MYR GROUP INC
Form S-1
January 25, 2008

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

Registration No. 333-

SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

FORM S-1

**REGISTRATION STATEMENT
UNDER
THE SECURITIES ACT OF 1933**

MYR Group Inc.

(Exact name of registrant as specified in its charter)

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

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

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

Copies to:

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

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

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

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

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

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

CALCULATION OF REGISTRATION FEE

Title of Each Class of Securities to be Registered	Amount to be Registered	Proposed Maximum Offering Price per Share(1)	Proposed Maximum Aggregate Offering Price	Amount of Registration Fee
Common Stock, $0.01 par value	19,690,777(2)	$13.00	$255,980,101	$10,061

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

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

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

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

Subject to completion, dated January 25, 2008

PROSPECTUS

MYR Group Inc.

19,690,777 Shares
Common Stock

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

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

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

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

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

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

Prospectus dated , 2008.

MARKET DATA

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

SUMMARY

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

Our Business

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

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

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

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

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

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

Key Industry Trends

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

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

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

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

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

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

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

Competitive Strengths

We believe our significant competitive strengths are as follows:

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

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

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

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

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

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

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

Growth Strategy

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

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

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

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

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

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

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

Organization

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

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

Additional Information

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

THE OFFERING

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

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

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

SUMMARY HISTORICAL CONSOLIDATED AND UNAUDITED PRO FORMA FINANCIAL AND OPERATING INFORMATION

Summary Historical Consolidated Financial Information

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

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

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

Income tax expense (benefit)	(2,595)	6,624	6,807	741	7,548	4,822	6,161

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

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

	Predecessor(1)		**Successor(1)**	**Combined(2)**	**Predecessor(1)**	**Successor(1)**

Other Data:(Unaudited) (in thousands)

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

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

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

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

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

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

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

amortization(7)							
EBITDA	$ (1,148)	$ 2,450	$ 20,654	$ 2,690	$ 23,344	$ 15,216	$ 22,585

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

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

(8)

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

(9)

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

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

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

(10)

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

Summary Unaudited Pro Forma Financial Information

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

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

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

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

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

- on an actual basis; and

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

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

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

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

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

Balance sheet data:
(in thousands)

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

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

(2)

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

RISK FACTORS

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

Risks Related to Our Business and Our Industry

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

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

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

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

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

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

Our industry is highly competitive.

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

We may be unsuccessful at generating internal growth.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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