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

FORM 10-Q

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

For the quarterly period ended June 30, 2019

OR

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

For the transition period from to

Commission file number: 1-08325

MYR GROUP INC.

(Exact name of registrant as specified in its charter)

Delaware	**36-3158643**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
1701 Golf Road, Suite 3-1012 Rolling Meadows, IL	**60008**
(Address of principal executive offices)	(Zip Code)

(847) 290-1891
(Registrant's telephone number, including area code)

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock, $0.01 par value	MYRG	The Nasdaq Stock Market, LLC

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

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company" and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer ☐	Accelerated filer ☒
Non-accelerated filer ☐	Smaller reporting company ☐
	Emerging growth company ☐

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

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

As of July 26, 2019, there were 16,643,675 outstanding shares of the registrant's $0.01 par value common stock.

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

MYR GROUP INC.

CONSOLIDATED BALANCE SHEETS

(In thousands, except share and per share data)	June 30, 2019 (unaudited)	December 31, 2018
ASSETS		
Current assets:		
Cash and cash equivalents	$ 4,355	$ 7,507
Accounts receivable, net of allowances of $4,517 and $1,331, respectively	313,455	288,427
Contract assets	174,805	160,281
Current portion of receivable for insurance claims in excess of deductibles	10,083	10,572
Other current assets	10,681	8,847
Total current assets	513,379	475,634
Property and equipment, net of accumulated depreciation of $265,636 and $253,495, respectively	168,972	161,892
Operating lease right-of-use assets	14,130	—
Goodwill	56,596	56,588
Intangible assets, net of accumulated amortization of $8,500 and $7,031, respectively	31,818	33,266
Receivable for insurance claims in excess of deductibles	17,094	17,173
Investment in joint ventures	2,222	1,324
Other assets	2,484	2,878
Total assets	$ 806,695	$ 748,755
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Current portion of long-term debt	$ 6,856	$ 3,681
Current portion of operating lease obligations	3,817	—
Current portion of finance lease obligations	1,135	1,119
Accounts payable	166,350	139,480
Contract liabilities	53,581	58,534
Current portion of accrued self-insurance	19,692	19,633
Other current liabilities	52,669	61,358
Total current liabilities	304,100	283,805
Deferred income tax liabilities	17,359	17,398
Long-term debt	99,623	86,111
Accrued self-insurance	33,664	34,406
Operating lease obligations, net of current maturities	10,456	—
Finance lease obligations, net of current maturities	923	1,514
Other liabilities	1,633	1,057
Total liabilities	467,758	424,291
Commitments and contingencies		
Stockholders’ equity:		
Preferred stock—$0.01 par value per share; 4,000,000 authorized shares; none issued and outstanding at June 30, 2019 and December 31, 2018	—	—
Common stock—$0.01 par value per share; 100,000,000 authorized shares; 16,644,459 and 16,564,961 shares issued and outstanding at June 30, 2019 and December 31, 2018, respectively	166	165
Additional paid-in capital	150,177	148,276
Accumulated other comprehensive loss	(393)	(193)
Retained earnings	189,089	174,736
Total stockholders' equity attributable to MYR Group Inc.	339,039	322,984
Noncontrolling interest	(102)	1,480
Total stockholders’ equity	338,937	324,464
Total liabilities and stockholders’ equity	$ 806,695	$ 748,755

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

MYR GROUP INC.

UNAUDITED CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE INCOME

(In thousands, except per share data)	Three months ended June 30, 2019	Three months ended June 30, 2018	Six months ended June 30, 2019	Six months ended June 30, 2018
Contract revenues	$ 448,776	$ 339,676	$ 916,870	$ 685,287
Contract costs	405,613	301,046	830,831	610,904
Gross profit	43,163	38,630	86,039	74,383
Selling, general and administrative expenses	33,944	29,168	66,931	57,448
Amortization of intangible assets	735	119	1,469	236
Gain on sale of property and equipment	(926)	(1,014)	(1,397)	(2,065)
Income from operations	9,410	10,357	19,036	18,764
Other income (expense):				
Interest expense	(1,168)	(783)	(2,373)	(1,504)
Other income, net	582	25	1,328	274
Income before provision for income taxes	8,824	9,599	17,991	17,534
Income tax expense	2,466	2,764	5,013	5,055
Net income	6,358	6,835	12,978	12,479
Less: net loss attributable to noncontrolling interest	(849)	—	(1,582)	—
Net income attributable to MYR Group Inc.	$ 7,207	$ 6,835	$ 14,560	$ 12,479
Income per common share attributable to MYR Group Inc.:				
—Basic	$ 0.43	$ 0.42	$ 0.88	$ 0.76
—Diluted	$ 0.43	$ 0.41	$ 0.87	$ 0.75
Weighted average number of common shares and potential common shares outstanding:				
—Basic	16,600	16,455	16,557	16,388
—Diluted	16,704	16,592	16,682	16,555
Net income	$ 6,358	$ 6,835	$ 12,978	$ 12,479
Other comprehensive income (loss):				
Foreign currency translation adjustment	(123)	16	(200)	(1)
Other comprehensive income (loss)	(123)	16	(200)	(1)
Total comprehensive income	6,235	6,851	12,778	12,478
Less: net loss attributable to noncontrolling interest	(849)	—	(1,582)	—
Total comprehensive income attributable to MYR Group Inc.	$ 7,084	$ 6,851	$ 14,360	$ 12,478

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

MYR GROUP INC.

UNAUDITED CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY

(in thousands)	Preferred Stock	Common Stock Shares	Common Stock Amount	Additional Paid-In Capital	Accumulated Other Comprehensive Income (loss)	Retained Earnings	MYR Group Inc. Stockholders' Equity	Noncontrolling Interest	Total
Balance at December 31, 2017	—	16,465	$ 163	$ 143,934	$ (299)	$ 143,241	$ 287,039	$ —	$ 287,039
Net income	—	—	—	—	—	5,644	5,644	—	5,644
Adjustment to adopt ASU No. 2016-09	—	—	—	—	—	695	695	—	695
Stock issued under compensation plans, net	—	57	1	580	—	—	581	—	581
Stock-based compensation expense	—	—	—	420	—	—	420	—	420
Shares repurchased	—	(30)	—	(674)	—	(260)	(934)	—	(934)
Other comprehensive income	—	—	—	—	(17)	—	(17)	—	(17)
Balance at March 31, 2018	—	16,492	164	144,260	(316)	149,320	293,428	—	293,428
Net income	—	—	—	—	—	6,835	6,835	—	6,835
Stock issued under compensation plans, net	—	74	1	1,305	—	—	1,306	—	1,306
Stock-based compensation expense	—	—	—	1,058	—	—	1,058	—	1,058
Shares repurchased	—	(1)	—	(13)	—	(4)	(17)	—	(17)
Other comprehensive income	—	—	—	—	16	—	16	—	16
Balance at June 30, 2018	$ —	16,565	$ 165	$ 146,610	$ (300)	$ 156,151	$ 302,626	$ —	$ 302,626
Balance at December 31, 2018	—	16,565	$ 165	$ 148,276	$ (193)	$ 174,736	$ 322,984	$ 1,480	$ 324,464
Net income	—	—	—	—	—	7,353	7,353	(733)	6,620
Stock issued under compensation plans, net	—	68	—	282	—	—	282	—	282
Stock-based compensation expense	—	—	—	951	—	—	951	—	951
Shares repurchased	—	(23)	—	(571)	—	(207)	(778)	—	(778)
Other comprehensive income	—	—	—	—	(77)	—	(77)	—	(77)
Stock issued - other	—	—	12	—	—	—	12	—	12
Balance at March 31, 2019	—	16,610	177	148,938	(270)	181,882	330,727	747	331,474
Net income	—	—	—	—	—	7,207	7,207	(849)	6,358
Stock issued under compensation plans, net	—	33	1	1	—	—	2	—	2
Stock-based compensation expense	—	—	—	1,202	—	—	1,202	—	1,202
Other comprehensive income	—	—	—	—	(123)	—	(123)	—	(123)
Stock issued - other	—	1	(12)	36	—	—	24	—	24
Balance at June 30, 2019	$ —	16,644	$ 166	$ 150,177	$ (393)	$ 189,089	$ 339,039	$ (102)	$ 338,937

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

MYR GROUP INC.

UNAUDITED CONSOLIDATED STATEMENTS OF CASH FLOWS

(In thousands)	Six months ended June 30, 2019	2018
Cash flows from operating activities:		
Net income	$ 12,978	$ 12,479
Adjustments to reconcile net income to net cash flows provided by operating activities:		
Depreciation and amortization of property and equipment	19,714	18,590
Amortization of intangible assets	1,469	236
Stock-based compensation expense	2,153	1,478
Deferred income taxes	23	323
Gain on sale of property and equipment	(1,397)	(2,065)
Other non-cash items	783	354
Changes in operating assets and liabilities:		
Accounts receivable, net	(24,468)	7,071
Contract assets	(14,218)	(14,471)
Receivable for insurance claims in excess of deductibles	568	(330)
Other assets	(3,552)	2,144
Accounts payable	27,242	(9,845)
Contract liabilities	(5,035)	17,551
Accrued self insurance	(692)	(239)
Other liabilities	(8,169)	11,990
Net cash flows provided by operating activities	7,399	45,266
Cash flows from investing activities:		
Proceeds from sale of property and equipment	1,658	2,426
Purchases of property and equipment	(27,961)	(28,019)
Net cash flows used in investing activities	(26,303)	(25,593)
Cash flows from financing activities:		
Net repayments under revolving lines of credit	(5,896)	(21,156)
Borrowings under equipment notes	24,038	—
Payment of principal obligations under equipment notes	(1,455)	—
Payment of principal obligations under finance leases	(575)	(545)
Proceeds from exercise of stock options	284	1,887
Repurchase of common shares	(778)	(951)
Other financing activities	36	10
Net cash flows provided by (used in) financing activities	15,654	(20,755)
Effect of exchange rate changes on cash	98	(58)
Net decrease in cash and cash equivalents	(3,152)	(1,140)
Cash and cash equivalents:		
Beginning of period	7,507	5,343
End of period	$ 4,355	$ 4,203

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

MYR GROUP INC.

NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

1. Organization, Business and Basis of Presentation

Organization and Business

MYR Group Inc. (the "Company") is a holding company of specialty electrical construction service providers and conducts operations through its wholly owned subsidiaries, including: The L. E. Myers Co., a Delaware corporation; Harlan Electric Company, a Michigan corporation; Great Southwestern Construction, Inc., a Colorado corporation; Sturgeon Electric Company, Inc., a Michigan corporation; MYR Transmission Services, Inc., a Delaware corporation; E.S. Boulos Company, a Delaware corporation; High Country Line Construction, Inc., a Nevada corporation; Sturgeon Electric California, LLC, a Delaware limited liability company; GSW Integrated Services, LLC, a Delaware limited liability company; Huen Electric, Inc., a Delaware corporation; MYR Transmission Services Canada, Ltd., a British Columbia corporation; Northern Transmission Services, Ltd., a British Columbia corporation and Western Pacific Enterprises Ltd., a British Columbia corporation.

The Company performs construction services in two business segments: Transmission and Distribution ("T&D"), and Commercial and Industrial ("C&I"). T&D customers include investor-owned utilities, cooperatives, private developers, government-funded utilities, independent power producers, independent transmission companies, industrial facility owners and other contractors. T&D provides a broad range of services, which include design, engineering, procurement, construction, upgrade, maintenance and repair services, with a particular focus on construction, maintenance and repair. C&I customers include general contractors, commercial and industrial facility owners, local governments and developers. C&I provides a broad range of services, which include 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.

Basis of Presentation

Interim Consolidated Financial Information

The accompanying unaudited consolidated financial statements of the Company were prepared in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP") for interim financial reporting pursuant to the rules and regulations of the Securities and Exchange Commission ("SEC"). Certain information and footnote disclosures normally included in annual financial statements prepared in accordance with U.S. GAAP have been condensed or omitted pursuant to the rules and regulations of the SEC. The Company believes that the disclosures made are adequate to make the information presented not misleading. In the opinion of management, all adjustments, consisting only of normal recurring adjustments, necessary to fairly state the financial position, results of operations, comprehensive income, stockholders' equity and cash flows with respect to the interim consolidated financial statements, have been included. Certain reclassifications were made to prior year amounts to conform to the current year presentation. The consolidated balance sheet as of December 31, 2018 has been derived from the audited financial statements as of that date. The results of operations and comprehensive income are not necessarily indicative of the results for the full year or the results for any future periods. These financial statements should be read in conjunction with the audited financial statements and related notes for the year ended December 31, 2018, included in the Company's Annual Report on Form 10-K, which was filed with the SEC on March 6, 2019.

Foreign Currency

The functional currency for the Company's Canadian operations is the Canadian dollar. Assets and liabilities denominated in Canadian dollars are translated into U.S. dollars at the end-of-period exchange rate. Revenues and expenses are translated using average exchange rates for the periods reported. Equity accounts are translated at historical rates. Cumulative translation adjustments are included as a separate component of accumulated other comprehensive income in shareholders' equity. Foreign currency transaction gains and losses, arising primarily from changes in exchange rates on short-term monetary assets and liabilities, and ineffective long-term monetary assets and liabilities are recorded in the "other income, net" line on the consolidated statements of operations. Foreign currency gains, recorded in other income, net, for the six months ended June 30, 2019 were $0.1 million. Foreign currency losses, recorded in other income, net, for the six months ended June 30, 2018 were not significant. Effective foreign currency transaction gains and losses, arising primarily from long-term monetary assets and liabilities, are recorded in the foreign currency translation adjustment line on the consolidated statements of comprehensive income.

Use of Estimates

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

The most significant estimates are related to estimates of costs to complete contracts, pending change orders and claims, shared savings, insurance reserves, income tax reserves, estimates surrounding stock-based compensation, the recoverability of goodwill and intangibles and accounts receivable reserves. The Company estimates a cost accrual every quarter that represents costs incurred but not invoiced for services performed or goods delivered during the period, and estimates revenue from the contract cost portion of this accrual based on current gross margin rates to be consistent with its cost method of revenue recognition.

In the six months ended June 30, 2019 and 2018, the Company recognized revenues of $21.4 million and $6.7 million, respectively, related to significant change orders and/or claims that had been included as contract price adjustments on certain contracts which were in the process of being negotiated in the normal course of business.

The cost-to-cost method of accounting requires the Company to make estimates about the expected revenue and gross profit on each of its contracts in process. During the three months ended June 30, 2019, changes in estimates pertaining to certain projects decreased consolidated gross margin by 0.9%, which resulted in decreases in operating income of $4.2 million, net income attributable to MYR Group Inc. of $1.9 million and diluted earnings per common share attributable to MYR Group Inc. of $0.11. During the six months ended June 30, 2019, changes in estimates pertaining to certain projects decreased consolidated gross margin by 1.0%, which resulted in decreases in operating income of $9.1 million, net income attributable to MYR Group Inc. of $4.2 million and diluted earnings per common share attributable to MYR Group Inc. of $0.25.

During the three months ended June 30, 2018, changes in estimates pertaining to certain projects increased consolidated gross margin by 0.1%, which resulted in increases in operating income of $0.2 million, net income attributable to MYR Group Inc. of $0.2 million and diluted earnings per common share attributable to MYR Group Inc of $0.01. During the six months ended June 30, 2018, changes in estimates pertaining to certain projects increased consolidated gross margin by 0.1%, which resulted in increases in operating income of $0.1 million, net income attributable to MYR Group Inc. of $0.1 million and had an insignificant impact on diluted earnings per common share attributable to MYR Group Inc.

Recent Accounting Pronouncements

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

Recently Adopted Accounting Pronouncements

In February 2016, the FASB issued ASU No. 2016-02, *Leases (Topic 842)*. The amendments under this pronouncement changed the way all leases with durations in excess of one year are treated. Under this guidance, lessees are required to recognize virtually all leases on the balance sheet as a right-of-use asset and an associated finance lease liability or operating lease liability. The right-of-use asset represents the lessee’s right to use, or control the use of, a specified asset for the specified lease term. The lease liability represents the lessee’s obligation to make lease payments arising from the lease, measured on a discounted basis. Based on certain characteristics, leases are classified as finance leases or operating leases. Finance lease liabilities, which contain provisions similar to capitalized leases under the prior accounting standards, are amortized as amortization expense and interest expense in the statement of operations. Operating lease liabilities and right-of-use assets are adjusted to result in a single straight-line lease expense over the life of the lease. On January 1, 2019, the Company adopted ASU No. 2016-02, *Leases (Topic 842)* using the modified retrospective method. The modified retrospective basis provides a method for recording existing leases at adoption and in comparative periods that approximates the results of a full retrospective approach using the cumulative-effect approach for recording the transition adjustment as of the effective date. Financial results reported in prior periods are unchanged. See Note 4–Lease Obligations for further information related to the Company’s accounting policy and transition disclosures associated with the adoption of this pronouncement.

Recently Issued Accounting Pronouncements

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

2. Acquisition

On July 2, 2018, the Company completed the acquisition of substantially all the assets of Huen Electric, Inc., an electrical contracting firm based in Illinois, Huen Electric New Jersey Inc., an electrical contracting firm based in New Jersey, and Huen New York, Inc., an electrical contracting firm based in New York (collectively, the "Huen Companies"). The Huen Companies provide a wide range of commercial and industrial electrical construction capabilities under the Company's C&I segment in Illinois, New Jersey and New York. The total consideration after net asset adjustments of $10.8 million was approximately $57.9 million, which was funded through borrowings under the Company's credit facility. The Company has finalized the purchase price accounting relating to the acquisition of the Huen Companies. All goodwill and identifiable intangible assets are expected to be tax deductible per applicable Internal Revenue Service regulations.

The purchase agreement also included contingent consideration provisions for margin guarantee adjustments based upon performance subsequent to the acquisition on certain contracts. The contracts were valued at fair value at the acquisition date, causing no margin guarantee estimate or adjustments for fair value. Changes in contract estimates, such as modified costs to complete or change order recognition, have resulted and will continue to result in changes to these margin guarantee estimates. Changes in contingent consideration, subsequent to the acquisition, related to the margin guarantee adjustments on certain contracts of approximately $0.6 million and $1.4 million were recorded in other income for the three and six months ended June 30, 2019, respectively. Future margin guarantee adjustments, if any, are expected to be recognized in 2019. The Company could also be required to make compensation payments contingent on the successful achievement of certain performance targets and continued employment of certain key executives of the Huen Companies. These payments are recognized as compensation expense in the consolidated statements of operations as incurred. For the three and six months ended June 30, 2019, the Company recognized $0.3 million and $0.6 million, respectively, of compensation expense associated with these contingent payments.

The following table summarizes the allocation of the opening balance sheet from the date of the Huen Companies acquisition through June 30, 2019:

(in thousands)	(as of acquisition date) July 2, 2018	Measurement Period Adjustments	Adjusted acquisition amounts as of June 30, 2019
Consideration paid	$ 47,082	$ —	$ 47,082
Preliminary estimated net asset adjustments	10,749	85	10,834
Total consideration, net of net asset adjustments	$ 57,831	$ 85	$ 57,916
Accounts receivable, net	$ 33,903	$ (207)	$ 33,696
Contract assets	10,570	1,010	11,580
Other current and long term assets	88	(11)	77
Property and equipment	3,188	—	3,188
Intangible assets	—	24,300	24,300
Accounts payable	(9,592)	(1,274)	(10,866)
Contract liabilities	(6,394)	525	(5,869)
Other current liabilities	(6,570)	49	(6,521)
Net identifiable assets and liabilities	25,193	24,392	49,585
Unallocated intangible assets	9,800	(9,800)	—
Total acquired assets and liabilities	34,993	14,592	49,585
Fair value of acquired noncontrolling interest	(1,273)	(7)	(1,280)
Goodwill	$ 24,111	$ (14,500)	$ 9,611

3. Contract Assets and Liabilities

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

The Company's consolidated balance sheets present contract assets which contain unbilled revenue and contract retainages associated with contract work that has been completed and billed but not paid by customers, pursuant to retainage provisions, that are generally due once the job is completed and approved. The allowance for collection of contract retainage was not significant as of June 30, 2019 and 2018.

Contract assets consisted of the following:

(in thousands)	June 30, 2019	December 31, 2018	Change
Unbilled revenue	$ 109,287	$ 111,153	$ (1,866)
Contract retainages, net	65,518	49,128	16,390
Contract assets	$ 174,805	$ 160,281	$ 14,524

The Company's consolidated balance sheets present contract liabilities which contain deferred revenue and an accrual for contracts in a loss provision.

Contract liabilities consisted of the following:

(in thousands)	June 30, 2019	December 31, 2018	Change
Deferred revenue	$ 52,364	$ 57,051	$ (4,687)
Accrued loss provision	1,217	1,483	(266)
Contract liabilities	$ 53,581	$ 58,534	$ (4,953)

The following table provides information about contract assets and contract liabilities from contracts with customers:

(in thousands)	June 30, 2019	December 31, 2018	Change
Contract assets	$ 174,805	$ 160,281	$ 14,524
Contract liabilities	(53,581)	(58,534)	4,953
Net contract assets (liabilities)	$ 121,224	$ 101,747	$ 19,477

The difference between the opening and closing balances of the Company's contract assets and contract liabilities primarily results from the timing of the Company's billings in relation to its performance of work. The amounts of revenue recognized in the period that were included in the opening contract liability balances were $4.4 million and $32.8 million for the three and six months ended June 30, 2019, respectively. The Company did not recognize any revenue that was included in the opening contract balance during the three months ended June 30, 2018 and recognized $16.2 million for the six months ended June 30, 2018. This revenue consists primarily of work performed on previous billings to customers.

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

(in thousands)	June 30, 2019	December 31, 2018
Costs and estimated earnings on uncompleted contracts	$ 2,686,781	$ 2,718,713
Less: billings to date	2,629,858	2,664,611
	$ 56,923	$ 54,102

The net asset position for contracts in process is included within the contract asset and contract liability in the accompanying consolidated balance sheets as follows:

(in thousands)	June 30, 2019	December 31, 2018
Unbilled revenue	$ 109,287	$ 111,153
Deferred revenue	(52,364)	(57,051)
	$ 56,923	$ 54,102

4. Lease Obligations

Change in Accounting Policy

On January 1, 2019, the Company adopted ASU No. 2016-02, *Leases (Topic 842)* using the modified retrospective method. Under this guidance, the net present value of future lease payments are recorded as right-of-use assets and liabilities. In addition, the Company elected the 'package of practical expedients' permitted under the transition guidance within the new standard, which among other things, allowed the Company to carry forward the historical lease classification. In addition, the Company elected not to utilize the hindsight practical expedient to determine the lease term for existing leases. The Company elected the short-term lease recognition exemption for all leases that qualify. This means, for those leases that qualify, the Company did not recognize right-of-use assets or lease liabilities, including not recognizing right-of-use assets or lease liabilities for existing short-term leases of those assets in transition. The Company also elected the practical expedient to not separate lease and non-lease components for our real estate and vehicle leases. Adoption of the new standard resulted in the recording of additional operating right-of-use assets and operating lease liabilities of approximately $15.1 million, as of January 1, 2019. The adoption of Topic 842 did not impact the Company's retained earnings, consolidated net earnings or cash flows.

The Company enters into non-cancelable leases for some of our facility, vehicle and equipment needs. These leases allow the Company to conserve cash by paying a monthly lease rental fee for the use of facilities, vehicles and equipment rather than purchasing them. The Company's leases have remaining terms ranging from one to eight years, some of which may include options to extend the leases for up to five years, and some of which may include options to terminate the leases within one year. Currently, all the Company's leases contain fixed payment terms. The Company may decide to cancel or terminate a lease before the end of its term, in which case we are typically liable to the lessor for the remaining lease payments under the term of the lease. Additionally, all of Company's month-to-month leases are cancelable, by the Company or the lessor, at any time and are not included in our right-of-use asset or liability. At June 30, 2019, the Company had no leases with residual value guarantees. Typically, the Company has purchase options on the equipment underlying its long-term leases and many of its short-term rental arrangements. The Company may exercise some of these purchase options when the need for equipment is on-going and the purchase option price is attractive. Nonperformance-related default covenants, cross-default provisions, subjective default provisions and material adverse change clauses contained in material lease agreements, if any, are also evaluated to determine whether those clauses affect lease classification in accordance with ASC Topic 842-10-25. Leases are accounted for as operating or finance leases, depending on the terms of the lease.

Finance Leases

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

Operating Right-of-Use Leases

Operating right-of-use leases are included in operating lease right-of-use assets, and current portion of operating lease obligations and operating lease obligations, net of current maturities, as appropriate. Operating lease right-of-use assets and operating lease liabilities are recognized based on the present value of the future minimum lease payments over the lease term at commencement date. As most of the Company's leases do not provide an implicit rate to calculate present value, the Company determines this rate by estimating the Company's incremental borrowing rate, utilizing the borrowing rates associated with the Company's various debt instruments. The operating lease right-of-use asset also includes any lease payments made and initial direct costs incurred and excludes lease incentives. Our lease terms may include options to extend or terminate the lease when it is reasonably certain that we will exercise that option. Lease expense for minimum lease payments is recognized on a straight-line basis over the lease term.

The following is a summary of the lease-related assets and liabilities recorded as of June 30, 2019:

(in thousands)		
Assets	**Classification on the Consolidated Balance Sheet**	
Operating lease right-of-use assets	Operating lease right-of-use assets	$ 14,130
Finance lease right-of-use assets	Property and equipment, net of accumulated depreciation	2,054
Total right-of-use lease assets		$ 16,184
Liabilities		
Current		
Operating lease obligations	Current portion of operating lease obligations	$ 3,817
Finance lease obligations	Current portion of finance lease obligations	1,135
Total current obligations		4,952
Non-current		
Operating lease obligations	Operating lease obligations, net of current maturities	10,456
Finance lease obligations	Finance lease obligations, net of current maturities	923
Total non-current obligations		11,379
Total lease obligations		$ 16,331

The following is a summary of the lease terms and discount rates as of June 30, 2019:

Weighted-average remaining lease term - finance leases	1.89 years
Weighted-average remaining lease term - operating leases	4.54 years
Weighted-average discount rate - finance leases	2.5%
Weighted-average discount rate - operating leases	3.8%

The following is a summary of certain information related to the lease costs for finance and operating leases for the three and six months ended June 30, 2019:

(in thousands)	Three months ended June 30, 2019	Six months ended June 30, 2019
Lease cost:		
Finance lease cost:		
Amortization of right-of-use assets	$ 274	$ 547
Interest on lease liabilities	17	37
Operating lease cost	1,472	2,929
Short-term lease cost	—	15
Variable lease costs	67	132
Total lease cost	$ 1,830	$ 3,660

The following is a summary of other information and supplemental cash flow information related to finance and operating leases for the six months ended June 30, 2019:

(in thousands)	
Other information:	
Cash paid for amounts included in the measurement of lease liabilities	
Operating cash flows from operating leases	$ 2,943
Right-of-use asset obtained in exchange for new operating lease obligations	$ 1,234

The future undiscounted minimum lease payments, as reconciled to the discounted minimum lease obligation indicated on the Company's consolidated balance sheets, under financial leases, less interest, and under operating leases, less imputed interest, as of June 30, 2019 were as follows:

(In thousands)	Finance Lease Obligations	Operating Lease Obligations	Total Lease Obligations
Remainder of 2019	$ 592	$ 2,911	$ 3,503
2020	1,185	4,481	5,666
2021	346	3,674	4,020
2022	—	2,830	2,830
2023	—	1,534	1,534
Thereafter	—	2,480	2,480
Total minimum lease payments	2,123	17,910	20,033
Financing component	(65)	(3,637)	(3,702)
Net present value of minimum lease payments	2,058	14,273	16,331
Less: current portion of finance and operating lease obligations	(1,135)	(3,817)	(4,952)
Long-term finance and operating lease obligations	$ 923	$ 10,456	$ 11,379

The financing component for finance lease obligations represents the interest component of capital leases that will be recognized as interest expense in future periods. The financing component for operating lease obligations represents the effect of discounting the lease payments to their present value.

Certain subsidiaries of the Company have operating leases for facilities from third party companies that are owned, in whole or part, by employees of the subsidiaries. The terms and rental rates of these leases are at market rental rates. As of June 30, 2019, the minimum lease payments required under these leases totaled $2.5 million, which is to be paid over the next 4.0 years.

Capital Leases

Prior to the adoption of ASU No. 2016-02, *Leases (Topic 842)*, the Company leased vehicles and certain equipment under capital leases. The economic substance of these leases was a financing transaction for acquisition of the vehicles and equipment and, accordingly, the leases were included in the balance sheets in property and equipment, net of accumulated depreciation, with a corresponding amount recorded in current portion of lease obligations or lease obligations, net of current maturities, as appropriate. The capital lease assets were amortized on a straight-line basis over the life of the lease or, if shorter, the life of the leased asset, and were included in depreciation expense in the statements of operations. The interest associated with capital leases was included in interest expense in the statements of operations.

As of December 31, 2018, the Company had $2.7 million of capital lease obligations outstanding, $1.1 million of which was classified as a current liability.

As of December 31, 2018, $2.6 million of leased assets were capitalized in property and equipment, net of accumulated depreciation.

5. Fair Value Measurements

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

As of June 30, 2019 and December 31, 2018, the Company determined that the carrying value of cash and cash equivalents approximated fair value based on Level 1 inputs. As of June 30, 2019, the fair values of the Company's long-term debt and finance lease obligations were based on Level 2 inputs. As of December 31, 2018, the fair values of the Company's long-term debt and capital lease obligations were based on Level 2 inputs. The Company's long-term debt was based on variable and fixed interest rates at June 30, 2019 and December 31, 2018, for new issues with similar remaining maturities, and approximated carrying value. In addition, based on borrowing rates currently available to the Company for borrowings with similar terms, the carrying values of the Company's finance lease obligations also approximated fair value.

6. Debt

The table below reflects the Company's total debt, including borrowings under its credit agreement and master loan agreements for equipment notes:

(dollar amounts in thousands)	Inception Date	Stated Interest Rate (per annum)	Payment Frequency	Term (years)	Outstanding Balance as of June 30, 2019	Outstanding Balance as of December 31, 2018
Credit Agreement						
Revolving loans	6/30/2016	Variable	Variable	5	$ 52,410	$ 58,306
Equipment Notes						
Equipment Note 1	9/28/2018	4.16%	Semi-annual	5	11,734	12,655
Equipment Note 2	9/28/2018	4.23%	Semi-annual	7	11,745	12,279
Equipment Note 3	12/31/2018	3.97%	Semi-annual	5	2,291	2,291
Equipment Note 4	12/31/2018	4.02%	Semi-annual	7	2,313	2,313
Equipment Note 5	12/31/2018	4.01%	Semi-annual	7	1,948	1,948
Equipment Note 6	6/25/2019	2.89%	Semi-annual	7	15,005	—
Equipment Note 7	6/24/2019	3.09%	Semi-annual	5	9,033	—
					54,069	31,486
Total debt					106,479	89,792
Less: current portion of long-term debt					(6,856)	(3,681)
Long-term debt					$ 99,623	$ 86,111

Credit Agreement

On June 30, 2016, the Company entered into a five-year amended and restated credit agreement as amended from time to time, (the “Credit Agreement”) with a syndicate of banks led by JPMorgan Chase Bank, N.A. and Bank of America, N.A, that provided for a $250 million facility (the “Facility”), which could be used for revolving loans and letters of credit. On September 28, 2018, the Company amended the Credit Agreement. This amendment, among other things, reduced the amount of the Facility available to be used for letters of credit to a maximum of $150 million. The Facility also allows for revolving loans and letters of credit in Canadian dollars and other currencies, up to the U.S. dollar equivalent of $50 million. The Company has an expansion option to increase the commitments under the Facility or enter into incremental term loans, subject to certain conditions, by up to an additional $100 million upon receipt of additional commitments from new or existing lenders. Subject to certain exceptions, the Facility is secured by substantially all of the assets of the Company and its domestic subsidiaries, and by a pledge of substantially all of the capital stock of the Company’s domestic subsidiaries and 65% of the capital stock of the direct foreign subsidiaries of the Company. Additionally, subject to certain exceptions, the Company’s domestic subsidiaries also guarantee the repayment of all amounts due under the Credit Agreement. If an event of default occurs and is continuing, on the terms and subject to the conditions set forth in the Credit Agreement, amounts outstanding under the Facility may be accelerated and may become or be declared immediately due and payable. Borrowings under the Credit Agreement are used for working capital, capital expenditures, acquisitions, stock repurchases and other general corporate purposes.

Amounts borrowed under the Credit Agreement bear interest, at the Company’s option, at a rate equal to either (1) the Alternate Base Rate (as defined in the Credit Agreement), plus an applicable margin ranging from 0.00% to 1.00%; or (2) Adjusted LIBO Rate (as defined in the Credit Agreement) plus an applicable margin ranging from 1.00% to 2.00%. The applicable margin is determined based on the Company’s consolidated leverage ratio (the “Leverage Ratio”) which is defined in the Credit Agreement as Consolidated Total Indebtedness divided by Consolidated EBITDA (as defined in the Credit Agreement). Letters of credit issued under the Facility are subject to a letter of credit fee of 1.125% to 2.125% for non-performance letters of credit or 0.625% to 1.125% for performance letters of credit, based on the Company’s consolidated Leverage Ratio. The Company is subject to a commitment fee of 0.20% to 0.375%, based on the Company’s consolidated Leverage Ratio, on any unused portion of the Facility. The Credit Agreement restricts certain types of payments when the Company’s consolidated Leverage Ratio exceeds 2.25. The weighted average interest rate on borrowings outstanding on the Facility for the six months ended June 30, 2019 was 3.51% per annum.

Under the Credit Agreement, the Company is subject to certain financial covenants and must maintain a maximum consolidated Leverage Ratio of 3.0 and a minimum interest coverage ratio of 3.0, which is defined in the Credit Agreement as Consolidated EBITDA (as defined in the Credit Agreement) divided by interest expense (as defined in the Credit Agreement). The Credit Agreement also contains covenants including limitations on asset sales, investments, indebtedness and liens. In connection with any permitted acquisition where the total consideration exceeds $50 million, the Company may request that the maximum permitted consolidated Leverage Ratio increase from 3.0 to 3.5. Any such increase shall begin in the quarter in which such permitted acquisition is consummated and shall continue in effect for four consecutive fiscal quarters. The Company was in compliance with all of its financial covenants under the Credit Agreement as of June 30, 2019.

As of June 30, 2019, the Company had letters of credit outstanding under the Facility of approximately $22.1 million, including $18.5 million related to the Company's payment obligation under its insurance programs and approximately $3.6 million related to contract performance obligations.

As of December 31, 2018, the Company had letters of credit outstanding under the Facility of approximately $21.2 million, including $17.6 million related to the Company's payment obligation under its insurance programs and approximately $3.6 million related to contract performance obligations.

The Company had remaining deferred debt issuance costs totaling $0.5 million as of June 30, 2019, related to the line of credit. As permitted under ASU No. 2015-15, debt issuance costs have been deferred and are presented as an asset within other assets, which is amortized as interest expense over the term of the line of credit.

Equipment Notes

The Company has entered into Master Equipment Loan and Security Agreements (the "Master Loan Agreements") with multiple banks. The Master Loan Agreements may be used for the financing of equipment between the Company and the lending banks pursuant to one or more equipment notes ("Equipment Note"). Each Equipment Note executed under the Master Loan Agreements constitutes a separate, distinct and independent financing of equipment and a contractual obligation of the Company, which may contain prepayment clauses.

As of June 30, 2019, the Company had seven Equipment Notes outstanding under the Master Loan Agreements that are collateralized by equipment and vehicles owned by the Company. The following table sets forth our remaining principal payments for the Company's outstanding Equipment Notes as of June 30, 2019:

(In thousands)	Future Equipment Notes Principal Payments
Remainder of 2019	$ 3,581
2020	6,608
2021	6,852
2022	7,107
2023	10,360
2024	5,964
Thereafter	13,597
Total future principal payments	$ 54,069
Less: current portion of equipment notes	(6,856)
Long-term principal obligations	$ 47,213

7. Revenue Recognition

Disaggregation of Revenue

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

Historically, fixed-price and unit-price contracts have had the highest potential margins; however, they have had a greater risk in terms of profitability because cost overruns may not be recoverable. Time-and-equipment, time-and-materials and cost-plus contracts have historically had less margin upside, but generally have had a lower risk of cost overruns. The Company also provides services under master service agreements ("MSAs") and other variable-term service agreements. MSAs normally cover maintenance, upgrade and extension services, as well as new construction. Work performed under MSAs is typically billed on a unit-price, time-and-materials or time-and-equipment basis. MSAs are typically one to three years in duration; however, most of the Company's contracts, including MSAs, may be terminated by the customer on short notice, typically 30 to 90 days, even if the Company is not in default under the contract. Under MSAs, customers generally agree to use the Company for certain services in a specified geographic region. Most MSAs include no obligation for the contract counterparty to assign specific volumes of work to the Company and do not require the counterparty to use the Company exclusively, although in some cases the MSA contract gives the Company a right of first refusal for certain work. Additional information related to the Company's market types is provided in Note 11–Segment Information.

The components of the Company's revenue by contract type for the three months ended June 30, 2019 and 2018 were as follows:

	Three months ended June 30, 2019					
	T&D		C&I		Total	
(in thousands)	Amount	Percent	Amount	Percent	Amount	Percent
Fixed price	$ 119,572	46.7%	$ 115,117	59.7%	$ 234,689	52.3%
Unit price	52,162	20.4	12,855	6.7	65,017	14.5
T&E	76,841	30.0	37,193	19.3	114,034	25.4
Other	7,335	2.9	27,701	14.3	35,036	7.8
	$ 255,910	100.0%	$ 192,866	100.0%	$ 448,776	100.0%

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

The components of the Company's revenue by contract type for the six months ended June 30, 2019 and 2018 were as follows:

	Six months ended June 30, 2019					
	T&D		C&I		Total	
(in thousands)	Amount	Percent	Amount	Percent	Amount	Percent
Fixed price	$ 252,896	47.9%	$ 248,828	64.1%	$ 501,724	54.7%
Unit price	103,356	19.6	22,843	5.9	126,199	13.8
T&E	153,149	29.0	49,724	12.8	202,873	22.1
Other	19,057	3.5	67,017	17.2	86,074	9.4
	$ 528,458	100.0%	$ 388,412	100.0%	$ 916,870	100.0%

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

The components of the Company's revenue by market type for the three months ended June 30, 2019 and 2018 were as follows:

	Three months ended June 30, 2019			Three months ended June 30, 2018		
(in thousands)	Amount	Percent	Segment	Amount	Percent	Segment
Transmission	$ 169,466	37.8%	T&D	$ 121,708	35.8%	T&D
Distribution	86,444	19.2	T&D	75,217	22.2	T&D
Electrical construction	192,866	43.0	C&I	142,751	42.0	C&I
Total revenue	$ 448,776	100.0%		$ 339,676	100.0%	

The components of the Company's revenue by market type for the six months ended June 30, 2019 and 2018 were as follows:

	Six months ended June 30, 2019			Six months ended June 30, 2018		
(in thousands)	**Amount**	**Percent**	**Segment**	**Amount**	**Percent**	**Segment**
Transmission	$ 357,231	39.0%	T&D	$ 256,161	37.4%	T&D
Distribution	171,227	18.6	T&D	157,150	22.9	T&D
Electrical construction	388,412	42.4	C&I	271,976	39.7	C&I
Total revenue	$ 916,870	100.0%		$ 685,287	100.0%	

Remaining Performance Obligations

As of June 30, 2019, the Company had $1.06 billion of remaining performance obligations. The Company's remaining performance obligations include projects that have a written award, a letter of intent, a notice to proceed or an agreed upon work order to perform work on mutually accepted terms and conditions.

The following table summarizes the amount of remaining performance obligations that the Company expects to be realized as of June 30, 2019 and the amount of the remaining performance obligations that the Company reasonably estimates will not be recognized within the next twelve months.

	Remaining Performance Obligations at June 30, 2019		
(In thousands)	**Total**	**Amount estimated to not be recognized within 12 months**	**Total at December 31, 2018**
T&D	$ 389,579	$ 19,141	$ 418,178
C&I	673,336	154,287	644,547
Total	$ 1,062,915	$ 173,428	$ 1,062,725

The Company expects a vast majority of the remaining performance obligations to be recognized within twenty-four months, although the timing of the Company's performance is not always under its control. Additionally, the difference between the remaining performance obligations and backlog is due to the exclusion of a portion of the Company's MSAs under certain contract types from the Company's remaining performance obligations as these contracts can be canceled for convenience at any time by the Company or the customer without considerable cost incurred by the customer. Additional information related to backlog is provided in Item 2. "Management's Discussion and Analysis of Financial Condition and Results of Operations."

8. Income Taxes

The U.S. federal statutory tax rate was 21% for the three and six months ended June 30, 2019 and 2018. The Company's effective tax rate for the three and six months ended June 30, 2019 was 27.9% of pretax income compared to the effective tax rate for the three and six months ended June 30, 2018 of 28.8%.

The difference between the U.S. federal statutory tax rate and the Company's effective tax rate for the three and six months ended June 30, 2019 was primarily due to state income taxes offset by the impact of the Company's noncontrolling interest.

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

The Company had unrecognized tax benefits of approximately $0.3 million and $0.4 million as of June 30, 2019 and December 31, 2018, respectively, which were included in other liabilities in the accompanying consolidated balance sheets.

The Company's policy is to recognize interest and penalties related to income tax liabilities as a component of income tax expense in the consolidated statements of operations. The amount of interest and penalties charged to income tax expense related to unrecognized tax benefits was not significant for the three and six months ended June 30, 2019 and 2018.

The Company is subject to taxation in various jurisdictions. The Company's 2015 and 2017 tax returns are subject to examination by U.S. federal authorities. The Company's tax returns are subject to examination by various state authorities for the years 2014 through 2017.

9. Commitments and Contingencies

Purchase Commitments

As of June 30, 2019, the Company had approximately $8.3 million in outstanding purchase orders for certain construction equipment, with cash outlay scheduled to occur over the next six months.

Insurance and Claims Accruals

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

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

Performance and Payment Bonds and Parent Guarantees

In certain circumstances, the Company is required to provide performance and payment bonds in connection with its future performance on certain contractual commitments. The Company has indemnified its sureties for any expenses paid out under these bonds. As of June 30, 2019, an aggregate of approximately $637.3 million in original face amount of bonds issued by the Company's sureties were outstanding. The Company estimated the remaining cost to complete these bonded projects was approximately $326.6 million as of June 30, 2019.

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

Indemnities

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

Collective Bargaining Agreements

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

Litigation and Other Legal Matters

The Company is from time-to-time party to various lawsuits, claims and other legal proceedings that arise in the ordinary course of business. These actions typically seek, among other things, compensation for alleged personal injury, breach of contract, property damages, punitive damages, civil penalties or other losses, or injunctive or declaratory relief.

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

With respect to all such lawsuits, claims and proceedings, the Company records reserves when it is probable that a liability has been incurred and the amount of loss can be reasonably estimated. The Company does not believe that any of these proceedings, separately or in the aggregate, would be expected to have a material adverse effect on the Company's financial position, results of operations or cash flows.

10. Stock-Based Compensation

The Company maintains two equity compensation plans under which stock-based compensation has been granted: the 2017 Long-Term Incentive Plan, (the "LTIP") and the 2007 Long-Term Incentive Plan (the "2007 Plan"). Upon the adoption of the LTIP, awards were no longer granted under the 2007 Plan. The LTIP provides for grants of (a) incentive stock options qualified as such under U.S. federal income tax laws, (b) stock options that do not qualify as incentive stock options, (c) stock appreciation rights, (d) restricted stock awards, (e) restricted stock units, (f) performance share awards, (g) phantom stock units, (h) stock bonuses, (i) dividend equivalents, and (j) any combination of such grants.

The company grants time-vested stock awards in the form of restricted stock awards, restricted stock units or equity-settled phantom stock. During the six months ended June 30, 2019, the Company granted 85,640 shares of time-vested stock awards under the LTIP, which vest ratably over three years for employee awards and one year for director awards, at a weighted average grant date fair value of $34.22. Additionally, 96,625 shares of time-vested stock awards vested during the six months ended June 30, 2019, at a weighted average grant date fair value of $30.47.

During the six months ended June 30, 2019, the Company granted 72,932 performance share awards under the LTIP at target, which cliff vest on December 31, 2021, at a weighted average grant date fair value of $39.26. The number of shares ultimately earned under a performance award may vary from zero to 200% of the target shares awarded, based upon the Company's performance compared to certain metrics. The metrics used were determined at the time of the grant by the Compensation Committee of the Board of Directors and were either based on internal measures, such as the Company's financial performance compared to target, or on a market-based metric, such as the Company's stock performance compared to a peer group. Performance awards cliff vest upon attainment of the stated performance targets and minimum service requirements and are paid in shares of the Company's common stock.

During the six months ended June 30, 2019, plan participants exercised 11,507 stock options with a weighted average exercise price of $24.68.

The Company recognizes stock-based compensation expense related to restricted stock awards, phantom stock awards and restricted stock units based on the grant date fair value, which was the closing price of the Company's stock on the date of grant. The fair value is expensed over the service period. The Company recognizes stock-based compensation expense related to market-based performance awards based on the grant date fair value, which is computed using a Monte Carlo simulation. The fair value is expensed over the service period, which is approximately 2.8 years. The Company recognizes stock-based compensation expense related to internal measure-based performance awards based on the grant date fair value, which was the closing price of the Company's stock on the date of grant. The fair value is expensed over the service period of approximately 2.8 years, and the Company adjusts the stock-based compensation expense related to internal metric-based performance awards according to its determination of the shares expected to vest at each reporting date.

11. Segment Information

MYR Group is a holding company of specialty contractors serving electrical utility infrastructure and commercial construction markets in the United States and western Canada. The Company has two reporting segments, each a separate operating segment, which are referred to as T&D and C&I. Performance measurement and resource allocation for the reporting segments are based on many factors. The primary financial measures used to evaluate the segment information are contract revenues and income from operations, excluding general corporate expenses. General corporate expenses include corporate facility and staffing costs, which include safety costs, professional fees, IT expenses, management fees, and intangible amortization. The accounting policies of the segments are the same as those described in the Note 1– Organization, Business and Significant Accounting Policies to the Financial Statements in the Company's Annual Report on Form 10-K for the year ended December 31, 2018.

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

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

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

(In thousands)	Three months ended June 30, 2019	Three months ended June 30, 2018	Six months ended June 30, 2019	Six months ended June 30, 2018
Contract revenues:				
T&D	$ 255,910	$ 196,925	$ 528,458	$ 413,311
C&I	192,866	142,751	388,412	271,976
	$ 448,776	$ 339,676	$ 916,870	$ 685,287
Income from operations:				
T&D	$ 16,050	$ 11,018	$ 30,980	$ 24,559
C&I	4,512	9,635	9,570	14,971
GeneralCorporate	(11,152)	(10,296)	(21,514)	(20,766)
	$ 9,410	$ 10,357	$ 19,036	$ 18,764

For the three and six months ended June 30, 2019, contract revenues attributable to the Company's Canadian operations were $20.8 million and $33.5 million, respectively, predominantly in the C&I segment. For the three and six months ended June 30, 2018, contract revenues attributable to the Company's Canadian operations were $14.5 million and $29.2 million, respectively, predominantly in the C&I segment.

12. Noncontrolling Interest

On July 2, 2018, through the acquisition of certain assets of the Huen Companies, the Company became the majority controlling interest in a joint venture. As a result, the Company has consolidated the carrying value of the joint ventures' assets and liabilities and results of operations in the Company's consolidated financial statements. The equity owned by the other joint venture partners has been recorded as noncontrolling interest in the Company's consolidated balance sheets, and their portions, if material, of net income (loss) and other comprehensive income shown as net income or other comprehensive income attributable to noncontrolling interest in the Company's consolidated statements of operations and other comprehensive income. Additionally, the joint venture associated with the Company's noncontrolling interest is a partnership, and consequently, the tax effect of only the Company's share of the joint venture income is recognized by the Company.

The acquired joint venture made no distributions to its partners, and the Company made no capital contributions to the joint venture, during the three and six months ended June 30, 2019. Additionally, there have been no changes in ownership during the three and six months ended June 30, 2019. The project associated with this joint venture is expected to be completed in 2019. Net loss attributable to the noncontrolling interest, during the three and six months ended June 30, 2019, was $0.8 million and $1.6 million, respectively.

13. Earnings Per Share

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

Net income attributable to MYR Group Inc. and the weighted average number of common shares used to compute basic and diluted earnings per share were as follows:

(In thousands, except per share data)	Three months ended June 30, 2019	Three months ended June 30, 2018	Six months ended June 30, 2019	Six months ended June 30, 2018
Numerator:				
Net income attributable to MYR Group Inc.	$ 7,207	$ 6,835	$ 14,560	$ 12,479
Denominator:				
Weighted average common shares outstanding	16,600	16,455	16,557	16,388
Weighted average dilutive securities	104	137	125	167
Weighted average common shares outstanding, diluted	16,704	16,592	16,682	16,555
Income per common share attributable to MYR Group Inc.:				
Basic	$ 0.43	$ 0.42	$ 0.88	$ 0.76
Diluted	$ 0.43	$ 0.41	$ 0.87	$ 0.75

For the three and six months ended June 30, 2019 and 2018, certain common stock equivalents were excluded from the calculation of dilutive securities because their inclusion would either have been anti-dilutive or, for stock options, the exercise prices of those stock options were greater than the average market price of the Company's common stock for the period. All of the Company's non-participating unvested restricted shares were included in the computation of weighted average dilutive securities.

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

(In thousands)	Three months ended June 30, 2019	Three months ended June 30, 2018	Six months ended June 30, 2019	Six months ended June 30, 2018
Restricted stock	—	30	—	1
Performance awards	73	68	73	86

14. Subsequent Event

On July 15, 2019, the Company completed the acquisition of substantially all the assets of CSI Electrical Contractors, Inc. ("CSI"), an electrical contracting firm based in California. CSI will provide services to a broad array of end markets under the Company's C&I segment. The total consideration paid was approximately $79.7 million, subject to working capital and net asset adjustments, entirely funded through borrowings under the Facility. Additionally, there could be contingent payments based on the achievement of certain performance targets and continued employment of certain key executives of CSI. The costs associated with these contingent payments will be recognized as compensation expense in the consolidated statements of operations and comprehensive income as earned over the period achievement becomes probable. The results of CSI will be included in the Company's consolidated financial statements beginning on the transaction date. Approximately $0.3 million of acquisition-related costs associated with this acquisition were expensed by the Company in the six months ended June 30, 2019. Due to the timing of the acquisition, the pro forma results of operations that include the impact of CSI will be provided by September 30, 2019, in an amendment to the Form 8-K filed by the Company on July 15, 2019.

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

The following discussion should be read in conjunction with the accompanying unaudited consolidated financial statements and with our Annual Report on Form 10-K for the year ended December 31, 2018 (the "2018 Annual Report"). In addition to historical information, this discussion contains forward-looking statements that involve risks, uncertainties and assumptions that could cause actual results to differ materially from management's expectations. Factors that could cause such differences are discussed herein under the captions "Cautionary Statement Concerning Forward-Looking Statements and Information" and "Risk Factors," as well as in the 2018 Annual Report. We assume no obligation to update any of these forward-looking statements.

Overview and Outlook

We are a holding company of specialty electrical construction service providers that was established through the merger of long-standing specialty contractors. Through our subsidiaries, we serve the electric utility infrastructure, commercial and industrial construction markets. We manage and report our operations through two electrical contracting service segments: Transmission and Distribution ("T&D") and Commercial and Industrial ("C&I").

We have operated in the transmission and distribution industry since 1891. We are one of the largest contractors servicing the T&D sector of the electric utility industry in the United States and provide T&D services in western Canada. Our T&D customers include many of the leading companies in the industry. We have operated in the commercial and industrial industry since 1912. We are one of the largest electrical contractors servicing the C&I industry in the United States and in western Canada. Our C&I customers include facility owners and general contractors.

We believe that we have a number of competitive advantages in both of our segments, including our project management team, skilled workforce, extensive centralized fleet, proven safety performance and reputation for timely completion of quality work that allows us to compete favorably in our markets. In addition, we believe that we are better capitalized than some of our competitors, which provides us with valuable flexibility to take on additional and more complex projects.

We had consolidated revenues for the six months ended June 30, 2019 of $916.9 million, of which 57.6% was attributable to our T&D customers and 42.4% was attributable to our C&I customers. Our consolidated revenues for the six months ended June 30, 2018 were $685.3 million. For the six months ended June 30, 2019, our net income attributable to MYR Group Inc. and EBITDA[(1)] were $14.6 million and $41.5 million, respectively, compared to $12.5 million and $37.9 million, respectively, for the six months ended June 30, 2018.

We believe there is an ongoing need for utilities to sustain investment in their transmission systems to improve reliability, reduce congestion and connect to new sources of renewable generation. Consequently, we believe we will continue to see significant bidding activity on large transmission projects over the next two years. The timing of multi-year transmission project awards and substantial construction activity is difficult to predict due to regulatory requirements and the permitting needed to commence construction. Significant construction on any large, multi-year projects awarded in 2019 will not likely occur until 2020. Bidding and construction activity for small to medium-size transmission projects and upgrades remains strong, and we expect this trend to continue, primarily due to reliability and economic drivers.

Because of reduced spending by United States utilities on their distribution systems for several years, we believe there is a need for sustained investment by utilities on their distribution systems to properly maintain or meet reliability requirements. We believe that the continued strength of the United States economy, particularly in the housing market, over the next few years could provide additional stimulus for spending by our customers on their distribution systems. We also believe the increased hurricane activity over the past several years and recent destruction caused by wildfires will cause a push to strengthen utility distribution systems against catastrophic damage. Several industry and market trends are also prompting customers in the electric utility industry to seek outsourcing partners rather than performing projects internally. These trends include an aging electric utility workforce, increasing costs and staffing constraints. We believe electric utility employee retirements could increase with further economic recovery, which may result in an increase in outsourcing opportunities. We expect to see an incremental increase in distribution opportunities in the United States in 2019, and we believe these opportunities will continue to be bid in a competitive market.

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

We expect to see continued improvement in bidding opportunities in our C&I segment during the remainder of 2019. FMI's 2019 United States Construction Outlook forecasts an increase in spending levels over 2018. According to FMI, the primary growth sectors in 2019 are expected to include office, educational, public safety, transportation, conservation and development, and manufacturing, all with positive forecasted growth rates.

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

We strive to maintain our status as a preferred provider to our T&D and C&I customers. We continue to implement strategies that further expand our capabilities and allow opportunities to provide prudent capital returns. On July 15, 2019, we completed the acquisition of substantially all the assets of CSI Electrical Contractors, Inc. ("CSI"), which expanded our C&I operations in California. The total consideration paid was approximately $79.7 million, subject to working capital and net asset adjustments, entirely funded through borrowings under our credit facility. On July 2, 2018, we completed the acquisition of substantially all the assets of the Huen Companies, which expanded our C&I operations in Illinois, New York and New Jersey. We continue to invest in developing key management and craft personnel in both our T&D and C&I markets and in procuring the specialty equipment and tooling needed to win and execute projects of all sizes and complexity. We ended the second quarter of 2019 with $175.5 million available under our credit facility. We believe that our financial position and operational strengths will enable us to manage the current challenges and uncertainties in the markets we serve and give us the flexibility to successfully execute our strategies.

Backlog

We refer to our estimated revenue on uncompleted contracts, including the amount of revenue on contracts for which work has not begun, less the revenue we have recognized under such contracts, as "backlog." A customer's intention to award us work under a fixed-price contract is not included in backlog unless there is an actual written award to perform a specific scope of work at specific terms and pricing. For many of our unit-price, time-and-equipment, time-and-materials and cost plus contracts, we only include projected revenue for a three-month period in the calculation of backlog, although these types of contracts are generally awarded as part of master service agreements that typically have a one-year to three-year duration from execution. Backlog may not accurately represent the revenues that we expect to realize during any particular period. Several factors, such as the timing of contract awards, the type and duration of contracts, and the mix of subcontractor and material costs in our projects, can impact our backlog at any point in time. Some of our revenue does not appear in our periodic backlog reporting because the award of the project, as well as the execution of the work, may all take place within the period. Our backlog includes projects that have a written award, a letter of intent, a notice to proceed or an agreed upon work order to perform work on mutually accepted terms and conditions. Backlog should not be relied upon as a stand-alone indicator of future events. Additionally, the difference between our backlog and remaining performance obligations is due to the exclusion of a portion of our master service agreements under certain contract types from our remaining performance obligations as these contracts can be canceled for convenience at any time by us or the customer without considerable cost incurred by the customer. Our estimated backlog also includes our proportionate share of unconsolidated joint venture contracts. Additional information related to our remaining performance obligations is provided in Note 7–Revenue Recognition in the accompanying notes to our Consolidated Financial Statements.

Our backlog was $1.16 billion at June 30, 2019, compared to $1.14 billion at March 31, 2019 and $1.01 billion at June 30, 2018. Our backlog at June 30, 2019 increased 2.1% from March 31, 2019. Backlog in the T&D segment increased $8.9 million and C&I backlog increased $15.0 million compared to March 31, 2019. Our backlog as of June 30, 2019 included our proportionate share of joint venture backlog totaling $23.3 million, compared to $30.2 million at March 31, 2019.

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

	Backlog at June 30, 2019		
(In thousands)	Total	Amount estimated to not be recognized within 12 months	Total backlog at December 31, 2018
T&D	$ 482,467	$ 19,141	$ 494,922
C&I	677,349	154,287	651,715
Total	$ 1,159,816	$ 173,428	$ 1,146,637

Project Bonding Requirements and Parent Guarantees

A substantial portion of our business requires performance and payment bonds or other means of financial assurance to secure contractual performance. These bonds are typically issued at the face value of the contract awarded. If we fail to perform or pay our subcontractors or vendors, the customer may demand that the surety provide services or make payments under the bond. In such a case, we would likely be required to reimburse the surety for any expenses or outlays it incurs. To date, we have not been required to make any reimbursements to our sureties for claims against our surety bonds. As of June 30, 2019, we had approximately $637.3 million in original face amount of surety bonds outstanding. Our estimated remaining cost to complete these bonded projects was approximately $326.6 million as of June 30, 2019.

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

Consolidated Results of Operations

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

	Three months ended June 30,				Six months ended June 30,			
	2019		2018		2019		2018	
(Dollars in thousands)	Amount	Percent	Amount	Percent	Amount	Percent	Amount	Percent
Contract revenues	$ 448,776	100.0%	$ 339,676	100.0%	$ 916,870	100.0%	$ 685,287	100.0%
Contract costs	405,613	90.4	301,046	88.6	830,831	90.6	610,904	89.1
Gross profit	43,163	9.6	38,630	11.4	86,039	9.4	74,383	10.9
Selling, general and administrative expenses	33,944	7.6	29,168	8.6	66,931	7.3	57,448	8.4
Amortization of intangible assets	735	0.2	119	—	1,469	0.2	236	—
Gain on sale of property and equipment	(926)	(0.2)	(1,014)	(0.3)	(1,397)	(0.2)	(2,065)	(0.3)
Income from operations	9,410	2.0	10,357	3.1	19,036	2.1	18,764	2.8
Other income (expense)								
Interest expense	(1,168)	(0.3)	(783)	(0.2)	(2,373)	(0.3)	(1,504)	(0.2)
Other income, net	582	0.1	25	—	1,328	0.1	274	—
Income before provision for income taxes	8,824	1.8	9,599	2.9	17,991	1.9	17,534	2.6
Income tax expense	2,466	0.4	2,764	0.9	5,013	0.5	5,055	0.8
Net income	6,358	1.4	6,835	2.0	12,978	1.4	12,479	1.8
Less: net loss attributable to noncontrolling interest	(849)	(0.2)	—	—	(1,582)	(0.2)	—	—
Net income attributable to MYR Group Inc.	$ 7,207	1.6%	$ 6,835	2.0%	$ 14,560	1.6%	$ 12,479	1.8%

Three Months Ended June 30, 2019 Compared to Three Months Ended June 30, 2018

Revenues. Revenues were $448.8 million for the three months ended June 30, 2019 compared to $339.7 million for the three months ended June 30, 2018. The increase of $109.1 million, or 32.1%, was primarily due to higher volume across both segments and incremental revenues from the Huen Companies, which was acquired in the third quarter of 2018.

Gross margin. Gross margin was 9.6% for the three months ended June 30, 2019 compared to 11.4% for the three months ended June 30, 2018. The decrease in gross margin was primarily due to inefficiencies related to unanticipated overtime and material delays associated with a joint venture project in which we own the majority controlling interest, which were partially offset by net loss attributable to noncontrolling interest. The joint venture project is subject to margin guarantees, for which an offset is recognized in other income. Gross margin was also negatively impacted by projects with changes in estimates relating to a higher level of costs on items bid at lower margins, inclement weather conditions, and labor inefficiencies for which we are in ongoing negotiations to receive reimbursement. Changes in estimates of gross profit on certain projects resulted in a gross margin decrease of 0.9% and an increase of 0.1% for the three months ended June 30, 2019 and 2018, respectively.

Gross profit. Gross profit was $43.2 million for the three months ended June 30, 2019 compared to $38.6 million for the three months ended June 30, 2018. The increase of $4.6 million, or 11.7% was due to higher revenues, partially offset by lower margins.

Selling, general and administrative expenses. Selling, general and administrative expenses ("SG&A") was $33.9 million for the three months ended June 30, 2019 compared to $29.2 million for the three months ended June 30, 2018. The period-over-period increase of $4.7 million was primarily due to the acquisition of the Huen Companies and higher employee related expenses to support operations. As a percentage of revenues, SG&A was 7.6% for the three months ended June 30, 2019 and 8.6% for the three months ended June 30, 2018.

Gain on sale of property and equipment. Gains from the sale of property and equipment for the three months ended June 30, 2019 were $0.9 million compared to $1.0 million for the three months ended June 30, 2018. Gains from the sale of property and equipment are attributable to routine sales of property and equipment no longer useful or valuable to our ongoing operations.

Interest expense. Interest expense was $1.2 million for the three months ended June 30, 2019 compared to $0.8 million for the three months ended June 30, 2018. This increase was primarily attributable to increased borrowing related to the acquisition of the Huen Companies, an increase in our working capital needs and an increase in our weighted average interest rate during the three months ended June 30, 2019 as compared to the three months ended June 30, 2018.

Other income. Other income was $0.6 million for the three months ended June 30, 2019, primarily attributable to a reduction in contingent consideration related to margin guarantees on certain contracts associated with the acquisition of the Huen Companies recognized in the three months ended June 30, 2019. Other income was not significant for the three months ended June 30, 2018.

Income tax expense. Income tax expense was $2.5 million for the three months ended June 30, 2019, with an effective tax rate of 27.9%, compared to the expense of $2.8 million for the three months ended June 30, 2018, with an effective tax rate of 28.8%. The decrease in the tax rate in the three months ended June 30, 2019 was primarily due to state income taxes offset by the impact of our noncontrolling interest. Our inability to utilize losses experienced in certain Canadian operations negatively impacted the effective tax rate in the three months ended June 30, 2018.

Net income attributable to MYR Group Inc. Net income attributable to MYR Group Inc. was $7.2 million for the three months ended June 30, 2019 compared to $6.8 million for the three months ended June 30, 2018. The increase was primarily due to the reasons stated earlier.

Segment Results

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

	Three months ended June 30,			
	2019		2018	
(Dollars in thousands)	Amount	Percent	Amount	Percent
Contract revenues:				
Transmission & Distribution	$ 255,910	57.0%	$ 196,925	58.0%
Commercial & Industrial	192,866	43.0	142,751	42.0
Total	$ 448,776	100.0%	$ 339,676	100.0%
Operating income (loss):				
Transmission & Distribution	$ 16,050	6.3%	$ 11,018	5.6%
Commercial & Industrial	4,512	2.3	9,635	6.7
Total	20,562	4.6	20,653	6.1
Corporate	(11,152)	(2.5)	(10,296)	(3.0)
Consolidated	$ 9,410	2.1%	$ 10,357	3.1%

Transmission & Distribution

Revenues for our T&D segment for the three months ended June 30, 2019 were $255.9 million compared to $196.9 million for the three months ended June 30, 2018, an increase of $59.0 million, or 30.0%. The increase in revenue was primarily due to an increase in revenue on small- to medium-sized transmission projects.

Revenues from transmission projects represented 66.2% and 61.8% of T&D segment revenue for the three months ended June 30, 2019 and 2018, respectively. Additionally, for the three months ended June 30, 2019, measured by revenue in our T&D segment, we provided 46.7% of our T&D services under fixed-price contracts, as compared to 39.2% for the three months ended June 30, 2018.

Operating income for our T&D segment for the three months ended June 30, 2019 was $16.1 million, an increase of $5.0 million, or 45.7%, from the three months ended June 30, 2018. The increase in T&D operating income from the prior year was primarily due to higher revenue on transmission projects and improvements in efficiency from the prior year. As a percentage of revenues, operating income for our T&D segment was 6.3% for the three months ended June 30, 2019 compared to 5.6% for the three months ended June 30, 2018.

Commercial & Industrial

Revenues for our C&I segment for the three months ended June 30, 2019 were $192.9 million compared to $142.8 million for the three months ended June 30, 2018, an increase of $50.1 million, or 35.1%, primarily due to increases in volume across all project sizes and incremental revenues from the Huen Companies. Measured by revenue in our C&I segment, we provided 59.7% of our services under fixed-price contracts for the three months ended June 30, 2019, compared to 63.4% for the three months ended June 30, 2018.

Operating income for our C&I segment for the three months ended June 30, 2019 was $4.5 million, a decrease of $5.1 million over the three months ended June 30, 2018. The period-over-period decrease in operating income was primarily due to changes in estimates of gross profit on certain projects. These estimate changes were primarily due to unanticipated overtime and material delays associated with a joint venture project in which we own the majority controlling interest, which were partially offset by net loss attributable to noncontrolling interest. The joint venture project is subject to margin guarantees, for which an offset is recognized in other income. Operating income was also negatively impacted by projects with changes in estimates relating to a higher level of costs on items bid at lower margins, inclement weather conditions, and labor inefficiencies for which we are in ongoing negotiations to receive reimbursement. The decrease in operating income was also due to amortization related to certain intangibles acquired with the Huen Companies and a favorable claim settlement in the prior year. These impacts were partially offset by higher revenues. As a percentage of revenues, operating income for our C&I segment was 2.3% for the three months ended June 30, 2019 compared to 6.7% for the three months ended June 30, 2018.

Six Months Ended June 30, 2019 Compared to Six Months Ended June 30, 2018

Revenues. Revenues were $916.9 million for the six months ended June 30, 2019 compared to $685.3 million for the six months ended June 30, 2018. The increase of $231.6 million, or 33.8%, was primarily due to increases in volume across both segments and incremental revenues from the Huen Companies, which was acquired in the third quarter of 2018.

Gross margin. Gross margin was 9.4% for the six months ended June 30, 2019 compared to 10.9% for the six months ended June 30, 2018. The decrease in gross margin was primarily due to inclement weather on certain projects and material delays associated with a joint venture project in which we own the majority controlling interest, which were partially offset by net loss attributable to noncontrolling interest. The joint venture project is subject to margin guarantees, for which an offset is recognized in other income. Gross margin was also negatively impacted by projects with changes in estimates relating to a higher level of costs on items bid at lower margins, inclement weather conditions, and labor inefficiencies for which we are in ongoing negotiations to receive reimbursement. These margin decreases were partially offset by better than anticipated productivity on a project. Changes in estimates of gross profit on certain projects resulted in a gross margin decrease of 1.0% and an increase of 0.1% for the six months ended June 30, 2019 and 2018, respectively.

Gross profit. Gross profit was $86.0 million for the six months ended June 30, 2019 compared to $74.4 million for the six months ended June 30, 2018, the increase of $11.6 million, or 15.7% was due to higher revenues, partially offset by lower margins.

Selling, general and administrative expenses. SG&A was $66.9 million for the six months ended June 30, 2019 compared to $57.4 million for the six months ended June 30, 2018. The period-over-period increase of $9.5 million was primarily due to the acquisition of the Huen Companies and higher employee related expenses to support operations. As a percentage of revenues, SG&A was 7.3% for the six months ended June 30, 2019 and 8.4% for the six months ended June 30, 2018.

Gain on sale of property and equipment. Gains from the sale of property and equipment for the six months ended June 30, 2019 were $1.4 million compared to $2.1 million for the six months ended June 30, 2018. Gains from the sale of property and equipment are attributable to routine sales of property and equipment no longer useful or valuable to our ongoing operations.

Interest expense. Interest expense was $2.4 million for the six months ended June 30, 2019 compared to $1.5 million for the six months ended June 30, 2018. This increase was primarily attributable to increased borrowing related to the acquisition of the Huen Companies, an increase in our working capital needs and an increase in our weighted average interest rate during the six months ended June 30, 2019 as compared to the six months ended June 30, 2018.

Other income. Other income was $1.3 million for the six months ended June 30, 2019, primarily attributable to a reduction in contingent consideration related to margin guarantees on certain contracts associated with the acquisition of the Huen Companies recognized in the three months ended June 30, 2019. Other income was $0.3 million for the six months ended June 30, 2018.

Income tax expense. Income tax expense was $5.0 million for the six months ended June 30, 2019, with an effective tax rate of 27.9%, compared to the expense of $5.1 million for the six months ended June 30, 2018, with an effective tax rate of 28.8%. The decrease in the tax rate in the six months ended June 30, 2019 was primarily due to state income taxes offset by the impact of our noncontrolling interest. Our inability to utilize losses experienced in certain Canadian operations negatively impacted the effective tax rate in the six months ended June 30, 2018.

Net income attributable to MYR Group Inc. Net income attributable to MYR Group Inc. was $14.6 million for the six months ended June 30, 2019 compared to $12.5 million for the six months ended June 30, 2018. The increase was primarily due to the reasons stated earlier.

Segment Results

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

	Six months ended June 30,			
	2019		2018	
(Dollars in thousands)	Amount	Percent	Amount	Percent
Contract revenues:				
Transmission & Distribution	$ 528,458	57.6%	$ 413,311	60.3%
Commercial & Industrial	388,412	42.4	271,976	39.7
Total	$ 916,870	100.0%	$ 685,287	100.0%
Operating income (loss):				
Transmission & Distribution	$ 30,980	5.9%	$ 24,559	5.9%
Commercial & Industrial	9,570	2.5%	14,971	5.5%
Total	40,550	4.4%	39,530	5.8%
Corporate	(21,514)	(2.3)	(20,766)	(3.0)
Consolidated	$ 19,036	2.1%	$ 18,764	2.8%

Transmission & Distribution

Revenues for our T&D segment for the six months ended June 30, 2019 were $528.5 million compared to $413.3 million for the six months ended June 30, 2018, an increase of $115.2 million, or 27.9%. The increase in revenue was primarily due to an increase in volume on small- to medium-sized transmission projects.

Revenues from transmission projects represented 67.6% and 62.0% of T&D segment revenue for the six months ended June 30, 2019 and 2018, respectively. Additionally, for the six months ended June 30, 2019, measured by revenue in our T&D segment, we provided 47.9% of our T&D services under fixed-price contracts, as compared to 37.9% for the six months ended June 30, 2018.

Operating income for our T&D segment for the six months ended June 30, 2019 was $31.0 million, an increase of $6.4 million, or 26.1%, from the six months ended June 30, 2018. The increase in T&D operating income from the prior year was primarily due to higher volume on transmission and distribution projects. This improvement from the prior year was partially offset by lower margins and changes in estimates of gross profit on certain projects. These estimate changes were primarily due to inclement weather on certain projects and an increase in non-reimbursable cost on a project. These impacts were partially offset by better than anticipated productivity on certain projects. As a percentage of revenues, operating income for our T&D segment was 5.9% for the six months ended June 30, 2019 and June 30, 2018.

Commercial & Industrial

Revenues for our C&I segment for the six months ended June 30, 2019 were $388.4 million compared to $272.0 million for the six months ended June 30, 2018, an increase of $116.4 million, or 42.8%, primarily due to increases in volume across all project sizes and incremental revenues from the Huen Companies. Measured by revenue in our C&I segment, we provided 64.1% of our services under fixed-price contracts for the six months ended June 30, 2019, compared to 66.0% for the six months ended June 30, 2018.

Operating income for our C&I segment for the six months ended June 30, 2019 was $9.6 million, a decrease of $5.4 million over the six months ended June 30, 2018. The period-over-period decrease in operating income was primarily due to changes in estimates of gross profit on certain projects. These estimate changes were primarily due to unanticipated overtime and material delays associated with a joint venture project in which we own the majority controlling interest, which were partially offset by net loss attributable to noncontrolling interest. The joint venture project is subject to margin guarantees, for which an offset is recognized in other income. Operating income was also negatively impacted by projects with changes in estimates relating to a higher level of costs on items bid at lower margins, inclement weather conditions, and labor inefficiencies for which we are in ongoing negotiations to receive reimbursement. The decrease in operating income was also due to amortization related to certain intangibles acquired with the Huen Companies, an increase in bad debt expense associated with a customer bankruptcy and a favorable claim settlement in the prior year. These impacts were partially offset by higher revenues. As a percentage of revenues, operating income for our C&I segment was 2.5% for the six months ended June 30, 2019 compared to 5.5% for the six months ended June 30, 2018.

Non-GAAP Measure—EBITDA

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

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

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

	Three months ended June 30,		Six months ended June 30,	
(In thousands)	**2019**	**2018**	**2019**	**2018**
Net income attributable to MYR Group Inc.	$ 7,207	$ 6,835	$ 14,560	$ 12,479
Net loss attributable to noncontrolling interests	(849)	—	(1,582)	—
Net income	6,358	6,835	12,978	12,479
Add:				
Interest expense, net	1,168	783	2,373	1,504
Income tax expense	2,466	2,764	5,013	5,055
Depreciation & amortization	10,634	9,434	21,183	18,826
EBITDA	$ 20,626	$ 19,816	$ 41,547	$ 37,864

We also use EBITDA as a liquidity measure. Certain material covenants contained within our credit agreement (the "Credit Agreement") are based on EBITDA. Non-compliance with these financial covenants under the Credit Agreement — our interest coverage ratio which is defined in the Credit Agreement as Consolidated EBITDA (as defined in the Credit Agreement) divided by interest expense (as defined in the Credit Agreement) and our leverage ratio, which is defined in the Credit Agreement as Consolidated Total Indebtedness (as defined in the Credit Agreement), divided by Consolidated EBITDA (as defined in the Credit Agreement) — could result in our lenders requiring us to immediately repay all amounts borrowed. If we anticipated a potential covenant violation, we would seek relief from our lenders, likely causing us to incur additional cost, and such relief might not be available, or if available, might not be on terms as favorable as those in the Credit Agreement. In addition, if we cannot satisfy these financial covenants, we would be prohibited under the Credit Agreement from engaging in certain activities, such as incurring additional indebtedness, making certain payments, and acquiring or disposing of assets. Based on the information above, management believes that the presentation of EBITDA as a liquidity measure is useful to investors and relevant to their assessment of our capacity to service or incur debt, fund capital expenditures, finance acquisitions and expand our operations.

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

	Three months ended June 30,		Six months ended June 30,	
(In thousands)	**2019**	**2018**	**2019**	**2018**
Provided By Operating Activities:				
Net cash flows provided by operating activities	$ 15,604	$ 23,233	$ 7,399	$ 45,266
Add/(subtract):				
Changes in operating assets and liabilities	2,841	(6,993)	28,324	(13,871)
Adjustments to reconcile net income to net cash flows provided by operating activities	(12,087)	(9,405)	(22,745)	(18,916)
Depreciation & amortization	10,634	9,434	21,183	18,826
Provision for income taxes	2,466	2,764	5,013	5,055
Interest expense, net	1,168	783	2,373	1,504
EBITDA	$ 20,626	$ 19,816	$ 41,547	$ 37,864

Liquidity and Capital Resources

As of June 30, 2019, we had working capital of $209.3 million. We define working capital as current assets less current liabilities. During the six months ended June 30, 2019, operating activities of our business provided net cash of $7.4 million, compared to $45.3 million of cash provided for the six months ended June 30, 2018. Cash flow from operations is primarily influenced by demand for our services, operating margins, timing of contract performance and the type of services we provide to our customers. The $37.9 million year-over-year change in cash provided by operating activities was primarily due to unfavorable net changes in operating assets and liabilities of $42.2 million, partially offset by an increase in depreciation and amortization of $2.4 million and a $0.7 million increase stock compensation expense. The unfavorable change in operating assets and liabilities was primarily due to an unfavorable change of $20.2 million in other liabilities and the net unfavorable year-over-year increases in various working capital accounts that relate primarily to construction activities (accounts receivable, contract assets, accounts payable and contract liabilities), of $16.8 million. The decrease in cash provided by other liabilities was primarily due to the payment of net asset adjustments related to the acquisition of the Huen Companies and the timing of taxes and higher bonus and profit-sharing accruals. The decline in cash provided by working capital accounts, primarily related to construction activities, was due to increased working capital requirements needed to support our increased revenue and the impact of significant change orders and/or claims on certain contracts.

In the six months ended June 30, 2019, we used net cash in investing activities of $26.3 million, consisting of $28.0 million for capital expenditures, partially offset by $1.7 million of proceeds from the sale of equipment.

In the six months ended June 30, 2019, financing activities provided net cash of $15.7 million, consisting primarily of $24.0 million of new equipment notes under our Master Loan Agreements, which were partially offset by $5.9 million of repayments under our revolving line of credit, $1.5 million of repayments of principal obligations under equipment notes and share repurchases of $0.8 million, all of which represented shares surrendered to satisfy tax obligations under our stock compensation programs during the six months ended June 30, 2019.

We anticipate that our borrowing availability of $175.5 million at June 30, 2019 under the credit facility and future cash flow from operations will provide sufficient cash to enable us to meet our future operating needs, debt service requirements, capital expenditures, acquisition and joint venture opportunities, and share repurchases. Although we believe that we have adequate cash and borrowing capacity to meet our liquidity needs, any large projects or acquisitions may require additional capital.

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

Debt Instruments

Credit Agreement

On June 30, 2016, we entered into a five-year amended and restated credit agreement (the "Credit Agreement") with a syndicate of banks led by JPMorgan Chase Bank, N.A. and Bank of America, N.A. On September 28, 2018 we amended the Credit Agreement. This amendment, among other things, reduced the amount available to be used for letters of credit. The Credit Agreement provides for a facility of $250 million (the "Facility") that may be used for revolving loans of which $150 million may be used for letters of credit. The Facility also allows for revolving loans and letters of credit in Canadian dollars and other currencies, up to the U.S. dollar equivalent of $50 million. We have an expansion option to increase the commitments under the Facility or enter into incremental term loans, subject to certain conditions, by up to an additional $100 million upon receipt of additional commitments from new or existing lenders. Subject to certain exceptions, the Facility is secured by substantially all of our assets and the assets of our domestic subsidiaries and by a pledge of substantially all of the capital stock of our domestic subsidiaries and 65% of the capital stock of our direct foreign subsidiaries. Additionally, subject to certain exceptions, our domestic subsidiaries also guarantee the repayment of all amounts due under the Credit Agreement. If an event of default occurs and is continuing, on the terms and subject to the conditions set forth in the Credit Agreement, amounts outstanding under the Facility may be accelerated and may become or be declared immediately due and payable. Borrowings under the Credit Agreement were used to refinance existing debt and are expected to be used for working capital, capital expenditures, acquisitions, stock repurchases and other general corporate purposes.

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

Under the Credit Agreement, we are subject to certain financial covenants and must maintain a maximum consolidated Leverage Ratio of 3.0 and a minimum interest coverage ratio of 3.0, which is defined in the Credit Agreement as Consolidated EBITDA (as defined in the Credit Agreement) divided by interest expense (as defined in the Credit Agreement). The Credit Agreement also contains a number of covenants, including limitations on asset sales, investments, indebtedness and liens. In connection with any permitted acquisition where the total consideration exceeds $50 million, we may request that the maximum permitted consolidated Leverage Ratio increase from 3.0 to 3.5. Any such increase, if given effect, shall begin in the quarter in which such permitted acquisition is consummated and shall continue in effect for four consecutive fiscal quarters. We were in compliance with all of the financial covenants under the Credit Agreement as of June 30, 2019.

As of June 30, 2019, we had $52.4 million of debt outstanding under the Facility and letters of credit outstanding of approximately $22.1 million. As of December 31, 2018, we had $58.3 million of debt outstanding under the Facility and letters of credit outstanding of approximately $21.2 million.

Equipment Notes

We have entered into multiple Master Loan Agreements with multiple banks. The Master Loan Agreements may be used for financing of equipment between us and the lending banks pursuant to one or more equipment notes ("Equipment Notes"). Each Equipment Note constitutes a separate, distinct and independent financing of equipment and contractual obligation.

As of June 30, 2019, we had executed seven Equipment Notes that are collateralized by equipment and vehicles owned by us. The outstanding balance of these Equipment Notes was $54.1 million as of June 30, 2019.

Off-Balance Sheet Transactions

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

For a discussion regarding off-balance sheet transactions, please refer to Note 9–Commitments and Contingencies in the accompanying notes to our Consolidated Financial Statements.

Concentration of Credit Risk

We grant trade credit under normal payment terms, generally without collateral, to our customers, which include high credit quality electric utilities, governmental entities, general contractors and builders, owners and managers of commercial and industrial properties located in the United States. Consequently, we are subject to potential credit risk related to changes in business and economic factors throughout the United States. However, we generally have certain statutory lien rights with respect to services provided. Under certain circumstances such as foreclosures or negotiated settlements, we may take title to the underlying assets in lieu of cash in settlement of receivables. As of June 30, 2019 and 2018, none of our customers individually exceeded 10.0% of consolidated accounts receivable. Management believes the terms and conditions in its contracts, billing and collection policies are adequate to minimize the potential credit risk.

New Accounting Pronouncements

For a discussion regarding new accounting pronouncements, please refer to Note 1–Organization, Business and Basis of Presentation—Recently Issued Accounting Pronouncements in the accompanying notes to our Consolidated Financial Statements.

Critical Accounting Policies

The discussion and analysis of our financial condition and results of operations are based on our consolidated financial statements, which have been prepared in accordance with U.S. GAAP. The preparation of these consolidated financial statements requires us to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosures of contingent assets and liabilities known to exist at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. We evaluate our estimates on an ongoing basis, based on historical experience and on various other assumptions that we believe to be reasonable under the circumstances. There can be no assurance that actual results will not differ from those estimates. For further information regarding our critical accounting policies and estimates, please refer to Item 7, “Management’s Discussion and Analysis of Financial Condition and Results of Operations—Critical Accounting Policies” included in our 2018 Annual Report.

Cautionary Statement Concerning Forward-Looking Statements and Information

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

Statements in this Quarterly Report on Form 10-Q contain various forward-looking statements within the meaning of Section 27A of the Securities Act of 1933 (the “Securities Act”) and Section 21E of the Securities Exchange Act of 1934 (the “Exchange Act”), which represent our beliefs and assumptions concerning future events. When used in this document and in documents incorporated by reference, forward-looking statements include, without limitation, statements regarding financial forecasts or projections, and our expectations, beliefs, intentions or future strategies that are signified by the words “anticipate,” “believe,” “estimate,” “expect,” “intend,” “may,” “objective,” “outlook,” “plan,” “project,” “likely,” “unlikely,” “possible,” “potential,” “should” or other words that convey the uncertainty of future events or outcomes. The forward-looking statements in this Quarterly Report on Form 10-Q speak only as of the date of this Quarterly Report on Form 10-Q. We disclaim any obligation to update these statements (unless required by securities laws), and we caution you not to rely on them unduly. We have based these forward-looking statements on our current expectations and assumptions about future events. While we consider these expectations and assumptions to be reasonable, they are inherently subject to significant business, economic, competitive, regulatory and other risks, contingencies and uncertainties, most of which are difficult to predict, and many of which are beyond our control. These and other important factors, including those discussed under the caption “Forward-Looking Statements” and in Item 1A. “Risk Factors” in our 2018 Annual Report, and in any risk factors or cautionary statements contained in our other filings with the Securities and Exchange Commission, may cause our actual results, performance or achievements to differ materially from any future results, performance or achievements expressed or implied by these forward-looking statements.

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

- Our operating results may vary significantly from period to period.
- Our industry is highly competitive. Increased competition can place downward pressure on contract prices and profit margins and may limit the number of projects that we are awarded.
- We may be unsuccessful in generating internal growth, which could impact the projects available to the Company.

- Negative economic and market conditions, as well as regulatory and environmental requirements, may adversely impact our customers' future spending and, as a result, our operations and growth.
- Project performance issues, including those caused by third parties, or certain contractual obligations may result in additional costs to us, reductions or delays in revenues or the payment of penalties, including liquidated damages.
- Our revenues may be exposed to potential risk if a project is terminated or canceled, if our customers encounter financial difficulties or if we encounter disputes with our customers.
- Our business is labor intensive and we may be unable to attract and retain qualified employees.
- The timing of new contracts and termination of existing contracts may result in unpredictable fluctuations in our cash flows and financial results.
- During the ordinary course of our business, we may become subject to lawsuits or indemnity claims, which could materially and adversely affect our business and results of operations.
- We may incur liabilities and suffer negative financial or reputational impacts relating to occupational health and safety matters.
- Backlog may not be realized or may not result in profits and may not accurately represent future revenue.
- Our business growth could outpace the capability of our internal resources and limit our ability to support growth.
- Our dependence on suppliers, subcontractors and equipment manufacturers could expose us to the risk of loss in our operations.
- Our participation in joint ventures and other projects with third parties may expose us to liability for failures of our partners.
- Our inability to successfully execute our acquisition strategy may have an adverse impact on our growth strategy.
- Legislative or regulatory actions relating to electricity transmission and renewable energy may impact demand for our services.
- Our use of percentage-of-completion accounting could result in a reduction or reversal of previously recognized profits.
- Our insurance coverage will not fully indemnify us against certain claims or losses. Further, our insurance has limits and exclusions and not all losses or claims are insured.
- Our actual costs may be greater than expected in performing our fixed-price and unit-price contracts.
- Our financial results are based upon estimates and assumptions that may differ from actual results.
- The loss of a key customer could have an adverse effect on us.
- Our failure to comply with environmental and other laws and regulations could result in significant liabilities.
- Unavailability or cancellation of third party insurance coverages would increase our overall risk exposure and could disrupt our operations.
- We extend trade credit to customers for purchases of our services, and may have difficulty collecting receivables from them.
- We may not be able to compete for, or work on, certain projects if we are not able to obtain the necessary bonds, letters of credit, bank guarantees or other financial assurances.
- Inability to hire or retain key personnel could disrupt our business.
- Our business may be affected by seasonal and other variations, including severe weather conditions and the nature of our work environment.
- We may fail to execute or integrate acquisitions or joint ventures successfully.
- Work stoppages or other labor issues with our unionized workforce could adversely affect our business.
- Failure to obtain permitting, right-of-way access and other tactical considerations prior to the commencement of work could delay the commencement of work on projects or cause modifications of work plans, potentially resulting in lower margins.

- Multi-employer pension plan obligations related to our unionized workforce could adversely impact our earnings.
- Our results of operations could be adversely affected as a result of asset impairments.
- We may not have access in the future to sufficient funding to finance desired growth and operations.
- We, or our business partners, may be subject to failures, interruptions or breaches of information technology systems, which could affect our operations or our competitive position, expose sensitive information, or damage our reputation.
- Our stock has experienced significant price and volume fluctuations and future sales of our common stock could lead to dilution of our issued and outstanding common stock.
- Our operations are subject to a number of operational risks which may result in unexpected costs or liabilities.
- Opportunities associated with government contracts could lead to increased governmental regulation applicable to us.
- Changes in our interpretation of tax laws could impact the determination of our income tax liabilities for a tax year.
- Risks associated with operating in the Canadian market could restrict our ability to expand and harm our business and prospects.
- Our failure to comply with the laws applicable to our Canadian activities, including the U.S. Foreign Corrupt Practices Act and similar anti-bribery laws, could have an adverse effect on us.
- The nature of our business exposes us to potential liability for warranty claims and faulty engineering, which may reduce our profitability.
- Our internal controls over financial reporting and our disclosure controls and procedures may not prevent all possible errors that could occur. Internal controls over financial reporting and disclosure controls and procedures, no matter how well designed and operated, can provide only reasonable, not absolute, assurance that the control system’s objective will be met.
- An increase in the prices of certain materials and commodities used in our business could adversely affect our business.
- Our variable rate indebtedness subjects us to interest rate risk, which could cause our debt service obligations to increase significantly.
- Certain provisions in our organizational documents and Delaware law could delay or prevent a change in control of our company.
- We are subject to risks associated with climate change.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

As of June 30, 2019, we were not party to any derivative instruments. We did not use any material derivative financial instruments during the six months ended June 30, 2019 and 2018, including instruments for trading, hedging or speculating on changes in interest rates or commodity prices of materials used in our business.

As of June 30, 2019, we had $52.4 million of debt outstanding under the Facility. Borrowings under the Facility are based upon an interest rate that will vary depending upon the prime rate, federal funds rate and Adjusted LIBOR. If the prime rate, federal funds rate or Adjusted LIBOR increased, our interest payment obligations on outstanding borrowings would increase and have a negative effect on our cash flow and financial condition. We currently do not maintain any hedging contracts that would limit our exposure to variable rates of interest when we have outstanding borrowings. If market rates of interest on all our revolving debt as of June 30, 2019, which is subject to variable rates, permanently increased by 1%, the increase in interest expense on all revolving debt would decrease future income before provision for income taxes and cash flows by approximately $0.5 million annually. If market rates of interest on all our revolving debt, which is subject to variable rates as of June 30, 2019, permanently decreased by 1%, the decrease in interest expense on all debt would increase future income before provision for income taxes and cash flows by the same amount.

Borrowings under our Equipment Notes are at fixed rates established on the date the respective Equipment Note was executed.

ITEM 4. CONTROLS AND PROCEDURES

Disclosure Controls and Procedures

Under the supervision, and with the participation of our management, including our Chief Executive Officer and Chief Financial Officer, we have evaluated the effectiveness of our disclosure controls and procedures, as defined under Exchange Act Rules 13a-15(e) and 15d-15(e), as of the end of the period covered by this quarterly report. Based on that evaluation, the Chief Executive Officer and Chief Financial Officer concluded that our disclosure controls and procedures were effective as of June 30, 2019.

Changes in Internal Control Over Financial Reporting

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

For the year ended December 31, 2018, management’s assessment of our internal control over financial reporting excluded the internal control over financial reporting of Huen Electric, Inc., which was acquired on July 2, 2018. Pursuant to the SEC’s general guidance that a recently acquired business may be omitted from the scope of an assessment in the year of the acquisition, the scope of our assessment does not include Huen Electric, Inc. Our assessment of the effectiveness of internal control over financial reporting as of December 31, 2019 will included Huen Electric, Inc. As of June 30, 2019, Huen Electric, Inc. represented a total of approximately 8.7% and 7.9% of total assets and net assets, respectively, and 6.6% and 4.6% of contract revenues and income before income taxes, respectively, for the period then ended.

PART II—OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

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

ITEM 1A. RISK FACTORS

As of the date of this filing, there have been no material changes to the risk factors previously discussed in Item 1A. “Risk Factors” of our 2018 Annual Report. An investment in our common stock involves various risks. When considering an investment in our Company, you should carefully consider all of the risk factors described in our 2018 Annual Report. These risks and uncertainties are not the only ones facing us and there may be additional matters that are not known to us or that we currently consider immaterial. These risks and uncertainties could adversely affect our business, financial condition or future results and, thus, the value of our common stock and any investment in our company.

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

Issuances of Common Stock. On April 25, 2019, 660 unregistered shares of our common stock, valued in the aggregate at $23,984, were issued to directors of the Company who elected to receive a portion of their director retainer fee in stock in lieu of cash. The shares were issued pursuant to the exemption from registration provided by Section 4(a)(2) of the Securities Act of 1933 for an issuance not involving a public offering.

Purchases of Common Stock. The Company did not repurchase any shares of its common stock during the period from April 1, 2019 through June 30, 2019. The Company maintains a share repurchase program that authorizes the purchase up to $20.0 million of shares of its common stock. The share repurchase program will expire on August 15, 2019, or when the authorized funds are exhausted.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES

None.

ITEM 4. MINE SAFETY DISCLOSURES

Not Applicable.

ITEM 5. OTHER INFORMATION

None.

ITEM 6. EXHIBITS

Number	Description
10.1	Form of Non-Employee Directors Restricted Stock Unit Award Agreement under the 2017 Long-Term Incentive Plan†
10.2	Amendment No. 2 to Amended and Restated Credit Agreement, dated June 7, 2019†
10.3	Asset Purchase Agreement, dated as of July 15, 2019, by and among MYR Group, Inc., certain subsidiaries of MYR Group, Inc., as purchasers, and CSI Electrical Contractors, Inc.†**
31.1	Certification of Chief Executive Officer pursuant to SEC Rule 13a-14(a)/15d-14(a)†
31.2	Certification of Chief Financial Officer pursuant to SEC Rule 13a-14(a)/15d-14(a)†
32.1	Certification of Chief Executive Officer pursuant to 18 U.S.C. §1350†
32.2	Certification of Chief Financial Officer pursuant to 18 U.S.C. §1350†
101.INS	XBRL Instance Document*
101.SCH	XBRL Taxonomy Extension Schema Document*
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document*
101.DEF	XBRL Taxonomy Extension Definition Linkbase Document*
101.LAB	XBRL Taxonomy Extension Label Linkbase Document*
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document*

† Filed herewith

* Electronically filed

** Certain schedules and exhibits have been omitted pursuant to Item 601(a)(5) of Regulation S-K promulgated by the SEC. The Company agrees to furnish a supplemental copy of any omitted schedule or exhibit to the SEC upon request.

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

MYR GROUP INC.
(Registrant)

July 31, 2019

/s/ BETTY R. JOHNSON
Betty R. Johnson
Senior Vice President, Chief Financial Officer and Treasurer

Exhibit 10.1

MYR GROUP INC.

RESTRICTED STOCK UNITS AND DIVIDEND EQUIVALENTS AWARD AGREEMENT (Non-Employee Director)

This AGREEMENT (this "Agreement") is made as of April ___, 2019, by and between MYR Group Inc., a Delaware corporation (the "Company"), and [ ] (the "Participant").

1. Grant of Restricted Stock Units. Pursuant to the MYR Group Inc. 2017 Long-Term Incentive Plan (the "Plan") and subject to the terms and conditions thereof and the terms and conditions hereinafter set forth, the Company has granted, as of April ___, 2019 (the "Date of Grant"), to the Participant [ ] Restricted Stock Units.

2. Rights of the Participant. Each Restricted Stock Unit, upon becoming vested before its expiration, represents a right to receive payment in the form of one (1) share of Common Stock. Each tandem Dividend Equivalent represents a right to receive cash payments equivalent to the amount of cash dividends declared and paid on one (1) share of Common Stock after the Date of Grant and until the earlier of (a) the time the Restricted Stock Units vest and become payable or (b) the date the Restricted Stock Units are forfeited/expire. Restricted Stock Units and Dividend Equivalents are used solely as units of measurement, and are not shares of Common Stock and the Grantee is not, and has no rights as, a shareholder of the Company by virtue of this Award. The Restricted Stock Units and Dividend Equivalents subject to this Agreement have been awarded to the Grantee in respect of services to be performed by the Participant during the vesting period.

3. Restrictions on Transfer. The rights to the Restricted Stock Units may not be transferred, assigned or subject to any encumbrance, pledge or charge; provided, however, that the Participant's rights with respect to the Restricted Stock Units may be transferred by will or pursuant to the laws of descent and distribution. Any purported transfer in violation of the provisions of this Section 3 shall be void, and the other party to any such purported transaction shall not obtain any rights to or interest in the Restricted Stock Units.

4. Vesting of Restricted Stock Units. Subject to the terms and conditions of this Agreement and the Plan, the Restricted Stock Units shall vest on April ___, 2020, provided the Participant remains a member of the Board through April ___, 2020 (or as otherwise provided in Section 5 of the Agreement).

5. Accelerated Vesting. Notwithstanding the provisions of Section 4 hereof, the Restricted Stock Units covered by this Agreement shall become immediately vested in full (1) if a Change in Control occurs while the Participant is a member of the Board or (2) the Participant's service on the Board is terminated due to the Participant's death or disability, where disability means that, by reason of any medically determinable physical or mental impairment that can be expected to result in death or can be expected to last for a continuous period of not less than twelve months, the Participant is unable to engage in any substantial gainful activity or is receiving income replacement benefits under an accident and health benefit plan covering the Participant for a period of not less than three months.

6. Payment of Restricted Stock Units. Except as provided in the next sentence, payment of any vested Restricted Stock Units subject to this Agreement shall be made as soon as administratively practicable following (but no later than thirty (30) days following) the later of the date that the Restricted Stock Units vest pursuant to Section 4 or 5 hereof and, if applicable, the date specified pursuant to a permitted deferral election made by the Participant on or prior to December 31, 2018 and on file with the Company. To the extent applicable, if the Restricted Stock Units become payable on the Participant's "separation from service" with the Company and its Subsidiaries within the meaning of Section 409A(a)(2)(A)(i) of the Code, the Participant is a "specified employee" as determined pursuant to procedures adopted by the Company in compliance with Section 409A of the Code, and the amount payable hereunder constitutes a "deferral of compensation" (within the meaning of Section 409A of the Code), then payment for the Restricted Stock Units shall be made on the earlier of the first day of the seventh month after the date of the Participant's "separation from service" with the Company and its Subsidiaries within the meaning of Section 409A(a)(2)(A)(i) of the Code or the Participant's death. Payment shall be in the form of delivery of one (1) share of Common Stock for each vested Restricted Stock Unit.

To the extent that the Company is required to withhold any federal, state, provincial, local or foreign taxes in connection with any delivery of shares of Common Stock to the Participant, and the amounts available to the Company for such withholding are insufficient, it shall be a condition to the receipt of such delivery that the Participant shall pay such taxes by the Company's retention of a portion of the shares of Common Stock otherwise deliverable to the Participant. The shares so retained shall be credited against such withholding requirement at the fair market value on the date of such delivery. In no event, however, shall the Company accept shares for payment of taxes in excess of minimum required tax withholding rates; therefore, the Participant agrees to a payroll deduction for the amount of the withholding requirement that may be greater than the value of the whole number of shares retained for such purpose.

The Participant acknowledges that, regardless of any action taken by the Company, the ultimate liability for all income tax, social insurance, payroll tax, fringe benefits tax, payment on account or other tax-related items related to the Participant's participation in the Plan and legally applicable to the Participant ("Tax-Related Items") is and remains the Participant's responsibility and may exceed the amount actually withheld by the Company. The Participant further acknowledges that the Company (1) makes no representations or undertakings regarding the treatment of any Tax-Related Items in connection with any aspect of the Restricted Stock Units, including, but not limited to, the grant, vesting or settlement of the Restricted Stock Units and the receipt of any dividends and/or any dividend equivalents, or the subsequent sale of shares of Common Stock acquired pursuant to such settlement, and (2) does not commit to and is under no obligation to structure the terms of the grant or any aspect of the Restricted Stock Units to reduce or eliminate the Participant's liability for Tax-Related Items or achieve any particular tax result.

Except to the extent provided by Section 409A of the Code and permitted by the Committee, no shares of Common Stock may be issued to the Participant at a time earlier than otherwise expressly provided in this Agreement. The Company's obligations to the Participant with respect to the Restricted Stock Units will be satisfied in full upon the issuance of shares of Common Stock corresponding to such Restricted Stock Units.

7. Forfeiture/Expiration. Except to the extent the Restricted Stock Units covered by this Agreement have vested pursuant to Section 4 or 5 hereof, the Participant's right to retain the Restricted Stock Units covered by this Agreement shall be forfeited automatically and without further notice on the date that the Participant ceases to be a member of the Board for any reason other than as described in Section 5.

8. Dividend Equivalents Payments. With respect to each of the Restricted Stock Units covered by this Agreement, the Participant shall be credited on the records of the Company with dividend equivalents in an amount equal to the amount per share of Common Stock of any cash dividends declared by the Board on the outstanding shares of Common Stock during the period beginning on the Date of Grant and ending either on the date on which the Participant receives payment for the Restricted Stock Units pursuant to Section 6 hereof or at the time when the Restricted Stock Units are forfeited in accordance with Section 7 of this Agreement. These dividend equivalents will accumulate without interest and, subject to the terms and conditions of this Agreement, will be paid in cash at the same time and to the same extent as the Restricted Stock Units for which the dividend equivalents were credited.

9. Restrictive Covenants. If the Participant engages in any conduct in breach of any noncompetition, nonsolicitation or confidentiality obligations to the Company under any agreement, policy or plan, then such conduct shall also be deemed to be a breach of the terms of the Plan and this Agreement. Upon such breach, the Participant's right to retain the Restricted Stock Units covered by this Agreement shall be forfeited automatically and without further notice and, if and to the extent any Restricted Stock Units covered by this Agreement have vested pursuant to Section 4 or 5 within a period of 18 months prior to such breach, the Participant shall be required to return to the Company, upon demand, any shares paid to the Participant in settlement of the Restricted Stock Units (or the net proceeds of any sales of such shares) and the value of any Dividend Equivalents paid. For purposes of this Section 9, net proceeds shall mean the net amount realized upon the disposition of the shares. Notwithstanding anything in this Agreement to the contrary, nothing in this Agreement prevents the Participant from providing, without prior notice to the Company, information to governmental authorities regarding possible legal violations or otherwise testifying or participating in any investigation or proceeding by any governmental authorities regarding possible legal violations, and for purpose of clarity the Participant is not prohibited from providing information voluntarily to the Securities and Exchange Commission pursuant to Section 21F of the Exchange Act.

10. Recovery of Restricted Stock Units. If (a) the Company restates any part of its financial statements for any fiscal year or years during which the Restricted Stock Units covered by this Agreement have been granted due to material noncompliance with any financial reporting requirement under the U.S. securities laws applicable to such fiscal year or years (a "Restatement") and (b) the Committee determines that the Participant is personally responsible for causing the Restatement as a result of the Participant's personal misconduct or any fraudulent activity on the part of the Participant, then the Committee has discretion to, based on applicable facts and circumstances and subject to applicable law, cause the Participant's right to retain the Restricted Stock Units covered by this Agreement to be forfeited automatically and without further notice and, if and to the extent any Restricted Stock Units covered by this Agreement have vested pursuant to Section 4 or 5 within a period of 18 months prior to the Restatement, the Participant shall be required to return to the Company, upon demand, any shares paid to the Participant in settlement of the Restricted Stock Units (or the net proceeds of any sales of such shares) and the value of any Dividend Equivalents paid. For purposes of this Section 10, net proceeds shall mean the net amount realized upon the disposition of the shares. Notwithstanding anything herein to the contrary, the Participant's consent shall not be required for an amendment to this Agreement that is deemed necessary by the Company to ensure compliance with the Dodd-Frank Wall Street Reform and Consumer Protection Act (the "Dodd-Frank Act") or any regulations promulgated thereunder, including as a result of the implementation of any recoupment policy the Company adopts to comply with the requirements set forth in the Dodd-Frank Act.

11. Relation to Plan. This Agreement is subject to the terms and conditions of the Plan. In the event of any inconsistency between the provisions of this Agreement and the Plan, the Plan shall govern. The Committee acting pursuant to the Plan, as constituted from time to time, shall, except as expressly provided otherwise herein or in the Plan, have the right to determine any questions that arise and to exercise its discretionary authority under the Plan in connection with the grant of the Restricted Stock Units. The number of Restricted Stock Units subject to this Agreement, and the other terms and conditions of this award, are subject to mandatory adjustment as provided in Section 3.2 of the Plan.

12. Miscellaneous. All decisions or interpretations of the Committee with respect to any question arising under the Plan or this Agreement shall be binding, conclusive and final. The waiver by the Company of any provision of this Agreement shall not operate as or be construed to be a subsequent waiver of the same provision or of any other provision of this Agreement. The Participant agrees to execute such other agreements, documents or assignments as may be necessary or desirable to effect the purposes of this Agreement. The Company shall make reasonable efforts to comply with all applicable federal and state securities laws; provided, however, notwithstanding any other provision of the Plan and this Agreement, the Company shall not be obligated to issue any shares of Common Stock pursuant to this Agreement if the issuance thereof would result in a violation of any such law. To the extent applicable, it is intended that this Agreement and the Plan comply with the provisions of Section 409A of the Code. This Agreement and the Plan shall be administered in a manner consistent with this intent, and any provision that would cause this Agreement or the Plan to fail to satisfy Section 409A of the Code shall have no force or effect until amended to comply with Section 409A of the Code (which amendment may be retroactive to the extent permitted by Section 409A of the Code and may be made by the Company without the consent of the Participant). Any reference in this Agreement to Section 409A of the Code will also include any proposed, temporary or final regulations, or any other guidance, promulgated with respect to such section by the U.S. Department of the Treasury or the Internal Revenue Service.

13. Capitalized Terms. All capitalized terms used in this Agreement that are not defined herein shall have the meanings given them in the Plan or resolutions adopted by the Committee authorizing grants made under this Agreement, unless the context clearly requires otherwise.

14. Nature of Grant. Nothing in this Agreement will give the Participant any right to continue service as a Non-Employee Director with the Company or interfere in any way with the right of the Company to terminate the service of the Participant as a Non-Employee Director. Furthermore, the Participant acknowledges and agrees that (a) the grant of the Restricted Stock Units to the Participant is a voluntary, discretionary award and it does not constitute a commitment to make any future awards, (b) the Plan is established voluntarily by the Company, it is discretionary in nature and it may be modified, amended, suspended or terminated by the Company at any time, (c) all decisions with respect to future Restricted Stock Units grants, if any, will be at the sole discretion of the Company, (d) participation in the Plan is voluntary, (e) the future value of the underlying shares of Common Stock is unknown and cannot be predicted with certainty, and (f) in consideration of the grant of Restricted Stock Units, no claim or entitlement to compensation or damages shall arise from termination of the Restricted Stock Units or diminution in value of the Restricted Stock Units or shares of Common Stock received upon vesting, including (without limitation) any claim or entitlement resulting from termination of the Participant's service as a Non-Employee Director with the Company (for any reason whatsoever and whether or not in breach of local laws) and the Participant hereby releases the Company and its Subsidiaries from any such claim that may arise; if, notwithstanding the foregoing, any such claim is found by a court of competent jurisdiction to have arisen, then, by signing this Agreement, the Participant shall be deemed irrevocably to have waived the Participant's entitlement to pursue such claim.

15. Information. The Participant explicitly and unambiguously consents to the collection, use and transfer, in electronic or other form, of the Participant's personal data by and among, as applicable, the Company and its Subsidiaries and affiliates, namely MYR Group Inc. (located in the United States) for the exclusive purpose of implementing, administering and managing the Participant's participation in the Plan. The Participant hereby understands that the Company and its Subsidiaries and affiliates hold (but only process or transfer to the extent required or permitted by local law) the following personal information about the Participant: the Participant's name, home address and telephone number, date of birth, social insurance number or other identification number, compensation, nationality, position, any shares of Common Stock or directorships held in the Company, details of all Restricted Stock Units or any other entitlement to shares of Common Stock awarded, canceled, exercised, vested, unvested or outstanding in the Participant's favor, for the purpose of implementing, administering and managing the Plan ("Data"). The Participant hereby understands that Data may be transferred to any third parties assisting in the implementation, administration and management of the Plan, that these recipients may be located in the Participant's country or elsewhere (including the United States of America), and that the recipient's country may have different data privacy laws and protections than the Participant's country. The Participant hereby understands that the Participant may request a list with the names and addresses of any potential recipients of the Data by contacting the Company's human resources representative. The Participant authorizes the recipients to receive, possess, use, retain and transfer the Data, in electronic or other form, for the purposes of implementing, administering and managing the Participant's participation in the Plan, including any requisite transfer of such Data as may be required to a broker or other third party with whom the Participant may elect to deposit any shares acquired upon vesting. The Participant hereby understands that Data will be held only as long as is necessary to implement, administer and manage the Participant's participation in the Plan and in accordance with local law. The Participant hereby understands that the Participant may, at any time, view Data, request additional information about the storage and processing of Data, require any necessary amendments to Data or refuse or withdraw the consents herein, in any case without cost, by contacting in writing the Company's human resources representative. The Participant hereby understands, however, that refusing or withdrawing the Participant's consent may affect the Participant's ability to participate in the Plan. For more information on the consequences of the Participant's refusal to consent or withdrawal of consent, the Participant hereby understands that the Participant may contact the Company's human resources representative.

16. Canada Notices.

Securities Law Notice. The Participant is permitted to sell shares of Common Stock acquired through the Plan through the designated broker appointed under the Plan, if any (or any other broker acceptable to the Company), provided the resale of shares of Common Stock acquired under the Plan takes place outside of Canada through the facilities of a stock exchange on which the shares of Common Stock are listed.

Foreign Asset Reporting Information. Foreign property (including shares of Common Stock) held by Canadian residents must be reported annually on Form T1135 (Foreign Income Verification Statement) if the total cost of such foreign property (in the aggregate) exceeds C$100,000 at any time during the year. The Participant should consult with his/her tax advisor for additional details.

* * *

IN WITNESS WHEREOF, the Company has caused this Agreement to be executed on its behalf by its duly authorized officer, as of the day and year first above written.

MYR GROUP INC.

By: _____

Name: Kenneth M. Hartwick
Title: Chairman of the Board

The undersigned Participant hereby acknowledges receipt of an executed copy of this Agreement and accepts the right to receive any Restricted Stock Units or other securities covered hereby, subject to the terms and conditions of the Plan and the terms and conditions herein above set forth.

_____

Participant

Date: _____

Exhibit 10.2

AMENDMENT NO. 2 TO AMENDED AND RESTATED CREDIT AGREEMENT

THIS AMENDMENT NO. 2 TO AMENDED AND RESTATED CREDIT AGREEMENT (this "Amendment") is being executed and delivered as of June 7, 2019 (the "Closing Date"), by and among MYR Group Inc. (the "Borrower"), the Lenders party hereto and JPMorgan Chase Bank, N.A., as administrative agent (in such capacity, the "Administrative Agent"). All capitalized terms used herein without definition shall have the same meanings as set forth in the Credit Agreement described below.

WITNESSETH:

WHEREAS, the Borrower, the Lenders, and the Administrative Agent are party to that certain Amended and Restated Credit Agreement dated as of June 30, 2016 (as amended, restated, supplemented or otherwise modified from time to time, the "Credit Agreement");

WHEREAS, the Borrower has requested that the Lenders and the Administrative Agent agree to make certain modifications to the Credit Agreement; and

WHEREAS, the Borrower, the Lenders and the Administrative Agent have so agreed on the terms and conditions set forth herein.

NOW, THEREFORE, in consideration of the foregoing premises, the terms and conditions stated herein and other valuable consideration, the receipt and sufficiency of which are hereby acknowledged by the parties hereto, such parties hereby agree as follows:

1. Amendments to the Credit Agreement. Effective as of the Closing Date, but subject to the satisfaction of the conditions precedent set forth in Section 2 below, the Credit Agreement shall be amended as follows:

a. Section 6.01 of the Credit Agreement is hereby amended to amend and restate clause (e) thereof in its entirety as follows:

(e) Indebtedness of the Borrower or any Subsidiary incurred to finance the acquisition, construction, improvement, alteration or repair of any fixed or capital assets (whether or not constituting purchase money Indebtedness), including Capital Lease Obligations and any Indebtedness assumed in connection with the acquisition of any such assets or secured by a Lien on any such assets prior to the acquisition thereof, and extensions, renewals and replacements of any such Indebtedness that do not increase the outstanding principal amount thereof; provided that (i) such Indebtedness is incurred (A) prior to or within 180 days after such acquisition or the completion of such construction, improvement, alteration or repair or (B) between October 1, 2017 and December 31, 2018 and (ii) the aggregate principal amount of Indebtedness permitted by this clause (e) shall not exceed $60,000,000 at any time outstanding;

b. Section 6.02 of the Credit Agreement is hereby amended to amend and restate clauses (a) and (d) thereof in their entirety as follows:

(a) Liens created pursuant to any Loan Document;

(d) Liens on assets acquired, constructed, improved, altered or repaired by the Borrower or any Subsidiary; provided that (i) such security interests secure Indebtedness permitted by clause (e) of Section 6.01, (ii) such security interests and the Indebtedness secured thereby are incurred (A) prior to or within 180 days after such acquisition or the completion of such construction, improvement, alteration or repair or (B) between October 1, 2017 and December 31, 2018, (iii) the principal amount of the Indebtedness secured thereby does not exceed the cost of acquiring, constructing, improving, altering or repairing such assets and (iv) such security interests shall not apply to any other property or assets of the Borrower or Subsidiary (other than, in respect of any lease, under any one or more master lease agreements with same lessor or an Affiliate thereof).

2. Conditions to Effectiveness. This Amendment shall be deemed to have become effective as of the Closing Date, but such effectiveness shall be subject to the following conditions precedent:

(a) the Administrative Agent shall have received executed counterparts of (i) this Amendment duly executed and delivered by the Borrower, the Administrative Agent and the Lenders required to give consent thereto and (ii) the Consent and Reaffirmation attached hereto as Annex I duly executed by each Subsidiary Guarantor (the "Reaffirmation");

(b) the Administrative Agent shall have received such other documents, instruments and agreements as the Administrative Agent may reasonably request; and

(c) the Administrative Agent shall have received all fees and expenses due and payable on or prior to the date hereof in connection with this Amendment.

3. Representation and Warranties. The Borrower hereby represents and warrants that (i) this Amendment and the Credit Agreement, as amended hereby, constitute its legal, valid and binding obligation and are enforceable against it in accordance with their respective terms, subject to applicable bankruptcy, insolvency, reorganization, moratorium or other laws affecting creditors' rights generally and subject to general principles of equity, regardless of whether considered in a proceeding in equity or at law; (ii) all of the representations and warranties of the Borrower set forth in the Credit Agreement, as amended hereby, and the other Loan Documents are true and correct in all material respects on and as of the date hereof (except to the extent such representations or warranties specifically relate to any earlier date, in which case such representations and warranties shall have been true and correct in all material respects as of such earlier date) and (iii) no Default or Event of Default under the Credit Agreement, as amended hereby, has occurred and is continuing on and as of the date hereof.

4. Effect on the Credit Agreement.

(a) Upon the effectiveness of this Amendment, on and after the date hereof, each reference in the Credit Agreement to "this Agreement," "hereunder," "hereof," "herein" or words of like import shall mean and be a reference to the Credit Agreement, as amended and modified hereby.

(b) Except as specifically amended above, the Credit Agreement, the other Loan Documents and all other documents, instruments and agreements executed and/or delivered in connection therewith, shall remain in full force and effect, and are hereby ratified and confirmed.

(c) The execution, delivery and effectiveness of this Amendment shall neither operate as a waiver of any rights, power or remedy of the Administrative Agent or the Lenders under the Credit Agreement or any other Loan Document, nor constitute a waiver of any provision of the Credit Agreement or any other document executed in connection therewith.

5. **GOVERNING LAW. THIS AMENDMENT SHALL BE SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK, BUT GIVING EFFECT TO FEDERAL LAWS APPLICABLE TO NATIONAL BANKS.**

6. Costs and Expenses. The Borrower agrees to pay all reasonable and documented out-of-pocket expenses incurred by the Administrative Agent, including the reasonable fees, charges and disbursements of counsel for the Administrative Agent, in connection with the preparation, negotiation and execution of this Amendment.

7. Headings. Section headings in this Amendment are included herein for convenience of reference only and shall not constitute a part of this Amendment for any other purpose.

8. Counterparts. This Amendment may be executed by one or more of the parties on any number of separate counterparts and all of said counterparts taken together shall be deemed to constitute one and the same instrument. A facsimile copy or other electronic image (e.g., "PDF" or "TIF" via electronic mail) of any signature hereto shall have the same effect as the original thereof.

9. Loan Document. The Borrower hereby agrees that this Amendment and the Reaffirmation shall constitute Loan Documents for purposes of the Credit Agreement and the other Loan Documents.

[Signature Pages Follow]

IN WITNESS WHEREOF, the parties hereto have caused this Amendment to be duly executed by their respective authorized officers as of the day and year first above written.

MYR GROUP INC., as the Borrower

By /s/ Betty R. Johnson

Name: Betty Johnson

Title: Senior Vice President, CFO, & Treasurer

JPMORGAN CHASE BANK, N.A., individually as a Lender, as an Issuing Bank and as Administrative Agent

By /s/ Christopher L Collins

Name: Christopher L Collins

Title: Vice President

JPMORGAN CHASE BANK, N.A. (TORONTO BRANCH), as a Lender

By /s/ Christopher L Collins

Name: Christopher L Collins

Title: Vice President

BANK OF AMERICA, N.A., individually as a Lender, as an Issuing Bank and as Syndication Agent

By /s/ Kathryn Herrera

Name: Kathryn Herrera

Title: Assistant Vice President

BANK OF AMERICA, NATIONAL ASSOCIATION (CANADA BRANCH), as a Lender

By /s/ Medina Sales de Andrade

Name: Medina Sales de Andrade

Title: Vice President

BMO HARRIS BANK N.A., individually as a Lender and as an Issuing Bank

By /s/ Michael Gift

Name: Michael Gift

Title: Director

BANK OF MONTREAL, as a Lender

By /s/ Michael Gift

Name: Michael Gift

Title: Director

PNC BANK, NATIONAL ASSOCIATION, as a Lender

By /s/ Brandon Norder

Name: Brandon Norder

Title: Senior Vice President

WELLS FARGO BANK, NATIONAL ASSOCIATION, as a Lender

By /s/ Benjamin Livermore

Name: Benjamin Livermore

Title: Vice President

Annex I

CONSENT AND REAFFIRMATION

Each of the undersigned hereby acknowledges receipt of a copy of the foregoing Amendment No. 2 to the Amended and Restated Credit Agreement dated as of June 30, 2016 (as amended, restated, supplemented or otherwise modified, the "Credit Agreement"), by and among MYR Group Inc. (the "Borrower"), the financial institutions from time to time party thereto (the "Lenders") and JPMorgan Chase Bank, N.A., as Administrative Agent for the Lenders (the "Administrative Agent"), which Amendment No. 2 is dated as of June 7, 2019 (the "Amendment"). Capitalized terms used in this Consent and Reaffirmation and not defined herein shall have the meanings given to them in the Credit Agreement. Without in any way establishing a course of dealing by the Lender, the undersigned (i) consents to the Amendment, (ii) reaffirms its obligations under the Subsidiary Guaranty, the Security Agreement and each and every other Loan Document to which it is a party and (iii) reaffirms all Liens on the Collateral which have been granted by it in favor of the Administrative Agent (for itself and the other Holders of the Secured Obligations) pursuant to any of the Loan Documents, and all filings made with a Governmental Authority in connection therewith, and acknowledges and agrees that such Credit Agreement and each and every such Loan Document executed by the undersigned in connection with the Credit Agreement remains in full force and effect and is hereby reaffirmed, ratified and confirmed. All references to the Credit Agreement contained in the above-referenced documents shall be a reference to the Credit Agreement as so modified by the Amendment.

Dated: June 7, 2019

[Signature Page Follows**]**

HUEN ELECTRIC, INC.

By: /s/ Jennifer Harper
Name: Jennifer Harper
Title: Treasurer

THE L.E. MYERS CO.

By: /s/ Jennifer Harper
Name: Jennifer Harper
Title: Treasurer

HARLAN ELECTRIC COMPANY

By: /s/ Jennifer Harper
Name: Jennifer Harper
Title: Treasurer

GREAT SOUTHWESTERN CONSTRUCTION, INC.

By: /s/ Brad Munden
Name: Brad Munden
Title: Secretary and Treasurer

E.S. BOULOS COMPANY

By: /s/ Jennifer Harper
Name: Jennifer Harper
Title: Treasurer

MYR EQUIPMENT, LLC

By: /s/ Mark Enos
Name: Mark Enos
Title: Chief Executive Office and President

GSW INTEGRATED SERVICES, LLC

By: /s/ Brad Munden
Name: Brad Munden
Title: Secretary and Treasurer

STURGEON ELECTRIC CALIFORNIA, LLC

By: /s/ Judy Weaver
Name: Judy Weaver
Title: Treasurer

STURGEON ELECTRIC COMPANY, INC.

By: /s/ Jennifer Harper
Name: Jennifer Harper
Title: Treasurer

MYR TRANSMISSION SERVICES, INC.

By: /s/ Brad Munden
Name: Brad Munden
Title: Vice President, Secretary, and Treasurer

MYR REAL ESTATE HOLDINGS, LLC

By: /s/ Mark Enos
Name: Mark Enos
Title: Assistant Secretary

HIGH COUNTRY LINE CONSTRUCTION, INC.

By: /s/ Jennifer Harper
Name: Jennifer Harper
Title: Treasurer

Exhibit 10.3

Execution Version

ASSET PURCHASE AGREEMENT

BY AND AMONG

CSI ELECTRICAL CONTRACTORS, INC.,

EACH OF THE SELLER PARTIES NAMED HEREIN,

MYR GROUP INC., AND

1912 INVESTMENT COMPANY

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ASSET PURCHASE AGREEMENT

THIS ASSET PURCHASE AGREEMENT (this "Agreement"), dated as of July 15, 2019, is by and among CSI Electrical Contractors, Inc., a California corporation (the "Seller"), MYR Group Inc., a Delaware corporation (the "Buyer"), Buyer Sub (as defined below), Steven M. Watts, in his individual capacity, Jayne L. Watts, in her individual capacity, and Steven M. Watts and Jayne L. Watts, as Trustees of the Watts Family Trust dated December 11, 2007 (collectively, the "Parties" and each, a "Party").

PRELIMINARY STATEMENTS

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

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

AGREEMENT

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

ARTICLE I
DEFINITIONS

"Accounting Firm" has the meaning set forth in Section 2.6(a).

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

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

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

"Affiliate Real Property" has the meaning set forth in Section 3.2(a).

"Agreement" has the meaning set forth in the Preamble.

"Ancillary Documents" has the meaning set forth in Section 3.3.

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

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

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

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

"Average Pre-Tax Margin" shall be calculated as the Buyer Sub's Cumulative Adjusted Pre-Tax Income for the Five Year Period, determined in accordance with GAAP, divided by the Buyer Sub's Cumulative Adjusted Revenue for the Five Year Period.

"Base Salary" means the Key Employee's base salary as in effect from time to time, as described in the Key Employee's employment agreement.

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

"Bill of Sale and Assignment and Assumption Agreement" has the meaning set forth in Section 3.2(i).

"Board" means the Board of Directors of Buyer Sub.

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

"Books and Records" means all books and records (whether in printed or electronic form), including all documents, files, lists (including Customer and supplier lists), correspondence (including sales, distribution and purchase correspondence), specifications, spec manuals, data, data models, reports (including Customer reports), surveys, plats, studies, invoices, ledgers, Customer financial data and information, drawings (including engineering drawings), architectural plans, creative materials, advertising and promotional materials, notebooks and logbooks, Tax Returns and Tax accrual work papers, and other printed or written materials, all original and duplicate copies of the foregoing and computer software and data in computer readable and human readable form used to maintain such books and records together with the media on which such software and data are stored and all documentation relating thereto.

"Business" has the meaning set forth in the Preliminary Statements.

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

"Buyer" has the meaning set forth in the Preamble.

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

"Buyer Benefit Plans" has the meaning set forth in Section 8.18.

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

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

"Buyer Parties" means, collectively, the Buyer and the Buyer Sub.

"Buyer Sub" means 1912 Investment Company, a Delaware corporation formed to acquire substantially all of the assets of Seller.

"Cause" shall, with respect to a Person, have the same meaning such term is given in such Person's employment agreement, if any, or if such Person is not a party to such an agreement or if "Cause" is not defined in any such agreement to which such Person is a party, then "Cause" means: (a) a material breach by the Key Employee of Sections 6.3 or 6.11 of this Agreement (if applicable) or Sections 1, 3 or 9 of the Confidential Information, Inventions and Non-Solicitation Agreement between such Person and Buyer Sub (regarding non-competition, non-solicitation, confidentiality and "sole employment" obligations); (b) the Key Employee's willful and material breach or violation of any written policies and procedures of Buyer or Buyer Sub (including any form of workplace harassment including sexual harassment or violence in the workplace); (c) the Key Employee's excessive absenteeism which is not remedied within 30 days after the Key Employee's receipt of written notice from the Buyer Sub; (d) the commission of a criminal act by the Key Employee against Buyer Sub, including fraud, theft, or misappropriation; (e) the conviction or plea of no contest or *nolo contendere* of the Key Employee for any felony or any misdemeanor that may result in a term of imprisonment greater than one year; or (f) the Key Employee's failure or refusal to carry out, or comply with, in any material respect, any lawful directive of the Board consistent with the terms of the Key Employee's employment agreement which is not remedied within 30 days after the Key Employee's receipt of written notice from the Buyer Sub.

Notwithstanding the foregoing, the Key Employee shall not be deemed to have been terminated for Cause pursuant to this definition unless and until there shall have been delivered to the Key Employee a copy of a resolution duly adopted by the Board (not including for this purpose the Key Employee if the Key Employee is then a member of the Board) at a meeting of the Board called and held for such purpose (after reasonable notice to the Key Employee and a reasonable opportunity for the Key Employee, together with the Key Employee's counsel, to be heard before the Board), finding that in the good faith opinion of the Board, the Key Employee engaged in conduct set forth in the preceding paragraph.

"Closing" has the meaning set forth in Section 3.1.

"Closing Date" has the meaning set forth in Section 3.1.

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

"Code" means the Internal Revenue Code of 1986, as amended.

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

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

"Contract" means any written or legally binding oral contract, note, Bond, mortgage, indenture, agreement, license, lease, obligation, commitment, sales order (including delivery orders, purchase orders and change orders), blanket purchase agreement or other instrument or legally binding undertaking (whether express or implied).

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

"CPR" has the meaning set forth in Section 8.16(b).

"Cumulative Adjusted Revenue" has the meaning set forth on Exhibit E.

"Cumulative Adjusted Pre-Tax Income" has the meaning set forth on Exhibit E.

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

"Customer Contract" means any Contract between the Seller and a Customer of the Seller under which the Seller does business with such Customer.

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

"Disability" shall, with respect to a Person, have the same meaning such term is given in such Person's employment agreement, if any, or if such Person is not a party to such an agreement or if "Disability" is not defined in any such agreement to which such Person is a party, then "Disability" means that, by reason of any medically determinable physical or mental impairment that can be expected to result in death or can be expected to last for a continuous period of not less than 12 months, the Key Employee is unable to engage in any substantial gainful activity or is receiving income replacement benefits under an accident and health benefit plan covering employees of the Buyer Sub for a period of not less than three months.

"Eight Month Project Lookback Schedule" has the meaning set forth in Section 2.7(b).

"Employment Agreements" has the meaning set forth in Section 3.2(p).

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

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

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

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

"Environmental Permit" means any License issued pursuant to Environmental Laws.

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

"Equity Interests" has the meaning set forth in Section 4.2.

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

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

"Escrow Agent" means JPMorgan Chase Bank, N.A.

"Escrow Agreement" means the Escrow Agreement by and among the Buyer, the Seller, and the Escrow Agent, in the form attached hereto as Exhibit A.

"Escrow Amount" means an amount equal to 15% of the sum of the following: the Premium plus the Preliminary Net Asset Amount.

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

"Excluded Liabilities" has the meaning set forth in Section 2.4.

"Facilities" means any property currently or formerly owned, operated or leased by the Seller or any predecessor-in-interest, and any job site or off-site treatment, storage or disposal facilities used by the Seller or any predecessor-in-interest.

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

"Financial Statements" has the meaning set forth in Section 4.5(a).

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

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

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

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

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

"Fraud" means, with respect to a Party, any fraud or intentional misrepresentation made by such Party or any of such Party's representatives relating to the negotiation or consummation of this Agreement or any of the transactions contemplated hereby.

"Fraud Claims" has the meaning set forth in Section 7.1.

"Fundamental Representations" means the Seller Representing Parties' representations in Sections 4.1 (Organization), 4.2 (Capitalization), 4.3 (No Conflict), 4.9 (Sufficiency of Assets), 4.11(a) (Title to Assets), and 4.17 (Taxes).

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

"Geographic Area" means the following counties in the State of California: Marin, San Mateo, Santa Cruz, Santa Clara, Contra Costa, Alameda, San Joaquin, Stanislaus, Merced, Madera, Fresno, San Benito, Monterey, Kings, Tulare, San Luis Obispo, Kern, Santa Barbara, Ventura, Los Angeles, San Bernardino, Riverside, San Diego, Orange and Imperial Counties.

"Good Reason" shall, with respect to a Person, have the same meaning such term is given in such Person's employment agreement, if any, or if such Person is not a party to such an agreement or if "Good Reason" is not defined in any such agreement to which such Person is a party, then "Good Reason" means: (a) a reduction of the Key Employee's Base Salary without the Key Employee's prior written consent; (b) the relocation (without the Key Employee's prior written consent) of the Key Employee's primary work site to a location greater than 50 miles from the Key Employee's work site as of the Closing Date; (c) a material reduction of the Key Employee's duties (without the Key Employee's prior written consent) from those in effect as of the Closing Date or as subsequently agreed to by the Key Employee; (d) Buyer Sub has created, or has allowed the continuance of, a hostile work environment for the Key Employee; or (e) any other material breach by Buyer Sub of a material provision of such Key Employee's employment agreement.

Notwithstanding the foregoing, the Key Employee may not resign employment for Good Reason unless: (i) the Key Employee provides Buyer Sub with at least 30 days prior written notice of the Buyer Sub having taken the actions described in the preceding paragraph (which notice must be provided within 90 days following the occurrence of the event(s) purported to constitute Good Reason); (ii) the Buyer Sub has not remedied the alleged violation(s) within the 30 day period; and (iii) the Key Employee's resignation becomes effective no later than 120 days following the first occurrence of the event(s) purported to constitute Good Reason.

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

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

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

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

"Indebtedness" means (a) all indebtedness for money borrowed, whether short term or long term, (b) all indebtedness evidenced by notes, debentures, Bonds or other similar instruments, (c) all obligations issued or assumed for the deferred purchase price of property or services (but excluding accounts payable arising in the Ordinary Course of Business), (d) all guarantees and obligations secured by a Lien (other than a Permitted Lien), (e) amounts due under any future derivative, swap, collar, put, call, forward purchase or sale transaction, fixed price Contract or other agreement that is intended to benefit from, relate to or reduce or eliminate the risk of fluctuations in interest rates, currencies basis risk or the price of commodities, (f) all obligations for the reimbursement of any obligor on any letter of credit or similar credit transaction servicing obligations of a Person or of a type described in clauses (a), (b), (c), (d) and (e) above and (g) and (h) below, (g) all obligations to pay rent or other amounts under any lease of real property or personal property which obligations are required to be classified and accounted for as capital leases in accordance with GAAP, and the amount of such obligations will be the capitalized amount thereof determined in accordance with GAAP, (h) all guarantees of obligations of the type referred to in clauses (a) through (g) of other Persons, and (i) all interest, fees and other expenses owed with respect to indebtedness described in clauses (a) through (h). Notwithstanding anything herein to the contrary, for the avoidance of doubt, "Indebtedness" shall not include any Liabilities of Seller for any Multiemployer Pension Plans.

"Indemnified Party" means each of the Buyer Indemnified Parties and Seller Indemnified Parties.

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

"Insurance Policies" has the meaning set forth in Section 4.23.

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

"IRS" means the Internal Revenue Service.

"IT Assets" means computer systems, networks, hardware, routers, hubs, switches, data communication lines and other information technology equipment.

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

"Key Employee" means the individuals set forth in Section I(c) of Exhibit I.

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

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

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

"Lease Assignments" has the meaning set forth in Section 3.2(o).

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

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

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

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

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

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

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

"Margin Bonus Period" means the period from the Closing Date until the earlier of (a) the expiration of the Five Year Period and (b) the date on which Steven Watts's employment with the Buyer Sub is terminated by Buyer Sub for Cause or by Steven Watts without Good Reason (but excluding, for the avoidance of any doubt, due to termination due to death or Disability of Steven Watts).

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

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

"Mediation" has the meaning set forth in Section 8.16(b).

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

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

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

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

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

"Net Asset Maximum" means the Preliminary Net Asset Amount, plus $100,000.

"Net Asset Minimum" means the Preliminary Net Asset Amount, minus $100,000.

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

"Offered Employees" has the meaning set forth in Section 8.18.

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

"Ordinary Course of Business" means actions that (a) are consistent in nature, scope and magnitude (including with respect to quantity and frequency) with the Seller's past customs and practices and are taken in the ordinary and usual course of the Seller's normal, day-to-day operations, (b) do not result from, arise out of, relate to, and were not caused by, any breach of Contract, breach of warranty, tort, infringement, or violation of Law, and (c) do not require shareholder approval under applicable Laws; provided, however, that minor payment delays or the failure to timely pay payables that are the subject of a bona fide dispute shall not constitute operating outside of the Ordinary Course of Business for purposes of this Agreement.

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

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

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

"Party" or "Parties" has the meaning set forth in the Preamble.

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

"Permitted Liens" means (a) Liens for Taxes (i) not yet due or delinquent or (ii) as to which there is a good faith dispute and for which there are adequate reserves on the financial statements of the Seller, (b) inchoate materialmen's, mechanics', carriers', workmen's and repairmen's Liens arising in the usual, regular and Ordinary Course of Business and not past due and payable or the payment of which is being contested in good faith by appropriate proceedings and which there are adequate reserves on the financial statements of the Seller, (c) Liens arising under workers' compensation, unemployment insurance, social security, retirement or similar legislation, (d) easements, rights of way, zoning ordinances, deeds of trust, mortgages, and other similar encumbrances or restrictions, and any other matters affecting lessor's title to the Real Property as shown on any title report or survey, (e) statutory Liens in favor of lessors arising in connection with any Real Property that, individually or in the aggregate, are not material and do not materially interfere with the use or possession by the Seller of the Real Property, (f) rights of licensors of off-the-shelf software relating to the ownership of such off-the-shelf software, (g) transfer restrictions under the Non-Assignable Contracts, (h) all capital leases being assumed by Buyer Sub pursuant to this Agreement, and (i) Liens set forth on Schedule 1.1.

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

"Preliminary Accounting Date" means May 31, 2019 (the month end for which the Seller has prepared and delivered month end financial data to the Buyer and that the Buyer has agreed will be the month end financial data used for preparation of the Preliminary Balance Sheet).

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

"Preliminary Balance Sheet" has the meaning set forth in Section 2.5(f).

"Preliminary Net Asset Amount" means the Net Asset Amount included on the Preliminary Balance Sheet, as of the Preliminary Accounting Date, as further adjusted in accordance with Exhibit H, as determined by the Seller and as agreed to by the Buyer. A calculation of the Preliminary Net Asset Amount is set forth on Exhibit H.

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

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

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

"Purchase Price Allocation" has the meaning set forth in Section 6.1(a).

"Real Property" means, collectively, the Leased Premises and any real property owned by S.M.W. Properties, LLC that will be leased to Buyer Sub pursuant to the lease(s) attached as Exhibit B hereto.

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

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

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

"Requisite Licenses" has the meaning set forth in Section 2.11(b).

"Restricted Persons" means each of the Seller, Steven Watts, in his individual capacity, and the Trustees (on behalf of the Trust).

"Seller" has the meaning set forth in the Preamble.

"Seller Ancillary Documents" has the meaning set forth in Section 3.2.

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

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

"Seller Intellectual Property" means any Intellectual Property that is owned by or exclusively licensed to the Seller.

"Seller IT Assets" means all IT Assets used by, for or on behalf of the Seller in connection with the Business.

"Seller Parties" means, collectively, the Seller, Steven M. Watts, in his individual capacity, Jayne L. Watts, in her individual capacity, and Steven M. Watts and Jayne L. Watts, as Trustees of the Watts Family Trust dated December 11, 2007.

"Seller Representing Parties" means, collectively, the Seller, Steven M. Watts, in his individual capacity, and Steven M. Watts and Jayne L. Watts, as Trustees of the Watts Family Trust dated December 11, 2007.

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

"Seller's Knowledge" means the actual knowledge of Steven Watts, Paul Pica, Richard Yauney, and Gene Acosta and the knowledge such person would reasonably be expected to obtain following a reasonable inquiry, provided that such obligation of reasonable inquiry does not include any obligation to make inquiry of employees who have not been informed of the transactions contemplated by this Agreement (other than an inquiry of direct reports at the corporate management level as to a particular subject matter within their duties, provided that such inquiry does not require a disclosure of the transactions contemplated by this Agreement) or to procure any third party inspections or reports.

"Services" means all services (a) marketed, licensed, sold or otherwise provided or distributed by the Seller in the past three years, or (b) currently under contract or development by the Seller.

"Software Licenses" has the meaning set forth in Section 2.1(a)(ix).

"Specified Assets" means real property, vehicles, equipment and other tangible assets, in each case with a book value in excess of $10,000; provided, that Specified Assets shall not include IT Assets, cash, cash management assets and assets related to back-office operations.

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

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

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

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

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

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

"Transaction Expenses" means the aggregate amount of (a) all fees, costs and expenses (including fees, costs and expenses of legal counsel, investment bankers, brokers or other representatives and consultants and appraisal fees, costs and expenses) incurred by the Seller Parties which the Seller Parties are obligated to pay pursuant to the terms of this Agreement, the Ancillary Documents and the transactions contemplated hereby and thereby, in each instance to the extent not paid by the Seller Parties before the Closing, and (b) all bonuses or other payments (regardless of form), excluding (x) the Margin Bonus Payments contemplated in Section 2.8 of this Agreement, (y) payments under clause (a) paid or payable by the Seller Parties to their officers, managers, employees, consultants or any third party as a result of the consummation of the transactions contemplated by this Agreement and based on Contracts or agreements in effect as of the Closing Date (e.g., bonuses and other payments paid or payable on or after the Closing Date that are expressly conditioned upon the consummation of the transactions contemplated hereby or otherwise expressly become payable upon the fulfillment or happening of both (i) the consummation of the transactions contemplated hereby and (ii) any other contingency after the Closing Date), and (z) the employer portion of any payroll, social security, unemployment or similar Taxes owed in connection with the payments previously described under clause (b). Transaction Expenses shall not include Transfer Taxes as defined in Section 6.1(e).

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

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

"Trust" means the Watts Family Trust dated December 11, 2007.

"Trustees" means Steven M. Watts and Jayne L. Watts, in their capacity as Trustees of the Trust.

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

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

ARTICLE II
SALE AND PURCHASE

Section 2.1 Conveyance of Acquired Assets.

(a) At the Closing, the Buyer Sub shall and hereby does purchase from the Seller Parties, and the Seller Parties shall and hereby do sell, transfer, convey and deliver to the Buyer Sub, (i) all of the Seller's assets, properties, rights and interests, wherever located, as of the Closing Date, and (ii) all other properties, rights and interests of the Seller Parties necessary to operate the Business in the manner currently conducted by the Seller and as conducted by the Seller in the year preceding the date hereof (the "Acquired Assets"), other than the Excluded Assets, including the following:

(i) all Current Trade Receivables that remain uncollected as of the Closing Date, including those listed on Schedule 4.8, notes receivable (other than the Excluded Assets), commissions, and other receivables and rights to payment of Seller;

(ii) all materials and supplies, manufactured and purchased parts, finished goods, goods in transit and other items of inventory;

(iii) all work-in-process;

(iv) all machinery, equipment, furniture, fixtures, vehicles, tooling, and other tangible personal property used to conduct the Business, including those listed on Schedule 2.1(a)(iv);

(v) all executory Contracts (the "Assumed Contracts"), including those listed on Schedules 4.12(a)(i) through 4.12(a)(x)**;**

(vi) with respect to any Customer Contract, (1) all costs and estimated earnings in excess of related billings on jobs in progress (underbillings), including those listed on Schedule 4.12(a)(i), and (2) the Customer relationship associated therewith;

(vii) all Seller's rights under the Leases;

(viii) all Seller Intellectual Property, including the Intellectual Property listed in Schedule 4.13;

(ix) (1) the Seller's software licenses and license agreements, including those listed on Schedule 2.1(a)(ix)(1) (the "Software Licenses"), and (2) the internet domain names listed on Schedule 2.1(a)(ix)(2);

(x) all rights under or pursuant to all warranties, representations and guaranties made by suppliers;

(xi) all claims, refunds, causes of action, choses in action, rights of recovery, rights of set off and rights of recoupment of any kind;

(xii) all Licenses, provided, with respect to any Licenses issued by any Governmental Entity, only to the extent assignable to Buyer Sub;

(xiii) all advertising, marketing and promotional materials, all archival materials and all other printed or written materials;

(xiv) all deposits, prepaid expenses;

(xv) all Books and Records used in the Business;

(xvi) all insurance benefits, including rights and proceeds, to the extent arising from or relating to the Acquired Assets or the Assumed Liabilities following the Closing;

(xvii) all other assets, properties, rights and interests used by Seller in the Business;

(xviii) all legal and trade names used by the Seller;

(xix) the goodwill of the Business;

(xx) all advances to employees;

(xxi) all Customer lists and Customer relationships;

(xxii) the personnel files of employees hired by Buyer Sub and all Books and Records to the extent related to the Acquired Assets and Assumed Liabilities, other than any other Books and Records which Seller is prohibited from disclosing or transferring to Buyer under applicable Laws and is required by applicable Laws to retain;

(xxiii) all leasehold improvements and fixtures, to the extent of the Seller's interest therein; and

(xxiv) all leasehold improvements and fixtures under the lease agreements and amendments thereto attached as Exhibit B for the Affiliate Real Property.

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

Section 2.2 Excluded Assets.

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

(i) corporate minute books and stock record books, corporate seal, organizational documents, stock transfer books, and other documents relating solely to the organization, maintenance and existence of the Seller;

(ii) shares and securities of capital stock;

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

(iv) all the Seller's bank accounts;

(v) cash and cash equivalents;

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

(vii) all refunds or credits of Taxes (x) relating to the Business or the Acquired Assets with respect to any period or portion thereof ending prior to the Closing Date, and (y) of Seller for any period;

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

(ix) investments in Affiliates;

(x) land, buildings, and improvements (other than those described in Sections 2.1(a)(xxiii) and 2.1(a)(xxiv)) that the Seller or any of its Affiliates owns, operates or invests in (excluding interests of the lessee in the Leased Premises);

(xi) all claims, refunds, causes of action, choses in action, rights of recovery, rights of set off and rights of recoupment of any kind to the extent related to the Excluded Liabilities;

(xii) any life and/or key person and similar insurance policies on the life of any employee or current or former equityholder of the Seller, other than those life insurance policies offered to all employees by the Buyer Parties as part of the employee benefits package, all "tail" insurance policies maintained post-Closing by Seller, and all other insurance policies of Seller and all rights to applicable claims and proceeds thereunder arising from or related to the Business prior to the Closing;

(xiii) Benefit Plans, including 401(k) and profit sharing plans;

(xiv) luxury vehicles or other assets that are not used in the Ordinary Course of Business;

(xv) Tax Returns and all Tax accrued payments to the extent such Tax Returns and Tax accrued payments relate to the Taxes of the Seller;

(xvi) all employee-related or employee benefit-related files or records and any other Books and Records which Seller is prohibited from disclosing or transferring to Buyer under applicable Laws and is required by applicable Laws to retain, and all Books and Records to the extent related to the Excluded Assets and Excluded Liabilities;

(xvii) attorney-client communications between Seller Parties and their attorneys, other communications between Seller Parties and their other advisors, and any and all attorney work product, in each case related to the transactions contemplated by this Agreement or otherwise in connection with the sale of the Acquired Assets;

(xviii) the rights which accrue or will accrue to Seller under this Agreement or any of the other agreements, documents or instruments entered into in connection with this Agreement; and

(xix) all amounts due to any Seller Party as a stockholder of Seller as presented in the Preliminary Balance Sheet.

In the event that a Buyer Party has or obtains possession of or control over any Excluded Asset subsequent to Closing, such Buyer Party shall promptly deliver such Excluded Asset to the Seller. For the avoidance of doubt, no Seller Party is selling, conveying, assigning, transferring and/or delivering any of its ownership interest in the Seller.

Section 2.3 Assumed Liabilities.

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

(i) accounts payable of the Seller incurred in the Ordinary Course of Business, including those listed on Schedule 2.3(a)(i);

(ii) non-Tax related accrued expenses of the Seller that represent current obligations incurred in the Ordinary Course of Business, including those listed on Schedule 2.3(a)(ii);

(iii) with respect to any Customer Contract, all billings in excess of costs and estimated earnings on jobs in progress (overbillings), including those listed on Schedule 4.12(a)(i);

(iv) Taxes that represent current obligations incurred in the Ordinary Course of Business, including those listed on Schedule 2.3(a)(iv);

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

(vi) Liabilities arising under the Assumed Contracts on or after the Closing Date; and

(vii) Liabilities for contributions to the Multiemployer Pension Plan(s) identified on Schedule 4.14(c) to which Seller has an obligation to make contributions immediately prior to the Closing Date; provided, that notwithstanding anything in this subsection (vii), Buyer Sub is under no obligation to make contributions to any Multiemployer Pension Plan where Buyer is not performing work on or after the Closing Date, except as identified in Section 6.10.

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

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

(a) (i) all Liabilities for any Tax arising out of or relating to the Acquired Assets or the Seller's operation or conduct of the Business, in each instance prior to the Closing Date, and in each case including any obligation arising prior to the Closing Date to indemnify or otherwise assume or succeed to the Tax Liability of any other Person, and (ii) all Liabilities for Taxes of the Seller Parties;

(b) all Indebtedness of the Seller Parties (other than capital leases to be assumed by Buyer Sub at Closing and obligations secured by Permitted Liens described in clause (i) in the definition of Permitted Liens);

(c) all Transaction Expenses;

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

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

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

(i) under any Benefit Plan or any other employee benefit plan, program or arrangement that is sponsored or maintained by the Seller or by any member of the Controlled Group;

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

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

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

(v) under any Multiemployer Pension Plan (including any such Liabilities that arise as a consequence of the transaction contemplated by this Agreement), unless such Liability arises as a result of Buyer Sub failing to comply with Section 6.10;

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

(vii) in connection with any life and/or key person and similar insurance policies on the life of any employee or equityholder of the Seller, other than those life insurance policies offered to all employees as part of the employee benefits package.

(g) all Liabilities relating to the businesses of the Seller Parties (including the Business) or the Acquired Assets (or any other assets, properties, rights or interests associated, at any time prior to the Closing Date, with the Seller Parties or the Acquired Assets), to the extent attributable to events or conditions occurring or existing prior to the Closing Date and connected with, arising out of or relating to (i) any dispute for services rendered, including workmanship warranty claims (except as set out in Section 6.4) and product liability claims, contractual warranty claims, and claims for refunds, returns, personal injury and property damage, including any of the foregoing pertaining to Liabilities under Contracts entered into by the Seller doing business under any other name, (ii) any noncompliance with or Liability under any Environmental Laws, (iii) claims relating to employee health and safety, including claims for injury, sickness, disease or death of any Person, (iv) any Multiemployer Pension Plan or (v) compliance with any Laws relating to any of the foregoing;

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

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

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

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

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

(m) all sales taxes due to any Governmental Entity in connection with or arising out of the sale of the Business pursuant to this Agreement; and

(n) all Liabilities in connection with, or arising out of, deductibles, retention and other self-insured amounts and security, collateral, Bonds, and/or letters of credit for any and all claims to the extent attributable to events or conditions occurring or existing prior to the Closing Date, including those arising under the Insurance Policies.

Section 2.5 Purchase Price.

(a) The purchase price of the Acquired Assets shall be equal to a $40,000,000 premium (the "Premium"), plus (ii) the Net Asset Amount as of the Closing Date, all as adjusted pursuant to Section 2.6 and 2.7 (respecting post-Closing adjustments) (the "Purchase Price").

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

(c) On the Closing Date, the Buyer shall pay to the Seller the Premium, plus the Preliminary Net Asset Amount, minus the Escrow Amount, minus the Indebtedness set out in Schedule 2.5(c), which amounts shall be used to pay off such amounts pursuant to the terms of the payoff letters delivered pursuant to Section 3.2(s) (which shall exclude the capital leases to be assumed by Buyer Sub at Closing and obligations secured by Permitted Liens described in clause (i) in the definition of Permitted Liens). Such resulting amount payable at Closing will be referred to as the "Closing Payment".

(d) On the Closing Date, the Buyer shall (i) pay the Escrow Amount to the Escrow Agent by wire transfer of immediately available funds to the Escrow Account, (ii) pay the Indebtedness pursuant to the terms of the payoff letters contemplated by Section 3.2(s), and (iii) pay the Closing Payment to the Seller by wire transfer of immediately available funds to an account that has heretofore been designated in writing by the Seller.

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

(f) Attached as Schedule 2.5(f) is a balance sheet of the Seller (the "Preliminary Balance Sheet") prepared as of the Preliminary Accounting Date, in accordance with GAAP.

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

(a) The Preliminary Net Asset Amount shall be updated to reflect the Net Asset Amount as of the Closing Date (the "Net Asset Audit") as follows: within 60 days of October 31, 2019 (the "Net Asset Audit Date"), the Parties shall cause to be prepared and completed by an independent accounting firm mutually selected by Buyer and Seller (the "Accounting Firm") and delivered to the Buyer Parties and the Seller an audited balance sheet reflecting the Accounting Firm's determination of the Net Asset Amount as of the Closing Date (the "Audited Net Asset Amount"), which shall be prepared by the Accounting Firm in good faith and in accordance with GAAP and Exhibit F from the Books and Records of the Seller and the Buyer Sub and will be binding on the Buyer Parties and the Seller Parties.

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

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

Section 2.7 Post-Closing Adjustment – Lookback Determination.

(a) For purposes of the Net Asset Audit, the Preliminary Accounting Date Project Lookback Schedule shall be revised by Buyer Sub to include each Customer Contract as of the Closing Date with estimated revenues at completion greater than $100,000 using reasonable estimates (including estimated total contract revenues at completion and estimated total costs at completion), actual costs and actual billings as of the Net Asset Audit Date to recalculate the ITD Profit as of the Closing Date, and such values shall agree to the balances used in the Audited Net Asset Amount (such schedule, as so finalized, the "Audited Closing Date Project Lookback Schedule"). The Audited Closing Date Project Lookback Schedule shall be prepared in accordance with GAAP, and consistent with how the Preliminary Accounting Date Lookback Schedule was prepared and calculated from the Books and Records of the Buyer Sub and the Seller as applicable.

(b) The Audited Closing Date Project Lookback Schedule shall be updated to reflect the financial status of each Customer Contract as of March 31, 2020 (the month end following the eight-month anniversary of the Closing Date) (the "Lookback Date"). The Audited Closing Date Project Lookback Schedule shall be updated using reasonable estimates for each Customer Contract (including estimated total contract revenues at completion and estimated total costs at completion), actual costs and actual billings as of the Lookback Date to recalculate the ITD Profit as of the Closing Date (the "Eight Month Project Lookback Schedule"), which shall be prepared by the Buyer (in reasonable consultation with the Seller) in good faith and in accordance with GAAP and consistent with how the Preliminary Accounting Date Lookback Schedule was prepared, and calculated from the Books and Records of the Buyer Sub and the Seller as applicable.

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

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

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

(f) In the event the Buyer Parties and the Seller Parties disagree in good faith as to a Customer Contract under the Eight Month Project Lookback Schedule, the Parties will finalize the undisputed amounts but will withhold the disputed amount and finalize the adjustment under Section 2.7 once the disputed Customer Contract(s) reach substantial completion or a dispute no longer exists, whichever is earlier.

(g) Following the final determination of the Eight Month Project Lookback Schedule, payments shall be made, if any, in accordance with Exhibit I.

Section 2.8 Margin Bonus Payment.

(a) If (i) the Buyer Sub's Cumulative Adjusted Pre-Tax Income for the full five year period beginning on the Closing Date and ending on the fifth anniversary of the Closing Date (the "Five Year Period") is equal to or exceeds $65,000,000 and (ii) the Average Pre-Tax Margin for the Buyer Sub for the Five Year Period is equal to or greater than 4.5%, the Buyer shall pay 25.0% of the Buyer Sub's Cumulative Adjusted Pre-Tax Income for the Five Year Period (the "Margin Bonus Payment") in accordance with Section I(c) of Exhibit I. The Cumulative Adjusted Pre-Tax Income and Average Pre-Tax Margin for the Buyer Sub shall be prepared by Buyer reasonably and in good faith using the accounting methods, policies, practices and procedures, with consistent classifications and estimation methodologies of Buyer in accordance with GAAP (subject to any exceptions, adjustments and clarifications to GAAP set forth in this Agreement) and consistent with the example calculation set forth on Exhibit E.

(b) In the event the Buyer Parties and the Seller Parties disagree in good faith as to the Buyer Sub's Average Pre-Tax Margin or Cumulative Adjusted Pre-Tax Income for the Five Year Period, the Parties will finalize the undisputed amounts, which shall be paid to the Key Employees in accordance with the terms of this Agreement, but will withhold the amount attributable to the disputed amount and finalize the adjustment under Section 2.8 once the disputed Customer Contract(s) reach substantial completion or a dispute no longer exists, whichever is earlier.

(c) The Margin Bonus Payment, if any, will be calculated by the Buyer within 30 days following the date on which the financial statements for the Five Year Period (i.e. the 60 month period beginning on the Closing Date) are approved by the Board of Directors of the Buyer, which in no event shall be later than 90 days after the end of the Five Year Period, subject to the right of the Seller to review such statements, and shall be paid to the Key Employees at such time and in accordance with this Agreement. The Buyer Parties and the Seller Parties agree that the Margin Bonus Payment is not, with respect to the transactions contemplated by this Agreement, a "parachute payment" as defined in Code Section 280G(b)(2). The Buyer Parties hereby agree to take a reporting position consistent with the preceding sentence.

(d) The following terms and conditions shall apply during the Margin Bonus Period and, in the case of clauses (iv) and (vii) below, following the Margin Bonus Period until the reporting and other obligations set forth therein are complete:

(i) Buyer Parties shall not knowingly or intentionally take any action that is commercially unreasonable that limits the attainability of the Margin Bonus Payment or minimizes or reduces the amount thereof;

(ii) The Buyer Sub shall operate as an independent subsidiary of Buyer and shall be subject to the Buyer's policies, procedures and oversight;

(iii) The Buyer shall not commingle Specified Assets of Buyer Sub with the assets of Buyer or the Buyer's Affiliates, and shall keep separate books and records for the Buyer Sub;

(iv) The Buyer Sub shall provide to the Seller quarterly and annual reports, including reasonable backup information and materials, with respect to the Margin Bonus Payment, including the Buyer Sub's Cumulative Adjusted Revenue, Cumulative Adjusted Pre-Tax Income, and Average Pre-Tax Margin. The Parties agree that any disagreement or dispute with respect to the contents of any quarterly or annual report, and related documentation, required to be delivered pursuant to the preceding sentence must, (A) for claims that are readily apparent upon reading such report, be raised within 30 days, and, (B) for claims that may be reasonably inferred upon reviewing such report, be raised within 90 days, in each case following delivery of the applicable report, or such claims shall be deemed waived (including in relation to the determination of the Margin Bonus Payment);

(v) Buyer Sub shall be the primary commercial and industrial electrical contractor of Buyer within the Geographic Area within the Seller's core competencies as of immediately before the Closing;

(vi) Buyer Sub may not, without the prior written consent of the Buyer, (A) conduct any business other than the Business, or (B) conduct the Business (or any other business) outside of the Geographic Area; and

(vii) Steven Watts, on the one hand, and Buyer, on the other hand, shall, (A) within 30 days after having actual knowledge and (B) within 90 days after the date on which he or it could reasonably be expected to have knowledge, in each case of any facts or circumstances that such Party believes constitute a breach by the other Party of his or its obligations pursuant to this Section 2.8(d), provide written notice thereof to the other Party together with reasonable detail regarding the alleged violation. Following receipt of such notice, the Party alleged to have breached his or its obligations hereunder shall have 30 days to cure such alleged breach before the other Party may bring any claim in connection therewith. The failure by a Party to notify the other Party of any such alleged breach within the 30-or 90-day period set forth in the first sentence of this clause (vii), as applicable, will constitute a waiver of any claims in respect of such alleged breach, including, with respect to Steven Watts, any claims related to the impact of such alleged breach on the determination as to whether a Margin Bonus Payment is payable, and the amount of any Margin Bonus Payment.

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

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

Section 2.11 *Transition.*

(a) *Non-Assignable Contracts*.

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

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

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

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

(C) take such commercially reasonable action in the name of the Seller Parties or otherwise as the Buyer Sub may reasonably require to provide the Buyer Sub with the benefits of the Non-Assignable Contract, including taking legal action to enforce the terms of any Non-Assignable Contract, including with respect to any breach thereof by the applicable counterparty, provided that expenses relating to any such action shall be borne by the Buyer Parties, and provided further that the Buyer Parties will have the right to direct any related Legal Proceeding; and

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

(iii) Buyer Sub will timely perform and satisfy the Seller's obligations under the Non-Assignable Contract.

(iv) Notwithstanding anything herein to the contrary, to the extent Seller Parties have not obtained consent to assign a Non-Assignable Contract to Buyer Sub within 75 days following the Closing Date, Buyer Sub shall nevertheless assume and agree to perform such Non-Assignable Contract immediately thereafter, provided that Seller Parties shall indemnify Buyer Parties pursuant to Section 7.2(a)(iii) for any Losses on or after the Closing attributable to the failure to obtain such consent.

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

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

(b) *Regulatory Issues.*

(i) At the Closing, Buyer Sub shall have obtained Licenses from the California Contractors State License Board with an "A" and "C-10" classification (the "Requisite Licenses"), and shall have qualified a Responsible Managing Officer (RMO) and Responsible Managing Employee (RME) in connection with the Business for purposes of the California Contractors State License Board.

(ii) The Parties acknowledge that Steven Watts and Jason McGinley will remain as the RMO and RME, respectively, for Seller immediately following the Closing, provided that, as soon as practicable following the Closing, and in any event within 75 days following the Closing, the Buyer Parties shall cause the Buyer Sub to designate Steven Watts and Jason McGinley as the RMO and RME, respectively, of Buyer Sub.

(iii) Each of the Parties acknowledges and agrees that no Party shall perform any services on any Customer Contract until such Party has obtained the Requisite Licenses.

ARTICLE III
CLOSING

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

Section 3.2 *Closing Deliveries of the Seller Parties*. Simultaneous with the execution of this Agreement, the Seller Parties have delivered to the Buyer Parties the following (with the documents, agreements and materials referenced in (a), (d), (g), (i), (m), (n), (o), (p) and (s) below being collectively referred to as the "Seller Ancillary Documents"):

(a) the lease agreement attached as Exhibit B, for the parcel(s) of real property owned by S.M.W. Properties, LLC (the "Affiliate Real Property");

(b) the consents listed on Schedule 3.2(b);

(c) evidence that all security interests or other Liens granted by the Seller or applicable to the Acquired Assets have been, or immediately following the occurrence of the Closing shall be (subject to Section 6.13), released and terminated, other than Permitted Liens;

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

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

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

(g) a duly executed counterpart to the Escrow Agreement, executed by the Seller and the Escrow Agent;

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

(i) a bill of sale and assignment and assumption agreement evidencing the conveyance of the Acquired Assets by the Seller and the assumption of the Assumed Liabilities by the Buyer Sub (the "Bill of Sale and Assignment and Assumption Agreement"), in the form attached hereto as Exhibit D, duly executed by the Seller;

(j) possession of the Acquired Assets;

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

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

(m) a certificate signed by the Seller's Secretary, dated as of the Closing Date, attaching true, correct and complete copies of the resolutions of the Seller's board of directors and shareholder authorizing the transactions contemplated hereby;

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

(o) in respect of each Lease, a lease assignment in a form approved by the Buyer Sub with respect to each Lease and evidencing the applicable landlord's consent to the within assignment and assumption, to the extent required under the terms of the applicable Lease, and an estoppel certificate, duly executed by the Seller and the applicable landlord (collectively, the "Lease Assignments");

(p) employment agreements duly executed by those individuals listed on Schedule 3.2(p) (the "Employment Agreements");

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

(r) payoff letters from each Person owed Indebtedness, other than capital leases being assumed by Buyer Sub at Closing, obligations secured by Permitted Liens described in clause (i) in the definition of Permitted Liens, and (subject to Section 6.13) obligations secured by Liens set forth on Schedule 6.13(a), as set out in Schedule 2.5(c), indicating that upon payment of a specified amount, along with a per diem interest amount, if applicable, such Person shall be paid in full and, if applicable, such Person shall release his, her or its security interest and authorize the Buyer Parties to file Uniform Commercial Code termination statements, or such other documents or endorsements necessary to release or discharge the financing statements, security interests or other Liens of such, and evidence the release or discharge of such financing statements, security interests or other Liens on or against any of the Acquired Assets; and

(s) a certification of trust in the form of Exhibit J, duly executed by the Trustees on behalf of the Trust.

Section 3.3 *Closing Deliveries of the Buyer Sub*. Simultaneous with the execution of this Agreement, the Buyer Sub has delivered to the Seller the following (with the documents, agreements and materials referenced in (a)-(d), (f), (g), and (i) below being collectively referred to as the "Buyer Ancillary Documents", and together with the Seller Ancillary Documents, the "Ancillary Documents"):

(a) duly executed counterparts to the Lease Assignments;

(b) duly executed counterparts to the Employment Agreements;

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

(d) duly executed counterparts to the lease agreements and amendments thereto attached as Exhibit B for the Affiliate Real Property;

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

(f) a duly executed counterpart to the Bill of Sale and Assignment and Assumption Agreement, executed by the Buyer Sub;

(g) a certificate signed by the Buyer's Secretary, dated as of the Closing Date, attaching true, correct and complete copies of the resolutions of the Buyer's board of directors authorizing the transactions contemplated hereby;

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

(i) a duly executed letter of credit pertaining to Seller's workers' compensation plan with respect to Liabilities arising on or after the Closing Date.

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

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

Section 4.1 Organization and Qualification; Authority; Binding Effect.

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

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

(c) Except as set forth on Schedule 4.1(c), (i) the Seller does not have, and has not had, any Subsidiaries, and (ii) the Seller does not control or own, and has not controlled or owned, directly or indirectly, any beneficial or legal interest in any capital stock or similar equity interest of any Person, Subsidiary or joint ventures formed to perform work under Assumed Contracts or with respect to which the Seller may have any Liabilities of any kind, including warranty liability, following the Closing.

(d) The Seller has delivered to the Buyer Parties a true and correct copy of the articles of incorporation and bylaws of the Seller, in each case as amended to date (the "Organizational Documents") and such Organizational Documents are in full force and effect.

(e) Except as set forth on Schedule 4.1(e), the Seller has not conducted any business under or otherwise used, for any purpose or in any jurisdiction, any fictitious name, assumed name, trade name or other name. The Seller has no predecessor entities. The Seller does not conduct, and has not had, any operations or sales outside the United States.

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

(g) No Seller Party is subject to any restriction, whether contained in its governing documents, its constituent documents, or otherwise, that limits his, her or its ability to satisfy any obligations hereunder, including the indemnification obligations set out in Article VII.

(h) Each Seller Party has all requisite power and authority to execute, deliver and perform his, her or its obligations under this Agreement.

(i) Assuming due execution and delivery by the other parties hereto or thereto, this Agreement and each of the Seller Ancillary Documents constitute the legal, valid and binding obligation of the Seller Parties party thereto, and each is enforceable against the applicable Seller Party in accordance with its terms, except as enforceability may be limited by bankruptcy, insolvency, moratorium or other Laws affecting creditors' rights generally and the exercise of judicial discretion in accordance with general equitable principles.

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

Section 4.3 No Conflict.

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

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

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

(iii) except as set forth on Schedule 4.3(a)(iii), contravene, conflict with or result in a violation of any of the terms or requirements of, or give any Governmental Entity the right to revoke, withdraw, suspend, cancel, terminate or modify, any License that is held by the Seller with respect to the Business or the assets of the Seller (including the Acquired Assets);

(iv) except (A) as set forth on Schedule 4.3(a)(iv) and (B) in connection with any consent required under any customer Contract with backlog as of the Closing of less than $500,000, contravene, conflict with or result in a violation or breach of any provision of, or give any Person the right to declare a default under, or to accelerate the maturity or performance of, or to cancel, terminate or modify, any Material Contract; or

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

(b) Except as set forth on Schedule 4.3(b), no consent, release, waiver, authorization, approval, Order, License or declaration or filing with, or notification to, any Governmental Entity, or, with respect to the Material Contracts (except for customer Contracts with backlog as of the Closing of less than $500,000), any Person, is required on the part of the Seller Parties in connection with the execution and delivery of this Agreement or the Seller Ancillary Documents by the Seller Parties or the compliance by the Seller Parties with any of the provisions hereof or thereof, or the consummation by the Seller of the transactions contemplated hereby and thereby.

Section 4.4 Compliance with Laws; Licenses.

(a) Except as set forth on Schedule 4.4(a), the Seller Parties are, and at all times since January 1, 2014, have been, in compliance in all material respects with all Laws applicable to the Seller, the ownership and operation of the Business and the assets (including the Acquired Assets) of the Seller, and since such date no Seller Party has received any written notice of a material violation of any such Laws, nor, to Seller's Knowledge, do any facts exist that might reasonably be expected to result in a material failure to comply with all such applicable Laws.

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

Section 4.5 Financial Statements.

(a) Schedule 4.5 sets forth the following financial statements of the Seller (collectively, the "Financial Statements"): (i) the unaudited balance sheet of the Seller as of the Preliminary Accounting Date, and the related statements of income for the five months then ending, and (ii) the audited balance sheet of the Seller as of December 31, 2018, and the related statements of income for the 12 months then ending. The Financial Statements (x) are consistent with, and were prepared from, the Books and Records of the Seller, (y) fairly present in all material respects the financial condition and results of operations of the Seller as of the dates and for the periods indicated therein, and (z) have been prepared in accordance with GAAP (provided that the unaudited Financial Statements are subject to normal year-end adjustments and lack footnotes and other presentation items required by GAAP).

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

Section 4.6 *No Undisclosed Liabilities*. Except as set forth on Schedule 4.6, the Seller has no Liabilities in excess of $50,000 in the aggregate, except for (i) Liabilities accrued, expressly reserved or otherwise specifically disclosed in the Financial Statements, (ii) current Liabilities incurred in the Ordinary Course of Business since December 31, 2018, and (iii) contractual obligations arising in the Ordinary Course of Business other than (I) related to a breach of any such contracts, and/or (II) for any past due amounts due thereunder.

Section 4.7 *Books and Records and Accounts*. The Books and Records of the Seller accurately reflect all material transactions relating to the Business. The Seller maintains a system of internal accounting controls sufficient to provide reasonable assurance that (a) transactions are executed in accordance with management's general or specific authorization, and (b) transactions are recorded as necessary to (i) permit preparation of financial statements that are true and complete in all material respects and that fairly present in all material respects the financial condition and results of operations of the Seller and (ii) maintain accountability for assets. The books of account, minute books, stock record books, and other records of the Seller, all of which have been made available to the Buyer Parties, are complete and correct and have been maintained in accordance with sound business practices. The minute books of the Seller contain accurate and complete records in all material respects of all formal meetings held, and formal action taken by, its shareholders, board of directors, and committees of the board of directors.

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

Section 4.9 *Sufficiency of Assets*. On the Closing Date, except as set forth on Schedule 4.9, the Acquired Assets, together with the other rights being acquired by the Buyer Sub hereunder, will constitute all of the tangible and intangible assets of any nature whatsoever necessary to operate the Business in the manner currently conducted by the Seller and as conducted by the Seller in the year preceding the date hereof. The operation of the Business is and for the last five years has been conducted solely through the Seller.

Section 4.10 *Absence of Certain Developments*. Except as set forth on Schedule 4.10, since December 31, 2018, there have been no events, facts or circumstances, individually or in the aggregate, that have or, to Seller's Knowledge, could reasonably be expected to have a Material Adverse Effect.

Section 4.11 Assets of the Business.

(a) The Seller has good and valid title to, or a valid leasehold interest in, the Leased Premises and the Acquired Assets. With the exception of any Non-Assignable Contracts, immediately following the occurrence of the Closing, without regard to any actions taken (or omitted to be taken) by the Buyer Sub or by the Seller at the direction of the Buyer Sub, all of the Acquired Assets will be owned free and clear of all Liens by the Buyer Sub other than those Permitted Liens described in clauses (d), (e), (f), (g), (h), and (i) in the definition of Permitted Liens.

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

(c) Schedule 4.11(c) contains a true, complete, and correct list of tooling with value greater than $5,000 used by the Seller in the Business.

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

(e) Schedule 4.11(e) contains a true, complete, and correct list of the fixed assets with a monetary value greater than $5,000 used by the Seller in the Business.

Section 4.12 Contracts.

(a) Schedules 4.12(a)(i) through 4.12(a)(ix) set forth a listing of all Contracts to which the Seller is a party or by which the Seller or the Acquired Assets may be bound, and to the extent such Contracts are oral, a description of the relevant terms thereof (each such Contract falling into any of the categories listed below, a "Material Contract"):

(i) Schedule 4.12(a)(i) (the "Preliminary Accounting Date Project Lookback Schedule") sets forth each Customer Contract with estimated revenues at completion greater than $100,000 for the Seller and, for each such Customer Contract, the following data prepared in accordance with GAAP as of the Preliminary Accounting Date: (i) estimated revenue at completion, (ii) estimated cost at completion, (iii) estimated profit at completion, (iv) estimated profit percentage, (v) revenue inception to date, (vi) actual cost inception to date, (vii) accrued loss, (viii) cost taken inception to date, (ix) ITD Profit, (x) billings inception to date, (xi) over/under billings, (xii) estimated percent complete, (xiii) the estimated amount of any remaining warranty obligation, (xiv) the remaining warranty duration, (xv) the warranty reserve, if any, and (xvi) a list of all pending change orders and potential claims, including claims against any Bonds, all of which as of the Preliminary Accounting Date and reconciled to the Preliminary Net Asset Amount, as applicable, set forth in the Preliminary Net Asset Amount calculation in Exhibit H;

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

(iii) Schedule 4.12(a)(iii) sets forth each Contract imposing any restriction on the right or ability of the Seller or, to Seller's Knowledge, any key employees of the Seller to (A) compete with, or solicit the services or employment of, any other Person; (B) sell any product or other asset, or perform any services anywhere in the world; (C) acquire any product or other asset or any services from any other Person, or transact business or deal in any other manner with any other Person or (D) develop, use, sell or license any Intellectual Property, or that grants material exclusivity rights or "most favored nations" status to the counterparty thereof; provided, however, that project-specific non-circumvention provisions in customer contracts and provisions restricting the Seller's solicitation of the employees of a general contractor of the Business will not require disclosure pursuant to this Section 4.12(a)(iii);

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

(v) Schedule 4.12(a)(v) sets forth each Contract concerning a partnership or joint venture or involving the sharing of profits or expenses to which the Seller is a party;

(vi) Schedule 4.12(a)(vi) sets forth any (A) Government Contract with backlog as of the Closing in excess of $500,000 and (B) pending Government Bid with a monetary value in excess of $5,000,000;

(vii) Schedule 4.12(a)(vii) sets forth each insurance, surety bond or other similar agreement to which the Seller is a party or which otherwise relate to the Business or the Acquired Assets; and

(viii) Schedule 4.12(a)(viii) sets forth each Contract that has or could reasonably be expected to have a Material Adverse Effect if (A) any other party cancelled or terminated such Contract (with or without notice or the passage of time), or (B) any other party could claim monetary damages with respect to performance prior to the Closing (either individually or in the aggregate with all other such claims under such Contracts) in excess of $100,000 from any Seller Party.

(b) Each Material Contract is legal, valid, binding and in full force and effect and is enforceable against the Seller and each other party thereto, in accordance with its respective terms, except as enforceability may be limited by bankruptcy, insolvency, moratorium or other Laws affecting creditors' rights generally and the exercise of judicial discretion in accordance with general equitable principles. Neither Seller nor, to Seller's Knowledge, any other party to any Material Contract is (with or without the lapse of time or the giving of notice, or both) in breach or default in any material respect thereunder or has repudiated any material term of such Material Contract. No Seller Party has received any written notice of termination, cancellation or non-renewal with respect to any Material Contract, and, to Seller's Knowledge, no other party to any Material Contract plans to terminate, cancel or not renew such Material Contract.

(c) Immediately prior to the Closing Date, to Seller's Knowledge, no event or development has occurred, and no fact, circumstance or condition exists, that (with or without notice or lapse of time or both) would (i) result in a violation or breach of any provision of any Material Contract; (ii) give any Person the right to declare a default or exercise any remedy under any Material Contract; (iii) give any Person the right to receive or require a rebate, chargeback or penalty in excess of $100,000 individually or in the aggregate, or change in delivery schedule under any Material Contract; (iv) give any Person the right to accelerate the performance of any obligation under any Material Contract; or (v) give any Person the right to cancel, terminate or modify any Material Contract.

(d) Except (i) as set forth on Schedule 4.12(d) and (ii) for any customer Contract with backlog as of the Closing of less than $500,000, immediately following the Closing, each Material Contract will continue to be legally valid and binding on and enforceable by the Buyer Sub on terms identical to those in effect immediately prior to the Closing, in each case without breaching the terms thereof or resulting in the forfeiture or impairment of any rights thereunder and without the consent, approval or act of, or the making of any filing with, any other Person. The Seller has performed, or is performing, in all material respects, the Seller's obligations required to be performed by it to date under each Material Contract, and the Seller is not (with or without the lapse of time or the giving of notice, or both) in material breach or default thereunder. The Seller has not waived or released any of its material rights under any Material Contract. Except for customer Contracts with backlog as of the Closing of less than $500,000, complete and correct copies of all Material Contracts, together with all modifications, supplements and amendments thereto, have been made available to the Buyer Parties. Except for consents required for the assignment of any Non-Assignable Contracts, no Contract to which any Seller Party is a party will require the consent of the counterparty thereto as a consequence of the transactions contemplated hereby.

(e) Schedule 4.12(e) sets forth the forms of Contracts (including purchase orders) used by Seller in the conduct of the Business with (i) subcontractors (the "Form Subcontractor Contracts"), and (ii) suppliers (the "Form Supply Contracts").

Section 4.13 Intellectual Property; No Infringement.

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

(b) Each item of Seller Intellectual Property, including all Seller Registered Intellectual Property listed on Schedule 4.13, is free and clear of all Liens (other than Permitted Liens). The Seller holds valid licenses for all third-party owned Intellectual Property. The Seller is the exclusive legal and record owner of (A) all trademarks, trade names, patents and patent applications (including provisional applications), domain names and social media handles used by the Seller Parties in connection with the operation or conduct of the Business, including the provision of any Services by the Seller, (B) all copyrighted works that the Seller produces, and (C) all other items of Seller Registered Intellectual Property and material Seller Intellectual Property owned by the Seller to conduct the Business in the Ordinary Course of Business.

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

(d) The Seller Intellectual Property, together with such software and other Intellectual Property that is licensed to the Seller on a non-exclusive basis pursuant to an enforceable Contract which has not been materially breached by Seller (including, by way of example, commercially available software products) constitutes all the Intellectual Property used in or necessary to the Seller Parties' conduct of the Business as presently conducted.

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

Section 4.14 Employee Benefit Plans.

(a) Schedule 4.14(a) sets forth a complete list of (i) all employment, severance pay, salary continuation, bonus, incentive, stock option, equity-based, retirement, pension, profit sharing or deferred compensation plans, contracts, programs, funds, or arrangements of any kind, and (ii) all "employee benefit plans," as defined in Section 3(3) of ERISA, including all employee benefit plans, contracts, programs, funds, or arrangements (whether written or oral, qualified or nonqualified, funded or unfunded or foreign or domestic) and any trust, escrow, or similar agreement related thereto, whether or not funded, in respect of any present or former employees, directors, managers, officers, equity holders, consultants, or independent contractors of the Seller or any other member of the Controlled Group that are sponsored or maintained by the Seller or any other member of the Controlled Group or with respect to which the Seller or any other member of the Controlled Group has made or is required to make payments, transfers, or contributions (all of the above being hereinafter individually or collectively referred to as a "Benefit Plan" or "Benefit Plans," respectively). The Seller has no Liability with respect to any plan, arrangement or practice of the type described in the preceding sentence other than the Benefit Plans and neither the Buyer Sub nor any of its Affiliates will have any Liability arising prior to the Closing Date under any Benefit Plan unless such Liability arises as a result of Buyer Sub failing to comply with Section 6.10.

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

(c) Schedule 4.14(c) sets forth a list of the Multiemployer Pension Plans to which the Seller or any other member of the Controlled Group currently has or in the past has had an obligation to contribute or with respect to which the Seller or any other member of the Controlled Group has any Liability. Except with respect to the Multiemployer Pension Plans set forth on Schedule 4.14(c), neither the Seller nor any other member of the Controlled Group currently has, or at any time in the past has had, an obligation to contribute to a "defined benefit plan" as defined in Section 3(35) of ERISA, a pension plan subject to the funding standards of Section 302 of ERISA or Section 412 of the Code or a "multiple employer plan" within the meaning of Section 210(a) of ERISA or Section 413(c) of the Code.

(d) Except as set forth on Schedule 4.14(d)(i), no Multiemployer Pension Plan to which the Seller or any other member of the Controlled Group has an obligation to contribute (i) is in reorganization (within the meaning of Part 3 of Subtitle E of Title IV of ERISA), (ii) is in endangered status (under Section 432(b)(1) of the Code or Section 305(b)(1) of ERISA), (iii) is in critical status (under Section 432(b)(2) of the Code or Section 305(b)(2) of ERISA), (iv) has incurred an accumulated funding deficiency (within the meaning of Section 431(a) of the Code or Section 304(a) of ERISA), (v) has requested or been granted by the IRS any waiver of the minimum funding standards of Section 302 of ERISA and Section 412 of the Code, or (vi) has any Lien in favor of it (under Section 430(k) of the Code or Sections 302(f) or 303(k) of ERISA). Except as set forth on Schedule 4.14(d)(ii), neither the Seller nor any other member of the Controlled Group has received, and, to Seller's Knowledge, no conditions or circumstances exist that could result in, a notice of endangered or critical status pursuant to Section 432(b)(3)(D) of the Code or Section 305(b)(3)(D) of ERISA in respect of any such Multiemployer Pension Plan. Except as set forth on Schedule 4.14(d)(iii), neither the Seller nor any other member of the Controlled Group has taken any action that would constitute a complete or partial withdrawal of an employer (within the meaning of Part 1 of Subtitle E of Title IV of ERISA) prior to the Closing Date from any Multiemployer Pension Plan to which the Seller or any other member of the Controlled Group has any obligation to contribute on the date of this Agreement.

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

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

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

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

Section 4.15 Employment and Labor Matters.

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

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

(c) Except as listed on Schedule 4.15(c), the Seller is not currently a party to nor, since January 1, 2009, has it been a party to, any collective bargaining agreement or other agreement subject to enforcement under Section 301 of the Labor Management Relations Act, 29 U.S.C. §185 ("Collective Bargaining Agreements"). Except as set forth on Schedule 4.15(c), within the last five years the Seller has not:

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

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

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

(e) Except as set forth on Schedule 4.15(e), the Seller has been for the last five years in compliance in all material respects with all Laws respecting employment and employment standards, employment practices and terms and conditions of employment, including discrimination, civil rights, immigration, wages and hours, and the classification (including for purposes of benefit plan participation) and payment of employees and independent contractors, workers' compensation, unemployment compensation benefits, health and safety, and affirmative action. Except as set forth on Schedule 4.15(e), within the last five years, the Seller has not:

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

(ii) failed to complete and maintain fully and accurately completed Forms I-9 with respect to all current and, where required by Law, former employees or failed to fulfill all other requirements by Law in all material respects pertaining to every aspect of the employment eligibility verification process for each employee of Seller. In the past three years, Seller has not received written notice from any Governmental Entity of any investigation by any Governmental Entity regarding noncompliance with Laws pertaining to immigration, including U.S. Social Security Administration "No-Match" letters;

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

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

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

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

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

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

(f) The Seller maintains all employment records, including payroll records, personnel files, medical files, and records pertaining to occupational health and safety, in material compliance with applicable Laws.

(g) The Seller is not, nor has it been within the last five years, a federal government contractor or subcontractor subject to Executive Order 11246, the Vietnam Era Veterans' Readjustment Assistance Act of 1974 or Section 503 of the Rehabilitation Act of 1973.

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

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

Section 4.17 Taxes.

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

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

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

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

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

(f) The Seller has not received written notice that it is currently subject to any action or audit with respect to Taxes related to the Business or the Acquired Assets or Taxes for which any Buyer Party could be held liable under a successor Liability theory or otherwise.

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

(h) The Seller has not waived any statute of limitations with respect to Taxes or agreed to any extension of time with respect to a Tax assessment or deficiency, with respect to any Tax period, assessment or alleged deficiency that remains open or unresolved.

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

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

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

(l) The Seller (and any predecessor of the Seller) has been a validly electing S corporation within the meaning of Code Sections 1361 and 1362 at all times during its existence and the Seller will be an S corporation through and including the Closing Date. The Seller does not have any qualified subchapter S subsidiaries within the meaning of Code Section 1361(b)(3)(B).

(m) The Seller has no potential liability for any Tax under Section 1374 of the Code. Neither the Seller nor any subsidiary of the Seller, in the past 5 years, (i) acquired assets from another corporation in a transaction in which the Seller's Tax basis for the acquired assets was determined, in whole or in part, by reference to the Tax basis of the acquired assets (or any other property) in the hands of the transferor or (ii) acquired stock of any corporation that is a qualified subchapter S subsidiary.

Section 4.18 *Affiliate Transactions*. Except as set forth on Schedule 4.18, no Affiliate of the Seller (including any other Seller Party) has any interest in any property (whether real, personal or mixed and whether tangible or intangible) used in or pertaining to the Business or the assets (including the Acquired Assets) of the Seller. Neither the Seller nor any of its Affiliates owns (of record or as a beneficial owner, but excluding Passive Portfolio Investments) an equity interest or any other financial or profit interest in a Person that has (a) had business dealings or a material financial interest in any transaction with the Seller or with respect to its assets, or (b) engaged in competition with the Business with respect to any line of the services of the Business. Other than Contracts contemplated by this Agreement or as set forth on Schedule 4.18, there is no Contract between any Seller Party and any of its Affiliates (or among any Seller Parties) with respect to the Business that is currently in effect or that would be in effect at any time subsequent to the Closing. All Loans between the Seller and an Affiliate thereof (including any Seller Party), including those set out in Schedule 4.18, have been settled in full, and as of the Closing no Liabilities exist thereunder.

Section 4.19 *Real Property.*

(a) The Seller does not own any real property.

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

(c) The Real Property comprises all real property used or necessary in connection with the Business as currently conducted.

Section 4.20 Environmental, Health and Safety Matters.

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

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

(c) There is no pending or, to Seller's Knowledge, threatened Environmental Claim against the Seller relating to the Business or the Facilities.

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

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

(f) Except as set forth on Schedule 4.20(f), the Seller has not assumed, contractually or by operation of applicable Law, any Liabilities of any third party under any Environmental Law.

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

(h) The Seller is not conducting any Remedial Action under any Environmental Law, nor is the Seller obligated under any Environmental Law or order, decree or agreement with any Governmental Entity to conduct any such Remedial Action, in each case related to the Seller or the Business.

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

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

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

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

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

Section 4.21 Customers. Schedule 4.21 sets forth a complete and accurate list of the Customers of the Seller. Since January 1, 2016, and except as set forth on Schedule 4.21, no Customer has made a claim in writing for refund or rescission under any Contract (and, to Seller's Knowledge, the Seller Parties have not been advised that a Customer has any intention to do so).

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

Section 4.23 Insurance. The Seller maintains the policies of commercial general liability, automobile, employer's liability, professional liability, director's and officer's liability, pollution, workers' compensation and the other forms of insurance with respect to the Business identified in Schedule 4.23 (collectively, the "Insurance Policies"). Schedule 4.23 sets forth a complete listing of all lines, limits, and deductibles for all primary and excess layers of the Insurance Policies and the history of the Seller's or applicable Seller Party's claims under such Insurance Policies since January 1, 2016. All Insurance Policies are in full force and effect, all premiums due and payable thereon have been paid (other than retroactive or retrospective premium adjustments that are not yet due, but may be required to be paid with respect to any period ending prior to the Closing Date) and the Seller is otherwise in material compliance with the terms of such Insurance Policies. No Seller Party has received any written notice, and to Seller's Knowledge there is no threatened termination of, or premium increase with respect to any such Insurance Policies, other than normal premium increases in the Ordinary Course of Business. Except as set forth on Schedule 4.23, other than customary deductibles, the Seller is not self-insured for any insurance with respect to the Business. True, correct and complete copies of the Insurance Policies in effect at any time in the past five years have been provided to the Buyer Parties.

Section 4.24 Disclosure. To Seller's Knowledge, neither this Agreement nor the Schedules delivered by Seller Parties pursuant to this Agreement, contains any untrue statement of a material fact, or omits any statement of a material fact necessary to make the statements contained herein or therein not materially misleading. True and complete copies of all agreements, instruments and documents required to be furnished to Buyer Parties pursuant to this Agreement have been provided to the Buyer Parties.

ARTICLE V
REPRESENTATIONS AND WARRANTIES OF THE BUYER PARTIES

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

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

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

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

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

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

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

Section 5.7 *Independent Investigation*. Buyer Parties acknowledge and agree that: (a) in making the decision to enter into this Agreement and to consummate the transactions contemplated hereby, Buyer Parties have relied solely upon their own investigation and the express representations and warranties of the Seller Representing Parties set forth in Article IV of this Agreement (including the related portions of the Disclosure Schedules); and (b) none of the Seller Parties nor any other Person has made any representation or warranty as to the Seller Parties or this Agreement, except as expressly set forth in Article IV of this Agreement (including the related portions of the Disclosure Schedules). In no event shall the representations in this Section 5.7 limit, or be deemed or construed to limit, the (x) Buyer Parties' rights under this Agreement, including their rights to indemnification under Article VII, or (y) the indemnification obligations of the Seller Parties under Article VII.

ARTICLE VI
COVENANTS

Section 6.1 *Tax Matters.*

(a) *Purchase Price Allocation*. The Parties agree that the Purchase Price, as adjusted pursuant to Section 2.8 and sections (a), (b), and (c) of Exhibit I, and as otherwise adjusted pursuant to this Agreement, shall be allocated among the Acquired Assets and the covenants set forth in the Restricted Covenant Agreements in accordance with Code section 1060 and the Treasury Regulations thereunder, as set forth on the allocation schedule attached hereto at Schedule 6.1 (the "Purchase Price Allocation"). Each Party shall file all Tax Returns (including IRS Form 8594) in a manner consistent with the Purchase Price Allocation, and shall not take any position for Tax purposes (whether in audits, Tax returns or otherwise) that is inconsistent with the Purchase Price Allocation unless required to do so in connection with the resolution of a Tax audit by an applicable Governmental Entity. The Purchase Price Allocation shall be revised to take into account subsequent adjustments to the Purchase Price in a manner consistent with the methodology set forth in the Purchase Price Allocation. The Parties acknowledge to one another that the allocation set forth in the Purchase Price Allocation is reasonable in light of all applicable facts and circumstances and is consistent with the provisions of Section 1060 of the Code.

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

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

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

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

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

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

Section 6.4 *Warranty Claims*. With respect to warranty work actually performed by the Buyer Parties, the Buyer Parties shall be reimbursed, at their election, from the Seller Parties or the Escrow Account for the reasonable costs of all warranty work in respect of warranty claims made on a Customer Contract. Buyer Sub will perform such warranty work as reasonably requested by the Seller Parties.

Section 6.5 *Change of Name*. Immediately following the Closing Date, the Seller shall (a) amend its organizational documents and make, on an expedited basis, all filings necessary to change its legal name to a name that does not contain "CSI", or any similar name (which legal name shall be reasonably acceptable to the Seller), (b) withdraw all its fictitious name filings and "doing business as" filings for any name that contains any of the foregoing, and (c) provide the Buyer Parties with any additional information, documents and materials that any Buyer Party may reasonably request to evidence the filings described in (a) and (b). Notwithstanding the foregoing, Seller Parties shall be entitled to continue to use Seller's existing name solely in connection with carrying out its obligations or enforcing its rights pursuant to this Agreement. On the Closing Date or immediately thereafter, or on such earlier date as Seller provides authorization, Buyer Sub shall change its name to "CSI Electrical Contractors".

Section 6.6 *Insurance*. The Seller shall (a) maintain the Insurance Policies through the terms and renewal dates of the Insurance Policies, including coverage terms, conditions, endorsements and exclusions substantially similar to those in effect prior to the Closing Date and shall cause to be included as additional insured on the Insurance Policies the Buyer Parties, (b) not cause or permit any assignment of the proceeds of the Insurance Policies or change in beneficiary, and will not borrow against the Insurance Policies, and (c) not replace the Insurance Policies with substitute policies or make material changes to coverage terms, conditions or endorsements without the written consent of the Buyer Parties, which the Buyer Parties may withhold in their sole discretion. The Seller may also obtain "tail" insurance policies post-Closing, and shall name the Buyer Parties as additional insured or loss payee on any such policies. The Seller shall be responsible for payment of deductibles on claims made for insurable events first arising prior to the Closing Date, and for any "tail" insurance policies maintained post-Closing by Seller. The Buyer Parties shall be responsible for payment of deductibles on claims made for insurable events first arising on or after the Closing Date. Any payments to the Buyer Parties or the Seller under the coverage provided under Section 6.6 shall be applied to the underlying claims. All costs related to the Insurance Policies to be assigned to Buyer Parties and that will remain in effect post-Closing shall be prorated between Buyer Parties and Seller, with all premiums due and payable on the Insurance Policies, including premium adjustments with respect to any period ending prior to the Closing Date to be paid by Seller, and all premiums due and payable on the Insurance Policies, including premium adjustments with respect to any period ending on or after the Closing Date to be paid by Buyer Parties.

Section 6.7 *Information Technology*.

(a) If, following the Closing, any counterparty to a Software License requests any payment in connection with the assignment of such Software License to the Buyer Parties, the Buyer Sub will make such payment, and the amount of such payment will be reflected in the calculation of the Buyer Sub's Cumulative Adjusted Pre-Tax Income. If, with respect to a Software License, it is determined that Seller did not have adequate rights to such Software License or was otherwise in breach of the terms of such Software License prior to the Closing, the Seller shall reimburse the Buyer Sub for the current replacement cost of such Software License, together with any fees, penalties, expenses and other payments related thereto, such reimbursement to occur within 70 days after the Closing Date, by payment to the Buyer from the Escrow Account until the Escrow Amount is exhausted and thereafter any remaining amounts shall be paid in cash by the Seller Parties, who shall be jointly and severally liable for such payments.

(b) In the event that a third party has not performed security penetration testing or vulnerability scanning on the Seller's existing information technology systems, including its internal networks, external networks, and applications, in accordance with the National Institute of Standards and Technology ("NIST") guidance, Controls CA-8 Penetration Testing and RA-5 Vulnerability Scanning, in the twelve months immediately preceding the Closing Date, the Buyer Parties shall cause such testing to be performed within three months subsequent to the Closing Date. In the event such testing identifies critical or severe vulnerabilities or results in scores in the range of 7.0 – 10.0 based on the Forum of Incident Response and Security Teams ("FIRST") Common Vulnerability Scoring System ("CVSS"), the Buyer Sub shall remediate such critical and severe vulnerabilities and those necessary to achieve scores in the range of 0.0 – 6.9 and any out-of-pocket costs related to such testing remedial efforts shall be borne by Buyer and, for the avoidance of doubt, not the Buyer Sub.

Section 6.8 *Bonds*. On the Closing Date, the Buyer and Buyer Sub shall be added to the general indemnity agreement as co-indemnitors for the Bonds set forth on Schedule 6.8 for Bonds for Customer Contracts that are in progress and Bonds necessary to conduct the Business. For the avoidance of doubt, the Buyer and Buyer Sub shall not be co-indemnitors for Bonds for Customer Contracts that are not in progress or are closed as of the Closing Date.

Section 6.9 *Multiemployer Pension Plan Liability*. (a) If, on or after the date of this Agreement, a Seller Party is assessed with a partial or complete withdrawal from a Multiemployer Pension Plan due to events arising prior to the Closing Date, such assessments will be timely paid by such Seller Party pursuant to the terms of the applicable payment schedule, until the earlier of the date all scheduled payments have been made or the date such assessment is vacated through judgment in accordance with ERISA § 4221. In the event any Buyer Party or any of their respective Affiliates is assessed any Liability by any Multiemployer Pension Plan or any associated costs arising from the alleged complete or partial withdrawal from a Multiemployer Pension Plan by a Seller Party prior to the Closing Date, the Seller Parties will promptly indemnify the Buyer Parties and their respective Affiliates pursuant to Section 7.2(a)(iii) from and against any such Liabilities and costs upon notice of such Liabilities.

Section 6.10 *Collective Bargaining*. Within 14 days of the Closing Date, Buyer Sub shall sign letters of assent with all International Brotherhood of Electrical Workers' local unions whose collective bargaining agreements are listed on Schedule 4.15(c) as "Present" (i.e., those local unions from which the Seller was obtaining labor immediately prior to the Closing Date), agreeing to the terms of those local unions' collective bargaining agreements, including any requirement to contribute to the associated Multiemployer Pension Plan(s) listed on Schedule 4.14(c). For a period of five years after the Closing Date, if Buyer Sub performs any work in the jurisdiction of any International Brotherhood of Electrical Workers' local union whose collective bargaining agreement is listed on Schedule 4.15(c) as "Recent" (i.e., those local unions from which the Seller obtained labor within the last five years) or as "Present", then Buyer Sub will sign a letter of assent with said local union prior to performing any work and will contribute to any associated Multiemployer Pension Plan(s) listed on Schedule 4.14(c) as required by the applicable collective bargaining agreement.

Section 6.11 *Non-Competition; Non-Solicitation*.

(a) Beginning on the Closing Date and continuing until the fifth anniversary of the Closing, the Restricted Persons shall not, and shall cause their Affiliates not to, directly or indirectly:

(i) compete with any Buyer Party or any Affiliate of any Buyer Party in any aspect or segment of the Business at locations in the Geographic Area, or from outside of the Geographic Area into the Geographic Area;

(ii) engage in, manage, operate, finance or make any investment (equity, debt or otherwise) in, control or participate in the management, operation, financing or control of, be associated with or in any manner connected with, or render services or advice or other aid to, or guarantee any obligation of, any Person engaged in or planning to become engaged in any aspect or segment of the Business at locations in the Geographic Area, or from outside of the Geographic Area into the Geographic Area, other than in connection with such Person's employment with the Buyer Sub;

(iii) divert or attempt to divert, solicit or attempt to solicit, interfere with or attempt to interfere with, take away or attempt to take away, or accept work or activities in, any aspect or segment of the Business from any Customer within the Geographic Area, or from outside the Geographic Area into the Geographic Area;

(iv) publicly disparage any Buyer Party, or any of its shareholders, directors, officers, employees or agents in connection with the Business; provided, however, that nothing in this Section 6.11 will prohibit the Restricted Persons from disclosing such truthful and accurate information as may be required to be disclosed by Law or to the extent required to enforce or defend such Person's legal rights under this Agreement or the Ancillary Documents, but solely to the extent covered in filings that are subject to litigation privilege; or

(v) cause, induce or attempt to cause or induce any Customer, supplier, licensee, licensor, consultant or other business relation (other than any employee) of any of the Buyer Parties to cease doing business with any of the Buyer Parties, to deal with any competitor of the Buyer Parties in any aspect or segment of the Business, or in any way interfere with his, her or its relationship with any of the Buyer Parties in any aspect or segment of the Business.

Notwithstanding the foregoing, the Parties agree that (A) Steven Watts shall not violate this Section 6.11 for or by actions taken in exercising his good faith business judgment in the best interests of Buyer Sub and in compliance with the provisions of this Agreement and his Employment Agreement and (B) nothing in this Section 6.11 shall prohibit Steven Watts from acting on behalf of S.M.W. Properties, LLC in connection with the lease agreements and amendments thereto attached as Exhibit B for the Affiliate Real Property.

(b) Nothing in this Section 6.11 will be deemed to eliminate or limit the right of a Restricted Person to be a passive owner, without any management responsibility or authority, of capital stock or other securities of any Person engaged in the Business if such securities are regularly traded on any national securities exchange; provided, however, that such passive ownership interest of the Restricted Persons and their Affiliates will not collectively exceed, directly or indirectly, 5% of the issuer's outstanding equity.

(c) Beginning on the Closing Date and continuing until the fifth anniversary of the Closing, the Restricted Persons shall not (whether directly or indirectly, through an Affiliate or some other Person, or in the name or on behalf of an Affiliate or some other Person, whether acting as an officer, director, equityholder, owner, partner, member, trustee, beneficiary, employee, promoter, consultant, technical adviser, agent, lender, manager or otherwise or as the assign of any such Person) solicit for employment, or induce to leave the employ of any Buyer Party, any Person who is then currently an employee of a Buyer Party, provided that nothing in this Section 6.11(c) shall prevent or preclude any Person from directly or indirectly: (x) offering employment through public advertising or general solicitations to the public that are not directed at any such employee, or (y) soliciting, hiring, or engaging any former employee of any Buyer Party who has not been employed or engaged by any Buyer Party at any time within the 12 month period prior to such date.

(d) Each Restricted Person acknowledges (i) that such Restricted Person will receive substantial benefits by virtue of the transactions contemplated by this Agreement, (ii) that the covenants set forth in this Section 6.11 are intended to induce the Buyer Parties to enter into this Agreement, and such Restricted Person's agreement to the covenants set forth in this Section 6.11 is a condition to the Buyer Parties' willingness to enter into this Agreement (and the Buyer Parties would not enter into this Agreement absent such Restricted Person's agreement to the covenants set forth in this Section 6.11), (iii) (x) the importance of Delaware law, including laws regarding competition and the protection of trade secrets, to the Buyer Parties, as corporations organized and operating under the laws of the State of Delaware, and (y) the relevance and applicability of Delaware law to the transactions contemplated by this Agreement, and (iv) that the periods of restriction and the restraints imposed by the provisions of this Section 6.11 are fair and reasonably required for the protection of the Buyer Parties and the Business. If a final Order declares that any term or provision of this Section 6.11 is invalid or unenforceable, the Parties hereto agree that the Governmental Entity making the determination of invalidity or unenforceability will have the power to reduce the scope, duration or area of the term or provision, to delete specific words or phrases or to replace any invalid or unenforceable term or provision with a term or provision that is valid and enforceable and that comes closest to expressing the intention of the invalid or unenforceable term or provision, and this Section 6.11 will be enforceable against the Parties as so modified. Each Restricted Person agrees that any violation of the covenants contained in this Section 6.11 will cause irreparable damage to the Buyer Parties; therefore, in addition to any other remedies the Buyer Parties may have under this Agreement, the Buyer Parties will be entitled to an injunction from any court of competent jurisdiction restraining the Restricted Persons and their respective Affiliates from committing or continuing any violation of this Section 6.11 without the requirement of posting any Bond or other indemnity.

(e) In the event of a breach by the Restricted Persons or any of their Affiliates of any covenant set forth in this Section 6.11, then the term of such covenant will be extended for the Restricted Persons and their Affiliates by the period of the duration of such breach.

Section 6.12 Letter of Credit. Promptly following the Closing, to the extent any Buyer Party has assumed Seller's workers' compensation plan, Buyer Sub shall execute a letter of credit with respect to Liabilities arising on or after the Closing, and shall otherwise work with Seller Parties to enter into mutually suitable arrangements with respect to such workers' compensation plan.

Section 6.13 Liens.

(a) Within 90 days following the Closing, the Seller Parties shall deliver to the Buyer Parties customary evidence in form and substance reasonably satisfactory to Buyer that the Liens set forth on Schedule 6.13(a) have been released and terminated. The Seller Parties shall indemnify the Buyer Parties pursuant to Section 7.2(a)(iii) for any Losses on or after the Closing Date attributable to any failure to obtain the release and termination of the Liens set forth on Schedule 6.13(a).

(b) For the avoidance of doubt, with respect to obligations secured by Permitted Liens described in clause (i) in the definition of Permitted Liens, if the Buyer Parties are subject to any claim relating to the Seller Parties' failure to perform such obligations prior to the Closing Date, then the Seller Parties shall indemnify the Buyer Parties pursuant to Section 7.2(a)(iii) for any Losses on or after the Closing Date attributable to such failure.

(c) For the avoidance of doubt, if any Liens set forth on Schedule 6.13(a) or any Permitted Liens described in clause (i) in the definition of Permitted Liens remain unreleased as of the Final Escrow Distribution Date, then Buyer may file a protective notice under Section 7.4 to ensure an adequate source of funds to discharge the Seller Parties' obligations under Sections 6.13(a) and 6.13(b).

ARTICLE VII
INDEMNIFICATION

Section 7.1 Survival of Obligations. All of the representations and warranties contained in this Agreement or in any of the Seller Ancillary Documents will survive and continue in full force and effect until 18 months after the Closing Date and shall thereafter terminate, except that the representations and warranties contained in (a) Section 4.1 (Organization and Qualification; Authority; Binding Effect), Section 4.2 (Capitalization), Section 4.3 (No Conflict), Section 5.1 (Organization), Section 5.2 (Authorization), and Section 5.3 (Binding Agreement), will survive the Closing and continue in force and effect for 20 years and will thereafter terminate, (b) Section 4.17 (Taxes) will survive the Closing and continue in force and effect for ten years and will thereafter terminate, and (c) Section 4.9 (Sufficiency of Assets), Section 4.11(a) (Title to Assets), Section 4.14 (Employee Benefit Plans), and Section 4.20 (Environmental, Health and Safety Matters) will survive the Closing and continue in force and effect for three years and will thereafter terminate. All covenants or agreements contained in this Agreement or any of the Seller Ancillary Documents will survive the Closing for the period specified herein or therein or if not so specified shall continue in full force and effect for 20 years. Notwithstanding anything to the contrary in this Section 7.1, any claims involving, in whole or in part, Fraud (collectively, the "Fraud Claims") will survive for 20 years. Notwithstanding anything herein to the contrary, each representation or warranty which is the subject of one or more claims asserted in writing pursuant to this Article VII prior to the expiration of any applicable period set forth above will survive with respect to such claim or claims until the final resolution thereof.

Section 7.2 Indemnification by the Seller Parties.

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

(i) any inaccuracy or breach of any representation or warranty of any of the Seller Representing Parties contained in this Agreement;

(ii) any breach of or failure by any of the Seller Parties to perform or comply with any covenant or agreement of such Persons contained in this Agreement or in any Seller Ancillary Document;

(iii) the Seller Parties' reimbursement and indemnification obligations set forth in Sections 2.11, 6.4, 6.7, 6.9, and 6.13;

(iv) any Liabilities arising out of or relating to the Seller Parties' use or occupation prior to the Closing of any parcel of real property, including any Liabilities relating to the Seller Parties' use or occupation prior to the Closing of the Facilities;

(v) the Excluded Assets;

(vi) the Excluded Liabilities;

(vii) any claim by any Person who is, was or purports to be an equityholder of Seller (other than claims with respect to a breach by a Buyer Party of its express obligations under this Agreement), in such Person's capacity as a current or former equityholder or purported equityholder of Seller, including any claim arising out of or related to (A) the adoption of this Agreement and the disclosures related thereto, or (B) the allocation or calculation of any component of the Purchase Price or any other payments in connection with the transactions contemplated hereby; and

(viii) any claim by any Key Employee (other than Steven Watts) or any other current or former employee of Seller that Exhibit I or such Person's Employment Agreement does not reflect the correct allocation of the Margin Bonus Payment, provided, however, such indemnification obligation shall not include any claim with respect to the calculation of the Margin Bonus Payment, including the determination as to whether a Margin Bonus Payment is payable, a failure to make the Margin Bonus Payment, or otherwise with respect to any other payments in connection with the transactions contemplated hereby.

(b) Notwithstanding anything to the contrary contained in this Agreement, except in connection with Fraud Claims and breaches of Fundamental Representations, the Seller Parties' maximum aggregate Liability for indemnification under Section 7.2(a)(i) shall be capped at an amount equal to the Escrow Amount.

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

Section 7.3 Indemnification by the Buyer Parties.

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

(i) any inaccuracy or breach of any representation or warranty of the Buyer Parties;

(ii) any breach of or failure by the Buyer Parties to perform or comply with any covenant or agreement contained in this Agreement or in any Buyer Ancillary Document, including any Losses resulting from, or that exist or arise due to, a breach of Section 6.10;

(iii) any Assumed Liabilities; and

(iv) any Liability arising out of the ownership or operation of the Acquired Assets or the Business on or after the Closing Date (including pursuant to Section 6.8, with respect to Liabilities for Bonds arising from post-Closing conduct or operations), other than arising from the Excluded Liabilities.

(b) Notwithstanding anything to the contrary contained in this Agreement, the Buyer Parties' maximum, aggregate Liability for indemnification under Section 7.3(a)(i), other than for Fraud Claims or breaches of Sections 5.1, 5.2 and 5.3, shall be capped at the Escrow Amount.

Section 7.4 Procedures for Indemnification.

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

(b) If the Indemnifying Party, subject to the limitations set forth in this Article VII, has conceded liability to indemnify the Indemnified Party with respect to all Losses relating to such Third Party Claim, then the Indemnifying Party shall have 120 days after receipt of the Indemnified Party's notice of a given Third Party Claim to elect, at his, her or its option, to assume the defense of any such Third Party Claim, in which case:

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

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

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

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

If the Indemnifying Party does not give notice to the Indemnified Party of his, her or its election to either assume or reject the defense of such Third Party Claim within 120 days after receipt of notice of such Third Party Claim, the Indemnifying Party shall be bound for all purposes by any determination made in such Third Party Claim, provided that the Indemnified Party shall provide not less than 20 days' advance notice of, and an opportunity to consult with respect to, any compromise or settlement of any such Third Party Claim.

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

(d) If any Indemnified Party asserts the existence of a claim giving rise to Losses (but excluding Third Party Claims), such Party shall give written notice to the Indemnifying Party. Such written notice shall state that it is being given pursuant to this Section 7.4, specify, in reasonable detail, the nature and amount of the claim (to the extent they are capable of determination). If such Indemnifying Party, within 60 days after the mailing of notice by such Indemnified Party, shall not give written notice to such Indemnified Party announcing such Indemnifying Party's intent to contest such assertion of such Indemnified Party, such assertion shall be deemed rejected, in which case the Indemnified Party shall be free to pursue such remedies as may be available to the Indemnified Party on the terms and subject to the provisions of this Agreement. If such Indemnifying Party contests such assertion of a claim by giving such written notice to the Indemnified Party within said period, then the Parties shall act in good faith to reach agreement regarding such claim. If litigation or arbitration shall arise with respect to any such claim, the prevailing Party, as determined pursuant to Section 8.15, shall be entitled to reimbursement of costs and expenses, to the extent provided in Section 8.15, incurred in connection with such litigation or arbitration (including reasonable attorneys' fees and expenses and investigation costs).

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

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

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

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

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

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

Section 7.11 *Waiver of Certain Damages*.

(a) In no event shall any Indemnifying Party be liable to any Indemnified Party for any punitive damages.

Section 7.12 *Mitigation*. The Indemnified Parties shall take commercially reasonable efforts to mitigate and minimize the amount of any Losses for which it will seek indemnification; provided that any fees, costs, and expenses incurred as a result of such efforts to mitigate will be deemed indemnifiable Losses for purposes of this Article VII to the extent such Party is deemed entitled to indemnification under this Article VII.

Section 7.13 *Basket*.

(a) No Buyer Indemnified Party will be entitled to recover for Losses under Section 7.2(a)(i) unless the aggregate amount of Losses with respect to all claims exceeds $250,000, in which event the Seller Parties shall be liable for all Losses from "dollar one".

(b) No Seller Indemnified Party will be entitled to recover for Losses under Section 7.3(a)(i) unless the aggregate amount of Losses with respect to all claims exceeds $250,000, in which event the Buyer Parties shall be liable for all Losses from "dollar one".

Section 7.14 *No Double Recovery*. In calculating the amount of Losses related to a breach of or inaccuracy in a representation, warranty, covenant, or agreement hereunder (and for purposes of determining whether a breach or inaccuracy has occurred), no Indemnifying Party shall have liability for any Losses to the extent such Losses were taken into account as a liability or a reduction in the value of assets in determining the Net Asset Amount or the adjustments pursuant to Section 2.7 (the Lookback Determination). Moreover, notwithstanding the fact that any Party may have the right to assert claims for indemnification under or in respect of more than one provision of this Agreement in respect of any fact, event, condition, or circumstance, no Party shall be entitled to recover the amount of any Losses suffered by such Party more than once with respect to the same matter, regardless of whether such Losses may be as a result of a breach of more than one representation, warranty, or covenant.

Section 7.15 *Additional Limitations*.

(a) Notwithstanding any other provision contained in this Agreement or otherwise, the Sellers' maximum aggregate liability for any and all Buyer Claims shall not exceed the Escrow Amount, except in the case of Fraud Claims, a breach of the Fundamental Representations, or the Excluded Liabilities.

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

Section 7.16 *Source of Recovery*. Buyer Claims arising prior to the Final Escrow Distribution Date will be satisfied first, from the Escrow Account until such account has been exhausted, and second, subject to the other provisions of this Article VII, directly by the Seller Parties, who shall be jointly and severally liable for any such Buyer Claims.

ARTICLE VIII
MISCELLANEOUS

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

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

If to a Buyer Party, to:

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

with copies (which will not constitute notice) to:

MYR Group Inc.
12150 E 112th Avenue
Henderson, CO 80640
Attention: William Fry
Email: WFry@myrgroup.com

and

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

If to any Seller Party:

Steven M. Watts
10623 Fulton Wells
Santa Fe Springs, CA 90670

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

Snell & Wilmer LLP
600 Anton Blvd, Suite 1400
Costa Mesa, CA 92626
Attention: James J. Scheinkman
Telephone: (714) 427-7037
Email: jscheinkman@swlaw.com

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

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

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

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

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

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

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

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

Section 8.10 *Further Assurances*. Following the Closing, subject to the terms and conditions of this Agreement, if any further action is necessary in order to carry out the purposes of this Agreement, each of the Parties shall take such further action (including the execution and delivery of such further instruments and documents) as any other Party may reasonably request (at the sole cost and expense of the requesting Party). Furthermore, to the extent any of the Acquired Assets (including the Seller IT Assets or other Books and Records of Seller acquired by Buyer Parties) contain attorney-client communications or other confidential or privileged information of Seller that constitute Excluded Assets, each of the Parties shall reasonably cooperate and take such further action as is necessary to remove such confidential or privileged information of Seller from such Acquired Asset(s); provided, that nothing in this Section 8.10 will require any Party to mine its back-up servers for purposes of removing such confidential or privileged information (and the Buyer Parties shall not access or use (or attempt to access or use) such confidential or privileged information) and provided, further, that the Buyer Parties will use commercially reasonable efforts to maintain the confidentiality of any such information held on back-up servers.

Section 8.11 *Amendment; Successors and Assigns*. This Agreement may be amended only by the execution and delivery of a written instrument by or on behalf of each Party. Neither this Agreement nor any of the rights, interests or obligations provided by this Agreement shall be transferred or assigned by any of the Parties hereto (whether by operation of Law or otherwise) without the prior written consent of the other Parties; provided, however, that the Buyer Parties may, without the prior written consent of any other Party to this Agreement, assign any or all of their rights or obligations under this Agreement or any of the Ancillary Documents to one or more of their Affiliates; provided, further, however, that in any such case the Buyer Parties will remain responsible for the performance of all of its obligations hereunder; provided, further, that following the Closing, the Seller may assign its rights and obligations under this Agreement to another Seller Party in connection with the dissolution or liquidation of the Seller; provided, further, that in the case of any such assignment by the Seller, the assignee in connection with such assignment must agree to fully assume all obligations of the Seller under this Agreement unconditionally, and the other Seller Parties shall continue to be jointly and severally liable for such obligations. Subject to the preceding sentence, this Agreement will be binding upon and inure to the benefit of the Parties hereto and their respective successors (including, with respect to the Trustees, any successor trustees of the Trust) and permitted assigns.

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

Section 8.13 *Construction*. Any reference in this Agreement to $ will mean U.S. dollars. As used in this Agreement, the words "include" and "including," and variations thereof, will not be deemed to be terms of limitation, but rather will be deemed to be followed by the words "without limitation." Except as otherwise indicated, all references in this Agreement to "Sections" and "Exhibits" are intended to refer to Sections and Exhibits to this Agreement. As used in this Agreement, the terms "hereof," "hereunder," "herein" and words of similar import will refer to this Agreement as a whole and not to any particular provision of this Agreement. The term "any" will be deemed to mean "any and all." Each Party hereto has participated in the drafting of this Agreement, which each Party acknowledges is the result of extensive negotiations between the Parties, and consequently, this Agreement will be interpreted without reference to any rule or precept of Law to the effect that any ambiguity in a document be construed against the drafter. In no event shall any provision of the lease agreement attached as Exhibit B hereto limit or affect the Buyer Parties' rights or the Seller Parties' obligations, including their indemnification obligations, under this Agreement.

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

Section 8.15 *Consent to Jurisdiction*. The state courts of the State of Nevada will have exclusive jurisdiction over all disputes among the Parties, whether at law or in equity, based upon, arising out of or relating to this Agreement and the agreements, instruments and documents contemplated hereby or the facts and circumstances leading to its execution and delivery, whether in contract, tort or otherwise. Each of the Parties irrevocably consents to and agrees to submit to the exclusive jurisdiction of such courts, agrees that process may be served upon them in any manner authorized by the Laws of the State of Nevada, and hereby waives, and agrees not to assert in any such dispute, to the fullest extent permitted by applicable Law, any claim that (a) such Party is not personally subject to the jurisdiction of such courts, (b) such Party and such Party's property is immune from any legal process issued by such courts or (c) any litigation commenced in such courts is brought in an inconvenient forum. THE PARTIES IRREVOCABLY CONSENT TO THE SERVICE OF PROCESS OUTSIDE THE TERRITORIAL JURISDICTION OF THE COURTS REFERRED TO IN THIS SECTION 8.15 IN ANY ACTION OR PROCEEDING UNDER OR RELATING TO THIS AGREEMENT OR THE FACTS AND CIRCUMSTANCES LEADING TO ITS EXECUTION AND DELIVERY BY MAILING COPIES THEREOF BY REGISTERED UNITED STATES MAIL, POSTAGE PREPAID, RETURN RECEIPT REQUESTED, TO ITS ADDRESS AS SPECIFIED IN OR PURSUANT TO SECTION 8.2. HOWEVER, THE FOREGOING WILL NOT LIMIT THE RIGHT OF A PARTY TO EFFECT SERVICE OF PROCESS ON ANY OTHER PARTY BY ANY OTHER LEGALLY AVAILABLE METHOD. EACH OF THE PARTIES IRREVOCABLY WAIVES ALL RIGHT TO TRIAL BY JURY IN ANY LEGAL PROCEEDING ARISING OUT OF OR RELATING TO THIS AGREEMENT OR THE TRANSACTIONS CONTEMPLATED BY THIS AGREEMENT. Except as otherwise specifically provided in this Agreement, in any suit, action or appeal to enforce this Agreement or any term or provision of this Agreement, or to interpret this Agreement, the prevailing party shall be entitled to recover from the other party or parties its costs incurred, including reasonable attorneys' fees at trial or on appeal, it being acknowledged, understood and agreed that the prevailing party shall be determined by the court by comparing the aggregate award or relief on all claims actually awarded to the aggregate of all awards and relief originally sought by the complaining party, and the defending party's response to the same. Costs for alternative dispute resolution discussed in Section 8.16(b) shall be borne equally by the parties.

Section 8.16 *Alternative Dispute Resolution*.

(a) Subject to subsection (c) of this Section 8.16, any dispute under this Agreement shall be referred by each Party to one of its respective executives senior in position to any personnel or executives primarily responsible for implementation of this Agreement. If such executives fail to resolve the dispute within 30 days, the dispute may be referred by any Party to independent mediation pursuant to subsection (b) of this Section 8.16. Pending resolution, the Parties shall continue to fulfill their obligations under this Agreement in good faith.

(b) Subject to subsection (c) of this Section 8.16, any dispute not resolved pursuant to subsection (a) of this Section 8.16 shall be mediated (the "Mediation") within ten Business Days from the date a written request for mediation is made by a Party, unless both Parties agree, in writing, to an extension of that time. Each Mediation (including all sessions relating to a particular dispute, as the case may be) shall be conducted in Los Angeles, California and shall be conducted under the then current International Institute for Conflict Prevention and Resolution ("CPR") Mediation Procedure. Unless otherwise agreed, the Parties will select a mediator from the CPR Panels of Distinguished Neutrals. If the Mediation is not successful, any Party may pursue any other remedies such Party may have under this Agreement.

(c) Nothing in this Section 8.16 will prevent a Party from seeking or obtaining specific performance, other injunctive relief, or any other form of emergency relief necessary to prevent damage during the time period prior to the Mediation required by Section 8.16(b), in a court of competent jurisdiction pursuant to Section 6.11 or Section 8.8.

Section 8.17 Joint and Several Liability. Each Seller Party agrees that it is jointly and severally liable to the Buyer Parties for the payment and performance of all obligations arising under this Agreement, and that such liability is independent of the obligations of the other Seller Parties. Each obligation, promise, covenant, representation and warranty in this Agreement shall be deemed to have been made by, and be binding upon, each Seller Party, unless this Agreement expressly provides otherwise. The Buyer Parties may bring an action against any Seller Party, whether an action is brought against the other Seller Parties, and the Buyer Parties may bring an action against any Seller Party to enforce the obligation of any other Seller Party under this Agreement.

Section 8.18 Employees and Benefit Matters. The employees of the Seller related to the Business, including those individuals set forth on Schedule 8.18 (the "Offered Employees") will cease their employment status with the Seller as of the Closing and simultaneously therewith the Buyer Sub shall offer employment to the Offered Employees upon terms and conditions that are at least as favorable in the aggregate as the terms and conditions provided to the Offered Employees by the Seller immediately prior to Closing, and shall maintain such terms and conditions for at least 90 days following the Closing for long as such Offered Employee remains employed by Buyer Sub, including, without limitation, (i) base salary or hourly wages which are no less than the base salary or hourly wages provided by the Seller immediately prior to the Closing; (ii) target bonus opportunities (excluding equity-based compensation), if any, which are no less than the target bonus opportunities (excluding equity-based compensation) provided by the Seller immediately prior to the Closing; and (iii) retirement and welfare benefits that are no less favorable in the aggregate than those provided by the Seller immediately prior to the Closing. With respect to any employee benefit plan maintained by Buyer Parties (collectively, "Buyer Benefit Plans") in which any Offered Employees will participate effective as of the Closing, Buyer Sub shall recognize all service of the Offered Employees with the Seller as if such service were with Buyer Sub, for vesting and eligibility purposes in any Buyer Benefit Plan in which such Offered Employees may be eligible to participate after the Closing Date; *provided, however*, such service shall not be recognized to the extent that (x) such recognition would result in a duplication of benefits, or (y) such service was not recognized under the corresponding Benefit Plan. Buyer Sub shall use the standard procedure set forth in Revenue Procedure 2004-53 with respect to wage reporting such that Seller shall be responsible for reporting all wages and other compensation paid by it to its employees. Notwithstanding the foregoing, nothing in this Section 8.18 shall be construed as a prohibition on Buyer's terminating or changing the employment of any Offered Employees operating in the field on an individual basis, as long as such actions do not trigger WARN Act Liability.

Section 8.19 Winding Down Activities. Notwithstanding anything herein or in any Ancillary Agreement to the contrary, the Seller Parties may, and may utilize any of the Offered Employees to, assist with the winding down of the business of Seller following the Closing at no cost to Seller, provided that such activities and assistance do not materially interfere with the duties of any Offered Employee to Buyer Sub post-Closing.

[Signature Page Follows]

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

MYR GROUP INC.

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

1912 INVESTMENT COMPANY

By: /s/ William Fry
Name: William Fry
Title: Vice President & Secretary

CSI ELECTRICAL CONTRACTORS, INC.

By: /s/ Steven M. Watts
Name: Steven M. Watts
Title: Chief Executive Officer

/s/ Steven M. Watts
Steven M. Watts, in his individual capacity

/s/ Jayne L. Watts
Jayne L. Watts, in her individual capacity

By: /s/ Steven M. Watts
Steven M. Watts, as Trustee of the Watts Family Trust dated December 11, 2007

By: /s/ Jayne L. Watts
Jayne L. Watts, as Trustee of the Watts Family Trust dated December 11, 2007

[Signature Page to Asset Purchase Agreement]

Exhibit 31.1

CERTIFICATIONS

Certification of Principal Executive Officer

I, Richard S. Swartz, Jr., certify that:

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

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the Financial Statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

    a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

    b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

    c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

    d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

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

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

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

July 31, 2019

/s/ RICHARD S. SWARTZ, JR.

(Principal Executive Officer)
Chief Executive Officer and President

Exhibit 31.2

CERTIFICATIONS

Certification of Principal Financial Officer

I, Betty R. Johnson, certify that:

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

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the Financial Statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

    a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

    b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

    c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

    d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

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

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

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

July 31, 2019

/s/ BETTY R. JOHNSON

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

Exhibit 32.1

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

I, Richard S. Swartz, Jr., Chief Executive Officer and President of MYR Group Inc. (the "Company"), certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that:

1) The Quarterly Report on Form 10-Q for the quarter and six months ended June 30, 2019 of the Company fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

2) The information contained in such report fairly presents, in all material respects, the financial condition and results of operations of the Company.

July 31, 2019

/s/ RICHARD S. SWARTZ, JR.

Chief Executive Officer and President

Exhibit 32.2

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

I, Betty R. Johnson, Senior Vice President, Chief Financial Officer and Treasurer of MYR Group, Inc. (the "Company"), certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that:

1) The Quarterly Report on Form 10-Q for the quarter and six months ended June 30, 2019 of the Company fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

2) The information contained in such report fairly presents, in all material respects, the financial condition and results of operations of the Company.

July 31, 2019

/s/ BETTY R. JOHNSON

Senior Vice President, Chief Financial Officer and Treasurer