As filed with the Securities and Exchange Commission on June 18, 2004

Registration No. 333-116304

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

AMENDMENT NO. 1

TO

FORM S-3

REGISTRATION STATEMENT UNDER

THE SECURITIES ACT OF 1933

HUB GROUP, INC.

(Exact Name of Registrant as Specified in its Charter)

Delaware	**36-4007085**
(State or Other Jurisdiction of Incorporation or Organization)	**(I.R.S. Employer Identification No.)**

3050 Highland Parkway, Suite 100

Downers Grove, IL 60515

(630) 271-3600

(Address, Including Zip Code, and

Telephone Number, Including Area Code,

of Registrant s Principal Executive Offices)

David C. Zeilstra

Hub Group, Inc.

3050 Highland Parkway, Suite 100

Downers Grove, IL 60515

(630) 271-3600

(Name, Address, Including Zip Code, and Telephone Number, Including Area Code, of Agent For Service)

with copies to:

Philip J. Niehoff
Mayer, Brown, Rowe & Maw LLP
190 South LaSalle Street
Chicago, IL 60603
(312) 782-0600

Richard C. Tilghman, Jr.
Piper Rudnick LLP
6225 Smith Avenue
Baltimore, MD 21209
(410) 580-4274

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

If the only securities being registered on this Form are being offered pursuant to dividend or interest reinvestment plans, please check the following box. ¨

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, other than securities offered only in connection with dividend or interest reinvestment plans, check the following box. ¨

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

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

If delivery of the prospectus is expected to be made pursuant to Rule 434, please check the following box. ¨

CALCULATION OF REGISTRATION FEE

Title of each class of securities to be registered	Amount to be registered (1)	Proposed maximum offering price per share (2)	Proposed maximum aggregate offering price (1)(2)	Amount of registration fee(3)
Class A common stock, par value $0.01 per share	2,185,000 shares	$ 33.56	$ 73,328,600	$ 9,290.73

(1) Includes an aggregate of 285,000 shares of Class A common stock that may be purchased by the underwriters to cover over-allotments, if any.

(2) Estimated pursuant to Rule 457(c) under the Securities Act solely for the purpose of calculating the registration fee based upon the average of the high and low reported sale prices of the Class A common stock on The Nasdaq National Market on June 4, 2004.

(3) Previously paid on June 8, 2004 in connection with the filing of the initial Registration Statement.

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 of 1933 or until the Registration Statement shall become effective on such date as the Commission, acting pursuant to said Section 8(a), may determine.

Table of Contents

The information in this prospectus is not complete and may be changed. We and the selling stockholders may not sell these securities until the registration statement filed with the Securities and Exchange Commission is effective. This prospectus is not an offer to sell these securities and it is not soliciting an offer to buy these securities in any state where the offer or sale is not permitted.

SUBJECT TO COMPLETION, DATED JUNE 17, 2004

Prospectus

1,900,000 shares

Class A Common Stock

We are selling 1,800,000 shares of Class A common stock and the selling stockholders are selling 100,000 shares of Class A common stock.

Our Class A common stock is traded on The Nasdaq National Market under the symbol HUBG. On June 16, 2004, the last reported sale price of our Class A common stock was $32.99 per share.

Investing in our Class A common stock involves risks. See Risk Factors beginning on page 7.

	Per Share	Total
Public Offering Price	$	$
Underwriting Discounts and Commissions	$	$
Proceeds, Before Expenses, to Hub Group	$	$
Proceeds to Selling Stockholders	$	$

Certain selling stockholders have granted the underwriters a 30-day option to purchase up to an additional 285,000 shares of our Class A common stock to cover any over-allotments.

Delivery of the shares will be made on or about , 2004.

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

Bear, Stearns & Co. Inc. **BB&T Capital Markets**

The date of this prospectus is , 2004.

Table of Contents

PROSPECTUS SUMMARY

The following is a brief summary of the information that is included in this prospectus. This summary may not contain all the information that may be important to you. You should read the entire prospectus, including the financial statements and reports included or incorporated by reference in this prospectus, before making an investment decision. The terms Hub Group, we, us and our as used in this prospectus refer to Hub Group, Inc. and its subsidiaries as a combined entity, except where the context indicates that such term means only Hub Group, Inc.

Our Company

We are one of North America s leading non-asset based freight transportation management companies. We offer comprehensive intermodal, truck brokerage, logistics and distribution services. Since our founding in 1971, we have grown to become the largest intermodal marketing company (IMC) in the United States and one of the largest truck brokers. We operate through a network of 21 operating centers throughout the United States and Canada. Each operating center is strategically located in a market with a significant concentration of shipping customers and one or more rail heads. Through our network, we have the ability to move freight in and out of every major city in the United States, Canada and Mexico. We service a large and diversified customer base in a broad range of industries, including consumer products, retail, paper products, manufactured products, automotive parts and electronic equipment. We utilize a non-asset based strategy in order to minimize our investment in equipment and facilities and reduce our working capital requirements. We arrange freight movements for our customers through transportation carriers and equipment providers. Through this strategy, we have substantial control over transportation equipment without actually owning it.

Over the last three years, we have taken several steps to improve our operations, including the realignment of our operating structure, centralization of our pricing activities, significant cost reductions and the implementation of our Network Management System. Largely as a result of these actions, our operating income has increased 118.1% from $11.1 million in 2002 to $24.3 million in 2003. The primary focus of these initiatives to date has been to improve our operating performance and margins. While this continues to be our key priority, we also believe that these initiatives will better enable us to focus on growing our revenue.

Intermodal. As an IMC, we arrange for the movement of our customers freight in containers and trailers, typically over distances of 750 miles or more. We contract with railroads to provide transportation over the long-haul portion of the shipment and with local trucking companies, known as drayage companies, for pickup and delivery. In markets where adequate quality service is not available, we supplement third-party drayage services with company-owned drayage operations. As part of our intermodal services, we negotiate rail and drayage rates, electronically track shipments in transit, consolidate billing and handle claims for freight loss or damage on behalf of our customers. We use our network to access containers and trailers owned by leasing companies, railroads and steamship lines. Through our Premier Service Network, we also have exclusive access to 6,860 containers for our dedicated use on the Burlington Northern Santa Fe and the Norfolk Southern rail networks. Our extensive network has enabled us to provide reliable and cost-effective services tailored to meet the individual needs of our customer base. Our intermodal services represented 70.0% of our revenue in 2003.

Truck Brokerage (Highway Services). We are one of the largest truck brokers in the United States. We arrange for the transportation of our customers freight by truck by matching customers needs with carriers capacity to provide the appropriate service and price combination. Our truck brokerage services represented 15.5% of our revenue in 2003.

Table of Contents

Logistics. We perform complex transportation management services, including load consolidation, mode optimization and carrier management. These service offerings are designed to take advantage of the increasing trend among shippers to outsource all or a greater portion of their transportation needs. Our logistics services represented 10.6% of our revenue in 2003.

Distribution Services. We also operate through our subsidiary, Hub Group Distribution Services, LLC, which provides specialized distribution services such as installation of point-of-sale merchandise displays and time sensitive delivery of pharmaceutical samples. Distribution services represented 3.9% of our revenue in 2003.

Our Recent Operating Initiatives

Over the last three years, we have taken several steps to improve the profitability of our business. The benefits of these initiatives, which we summarize below, are beginning to positively affect our operating results. These major initiatives include:

A realignment of our operations, completed in February 2004, from a decentralized model, managed locally, to a network model, managed regionally and nationally. This change has simplified our structure by making us a single profit center and standardized our service offerings across our network. This allows us to strategically price our services to benefit our entire network, not just one local office.

The centralization of the management of our transportation purchasing and pricing activities in April 2003, compared to our prior system where each of our operating centers purchased its transportation requirements and priced its services independently.

The implementation of a significant cost reduction plan that we initiated in 2002 to streamline our operations, which included considerable headcount and other cost reductions.

The development of a new information technology system, completed in 2001, which links all of our operating centers under a single state-of-the-art Network Management System.

Our Operating Strategy

We intend to focus on our competitive advantages to increase our profits and returns to stockholders. The key elements of our strategy are:

Continue to Improve Operating Efficiencies. We believe the initiatives we began implementing over the last several years will result in further cost savings as they continue to be implemented throughout our network. Additionally, we believe these initiatives have positioned us for future revenue growth.

Capitalize on Strong Industry Fundamentals. We expect to benefit from the strong projected growth characteristics in the markets in which we compete. The U.S. intermodal market, driven primarily by increasing international trade and intermodal s cost advantage relative to truckload, is expected to grow at a 7.7% average annual rate through 2009, according to the American Trucking Associations. The U.S. trucking market is expected to grow at a 5.2% average annual rate through 2009, according to the American

Trucking Associations. This growth, according to the American Trucking Associations, will be driven primarily by a continuation of the trend among manufacturers and retailers to minimize inventory levels. This typically requires smaller and more frequent movement of goods, a condition that trucking is better suited to handle than either rail or water. The North American third-party logistics services market, driven primarily by increased outsourcing of logistics functions by shippers, grew at a 14.2 % compound annual rate between 1998 and 2003, according to Armstrong & Associates.

Table of Contents

Continue our Non-Asset Based Business Strategy. We intend to continue our non-asset based strategy. This allows us to limit our investment in equipment and facilities and reduce our working capital requirements through relationships and operating arrangements with rail carriers, trucking companies, other transportation providers and leasing companies.

Leverage our Leading Nationwide Network. We intend to take advantage of our nationwide network, including our dedicated fleet of containers, to increase the volume of freight transported through our network.

Utilize our Superior Information Systems. We believe we have one of the most technologically advanced information systems in the intermodal industry, providing us with a major competitive advantage.

Maintain our Strong Partnerships with Railroads. Over the last 30 years, we have developed strong relationships with all of the major U.S. railroads by providing them with significant revenue, helping them maximize returns on their assets and reducing their costs. We believe that as railroads continue to seek to cut costs and focus on their core operations, our relationship with them will become even more important.

Recent Developments

Our increased sales and the benefits from our continuing cost reduction efforts more than offset the limited reduction in volume and increased costs we incurred during May 2004 due to a strike by independent truck drivers in Northern California. We expect that our diluted earnings per share for the second quarter will exceed the current analysts expectations. We are not updating our guidance on annual earnings per share for 2004 at this time, but plan to do so when we announce earnings for the second quarter. This information constitutes a forward-looking statement within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934. See Cautionary Notice Regarding Forward-looking Statements.

Company Information

We are incorporated in Delaware. Our principal executive offices are located at 3050 Highland Parkway, Suite 100, Downers Grove, Illinois 60515, and our telephone number is (630) 271-3600. Our website address is www.hubgroup.com. The information contained on our website is not a part of this prospectus.

Table of Contents

The Offering

Class A common stock offered by Hub Group	1,800,000 shares
Class A common stock offered by selling stockholders	100,000 shares
Common stock to be outstanding immediately after this offering:	
Class A common stock	9,324,372 shares
Class B common stock	662,296 shares
Total	9,986,668 shares
Use of Proceeds	We intend to use all of the net proceeds that we receive from this offering, along with existing resources, to prepay all $50.0 million of our outstanding 9.14% senior notes with a final maturity in 2009, including approximately $7.1 million of make-whole premiums and accrued interest (assuming this offering closes in July 2004). We will not receive any proceeds from the sale of our stock by the selling stockholders. See Use of Proceeds.
Nasdaq National Market symbol	HUBG

The number of shares of Class A common stock to be outstanding after this offering is based on 7,524,372 shares of our Class A common stock outstanding as of May 31, 2004 and excludes:

- 1,645,178 shares of our Class A common stock that may be issued under our 1996 Long-Term Incentive Plan, 1997 Long-Term Incentive Plan, 1999 Long-Term Incentive Plan and 2002 Long-Term Incentive Plan, including 1,200,050 shares issuable upon exercise of outstanding stock options as of May 31, 2004, with a weighted average exercise price of $10.73 per share; and

- 662,296 shares of our Class A common stock issuable upon conversion of our outstanding Class B common stock.

Unless we indicate otherwise, the share information in this prospectus assumes that the underwriters option to cover over-allotments is not exercised. Certain selling stockholders have granted the underwriters a 30-day option to purchase up to an additional 285,000 shares of our Class A common stock to cover any over-allotments. See Underwriting.

Table of Contents

Summary Consolidated Financial and Other Data

The following table sets forth, for the periods and at the dates indicated, our summary consolidated financial and other data. The information set forth below is qualified by reference to, and should be read in conjunction with, our consolidated financial statements and notes thereto and Management s Discussion and Analysis of Financial Condition and Results of Operations, which are incorporated by reference into this prospectus.

	Year Ended December 31,			Three Months Ended March 31,	
	2001	2002	2003	2003	2004
	(in thousands, except per share amounts)				
Statement of Operations Data:					
Revenue	$ 1,319,331	$ 1,335,660	$ 1,359,614	$ 329,284	$ 328,302
Transportation costs	1,140,368	1,172,848	1,188,932	287,234	286,498
Gross margin	178,963	162,812	170,682	42,050	41,804
Costs and expenses:					
Salaries and benefits	94,982	93,476	89,980	23,328	22,342
Selling, general and administrative	53,613	46,824	45,650	11,788	10,281
Depreciation and amortization of property and equipment	10,678	11,371	10,757	2,561	2,884
Amortization of goodwill (1)	5,741				
Impairment of property and equipment (2)	3,401				
Total costs and expenses	168,415	151,671	146,387	37,677	35,507
Operating income	10,548	11,141	24,295	4,373	6,297
Interest expense	10,345	9,453	7,691	2,084	1,713
Other (income), net	(699)	(327)	(291)	(14)	(94)
Minority interest (3)	151	(524)			
Income before provision for income taxes	751	2,539	16,895	2,303	4,678
Provision for income taxes	308	1,041	8,465	944	1,965
Net income	$ 443	$ 1,498	$ 8,430	$ 1,359	$ 2,713
Earnings per common share:					
Basic	$ 0.06	$ 0.19	$ 1.09	$ 0.18	$ 0.35
Diluted	$ 0.06	$ 0.19	$ 1.07	$ 0.18	$ 0.33
Weighted average number of shares outstanding:					
Basic	7,708	7,709	7,712	7,709	7,746
Diluted	7,716	7,714	7,865	7,722	8,294
Other Data:					
Capital expenditures	$ 10,319	$ 6,538	$ 4,384	$ 477	$ 460
Net cash provided by operating activities	$ 27,634	$ 12,563	$ 31,498	$ 2,501	$ 6,148
Net cash used in investing activities	(10,319)	(10,538)	(4,384)	(477)	(460)

Net cash flow before financing activities	$ 17,315	$ 2,025	$ 27,114	$ 2,024	$ 5,688

5

Table of Contents

	As of March 31, 2004	
	Actual	As Adjusted(5)
	(in thousands)	
Balance Sheet Data:		
Working capital (deficiency) (4)	$ (7,615)	$ (4,330)
Total assets	383,018	385,811
Total debt	70,023	21,629
Total stockholders equity	146,032	197,296

(1) On January 1, 2002, we adopted Financial Accounting Standards Board Statement No. 142, Goodwill and Other Intangible Assets (Statement 142). Under Statement 142, goodwill is no longer amortized.
(2) Represents a $3.4 million pretax charge due to the impairment of Hub Group Distribution Services s e-Logistics software based on management s decision to exit the Internet home delivery business.
(3) Represents the minority interest of a partner in Hub Distribution. Hub Distribution was a 65% owned partnership until August of 2002 when we purchased the minority partner s interest.
(4) Working capital is calculated by subtracting current liabilities from current assets.
(5) The as adjusted balance sheet information gives effect to our receipt of the net proceeds from the sale of 1,800,000 shares of our Class A common stock in this offering at an assumed public offering price of $33.00 per share and the application of the assumed net proceeds as described under Use of Proceeds.

Revenue by Business Line:

	Year Ended December 31,			Three Months Ended March 31,	
	2001	2002	2003	2003	
	(in thousands)				
e					
dal	$ 924,768	$ 958,273	$ 951,394	$ 227,980	$
ge	212,254	216,467	210,492	50,590	
s	71,366	79,927	143,931	35,243	

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

liabilities related to this issue.

Litigation and Other Legal Matters

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

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

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

In January 2013, The L. E. Myers Co. ("L. E. Myers") was joined as a defendant in Northern States Power Company (Wisconsin) v. The City of Ashland, Wisconsin et al., filed in the U.S. District Court for the Western District of Wisconsin. Northern States Power Company alleged that named defendants, including L. E. Myers, contributed to contamination at the Ashland Lakefront Superfund Site in Ashland, Wisconsin. Specifically, the lawsuit alleged that L. E. Myers operated a manufactured gas plant at the site for 6 to 12 years of the plant's operation during the time frame from 1885 to 1947. In April 2015, L .E. Myers negotiated a settlement of this litigation with Northern States Power Company, funded largely by L. E. Myers' insurance carriers, with L.E. Myers' contribution being $230,000.

7. Stock-Based Compensation

The Company maintains two equity compensation plans under which stock-based compensation has been granted, the 2006 Stock Option Plan (the "2006 Plan") and the 2007 Long-Term Incentive Plan (as amended) (the "LTIP"). Upon the adoption of the LTIP in 2007, awards were no longer granted under the 2006 Plan. The LTIP provides for grants of (a) incentive stock options qualified as such under U.S. federal income tax laws, (b) stock options

that do not qualify as incentive stock options, (c) stock appreciation rights, (d) restricted stock awards, (e) performance awards, (f) phantom stock, (g) stock bonuses, (h) dividend equivalents, and (i) any combination of such awards.

All awards were made with an exercise price or base price, as the case may be, that was not less than the fair market value per share on the grant date. The grant date fair value of restricted stock awards and performance share awards with performance conditions was equal to the closing market price of the Company's common stock on the date of grant. The grant date fair value of performance share awards with market conditions was measured using a Monte Carlo simulation model.

During the six months ended June 30, 2015, plan participants exercised 227,143 options with a weighted average exercise price of $6.69.

During the six months ended June 30, 2015, the Company granted 74,375 shares of restricted stock, which vest ratably over the next three years, at a weighted average grant date fair value of $30.00. Additionally, 80,385 shares of restricted stock vested during the six months ended June 30, 2015, at a weighted average grant date fair value of $21.87.

During the six months ended June 30 2015, the Company granted 69,978 performance shares, at target, which cliff vest on December 31, 2017. The performance grant was split evenly between performance metrics of return on invested capital ("ROIC"), an internal performance measure, and total shareholder return ("TSR"), a market performance measure.

ROIC is defined as net income, less any dividends, divided by stockholders' equity plus net debt (total debt less cash and marketable securities) at the beginning of the performance period. The ROIC-based target shares awarded were valued at $30.16, which represented the closing price of the Company's stock on the date of grant, and ROIC is measured over a three-year performance period ending December 31, 2017.

TSR is defined as the change in the fair market value, adjusted for dividends, of a company's stock. The TSR of the Company's stock will be compared to the TSR of a peer group of companies defined at the time of the grant. The TSR awards are calculated using the average stock price of the 20 trading days prior to January 1, 2015 and compared to the average stock price of the 20 trading days prior to December 31, 2017. Because TSR is a market-based performance metric, the Company used a Monte Carlo simulation model to calculate the fair value of the grant, which resulted in a fair value of $47.24 per share.

8. Segment Information

MYR Group is a specialty contractor serving the electrical infrastructure market. The Company has two reporting segments, each a separate operating segment, which are referred to as T&D and C&I. Performance measurement and resource allocation for the reporting segments are based on many factors. The primary financial measures used to evaluate the segment information are contract revenues and income from operations, excluding general corporate expenses. General corporate expenses include corporate facility and staffing costs, which includes safety, professional fees, management fees, and intangible amortization. The accounting policies of the segments are the same as those described in the Summary of Significant Accounting Policies in the Company's Annual Report on Form 10-K for the year ended December 31, 2014.

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

Commercial and Industrial: The C&I segment provides services such as the design, installation, maintenance and repair of commercial and industrial wiring, installation of traffic networks and the installation of bridge, roadway and tunnel lighting. Typical C&I contracts cover electrical contracting services for airports, hospitals, data centers, hotels, stadiums, convention centers, manufacturing plants, processing facilities, waste-water treatment facilities, mining facilities and transportation control and management systems. C&I segment services are generally in the western and northeastern United States.

The information in the following table was derived from internal financial reports used for corporate management purposes:

	Three months ended June 30,		Six months ended June 30,	
(In thousands)	2015	2014	2015	2014
Contract revenues:				
T&D	$200,583	$166,381	$389,806	$328,425
C&I	75,905	62,496	130,830	116,090
	$276,488	$228,877	$520,636	$444,515
Income from operations:				
T&D	$16,713	$16,782	$33,547	$30,744
C&I	3,925	4,355	6,760	7,722
General Corporate	(7,614)	(8,742)	(15,686)	(15,939)
	$13,024	$12,395	$24,621	$22,527

9

For the three months and six months ended June 30, 2015, contract revenues attributable to the Company's Canadian operations were $0.3 million.

9. Earnings Per Share

The Company computes earnings per share using the two-class method, an earnings allocation formula that determines earnings per share for common stock and participating securities according to dividends declared and participation rights in undistributed earnings, when that method results in a more dilutive effect than the treasury method. The Company's unvested grants of restricted stock granted prior to 2014 contain non-forfeitable rights to dividends, should any be declared, and are treated as participating securities and included in the computation of earnings per share.

The restricted shares granted after 2013 contain a provision making the payment of dividends contingent upon vesting of the shares. These shares are not participating shares because any accumulated unvested dividends are forfeited, along with the shares, if the awards fail to vest. These non-participating shares are excluded from the computation of net income allocated to participating securities in the table below, but are included in the computation of weighted average dilutive securities, unless their inclusion would be anti-dilutive.

Net income available to common shareholders and the weighted average number of common shares used to compute basic and diluted earnings per share was as follows:

(In thousands, except per share data)	Three months ended June 30, 2015	2014	Six months ended June 30, 2015	2014
Numerator:				
Net income	$8,074	$7,741	$15,246	$14,013
Less: Net income allocated to participating securities	(32)	(54)	(96)	(116)
Net income available to common shareholders	$8,042	$7,687	$15,150	$13,897
Denominator:				
Weighted average common shares outstanding	20,760	21,115	20,662	21,108
Weighted average dilutive securities	455	516	473	492
Weighted average common shares outstanding, diluted	21,215	21,631	21,135	21,600

Income per common share, basic	$0.39	$0.36	$0.73	$0.66
Income per common share, diluted	$0.38	$0.36	$0.72	$0.64

For the three and six month periods ended June 30, 2015 and 2014, certain common stock equivalents were excluded from the calculation of dilutive securities because their inclusion would either have been anti-dilutive or, for stock options, the exercise prices of those stock options were greater than the average market price of the Company's common stock for the period. All of the Company's non-participating unvested restricted shares were included in the computation of weighted average dilutive securities. The following table summarizes the shares of common stock underlying the Company's unvested stock options and performance awards that were excluded from the calculation of dilutive securities:

	Three months ended June 30,		Six months ended June 30,	
(In thousands)	2015	2014	2015	2014
Stock options	—	104	2	104
Restricted stock	—	—	4	—
Performance awards	2	85	35	85

Share Repurchases

During the six months ended June 30, 2015, the Company repurchased 119,579 shares of common stock at a weighted-average price of $26.52 per share; 72,706 of those shares were purchased, for approximately $1.8 million, under its stock repurchase program (the "Repurchase Program"), which was scheduled to expire on August 31, 2015. Additionally, the Company repurchased 46,873 shares of stock, for approximately $1.4 million, from its employees to satisfy tax obligations on shares vested under the LTIP program. All of the shares repurchased were retired and returned to authorized but unissued stock.

On July 30, 2015 the Company's Board of Directors approved an amended Repurchase Program, which increased the program from $25.0 million to $42.5 million, and extended the term of the program through August 31, 2016. With the amendment, the availability to purchase shares under the Repurchase Program increased to $25.0 million.

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

The following discussion should be read in conjunction with the accompanying unaudited consolidated financial statements as of June 30, 2015 and December 31, 2014, and for the three and six months ended June 30, 2015 and 2014, and with our Annual Report on Form 10-K for the year ended December 31, 2014 (the "2014 Annual Report"). In addition to historical information, this discussion contains forward-looking statements that involve risks, uncertainties and assumptions that could cause actual results to differ materially from management's expectations. Factors that could cause such differences are discussed herein under the captions "Cautionary Statement Concerning Forward-Looking Statements and Information" and "Risk Factors," as well as in the 2014 Annual Report. We assume no obligation to update any of these forward-looking statements.

Overview and Outlook

We are a leading specialty contractor serving the electrical infrastructure market. We manage and report our operations through two industry segments: T&D and C&I. We have operated in the T&D industry since 1891. We are one of the largest national contractors servicing the T&D sector of the electric utility industry, and our customers include many of the leading companies in the electric industry. We provide C&I electrical contracting services to facility owners and general contractors generally in the western and northeastern United States. We have operated in the C&I industry since 1912.

We had consolidated revenues for the six months ended June 30, 2015 of $520.6 million, of which 74.9% was attributable to our T&D customers and 25.1% was attributable to our C&I customers. Our consolidated revenues for the six months ended June 30, 2014 were $444.5 million. For the six months ended June 30, 2015, our net income and EBITDA (1) were $15.2 million and $42.9 million, respectively, compared to $14.0 million and $39.0 million, respectively, for the six months ended June 30, 2014. Our financial results for the six months ended June 30, 2015 benefited from margin adjustments due to performance incentives, change orders and close-outs. It is unlikely that future periods will benefit to a similar extent from such favorable developments.

We expect bidding activity to remain strong in both our T&D and C&I segments for the remainder of 2015. Although competition remains strong, we expect that our central fleet and national workforce will continue to benefit us in securing and executing profitable projects.

We continue to bid on many transmission projects: however, the size of the projects we are currently performing are generally smaller and of shorter duration than those experienced a few years ago. These smaller, shorter duration projects often result in lower margins because of greater competition and reduced fleet utilization rates. Although the transmission projects being bid this year represent a good mix of projects including a number of larger, longer duration projects, there is often a significant lag from when a project is awarded to when the revenues and costs are recognized. Several of the recently bid larger, longer-duration projects contain a high percentage of material and subcontractor costs as compared to recent history. Due to competition, we typically add less mark-up to material and subcontractor costs than those applied to our labor and owned equipment. This could lead to lower overall margins depending on our awarded portfolio of work. Our distribution business continues to expand; however, the contract margins and fleet billing rates are generally lower than what we realize in our transmission business. The C&I segment continues to benefit from robust bidding activity and we continue to explore further expansion into new markets. The C&I segment, in part due to intense competition, has not provided overall contract margin opportunities comparable to our T&D segment.

Our future growth may be organic, or through acquisitions or joint ventures that we expect could improve our competitive position within our existing markets or expand our geographic footprint. On April 13, 2015, we acquired substantially all of the assets of E.S. Boulos Company, which will enhance our T&D presence in the northeast U.S. and further expand our C&I presence outside of our existing markets. In the second quarter of 2015 we were awarded our first project in Canada and have commenced work in Manitoba. We continue to review bidding opportunities in Canada and believe the economic environment in Canada could present favorable bidding opportunities in 2015. We continue to invest in developing key management and craft personnel in both our T&D and C&I markets and in procuring the specialty equipment and tooling needed to win and execute projects of all sizes and complexity. We ended the second quarter of 2015 in a strong financial position, which included cash and cash equivalents of $46.9 million and availability of $155.7 million under our credit facility. We believe that our financial and operational strengths will enable us to manage the current challenges and uncertainties in the markets we serve and give us the flexibility for further strategic investments.

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

Backlog

We define backlog as our estimated revenue on uncompleted contracts, including the amount of revenue on contracts for which work has not begun, less the revenue we have recognized under such contracts. A customer's intention to award us work under a fixed-price contract is not included in backlog unless there is an actual award to perform a specific scope of work at specific terms and pricing. For many of our unit-price, time-and-equipment, time-and-materials and cost plus contracts, we only include projected revenue for a three-month period in the calculation of backlog, although these types of contracts are generally awarded as part of MSAs that typically have a one-year to three-year duration from execution. Backlog may not accurately represent the revenues that we expect to realize during any particular period. Several factors such as the timing of contract awards, the type and duration of contracts, and the mix of subcontractor and material costs in our projects can impact our backlog at any point in time. Some of our revenue does not appear in our periodic backlog reporting because the award of the project, as well as the execution of the work, may all take place within the period. Our backlog only includes projects that have a signed contract or an agreed upon work order to perform work on mutually accepted terms and conditions. Backlog should not be relied upon as a stand-alone indicator of future events.

Our backlog was $410.7 million at June 30, 2015 compared to $398.4 million at March 31, 2015 and $397.9 million at June 30, 2014. Our backlog at June 30, 2015 increased $12.3 million or 3.1% from March 31, 2015 due primarily to the acquisition of ESB. Backlog in the T&D segment increased $0.1 million and C&I backlog increased $12.2 million compared to March 31, 2015.

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

	Backlog at June 30, 2015		
(In thousands)	Total	Amount estimated to not be recognized within 12 months	Total backlog at December 31, 2014
T&D	$ 275,792	$ 38,414	$ 320,435
C&I	134,925	1,078	113,206
Total	$ 410,717	$ 39,492	$ 433,641

Project Bonding Requirements

A substantial portion of our business requires performance and payment bonds or other means of financial assurance to secure contractual performance. These bonds are typically issued at the face value of the contract awarded. If we fail to perform or pay our subcontractors or vendors, the customer may demand that the surety provide services or make payments under the bond. In such a case, we would likely be required to reimburse the surety for any expenses or outlays it incurs. To date, we have not been required to make any reimbursements to our surety for claims against the surety bonds. As of June 30, 2015, we had approximately $942.2 million in original face amount of surety bonds outstanding. Our estimated remaining cost to complete these bonded projects was approximately $133.1 million as of June 30, 2015.

Consolidated Results of Operations

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

	Three months ended June 30,				Six months ended June 30,			
	2015		2014		2015		2014	
(Dollars in thousands)	Amount	Percent	Amount	Percent	Amount	Percent	Amount	Percent
Contract revenues	$276,488	100.0%	$228,877	100.0%	$520,636	100.0%	$444,515	100.0%
Contract costs	244,752	88.5	198,349	86.7	459,526	88.3	386,907	87.0
Gross profit	31,736	11.5	30,528	13.3	61,110	11.7	57,608	13.0
Selling, general and administrative expenses	18,947	6.9	18,110	7.9	37,539	7.2	34,985	7.9
Amortization of intangible assets	84	—	83	—	167	—	167	—
Gain on sale of property and equipment	(319)	(0.1)	(60)	—	(1,217)	(0.2)	(71)	—
Income from operations	13,024	4.7	12,395	5.4	24,621	4.7	22,527	5.1
Other income (expense)								
Interest income	8	—	30	—	15	—	33	—
Interest expense	(187)	(0.1)	(177)	(0.1)	(366)	(0.1)	(355)	(0.1)
Other, net	(31)	—	108	0.1	(89)	—	162	—
Income before provision for income taxes	12,814	4.6	12,356	5.4	24,181	4.6	22,367	5.0
Income tax expense	4,740	1.7	4,615	2.0	8,935	1.7	8,354	1.8
Net income	$8,074	2.9 %	$7,741	3.4 %	$15,246	2.9 %	$14,013	3.2 %

Three Months Ended June 30, 2015 Compared to Three Months Ended June 30, 2014

Revenues. Revenues increased $47.6 million, or 20.8%, to $276.5 million for the three months ended June 30, 2015 from $228.9 million for the three months ended June 30, 2014. The increase was primarily due to higher T&D revenues from jobs of all sizes and the acquisition of ESB. Material and subcontractor costs comprised approximately 33% and 31% of total contract costs in the three months ended June 30, 2015 and 2014, respectively.

Gross profit. Gross profit increased $1.2 million, or 4.0%, to $31.7 million for the three months ended June 30, 2015 from $30.5 million for the three months ended June 30, 2014, primarily due to higher revenues and contract performance incentives.

Gross margin. Gross margin decreased to 11.5% for the three months ended June 30, 2015 from 13.3% for the three months ended June 30, 2014, primarily due to the year-over-year change in estimates of gross profit on certain T&D projects. For the three months ended June 30, 2015, contract performance incentives provided a gross margin benefit of approximately 1.0%. For the three months ended June 30, 2014, cost efficiencies, additional work and effective contract management resulted in improved contract margins on several transmission projects, and provided a gross margin benefit of approximately 1.9%. The remainder of the variance was primarily due to several underperforming projects in the three months ended June 30, 2015.

Selling, general and administrative expenses. Selling, general and administrative expenses, which were $18.9 million for the three months ended June 30, 2015, increased $0.8 million from $18.1 million for the three months ended June 30, 2014. The increase in selling, general and administrative expenses for the three months ended June 30, 2015 as compared to the three months ended June 30, 2014 was primarily due to higher personnel costs to support operations and ESB acquisition costs. As a percentage of revenues, selling, general and administrative expenses decreased to 6.9% for the three months ended June 30, 2015 from 7.9% for the three months ended June 30, 2014.

Gain on sale of property and equipment. Gains from the sale of property and equipment in the three months ended June 30, 2015 were $0.3 million compared to $0.1 million in the three months ended June 30, 2014. Gains from the sale of property and equipment are attributable to routine sales of property and equipment no longer useful or valuable to our ongoing operations.

Interest expense. Interest expense was $0.2 million for the three month periods ended June 30, 2015 and 2014.

14

Provision for income taxes. The provision for income taxes was $4.7 million for the three months ended June 30, 2015, with an effective tax rate of 37.0%, compared to a provision of $4.6 million for the three months ended June 30, 2014, with an effective tax rate of 37.4%. The decrease in the effective rate was primarily caused by lower state taxes due to changes in the mix of business between states.

Net income. Net income increased to $8.1 million for the three months ended June 30, 2015 from $7.7 million for the three months ended June 30, 2014. The increase was primarily for the reasons stated earlier.

Segment Results

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

	Three months ended June 30,			
	2015		2014	
(Dollars in thousands)	Amount	Percent	Amount	Percent
Contract revenues:				
Transmission & Distribution	$200,583	72.5 %	$166,381	72.7 %
Commercial & Industrial	75,905	27.5	62,496	27.3
Total	$276,488	100.0	$228,877	100.0
Operating income (loss):				
Transmission & Distribution	$16,713	8.3	$16,782	10.1
Commercial & Industrial	3,925	5.2	4,355	7.0
Total	20,638	7.5	21,137	9.2
Corporate	(7,614)	(2.8)	(8,742)	(3.8)
Consolidated	$13,024	4.7 %	$12,395	5.4 %

Transmission & Distribution

Revenues for our T&D segment for the three months ended June 30, 2015 were $200.6 million compared to $166.4 million for the three months ended June 30, 2014, an increase of $34.2 million, or 20.6%. The increase in revenue was primarily due to an increase in the number of jobs of all sizes. Material and subcontractor costs in our T&D segment comprised

approximately 27% of total contract costs in the three months ended June 30, 2015, compared to approximately 25% in the three months ended June 30, 2014.

Revenues from transmission projects represented 75.0% and 79.8% of T&D segment revenue for the three months ended June 30, 2015 and 2014, respectively. Additionally, for the three months ended June 30, 2015, measured by revenue in our T&D segment, we provided 48.5% of our T&D services under fixed-price contracts, as compared to 56.4% for the three months ended June 30, 2014.

Operating income for our T&D segment for the three months ended June 30, 2015 was $16.7 million, a decrease of $0.1 million from the three months ended June 30, 2014. Operating income decreased for our T&D segment for the three months ended June 30, 2015 compared to 2014 as higher revenues were offset by lower gross margin on several large jobs compared to the three months ended June 30, 2014. As a percentage of revenues, operating income for our T&D segment was 8.3% for the three months ended June 30, 2015 compared to 10.1% for the three months ended June 30, 2014.

Commercial & Industrial

Revenues for our C&I segment for the three months ended June 30, 2015 were $75.9 million compared to $62.5 million for the three months ended June 30, 2014, an increase of $13.4 million or 21.5%, due primarily to the acquisition of ESB. Material and subcontractor costs in our C&I segment comprised approximately 47% of total contract costs in both the three month periods ended June 30, 2015 and 2014.

Measured by revenue in our C&I segment, we provided 73.2% of our services under fixed-price contracts for the three months ended June 30, 2015, compared to 31.6% in the three months ended June 30, 2014.

Operating income for our C&I segment for the three months ended June 30, 2015 was $3.9 million, a decrease of $0.5 million over the three months ended June 30, 2014. The decline in operating income compared to the three months ended June 30, 2014 was attributable to lower gross margin compared to the three months ended June 30, 2014. As a percentage of revenues, operating income for our C&I segment was 5.2% for the three months ended June 30, 2015 compared to 7.0% for the three months ended June 30, 2014.

Six Months Ended June 30, 2015 Compared to Six Months Ended June 30, 2014

Revenues. Revenues increased $76.1 million, or 17.1%, to $520.6 million for the six months ended June 30, 2015 from $444.5 million for the six months ended June 30, 2014. The increase was primarily due to higher T&D revenues from jobs of all sizes and the acquisition of ESB. Material and subcontractor costs comprised approximately 30% and 29% of total contract costs in the six months ended June 30, 2015 and 2014, respectively.

Gross profit. Gross profit increased $3.5 million, or 6.1%, to $61.1 million for the six months ended June 30, 2015 from $57.6 million for the six months ended June 30, 2014, due primarily to higher revenues.

Gross margin. Gross margin decreased to 11.7% for the six months ended June 30, 2015 from 13.0% for the six months ended June 30, 2014, primarily due to the year-over-year change in estimates of gross profit on certain projects. For the six months ended June 30, 2015, contract performance incentives, cost efficiencies, additional work and effective contract management resulted in improved contract margins on several projects, primarily transmission projects, and provided a gross margin benefit of 1.1%. For the six months ended June 30, 2014, cost efficiencies, additional work and effective contract management resulted in improved contract margins on several transmission projects, and provided a gross margin benefit of 2.2%.

Selling, general and administrative expenses. Selling, general and administrative expenses, which were $37.5 million for the six months ended June 30, 2015, increased $2.5 million from $35.0 million for the six months ended June 30, 2014. The increase in selling, general and administrative expenses for the six months ended June 30, 2015 as compared to the six months ended June 30, 2014 was primarily due to higher personnel costs to support operations, ESB acquisition costs and higher stock compensation costs. As a percentage of revenues, selling, general and administrative expenses decreased to 7.2% for the six months ended June 30, 2015 from 7.9% for the six months ended June 30, 2014.

Gain on sale of property and equipment. Gains from the sale of property and equipment in the six months ended June 30, 2015 were $1.2 million compared to $0.1 million in the six months ended June 30, 2014. Gains from the sale of property and equipment are attributable to routine sales of property and equipment no longer useful or valuable to our ongoing operations.

Interest expense. Interest expense was $0.4 million for the six month periods ended June 30, 2015 and 2014.

Provision for income taxes. The provision for income taxes was $8.9 million for the six months ended June 30, 2015, with an effective tax rate of 37.0%, compared to a provision of $8.4 million for the six months ended June 30, 2014, with an effective tax rate of 37.3%. The decrease in the effective rate was primarily caused by lower state taxes due to changes in the mix of business between states.

Net income. Net income increased to $15.2 million for the six months ended June 30, 2015 from $14.0 million for the six months ended June 30, 2014. The increase was primarily for the reasons stated earlier.

Segment Results

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

	Six months ended June 30,			
	2015		2014	
(Dollars in thousands)	Amount	Percent	Amount	Percent
Contract revenues:				
Transmission & Distribution	$389,806	74.9 %	328,425	73.9 %
Commercial & Industrial	130,830	25.1	116,090	26.1
Total	$520,636	100.0	$444,515	100.0
Operating income (loss):				
Transmission & Distribution	$33,547	8.6	$30,744	9.4
Commercial & Industrial	6,760	5.2	7,722	6.7
Total	40,307	7.7	38,466	8.7
Corporate	(15,686)	(3.0)	(15,939)	(3.6)
Consolidated	$24,621	4.7 %	$22,527	5.1 %

Transmission & Distribution

Revenues for our T&D segment for the six months ended June 30, 2015 were $389.8 million compared to $328.4 million for the six months ended June 30, 2014, an increase of $61.4 million, or 18.7%. The increase in revenue was primarily due to an increase in the number of jobs of all sizes. Material and subcontractor costs in our T&D segment comprised approximately 25% of total contract costs in the six months ended June 30, 2015, compared to approximately 22% in the six months ended June 30, 2014.

Revenues from transmission projects represented 76.5% and 81.3% of T&D segment revenue for the six months ended June 30, 2015 and 2014, respectively. Additionally, for the six months ended June 30, 2015, measured by revenue in our T&D segment, we provided 48.8% of our T&D services under fixed-price contracts, as compared to 52.9% for the six months ended June 30, 2014.

Operating income for our T&D segment for the six months ended June 30, 2015 was $33.5 million, an increase of $2.8 million from the six months ended June 30, 2014. Operating income increased for our T&D segment for the six months ended June 30, 2015 compared to 2014 primarily due to the increase in revenue, which was partially offset by lower margins on several large projects compared to the prior period. As a percentage of revenues, operating income for our T&D segment was 8.6% for the six months ended June 30, 2015 compared to 9.4% for the six months ended June 30, 2014.

Commercial & Industrial

Revenues for our C&I segment for the six months ended June 30, 2015 were $130.8 million compared to $116.1 million for the six months ended June 30, 2014, an increase of $14.7 million or 12.7%, due primarily to the acquisition of ESB. Material and subcontractor costs in our C&I segment comprised approximately 44% of total contract costs in the six months ended June 30, 2015, compared to approximately 47% in the six months ended June 30, 2014.

Measured by revenue in our C&I segment, we provided 70.9% of our services under fixed-price contracts for the six months ended June 30, 2015, compared to 36.8% in the six months ended June 30, 2014.

Operating income for our C&I segment for the six months ended June 30, 2015 was $6.8 million, a decrease of $0.9 million over the six months ended June 30, 2014. The decline in operating income compared to the six months ended June 30, 2014 was attributable to increased costs on one large project. As a percentage of revenues, operating income for our C&I segment was 5.2% for the six months ended June 30, 2015 compared to 6.7% for the six months ended June 30, 2014.

Non-GAAP Measure—EBITDA

EBITDA, a performance measure used by management, is defined as net income plus: interest income and expense, provision for income taxes and depreciation and amortization, as shown in the following table. EBITDA, a non-GAAP financial measure, 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 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, book lives placed on assets, capital structure and the method by which assets were acquired.

Using EBITDA as a performance measure has material limitations as compared to net income, or other financial measures as defined under U.S. 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 can affect our ability to generate revenue and returns for our stockholders. Further, EBITDA excludes depreciation and amortization; however, as we use capital and intangible assets to generate revenues, depreciation and amortization are a necessary element of our costs and ability to generate revenue. Finally, EBITDA excludes income taxes; however, as we are organized as a corporation, the payment of taxes is a necessary element of our operations. As a result of these exclusions from EBITDA, any measure that excludes interest expense, interest income, depreciation and amortization and income taxes has material limitations as compared to net income. When using EBITDA as a performance measure, management compensates for these limitations by comparing EBITDA to net income in each period, to allow for the comparison of the performance of the underlying core operations with the overall performance of the company on a full-cost, after tax basis. Using both EBITDA and net income to evaluate the business allows management and investors to (a) assess our relative performance against our competitors, and (b) monitor our capacity to generate returns for our stockholders.

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

	Three months ended		Six months ended	
	June 30,		June 30,	
(In thousands)	2015	2014	2015	2014
Net Income	$8,074	$7,741	$15,246	$14,013
Add:				
Interest expense, net	179	147	351	322
Income tax expense	4,740	4,615	8,935	8,354
Depreciation & amortization	9,355	8,236	18,319	16,270
EBITDA	$22,348	$20,739	$42,851	$38,959

We also use EBITDA as a liquidity measure. We believe that EBITDA is important in analyzing our liquidity because it is a key component of certain material covenants contained within our credit agreement (the "Credit Agreement"). Non-compliance with these financial covenants under the 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, likely causing us to incur additional cost, and such relief might not be available, or if available, might not be on terms as favorable as those in the Credit Agreement. In addition, if we cannot satisfy these financial covenants, we would be prohibited under the Credit Agreement from engaging in certain activities, such as incurring additional indebtedness, making certain payments, and acquiring or disposing of assets. Based on the information above, management believes that the presentation of EBITDA as a liquidity measure is useful to investors and relevant to their assessment of our capacity to service or incur debt, fund capital expenditures, and expand our operations.

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

(In thousands)	Three months ended June 30, 2015	2014	Six months ended June 30, 2015	2014
Provided By Operating Activities:				
EBITDA	$22,348	$20,739	$42,851	$38,959
Add/(subtract):				
Interest expense, net	(179)	(147)	(351)	(322)
Provision for income taxes	(4,740)	(4,615)	(8,935)	(8,354)
Depreciation & amortization	(9,355)	(8,236)	(18,319)	(16,270)
Adjustments to reconcile net income to net cash flows provided by operating activities	10,659	9,511	19,806	18,402
Changes in operating assets and liabilities	(11,074)	(3,988)	(26,023)	(28,118)
Net cash flows provided by operating activities	$7,659	$13,264	$9,029	$4,297

Liquidity and Capital Resources

As of June 30, 2015, we had cash and cash equivalents of $46.9 million and working capital of $140.6 million. We define working capital as current assets less current liabilities. During the six months ended June 30, 2015, consolidated operating activities of our business provided net cash of $9.0 million, compared to $4.3 million of cash provided in the six months ended June 30, 2014. Cash flow from operations is primarily influenced by demand for our services, operating margins, timing of contract performance and the type of services we provide to our customers. The year-over-year change in cash provided by operating activities was largely due to changes in various working capital accounts reflecting normal timing fluctuations in our operating activities. In particular, the gross amount of accounts receivable, costs and estimated earnings in excess of billings on uncompleted contracts, accounts payable and billings in excess of costs and estimated earnings on uncompleted contracts used cash of $21.5 million in the six months ended June 30, 2015, compared to using cash of $25.8 million in the same period of 2014.

In the six months ended June 30, 2015, we used net cash in investing activities of $39.8 million, consisting of $29.7 million for capital expenditures and $11.4 million to acquire ESB, partially offset by $1.3 million of proceeds from the sale of equipment. In the first six months of 2015, $3.2 million of cash was used to purchase shares of our common stock, which was partially offset by proceeds from stock options and tax benefits related to our stock

compensation programs. The $3.2 million of cash used to purchase shares of our common stock consisted of $1.8 million purchased under our Repurchase Program and $1.4 million to purchase shares surrendered by employees to satisfy employee tax obligations under our stock compensation program. On July 30, 2015 our Board of Directors approved an amended Repurchase Program, which increased the program from $25.0 million to $42.5 million and extended the term of the program through August 31, 2016. With the amendment, the availability to purchase shares under the Repurchase Program increased to $25.0 million.

We anticipate that our cash and cash equivalents on hand, $155.7 million borrowing availability under our credit facility, and future cash flow from operations will provide sufficient cash to enable us to meet our future operating needs, debt service requirements, capital expenditures, acquisition and joint venture opportunities, and purchases under our Repurchase Program. We expect that our capital spending in 2015 will be similar to our capital spending in the last two years. Although we believe that we have adequate cash and availability under our credit agreement to meet our liquidity needs, any large projects or acquisitions may require additional capital.

The Company has not historically paid dividends and currently does not expect to pay dividends.

Debt Instruments

On December 21, 2011, we entered into a five-year syndicated Credit Agreement with a facility of $175.0 million (the “Facility”). The entire Facility is available for revolving loans and the issuance of letters of credit and up to $25.0 million is available for swingline loans. We have the option to increase the commitments under the Facility or enter into incremental term loans, subject to certain conditions, by up to an additional $75.0 million upon receipt of additional commitments from new or existing lenders.

Revolving loans under the Facility bear interest, at our option, at either (1) ABR, which is the greatest of the Prime Rate, the Federal Funds Effective Rate plus 0.50% or adjusted LIBOR plus 1.00%, plus in each case an applicable margin ranging from 0.00% to 1.00%; or (2) adjusted LIBOR plus an applicable margin ranging from 1.00% to 2.00%. The applicable margin is determined based on our Leverage Ratio, defined under the Credit Agreement as consolidated total indebtedness divided by consolidated EBITDA, as defined by the Credit Agreement. Letters of credit issued under the Facility are subject to a letter of credit fee of 1.00% to 2.00%, based on our Leverage Ratio and a fronting fee of 0.125%. Swingline loans bear interest at the ABR Rate. We are required to pay a 0.2% commitment fee on the unused portion of the Facility.

19

Subject to certain exceptions, the Facility is secured by substantially all of our assets and the assets of all of our subsidiaries and by a pledge of all of the capital stock of our subsidiaries. Our subsidiaries also guarantee the repayment of all amounts due under the Facility. The Credit Agreement provides for customary events of default. If an event of default occurs and is continuing, on the terms and subject to the conditions set forth in the Credit Agreement, amounts outstanding under the Facility may be accelerated and may become or be declared immediately due and payable.

Under the Credit Agreement, we are subject to certain financial covenants and must maintain a maximum Leverage Ratio of 3.0, and a minimum interest coverage ratio of 3.0, defined under the Credit Agreement as Consolidated EBITDA divided by interest expense. We were in compliance with all of our debt covenants at June 30, 2015. The Credit Agreement also contains a number of covenants including limitations on asset sales, investments, indebtedness and liens.

As of June 30, 2015 and December 31, 2014, we had no debt outstanding. As of June 30, 2015 and December 31, 2014, we had irrevocable standby letters of credit outstanding of approximately $19.3 million, including $17.5 million related to our payment obligation under our insurance programs and approximately $1.8 million related to contract performance obligations.

Off-Balance Sheet Transactions

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

For a discussion regarding off-balance sheet transactions, refer to Note 6, “Commitments and Contingencies” in the accompanying Notes to Consolidated Financial Statements.

Concentration of Credit Risk

We grant trade credit under normal payment terms, generally without collateral, to our customers, which include high credit quality electric utilities, governmental entities, general contractors and builders, owners and managers of commercial and industrial properties located in the United States. Consequently, we are subject to potential credit risk related to changes in business and economic factors throughout the United States. However, we generally have certain statutory lien rights with respect to services provided. Under certain circumstances such as foreclosures or negotiated settlements, we may take title to the underlying assets in lieu of cash in settlement of receivables. As of June 30, 2015, one customer individually exceeded 10.0% of consolidated accounts receivable with approximately 11.0% of the total consolidated accounts receivable amount (excluding the impact of allowance for doubtful accounts). As of June 30, 2014, two customers individually exceeded 10.0% of consolidated accounts receivable with approximately 16.5% and 13.1% of the total consolidated accounts receivable amount (excluding the impact of allowance for doubtful accounts). Management believes the terms and conditions in its contracts, billing and collection policies are adequate to minimize the potential credit risk.

New Accounting Pronouncements

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

Critical Accounting Policies

The discussion and analysis of our financial condition and results of operations are based on our consolidated financial statements, which have been prepared in accordance with U.S. GAAP. The preparation of these consolidated financial statements requires us to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosures of contingent assets and liabilities known to exist at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. We evaluate our estimates on an ongoing basis, based on historical experience and on various other assumptions that are believed to be reasonable under the circumstances. There can be no assurance that actual results will not differ from those estimates. For further information regarding our critical accounting policies and estimates, please refer to Item 7. “Management’s Discussion and Analysis of Financial Condition and Results of Operations—Critical Accounting Policies” included in our 2014 Annual Report.

Cautionary Statement Concerning Forward-Looking Statements and Information

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

Various statements contained in this Quarterly Report on Form 10-Q are “forward-looking statements” within the meaning of the Private Securities Litigation Reform Act of 1995, Section 27A of the Securities Act of 1933, and Section 21E of the Exchange Act. Forward-looking statements include those that express a belief, expectation or intention, as well as those that are not statements of historical fact, and may include projections and estimates concerning the timing and success of specific projects and our future revenue, income, backlog, liquidity, capital spending and investments. The forward-looking statements in this quarterly report on Form 10-Q are generally accompanied by words such as “anticipate,” “believe,” “estimate,” “expect,” “intend,” “may,” “objective,” “outlook,” “plan,” “project,” “likely,” “unlikely,” “possible,” “potential,” “ other words that convey the uncertainty of future events or outcomes. The forward-looking statements in this quarterly report on Form 10-Q speak only as of the date of this quarterly report on Form 10-Q and are based on our current expectations and assumptions about future events, including with respect to expected growth, results of operations, performance, business prospects and opportunities and effective tax rates. These statements do not guarantee future performance and actual results may differ materially from these statements. We disclaim any obligation to update these statements, unless required by securities laws, and we caution you not to rely on them unduly. 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 the caption “Forward-Looking Statements” and in Item 1A “Risk Factors” in our 2014 Annual Report, and in any risk factors or cautionary statements contained in our other filings with the Securities and Exchange Commission, may cause our actual results, performance or achievements to differ materially from any future results, performance or achievements expressed or implied by these forward-looking statements.

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

- Our operating results may vary significantly from period to period.
- Our industry is highly competitive.
- We may be unsuccessful in generating internal growth.
- Negative economic and market conditions, as well as regulatory and environmental requirements, may adversely impact our customers’ future spending and, as a result, our operations and growth.
- Project performance issues, including those caused by third parties, or certain contractual obligations may result in additional costs to us, reductions or delays in revenues or the payment of penalties, including liquidated damages.
- Our business is labor intensive and we may be unable to attract and retain qualified employees.
- The timing of new contracts and termination of existing contracts may result in unpredictable fluctuations in our cash flows and financial results.
- Backlog may not be realized or may not result in profits and may not accurately represent future revenue.
- Our business growth could outpace the capability of our internal resources.

- We may depend on subcontractors to assist us in providing certain services.
- Our participation in joint ventures and other projects with third parties may expose us to liability for failures of our partners.
- Legislative or regulatory actions relating to electricity transmission and renewable energy may impact demand for our services.
- Our use of percentage-of-completion accounting could result in a reduction or reversal of previously recognized profits.
- Our actual costs may be greater than expected in performing our fixed-price and unit-price contracts.
- Our financial results are based upon estimates and assumptions that may differ from actual results.
- The loss of a key customer could have an adverse affect on us.
- Our failure to comply with environmental and other laws and regulations could result in significant liabilities.
- Unavailability or cancellation of third party insurance coverage would increase our overall risk exposure and could disrupt our operations.
- We may incur liabilities and suffer negative financial or reputational impacts relating to occupational health and safety matters.
- We extend trade credit to customers for purchases of our services, and may have difficulty collecting receivables from them.
- We may not be able to compete for, or work on, certain projects if we are not able to obtain the necessary bonds.
- Inability to hire or retain key personnel could disrupt our business.

- Work stoppages or other labor issues with our unionized workforce could adversely affect our business.

- Multi-employer pension plan obligations related to our unionized workforce could adversely impact our earnings.

- We may fail to execute or integrate future acquisitions or joint ventures successfully.

- Our business may be affected by seasonal and other variations, including severe weather conditions.

- We may not have access in the future to sufficient funding to finance desired growth and operations.

- Our operations are subject to a number of operational risks which may result in unexpected costs or liabilities.

- Opportunities associated with government contracts could lead to increased governmental regulation applicable to us.

- Risks associated with operating in the Canadian market could restrict our ability to expand and harm our business and prospects.

- Our failure to comply with the laws applicable to our Canadian activities, including the U.S. Foreign Corrupt Practices Act and similar anti-bribery laws could have an adverse effect on us.

- The nature of our business exposes us to warranty claims, which may reduce our profitability.

- Certain provisions in our organizational documents and Delaware law could delay or prevent a change in control of our company.

- We, or our business partners, may be subject to breaches of information technology systems, which could affect our competitive position or damage our reputation.

- Our stock price and trading volume may be volatile and future sales of our common stock could lead to dilution of our issued and outstanding common stock.

- We are subject to risks associated with climate change.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

As of June 30, 2015, we were not party to any derivative instruments. We did not use any material derivative financial instruments during the six months ended June 30, 2015 and 2014, including trading or speculation on changes in interest rates or commodity prices of materials used in our business.

As of June 30, 2015, we had no borrowings outstanding under the Facility. Borrowings under the Facility are based upon an interest rate that will vary depending upon the prime rate, federal funds rate and LIBOR. If we had borrowings outstanding under the Facility and if the prime rate, federal funds rate or LIBOR increased, our interest payment obligations on outstanding borrowings would increase and have a negative effect on our cash flow and financial condition. We currently do not maintain any hedging contracts that would limit our exposure to variable rates of interest when we have outstanding borrowings.

ITEM 4. CONTROLS AND PROCEDURES

Disclosure Controls and Procedures

Under the supervision, and with the participation of our management, including our Chief Executive Officer and Chief Financial Officer, we have evaluated the effectiveness of our disclosure controls and procedures pursuant to Exchange Act Rules 13a-15(e) and 15d-15(e) as of the end of the period covered by this quarterly report. Based on that evaluation, the Chief Executive Officer and Chief Financial Officer concluded that our disclosure controls and procedures were effective as of June 30, 2015.

Changes in Internal Control Over Financial Reporting

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

PART II—OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

For further discussion regarding legal proceedings, please refer to Note 6, "Commitments and Contingencies—Litigation and Other Legal Matters" in the accompanying Notes to Consolidated Financial Statements.

ITEM 1A. RISK FACTORS

As of the date of this filing, there have been no material changes to the risk factors previously discussed in Item 1A to our 2014 Annual Report. An investment in our common stock involves various risks. When considering an investment in our company, you should carefully consider all of the risk factors described in our 2014 Annual Report. These risks and uncertainties are not the only ones facing us and there may be additional matters that are not known to us or that we currently consider immaterial. These risks and uncertainties could adversely affect our business, financial condition or future results and, thus, the value of our common stock and any investment in our company.

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

Purchases of Common Stock. The following table includes all of the Company's repurchases of common stock for the periods shown, including those made pursuant to publicly announced plans or programs and those not made pursuant to publicly announced plans or programs. Repurchased shares are retired and returned to authorized but unissued common stock.

Period	Total Number of Shares Repurchased (1)	Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs (2)	Approximate Dollar Value of Shares That May Yet Be Purchased Under the Plans or Programs
April 1, 2015 - April, 30 2015	—	$ —	—	$ 7,549,850
May 1, 2015 - May, 31 2015	966	$ 29.71	—	$ 7,549,850
June 1, 2015 - June, 30 2015	—	$ —	—	$ 7,549,850
Total	966	$ 29.71	—	

(1) This column includes all repurchases of common stock, including stock repurchased under announced repurchase programs and stock repurchased outside such programs. The Company repurchased 966 shares of its common stock to satisfy tax obligations on the vesting of restricted stock and performance shares under the 2007 Long-Term Incentive Plan (as amended).

(2) On August 1, 2012, the Company's Board of Directors authorized the repurchase of up to $20.0 million of the Company's common stock, and the Company subsequently established a Rule 10b5-1 plan to facilitate this repurchase. The share repurchase program was authorized through August 9, 2013. In May 2013, the Company's Board of Directors approved an extension of the program through August 9, 2014 and increased the size of the program to $22.5 million. In May 2014, the Company's Board of Directors approved an extension of the program through August 31, 2015 and increased the size of the program to $25.0 million. In July 2015, the Company's Board of Directors approved an amendment of the program, which increased the size of the program to $42.5 million and extended the

term through August 31, 2016. The Company has purchased 723,964 shares under this program.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES

None.

ITEM 4. MINE SAFETY DISCLOSURES

Not Applicable.

ITEM 5. OTHER INFORMATION

None.

ITEM 6. EXHIBITS

Number	Description
10.1	Form of Independent Director Phantom Stock and Dividend Equivalents Award under the 2007 Long-Term Incentive Plan+†
31.1	Certification of Chief Executive Officer pursuant to SEC Rule 13a-14(a)/15d-14(a)†
31.2	Certification of Chief Financial Officer pursuant to SEC Rule 13a-14(a)/15d-14(a)†
32.1	Certification of Chief Executive Officer pursuant to 18 U.S.C. §1350†
32.2	Certification of Chief Financial Officer pursuant to 18 U.S.C. §1350†
101.INS	XBRL Instance Document *
101.SCH	XBRL Taxonomy Extension Schema Document*
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document*
101.DEF	XBRL Taxonomy Extension Definition Linkbase Document*
101.LAB	XBRL Taxonomy Extension Label Linkbase Document*
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document*

† Filed herewith

\+ Indicates management contract or compensatory plan or arrangement.

* Electronically filed

24

SIGNATURE

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

MYR GROUP INC.
(Registrant)

August 5, 2015 /s/ PAUL J. EVANS
Vice President, Chief Financial Officer and Treasurer

25