

MYR GROUP INC  
Form 424B3  
August 13, 2008

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**FILE NO. 333-148864**  
**FILED UNDER RULE 424(b)(3)**

**PROSPECTUS SUPPLEMENT No. 1**  
**to Prospectus dated August 12, 2008**

**MYR GROUP INC.**

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This prospectus supplement supplements the prospectus dated August 12, 2008, relating to the resale of up to 19,690,777 shares of our common stock by certain of our stockholders. The prospectus was filed as part of our Registration Statement on Form S-1 (File No. 333-148864).

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**Investing in our common stock involves risks. You should read the section of our Prospectus entitled "Risk Factors" beginning on page 13 for a discussion of certain risk factors that you should consider before investing in our common stock.**

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**Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or determined if this prospectus is truthful or complete. Any representation to the contrary is a criminal offense.**

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You should rely on information contained in this prospectus supplement, the prospectus or in any related free writing prospectus filed with the Securities and Exchange Commission and used or referred to in an offering to you of these securities. Neither we nor the selling stockholders have authorized anyone to provide you with different information. The selling stockholders are offering to sell, and seeking offers to buy, shares of common stock only in jurisdictions where offers and sales are permitted. You should not assume that the information contained in this prospectus supplement is accurate as of any date other than the date on the front of this prospectus supplement.

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August 13, 2008

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**Results for the Quarter Ended June 30, 2008**

On August 13, 2008, we announced our unaudited results for the quarter and the six month periods ended June 30, 2008. We announced revenues for the second quarter of 2008 were \$147.2 million, a decrease of \$10.9 million, or 6.9 percent, compared with the second quarter of 2007, due predominantly to a few significant projects under construction during the second quarter of 2007 that have since been completed. We also announced that revenues for our transmission and distribution ("T&D") segment and our commercial and industrial ("C&I") segment were \$106.0 million and \$41.2 million, decreases of 8.6 percent and 2.1 percent, respectively, over the same period in 2007.

Consolidated gross profit increased 10.5 percent, from \$18.1 million in the second quarter of 2007 to \$20.0 million in the second quarter of 2008. Consolidated income from operations increased 25.0 percent in the second quarter of 2008 from the second quarter of 2007. Excluding non-allocated general corporate expenses, income from operations increased 26.7 percent in the T&D segment and 24.5 percent in the C&I segment. The improvements in gross profit and income from operations in the second quarter of 2008 compared to the second quarter of 2007 were due to continued job performance improvements on a few large projects as they near completion in 2008. We also experienced overall margin improvements as several underperforming contracts with low or negative contract margins in the second quarter of 2007 were replaced with higher margin contracts in the second quarter of 2008.

Our net income for the second quarter of 2008 was \$4.6 million, or \$0.22 per diluted share, compared to net income of \$3.7 million, or \$0.22 per diluted share, for the second quarter of 2007. Net income increased 25.6 percent from the second quarter of 2007, but income per diluted share remained unchanged from the second quarter of 2007 due to the increase in the number of diluted shares outstanding. Earnings Before Interest, Taxes, Depreciation and Amortization (EBITDA) in the second quarter of 2008 was \$10.5 million, or 7.2 percent of revenues, compared to \$8.7 million, or 5.5 percent of revenues, in the second quarter of 2007. The improvements in net income and EBITDA were due predominantly to the items cited above, partially offset by higher selling, general and administrative expenses.

**Results for the Six Months Ended June 30, 2008**

We also announced on August 13, 2008 that revenues for the first half of 2008 were \$283.9 million, a decrease of \$15.5 million, or 5.2 percent, compared with the first half of 2007, due predominantly to a few significant projects under construction during the second quarter of 2007 that have since been completed. We also announced that revenues for our T&D segment and our C&I segment were \$204.5 million and \$79.4 million, decreases of 6.3 percent and 2.2 percent, respectively, over the same period in 2007.

Consolidated gross profit increased 28.7 percent, from \$31.2 million in the first half of 2007 to \$40.2 million in the first half of 2008. Consolidated income from operations increased 93.5 percent in the first half of 2008 from the first half of 2007. Excluding non-allocated general corporate expenses, income from operations increased 62.4 percent in the T&D segment and 58.1 percent in the C&I segment. The improvements in gross profit and income from operations in the first half of 2008 compared to the first half of 2007 were due to continued job performance improvements on a few large projects as they near completion in 2008. We also experienced overall margin improvements as several underperforming contracts with low or negative contract margins in the first half of 2007 were replaced with higher margin contracts in the first half of 2008. In addition, we experienced lower equipment fleet costs due to a reduced reliance on operating leases and short-term rentals.

Our net income for the first half of 2008 was \$9.4 million, or \$0.45 per diluted share, compared to net income of \$5.0 million, or \$0.31 per diluted share, for the first half of 2007. Net income and income per diluted share increased 87.3 percent and 45.2 percent, respectively, from the first half of

2007. EBITDA in the first half of 2008 was \$21.5 million, or 7.6 percent of revenues, compared to \$14.0 million, or 4.7 percent of revenues, in the first half of 2007. The improvements in net income, earnings per diluted share and EBITDA were due predominantly to the items cited above, partially offset by higher selling, general and administrative expenses.

### **Backlog**

As of June 30, 2008, our backlog was approximately \$240.5 million, consisting of \$155.0 million in the T&D segment and \$85.5 million in the C&I segment. Our total backlog for the first half of 2008 increased 11.0 percent from \$216.6 million on December 31, 2007. T&D backlog increased \$21.1 million, or 15.8 percent, and C&I backlog increased \$2.8 million, or 3.4 percent, from December 31, 2007. Backlog for the first half of 2008 was in line with backlog for the first half of 2007 of approximately \$243.8 million, which consisted of \$157.8 million in the T&D segment and \$86.0 million in the C&I segment. The change in backlog from 2007 was the result of normal fluctuations in contracts and projects. Backlog is difficult to determine accurately and different companies within our industry may define backlog differently. The timing of contract awards and the duration of large new projects can significantly affect our backlog, and therefore, should not be viewed or relied upon as a stand-alone indicator of future results.

### **Balance Sheet**

As of June 30, 2008, we had cash and cash equivalents of \$25.7 million and total debt of \$30.0 million under our term loan. We also have a \$75 million revolving credit facility with \$15.0 million of letters of credit outstanding at June 30, 2008.

### **Non-GAAP Results**

In an effort to better assist investors in understanding our financial results, we have provided in this prospectus supplement EBITDA, which is a measure not defined under generally accepted accounting principles in the United States (GAAP). Our management believes this information is useful to investors in understanding our results of operations because it illustrates the impact that interest, taxes, depreciation and amortization had on our results. A reconciliation of this financial measure to its GAAP counterparts is provided at the end of this prospectus supplement.

## MYR GROUP INC.

## UNAUDITED CONDENSED CONSOLIDATED BALANCE SHEETS

As of December 31, 2007 and June 30, 2008

(in thousands of dollars, except share data)	As of December 31, 2007	As of June 30, 2008
<b>Assets</b>		
Current assets		
Cash and cash equivalents	\$ 34,547	\$ 25,720
Accounts receivable, net of allowances of \$1,213 and \$1,331, respectively	99,570	91,359
Costs and estimated earnings in excess of billings on uncompleted contracts	27,851	25,659
Construction materials inventory		1,023
Deferred income tax assets	10,110	10,110
Receivable for insurance claims in excess of deductibles	7,358	7,015
Refundable income taxes	5,136	941
Other current assets	2,315	2,656
<b>Total current assets</b>	<b>186,887</b>	<b>164,483</b>
Property and equipment, net of accumulated depreciation of \$10,791 and \$15,702 respectively	57,609	67,579
Goodwill	46,599	46,599
Intangible assets, net of accumulated amortization of \$884 and \$1,051, respectively	12,208	12,041
Other assets	2,488	2,343
<b>Total assets</b>	<b>\$ 305,791</b>	<b>\$ 293,045</b>
<b>Liabilities and Stockholders' Equity</b>		
Current liabilities		
Accounts payable	\$ 30,834	\$ 22,878
Billings in excess of costs and estimated earnings on uncompleted contracts	35,880	32,510
Accrued self insurance	30,409	30,935
Other current liabilities	37,638	25,838
<b>Total current liabilities</b>	<b>134,761</b>	<b>112,161</b>
Long term debt, net of current maturities	30,000	30,000
Deferred income tax liabilities	8,662	8,662
Other liabilities	1,432	1,404
<b>Total liabilities</b>	<b>174,855</b>	<b>152,227</b>
Commitments and contingencies		
Stockholders' equity		
Preferred stock \$0.01 par value per share; 4,000,000 authorized shares; none issued and outstanding at December 31, 2007 and June 30, 2008		
Common stock \$0.01 par value per share; 100,000,000 authorized shares; 34,229,576 and 19,712,811 shares issued and 19,712,811 and 19,712,811 shares outstanding at December 31, 2007, and at June 30, 2008, respectively	342	197
Additional paid-in capital	315,732	140,830
Accumulated deficit	(9,630)	(209)
Treasury stock, at cost (14,516,765 and 0 shares, respectively)	(175,508)	

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Total stockholders' equity	130,936	140,818
Total liabilities and stockholders' equity	\$ 305,791	\$ 293,045

## MYR GROUP INC.

## UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS

Three and Six Months Ended June 30, 2007 and 2008

(in thousands of dollars, except share and per share data)	Three Months Ended June 30,		Six Months Ended June 30,	
	2007	2008	2007	2008
Contract revenues	\$ 158,041	\$ 147,170	\$ 299,400	\$ 283,933
Contract costs	139,965	127,202	268,183	243,765
Gross profit	18,076	19,968	31,217	40,168
Selling, general and administrative expenses	11,641	12,236	22,407	24,154
Amortization of intangible assets	257	84	601	167
Gain on sale of property and equipment	(210)	(337)	(233)	(485)
Income from operations	6,388	7,985	8,442	16,332
Other income (expense)				
Interest income	238	239	653	659
Interest expense	(150)	(374)	(285)	(916)
Other, net	(58)	(50)	(68)	(107)
Income before provision for income taxes	6,418	7,800	8,742	15,968
Income tax expense	2,754	3,198	3,711	6,547
Net income	\$ 3,664	\$ 4,602	\$ 5,031	\$ 9,421
Income per common share:				
basic	\$ 0.22	\$ 0.23	\$ 0.31	\$ 0.48
diluted	\$ 0.22	\$ 0.22	\$ 0.31	\$ 0.45
Weighted average number of common shares and potential common shares outstanding:				
basic	16,446,842	19,712,811	16,446,842	19,712,811
diluted	16,446,842	20,713,241	16,446,842	20,721,074

## MYR GROUP INC.

## UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

Three and Six Months Ended June 30, 2007 and 2008

(in thousands of dollars)	Three Months Ended June 30,		Six Months Ended June 30,	
	2007	2008	2007	2008
<b>Cash flows from operating activities</b>				
Net income	\$ 3,664	\$ 4,602	\$ 5,031	\$ 9,421
Adjustments to reconcile net income to net cash flows provided by (used in) operating activities				
Depreciation	2,134	2,512	5,052	5,129
Amortization of intangible assets	257	84	601	167
Stock-based compensation expense related to awards		229		459
Other non-cash items	374	21	459	42
Deferred income taxes	(159)		(1,078)	
Gain on sale of property and equipment	(210)	(337)	(233)	(485)
Changes in operating assets and liabilities				
Accounts receivable, net	(7,757)	(12,703)	(16,967)	8,211
Costs and estimated earnings in excess of billings on uncompleted contracts	(3,825)	(241)	(10,204)	2,192
Construction materials inventory	2,467	(583)	(6,382)	(1,023)
Receivable for insurance claims in excess of deductibles	481	66	1,548	343
Other assets	1,765	1,248	821	3,957
Accounts payable	(934)	4,270	8,171	(6,892)
Billings in excess of costs and estimated earnings on uncompleted contracts	1,494	(674)	15,548	(3,370)
Accrued self insurance	(51)	29	(1,174)	526
Other liabilities	3,081	1473	(3,740)	(7,552)
Net cash flows provided by (used in) operating activities	2,781	(4)	(2,547)	11,125
<b>Cash flows from investing activities</b>				
Proceeds from sale of property and equipment	210	343	233	1,504
Purchases of property and equipment	(13,141)	(6,236)	(17,526)	(17,182)
Net cash flows used in investing activities	(12,931)	(5,893)	(17,293)	(15,678)
<b>Cash flows from financing activities</b>				
Equity financing costs		(225)		(1,978)
Payment on note payable to FirstEnergy		(2,298)		(2,298)
Notes receivable from purchase of common stock	144		144	2
Net cash flows provided by (used in) financing activities	144	(2,523)	144	(4,274)
Decrease in cash and cash equivalents	(10,006)	(8,420)	(19,696)	(8,827)
<b>Cash and cash equivalents</b>				
Beginning of period	16,533	34,140	26,223	34,547
End of period	\$ 6,527	\$ 25,720	\$ 6,527	\$ 25,720

## MYR GROUP INC.

UNAUDITED CONSOLIDATED SELECTED DATA,  
NET INCOME PER SHARE AND EBITDA RECONCILIATION

Three and Six Months Ended June 30, 2007 and 2008

(in thousands, except share and per share data)	Three months ended		Six months ended	
	June 30, 2007	June 30, 2008	June 30, 2007	June 30, 2008
<b>Summary Data:</b>				
Contract revenues	\$ 158,041	\$ 147,170	\$ 299,400	\$ 283,933
Gross profit	\$ 18,076	\$ 19,968	\$ 31,217	\$ 40,168
Income from operations	\$ 6,388	\$ 7,985	\$ 8,442	\$ 16,332
Net income	\$ 3,664	\$ 4,602	\$ 5,031	\$ 9,421
<b>Basic and dilutive income per common share(1):</b>				
Basic	\$ 0.22	\$ 0.23	\$ 0.31	\$ 0.48
Diluted	\$ 0.22	\$ 0.22	\$ 0.31	\$ 0.45
<b>Weighted average number of common shares and potential common shares outstanding(1):</b>				
Basic	16,446,842	19,712,811	16,446,842	19,712,811
Diluted	16,446,842	20,713,241	16,446,842	20,721,074
<b>Net income to EBITDA reconciliation:</b>				
Net income	\$ 3,664	\$ 4,602	\$ 5,031	\$ 9,421
Interest expense (income), net	(88)	135	(368)	257
Provision for income taxes	2,754	3,198	3,711	6,547
Depreciation and amortization	2,391	2,596	5,653	5,296
<b>EBITDA(2)</b>	\$ 8,721	\$ 10,531	\$ 14,027	\$ 21,521
<b>Reconciliation of EBITDA to Net Cash Flows provided by (used in) operating activities:</b>				
<b>EBITDA(2)</b>	\$ 8,721	\$ 10,531	\$ 14,027	\$ 21,521
Interest income (expense), net	88	(135)	368	(257)
Provision for income taxes	(2,754)	(3,198)	(3,711)	(6,547)
Depreciation and amortization	(2,391)	(2,596)	(5,653)	(5,296)
Adjustments to reconcile net income to net cash flows provided by (used in) operating activities	2,396	2,509	4,801	5,312
Changes in operating assets and liabilities	(3,279)	(7,115)	(12,379)	(3,608)
<b>Net Cash Flows provided by (used in) operating activities</b>	\$ 2,781	\$ (4)	\$ (2,547)	\$ 11,125

(1)

The Company calculates net income (loss) per common share in accordance with SFAS No. 128, *Earnings per Share*. Basic earnings (loss) per share is calculated by dividing net income (loss) by the weighted average number of shares outstanding for the reporting period. Diluted earnings (loss) per share is computed similarly, except that it reflects the potential dilutive impact that would occur if dilutive securities were exercised into common shares. Potential common shares are not included in the denominator of the diluted earnings per share calculation when inclusion of such shares would be anti-dilutive or included performance conditions that were not



met.

(2)

EBITDA is not defined under GAAP and does not purport to be an alternative to net income as a measure of operating performance or to net cash flows provided by operating activities as a measure of liquidity.

PROSPECTUS

## MYR Group Inc.

### 19,690,777 Shares Common Stock

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

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

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

There is no current market for our common stock. Until trading of our common stock commences in the over-the-counter market or a market otherwise emerges for our common stock, the sales price to the public will be between \$15.50 and \$17.50 per share. We expect that shortly following the effectiveness of the registration statement of which this prospectus forms a part, our common stock will be approved for trading in the over-the-counter market and will be quoted on the Bulletin Board operated by the Financial Industry Regulatory Authority. We have applied for listing on the Nasdaq Global Market or Nasdaq Capital Market, collectively referred to in this prospectus as Nasdaq, although such application cannot be approved until we meet the applicable listing requirements, including the requirement that our common stock be held by 400 or 300 round lot holders, respectively. Following the date of this prospectus, the selling stockholders may sell all or a portion of their shares from time to time in transactions in the over-the-counter market or any national market or exchange on which our common stock may be listed in the future at prevailing market prices or at privately negotiated prices.

**See "Risk Factors" on page 13 to read about factors you should consider before investing in our common stock.**

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

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Prospectus dated August 12, 2008.

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**MARKET DATA**

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

**SUMMARY**

*This summary highlights selected information contained elsewhere in this prospectus. This summary does not contain all of the information you should consider before investing in our common stock. You should read this entire prospectus carefully, especially the risks of investing in our common stock discussed under "Risk Factors" beginning on page 13, and the consolidated financial statements and notes to those consolidated financial statements, before making an investment decision. As used in this prospectus, unless the context otherwise requires or indicates, "MYR," "the company," "we," "our," and "us" refer to MYR Group Inc. and its subsidiaries taken as a whole.*

**Our Business**

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

The following chart illustrates our revenue mix for the twelve months ended December 31, 2007:

*Transmission and Distribution.* Our T&D services include the construction and maintenance of high voltage transmission lines, substations and lower voltage underground and overhead distribution systems. We also provide emergency restoration services in response to hurricane, ice or other storm related damage which typically accounts for less than \$25.0 million, or 4.5% of total revenue, per year. We have completed several large transmission turn key engineering, procurement and construction, or EPC, projects including a \$125.0 million T&D project in Iowa, or the Iowa T&D Contract, one of the largest EPC projects ever completed in the T&D market. For the year ended December 31, 2007, our T&D revenues were approximately \$434.5 million or 71.2% of revenue. Revenue from transmission projects represented 64.9% of T&D revenue for the year ended December 31, 2007.

*Commercial and Industrial.* Our C&I segment provides electrical contracting services for commercial and industrial construction in the western United States. We are focused on the Arizona and Colorado regional markets where we have achieved sufficient scale to deploy the level of resources necessary to achieve what we believe are leading market shares. Typical C&I contracts cover electrical contracting services for airports, hospitals, data centers, hotels, casinos, arenas, convention centers, manufacturing plants, processing facilities and transportation control and management systems. For the

year ended December 31, 2007, and our C&I revenues were approximately \$175.8 million or 28.8% of revenue.

On a consolidated basis our overall revenues from continuing operations grew from \$508.7 million in 2005 to \$610.3 million in 2007, representing a compound annual growth rate of 9.5%, all of which was organic. During that same period, our EBITDA improved from \$1.6 million in 2005 to \$7.9 million in 2007. During that same period, income from continuing operations improved from negative \$8.6 million in 2005 to negative \$3.2 million in 2007, including offering charges related to our 2007 private placement. Net income and EBITDA results in 2007 include pretax offering related charges of \$26.5 million (\$16.5 million after income tax benefit), of which \$18.6 million was noncash compensation charges; for more information, refer to Note 2 on page F-22. For the three months ended March 31, 2008 our revenues, net income and EBITDA were \$136.8 million, \$4.8 million and \$11.0 million, respectively, compared to \$141.4 million, \$1.3 million and \$5.3 million for the three months ended March 31, 2007. EBITDA is not defined under U.S. generally accepted accounting principles and does not purport to be an alternative to net income as a measure of operating performance or to be an alternative to net cash flows provided by operating activities as a measure of liquidity. For a reconciliation of EBITDA to net income and a reconciliation of EBITDA to net cash flows provided by operating activities, refer to footnote 4 on page 8.

As of March 31, 2008, we employed a highly skilled workforce of approximately 2,900 people. Our workforce is supported by a large modern fleet of specialty vehicles, equipment and tooling. Our fleet consists of over 4,500 vehicles and pieces of equipment, including approximately 2,100 pieces of specialized equipment, and is highly mobile, allowing us to easily relocate our equipment across all of the regions we serve.

### Key Industry Trends

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

*Inadequacy of Existing Electric Power Transmission and Distribution Networks.* According to a recent North American Electric Reliability Corporation, or NERC, survey of industry professionals, the largest challenge to reliability is the combined risk caused by the aging infrastructure and limited new construction of infrastructure. Recent de-regulation in the utility sector has converted a portion of the existing electric transmission grid to a competitive marketplace for the delivery of electricity across regional transmission systems, a development which was not contemplated when the grid was designed.

*The Energy Policy Act of 2005.* Since being signed into law in August 2005, several segments of the Energy Act have come into effect and, as a result, have better positioned utilities to finance and implement system enhancements. These new policies include granting NERC the legal authority to enforce reliability standards with all United States owners, operators, and users of bulk power system, and making compliance with those standards mandatory as opposed to voluntary; providing lucrative incentives to promote transmission grid investment; creating of National Interest Electric Transmission Corridors, or NIETC; and repealing the Public Utility Holding Company Act of 1935, or PUHCA.

*Increased Outsourcing of Infrastructure Construction and Maintenance.* We believe that electric utility and other transmission network operators are increasingly focusing on their core competencies, resulting in an increase in the outsourcing of construction and maintenance services. We believe utilities will increasingly rely on outsourced service suppliers to supplement or completely outsource such utilities' T&D construction, maintenance and repair workforce.

*Emergence of Energy Companies Focused on Electrical Transmission Infrastructure.* Over the past 19 years several companies that focus solely on owning electrical transmission assets, such as American Transmission Company, International Transmission Company and Trans-Elect, Inc. have emerged in the



T&D sector. We believe these companies will be a source of additional transmission work and ongoing maintenance opportunities.

*Increased Demand Calls for New Generation Sources.* Based on data from NERC, peak demand for electricity in the U.S. occurs in the summer and is forecasted to increase by over 135,000 megawatts or 17.7% over the next ten years, while committed new generation resources are projected to increase by only 77,000 megawatts or 8.4% over the same period. We expect this new plant construction will also significantly contribute to growth in the T&D industry over the next several years.

*Shift Toward Renewable Energy Sources.* According to NERC's 2007 Reliability Assessment, transmission infrastructure must be developed to reliably integrate renewable energy sources like wind, solar, geothermal, hydrogen and biomass. This increased demand for renewable power sources will drive related transmission infrastructure spending since each new unit will require a connection to the transmission grid.

### **Competitive Strengths**

We believe our significant competitive strengths are as follows:

*Broad National Presence.* We are one of the largest national providers of T&D services to electric utilities, cooperatives and municipalities. We believe that our national presence better positions us to win not only the larger T&D projects, but also the potentially higher profit margin mid-size to smaller T&D projects that may not attract regional or national competition in our local markets.

*Strong, Long-Standing Relationships Across a High Quality Customer Base.* We have established a strong base of long-standing customer relationships, particularly in our T&D segment, by providing high quality service in a cost-efficient and timely manner. We believe this focus on relationships has allowed us to better meet our customers' unique needs and become a valuable partner to our broad base of customers.

*Established EPC Track Record.* We have an established track record for successful completion of EPC contracts and other large projects. We believe that we are well positioned to capitalize on the shift in the utility industry to EPC or similar contract structures as the framework for large scale transmission construction.

*Specialized Equipment and Centralized Fleet Management.* The services we provide, particularly transmission construction and maintenance, require specialized equipment, tooling and expertise. Our centralized fleet management group enables us to optimize and maintain our equipment to achieve the highest equipment utilization which helps to maintain a competitive position.

*High Quality Workforce and Industry Leading Safety Record.* We are committed to providing the highest level of customer service through the development of a highly-trained workforce. We have committed a significant amount of resources to the process of recruiting new employees who can learn from the more seasoned, experienced members of our team. We have also developed strong safety programs with stringent safety standards. We continually work to maintain safe working conditions and we believe that our safety record is one of the best in the industry.

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

*Experienced Management Team.* Our management team, which includes our chief executive officer, chief operating officer and our regional vice presidents, plays a significant role in establishing and

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

### **Growth Strategy**

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

*Capitalize on Favorable Trends in Certain Key End Markets.* We believe that we are well positioned to capitalize on the projected capital spending by customers in the T&D market. We believe our strong and diverse customer relationships, track record and geographic reach should allow us to continue to benefit from the growing investment by electric power customers and third-party investors in T&D infrastructure.

*Focus on Operating Efficiencies and Expanding Margins.* We intend to continue to focus on operating efficiencies and improving our margins in order to maximize earnings for our stockholders. This includes focusing our growth on more profitable services like T&D, continuing to be selective on the projects for which we decide to bid, and managing projects efficiently throughout their estimation, negotiation and execution, including actively monitoring change orders, billing and cost overruns.

*Expanding Our Fleet to Meet Customer Demands.* In 2008, we plan to spend approximately \$30.0 million on property, plant and equipment, with the majority of such expenditures used to purchase additional equipment to enhance our fleet and to reduce our reliance on operating leases and short term equipment rentals. Because the equipment and tooling required for our business, particularly with respect to transmission, is extensive and in limited supply, we believe investing in our fleet will give us a competitive advantage that smaller firms will not be able to match and will allow us to win more contracts at higher profit margins.

*Increase Market Share within T&D Markets.* We intend to continue to increase our penetration and market share for T&D projects by expanding our existing customer relationships, attracting new customers and pursuing selective acquisitions. We believe our quality service, national presence, T&D expertise, ability to mobilize people and equipment quickly, and strong safety record will enable us to develop our business with both existing and prospective customers as they continue to further outsource their T&D servicing needs.

*Attract and Maintain High Quality Employees.* Competitive strength in the electrical services industry depends on the expertise, talent and commitment of a firm's employees. We intend to continue to invest in our personnel, which we believe is essential to ensure we are always prepared to execute our business initiatives and capitalize on new opportunities.

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

### **Organization**

Our predecessors have served the utility infrastructure markets since 1891 and have been recognized as innovators in the industry. MYR Group Inc. was created in 1995 through the merger of three longstanding specialty contractor franchises. We were a public company with our stock traded on

the New York Stock Exchange, or NYSE, until 2000 when we were acquired by GPU, Inc., which was subsequently acquired by FirstEnergy Corp. In 2006, ArcLight Capital Partners, LLC, or ArcLight, acquired substantially all of our capital stock from FirstEnergy Corp. We repurchased 14,515,284 shares held by ArcLight and its non-manager stockholders with the proceeds of a private placement of our common stock completed on December 20, 2007 and December 26, 2007, together the "2007 Private Placement." As of March 31, 2008, ArcLight continued to own approximately 7.1% of our outstanding common stock. Members of our senior management acquired shares of capital stock in 2006 and 2007, and are also selling stockholders pursuant to this prospectus.

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

#### **Additional Information**

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

**THE OFFERING**

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

Common stock offered by selling stockholders(1)	19,690,777 shares
Dividend policy	We do not anticipate paying cash dividends on shares of our common stock for the foreseeable future.
Use of proceeds	We will not receive any of the proceeds from the sale of the shares of common stock by the selling stockholders.
Listing and trading	Once we are able to meet the applicable listing requirements we intend to apply to list our common stock on the Nasdaq Global Market or the Nasdaq Capital Market.
Risk factors	Please read the section entitled "Risk Factors" beginning on page 13 for a discussion of some of the factors you should carefully consider before deciding to invest in our common stock.

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

**SUMMARY HISTORICAL CONSOLIDATED AND UNAUDITED PRO FORMA FINANCIAL AND OPERATING INFORMATION**

**Summary Historical Consolidated Financial Information**

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

The summary statement of operations and balance sheet data set forth below for the year ended December 31, 2005 and for the period from January 1, 2006 to November 30, 2006 (Predecessor basis); for the period from December 1, 2006 to December 31, 2006 and for the year ended December 31, 2007 (Successor basis); and as of December 31, 2006 and 2007 (Successor basis), has been derived from our audited consolidated financial statements and footnotes thereto included elsewhere in this prospectus. The summary statement of operations for the three months ended March 31, 2007 and 2008 and balance sheet data set forth below as of March 31, 2008 have been derived from our unaudited interim consolidated financial statements, included elsewhere in this prospectus and which have been prepared on a basis consistent with our audited consolidated financial statements and include all adjustments, which consist of normal recurring adjustments, necessary for a fair presentation of the financial position and results of operations for the unaudited periods presented. The summary balance sheet data set forth below as of December 31, 2005 (Predecessor basis) has been derived from our audited consolidated financial statements not included in this prospectus. Our consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States, or GAAP. Historical results are not necessarily indicative of the results we expect in the future and quarterly results are not necessarily indicative of the results of any future quarter or any full-year period. The information below should be read in conjunction with "Management's Discussion and Analysis of Financial Condition and Results from Operations" and the consolidated financial statements and notes thereto included in this prospectus.

	Predecessor(1)		Successor(1)			
Statement of operations data:						
	For the year ended December 31, 2005	For the period from January 1, 2006 to November 30, 2006	For the period from December 1, 2006 to December 31, 2006	For the year ended December 31, 2007	For the three months ended March 31,	
(in thousands, except share and per share data)					2007	2008
Contract revenues	\$ 508,700	\$ 489,055	\$ 46,202	\$ 610,314	\$ 141,359	\$ 136,763
Contract costs	457,287	435,520	41,381	540,868	128,218	116,563
Gross profit	51,413	53,535	4,821	69,446	13,141	20,200
Selling, general and administrative expenses	37,438	37,754	3,126	45,585	10,766	11,918
Amortization of intangible assets	306	281	115	769	344	83
Gain on sale of property and equipment	(855)	(434)	(10)	(768)	(23)	(148)
Goodwill impairment(8)	16,618					
Offering related charges				26,513		
Income (loss) from operations	(2,094)	15,934	1,590	(2,653)	2,054	8,347
Other income (expense):						
Interest income	469	1,382	145	1,234	415	420
Interest expense	(18)	(299)	(41)	(1,694)	(135)	(542)
Other, net	(343)	(192)	(20)	(153)	(10)	(57)
Income (loss) before provision for income taxes	(1,986)	16,825	1,674	(3,266)	2,324	8,168
Income tax expense (benefit)	6,624	6,807	741	(64)	957	3,349
Income (loss) from continuing operations, net	(8,610)	10,018	933	(3,202)	1,367	4,819

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	Predecessor(1)		Successor(1)			
<b>Statement of operations data:</b>						
<b>Discontinued operations:</b>						
Discontinued operations, net of income tax expense of \$328 in 2005	492					
Loss on sale of discontinued, operations, net of income tax (benefit) of \$(450) in 2005	(1,356)					
Loss from discontinued operations, net	(864)					
<b>Net income (loss)</b>	<b>\$ (9,474)</b>	<b>\$ 10,018</b>	<b>\$ 933</b>	<b>\$ (3,202)</b>	<b>\$ 1,367</b>	<b>\$ 4,819</b>

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Basic income (loss) per common share(7)												
Income (loss) from continuing operations	\$	(.52)	\$	.61	\$	.06	\$	(.19)	\$	.08	\$	.24
Income (loss) from discontinued operations				.03								
(Loss) on sale of discontinued operations				(.08)								
<b>Net income (loss)</b>	<b>\$</b>	<b>(.57)</b>	<b>\$</b>	<b>.61</b>	<b>\$</b>	<b>.06</b>	<b>\$</b>	<b>(.19)</b>	<b>\$</b>	<b>.08</b>	<b>\$</b>	<b>.24</b>

Diluted income (loss) per common share(7)												
Income (loss) from continuing operations	\$	(.52)	\$	.61	\$	.06	\$	(.19)	\$	.08	\$	.23
(Loss) from discontinued operations				.03								
(Loss) from sale of discontinued operations				(.08)								
<b>Net income (loss)</b>	<b>\$</b>	<b>(.57)</b>	<b>\$</b>	<b>.61</b>	<b>\$</b>	<b>.06</b>	<b>\$</b>	<b>(.19)</b>	<b>\$</b>	<b>.08</b>	<b>\$</b>	<b>.23</b>

Weighted average number of common shares and potential common shares outstanding(7):												
Basic		16,446,842		16,446,842		16,446,842		16,540,392		16,446,842		19,712,811
Diluted		16,446,842		16,446,842		16,446,842		16,540,392		16,446,842		20,711,409

	Predecessor(1)		Successor(1)					
	As of December 31, 2005	As of December 31, 2006	As of December 31, 2006	As of December 31, 2007	As of December 31, 2007	As of Mar. 31 2008		
<b>Balance sheet data:</b>								
<b>(in thousands)</b>								
Cash and cash equivalents	\$	28,937	\$	26,223	\$	34,547	\$	34,140
Working capital(2)		54,664		41,636		52,126		51,776
Total assets		243,631		256,544		305,791		284,978
Long term debt(3)						30,000		30,000
Total liabilities		138,612		128,753		174,855		148,991
Stockholders' equity	\$	105,019	\$	127,791	\$	130,936	\$	135,987

	Predecessor(1)		Successor(1)							
	For the year ended December 31, 2005	For the period from January 1, 2006 to November 30, 2006	For the period from December 1, 2006 to December 31, 2006	For the year ended December 31, 2007	For the three months ended March 31, 2007 2008					
<b>Other Data:(Unaudited)</b>										
<b>(in thousands)</b>										
EBITDA(4)	\$	1,586	\$	20,654	\$	2,690	\$	7,862	5,306	10,990
Backlog(5)		224,006		N/A		N/A		216,602	290,392	230,827
Capital expenditures		5,302		12,482		1,331		28,171	4,385	10,946
Depreciation and amortization(6)		4,887		4,912		1,120		10,668	3,262	2,700
Net cash flows provided by operating activities		21,408		15,600		6,331		16,693	(5,328)	11,129
Net cash flows used in investing activities		(780)		(11,984)		(1,319)		(26,022)	(4,362)	(9,785)
Net cash flows (used in) provided by financing activities		(4,387)		(6,342)		(5,000)		17,653		(1,751)

(1)

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

- (2) Working capital represents total current assets less total current liabilities.
- (3) Long term debt represents the \$30.0 million draw under our term loan facility at December 31, 2007 and March 31, 2008, including current maturities.
- (4) EBITDA, a performance measure used by management, is defined as net income (loss) plus: interest expense, provision for income taxes and depreciation and amortization, as shown in the table below. EBITDA, as presented for the years ended December 31, 2005 and 2007, for the period from January 1, 2006 to November 30, 2006, and for the period from December 1, 2006 to December 31, 2006, and for the three months ended March 31, 2007 and 2008, is not defined under U.S. generally accepted accounting principles, and does not purport to be an alternative to net income as a measure of operating performance or to net cash flows provided by operating activities as a measure of liquidity. Because not all companies use identical calculations, this



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presentation of EBITDA may not be comparable to other similarly-titled measures of other companies. We use, and we believe investors benefit from the presentation of, EBITDA in evaluating our operating performance because it provides us and our investors with an additional tool to compare our operating performance on a consistent basis by removing the impact of certain items that management believes do not directly reflect our core operations. We believe that EBITDA is useful to investors and other external users of our financial statements in evaluating our operating performance and cash flow because EBITDA is widely used by investors to measure a company's operating performance without regard to items such as interest expense, taxes, depreciation and amortization, which can vary substantially from company to company depending upon accounting methods and book value of assets, capital structure and the method by which assets were acquired.

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

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

	Predecessor(1)		Successor(1)			
	For the year ended December 31, 2005	For the period from January 1, 2006 to November 30, 2006	For the period from December 1, 2006 to December 31, 2006	For the year ended December 31, 2007	For the three months ended March 31,	
					2007	2008
<b>(dollars in thousands)</b>						
<b>Net income (loss)</b>	\$ (9,474)	\$ 10,018	\$ 933	\$ (3,202)	\$ 1,367	\$ 4,819
Interest expense (income), net	(451)	(1,083)	(104)	460	(280)	122
Provision (benefit) for income taxes	6,624	6,807	741	(64)	957	3,349
Depreciation and amortization(6)	4,887	4,912	1,120	10,668	3,262	2,700
<b>EBITDA</b>	<b>\$ 1,586</b>	<b>\$ 20,654</b>	<b>\$ 2,690</b>	<b>\$ 7,862</b>	<b>\$ 5,306</b>	<b>\$ 10,990</b>

We also use EBITDA as a liquidity measure. We believe this financial measure is important in analyzing our liquidity because it is a key component of certain material covenants contained within our Credit Agreement, which is discussed in more detail in Note 6, Credit Agreement, on pages F-9 through F-10 to our financial statements. Non-compliance with these financial covenants under our Credit Agreement our interest coverage ratio and our leverage ratio could result in our lenders requiring us to immediately repay all amounts borrowed. If we anticipated a potential covenant violation, we would seek relief from our lenders, causing us to incur additional cost, and such relief might not be on terms as favorable as those in our existing Credit Agreement. In addition, if we cannot satisfy these financial covenants, we would be prohibited under our 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 would be useful to investors and relevant to their assessment of our capacity to service, or incur, debt.

	Predecessor(1)		Successor(1)		
	For the year ended	For the period from January 1,	For the period from December 1,	For the year ended	For the three months

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	Predecessor(1)		Successor(1)			
	December 31, 2005	2006 to November 30, 2006	2006 to December 31, 2006	December 31, 2007	ended March 31,	
					2007	2008
<b>(dollars in thousands)</b>						
<b>EBITDA</b>	1,586	\$ 20,654	\$ 2,690	7,862	\$ 5,306	\$ 10,990
<i>Add/(subtract)</i>						
Interest income (expense), net	451	1,083	104	(460)	280	(122)
Benefit (provision) for income taxes	\$ (6,624)	(6,807)	(741)	\$ 64	(957)	(3,349)
Depreciation and amortization	(4,887)	(4,912)	(1,120)	(10,668)	(3,262)	(2,700)
Adjustments to reconcile net income (loss) to net cash flows provided by (used in) operating activities	20,309	2,995	315	23,191	2,405	2,803
Changes in operating assets and liabilities	10,573	2,587	5,083	(3,296)	(9,100)	3,507
<b>Net cash flows provided by (used in) operating activities</b>	<b>\$ 21,408</b>	<b>\$ 15,600</b>	<b>\$ 6,331</b>	<b>\$ 16,693</b>	<b>\$ (5,328)</b>	<b>\$ 11,129</b>

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- (5) Backlog represents our estimated revenue on uncompleted contracts, including the amount of revenue on contracts on which work has not begun, minus the revenue we have recognized under such contracts. We calculate backlog differently for different types of contracts. For our fixed-price contracts, we include the full remaining portion of the contract in our calculation of backlog. For our unit-price, time-and-equipment, time-and-materials and cost-plus contracts, our projected revenue for a three-month period is included in the calculation of backlog, regardless of the duration of the contract, which typically exceeds such three-month period. These types of contracts are generally awarded as part of master service agreements ("MSAs") which typically have a one to three-year duration from execution. Given the duration of our contracts and MSAs and our method of calculating backlog, our backlog at any point in time may not accurately represent the revenue that we expect to realize during any period and our backlog as of the end of a fiscal year may not be indicative of the revenue we expect to earn in the following fiscal year and should not be viewed or relied upon as a stand-alone indicator.
- (6) Depreciation and amortization includes depreciation on capital assets and amortization of finite lived intangible assets.
- (7) Basic and diluted income (loss) per common share data and our basic diluted weighted average number of common shares and potential common shares outstanding reflects the effect of the approximately 164.47 common shares for one common share stock split of our common stock completed on December 13, 2007.
- (8) As part of the business valuation associated with the acquisition of our common stock by affiliates of ArcLight, subsequent to the December 31, 2005 balance sheet date but before the consolidated financial statements were issued for the year ended December 31, 2005, it was determined that an impairment had occurred at December 31, 2005. Based on the second step comparison of the fair value to the restated carrying value, the impairment loss of \$16.6 million was recorded by the T&D and C&I reporting units of \$12.4 million and \$4.2 million, respectively.

**Summary Unaudited Pro Forma Financial Information**

The following table sets forth our summary unaudited pro forma financial information for the year ended December 31, 2007 which has been derived from our unaudited pro forma financial information included elsewhere in this prospectus.

The summary unaudited pro forma consolidated statements of operations information for the year ended December 31, 2007 is presented:

on an actual basis; and

on a pro forma as adjusted basis to give effect to (a) our entrance into our Credit Facility, including the draw of \$50.0 million under the term loan facility on August 31, 2007, as if we entered into the facility on January 1, 2007; (b) the issuance of 17,780,099 shares of common stock pursuant to the 2007 Private Placement and the repurchase of 14,516,765 shares of common stock and 49,675 shares of common stock underlying options, from our current and prior stockholders and option holders with the proceeds thereof; and (c) the repayment of \$20.0 million under our term loan facility with the proceeds of the 2007 Private Placement, as if all such transactions occurred on January 1, 2007.

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

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

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

	<b>For the year ended December 31, 2007</b>	
	<b>Actual</b>	<b>Pro forma as adjusted</b>
<b>Pro forma as adjusted</b>		
Contract revenues	\$ 610,314	\$ 610,314
Contract costs	540,868	540,868
Gross profit	69,446	69,446
Selling, general and administrative expenses	45,585	45,585
Amortization of intangible assets	769	769
Gain on sale of property and equipment	(768)	(768)
Offering related charges	26,513	26,513
Income (loss) from operations	(2,653)	(2,653)
Other income (expense):		
Interest income	1,234	1,234
Interest expense	(1,694)	(2,723)
Other, net	(153)	(153)
Income (loss) before provision for income taxes	(3,266)	(4,295)
Income tax expense	(64)	(476)
Net income (loss)	(3,202)	(3,819)
Income (loss) per common share:		
Basic and diluted	\$ (0.19)	
Pro forma income (loss) per common share:		
Basic and diluted		\$ (0.21)
Weighted average number of common shares and potential common shares outstanding:		
Basic and diluted	16,540,392	18,542,042

## RISK FACTORS

*Investing in our common stock involves a high degree of risk. You should carefully consider the following risks as well as other information contained in this prospectus, including our consolidated financial statements and the notes to those statements before investing in our common stock. The occurrence of any of the following risks could materially and adversely affect our business, prospects, financial condition, results of operations and cash flow, in which case, the trading price of our common stock could decline and you could lose all or part of your investment.*

### **Risks Related to Our Business and Our Industry**

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

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

the timing and volume of work under contract;

regional and general economic conditions;

the budgetary spending patterns of customers;

variations in the margins of projects performed during any particular quarter;

a change in the demand for our services and increased costs of performance of our services caused by severe weather conditions;

increases in design and construction costs that we are unable to pass through to our customers;

the termination of existing agreements;

losses experienced in our operations not otherwise covered by insurance;

a change in the mix of our customers, contracts and business;

payment risk associated with the financial condition of our customers;

cost overruns on fixed-price contracts;

availability of qualified labor hired for specific projects;

changes in bonding requirements applicable to existing and new agreements; and

costs we incur to support growth internally or through acquisitions or otherwise.

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

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

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

***Our industry is highly competitive.***

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

***We may be unsuccessful at generating internal growth.***

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

attract new customers;

increase the number of projects performed for existing customers;

hire and retain qualified personnel;

successfully bid for new projects; and

adapt the range of services we offer to customers to address their evolving construction needs.

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

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

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

Most contracts, including MSAs, may be terminated by our customers on short notice, typically 30 to 90 days, but sometimes less. Reductions in backlog due to cancellation by a customer or for other



reasons could significantly reduce the revenue and profit we actually receive from contracts in backlog. In the event of a project cancellation, we may be reimbursed for certain costs but we typically have no contractual right to the total revenues reflected in our backlog. Projects may remain in backlog for extended periods of time. The timing of contract awards and duration of large new contracts can significantly affect backlog reporting. Given these factors and our method of calculating backlog, our backlog at any point in time may not accurately represent the revenue that we expect to realize during any period and our backlog as of the end of a fiscal year may not be indicative of the revenue we expect to earn in the following fiscal year and should not be viewed or relied upon as a stand-alone indicator. Consequently, we cannot assure you as to our customers' requirements or our estimates. Inability to realize revenue from our backlog could have a material adverse effect on our financial condition, results of operations and cash flows.

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

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

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

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

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

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

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estimated and could result in reduced profitability or losses on projects due to changes in a variety of factors such as:

failure to properly estimate costs of engineering, material, equipment or labor;

unanticipated technical problems with the structures, materials or services being supplied by us, which may require that we spend our own money to remedy the problem;

project modifications creating unanticipated costs;

changes in the costs of equipment, materials, labor or subcontractors;

our suppliers' or subcontractors' failure to perform;

difficulties in our customers obtaining required governmental permits or approvals;

changes in local laws and regulations;

delays caused by local weather conditions; and

exacerbation of any one or more of these factors as projects grow in size and complexity.

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

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

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

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

Although we maintain insurance policies with respect to automobile liability, general liability, workers' compensation and employers' liability, those policies do not cover all possible claims. Our deductible for each line of coverage is the first \$1.0 million per claim up to the claim aggregate amount as defined per each policy. The claim aggregate for each policy is calculated as the cumulative excess over the first \$0.5 million of each claim incurred, up to the deductible amount per claim. The claim aggregate amount for each policy is as follows: \$1.5 million for workers' compensation, \$1.5 million for general liability and \$1.0 million for automobile liability. Once a policy's claim aggregate is reached per line of coverage, the deductible for that policy is reduced to \$0.5 million per claim. We also have an employee health care benefit plan for employees not subject to collective bargaining agreements, which is subject to a deductible of \$0.1 million per covered individual per year. Losses up to the deductible



amounts are accrued based upon our estimates of the ultimate liability for claims reported and an estimate of claims incurred but not yet reported. However, insurance liabilities are difficult to assess and estimate due to unknown factors, including the severity of an injury, the determination of our liability in proportion to other parties, the number of incidents not reported and the effectiveness of our safety program. If we were to experience insurance claims or costs significantly above our estimates, such claims or costs could have a material adverse effect on our financial condition, results of operations and cash flows.

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

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

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

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

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

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

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

material changes in any of our customer's revenues or cash flows could affect our ability to collect amounts due from them.

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

Our customer base is highly concentrated, with our top ten customers accounting for 42.6% of our revenue for the period from January 1, 2006 to November 30, 2006, 52.4% of our revenue for the period from December 1, 2006 to December 31, 2006, 45.8% of our revenue for the year ended December 31, 2007, and 53.0% of our revenue for the three months ended March 31, 2008. Our largest customer accounted for 11.9%, 11.6%, 10.9%, and 14.9% of our revenue for the period from January 1, 2006 to November 30, 2006, for the period from December 1, 2006 to December 31, 2006, for the year ended December 31, 2007, and for the three months ended March 31, 2008, respectively. Our revenue could significantly decline if we lose one or more of our significant customers. In addition, revenues under our contracts with significant customers may vary from period-to-period depending on the timing and volume of work which such customers order in a given period and as a result of competition from the in-house service organizations of our customers. Reduced demand for our services or a loss of a significant customer could have a material adverse effect on our financial condition, results of operations and cash flows.

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

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

our customers cancel a significant number of contracts;

we fail to win a significant number of our existing contracts upon re-bid;

we complete a significant number of non-recurring projects and cannot replace them with similar projects; or

we fail to reduce operating and overhead expenses consistent with any decrease in our revenue.

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

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

Our contracts may require that we provide to our customers security for the performance of their projects. This security may be in the form of bonds whereby a commercial surety provides for the benefit of the customer a bond insuring completion of the project, a "performance bond," a separate bond insuring persons furnishing labor and materials to the project are paid, a "payment bond," or both. Further, under standard terms in the surety market, sureties issue or continue bonds on a project-by-project basis and can decline to issue bonds at any time or require the posting of additional collateral as a condition to issuing or renewing any bonds.

Current or future market conditions, as well as changes in our surety's assessment of our operating and financial risk, could cause our surety providers to decline to issue or renew, or substantially reduce

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

***Our bonding requirements may limit our ability to incur indebtedness.***

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

***Inability to hire or retain key personnel could disrupt business.***

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

***Our unionized workforce could adversely affect our operations.***

As of March 31, 2008, approximately 90% of our field labor employees were covered by collective bargaining agreements. Although the majority of these agreements prohibit strikes and work stoppages, we cannot be certain that strikes or work stoppages will not occur in the future. Strikes or work stoppages would adversely impact our relationships with our customers and could have a material adverse effect on our financial condition, results of operations and cash flows.

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

Our ability to maintain our productivity and profitability will be limited by our ability to employ, train and retain skilled personnel necessary to meet our requirements. We may not be able to maintain an adequate skilled labor force necessary to operate efficiently and to support our growth strategy. We have from time-to-time experienced shortages of certain types of qualified personnel. For example, there is a shortage of engineers, project managers, field supervisors, linemen and other skilled workers capable of working on and supervising the construction of high-voltage electric lines and substations. During periods with volumes of storm restoration services work, linemen are frequently recruited across geographic regions to satisfy demand. Many linemen are willing to travel in order to earn premium wages for such work, which from time-to-time makes it difficult for us to retain these workers for ongoing projects when storm conditions persist. The supply of experienced engineers, project managers,

field supervisors, linemen and other skilled workers may not be sufficient to meet current or expected demand. The commencement of new, large-scale infrastructure projects or increased demand for infrastructure improvements as well as the aging utility workforce further depletes the pool of skilled workers available to us, even if we are not awarded such projects. Labor shortages or increased labor costs could impair our ability to maintain our business or grow our revenues. If we are unable to hire employees with the requisite skills, we may also be forced to incur significant training expenses.

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

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

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

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

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

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

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

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

Although our revenues are primarily driven by spending patterns in our customers' industries, our revenues, particularly those derived from our T&D segment, and results of operations can be subject to seasonal variations. These variations are influenced by weather, hours of daylight, customer spending patterns, available system outages from utilities, bidding seasons and holidays, and can have a significant impact on our gross margins. Our profitability may decrease during the winter months and

during severe weather conditions because work performed during these periods may be restricted and more costly to complete. Additionally, our T&D customers often cannot remove their T&D lines from service during the summer months, when consumer demand for electricity is at its peak, delaying the demand for our maintenance and repair services. Working capital needs are also influenced by the seasonality of our business. We generally experience a need for additional working capital during the spring when we increase outdoor construction in weather-affected regions of the country, and we convert working capital assets to cash during the winter months. Significant disruptions in our ability to perform services due to these seasonal variations could have a material adverse effect on our financial conditions, results of operation and cash flows.

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

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

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

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

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

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



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

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

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

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

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

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

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

***Our business may be affected by difficult work environments.***

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

**Risks Related To Our Common Stock**

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

Although our common stock has been traded on The PORTAL Market (which is operated by The Nasdaq Stock Market, Inc.) since December 20, 2007, we believe that less than 975,000 shares have been traded as of the date of this prospectus (or less than 5.0% of the 17,780,099 shares eligible to be traded). As a result, the trading price of our common stock on The PORTAL Market is probably not an accurate indicator of the trading price of our common stock after this offering.

Although we expect our common stock to trade in the over-the-counter market shortly following the date of this prospectus, we have applied to list the shares of our common stock on the Nasdaq Global Market or Nasdaq Capital Market, although such application cannot be approved until we meet the applicable listing requirements, including achieving a sufficient number of stockholders to qualify for listing, we cannot assure you that we will ever meet their listing requirements or that even if we are successful in obtaining a listing, we have a sufficient number of stockholders is an ongoing obligation of listing on Nasdaq, and even if we achieve enough holders for an initial listing, given that we may not have many more holders than the initial listing requirement, we cannot assure you that such number of stockholders will continue and we therefore may not be able to maintain our listing once we obtain it. Furthermore, even if we become and remain listed, we cannot assure you that an active trading market for the shares will develop. The liquidity of any market for the shares of our common stock will depend on a number of factors, including:

the number of stockholders;

our operating performance and financial condition;

the market for similar securities;

the extent of coverage of us by securities or industry analysts; and

the interest of securities dealers in making a market in the shares of our common stock.

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

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

actual or anticipated variations in our quarterly operating results;

changes in our funds from operations or earnings estimates;

publication of misleading or unfavorable research reports about us or the industry in which we operate;

increases in market interest rates, which may increase our cost of capital;

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changes in applicable laws or regulations, court rulings and enforcement and legal actions;

changes in market valuations of similar companies;

adverse market reaction to any increased indebtedness we incur in the future;

additions or departures of key personnel;

actions by our stockholders;

speculation in the press or investment community; and

general market and economic conditions.

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

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

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

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

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

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

information about us. As shares of common stock become eligible for sale under Rule 144, the volume of sales of common stock on applicable securities markets may increase, which could reduce the market value of common stock.

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

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

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

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

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

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

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

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

During the preparation of our financial statements to reflect purchase accounting for the 2006 acquisition of our common stock by affiliates of ArcLight, we discovered errors in the accounting for certain items in our previously issued consolidated financial statements in 2004 and 2005. These items included (a) an adjustment to our purchase price allocation for FirstEnergy Corp.'s acquisition of us on November 7, 2001, (b) an adjustment to the amount recorded to reflect the impairment of goodwill in

2005, based upon the revised goodwill amounts and the Company's identification of two reporting units as opposed to the one unit previously utilized, (c) an adjustment to reflect additional tax benefits on the excess of tax over book basis deductions related to our previous owners' stock award plans as additional paid in capital rather than income tax benefit, and (d) other adjustments related to out of period items, reclassifications of non-operating income and expenses to income (loss) from operations, and recording of the goodwill allocated to discontinued operations as a component of income (loss) on sale of discontinued operations rather than as a component of discontinued operations. We corrected these errors through a restatement of our consolidated financial statements for the years ended December 31, 2001 through 2005.

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

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

Management has taken steps to improve and continues to improve our internal control over financial reporting, including the hiring of experienced financial reporting professional consultants, redefining and realigning responsibilities and defining additional controls, reporting processes and procedures to address the accounting requirements for non-recurring and complex transactions. The Company concluded the material weakness was still in the process of being remediated as of March 31, 2008.

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

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

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

**CAUTIONARY STATEMENT CONCERNING FORWARD-LOOKING STATEMENTS**

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

Various statements this prospectus contains, including those that express a belief, expectation, or intention, as well as those that are not statements of historical fact, are forward-looking statements. The forward-looking statements may include projections and estimates concerning the timing and success of specific projects and our future production, revenue, income and capital spending. Our forward-looking statements are generally accompanied by words such as "estimate," "project," "predict," "believe," "expect," "anticipate," "potential," "plan," "goal" or other words that convey the uncertainty of future events or outcomes. The forward-looking statements in this prospectus speak only as of the date of this prospectus; we disclaim any obligation to update these statements (unless required by securities laws), and we caution you not to rely on them unduly. We have based these forward-looking statements on our current expectations and assumptions about future events. While our management considers these expectations and assumptions to be reasonable, they are inherently subject to significant business, economic, competitive, regulatory and other risks, contingencies and uncertainties, most of which are difficult to predict and many of which are beyond our control. These and other important factors, including those discussed under "Risk Factors," may cause our actual results, performance or achievements to differ materially from any future results, performance or achievements expressed or implied by these forward-looking statements. These risks, contingencies and uncertainties include, but are not limited to, the following:

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

demand for our services is cyclical and we are vulnerable to industry downturns and regional and national downturns;

our industry is highly competitive;

we may be unsuccessful in generating internal growth;

backlog may not be realized or may not result in profits;

the Energy Policy Act of 2005 may fail to result in increased spending on electric power transmission infrastructure;

our use of percentage-of-completion accounting could result in a reduction or elimination of previously recognized profits;

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

our financial results are based upon estimates and assumptions that may differ from actual results;

we self-insure against many potential liabilities and our reserves for estimated losses may be less than our actual costs;

we may incur liabilities or suffer negative financial impact relating to occupational health and safety matters;

we may pay our suppliers and subcontractors before receiving payment from our customers for the related services;

we extend credit to customers for purchases of our services, and in the past we have had, and in the future we may have, difficulty collecting receivables from major customers that are subject to

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

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

many of our contracts may be cancelled upon short notice and we may be unsuccessful in replacing our contracts if they are canceled or as they are completed or expire;

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

our bonding requirements may limit our ability to incur indebtedness;

inability to hire or retain key personnel could disrupt business;

our unionized workforce could adversely affect our operations;

our business is labor intensive, and we may be unable to attract and retain qualified employees;

inability to perform our obligations under engineering, procurement and construction contracts may adversely affect our business;

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

our business growth could outpace the capability of our internal infrastructure;

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

increases in the costs of certain materials and fuel could reduce our operating margins;

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

the timing of new contracts may result in unpredictable fluctuations in our cash flow and profitability;

our failure to comply with environmental laws could result in significant liabilities;

opportunities within the government arena could lead to increased governmental regulation applicable to us;

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



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our business may be affected by difficult work environments;

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

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

we will incur increased costs due to the rules and regulations applicable to us as a public company.

**USE OF PROCEEDS**

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

**DIVIDEND POLICY**

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

**CAPITALIZATION**

The following table sets forth our capitalization as of March 31, 2008.

You should read the following table in conjunction with our consolidated financial statements and related notes and "Management's Discussion and Analysis of Financial Condition and Results from Operations" appearing elsewhere in this prospectus.

<b>(dollars in thousands)</b>	<b>As of March 31, 2008</b>
Long term debt (term loan)	\$ 30,000
Stockholders' equity	
Preferred stock \$0.01 par value per share; 4,000,000 authorized shares; none issued and outstanding	
Common stock \$0.01 par value per share; 100,000,000 authorized shares; 19,712,811 issued and outstanding	197
Additional paid-in capital	140,601
Retained earnings (accumulated deficit)	(4,811)
<b>Total stockholders' equity</b>	<b>135,987</b>
<b>Total capitalization</b>	<b>\$ 165,987</b>

**UNAUDITED PRO FORMA FINANCIAL INFORMATION**

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

The accompanying unaudited pro forma consolidated condensed statements of income for the year ended December 31, 2007 are presented:

on an actual basis;

on a pro forma basis to give effect to our entrance into our Credit Facility, including the draw of \$50.0 million under the term loan facility on August 31, 2007, as if we entered into the facility on January 1, 2007;

on a pro forma as adjusted basis to give effect to the issuance of 17,780,099 shares of common stock pursuant to the 2007 Private Placement and the repurchase of 14,516,765 shares of common stock and 49,675 shares of common stock underlying options, from our current and prior stockholders and option holders with the proceeds thereof; the payment of a dividend to our stockholders of \$3.04 per share of common stock on August 31, 2007; and the repayment of \$20.0 million under our term loan facility with the proceeds of the 2007 Private Placement, as if all such transactions occurred on January 1, 2007.

The common stock options outstanding at December 31, 2007 are deemed anti-dilutive due to the net loss on an actual and pro forma as adjusted basis.

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

The unaudited pro forma consolidated condensed statement of operations should be read in conjunction with the sections of this prospectus entitled "Selected Consolidated Financial and Operating Data," "Management's Discussion and Analysis of Financial Condition and Results from Operations," and our historical consolidated financial statements and related notes thereto included elsewhere in this prospectus. The unaudited pro forma consolidated condensed statement of operations is for informational purposes only and should not be considered indicative of actual results that would have been achieved had the transactions been consummated on the date indicated. Also, the unaudited pro forma consolidated condensed financial statements should not be viewed as indicative of our results of operations as of any future dates or for any future period. The presentation of a pro forma balance sheet has been excluded as of December 31, 2007 as the transactions were completed before December 31, 2007 and are included in our consolidated balance sheet.

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

**Unaudited Pro Forma Consolidated Condensed Statement of Operations  
for the Year Ended December 31, 2007**

For the year ended December 31, 2007

(in thousands except share and per share data)	Actual	Pro forma Adjustments	Pro forma	Adjustments for the 2007 Private Placement	Pro forma as adjusted
Contract revenues	\$ 610,314	\$	\$ 610,314	\$	\$ 610,314
Contract costs	540,868		540,868		540,868
Gross profit	69,446		69,446		69,446
Selling, general and administrative expenses	45,585		45,585		45,585
Amortization of intangible assets	769		769		769
Gain on sale of property and equipment	(768)		(768)		(768)
Offering related charges(e)	26,513		26,513		26,513
Income (loss) from operations	(2,653)		(2,653)		(2,653)
Other income (expense)					
Interest income	1,234		1,234		1,234
Interest expense	(1,694)	(2,285) (a)	(3,979)	1,256 (b)	(2,723)
Other, net	(153)		(153)		(153)
Income (loss) before provision for income taxes	(3,266)	(2,285)	(5,551)	1,256	(4,295)
Income tax expense (benefit)	(64)	(914) (c)	(978)	502 (c)	(476)
Net income (loss)	\$ (3,202)	\$ (1,371)	\$ (4,573)	\$ 754	\$ (3,819)
Net income (loss) per common share					
Basic and diluted	\$ (.19)				
Pro forma net income per common share					
Basic and diluted					\$ (0.21)
Weighted average number of common shares and potential common shares outstanding					
Basic and diluted	16,540,392			2,004,650	18,542,042 (d)

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

- (a) The pro forma adjustment of \$2,285 additional interest expense for the year ended December 31, 2007 assumes the Credit Facility was entered into and the \$50,000 draw on our existing term loan facility was taken on January 1, 2007. The \$2,285 is comprised of \$2,213 of additional interest expense and \$72 of incremental amortization of debt issuance costs. The interest rates used in the calculation were based on (a) the one-month LIBOR rates in effect at each month end as rounded to the nearest sixteenth percent plus (b) 1.25% as defined in the credit agreement governing our Credit Facility. For the year ended December 31, 2007, the average interest rate was 6.52%. Interest rate fluctuations would cause changes in the interest expense we would have incurred on a pro forma basis. A 0.125% increase or decrease in the interest rate would have resulted in a higher or lower pro forma interest expense of approximately \$38 for the year ended December 31, 2007, respectively.
- (b) The pro forma adjustment of the \$1,256 reduction in interest expense for the year ended December 31, 2007 reflects the impact of the repayment of \$20,000 of the debt from the proceeds of the 2007 Private Placement assuming the transaction occurred on January 1, 2007. The \$1,256 is comprised of \$1,321 of interest expense reductions offset by \$65 of incremental amortization of debt issuance costs due to the repayment of debt.
- (c) The income tax adjustments reflect the pro forma tax effect of the adjustments outlined above for the year ended December 31, 2007 utilizing a 40% estimated tax rate.
- (d) Pro forma net income (loss) per common share is calculated using the basic and diluted weighted average shares as follows:

	<b>For the year ended December 31, 2007</b>
Shares outstanding	19,712,811
Less shares issued general corporate purposes	(1,170,769)
Basic and diluted weighted average shares	18,542,042

The common stock options outstanding at December 31, 2007 are deemed anti-dilutive due to the net loss from continuing operations on an actual and pro forma as adjusted basis.

- (e) Offering related charges:

	<b>Offering related charges</b>
Accelerated vesting of stock options, non-cash	\$ 14,533
Adjustment related to common shares subject to redemption liability-to-equity modification, non-cash	4,039
Bonus related to tax burden associated with management shares	1,166
Executive management employment agreements	1,462
Management transaction bonus	3,000

	<b>Offering related charges</b>
Pre-offering preparation expenses	2,313
	<b>\$ 26,513</b>

These items have been included in the underlying historical financials and remain in the Unaudited Pro Forma Consolidated Financial Information. The Company believes these items to be non-recurring.



## SELECTED CONSOLIDATED FINANCIAL AND OPERATING DATA

The following table presents our selected historical consolidated financial data at the dates and for the periods indicated. The statement of operations for the year ended December 31, 2005, the period from January 1, 2006 to November 30, 2006, the period from December 1, 2006 to December 31, 2006 and the year ended December 31, 2007 and the balance sheet data as of December 31, 2006 and 2007 have been derived from our audited consolidated financial statements included elsewhere in the prospectus. The selected historical statement of operations for the three months ended March 31, 2007 and 2008 and balance sheet data set forth below as of March 31, 2008 have been derived from our unaudited interim consolidated financial statements, included elsewhere in this prospectus and which have been prepared on a basis consistent with our audited consolidated financial statements and include all adjustments, which consist of normal recurring adjustments, necessary for a fair presentation of the financial position and results of operations for the unaudited periods presented. The statement of operations for the years ended December 31, 2003 and 2004 and the financial data as of December 31, 2003, 2004 and 2005 have been derived from our historical consolidated financial statements, in each case, which are not included in this prospectus. Our consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States, or GAAP. Historical results are not necessarily indicative of the results we expect in the future and quarterly results are not necessarily indicative of the results of any future quarter or any full-year period. The information below should be read in conjunction with "Management's Discussion and Analysis of Financial Condition and Results from Operations" and the consolidated financial statements and notes thereto included in this prospectus.

	Predecessor(1)			Successor(1)				
	For the year ended December 31,			For the period from January 1, 2006 to November 30, 2006	For the period from December 1, 2006 to December 31, 2006	For the year ended December 31, 2007	For the three months ended March 31,	
	2003	2004	2005				2007	2008
(in thousands except share data)								
Contract revenues	\$ 393,122	\$ 322,096	\$ 508,700	\$ 489,055	\$ 46,202	\$ 610,314	\$ 141,359	\$ 136,763
Contract costs	366,586	293,812	457,287	435,520	41,381	540,868	128,218	116,563
Gross profit	26,536	28,284	51,413	53,535	4,821	69,446	13,141	20,200
Selling, general and administrative expenses	38,920	34,575	37,438	37,754	3,126	45,585	10,766	11,918
Amortization of intangible assets	306	306	306	281	115	769	344	83
Gain on sale of property and equipment	(408)	(475)	(855)	(434)	(10)	(768)	(23)	(148)
Goodwill and other intangible impairment(8)			16,618					
Offering related charges						26,513		
Income (loss) from operations	(12,282)	(6,122)	(2,094)	15,934	1,590	(2,653)	2,054	8,347
Other income (expense)								
Interest income	274	194	469	1,382	145	1,234	415	420
Interest expense	(11)	(23)	(18)	(299)	(41)	(1,694)	(135)	(542)
Other, net	(284)	(119)	(343)	(192)	(20)	(153)	(10)	(57)
Income (loss) before provision for income taxes	(12,303)	(6,070)	(1,986)	16,825	1,674	(3,266)	2,324	8,168
Income tax expense (benefit)	(5,077)	(2,595)	6,624	6,807	741	(64)	957	3,349
Income (loss) from continuing operations, net	(7,226)	(3,475)	(8,610)	10,018	933	(3,202)	1,367	4,819
Discontinued operations								
Discontinued operations (net of income tax expense (benefit) of \$(789) and \$328 in 2004 and 2005)	847	(1,183)	492					
		(901)	(1,356)					

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	Predecessor(1)				Successor(1)			
Loss on sale of discontinued operations (net of income tax (benefit) of (\$601) and (\$450) in 2004 and 2005)								
Income (loss) from discontinued operations, net	847	(2,084)	(864)					
Net income (loss)	\$ (6,379)	\$ (5,559)	\$ (9,474)	\$ 10,018	\$ 933	\$ (3,202)	\$ 1,367	\$ 4,819

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Basic income (loss) per common share:																
Income (loss) from continuing operations	\$	(.44)	\$	(.21)	\$	(.52)	\$	.61	\$	.06	\$	(.19)	\$	.08	\$	.24
Income (loss) from discontinued operations		.05		(.07)		.03										
(Loss) on sale of discontinued operations				(.05)		(.08)										
<b>Net income (loss)</b>	<b>\$</b>	<b>(.39)</b>	<b>\$</b>	<b>(.33)</b>	<b>\$</b>	<b>(.57)</b>	<b>\$</b>	<b>.61</b>	<b>\$</b>	<b>.06</b>	<b>\$</b>	<b>(.19)</b>	<b>\$</b>	<b>.08</b>	<b>\$</b>	<b>.24</b>

Diluted income (loss) per common share																
Income (loss) from continuing operations	\$	(.44)	\$	(.21)	\$	(.52)	\$	.61	\$	.06	\$	(.19)	\$	.08	\$	.23
(Loss) from discontinued operations		.05		(.07)		.03										
(Loss) from sale of discontinued operations				(.05)		(.08)										
<b>Net income (loss)</b>	<b>\$</b>	<b>(.39)</b>	<b>\$</b>	<b>(.33)</b>	<b>\$</b>	<b>(.57)</b>	<b>\$</b>	<b>.61</b>	<b>\$</b>	<b>.06</b>	<b>\$</b>	<b>(.19)</b>	<b>\$</b>	<b>.08</b>	<b>\$</b>	<b>.23</b>

Weighted average number of common shares and potential common shares outstanding																
Basic(7)		16,446,842		16,446,842		16,446,842		16,446,842		16,446,842		16,540,392		16,446,842		19,712,811
Diluted(7)		16,446,842		16,446,842		16,446,842		16,446,842		16,446,842		16,540,392		16,446,842		20,711,409

	Predecessor(1)			Successor(1)								
	As of December 31,											
	2003	2004	2005	As of December 31, 2006	As of December 31, 2007	As of March 31, 2008						
<b>Balance sheet data:</b>												
(in thousands)												
Cash and cash equivalents	\$	9,281	\$	12,696	\$	28,937	\$	26,233	\$	34,547	\$	34,140
Working capital(2)		60,165		55,990		54,664		41,636		52,126		51,776
Total assets		212,925		203,370		243,631		256,544		305,791		284,978
Long term debt(3)										30,000		30,000
Total liabilities		87,379		82,967		138,612		128,753		174,855		148,991
Stockholders' equity	\$	125,546	\$	120,403	\$	105,019	\$	127,791	\$	130,936	\$	135,987

	Predecessor(1)			Successor(1)												
	For the year ended December 31,			For the period from January 1, 2006 to November 30, 2006	For the period from December 1, 2006 to December 31, 2006	For the year ended December 31, 2007	For the three months ended March 31,									
	2003	2004	2005	2006	2006	2007	2007	2008								
<b>Other Data: (unaudited)</b>																
(in thousands)																
EBITDA(4)	\$	(5,716)	\$	(3,232)	\$	1,586	\$	20,654	\$	2,690	\$	7,862	\$	5,306	\$	10,990
Backlog(5)		120,812		267,072		224,006		N/A		N/A		216,602		290,392		230,827
Capital expenditures		2,601		4,127		5,302		12,482		1,331		28,171		4,385		10,946
Depreciation and amortization(6)		6,003		5,093		4,887		4,912		1,120		10,668		3,262		2,700
Net cash flows provided by (used in) operating activities		(4,883)		5,660		21,408		15,600		6,331		16,693		(5,328)		11,129
Net cash flows provided by (used in) investing activities		(4,039)		(2,245)		(780)		(11,984)		(1,319)		(26,022)		(4,362)		(9,785)
Net cash flows provided by (used in) financing activities		(25,000)				(4,387)		(6,342)		(5,000)		17,653				(1,751)

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- (1) On March 10, 2006 and November 30, 2006, ArcLight, through its affiliates MYR Group Holdings LLC and MYR Group Holdings II LLC, purchased approximately 98% of the outstanding shares of our common stock from FirstEnergy Corp. The transaction was accounted for under the purchase method of accounting, which required our net assets to be recognized at fair value upon acquisition. The effect of this acquisition was reflected in our financial statements on November 30, 2006. Our financial statements for periods prior to December 1, 2006 (our Predecessor periods) were prepared on the historical cost basis of accounting, which existed prior to the transaction. Our financial statements for periods subsequent to November 30, 2006 (our Successor periods) were prepared on a new basis of accounting. As a result, our results for the Successor periods are not necessarily comparable to the Predecessor periods.
- (2) Working capital represents total current assets less total current liabilities.
- (3) Long term debt represents the \$30.0 million draw under our term loan facility at December 31, 2007 and March 31, 2008, including current maturities.
- (4) EBITDA, a performance measure used by management, is defined as net income (loss) plus: interest expense, provision for income taxes and depreciation and amortization, as shown in the table below. EBITDA, as presented for the years ended December 31, 2003, 2004, 2005 and 2007, for the period from January 1, 2006 to November 30, 2006, for the period from December 1, 2006 to December 31, 2006, and for the three months ended March 31, 2007 and 2008, is not defined under U.S. generally accepted accounting principles, and does not purport to be an alternative to net income as a measure of operating performance or to net cash flows provided by operating activities as a measure of liquidity. Because not all companies use identical calculations, this presentation of EBITDA may not be comparable to other similarly-titled measures

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of other companies. We use, and we believe investors benefit from the presentation of, EBITDA in evaluating our operating performance because it provides us and our investors with an additional tool to compare our operating performance on a consistent basis by removing the impact of certain items that management believes do not directly reflect our core operations. We believe that EBITDA is useful to investors and other external users of our financial statements in evaluating our operating performance and cash flow because EBITDA is widely used by investors to measure a company's operating performance without regard to items such as interest expense, taxes, depreciation and amortization, which can vary substantially from company to company depending upon accounting methods and book value of assets, capital structure and the method by which assets were acquired.

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

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

	Predecessor(1)			Successor(1)				
	For the year ended December 31,			For the period from January 1, 2006 to November 30, 2006	For the period from December 1, 2006 to December 31, 2006	For the year ended December 31, 2007	For the three months ended March 31,	
	2003	2004	2005				2007	2008
<b>(dollars in thousands)</b>								
<b>Net income (loss)</b>	\$ (6,379)	\$ (5,559)	\$ (9,474)	\$ 10,018	\$ 933	\$ (3,202)	\$ 1,367	\$ 4,819
Interest expense (income), net	(263)	(171)	(451)	(1,083)	(104)	460	(280)	122
Provision (benefit) for income taxes	(5,077)	(2,595)	6,624	6,807	741	(64)	957	3,349
Depreciation and amortization(6)	6,003	5,093	4,887	4,912	1,120	10,668	3,262	2,700
<b>EBITDA</b>	<b>\$ (5,716)</b>	<b>\$ (3,232)</b>	<b>\$ 1,586</b>	<b>\$ 20,654</b>	<b>\$ 2,690</b>	<b>\$ 7,862</b>	<b>\$ 5,306</b>	<b>\$ 10,990</b>

We also use EBITDA as a liquidity measure. We believe this financial measure is important in analyzing our liquidity because it is a key component of certain material covenants contained within our Credit Agreement, which is discussed in more detail in Note 6, Credit Agreement, on pages F-9 through F-10 to our financial statements. Non-compliance with these financial covenants under our Credit Agreement our interest coverage ratio and our leverage ratio could result in our lenders requiring us to immediately repay all amounts borrowed. If we anticipated a potential covenant violation, we would seek relief from our lenders, causing us to incur additional cost, and such relief might not be on terms as favorable as those in our existing Credit Agreement. In addition, if we cannot satisfy these financial covenants, we would be prohibited under our 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

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the presentation of EBITDA as a liquidity measure would be useful to investors and relevant to their assessment of our capacity to service, or incur, debt.

	Predecessor(1)			Successor(1)				
	For the year ended December 31,			For the period from January 1, 2006 to November 30, 2006	For the period from December 1, 2006 to December 31, 2006	For the year ended December 31, 2007	For the three months ended March 31,	
	2003	2004	2005				2007	2008
	2003	2004	2005	2006	2006	2007	2007	2008
<b>(dollars in thousands)</b>								
<b>EBITDA</b>	\$ (5,716)	\$ (3,232)	\$ 1,586	\$ 20,654	\$ 2,690	\$ 7,862	\$ 5,306	\$ 10,990
<i>Add/(subtract)</i>								
Interest income (expense), net	263	171	451	1,083	104	(460)	280	(122)
Benefit (provision) for income taxes	5,077	2,595	(6,624)	(6,807)	(741)	64	(957)	(3,349)
Depreciation and amortization	(6,003)	(5,093)	(4,887)	(4,912)	(1,120)	(10,668)	(3,262)	(2,700)
Adjustments to reconcile net income (loss) to net cash flows provided by (used in) operating activities	7,145	5,211	20,309	2,995	315	23,191	2,405	2,803
Changes in operating assets and liabilities	(5,649)	6,008	10,573	2,587	5,083	(3,296)	(9,100)	3,507
<b>Net cash flows provided by (used in) operating activities</b>	<b>\$ (4,883)</b>	<b>\$ 5,660</b>	<b>\$ 21,408</b>	<b>\$ 15,600</b>	<b>\$ 6,331</b>	<b>\$ 16,693</b>	<b>\$ (5,328)</b>	<b>\$ 11,129</b>

- (5) Backlog represents our estimated revenue on uncompleted contracts, including the amount of revenue on contracts on which work has not begun, minus the revenue we have recognized under such contracts. We calculate backlog differently for different types of contracts. For our fixed-price contracts, we include the full remaining portion of the contract in our calculation of backlog. For our unit-price, time-and-equipment, time-and-materials and cost-plus contracts, our projected revenue for a three-month period is included in the calculation of backlog, regardless of the duration of the contract, which typically exceeds such three-month period. These types of contracts are generally awarded as part of MSAs which typically have a one to three-year duration from execution. Given the duration of our contracts and MSAs and our method of calculating backlog, our backlog at any point in time therefore may not accurately represent the revenue that we expect to realize during any period and our backlog as of the end of a fiscal year may not be indicative of the revenue we expect to earn in the following fiscal year and should not be viewed or relied upon as a stand-alone indicator.
- (6) Depreciation and amortization includes depreciation on capital assets and amortization of finite lived intangible assets.
- (7) Basic and diluted income (loss) per common share data and our basic and diluted weighted average number of common shares and potential common shares outstanding reflects the effect of the approximately 164.47 common shares for one common share stock split of our common stock completed on December 13, 2007.
- (8) As part of the business valuation associated with the acquisition of our common stock by affiliates of ArcLight, subsequent to the December 31, 2005 balance sheet date but before the consolidated financial statements were issued for the year ended December 31, 2005, it was determined that an impairment had occurred at December 31, 2005. Based on the second step comparison of the fair value to the restated carrying value, the impairment loss of \$16.6 million was recorded by the T&D and C&I reporting units of \$12.4 million and \$4.2 million, respectively.



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	Predecessor		Successor		Combined(1)		Successor	
Discontinued operations, net of income tax expense (benefit)								
Loss on sale of discontinued operations, net of income tax benefit	(1,356)							
Loss from discontinued operations, net	(864)							
Net income (loss)	\$ (9,474)	\$ 10,018	\$ 933	\$ 10,951	\$ (3,202)	\$ 1,367	\$ 4,819	



(1) The presentation of the 2006 results on this combined basis does not comply with U.S. generally accepted accounting principles; however, management believes that this provides useful information to assess the relative performance of the business in all periods presented in the financial statements. The captions included within our statements of operations that are materially impacted by the change in basis of accounting include contract costs, which includes depreciation and amortization. The periods combined are the period from January 1, 2006 to November 30, 2006 (Predecessor) and the period from December 1, 2006 to December 31, 2006 (Successor).

(2) The results for the one month period in 2006 and for the 12 months ended December 2007 (Successor) reflect the impact of push down accounting; specifically, depreciation of tangible assets increased by \$457 and \$1,752, and amortization of intangible assets increased by \$89 and \$463, respectively.

The purchase by ArcLight of 60% and 38.33% of the outstanding shares of our common stock for \$69.8 million and \$57.7 million in cash, including transaction costs on March 10, 2006 and November 30, 2006, respectively was accounted for as a step acquisition using the purchase accounting method. As a result ArcLight's basis in our net assets was pushed down since their interest exceeded 95%. The impact of this change due to the application of purchase accounting on our statement of operations for the period from December 1, 2006 to December 31, 2007 was as follows:

Increase (decrease) Due to application of purchase accounting	Period from December 1, 2006 to December 31, 2006	Year ended December 31, 2007
(in thousands)		
Contract revenues	\$	\$
Contract costs	463	1,816
Gross profit	(463)	(1,816)
Selling, general and administrative expenses	(6)	(64)
Amortization of intangible assets	89	463
Gain on sale of property and equipment		
Goodwill impairment		
Offering related charges		
Income (loss) from operations	(546)	(2,215)
Other income (expense)		
Interest income		
Interest expense		
Other, net		
Income (loss) before provision for income taxes	(546)	(2,215)
Income tax expense (benefit)	(242)	(904)
Net income (loss)	\$ (304)	\$ (1,311)

We do not believe the impact of these adjustments is significant to an understanding of the underlying business trends or results of operations when comparing the year ended December 31, 2006 on a combined basis to the year ended December 31, 2007.

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The combined financial information for the year ended December 31, 2006 is presented solely for the reader's convenience. As presented in the table, this information is generated from the simple addition of the financial results of the Predecessor and the Successor periods of 2006 for each associated line item. Combined revenues, contract costs, gross profit, income from operations and net income do not purport to be alternatives to revenue, contract costs, gross profit, income from operations and net income as respectively determined in accordance with U.S. GAAP, as measures of operating performance. We use, and we believe investors benefit from the presentation of, combined measures for 2006 in evaluating operating performance because it provides us and our investors with a basis to compare key performance metrics for 2005, 2006 and 2007 on a consistent, annual basis. We believe the presentation of combined measures is useful to investors and other external users of our financial statements in evaluating our operating performance because combined measures allow for direct comparison with comparable measures between 2005 and 2007. For purposes of Management's Discussion and Analysis, all references to 2006 are made on a combined basis, unless otherwise specified.

Our overall revenues from continuing operations grew from \$508.7 million in 2005 to \$610.3 million in 2007, representing a compound annual growth rate of 9.5%, all of which was organic.

During that same period, our EBITDA improved from \$1.6 million in 2005 to \$7.9 million in 2007 and income from continuing operations improved from negative \$8.6 million in 2005 to negative \$3.2 million in 2007 including offering charges related to our 2007 private placement. Net income and EBITDA results in 2007 include the pretax offering related charges of \$26.5 million (\$16.5 million after income tax benefit), of which \$18.6 million consisted noncash compensation charges. For more information, refer to Note 2 of the Company's consolidated financial statements on page F-22. For the three months ended March 31, 2008 our revenues, net income and EBITDA were \$136.8 million, \$4.8 million and \$11.0 million, respectively, compared to \$141.4 million, \$1.3 million and \$5.3 million for the three months ended March 31, 2007. EBITDA is not defined under U.S. generally accepted accounting principles and does not purport to be an alternative to net income as a measure of operating performance or to be an alternative to net cash flows provided by operating activities as a measure of liquidity. For a reconciliation of EBITDA to net income and a reconciliation of EBITDA to net cash flows provided by operating activities, refer to footnote 4 on page 8.

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

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

*Transmission and Distribution.* We provide our T&D services to electric utilities and other similar entities. The services we provide include the construction and maintenance of high voltage transmission lines, substations and lower voltage underground and overhead distribution systems to electric utilities and other similar entities. We also provide emergency restoration services in response to hurricane, ice or other storm related damage which typically accounts for less than \$25.0 million, or 4.5% of combined revenue, per year. As a result of several key industry trends, including increased attention to the inadequacy of the existing electric utility infrastructure as well as the impact of the passage of the Energy Act in 2005, the demand for transmission construction and maintenance services has increased and is projected by EEI to continue to grow significantly in the future. We believe that the increased capital spending on transmission infrastructure represents a growth opportunity for our T&D business as transmission construction, maintenance and repair has long been a core competency for us. We have completed several large transmission turn key EPC projects including one of the largest EPC projects ever completed in the T&D market. For the year ended December 31, 2007, our T&D revenues were approximately \$434.5 million or 71.2% of total revenue. Revenue from transmission projects represented 64.9% of T&D revenue for the year ended December 31, 2007.

In our T&D segment, we generally serve the electric utility industry as a prime contractor. We have long-standing relationships with many of our T&D customers who rely on us to construct and maintain reliable electric and other utility infrastructure. In 2007, measured by revenue in our T&D segment, we provided 47.0% of our T&D services under fixed-price contracts. We also provide many services to our customers under multi-year MSAs and other variable service agreements. We focus on managing our profitability by selecting projects we believe will provide attractive margins. We achieve these margins by actively managing the costs of completing our projects, holding customers accountable for changes to contract specifications and rewarding our employees for keeping costs under budget.

*Commercial and Industrial.* Our C&I segment provides electrical contracting services for commercial and industrial construction in the western United States. We are focused on the Arizona

and Colorado regional markets where we have achieved sufficient scale to deploy the level of resources necessary to achieve what we believe are leading market shares. We concentrate our efforts on projects where our technical and project management expertise are critical to successful and timely execution. Typical C&I contracts cover electrical contracting services for airports, hospitals, data centers, hotels, casinos, arenas, convention centers, manufacturing plants, processing facilities and transportation control and management systems. For the year ended December 31, 2007, our C&I revenues were approximately \$175.8 million or 28.8% of total revenue.

In our C&I segment, we generally provide our electric construction and maintenance services as a subcontractor to general contractors in the C&I industry as well as facility owners. We have a diverse customer base with many long-standing relationships. In 2007, measured by revenue in our C&I segment, we provided 55.2% of our services under fixed-price contracts.

### **Recent Company History**

From 1996 to 2000, we were a public company with our stock traded on the NYSE. In 2000, we were acquired by GPU, Inc., which was subsequently acquired by FirstEnergy Corp. During 2003 and 2004, our results were negatively affected by reduced utility capital expenditures, weakness in the construction market and our non-core mechanical contracting operations. In December 2003, we made several changes to our management team, including the appointment of Mr. Koertner as our president and chief executive officer, who prior to this appointment had been serving as our chief financial officer for five years. Since that time, we have worked to position our business to focus on high growth electrical utility infrastructure projects and safety, resulting in a more stable workforce and higher operating margins. Most notably, we were awarded the \$125.0 million Iowa T&D Contract during 2004 and sold non-core businesses, D.W. Close Company, Inc. ("D.W. Close") and Power Piping Company ("Power Piping"), in 2004 and 2005, respectively. ArcLight acquired approximately 60% of our capital stock in March 2006 and purchased most of our remaining shares in November 2006. We repurchased 14,515,284 shares held by ArcLight and its affiliates with the proceeds of the 2007 Private Placement. As of March 31, 2008, ArcLight continued to own approximately 7.1% of our outstanding common stock.

### **Recent Events and Offering Related Items**

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

*Pre-Offering Preparation Expenses.* As a result of the 2007 Private Placement, we incurred certain pre-offering preparation expenses of \$2.3 million related to the preparation of historical financial statements and related disclosures. Pre-offering preparation expenses included periodic operating costs such as accounting and tax services, valuation services, and accounting and legal support services.

*Vesting of certain stock options.* In connection with the 2007 Private Placement and the provisions of our previous stock incentive plan, we accelerated the vesting of options granted under our previous stock incentive plan to allow all options outstanding to become vested upon the completion of the private placement. We incurred non-cash compensation charges of approximately \$14.5 million in connection with this vesting in accordance with Statement of Financial Accounting Standards ("SFAS") 123R.

*Management Stock Compensation, Severance and Transaction Bonus Charges.* In connection with the 2007 Private Placement, we incurred a non-cash compensation charge of approximately \$4.0 million (or approximately \$3.3 million, net of tax) as a result of the agreement with certain members of management who purchased shares of our common stock in May 2006 and July 2007 under the former management stockholder agreement. Subsequent to the 2007 Private Placement, we agreed to pay certain members of management a discretionary bonus of approximately \$1.2 million authorized at year end (or approximately \$0.7 million, net of tax) to cover their individual income tax obligations related to the stock value discount in conjunction with the July 2007 share purchase. We also incurred a compensation charge of approximately \$1.5 million (or approximately \$0.9 million, net of tax) as a result of severance payments that became due to our executive officers under the employment agreements with certain members of management and a charge of approximately \$3.0 million (or approximately \$1.8 million, net of tax) as a result of transaction bonus payments that we paid to each of our named executive officers and certain other key employees.

*Our new long-term incentive plan.* Our future financial results will reflect the application of SFAS 123R to the 540,000 stock options granted to certain directors, officers and employees in connection with the 2007 Private Placement. These options vest over a four year period and have an exercise price of \$13.00 per share.

Stock compensation expense of approximately \$27,000 and \$230,000 was recognized in 2007 and 2008, respectively, for these options based upon a weighted-average grant date fair value of approximately \$6.87 per share, excluding the impact of expected forfeitures.

As of March 31, 2008, there was approximately \$3.4 million of total unrecognized compensation cost related to stock options granted under the new Long-Term Incentive Plan (the "LTIP"). This cost is expected to be recognized over a weighted average period of 3.72 years. Total unrecognized compensation cost will be adjusted for any future changes in estimated and actual forfeitures.

#### **Business Drivers and Measures; Seasonality; Fluctuations of Results**

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

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

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

### **Understanding Gross Margins**

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

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

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

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

*Seasonal and Weather.* As discussed above, seasonal patterns, primarily related to weather conditions, can have a significant impact on gross margins in a given period. For example, it is typical during the winter months that parts of the country may experience snow or rainfall that may negatively impact our revenue and gross margin. Additionally, our T&D customers often cannot remove their

T&D lines from service during the summer months, when consumer demand for electricity is at its peak, delaying the demand for our maintenance and repair services. In both cases, projects may be delayed or temporarily placed on hold. Conversely, in periods when weather remains dry and temperatures are moderate, more work can be done, sometimes with less cost, which would have a favorable impact on gross margins. In some cases, tornadoes, ice storms, hurricanes or other strong storm activity can provide us with high profit margin storm restoration services work, which generally has a positive impact on margins. However, storm restoration services work is highly unpredictable and we do not view it as a revenue driver, as revenues from storm restoration services are typically less than \$25.0 million, or 4.5% of consolidated revenue, per year.

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

*Service and Maintenance Compared to New Construction.* In general, new construction work has a higher gross margin than maintenance and repair work. This is because new construction work is often obtained on a fixed-price basis, which carries a higher risk than other types of pricing arrangements because a contractor bears the risk of increased expenses. As such, we generally bid fixed-price contracts with higher profit margins built into our bids. We typically derive approximately 13.0% to 25.0% of our revenue from maintenance and repair work, which is performed under pre-established or negotiated prices or cost-plus pricing arrangements, which generally allows us a set margin above our costs. Thus, a higher portion of new construction work in a given period may result in a higher gross margin.

*Subcontract Work.* We generally experience lower gross margins when we subcontract portions of our work because we typically mark up subcontractor costs less than our labor and equipment costs. We typically subcontract approximately 8.0% to 11.0% of our work to other service providers.

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

*Insurance.* Gross margins could be impacted by fluctuations in insurance accruals related to our deductibles in the period in which such adjustments are made. As of March 31, 2008, we have a self-insured retention for the following policies: workers' compensation, general liability and automobile liability. Our deductible for each line of coverage is the first \$1.0 million per claim up to the claim aggregate amount as defined per each policy. The claim aggregate for each policy is calculated as the cumulative excess over the first \$0.5 million of each claim incurred, up to the deductible amount per claim. The claim aggregate amount for each policy is as follows: \$1.5 million for workers' compensation, \$1.5 million for general liability and \$1.0 million for automobile liability. Once a policy's claim aggregate is reached per line of coverage, the deductible for that policy is reduced to \$0.5 million per claim. We also have an employee health care benefit plan for employees not subject to collective bargaining agreements, which is subject to a deductible of \$0.1 million per covered individual per year. Losses up to the deductible amounts are accrued based upon our estimates of the ultimate liability for claims reported and an estimate of claims incurred but not yet reported. The determination of such estimated losses and their appropriateness are reviewed by management and updated at least quarterly.

*Project Bonding Requirements.* Approximately 22.6%, 22.6%, 31.9% and 16.1% of our business by revenue for the years ended December 31, 2005, 2006 (on a combined basis) and 2007, and the three months ended March 31, 2008 respectively, requires surety bonds or other means of financial assurance to secure contractual performance. If we fail to perform or pay subcontractors and vendors, the customer may demand that the surety provide services or make payments under the bond. We must reimburse the surety for any expenses or outlays it incurs. To date, we have not been required to make any reimbursements to our surety for claims against the bonds. As of March 31, 2008, the total amount of bonded backlog was approximately \$64.9 million, which represented 28.1% of our backlog at that time.

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

### **Selling, General and Administrative Expenses**

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

### **Consolidated Results of Operations**

#### **Three Months Ended March 31, 2007 Compared to Three Months Ended March 31, 2008**

*Revenues.* Revenues decreased \$4.6 million, or 3.3%, from \$141.4 million for the three months ended March 31, 2007 to \$136.8 million for the three months ended March 31, 2008. The decrease in revenues was the result of the timing on a few large procurement contracts that were in production during the first quarter of 2007 that were completed during 2007.

*Gross Profit.* Gross profit increased \$7.1 million, or 53.7%, from \$13.1 million for the three months ended March 31, 2007 to \$20.2 million for the three months ended March 31, 2008. As a percentage of overall revenues, gross margin increased from 9.3% for the three months ended March 31, 2007 to 14.8% for the three months ended March 31, 2008. The increase in gross margins for the three months ended March 31, 2008, was attributable to several factors. During the three months ended March 31, 2007, there were a few underperforming contracts, mainly in Ohio and Texas, that generated contract losses of approximately \$1.1 million for the period. During the three months ended March 31, 2008, we experienced strong performance and increased margins on a few large contracts that resulted in approximately \$2.1 million in additional gross profits for the period. Additionally, we experienced lower equipment costs resulting from our reduced reliance on operating leases and short term rentals to finance our fleet of construction equipment.

*Selling, general and administrative expenses.* Selling, general and administrative expenses increased \$1.1 million, or 10.7%, from \$10.8 million for the three months ended March 31, 2007 to \$11.9 million for the three months ended March 31, 2008. The increase relates primarily to additional support staff



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added, annual salary increases and increases in bonus expense for the period. As a percentage of revenues, these expenses increased from 7.6% for the three months ended March 31, 2007 to 8.7% for the three months ended March 31, 2008.

*Gain on sale of property and equipment.* Gain from the sale of property and equipment increased by \$0.1 million from \$0.02 million for the three months ended March 31, 2007 to \$0.1 million for the three months ended March 31, 2008. The increase in gain from the sale of property and equipment resulted from the routine sale of property and equipment that was no longer useful or valuable to our ongoing operations.

*Interest income.* Interest income remained constant at \$0.4 million for the three months ended March 31, 2007 and for the three months ended March 31, 2008.

*Interest expense.* Interest expense increased \$0.4 million from \$0.1 million for the three months ended March 31, 2007 to \$0.5 million for the three months ended March 31, 2008. The increase in interest expense is a result of the increased average borrowings and the net \$30.0 million draw under our Credit Facility.

*Provision for income taxes.* The provision for income taxes was \$1.0 million for the three months ended March 31, 2007, with an effective tax rate of 41.2% compared to \$3.3 million for the three months ended March 31, 2008, with an effective tax rate of 41.0%.

### Segment Results

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

	Three Months Ended March 31,			
	Amount	Percent	Amount	Percent
	2007		2008	
<b>Contract revenues:</b>				
Transmission & Distribution	\$ 102,215	72.3%	\$ 98,572	72.1%
Commercial & Industrial	39,144	27.7	38,191	27.9
	\$ 141,359	100.0	\$ 136,763	100.0
<b>Operating income (loss):</b>				
Transmission & Distribution	\$ 4,564	4.5	\$ 10,169	10.3
Commercial & Industrial	1,450	3.7	3,352	8.8
	6,014	4.3	13,521	9.9
Corporate	(3,960)	-2.8	(5,174)	-3.8
	\$ 2,054	1.5%	\$ 8,347	6.1%

#### *Transmission & Distribution*

Net sales for our T&D segment for the three months ended March 31, 2007 were \$102.2 million compared to \$98.6 million for the three months ended March 31, 2008, a decrease of \$3.6 million or 3.6%. The decrease in revenues was a result of a few large T&D procurement contracts that were in production during the first quarter of 2007 that were completed during 2007.

Operating income for our T&D segment for the three months ended March 31, 2007 was \$4.6 million compared to \$10.2 million for the three months ended March 31, 2008, an increase of \$5.6 million or 122.8%. As a percentage of revenues, operating income increased from 4.5% for the three months ended March 31, 2007 to 10.3% for the three months ended March 31, 2008. The



increase in operating income in the T&D segment was due to several factors. During the three months ended March 31, 2007, there were a few underperforming contracts, mainly in Ohio and Texas, that generated contract losses of approximately \$1.1 million for the period. During the three months ended March 31, 2008, we experienced strong performance and increased margins on a few large contracts that resulted in approximately \$1.4 million in additional gross profits for the period. We also experienced lower equipment costs resulting from our reduced reliance on operating leases and short term rentals to finance our fleet of construction equipment.

#### *Commercial & Industrial*

Net sales for our C&I segment for the three months ended March 31, 2007 were \$39.2 million compared to \$38.2 million for the three months ended March 31, 2008, a decrease of \$1.0 million or 2.4%.

Operating income for our C&I segment for the three months ended March 31, 2007 was \$1.4 million compared to \$3.3 million for the three months ended March 31, 2008, an increase of \$1.9 million or 131.2%. As a percentage of revenues, operating income increased from 3.7% for the three months ended March 31, 2007 to 8.8% for the three months ended March 31, 2008. The increase in operating income in our C&I segment was due mainly to a better mix of higher margin projects and favorable cost estimates where efficiencies were gained during the construction process and costs were controlled better than expected. Also during the three months ended March 31, 2008, we experienced strong performance and increased margins on a few large contracts that resulted in approximately \$0.7 million in gross profits for the period.

#### **Year Ended December 31, 2006 Compared to the Year Ended December 31, 2007**

*Revenues.* Revenues increased \$75.0 million, or 14.0%, from \$535.3 million for the year ended December 31, 2006 to \$610.3 million for the year ended December 31, 2007. The increase in revenues was a result of successful new transmission contracts in the midwest and west and a significant increase in work across our C&I segment. This increase was offset by the reduction in revenues from the Iowa T&D Contract which was substantially completed during the first six months of 2006, and the net decrease in emergency storm restoration in 2007 compared to 2006. The Iowa T&D Contract provided \$53.2 million in revenues during the year ended December 31, 2006, and total revenues associated with storm restoration services in 2006 were approximately \$23.7 million as compared to \$10.0 million of emergency restoration services in 2007. Excluding the Iowa T&D Contract and emergency storm restoration, revenues increased \$141.9 million, or 31.0% from the same period in 2006.

*Gross profit.* Gross profit increased \$11.0 million, or 19.0%, from \$58.4 million for the year ended December 31, 2006 to \$69.4 million for the year ended December 31, 2007. As a percentage of overall revenues, gross margin increased from 10.9% for the year ended December 31, 2006 to 11.4% for the year ended December 31, 2007. The increase in gross margins for the year ended December 31, 2007 was attributable to several C&I projects that experienced a contract margin increase as a result of lower than anticipated costs as they near completion. T&D contract margins improved but were largely offset by higher depreciation and amortization charges. Depreciation and amortization increased by approximately \$2.0 million in 2007 due to the November 30, 2006 acquisition of common stock by ArcLight which caused a step up of fixed assets and intangibles.

*Selling, general and administrative expenses.* Selling, general and administrative expenses increased \$4.7 million, or 11.5%, from \$40.9 million for the year ended December 31, 2006 to \$45.6 million for the year ended December 31, 2007. The increase relates primarily to additional support staff added as revenues increased, annual salary increases and increases in bonus expense for the period. As a percentage of revenues, these expenses decreased from 7.6% for the year ended December 31, 2006 to 7.5% for the year ended December 31, 2007.

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*Gain on sale of property and equipment.* Gains from the sale of property and equipment increased by \$0.4 million from \$0.4 million for the year ended December 31, 2006 to \$0.8 million for the year ended December 31, 2007. The increase in gain from the sale of equipment resulted from the routine sale of property and equipment that was no longer useful or valuable to our ongoing operations.

*Offering related charges.* Offering related charges of \$26.5 million for the year ended December 31, 2007, represent significant expenses incurred by us as a result of the 2007 Private Placement. Such expenses include: (1) the non-cash compensation charge of \$14.5 million related to the accelerated vesting of options granted under our previous stock incentive plan, (2) the non-cash compensation charge of \$4.0 million related to the reclassification of management shares subject to redemption from liability to equity, (3) the discretionary bonus of \$1.2 million authorized following the 2007 Private Placement, related to the income tax burden associated with the purchase of shares by management in July 2007, (4) a compensation charge of \$1.5 million related to the potential severance payments to our executive officers under employment agreements entered into in connection with the offering, (5) the compensation charge of \$3.0 million related to the transaction bonus payments that we paid to certain named executive officers and employees, and (6) certain pre-offering preparation expenses of \$2.3 million related to the preparation of historical financial statements and related disclosures required for the 2007 Private Placement. Pre-offering preparation expenses included periodic operating costs such as accounting and tax services, valuation services, and accounting and legal support services.

*Interest income.* Interest income decreased \$0.3 million from \$1.5 million for the year ended December 31, 2006 to \$1.2 million for the year ended December 31, 2007. The decrease to interest income was attributable to a decrease in average daily cash balance. This reduction in interest income was partially offset by more favorable average interest rates in 2007.

*Interest expense.* Interest expense increased \$1.4 million from \$0.3 million for the year ended December 31, 2006 to \$1.7 million for the year ended December 31, 2007. The increase in interest expense is a result of the increased average borrowings and the \$50.0 million draw under our Credit Facility that occurred on August 31, 2007.

*Provision for income taxes.* The provision for income taxes was \$7.5 million for the year ended December 31, 2006, with an effective tax rate of 40.8% compared to a benefit of \$0.1 million for the year ended December 31, 2007, with an effective tax rate of 2.0%. The 2007 effective rate was primarily affected by non-deductible compensation expense related to common shares subject to redemption and other permanent items.

*Net income (loss).* Net income (loss) in 2007 of \$(3.2) million, includes \$26.5 million of offering related charges on a pretax basis (\$16.5 million after income tax benefit) compared to \$11.0 million in 2006.

**Segment Results**

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

(dollars in thousands)	Year Ended December 31,			
	Amount	Percent	Amount	Percent
	2006(1)		2007	
	(unaudited)			
<b>Contract revenues:</b>				
Transmission & Distribution	\$ 398,562	74.5%	\$ 434,479	71.2%
Commercial & Industrial	136,695	25.5	175,835	28.8
Total	\$ 535,257	100.0	\$ 610,314	100.0
<b>Operating income (loss):</b>				
Transmission & Distribution	\$ 28,699	7.2	\$ 31,369	7.2
Commercial & Industrial	5,264	3.9	10,007	5.7
Total	33,963	6.3	41,376	6.8
Corporate(2)	(16,439)	(3.1)	(44,029)	(7.2)
Consolidated	\$ 17,524	3.2%	\$ (2,653)	(0.4)%

(1) The presentation of the 2006 results on this combined basis does not comply with U.S. generally accepted accounting principles; however, management believes that this provides useful information to assess the relative performance of the businesses in all periods presented in the financial statements. The captions included within our statements of operations that are materially impacted by the change in basis of accounting include depreciation and amortization. The periods combined are the period from January 1, 2006 to November 30, 2006 (Predecessor) and the period from December 1, 2006 to December 31, 2006 (Successor).

(2) The corporate charges in 2007 include the offering related charges of \$26.5 million, of which \$18.6 million consisted of noncash compensation charges. For more information, refer to Note 2 on page F-22 of our financial statements.

*Transmission & Distribution*

Net sales for our T&D segment for the year ended December 31, 2006 were \$398.6 million compared to \$434.5 million for the year ended December 31, 2007, an increase of \$35.9 million or 9.0%. This increase in revenues was a result of several new projects added in the midwest and west offset by the substantial completion of the Iowa T&D Contract during the year of 2006. The Iowa T&D Contract provided \$53.2 million in revenues during the year ended December 31, 2006. Total revenues associated with storm restoration services in 2006 were approximately \$23.7 million as compared to \$10.0 million of emergency restoration services in 2007. Excluding Iowa T&D Contract and emergency storm restoration revenues, our T&D revenues increased \$102.8 million, or 32.0% from the same period in 2006.

Operating income for our T&D segment for the year ended December 31, 2006 was \$28.7 million compared to \$31.4 million for the year ended December 31, 2007, an increase of \$2.7 million, or 9.4%. As a percentage of revenues, operating income remained constant at 7.2% for

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the year ended December 31, 2006 and for the year ended December 31, 2007. Higher contract margins in 2007 were offset by higher depreciation and amortization charges. Depreciation and amortization was higher by approximately \$2.0 million in 2007 due to the November 30, 2006 acquisition of common stock by ArcLight which caused a step up of fixed assets and intangibles.

*Commercial & Industrial*

Net sales for our C&I segment for the year ended December 31, 2006 were \$136.7 million compared to \$175.8 million for the year ended December 31, 2007, an increase of \$39.1 million or 28.6%. The increase is attributed to continued strength in commercial and industrial construction activity in our core markets and new project wins. Operating income for our C&I segment for the year ended December 31, 2006 was \$5.3 million compared to \$10.0 million for the year ended December 31, 2007, an increase of \$4.7 million, or 88.7%. The increase in operating income for our C&I segment during the year ended December 31, 2007 was related to increased contract revenue, a better mix of projects and favorable cost estimate adjustments on several projects nearing completion where efficiencies were gained during the construction process and costs were controlled better than expected. As a percentage of revenues, operating income increased from 3.9% for the year ended December 31, 2006 to 5.7% for the year ended December 31, 2007.

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

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

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

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

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

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

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

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

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

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

*Net income (loss).* Net income (loss) in 2006 was \$11.0 million compared to \$(9.5) million in 2005, which includes a \$16.6 million goodwill impairment charge (no tax benefit associated with this charge) and loss from discontinued operations, net of tax of \$(0.9) million.



**Segment Results**

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

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

(1)

The presentation of the 2006 results on this combined basis does not comply with U.S. generally accepted accounting principles; however, management believes that this provides useful information to assess the relative performance of the businesses in all periods presented in the financial statements. The captions included within our statements of operations that are materially impacted by the change in basis of accounting include depreciation and amortization. The periods combined are the period from January 1, 2006 to November 30, 2006 (Predecessor) and the period from December 1, 2006 to December 31, 2006 (Successor).

**Transmission & Distribution**

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

Operating income for our T&D segment for the year ended December 31, 2005 was \$13.3 million compared to \$28.7 million for the year ended December 31, 2006, an increase of \$15.4 million, or 115.5%. Operating income for 2005 was affected by a \$12.4 million goodwill impairment charge. Excluding the effect of this charge, T&D operating income for the year ended December 31, 2005 was \$25.7 million compared to \$28.7 million for the year ended December 31, 2006, an increase of \$3.0 million, or 11.5%. As a percentage of revenues, operating income increased from 3.4% for the year ended December 31, 2005 to 7.2% for the year ended December 31, 2006. When adjusted for the impairment charge, operating income increased from 6.6% of revenues for the year ended December 31, 2005 to 7.2% of revenues for the year

ended December 31, 2006. The increase in

operating margins for 2006 as compared to 2005 was primarily attributable to our margin enhancement initiatives and higher profit margin transmission projects.

*Commercial & Industrial*

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

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

**Quarterly Results of Operations**

The following table presents our unaudited quarterly results of operations for each of the quarters in the years ended December 31, 2006 and 2007 and the three months ended March 31, 2008. You should read the following table in conjunction with our audited and unaudited financial statements and related notes contained elsewhere in this prospectus.

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

	March 31, 2006	June 30, 2006	September 30, 2006	December 31, 2006(1)	March 31, 2007	June 30, 2007	September 30, 2007	December 31, 2007	March 31, 2008
<b>Consolidated Statements of Operations Data:</b>									
Contract revenues	\$ 149,823	\$ 147,659	\$ 109,746	\$ 128,029	\$ 141,359	\$ 158,041	\$ 154,515	\$ 156,399	\$ 136,763
Contract costs	135,626	132,037	97,448	111,790	128,218	139,965	135,531	137,154	116,563
Gross profit	14,197	15,622	12,298	16,239	13,141	18,076	18,984	19,245	20,200
Selling, general and administrative expenses	10,376	10,844	9,628	10,032	10,766	11,641	12,994	10,184	11,918
Amortization of intangible assets	76	77	77	166	344	257	84	84	83
Gain on sale of property and equipment	(73)	(176)	(167)	(28)	(23)	(210)	(281)	(254)	(148)
Offering related charges								26,513	
Income (loss) from operations	3,818	4,877	2,760	6,069	2,054	6,388	6,187	(17,282)	8,347
Other income (expense)									
Interest income	308	296	452	471	415	238	300	281	420
Interest expense	(1)	(1)	(181)	(157)	(135)	(150)	(411)	(998)	(542)
Other, net	(44)	(44)	(45)	(79)	(10)	(58)	(99)	14	(57)
Income (loss) before provision for income taxes	4,081	5,128	2,986	6,304	2,324	6,418	5,977	(17,985)	8,168
Income tax expense (benefit)	1,608	2,030	1,184	2,726	957	2,754	2,450	(6,225)	3,349

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

	March 31, 2006	June 30, 2006	September 30, 2006	December 31, 2006(1)	March 31, 2007	June 30, 2007	September 30, 2007	December 31, 2007	March 31, 2008
Net income (loss)	\$ 2,473	\$ 3,098	\$ 1,802	\$ 3,578	\$ 1,367	\$ 3,664	\$ 3,527	\$ (11,760)	\$ 4,819

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**Income (Loss)**

**Per Common Share:**

Net income  
(loss) per  
common share:

Basic	\$	0.15	\$	0.19	\$	0.11	\$	0.22	\$	0.08	\$	0.22	\$	0.21	\$	(0.70)	\$	0.24
Diluted	\$	0.15	\$	0.19	\$	0.11	\$	0.22	\$	0.08	\$	0.22	\$	0.21	\$	(0.70)	\$	0.23

Weighted  
average shares  
outstanding

Basic	16,446,842	16,446,842	16,446,842	16,446,842	16,446,842	16,446,842	16,446,842	16,446,842	16,817,990	19,712,811
Diluted	16,446,842	16,446,842	16,446,842	16,446,842	16,446,842	16,446,842	16,446,842	16,446,842	16,817,990	20,711,409

Reconciliation of  
EBITDA to Net  
income (loss):

EBITDA(2)	\$	5,023	\$	6,106	\$	4,087	\$	8,128	\$	5,306	\$	8,721	\$	8,558	\$	(14,723)	\$	10,990
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Add/(subtract)

Interest income (expense), net		307		295		271		314		280		88		(111)		(717)		122
Benefit (provision) for income taxes		(1,608)		(2,030)		(1,184)		(2,726)		(957)		(2,754)		(2,450)		6,225		3,349
Depreciation & Amortization		(1,249)		(1,273)		(1,372)		(2,138)		(3,262)		(2,391)		(2,470)		(2,545)		2,700

Net income (loss)	\$	2,473	\$	3,098	\$	1,802	\$	3,578	\$	1,367	\$	3,664	\$	3,527	\$	(11,760)	\$	4,819
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(in thousands)  
(unaudited)

**Reconciliation of EBITDA to Net Cash Flows provided by (used in) operating activities:**

	March 31, 2006	June 30, 2006	September 30, 2006	December 31, 2006	March 31, 2007	June 30, 2007	September 30, 2007	December 31, 2007	March 31, 2008
EBITDA(2)	\$ 5,023	\$ 6,106	\$ 4,087	\$ 8,128	\$ 5,306	\$ 8,721	\$ 8,558	\$ (14,723)	\$ 10,990
Add / (subtract)									
Interest income (expense), net	307	295	271	314	280	88	(111)	(717)	(122)
Benefit (provision) for income taxes	(1,608)	(2,030)	(1,184)	(2,726)	(957)	(2,754)	(2,450)	6,225	(3,349)
Depreciation & Amortization	(1,249)	(1,273)	(1,372)	(2,138)	(3,262)	(2,391)	(2,470)	(2,545)	(2,700)
Adjustments to reconcile net income (loss) to net cash flows provided by operating activities	1,139	1,069	1,230	(128)	2,405	2,396	2,174	16,216	2,803
Changes in operating assets and liabilities	(6,099)	1,654	10,840	1,275	(9,100)	(3,279)	2,691	6,392	3,507
Net Cash Flows provided by (used in) operating activities	\$ (2,487)	\$ 5,821	\$ 13,872	\$ 4,725	\$ (5,328)	\$ 2,781	\$ 8,392	\$ 10,848	\$ 11,129

- (1) The presentation of the results for the quarter ended December 31, 2006 on this combined basis does not comply with U.S. generally accepted accounting principles; however, management believes that this provides useful information to assess the relative performance of the businesses in all periods presented in the financial statements. The periods combined are the period from January 1, 2006 to November 30, 2006 (Predecessor) and the period from December 1, 2006 to December 31, 2006 (Successor).
- (2) EBITDA is not defined under U.S. generally accepted accounting principles and does not purport to be an alternative to net income as a measure of operating performance or to net cash flows provided by operating activities as a measure of liquidity.

## **Liquidity and Capital Resources**

### *Cash Requirements*

Our cash and cash equivalents on hand totaled \$34.1 million as of March 31, 2008. We anticipate that our cash and cash equivalents on hand, our borrowing availability under our Credit Facility, our short term investments, if any, and our future cash flow from operations will provide sufficient cash to enable us to meet our future operating needs, debt service requirements and planned capital expenditures and to facilitate our future ability to grow. Our participation in large scale initiatives to rebuild the United States electric power grid may require a significant amount of additional working capital.

### *Sources and Uses of Cash*

As of March 31, 2008, we had cash and cash equivalents of \$34.1 million, positive working capital of \$51.8 million and long-term liabilities, in the amount of \$40.1 million, which consisted of the

long-term portion of our term loan facility, deferred tax and deferred compensation obligations. We also had \$15.0 million of letters of credit outstanding under our Credit Facility. During the three months ended March 31, 2008, operating activities associated with our T&D and C&I segments resulted in net cash flow from operations of \$11.1 million compared to negative \$5.3 million for the three months ended March 31, 2007. Cash flow from operations is primarily influenced by demand for our services, operating margins and the type of services we provide our customers. We used net cash in investing activities of \$9.8 million, including \$10.9 million used for capital expenditures, offset by \$1.1 million of proceeds from the sale of equipment. We used net cash in financing activities of \$1.8 million, resulting primarily from net cash paid for equity financing costs related to the 2007 Private Placement.

#### **Debt Instruments**

On August 31, 2007, we entered into an agreement for a \$125.0 million senior secured credit facility which provides for a refinancing of our existing \$75.0 million revolving credit line (which may be increased or decreased in accordance with the terms of the related credit agreement) and a \$50.0 million term loan facility. At our option, borrowings under these facilities bear interest at the greater of a prime rate or the Federal funds rate plus a spread or at an adjusted LIBOR index rate plus a spread based upon our leverage ratio. There were \$30.0 million of borrowings outstanding at an interest rate of 4.0% at March 31, 2008. As of March 31, 2008, we had \$15.0 million of outstanding letters of credit, which reduces our borrowing capacity under the revolving credit line. The Credit Facility expires on August 31, 2012. We had \$60.0 million available under the Credit Agreement as of March 31, 2008.

The terms of our Credit Agreement require, among other things, that we adhere to a maximum leverage ratio and maintain a minimum EBITDA-based interest coverage ratio, both calculations of which are defined under the Credit Agreement, as amended April 21, 2008, and determined on a rolling four consecutive quarter basis. The EBITDA-based interest coverage ratio covenant requires the Company to have a ratio of EBITDA to interest expense of not less than a ratio of 3.0 to 1.0. We are also not permitted to have a maximum leverage ratio of greater than 3.0 to 1.0. As of March 31, 2008, our interest coverage ratio was in excess of 19.0 to 1.0 and our maximum leverage ratio was less than 1.0 to 1.0, both within the required covenant levels permitted under the Credit Agreement.

The Credit Agreement also includes other specific limits or restrictions on additional indebtedness, liens and capital expenditure activity. Our obligations under the Credit Agreement are secured by a lien on all of our property (including the capital stock of our subsidiaries) other than any property subject to a certificate of title, subject to a lease or similar interest and our real property and fixtures. As of March 31, 2008, we were in compliance with all applicable debt covenants.

#### **Off-Balance Sheet Transactions**

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

#### *Leases*

We enter into non-cancelable operating leases for many of our facility, vehicle and equipment needs. These leases allow us to conserve cash by paying a monthly lease rental fee for the use of facilities, vehicles and equipment rather than purchasing them. We may decide to cancel or terminate a

lease before the end of its term, in which case we are typically liable to the lessor for the remaining lease payments under the term of the lease.

We have guaranteed the residual value of the underlying assets under certain of our equipment operating leases at the date of termination of such leases. We have agreed to pay any difference between this residual value and the fair market value of each underlying asset as of the lease termination date. As of March 31, 2008, the maximum guaranteed residual value was approximately \$3.8 million. We believe that no significant payments will be made as a result of the difference between the fair market value of the leased equipment and the guaranteed residual value. However, there can be no assurance that future significant payments will not be required.

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

#### *Letters of Credit*

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

As of March 31, 2008, we had \$15.0 million in letters of credit outstanding under our prior credit facility primarily to secure obligations under our casualty insurance and bonding programs. These are irrevocable stand-by letters of credit with maturities expiring at various times throughout 2008. Upon maturity, we expect that the majority of these letters of credit will be renewed for subsequent one-year periods.

#### *Surety Bonds*

Many customers, particularly in connection with new construction, require us to post performance and payment bonds issued by a financial institution known as a surety. These bonds provide a guarantee to the customer that we will perform under the terms of a contract and that we will pay subcontractors and vendors. If we fail to perform under a contract or to pay subcontractors and vendors, the customer may demand that the surety make payments or provide services under the bond. We must reimburse the surety for any expenses or outlays it incurs. Under our continuing indemnity and security agreement with the surety, with the consent of our lenders under our Credit Facility, we have granted security interests in certain of our assets to collateralize our obligations to the surety. We may be required to post letters of credit or other collateral in favor of the surety or our customers. Posting letters of credit in favor of the surety or our customers would reduce the borrowing availability under our Credit Facility. To date, we have not been required to make any reimbursements to the surety for bond-related costs. We believe that it is unlikely that we will have to fund significant claims under our surety arrangements in the foreseeable future. As of March 31, 2008, an aggregate of approximately \$246.9 million in original face amount of bonds issued by the surety were outstanding.



Our estimated cost to complete these bonded projects was approximately \$58.8 million as of March 31, 2008.

### Contractual Obligations

As of March 31, 2008, our future contractual obligations are as follows (in thousands):

	Total	Remainder of 2008	2009	2010	2011	2012	Thereafter	Other
Long-term debt obligations	\$ 30,000	\$	\$	\$	\$	\$ 30,000	\$	\$
Operating lease obligations	27,060	8,182	8,462	6,081	3,091	1,052	192	
Income tax contingencies	688							688
<b>Total</b>	<b>\$ 57,748</b>	<b>\$ 8,182</b>	<b>\$ 8,462</b>	<b>\$ 6,081</b>	<b>\$ 3,091</b>	<b>\$ 31,052</b>	<b>\$ 192</b>	<b>\$ 688</b>

The above cash requirements exclude interest charges relating to our 2007 Credit Facility, which carries interest at LIBOR plus 1.25%. As discussed in notes (a) and (b) to the Unaudited Pro Forma Financial Information on page 34, and based on a pro forma debt of \$30 million as of January 1, 2007, pro forma interest expense on annual basis is approximately \$2.0 million. Management believes that fluctuations in the applicable variable interest rate will not have a material impact on the Company's cash flows and financial position.

Excluded from the above table are our multi-employer pension plan contributions which are determined annually based on our union employee payrolls, which cannot be determined for future periods in advance.

The amount of income tax contingencies has been presented in the "Other" column in the table above due to the fact that the period of future payment cannot be reliably estimated. See Note 10 to the Consolidated Financial Statements for additional information.

### Concentration of Credit Risk

We grant credit under normal payment terms, generally without collateral, to our customers, which include electric power companies, governmental entities, general contractors and builders, owners and managers of commercial and industrial properties located in the United States. Consequently, we are subject to potential credit risk related to changes in business and economic factors throughout the United States. However, we generally have certain statutory lien rights with respect to services provided. Under certain circumstances such as foreclosures or negotiated settlements, we may take title to the underlying assets in lieu of cash in settlement of receivables. No customer accounted for more than 14.2% of revenues for the year ended December 31, 2005, for the period from January 1, 2006 to November 30, 2006, for the period from December 1, 2006 to December 31, 2006, or for the year ended December 31, 2007. Management believes the terms and conditions in its contracts, billing and collection policies are adequate to minimize the potential credit risk.

Borrowings under our Credit Facility are based upon an interest rate that will vary depending upon the Federal fund rates and LIBOR. If we borrow additional amounts under our Credit Facility, the interest rate on those borrowings will also be variable. If the Federal fund rates or LIBOR rise, our interest payment obligations will increase and have a negative effect on our cash flow and financial condition. We currently do not maintain any hedging contracts that would limit our exposure to variable rates of interest. As of March 31, 2008, we had \$30.0 million of borrowings outstanding under our Credit Facility. The Credit Facility currently accrues annual interest at one-month LIBOR rates in effect at each month end plus 1.25% as defined in the credit agreement governing our Credit Facility.

A 0.125% increase or decrease in the interest rate would have the effect of changing our interest expense by \$37,500 per annum.

### **Legal Proceedings**

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

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

In 2005, one of our subsidiaries was convicted of a criminal misdemeanor for a violation of certain Occupational Safety and Health Administration, or OSHA, safety regulations that occurred in 1999. We were assessed and paid a fine of \$0.5 million and the subsidiary was sentenced to a three-year probation period, which ends December 8, 2008. We believe that we are in compliance with the terms of the probation. We have appealed this decision, but cannot predict whether we will be successful in our appeal. The conviction and subsequent probation have not had a material impact on our subsidiary or on us generally and we do not believe either will have a material adverse effect on us in the future.

### **Inflation**

Due to relatively low levels of inflation experienced during the years ended December 31, 2005, 2006 and 2007, inflation did not have a significant effect on our results.

### **New Accounting Pronouncements**

In February 2006, the Financial Accounting Standards Board ("FASB") issued Statement of Financial Accounting Standards ("SFAS") No. 155, "Accounting for Certain Hybrid Financial Instruments An Amendment of FASB