee at the time a non-qualified stock option is granted; (2) at the time of exercise of a non-qualified stock option, ordinary income will be recognized by the optionee in an amount equal to the difference between the option price paid for the shares and the fair market value of the shares, if unrestricted, on the date of exercise; and (3) at the time of sale of shares acquired pursuant to the exercise of a non-qualified stock option, appreciation (or depreciation) in value of the shares after the date of exercise will be treated as either short-term or long-term capital gain (or loss) depending on how long the shares have been held.

*Incentive Stock Option Rights.* No income generally will be recognized by an optionee upon the grant or exercise of an incentive stock option. The exercise of an incentive stock option, however, may result in alternative minimum tax liability. If shares of common stock are issued to the optionee pursuant to the exercise of an incentive stock option, and if no disqualifying disposition of such shares is made by such optionee within two years after the date of grant or within one year after the transfer of such shares to the optionee, then upon sale of such shares, any amount realized in excess of the option price will be taxed to the optionee as a long-term capital gain and any loss sustained will be a long-term capital loss.

If shares of common stock acquired upon the exercise of an incentive stock option are disposed of prior to the expiration of either holding period described above, the optionee generally will recognize ordinary income in the year of disposition in an amount equal to the excess (if any) of the fair market value of such shares at the time of exercise (or, if less, the amount realized on the disposition of such shares if a sale or exchange) over the option price paid for such shares. Any further gain (or loss) realized by the participant generally will be taxed as short-term or long-term capital gain (or loss) depending on the holding period.

**SARs.** No income will be recognized by a participant in connection with the grant of a tandem SAR or a freestanding SAR. When the SAR is exercised, the participant normally will be required to include as taxable ordinary income in the year of exercise an amount equal to the amount of cash received and the fair market value of any unrestricted shares of common stock received on the exercise.

**Restricted Stock.** The recipient of restricted stock generally will be subject to tax at ordinary income rates on the fair market value of the restricted stock (reduced by any amount paid by the participant for such restricted stock) at such time as the shares are no longer subject to a risk of forfeiture or restrictions on transfer for purposes of Section 83 of the Code ("Restrictions"). However, a recipient who so elects under Section 83(b) of the Code within 30 days of the date of transfer of the shares will have taxable ordinary income on the date of transfer of the shares equal to the excess of the fair market value of such shares (determined without regard to the Restrictions) over the purchase price, if any, of such restricted stock. If a Section 83(b) election has not been made, any dividends received with respect to restricted stock that is subject to the Restrictions generally will be treated as compensation that is taxable as ordinary income to the participant.

**Restricted Stock Units.** No income generally will be recognized upon the grant of Restricted Stock Units. The recipient of restricted stock units generally will be subject to tax at ordinary income rates on the fair market value of unrestricted shares of common stock on the date that such shares are transferred to the participant under the award (reduced by any amount paid by the participant for such Restricted Stock Units), and the capital gains/loss holding period for such shares will also commence on such date.

**Phantom Stock.** No income generally will be recognized upon the award of phantom stock. The recipient of a phantom stock award generally will be subject to tax at ordinary income rates on the amount of any cash received and the fair market value of any unrestricted common shares received on the date that such shares are transferred to the participant under the award (reduced by any amount paid by the recipient for such phantom stock), and the capital gains/loss holding period for such shares will also commence on such date.

**Performance Awards.** No income generally will be recognized upon the grant of performance awards. Upon payment in respect of the earn-out of performance awards, the recipient generally will be required to include as taxable ordinary income in the year of receipt an amount equal to the amount of cash received and the fair market value of any unrestricted shares of common stock received.

**Stock Bonuses.** The recipient of a stock bonus award generally will be subject to tax at ordinary income rates on the amount of the fair market value of any unrestricted shares of common stock received on the date that such shares are transferred to the participant under the award, and the capital gains/loss holding period for such shares will also commence on such date.

### **Tax Consequences to the Company or its Subsidiaries**

To the extent that a participant recognizes ordinary income in the circumstances described above, the Company or the subsidiary for which the participant performs services will be entitled to a corresponding deduction, provided that, among other things, the income meets the test of reasonableness, is an ordinary and necessary business expense, is not an "excess parachute payment" within the meaning of Section 280G of the Code and is not disallowed by the \$1 million limitation on certain executive compensation under Section 162(m) of the Code.

### **New Plan Benefits**

It is not possible to determine specific amounts and types of awards that may be awarded in the future under the A&R 2017 LTIP because the grant and actual pay-out of awards under such plans are discretionary.

The following table shows, as to each Named Executive Officer, Directors nominated for election in this Proxy Statement and the other groups indicated below, the aggregate number of awards under the LTIP from inception through March 2, 2020:

Name	Number of Restricted Stock Units Granted	Number of ROIC Performance Granted at Target	Number of TSR Performance Granted at Target
Richard S. Swartz	29,587	22,190	16,237
Betty R. Johnson	12,638	9,478	6,919
Tod M. Cooper	12,638	9,478	6,919
William F. Fry	4,752	3,564	2,548
Jeffrey J. Waneka	10,916	8,187	5,970
Total NEOs	70,531	52,897	38,593
Kenneth M. Hartwick	9,866	—	—
Jennifer E. Lowry	3,099	—	—
All Other Non-Employee Directors	51,566	—	—
Total Non-Employee Directors	64,531	—	—
All Other Employees	66,238	27,874	20,332
Total Grants	201,300	80,771	58,925

## AUDIT COMMITTEE MATTERS

### COMMITTEE INDEPENDENCE AND RESPONSIBILITIES

The Board established the standing Audit Committee in accordance with Section 3(a)(58)(A) of the Exchange Act. The Board has determined that all of the Audit Committee members are independent as required by the Nasdaq's listing standards and Rule 10A-3 of the Exchange Act. The Board has also determined that all committee members are financially literate within the meaning of the Nasdaq rules and that Messrs. Moore and Hartwick and Ms. Lowry are each a "audit committee financial expert" within the meaning of SEC regulations. None of the Audit Committee members have participated in the preparation of our financial statements during the past three years.

The Board values the integrity of MYR Group's financial statements and internal controls. The Audit Committee is responsible for assisting the Board in monitoring the integrity of MYR Group's financial statements, MYR Group's compliance with legal and regulatory requirements and the independence and performance of MYR Group's internal and external auditors. Pursuant to its charter, the Audit Committee performs, among other tasks, the following duties to represent and assist the Board in its oversight of the Company's financial statements:

- reviews the audit plans and findings of our independent registered public accounting firm and our internal audit staff, as well as the results of regulatory examinations and reviewing management's corrective action plans where necessary;
- reviews our financial statements, including any significant financial items, discussions on key estimates within our financial statements 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;
- appoints 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;
- reviews periodic reports from management on cyber security measures, security controls, data privacy and security initiatives; and
- meets with the Company's internal audit department on a quarterly basis. The Company's internal audit department reports directly to the Audit Committee and assesses and enforces the Company's internal accounting control structure and policies to ensure that the Company's financial condition and results are accurately reported in the Company's public financial statements.

The Audit Committee has established procedures for the receipt, retention and treatment, on a confidential basis, of complaints received by the Company. The Audit Committee encourages employees and outsiders to report concerns about our accounting controls, auditing matters or anything else that appears to involve financial or other wrongdoing. To report such matters, you should call the Company's Anonymous Incident Reporting System, MySafeWorkplace, at 1-800-461-9330. All complaints received are confidential and anonymous and will be retained for the Company's records. At least annually, the Audit Committee reviews the Company's disclosure controls and procedures and its charter. During this review, the Audit Committee analyzes its responsibilities and progress as well as ensuring that these documents comply with current regulatory requirements.

### PRE-APPROVAL POLICIES

Consistent with the requirements of the SEC and the U.S. Public Company Accounting Oversight Board ("PCAOB") regarding auditor independence, the Audit Committee has responsibility for appointing, setting compensation for and overseeing the work of the independent registered public accounting firm. In recognition of this responsibility, the Audit Committee has established procedures to pre-approve all audit and permissible non-audit services provided by the independent registered public accounting firm.

During the year, circumstances may arise when it may become necessary to engage the independent registered public accounting firm for additional services not contemplated in the original pre-approval. In those instances, the Audit Committee requires specific pre-approval before we engage the independent registered public accounting firm. The Audit Committee may delegate pre-approval authority to one or more of its members. The member to whom such authority is delegated must report, for informational purposes only, any pre-approval decision to the Audit Committee at its next scheduled meeting. All services provided by our independent registered public accounting firm for fiscal 2019, as described below, were approved by the Audit Committee in accordance with the foregoing pre-approval policies and procedures.

## INDEPENDENT AUDITOR'S FEES

MYR Group's financial statements for the year ended December 31, 2019 were audited by Crowe, an independent registered public accounting firm. Aggregate fees paid for professional services rendered by Crowe, for 2019 and 2018, were as follows:

	2019	2018
Audit Fees	\$863,042	\$652,057
Audit-Related Fees	—	—
Tax Fees	—	5,685
All Other Fees <sup>(1)</sup>	37,500	—
Total	\$900,542	\$657,742

(1) Represents Crowe's engagement to assist with audit of CSI Electric pursuant to the asset purchase agreement.

In the above table, in accordance with the SEC rules, "Audit Fees" are fees that we paid for the audit of our annual financial statements included in the 2019 Form 10-K, review of financial statements included in Quarterly Reports on Form 10-Q and for services that are normally provided by the auditor in connection with statutory and regulatory filings or engagements.

"Audit-Related Fees" are fees for assurance and related services that are reasonably related to the performance of the audit or review of our financial statements and internal control over financial reporting. "Tax Fees" are fees for tax compliance, tax advice and tax planning.

## AUDIT COMMITTEE REPORT FOR THE YEAR ENDED DECEMBER 31, 2019

As part of our activities, we reviewed and discussed MYR Group's audited financial statements with management. Additionally, we received Crowe's written disclosures and letter dated March 4, 2020, as required by the applicable requirements of the PCAOB, regarding the independent registered public accounting firm's communications with the Audit Committee concerning independence and have discussed with Crowe their independence. We also reviewed and discussed with Crowe the matters required to be discussed under *Statement on Auditing Standards No. 61 (Communications with Audit Committees)*, as adopted by the PCAOB in Rule 3200T. Based upon this review and discussions referred to above, the Audit Committee recommended to the Board that the audited consolidated financial statements be included in our 2019 Annual Report on Form 10-K.

### Audit Committee:

Maurice E. Moore, Chair  
Kenneth M. Hartwick  
Jennifer E. Lowry

*The information contained in the above Audit Committee Report shall not be deemed to be "soliciting material" or to be "filed" with the SEC, nor shall such information be incorporated by reference into any future filing under the Securities Act, or the Exchange Act, as amended, except to the extent that MYR Group specifically incorporates it by reference in such filing.*

## PROPOSAL 4. RATIFICATION OF THE APPOINTMENT OF OUR INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

***OUR BOARD UNANIMOUSLY RECOMMENDS THAT YOU VOTE “FOR” THE RATIFICATION OF CROWE LLP AS OUR INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM.***

The Audit Committee is responsible for the selection, retention, termination and oversight of our independent auditors.

The Audit Committee appointed Crowe as our independent auditors for the fiscal year ending December 31, 2020. The Audit Committee and the Board are requesting, as a matter of policy, that stockholders ratify the appointment of Crowe as our independent auditors. The Board and the Audit Committee are not required to take any action as a result of the outcome of the vote on this proposal. However, if the stockholders do not ratify the appointment, the Audit Committee may investigate the reasons for such rejection. Even if the appointment is ratified, the Audit Committee may direct the appointment of a different independent auditor at any time.

We expect that representatives of Crowe will be present at the 2020 Annual Meeting. They will have the opportunity to make a statement if they desire and they will be available to respond to appropriate questions from stockholders.

## OTHER MATTERS THAT MAY BE PRESENTED AT THE 2020 ANNUAL MEETING

Neither the Board nor management knows of any business, other than that described in this Proxy Statement, that may be presented for action at the 2020 Annual Meeting. If any other matters properly come before the meeting, your proxy authorizes the persons named as proxies to vote on such matters in accordance with the Board's recommendation or, if no recommendation is given, in accordance with the proxies' best judgment.



## OWNERSHIP OF EQUITY SECURITIES

The following table shows the number of shares of MYR Group common stock beneficially owned (as defined in accordance with Rule 13d-3 under the Exchange Act) as of March 2, 2020 by each director and NEO named in the Summary Compensation Table, as well as the number of shares beneficially owned by all of our directors and executive officers as a group. None of the common stock owned by these individuals is subject to any pledge. Unless otherwise indicated, each of the named individuals has sole voting and investment power with respect to the shares shown.

Name of Beneficial Owner	Common Stock	Restricted Stock Awards <sup>(1)</sup>	Options, Phantom Stock and Restricted Stock Units <sup>(2)</sup>	Total Beneficial Ownership	Percentage <sup>(3)</sup>
<i>Named Executive Officers and Directors</i>					
Richard S. Swartz	82,873	3,336	42,633	128,842	*
Betty R. Johnson	28,961	10,295	10,603	49,859	*
Tod M. Cooper	33,288	1,434	10,603	45,325	*
William F. Fry	—	—	4,752	4,752	*
Jeffrey J. Waneka	10,543	928	11,450	22,921	*
Larry F. Altenbaumer	24,036	—	2,809	26,845	*
Bradley T. Favreau	6,946	—	2,809	9,755	*
Kenneth M. Hartwick	11,089	—	3,841	14,930	*
William A. Koertner	289,452	—	2,809	292,261	1.8%
Jennifer E. Lowry	2,789	—	2,063	4,852	*
Donald C.I. Lucky	9,869	—	2,809	12,678	*
Maurice E. Moore	23,862	—	2,809	26,671	*
William D. Patterson	24,426	—	2,809	27,235	*
<i>All executive officers and directors as a group (13 persons).</i>	548,134	15,993	102,799	666,926	4.0%

\* Percentage less than 1% of outstanding common stock.

(1) The shares of unvested restricted stock belonging to Richard S. Swartz, Betty R. Johnson, Tod M. Cooper, William F. Fry and Jeffrey J. Waneka vest as disclosed in the "Executive Compensation Tables — Outstanding Equity Awards at 2019 Fiscal Year End" table.

(2) This column reflects shares of common stock that could be acquired by the vesting of Restricted Stock Units held by the NEOs and Directors and the exercise of stock options held by certain NEOs within 60 days of March 2, 2020. Messrs. Altenbaumer, Favreau, Hartwick, Koertner, Lucky, Moore and Patterson each held 746 unvested Restricted Stock Units, which vest ratably over a three-year period from the date of grant with acceleration if the director leaves the Board. Messrs. Altenbaumer, Favreau, Johnson, Koertner, Lucky, Moore and Patterson, and Ms. Lowry, each held 2,063 shares of unvested Restricted Stock Units, which vest at the end of a one-year period from the date of grant. Mr. Hartwick held 3,095 unvested Restricted Stock Units, which vest at the end of a one-year period from the date of grant.

(3) Based on 16,657,072 shares of common stock of MYR Group Inc. issued and outstanding as of March 2, 2020.

The following table displays information about persons known to us to be the beneficial owners of 5% or more of our issued and outstanding common stock as of March 2, 2020:

Name and Address of Beneficial Owner	Amount and Nature of Beneficial Ownership	Percent of Common Stock <sup>(1)</sup>
BlackRock, Inc. 55 East 52 <sup>nd</sup> Street New York, NY 10055	2,814,045 <sup>(2)</sup>	16.9%
Dimensional Fund Advisors LP Building One 6300 Bee Cave Road Austin, Texas, 78746	1,382,222 <sup>(3)</sup>	8.3%
The Macquarie Parties (as defined below)	1,331,547 <sup>(4)</sup>	8.0%
The Vanguard Group 100 Vanguard Blvd. Malvern, PA 19355	1,060,243 <sup>(5)</sup>	6.4%

(1) The percent of common stock is calculated by dividing the amount of beneficial ownership by the shares outstanding as of March 2, 2020.

(2) Based on the Schedule 13G/A filed by BlackRock, Inc. with the SEC on February 4, 2020, BlackRock, Inc. stated that, of the 2,814,045 shares beneficially owned as of December 31, 2019, it had sole voting power with respect to 2,745,335 shares, sole dispositive power with respect to 2,814,045 shares and shared voting and dispositive power with respect to none of the shares and shares voting and dispositive power with respect to none of the shares.

(3) Based on the Schedule 13G/A filed by Dimensional Fund Advisors LP with the SEC on February 12, 2020. Dimensional Fund Advisors LP furnishes investment advice to four investment companies registered under the Investment Company Act of 1940, and serves as investment manager or sub-adviser to certain other commingled funds, group trusts and separate accounts (such investment companies, trusts and accounts, collectively referred to as the "Funds"). In certain cases, subsidiaries of Dimensional Fund Advisors LP may act as an adviser or sub-adviser to certain Funds. In its role as investment advisor, sub-adviser and/or manager, Dimensional Fund Advisors LP or its subsidiaries (collectively, "Dimensional") may possess voting and/or investment power over the securities of the Company that are owned by the Funds, and may be deemed to be the beneficial owner of the shares of the Company held by the Funds. As of December 31, 2019, Dimensional Funds Advisors LP had sole voting power as to 1,338,719 shares, sole dispositive power as to 1,382,222 shares and shared voting and dispositive power with respect to none of the shares. Dimensional Fund Advisors LP disclaims beneficial ownership of all such shares.

(4) Based on the Schedule 13G/A filed jointly by Macquarie Group Limited, Macquarie Bank Limited, Macquarie Investment Management Holdings Inc, Macquarie Investment Management Business Trust, Macquarie Investment Management Global Limited, Macquarie Investment Management Austria Kapitalanlage AG (the "Macquarie Parties") with the SEC on February 13, 2020, as of December 31, 2019, (i) Macquarie Investment Management Holdings Inc had sole voting power and sole dispositive power as to 1,324,583 shares, shared voting and dispositive power with respect to none of the shares, (ii) Macquarie Investment Management Business Trust had sole voting power and sole dispositive power as to 1,324,583 shares and shared voting and dispositive power with respect to none of the shares, (iii) Delaware Small Cap Core Fund, a series of Delaware Group Equity Funds IV had sole voting power and sole dispositive power as to 1,035,781 shares and shared voting and dispositive power with respect to none of the shares, (iv) Macquarie Investment Management Austria Kapitalanlage AG had sole voting power and sole dispositive power as to 1,996 shares and shared voting and dispositive power with respect to none of the shares, (v) Macquarie Group Limited was deemed to beneficially own 1,331,547 shares due to its ownership of Macquarie Bank Limited, Macquarie Investment Management Holdings Inc., Macquarie Investment Management Business Trust, and Macquarie Investment Management Austria Kapitalanlage AG, and (vi) Macquarie Bank Limited was deemed to beneficially own 1,331,547 shares due to its ownership of Macquarie Funds Macquarie Investment Management Holdings Inc., Macquarie Investment Management Business Trust and Macquarie Investment Management Austria Kapitalanlage AG. The principal business address of Macquarie Group Limited and Macquarie Bank Limited is 50 Martin Place Sydney, New South Wales, Australia. The principal business address of Macquarie Investment Management Holdings Inc. and Macquarie Investment Management Business Trust is 2005 Market Street, Philadelphia, PA 19103. The principal business address of Macquarie Investment Management Austria Kapitalanlage AG is L3, Kaerntner Strasse 28, Vienna C4 1010.

(5) Based on the Schedule 13G/A filed by The Vanguard Group with the SEC on February 12, 2020, The Vanguard Group stated that, of the 1,060,243 shares beneficially owned as of December 31, 2019, it had sole voting power with respect to 33,966 shares, shared voting power with respect to 7,609 shares, sole dispositive power with respect to 1,021,057 shares and shared dispositive power with respect to 39,186 shares.

# QUESTIONS AND ANSWERS ABOUT THE 2020 ANNUAL MEETING AND VOTING

## WHY AM I RECEIVING THESE PROXY SOLICITATION MATERIALS?

We are providing you these materials in connection with the Board's solicitation of proxies to be voted at our 2020 Annual Meeting. These materials provide information regarding the voting procedures and the matters to be voted on at the 2020 Annual Meeting. We began distributing these materials on or around March 6, 2020, to all stockholders entitled to vote at the 2020 Annual Meeting. These materials are also available on our website at [www.myrgroup.com](http://www.myrgroup.com).

In addition, copies of the 2019 Annual Report on Form 10-K and this Proxy Statement will be sent free of charge to any stockholder who sends a written request to Secretary at MYR Group Inc., 1701 Golf Road, Suite 3-1012, Rolling Meadows, Illinois 60008 or by calling 847-290-1891.

## WHO IS ENTITLED TO VOTE AT THE 2020 ANNUAL MEETING?

The Board established March 2, 2020 as the record date (the "Record Date") for the 2020 Annual Meeting. Stockholders owning our common stock at the close of business on the Record Date are entitled to receive notice of the 2020 Annual Meeting and vote their shares at the 2020 Annual Meeting. At the close of business on the Record Date, 16,657,072 shares of our common stock were outstanding and entitled to vote. Each share is entitled to one vote on each matter to be voted upon at the 2020 Annual Meeting.

## WHAT VOTE IS REQUIRED FOR EACH PROPOSAL?

With respect to the election of directors, you may vote FOR, vote AGAINST or vote to ABSTAIN with respect to each of the nominees. Our By-Laws provide for a majority vote standard in uncontested director elections as will be held at the 2020 Annual Meeting. As amended, the By-Laws provide that a director nominee in an uncontested election will be elected if the number of shares voted FOR the director's election exceeds 50% of the number of votes cast on the issue of that director's election (including votes FOR or votes AGAINST but excluding any votes to ABSTAIN or broker non-votes). If a director in an uncontested election fails to receive the required number of votes for re-election in an uncontested election, the director is expected to tender his or her resignation for prompt consideration by the Board. A director whose resignation is under consideration is expected to abstain from participating in any decision regarding that resignation. The Nominating and Corporate Governance Committee and the Board may consider any factors they deem relevant in deciding whether to accept or reject a director's resignation.

You may vote FOR, vote AGAINST or vote to ABSTAIN with respect to the advisory resolution to approve the compensation of the Company's NEOs, the approval of the MYR Group, Inc. 2017 Amended Long-Term Incentive Plan (amended and restated as of April 23, 2020), the ratification of the appointment of our independent registered public accounting firm and the proposal to approve the A&R 2017 LTIP. In order to be approved, each of these three proposals require the affirmative FOR vote of a majority of those shares present (either in person or represented by proxy) and entitled to vote on those proposals. Any ABSTAIN vote will have the same effect as a vote AGAINST a matter.

## WHAT EFFECT DO BROKER NON-VOTES HAVE ON THE PROPOSALS?

A broker is entitled to vote shares held for a beneficial holder on "routine" matters without instructions from the beneficial holder of those shares. On the other hand, absent instructions from the beneficial holders of such shares, a broker will not be entitled to vote shares held for a beneficial holder on "non-routine" proposals, such as the election of directors. This would be a "broker non-vote" and these shares will not be counted as having been voted on the applicable proposal. Consequently, if your shares are held by a broker on your behalf (that is, in "street name"), and you do not instruct your broker as to how to vote on Proposals 1, 2 and 3 the broker may not exercise discretion to vote FOR or AGAINST such proposal. With respect to Proposal 4, the broker may exercise its discretion to vote FOR or AGAINST that proposal in the absence of your instruction. We strongly encourage you to instruct your bank or broker on how you would like to vote so your vote can be counted on all proposals.

## HOW WILL MY SHARES BE VOTED?

Your shares will be voted as you direct if you vote by signing and returning the enclosed proxy card. If you sign and return the enclosed proxy card but do not specify how you would like your shares voted, they will be voted in accordance with the Board's recommendations on all matters or, if no recommendation is given, in accordance with the proxies' best judgment.

## WHAT IS THE QUORUM REQUIREMENT?

A quorum of stockholders is necessary to validly hold the 2020 Annual Meeting. A quorum will be present if at least a majority of our outstanding shares on the Record Date are represented at the 2020 Annual Meeting, either in person or by proxy. Abstentions and broker non-votes (i.e., when a stockholder does not provide voting instructions to their broker or nominee) will count for purposes of determining whether a quorum exists.

## CAN I CHANGE MY VOTE?

If you would like to change your vote after submitting your proxy and prior to the 2020 Annual Meeting, you can revoke your proxy and change your proxy instructions by (a) signing and submitting another proxy card with a later date or (b) voting at the 2020 Annual Meeting. Alternatively, you may provide a written statement of your intention to revoke your proxy to our Secretary at MYR Group Inc., 1701 Golf Road, Suite 3-1012, Rolling Meadows, Illinois 60008. If your shares are held in street name (i.e., your shares are held in an account through your broker), you should contact your bank or broker for specific instructions on how to change your vote.

## WHAT IF I WISH TO ATTEND THE 2020 ANNUAL MEETING?

Attendance at the meeting is limited to the Company's stockholders and its invited guests. If you hold shares in your name, please be prepared to provide proper identification, such as a driver's license. If you hold your shares through a bank or broker (i.e., in "street-name"), you will need proof of ownership, such as a recent account statement or letter from your bank or broker, along with proper identification. Even if you wish to attend the 2020 Annual Meeting, we urge you to cast your vote using the enclosed proxy card as soon as possible. If you choose to vote in person at the 2020 Annual Meeting, it will revoke any previous proxy submitted. If you hold your shares in street-name and wish to vote in person at the meeting, you must provide a legal proxy obtained from your bank or broker.

## WHO WILL BEAR THE COST OF SOLICITING VOTES FOR THE 2020 ANNUAL MEETING?

MYR Group bears the cost of soliciting your vote. In addition to mailing these proxy materials, our directors, officers or employees may solicit proxies or votes in person, by telephone or by electronic communication. They will not receive any additional compensation for these solicitation activities. We may enlist the help of banks and brokerage houses in soliciting proxies from their customers and reimburse the banks and brokerage houses for related out-of-pocket expenses. We retained Morrow Sodali LLC to aid in soliciting votes for the 2020 Annual Meeting for a total fee of \$7,500 plus reasonable expenses.

## I RECEIVED ONLY ONE SET OF PROXY MATERIALS. IS IT POSSIBLE TO OBTAIN DUPLICATES?

Unless you advised otherwise, if you hold your shares in street name and you and other residents at your mailing address share the same last name and also own shares of our common stock in an account at the same broker, bank or other nominee, we delivered a single Notice of Meeting or set of proxy materials to your address. This method of delivery is known as householding. Householding reduces the number of mailings you receive, saves on printing and postage costs and helps the environment. Stockholders who participate in householding will continue to receive separate voting instruction forms. We will deliver promptly, upon written or oral request, a separate copy of the Notice of Meeting or set of proxy materials to a stockholder at a shared address to which a single copy of the materials was delivered. A stockholder who wishes to receive a separate copy of the Notice of Meeting or proxy materials for the 2020 Annual Meeting should submit this request by contacting Morrow Sodali, LLC, our proxy solicitor for the 2020 Annual Meeting, by email at [myrteam@morrrowsodali.com](mailto:myrteam@morrrowsodali.com), in writing at 470 West Avenue, Suite 3000,

Stamford, CT 06902 or by calling 1-800-662-5200. If you would like to opt out of householding, please contact your broker, bank or other nominee. Beneficial owners sharing an address who are receiving multiple copies of the proxy materials and who wish to receive a single copy of these materials in the future will need to contact their broker, bank or other nominee to request that only a single copy of each document be mailed to all stockholders at the shared address in the future.

If you are a registered stockholder, we sent you and each registered stockholder at your address a separate Notice of Meeting or set of proxy materials.

### **WHO COUNTS THE VOTE?**

As the appointed independent tabulator, American Stock Transfer and Trust Company, LLC will receive the proxies and tabulate the votes cast. American Stock Transfer and Trust Company, LLC will act as the independent inspector of election and will certify the results. Your vote will not be disclosed to our directors, officers or employees, except (a) as necessary to meet legal requirements and to assert or defend claims for or against us; (b) in the case of a contested proxy solicitation; (c) if you provide a comment with your proxy or otherwise communicate your vote to us or (d) as necessary to allow the independent inspector of election to certify the results.

### **HOW DO I FIND OUT THE VOTING RESULTS?**

Voting results will be included in a Current Report on Form 8-K to be filed with the SEC after the 2020 Annual Meeting. This Form 8-K will also be available on our website at [www.myrgroup.com](http://www.myrgroup.com).

### **MAY I ASK QUESTIONS AT THE 2020 ANNUAL MEETING?**

Yes, in accordance with the rules, regulations and procedures prescribed by the Chairman of the 2020 Annual Meeting for the conduct of the 2020 Annual Meeting. As a stockholder, during the voting, you may ask questions and make remarks related to the matters being voted on. The Chairman of the 2020 Annual Meeting will entertain stockholders' questions and comments of a general nature following the voting.

## 2021 ANNUAL MEETING OF STOCKHOLDERS

### STOCKHOLDER PROPOSALS AND NOMINATIONS FOR THE 2021 ANNUAL MEETING

Under our By-Laws, a stockholder may nominate a candidate for election as a director or propose business for consideration at an annual meeting of stockholders by delivering written notice that contains certain required information to our Corporate Secretary. We must receive this written notice not less than 90 days nor more than 120 days prior to the anniversary date of the immediately preceding annual meeting of stockholders. However, if the annual meeting is called for a date that is not within 30 days of such anniversary, we must receive stockholder proposal submissions no later than the close of business on the 10<sup>th</sup> day following the earlier of the day on which notice of the date of the meeting was mailed or other public disclosure was made, whichever occurs first. Accordingly, to be considered at the 2021 Annual Meeting of Stockholders, we must receive a stockholder's written notice of nomination or proposal on or after December 24, 2020 and not later than January 23, 2021.

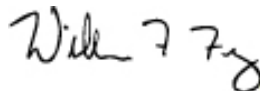
Under SEC Rule 14a-8, a stockholder may submit a proposal for possible inclusion in a proxy statement for an annual meeting of stockholders by submitting the proposal and other required information to our principal executive offices. We must receive the proposal no later than 120 calendar days before the one-year anniversary date of our proxy statement being release to stockholders for the previous year's annual meeting. If we change the date of an annual meeting by more than 30 days from the date of the previous year's annual meeting, then the deadline is a reasonable time before we print and send our proxy materials for the annual meeting. Accordingly, to be considered for inclusion in our 2021 proxy statement, we must receive a stockholder's submission of a proposal on or before November 6, 2020.

Stockholder proposals must be sent to our Corporate Secretary at MYR Group Inc., 1701 Golf Road, Suite 3-1012, Rolling Meadows, Illinois 60008. For additional information about the stockholder proposal submission process, please see our By-Laws which are available on the Investors page of our website at [www.myrgroup.com](http://www.myrgroup.com), under "Corporate Governance."

### 2019 ANNUAL REPORT AND SEC FILINGS

Our financial statements for the fiscal year ended December 31, 2019 are included in our 2019 Annual Report on Form 10-K, which we will make available to stockholders at the same time as this Proxy Statement. Our 2019 Annual Report on Form 10-K and this Proxy Statement are posted on our website at [www.myrgroup.com](http://www.myrgroup.com) and are available from the SEC at its website at [www.sec.gov](http://www.sec.gov). If you do not have access to the Internet or have not received a copy of our 2019 Annual Report on Form 10-K, you may request a copy of it without charge by writing to our Corporate Secretary, at MYR Group Inc., 1701 Golf Road, Suite 3-1012, Rolling Meadows, Illinois 60008.

By Order of the Board of Directors



William F. Fry  
Vice President,  
Chief Legal Officer and Secretary

March 6, 2020

# MYR GROUP INC.

## 2017 LONG-TERM INCENTIVE PLAN

### (As Amended and Restated as of April 23, 2020)

#### 1. PURPOSE OF THE PLAN

The purpose of the Plan is to promote the interests of the Company and its stockholders by strengthening the Company's ability to attract, motivate and retain directors of the Company, employees of the Company and its Subsidiaries, and certain consultants to the Company and its Subsidiaries. The Plan's purpose is also to provide Awards to Eligible Persons that promote and recognize service to and performance regarding the Company and its Subsidiaries.

#### 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, Restricted Stock Unit, Stock Appreciation Right, Performance Award, Phantom Stock, Stock Bonus, Dividend Equivalent, or Cash Incentive Award granted under the Plan.
- (b) "Award Agreement" means an agreement entered into between the Company and a Participant, or a certificate, resolution or other type or form of writing or other evidence approved by the Committee, setting forth the terms and conditions of an Award granted to a Participant. An Award Agreement may be in an electronic medium, may be limited to notation on the books and records of the Company and, unless otherwise determined by the Committee, need not be signed by a representative of the Company or a Participant.
- (c) "Board" means the Board of Directors of the Company.
- (d) "Cash Incentive Award" means a cash-settled Performance Award granted pursuant to Section 10 of this Plan.
- (e) "Change in Control" shall have the meaning specified in Section 14 hereof.
- (f) "Code" means the Internal Revenue Code of 1986, as amended from time to time.
- (g) "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.
- (h) "Common Stock" means the common stock of the Company, par value \$0.01 per share, 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.
- (i) "Company" means MYR Group Inc., a Delaware corporation.
- (j) "Date of Grant" means the date on which an Award under the Plan is made, as provided for 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 provide for on which the Award becomes effective.
- (k) "Dividend Equivalent" means an Award under Section 13 hereof entitling the Participant to receive payments with respect to dividends declared on the Common Stock.
- (l) "Effective Date" shall have the meaning specified in Section 17.1 hereof.
- (m) "Eligible Person" means any person who is an Employee, a Non-Employee Director, or a person, including a consultant, who provides services to the Company or any Subsidiary that are equivalent to those typically provided by an employee (provided that such person satisfies the Form S-8 definition of an "employee").

- (n) “Employee” means any person who is an 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 meets the definition of “employees” under Section 3401(c) of the Code.
- (o) “Exchange Act” means the Securities Exchange Act of 1934, as amended, and the rules and regulations thereunder, as such law, rules and regulations may be amended from time to time.
- (p) “Fair Market Value” of a share of Common Stock as of a given date means (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. The Committee is authorized to establish in good faith another fair market value pricing method, provided such method is stated in the applicable Award Agreement and is determined in compliance with the fair market value pricing rules set forth in Section 409A of the Code.
- (q) “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.
- (r) “Non-Employee Director” means a member of the Board who is not an employee of the Company or any Subsidiary.
- (s) “Nonqualified Stock Option” means an option to purchase Common Stock that is not an Incentive Stock Option.
- (t) “Option” means an Incentive Stock Option or a Nonqualified Stock Option granted under Section 6 hereof.
- (u) “Participant” means any Eligible Person who holds an outstanding Award under the Plan.
- (v) “Performance Award” means an Award made under Section 10 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”), or a payment in cash (a “Cash Incentive Award”), at the end of a performance period if certain conditions established by the Committee are satisfied.
- (w) “Person” means any person, corporation, partnership, joint venture or other entity (within the meaning of Section 13(d)(3) or 14(d)(2) of the Exchange Act).
- (x) “Phantom Stock” means an Award under Section 11 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.
- (y) “Plan” means the MYR Group Inc. 2017 Long-Term Incentive Plan, as it may be amended or amended and restated from time to time.
- (z) “Predecessor Plan” means the MYR Group Inc. 2007 Long-Term Incentive Plan, including as amended or amended and restated.
- (aa) “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.
- (bb) “Restricted Stock Unit” means an Award made pursuant to Section 9 of this Plan of the right to receive shares of Common Stock, cash or a combination thereof at the end of the applicable restriction period.
- (cc) “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.
- (dd) “Stock Bonus” means an Award under Section 12 hereof entitling a Participant to receive an unrestricted share of Common Stock.



(ee) “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 available for Awards under the Plan is 1,900,000 shares of Common Stock (consisting of 900,000 shares approved by the Company’s stockholders in 2017 and 1,000,000 shares approved by the Company’s stockholders in 2020). Shares of Common Stock subject to any Award shall be counted against the aggregate share limit described above as one share of Common Stock for every one share of Common Stock that is issued in connection with such Award. No more than 1,900,000 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 shares of Common Stock. Except as provided in Section 18 of this Plan, if any Award granted under this Plan or the Predecessor Plan is cancelled or forfeited, expires or is settled for cash (in whole or in part) or is unearned, the shares of Common Stock subject to such Award will, to the extent of such cancellation, forfeiture, expiration, cash settlement, or unearned amount, again be available under this Plan. 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 Awards hereunder. Notwithstanding anything to the contrary contained herein, (i) Common Stock tendered or otherwise used in payment of the exercise price of an Option shall not be added to the aggregate Plan limit described above; (ii) Common Stock withheld or otherwise used by the Company to satisfy tax withholding shall not be added to the aggregate Plan limit described above; (iii) Common Stock that is repurchased by the Company with Option proceeds shall not be added to the aggregate Plan limit described above and (iv) all Common Stock covered by a 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 extraordinary cash dividend, stock dividend, stock split, combination of shares, recapitalization or other change in the capital structure of the Company, any merger, consolidation, spin-off, split-off, spin-out, split-up, reorganization, partial or complete liquidation or other distribution of assets, issuance of rights or warrants to purchase securities, or any other corporate transaction or event having an effect similar to any of the foregoing, 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 (a) the maximum numbers and kind of shares provided in Section 3.1 hereof, (b) the maximum numbers and kind of shares set forth in Sections 6.1, 7.1, 8.2, 9.2 and 10.2 hereof, (c) the number and kind of shares of Common Stock, share units, or other rights subject to the then-outstanding Awards, (d) 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, (e) the performance targets or goals appropriate to any outstanding Performance Awards or (f) any other terms of an Award that is 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. In addition, for each Option or Stock Appreciation Right with an exercise price greater than the consideration offered in connection with any such transaction or event or Change in Control, the Committee may in its sole discretion elect to cancel such Option or Stock Appreciation Right without any payment to the person holding such Option or Stock Appreciation Right. 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 “non-employee director” under Rule 16b-3 promulgated under the Exchange Act. 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.*** If permitted by Section 409A of the Code, the Committee shall have the authority to effect, at any time and from time to time (a) the cancellation of any or all outstanding Awards and the grant in substitution therefore 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 (b) the amendment of the terms of any and all outstanding Awards; *provided, however*, that (i) no such action may impair the rights of the Participants without their consent and (ii) except in connection with a corporate transaction or event described in Section 3.2 hereof, the Committee shall not have the authority to reduce the exercise or base price of an Award by amendment or cancellation and substitution of another Award or cash (including following a voluntary surrender of an “underwater” Award) without the approval of the Company’s stockholders.

**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 applicable law and 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 “officer” of the Company as such term is used for purposes of Section 16 of the Exchange Act.

**4.5 *Awards to Non-Employee Directors.*** An Award to a Non-Employee Director under the Plan shall be approved by the Board. With respect to Awards to Non-Employee 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. In no event will any Non-Employee Director in any calendar year be granted compensation for such service having an aggregate maximum value (measured at the Date of Grant as applicable, and calculating the value of any Awards based on the grant date fair value for financial reporting purposes) in excess of \$400,000.

## 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 15 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 subject to Options granted 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*, except with respect to awards under Section 18 of this Plan, 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, including whether performance criteria must be achieved as a condition to the exercise of the Option; *provided, however*, that subject to Section 17.4 hereof and the discretionary acceleration provisions of this Plan, an Option may not become exercisable by the passage of time sooner than after one year (or sooner than after a one-year performance period). An Option may become vested and exercisable in circumstances including upon a Participant's retirement, death or disability or a Change in Control 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 (a) in cash or by cash equivalent, (b) 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, (c) at the discretion of the Committee, and to the extent permitted by law, 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), (d) at the discretion of the Committee, by withholding from delivery shares of Common Stock for which the Option is otherwise exercised, (e) at the discretion of the Committee, by a combination of the methods described above or (f) 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 Limitation on Repricing.** Except in connection with a corporate transaction or event described in Section 3.2 hereof, the terms of outstanding awards may not be amended to reduce the exercise price of outstanding Options, or cancel outstanding Options in exchange for cash, other Awards or Options (including following a Participant's voluntary surrender of "underwater" options) with an exercise price that is less than the exercise price of the original Options, without stockholder approval. This Section 6.6 is intended to prohibit the repricing of "underwater" Options and will not be construed to prohibit the adjustments provided for in Section 3.2 hereof. Notwithstanding any provision of the Plan to the contrary, this Section 6.6 may not be amended without approval by the Company's stockholders.

**6.7 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 three (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, including whether performance criteria must be achieved as a condition of the exercise of the Stock Appreciation Right. A Stock Appreciation Right may become vested and exercisable in circumstances including upon a Participant's retirement, death or disability or a Change in Control to the extent provided in an Award Agreement. 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. A 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. A 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; *provided, however*, that, subject to Section 17.4 hereof and the discretionary acceleration provisions of this Plan, a Stock Appreciation Right may not become exercisable by the passage of time sooner than after one year (or sooner than after a one-year performance period). The base price of a SAR granted without relationship to an Option shall be determined by the Committee in its sole discretion; *provided, however*, except with respect to awards under Section 18 of this Plan, 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.** A SAR will entitle the holder, upon exercise of the SAR, to receive payment of an amount determined by multiplying: (a) 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 (b) 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.

**7.5 Limitation on Repricing.** Except in connection with a corporate transaction or event described in Section 3.2 hereof, the terms of outstanding awards may not be amended to reduce the exercise price of outstanding Stock Appreciation Rights, or cancel outstanding Stock Appreciation Rights in exchange for cash, other Awards or Stock Appreciation Rights (including following a Participant's voluntary surrender of "underwater" Stock Appreciation Rights) with an exercise price that is less than the exercise price of the original Stock Appreciation Rights without stockholder approval. This Section 7.5 is intended to prohibit the repricing of "underwater" Stock Appreciation Rights and will not be construed to prohibit the adjustments provided for in Section 3.2 hereof. Notwithstanding any provision of the Plan to the contrary, this Section 7.5 may not be amended without approval by the Company's stockholders.

## 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.

**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, and/or based on the attainment of specified business goals or measures established by the Committee in its sole discretion; *provided, however*, that, subject to Section 17.4 hereof and the discretionary acceleration provisions of this Plan, the period of time will be no shorter than one year (or based on a one-year performance period). Restricted Stock may become vested in circumstances including upon a Participant's retirement, death or disability or a Change in Control to the extent provided in an Award Agreement. 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 100,000 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 Stockholder.** Subject to the foregoing provisions of this Section 8 and the applicable Award Agreement, the Participant will have all rights of a stockholder 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; *provided, however*, that dividends or other distributions on Restricted Stock will be deferred until and paid contingent upon the vesting or earning of such Restricted Stock.

**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. RESTRICTED STOCK UNITS

**9.1 Grants of Restricted Stock Units.** An Award of Restricted Stock Units to a Participant constitutes the agreement by the Company to deliver shares of Common Stock or cash, or a combination thereof, to the Participant in the future in consideration of the passage of time or the performance of services, but subject to the fulfillment of such conditions (which may include the achievement of performance criteria) during the restriction period as the Committee may specify.

**9.2 Vesting.** Each such grant or sale of Restricted Stock Units may be made without additional consideration or in consideration of a payment by such Participant that is less than the Fair Market Value per share of Common Stock on the Date of Grant. 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 and/or based on the attainment of specified business goals or measures established by the Committee in its sole discretion; *provided, however*, that, subject to Section 17.4 hereof and the discretionary acceleration provisions of this Plan, the period of time will be no shorter than one year (or based on a one-year performance period). Restricted Stock Units may become vested in circumstances including upon a Participant's retirement, death or disability or a Change in Control to the extent provided in an Award Agreement. The maximum number of shares of Common Stock that may be subject to an Award of Restricted Stock Units granted to any one Participant during any one calendar year shall be separately limited to 100,000 shares (subject to adjustment as provided in Section 3.2 hereof).

**9.3 No Rights as Stockholder.** During the restriction period, the Participant will have no right to transfer any rights under his or her award and will have no rights of ownership in the shares of Common Stock deliverable upon payment of the Restricted Stock Units and will have no right to vote them, but the Committee may, at or after the Date of Grant, in accordance with Section 13 of this Plan, authorize the payment of dividend equivalents on such Restricted Stock Units on a deferred and contingent basis, either in cash or in additional shares of Common Stock; *provided, however*, that dividend equivalents or other distributions on shares of Common Stock underlying Restricted Stock Units will be deferred until and paid contingent upon the vesting of such Restricted Stock Units.

**9.4 Settlement.** Each grant or sale of Restricted Stock Units will specify the time and manner of payment of the Restricted Stock Units that have been earned. Each grant or sale will specify that the amount payable with respect thereto will be paid by the Company in shares of Common Stock or cash, or a combination thereof.



## 10. PERFORMANCE AWARDS

**10.1 *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 in shares of Common Stock (Performance Shares) or in specified dollar amounts (Performance Units), or represented by cash amounts (Cash Incentive Awards). At the time a Performance Award is granted, the Committee shall determine, in its sole discretion, one or more performance periods of, subject to Section 17.4 hereof and the discretionary acceleration provisions of this Plan, not less than one year 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. Each performance period shall be determined by the Committee. The performance goals applicable to a Performance Award grant may be subject to such later revisions as the Committee shall deem appropriate including to reflect significant unforeseen events such as changes in law, accounting practices or unusual or nonrecurring items or occurrences. Performance Awards may become vested or earned in circumstances including upon a Participant's retirement, death or disability or a Change in Control to the extent provided in an Award Agreement.

**10.2 *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 (for Performance Awards other than Cash Incentive Awards) in the form of cash or shares of Common Stock or a combination of cash and shares of Common Stock. Payments for Cash Incentive Awards, if any, shall be made in the form of cash. Payments of Performance Awards shall generally be made as provided for in the applicable Award Agreement. The Committee may, at the Date of Grant of Performance Shares, provide for the payment of Dividend Equivalents to the holder thereof either in cash or in additional shares of Common Stock, subject in all cases to deferral and payment on a contingent basis based on the Participant's earning of the Performance Shares with respect to which such Dividend Equivalents are paid. The maximum value of Performance Units that may be granted to any one Participant during any one calendar year shall be separately limited to \$3,750,000. The maximum number of Performance Shares that may be granted to any one Participant during any one calendar year shall be separately limited to 100,000 share units (subject to adjustment as provided in Section 3.2 hereof). The maximum value of Cash Incentive Awards that may be granted to any one Participant during any one calendar year shall be separately limited to \$5,000,000.

**10.3 *Performance Criteria.*** The performance criteria upon which the payment or vesting of a Performance Award shall be based on one or more metrics designated by the Committee, which may include, but shall not be limited to, the following criteria (or such other business criteria as the Committee shall determine in its sole discretion): total shareholder return; stock price appreciation; return on equity; return on assets; modified return on assets; return on capital (including return on invested 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 (stockholder value added); revenues; net income; pre-tax income; pre-tax income per share; operating income; pre-tax profit margin; performance against business plan; backlog; customer service; corporate governance quotient or rating; market share; employee satisfaction; 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; safety (including total OSHA recordable rate, OSHA lost time accident rate, lost workday severity rate, restricted workday severity rate, restricted workday incident rate, days away and restricted time, first aid cases, general liability cases, and auto accidents); and strategic business criteria, consisting of one or more objectives based on meeting goals in the areas of litigation, human resources, information services, production, inventory, safety, support services, site development, plant development, building development, facility development, government relations, product market share or management. Performance criteria may be described in terms of Company-wide objectives or objectives that are related to the performance of the individual Participant or of the Subsidiary, division, department, region or function within the Company

or Subsidiary in which the Participant is employed. The performance criteria may be relative to the performance of one or more other companies or subsidiaries, divisions, departments, regions or functions within such other companies, and may be made relative to an index or one or more of the performance criteria themselves. Each such performance criterion will define in an objective manner the extent to which the performance criterion for a performance period has been achieved.

## 11. PHANTOM STOCK

**11.1 *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; *provided, however*, that, subject to Section 17.4 hereof and the discretionary acceleration provisions of this Plan, the period of time will be no shorter than one year (or based on a one-year performance period). Phantom Stock may become vested in circumstances including upon a Participant's retirement, death or disability or a Change in Control to the extent provided in an Award Agreement. 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. In addition, the Committee may, at or after the Date of Grant, in accordance with Section 13 of this Plan, authorize the payment of dividend equivalents on any Phantom Stock on a deferred and contingent basis, either in cash or in additional shares of Common Stock; *provided, however*, that dividend equivalents or other distributions on shares of Common Stock underlying Phantom Stock will be deferred until and paid contingent upon the vesting of such Phantom Stock.

**11.2 *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. The maximum number of units of Phantom Stock that may be granted to any one Participant during any one calendar year shall be separately limited to 100,000 units.

## 12. STOCK BONUS

**12.1 *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. Shares subject to any Stock Bonus shall count against the limit described in Section 17.4 of this Plan.

**12.2 *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. The maximum number of shares that may be granted as a Stock Bonus to any one Participant during any one calendar year shall be separately limited to 100,000 shares.

## 13. DIVIDEND EQUIVALENTS

**13.1 *Grant of Dividend Equivalents.*** A Dividend Equivalent granted to a Participant is an Award, other than an Option or a Stock Appreciation Right, 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. 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.

**13.2 *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; *provided, however*, that dividends, Dividend Equivalents or other distributions on Awards will be deferred until and



paid contingent upon (a) vesting of the Award, if the Award vests based solely on the passage of time, or (b) the attainment of specified business goals or measures, if the Award vests based on the attainment of specified business goals or measures, and the payment of such Award. In no event will any Option Awards or SAR Awards granted under this Plan provide for any dividends or Dividend Equivalents thereon.

## 14. CHANGE IN CONTROL

**14.1 *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: (a) the acceleration or extension of time periods for purposes of exercising, vesting in, or realizing gain from any Award; (b) the waiver or modification of performance or other conditions related to the payment or other rights under an Award; (c) provision for the cash settlement of an Award for an equivalent cash value, as determined by the Committee; or (d) 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.

**14.2 *Definition of Change in Control.*** Unless otherwise specified in the Award Agreement, a "Change in Control" means any of the following:

(a) *Change in Ownership of the Company.* A change in the ownership of the Company occurs on the date that any one Person or more than one Person acting as a group (as determined under Final Treas. Reg. Section 1.409A-3(i)(5)(v)(B)), other than any Person directly or indirectly owned by the Company, consummates the acquisition, on an arm's length basis, of ownership of stock of the Company that, together with stock held by such Person or group, constitutes more than 50% of the total fair market value or total voting power of stock of the Company. However, if any one Person (or more than one Person acting as a group) is considered to own more than 50% of the total fair market value or total voting power of the Company's stock prior to the acquisition, any consummation of the acquisition of additional stock by the same Person or Persons is not considered to cause a change in the ownership of the Company;

(b) *Change in Effective Control of the Company.* A change in the effective control of the Company occurs on either of the following dates: (i) the date any one Person, or more than one Person acting as a group (as determined under Final Treas. Reg. Section 1.409A-3(i)(5)(v)(B)), other than any Person directly or indirectly owned by the Company, consummates the acquisition (including over a 12-month period ending on the date of the most recent acquisition by such Person or Persons) of ownership of stock of the Company possessing 30% or more of the total voting power of the stock of the Company, or (ii) the date individuals who, as of the Effective Date, constitute the Board (the "Incumbent Board") cease for any reason to constitute at least a majority of the Board; *provided, however*, that if the election, or nomination for election by the Company's stockholders, of any new director was approved by a vote of at least a majority of the Incumbent Board, such new director shall be considered a member of the Incumbent Board, and *provided further*, that any reductions in the size of the Board that are instituted voluntarily by the Incumbent Board shall not constitute a "Change in Control," and after any such reduction the "Incumbent Board" shall mean the Board as so reduced; or

(c) *Change in Ownership of a Substantial Portion of the Company's Assets.* A change in the ownership of a substantial portion of the Company's assets occurs on the date that any one Person, or more than one Person acting as a group (as determined under Final Treas. Reg. Section 1.409A-3(i)(5)(v)(B)), other than any Person directly or indirectly owned by the Company, consummates the acquisition (including over a 12-month period ending on the date of the most recent acquisition by such Person or Persons) of all or substantially all of the assets of the Company immediately prior to such acquisition or acquisitions. For this purpose, gross fair market value means the value of the assets of the Company, or the value of the assets being disposed of, determined without regard to any liabilities associated with such assets.

## 15. AWARD AGREEMENTS

**15.1 *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 Incentive Stock Options shall contain such terms and conditions as may be necessary to meet the applicable provisions of Section 422 of the Code.

**15.2 *Termination of Service.*** The Award Agreements may include provisions describing the treatment of an Award, including 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.

**15.3 *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. In addition, notwithstanding anything in this Plan to the contrary, any Award Agreement may also provide for the cancellation or forfeiture of an award or the forfeiture and repayment to the Company of any shares of Common Stock issued under and/or any other benefit related to an Award, or other provisions intended to have a similar effect, upon such terms and conditions as may be required by the Committee or under Section 10D of the Exchange Act and any applicable rules or regulations promulgated by the Securities and Exchange Commission or any national securities exchange or national securities association on which the shares of Common Stock may be traded.

**15.4 *Contract Rights; Amendment.*** Any obligation of the Company to any Participant with respect to an Award shall be based solely upon contractual obligations, including those created by an Award Agreement. If determined applicable, 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. If applicable, 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. Subject to Section 409A of the Code, as applicable, 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 and Plan. If applicable, 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 or modifications of Award Agreements covering outstanding Awards by electronic means.

## 16. GENERAL PROVISIONS

**16.1 *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 or her 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. Notwithstanding anything herein to the contrary, in no event may any Award granted under the Plan be transferred for value.

**16.2 *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.

**16.3 *Rights as Stockholder.*** Except as otherwise provided in this Plan, 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 stockholder rights, except to the extent that the Award Agreement provides for Dividend Equivalents, dividend payments or similar economic benefits; *provided, however*, that dividends, Dividend Equivalents or other distributions on Awards will be deferred until and paid contingent upon vesting or the attainment of such specified business goals or measures, as applicable.

**16.4 *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.

**16.5 *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.

**16.6 *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 or another taxable event with respect to any Award, the Fair Market Value of the shares withheld shall not exceed, as of the time the withholding occurs, the minimum amount of tax required to be withheld, unless (a) an additional amount can be withheld and not result in adverse accounting consequences and (b) such additional withholding amount is authorized by the Committee.

**16.7 *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 Company. 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.

**16.8 *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 a 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.

**16.9 Plan Binding on Successors.** The Plan shall be binding upon the Company, its successors and assigns, and the Participant, his or her executor, administrator and permitted transferees and beneficiaries.

**16.10 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.

**16.11 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.

**16.12 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.

**16.13 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, or provide services as a Non-Employee Director to, 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 (including sub-plans) (to be considered part 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 stockholders of the Company.

**16.14 Compliance with Section 409A of the Code.**

(a) To the extent applicable, it is intended that the Plan and any Awards granted hereunder comply with the provisions of Section 409A of the Code, so that the income inclusion provisions of Section 409A(a)(1) of the Code do not apply to the Participants. The Plan and any Awards granted hereunder will be administered in a manner consistent with this intent. Any reference in the Plan to Section 409A of the Code will also include any regulations or any other formal guidance promulgated with respect to such Section by the U.S. Department of the Treasury or the Internal Revenue Service.

(b) Neither a Participant nor any of a Participant's creditors or beneficiaries will have the right to subject any deferred compensation (within the meaning of Section 409A of the Code) payable under the Plan and grants hereunder to any anticipation, alienation, sale, transfer, assignment, pledge, encumbrance, attachment or garnishment. Except as permitted under Section 409A of the Code, any deferred compensation (within the meaning of Section 409A of the Code) payable to a Participant or for a Participant's benefit under the Plan and grants hereunder may not be reduced by, or offset against, any amount owing by a Participant to the Company or any of its Subsidiaries.

(c) If, at the time of a Participant's separation from service (within the meaning of Section 409A of the Code), (i) the Participant will be a specified employee (within the meaning of Section 409A of the Code and using the identification methodology selected by the Company from time to time) and (ii) the Company makes a good faith determination that an amount payable hereunder constitutes deferred compensation (within the meaning of Section 409A of the Code) the payment of which is required to be delayed pursuant to the six-month delay rule set forth in Section 409A of the Code in order to avoid

taxes or penalties under Section 409A of the Code, then the Company will not pay such amount on the otherwise scheduled payment date but will instead pay it, without interest, on the earlier of (x) the first day of the seventh month following the date of the Participant's separation from service and (y) the Participant's death.

(d) Solely with respect to any Award that constitutes nonqualified deferred compensation subject to Section 409A of the Code and that is payable on account of a Change in Control (including any installments or stream of payments that are accelerated on account of a Change in Control), a Change in Control shall occur only if such event also constitutes a "change in the ownership," "change in effective control," and/or a "change in the ownership of a substantial portion of assets" of the Company as those terms are defined under Treasury Regulation §1.409A-3(i)(5), but only to the extent necessary to establish a time and form of payment that complies with Section 409A of the Code, without altering the definition of Change in Control for any purpose in respect of such Award.

(e) Notwithstanding any provision of the Plan and grants hereunder to the contrary, in light of the uncertainty with respect to the proper application of Section 409A of the Code, the Company reserves the right to make amendments to the Plan and grants hereunder as the Company deems necessary or desirable to avoid the imposition of taxes or penalties under Section 409A of the Code. In any case, a Participant will be solely responsible and liable for the satisfaction of all taxes and penalties that may be imposed on a Participant or for a Participant's account in connection with the Plan and grants hereunder (including any taxes and penalties under Section 409A of the Code), and neither the Company nor any of its affiliates will have any obligation to indemnify or otherwise hold a Participant harmless from any or all of such taxes or penalties.

## 17. EFFECTIVE DATE, TERMINATION AND AMENDMENT

**17.1 *Effective Date; Stockholder Approval.*** The original MYR Group Inc. 2017 Long-Term Incentive Plan was adopted by the Board on February 23, 2017 and approved by the Company's stockholders on April 27, 2017. This amendment and restatement of the MYR Group Inc. 2017 Long-Term Incentive Plan was adopted by the Board on [ ], 2020 and its Effective Date shall be the date on which it is approved by the stockholders of the Company. No grants will be made on or after April 27, 2017 under the Predecessor Plan, provided that outstanding awards granted under the Predecessor Plan will continue unaffected following April 27, 2017.

**17.2 *Termination.*** The Plan shall no longer be used for new Awards after the date immediately preceding the tenth anniversary of the Effective Date. 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.

**17.3 *Amendment.*** The Board may at any time and from time to time and in any respect, amend or modify the Plan; *provided, however*, that, for purposes of applicable stock exchange rules and except as permitted under Section 3.2 of this Plan, no amendment or modification of the Plan shall be effective without the consent of the Company's stockholders if the amendment or modification (a) would materially increase the benefits accruing to participants under the Plan, (b) would materially increase the number of shares of Common Stock that may be issued under the Plan, (c) would materially modify the requirements for participation in the Plan, or (d) must otherwise be approved by the stockholders of the Company in order to comply with applicable law or the rules of the Nasdaq Stock Market or, if the Common Stock is not traded on the Nasdaq Stock Market, the principal national securities exchange upon which the Common Stock is traded or quoted, in which case such amendment or modification will be subject to stockholder approval and will not be effective unless and until such approval has been obtained.

**17.4** Notwithstanding anything in the Plan to the contrary, up to 5% of the maximum number of shares of Common Stock that may be available for Awards under the Plan as provided for in Section 3.1 hereof, as may be adjusted under Section 3.2 hereof, may be used for Awards granted under the Plan under Section 12 plus Awards granted under the Plan that do not comply with the one-year vesting requirements set forth in Section 6.3, 7.3, 8.2, 9.2, 10.1 and 11.1 of the Plan.

## 18. STOCK-BASED AWARDS IN SUBSTITUTION FOR AWARDS GRANTED BY ANOTHER COMPANY

Notwithstanding anything in this Plan to the contrary:

18.1 Awards may be granted under this Plan in substitution for or in conversion of, or in connection with an assumption of, options, stock appreciation rights, restricted stock, restricted stock units or other stock or stock-based awards held by awardees of an entity engaging in a corporate acquisition or merger transaction with the Company or any Subsidiary. Any conversion, substitution or assumption will be effective as of the close of the merger or acquisition, and, to the extent applicable, will be conducted in a manner that complies with Section 409A of the Code. The Awards so granted may reflect the original terms of the awards being assumed or substituted or converted for and need not comply with other specific terms of this Plan, and may account for shares of Common Stock substituted for the securities covered by the original awards and the number of shares subject to the original awards, as well as any exercise or purchase prices applicable to the original awards, adjusted to account for differences in stock prices in connection with the transaction.

18.2 In the event that a company acquired by the Company or any Subsidiary or with which the Company or any Subsidiary merges has shares available under a pre-existing plan previously approved by stockholders and not adopted in contemplation of such acquisition or merger, the shares available for grant pursuant to the terms of such plan (as adjusted, to the extent appropriate, to reflect such acquisition or merger) may be used for Awards made after such acquisition or merger under this Plan; *provided, however*, that Awards using such available shares may not be made after the date awards or grants could have been made under the terms of the pre-existing plan absent the acquisition or merger, and may only be made to individuals who were not employees or directors of the Company or any Subsidiary prior to such acquisition or merger.

18.3 Any shares of Common Stock that are issued or transferred by, or that are subject to any awards that are granted by, or become obligations of, the Company under Sections 18.1 or 18.2 of this Plan will not reduce the shares of Common Stock available for issuance or transfer under this Plan or otherwise count against the limits contained in this Plan. In addition, no shares of Common Stock subject to an award that is granted by, or becomes an obligation of, the Company under Sections 18.1 or 18.2 of this Plan, will be added to the aggregate limit contained in Section 3.1 of this Plan.

## MYR GROUP INC.

April 23, 2020

## GO PAPERLESS

e-Consent makes it easy to go paperless. With e-Consent, you can quickly access your proxy material, statements and other eligible documents online, while reducing costs, clutter and paper waste. Enroll today via [www.astfinancial.com](http://www.astfinancial.com) to enjoy online access.

**Important Notice Regarding the Availability of Proxy Materials  
for the 2020 Annual Meeting of Stockholders to be held on April 23, 2020**

The MYR Group Inc. Notice of Annual Meeting, Proxy Statement, and 2019 Annual Report to Stockholders on Form 10-K are available at <http://investor.myrgroup.com/financial-information/annual-reports>

Please sign, date and mail  
your proxy card in the  
envelope provided as soon  
as possible.

↓ Please detach along perforated line and mail in the envelope provided. ↓

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<p>THE BOARD OF DIRECTORS RECOMMENDS THAT YOU VOTE "FOR" THE ELECTION OF EACH OF THE NOMINEES NAMED IN PROPOSAL 1 AND "FOR" PROPOSALS 2, 3 AND 4.</p> <p>PLEASE SIGN, DATE AND RETURN PROMPTLY IN THE ENCLOSED ENVELOPE. PLEASE MARK YOUR VOTE IN BLUE OR BLACK INK AS SHOWN HERE <input checked="" type="checkbox"/></p>																	
<p>The shares represented by this proxy, when properly executed, will be voted as directed or, if no direction is given, will be voted "FOR" each of the nominees named in Proposal 1 and "FOR" Proposals 2, 3 and 4.</p> <p>The Proxies are hereby authorized to vote in accordance with their best judgment on any other matter that may properly come before the 2020 Annual Meeting or any postponements or adjournment thereof.</p> <p><b>IMPORTANT</b></p> <p>In order that there may be a proper representation at the meeting, we urge you to sign, date and mail the proxy card even if you plan on attending the 2020 Annual Meeting. If you are present in person you may, if you wish, vote personally on all matters properly brought before the meeting. If you hold your shares in street-name and wish to vote in person at the meeting, you must provide a legal proxy obtained from your bank or broker.</p>	<p><b>PROPOSAL NO. 1:</b> ELECTION OF THE THREE CLASS I NOMINEES, EACH TO SERVE A TERM OF THREE YEARS.</p> <table> <tr> <th></th> <th>FOR</th> <th>AGAINST</th> <th>ABSTAIN</th> </tr> <tr> <td>Kenneth M. Hartwick</td> <td><input type="checkbox"/></td> <td><input type="checkbox"/></td> <td><input type="checkbox"/></td> </tr> <tr> <td>Jennifer E. Lowry</td> <td><input type="checkbox"/></td> <td><input type="checkbox"/></td> <td><input type="checkbox"/></td> </tr> <tr> <td>Richard S. Swartz</td> <td><input type="checkbox"/></td> <td><input type="checkbox"/></td> <td><input type="checkbox"/></td> </tr> </table> <p><b>PROPOSAL NO. 2:</b> ADVISORY RESOLUTION TO APPROVE THE COMPENSATION OF OUR NAMED EXECUTIVE OFFICERS. <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/></p> <p><b>PROPOSAL NO. 3:</b> APPROVAL OF THE MYR GROUP INC. 2017 LONG-TERM INCENTIVE PLAN (AMENDED AND RESTATED AS OF APRIL 23, 2020). <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/></p> <p><b>PROPOSAL NO. 4:</b> RATIFICATION OF THE APPOINTMENT OF OUR INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM. <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/></p> <p>MARK "X" HERE IF YOU PLAN TO ATTEND THE MEETING. <input type="checkbox"/></p>		FOR	AGAINST	ABSTAIN	Kenneth M. Hartwick	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Jennifer E. Lowry	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Richard S. Swartz	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
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Richard S. Swartz	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>														
<p>To change the address on your account, please check the box at right and indicate your new address in the address space above. Please note that changes to the registered name(s) on the account may not be submitted via this method. <input type="checkbox"/></p>																	
<p>Signature of Stockholder <input type="text"/> Date: <input type="text"/></p>	<p>Signature of Stockholder <input type="text"/> Date: <input type="text"/></p>																
<p><b>Note:</b> Please sign exactly as your name or names appear on this Proxy. When shares are held jointly, each holder should sign. When signing as executor, administrator, attorney, trustee or guardian, please give full title as such. If the signer is a corporation, please sign full corporate name by duly authorized officer, giving full title as such. If signer is a partnership, please sign in partnership name by authorized person.</p>																	



The Board of Directors of  
**MYR GROUP INC.**  
Cordially invites you to attend the  
2020 Annual Meeting of Stockholders  
Thursday, April 23, 2020  
10:00 a.m. Local Time  
Westin Hotel  
Denver International Airport  
8300 Peña Blvd.  
Denver, CO 80249

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**MYR GROUP INC.**  
**REVOCABLE PROXY FOR THE MYR GROUP INC.**  
**2020 ANNUAL MEETING OF STOCKHOLDERS ON APRIL 23, 2020**  
**THIS PROXY IS SOLICITED ON BEHALF OF THE BOARD OF DIRECTORS**

The undersigned stockholder of MYR Group Inc. (the "Corporation") hereby appoints Richard S. Swartz, William F. Fry and Betty R. Johnson (the "Proxies"), and each of them, with the full power of substitution to vote all shares of the Corporation which the undersigned is entitled to vote at the 2020 Annual Meeting of Stockholders of the Corporation to be held at the Westin Hotel Denver International Airport, 8300 Peña Blvd., Denver, CO 80249 on Thursday, April 23, 2020 at 10:00 a.m. local time, or at any postponements or adjournments thereof, with all the powers the undersigned would possess, as if the undersigned was present personally at the 2020 Annual Meeting or any postponements or adjournments thereof, upon the proposals on the reverse side and on such other matters as may properly come before the 2020 Annual Meeting. This proxy revokes all prior proxies given by the undersigned stockholder.

**(Continued and to be signed on the reverse side.)**

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