

EMCOR GROUP INC
Form 10-Q
October 29, 2015
Table of Contents

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

FORM 10-Q

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

For the quarterly period ended September 30, 2015

OR

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

For the transition period from _____ to _____

Commission file number 1-8267

EMCOR GROUP, INC.

(Exact Name of Registrant as Specified in Its Charter)

Delaware

(State or Other Jurisdiction of

Incorporation or Organization)

11-2125338

(I.R.S. Employer

Identification Number)

301 Merritt Seven

Norwalk, Connecticut

(Address of Principal Executive Offices)

(203) 849-7800

(Registrant's Telephone Number, Including Area Code)

06851-1092

(Zip Code)

N/A

(Former Name, Former Address and Former Fiscal Year, if Changed Since Last

Report)

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

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (Section 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes No

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

Large accelerated filer

Accelerated filer

Non-accelerated filer (Do not check if a smaller reporting company)

Smaller reporting company

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

Applicable Only To Corporate Issuers

Number of shares of Common Stock outstanding as of the close of business on October 26, 2015: 62,723,966 shares.

Table of Contents

EMCOR Group, Inc.
INDEX

	Page No.
<u>PART I. - Financial Information.</u>	
Item 1. <u>Financial Statements.</u>	
<u>Condensed Consolidated Balance Sheets - as of September 30, 2015 and December 31, 2014</u>	<u>1</u>
<u>Condensed Consolidated Statements of Operations - three and nine months ended September 30, 2015 and 2014</u>	<u>2</u>
<u>Condensed Consolidated Statements of Comprehensive Income - three and nine months ended September 30, 2015 and 2014</u>	<u>3</u>
<u>Condensed Consolidated Statements of Cash Flows - nine months ended September 30, 2015 and 2014</u>	<u>4</u>
<u>Condensed Consolidated Statements of Equity - nine months ended September 30, 2015 and 2014</u>	<u>5</u>
<u>Notes to Condensed Consolidated Financial Statements</u>	<u>6</u>
Item 2. <u>Management's Discussion and Analysis of Financial Condition and Results of Operations.</u>	<u>18</u>
Item 3. <u>Quantitative and Qualitative Disclosures about Market Risk.</u>	<u>31</u>
Item 4. <u>Controls and Procedures.</u>	<u>32</u>
<u>PART II. - Other Information.</u>	
Item 2. <u>Unregistered Sales of Equity Securities and Use of Proceeds.</u>	<u>32</u>
Item 6. <u>Exhibits.</u>	<u>32</u>

Table of Contents

PART I. – FINANCIAL INFORMATION.

ITEM 1. FINANCIAL STATEMENTS.

EMCOR Group, Inc. and Subsidiaries

CONDENSED CONSOLIDATED BALANCE SHEETS

(In thousands, except share and per share data)

	September 30, 2015 (Unaudited)	December 31, 2014
ASSETS		
Current assets:		
Cash and cash equivalents	\$445,400	\$ 432,056
Accounts receivable, net	1,333,823	1,234,187
Costs and estimated earnings in excess of billings on uncompleted contracts	128,828	103,201
Inventories	47,843	46,854
Prepaid expenses and other	59,252	70,305
Total current assets	2,015,146	1,886,603
Investments, notes and other long-term receivables	7,146	9,122
Property, plant and equipment, net	117,039	122,178
Goodwill	834,660	834,102
Identifiable intangible assets, net	474,240	502,060
Other assets	35,198	34,902
Total assets	\$3,483,429	\$ 3,388,967
LIABILITIES AND EQUITY		
Current liabilities:		
Borrowings under revolving credit facility	\$—	\$ —
Current maturities of long-term debt and capital lease obligations	18,712	19,041
Accounts payable	423,260	460,478
Billings in excess of costs and estimated earnings on uncompleted contracts	389,727	368,555
Accrued payroll and benefits	264,788	245,854
Other accrued expenses and liabilities	212,743	189,489
Total current liabilities	1,309,230	1,283,417
Long-term debt and capital lease obligations	303,040	316,399
Other long-term obligations	356,990	359,764
Total liabilities	1,969,260	1,959,580
Equity:		
EMCOR Group, Inc. stockholders' equity:		
Preferred stock, \$0.01 par value, 1,000,000 shares authorized, zero issued and outstanding	—	—
Common stock, \$0.01 par value, 200,000,000 shares authorized, 63,469,018 and 63,641,070 shares issued, respectively	635	636
Capital surplus	214,631	227,885
Accumulated other comprehensive loss	(81,629	) (83,197)
Retained earnings	1,386,977	1,280,991
Treasury stock, at cost 659,841 and 659,841 shares, respectively	(10,302	) (10,302)
Total EMCOR Group, Inc. stockholders' equity	1,510,312	1,416,013
Noncontrolling interests	3,857	13,374
Total equity	1,514,169	1,429,387
Total liabilities and equity	\$3,483,429	\$ 3,388,967

See Notes to Condensed Consolidated Financial Statements.

1

Table of Contents

EMCOR Group, Inc. and Subsidiaries
 CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
 (In thousands, except per share data)(Unaudited)

	Three months ended		Nine months ended	
	September 30,		September 30,	
	2015	2014	2015	2014
Revenues	\$1,699,128	\$1,566,711	\$4,940,900	\$4,710,169
Cost of sales	1,463,726	1,344,482	4,249,042	4,051,496
Gross profit	235,402	222,229	691,858	658,673
Selling, general and administrative expenses	165,135	159,983	488,117	454,243
Restructuring expenses	301	398	742	799
Gain on sale of building	—	11,749	—	11,749
Operating income	69,966	73,597	202,999	215,380
Interest expense	(2,226)	) (2,397)	) (6,650)	) (6,887)
Interest income	157	186	515	641
Income from continuing operations before income taxes	67,897	71,386	196,864	209,134
Income tax provision	25,720	23,998	74,672	75,428
Income from continuing operations	42,177	47,388	122,192	133,706
Loss from discontinued operation, net of income taxes	(270)	) (611)	) (739)	) (4,087)
Net income including noncontrolling interests	41,907	46,777	121,453	129,619
Less: Net income attributable to noncontrolling interests	(385)	) (1,753)	) (233)	) (3,421)
Net income attributable to EMCOR Group, Inc.	\$41,522	\$45,024	\$121,220	\$126,198
Basic earnings (loss) per common share:				
From continuing operations attributable to EMCOR Group, Inc. common stockholders	\$0.66	\$0.68	\$1.94	\$1.94
From discontinued operation	(0.00)	) (0.01)	) (0.01)	) (0.06)
Net income attributable to EMCOR Group, Inc. common stockholders	\$0.66	\$0.67	\$1.93	\$1.88
Diluted earnings (loss) per common share:				
From continuing operations attributable to EMCOR Group, Inc. common stockholders	\$0.66	\$0.68	\$1.92	\$1.92
From discontinued operation	(0.00)	) (0.01)	) (0.01)	) (0.06)
Net income attributable to EMCOR Group, Inc. common stockholders	\$0.66	\$0.67	\$1.91	\$1.86
Dividends declared per common share	\$0.08	\$0.08	\$0.24	\$0.24

See Notes to Condensed Consolidated Financial Statements.

Table of Contents

EMCOR Group, Inc. and Subsidiaries

CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(In thousands)(Unaudited)

	Three months ended September 30,		Nine months ended September 30,	
	2015	2014	2015	2014
Net income including noncontrolling interests	\$41,907	\$46,777	\$121,453	\$129,619
Other comprehensive income, net of tax:				
Foreign currency translation adjustments	110	(312)	(78)	(246)
Post retirement plans, amortization of actuarial loss included in net income ⁽¹⁾	554	449	1,646	1,345
Other comprehensive income	664	137	1,568	1,099
Comprehensive income	42,571	46,914	123,021	130,718
Less: Comprehensive income attributable to noncontrolling interests	(385)	(1,753)	(233)	(3,421)
Comprehensive income attributable to EMCOR Group, Inc.	\$42,186	\$45,161	\$122,788	\$127,297

Net of tax of \$0.2 million and \$0.1 million for the three months ended September 30, 2015 and 2014, respectively, (1) and net of tax of \$0.5 million and \$0.4 million for the nine months ended September 30, 2015 and 2014, respectively.

See Notes to Condensed Consolidated Financial Statements.

Table of Contents

EMCOR Group, Inc. and Subsidiaries

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

(In thousands)(Unaudited)

	Nine months ended September 30,	
	2015	2014
Cash flows - operating activities:		
Net income including noncontrolling interests	\$ 121,453	\$ 129,619
Depreciation and amortization	26,806	27,211
Amortization of identifiable intangible assets	28,391	28,497
Deferred income taxes	(3,598)	4,434
Loss on sale of subsidiary	—	608
Gain on sale of building	—	(11,749)
Excess tax benefits from share-based compensation	(1,306)	(5,886)
Equity income from unconsolidated entities	(1,634)	(1,349)
Other non-cash items	9,701	8,005
Distributions from unconsolidated entities	3,316	1,640
Changes in operating assets and liabilities, excluding the effect of businesses acquired	(87,548)	(72,036)
Net cash provided by operating activities	95,581	108,994
Cash flows - investing activities:		
Payments for acquisitions of businesses, net of cash acquired	(2,357)	—
Proceeds from sale of subsidiary	—	1,108
Proceeds from sale of building	—	11,885
Proceeds from sale of property, plant and equipment	2,921	3,138
Purchase of property, plant and equipment	(22,862)	(27,574)
Investments in and advances to unconsolidated entities and joint ventures	—	(1,865)
Net cash used in investing activities	(22,298)	(13,308)
Cash flows - financing activities:		
Repayments of long-term debt	(13,136)	(13,074)
Repayments of capital lease obligations	(2,190)	(1,272)
Dividends paid to stockholders	(15,078)	(16,109)
Repurchase of common stock	(21,148)	(76,395)
Proceeds from exercise of stock options	2,378	5,044
Payments to satisfy minimum tax withholding	(3,866)	(1,481)
Issuance of common stock under employee stock purchase plan	3,147	2,677
Payments for contingent consideration arrangements	(403)	—
Distributions to noncontrolling interests	(9,750)	(2,750)
Excess tax benefits from share-based compensation	1,306	5,886
Net cash used in financing activities	(58,740)	(97,474)
Effect of exchange rate changes on cash and cash equivalents	(1,199)	(579)
Increase (decrease) in cash and cash equivalents	13,344	(2,367)
Cash and cash equivalents at beginning of year	432,056	439,813
Cash and cash equivalents at end of period	\$ 445,400	\$ 437,446
Supplemental cash flow information:		
Cash paid for:		
Interest	\$ 5,539	\$ 5,606
Income taxes	\$ 72,277	\$ 60,276
Non-cash financing activities:		
Assets acquired under capital lease obligations	\$ 1,686	\$ 93

See Notes to Condensed Consolidated Financial Statements.

4

Table of Contents

EMCOR Group, Inc. and Subsidiaries
 CONDENSED CONSOLIDATED STATEMENTS OF EQUITY
 (In thousands)(Unaudited)

	EMCOR Group, Inc. Stockholders						
	Total	Common stock	Capital surplus	Accumulated other comprehensive (loss) income (1)	Retained earnings	Treasury stock	Noncontrolling interests
Balance, December 31, 2013	\$1,479,626	\$676	\$408,083	\$ (65,777)	\$1,133,873	\$(10,590)	\$ 13,361
Net income including noncontrolling interests	129,619	—	—	—	126,198	—	3,421
Other comprehensive income	1,099	—	—	1,099	—	—	—
Common stock issued under share-based compensation plans (2)	11,286	6	10,992	—	—	288	—
Tax withholding for common stock issued under share-based compensation plans	(1,481)	—	(1,481)	—	—	—	—
Common stock issued under employee stock purchase plan	2,677	—	2,677	—	—	—	—
Common stock dividends	(16,109)	—	200	—	(16,309)	—	—
Repurchase of common stock	(84,565)	(20)	(84,545)	—	—	—	—
Distributions to noncontrolling interests	(2,750)	—	—	—	—	—	(2,750)
Share-based compensation expense	6,321	—	6,321	—	—	—	—
Balance, September 30, 2014	\$1,525,723	\$662	\$342,247	\$ (64,678)	\$1,243,762	\$(10,302)	\$ 14,032
Balance, December 31, 2014	\$1,429,387	\$636	\$227,885	\$ (83,197)	\$1,280,991	\$(10,302)	\$ 13,374
Net income including noncontrolling interests	121,453	—	—	—	121,220	—	233
Other comprehensive income	1,568	—	—	1,568	—	—	—
Common stock issued under share-based compensation plans (2)	3,619	4	3,615	—	—	—	—
Tax withholding for common stock issued under share-based compensation plans	(3,866)	—	(3,866)	—	—	—	—
Common stock issued under employee stock	3,147	—	3,147	—	—	—	—

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purchase plan							
Common stock dividends	(15,078)	—	156	—	(15,234)	—	—
Repurchase of common stock	(22,972)	(5)	(22,967)	—	—	—	—
Distributions to noncontrolling interests	(9,750)	—	—	—	—	—	(9,750)
Share-based compensation expense	6,661	—	6,661	—	—	—	—
Balance, September 30, 2015	\$1,514,169	\$635	\$214,631	\$ (81,629)	\$1,386,977	\$(10,302)	\$ 3,857

(1) Represents cumulative foreign currency translation adjustments and post retirement liability adjustments.

(2) Includes the tax benefit associated with share-based compensation of \$1.2 million and \$6.2 million for the nine months ended September 30, 2015 and 2014, respectively.

See Notes to Condensed Consolidated Financial Statements.

Table of Contents

EMCOR Group, Inc. and Subsidiaries

Notes to Condensed Consolidated Financial Statements (Unaudited)

NOTE 1 Basis of Presentation

The accompanying unaudited condensed consolidated financial statements have been prepared in accordance with instructions to the Quarterly Report on Form 10-Q and Rule 10-01 of Regulation S-X. Consequently, certain information and note disclosures normally included in financial statements prepared in accordance with accounting principles generally accepted in the United States have been condensed or omitted. References to the "Company," "EMCOR," "we," "us," "our" and similar words refer to EMCOR Group, Inc. and its consolidated subsidiaries unless the context indicates otherwise. Readers of this report should refer to the consolidated financial statements and the notes thereto included in our latest Annual Report on Form 10-K filed with the Securities and Exchange Commission. In our opinion, the accompanying unaudited condensed consolidated financial statements contain all adjustments (consisting only of a normal recurring nature) necessary to present fairly our financial position and the results of our operations. The results of operations for the three and nine months ended September 30, 2015 are not necessarily indicative of the results to be expected for the year ending December 31, 2015.

NOTE 2 New Accounting Pronouncements

In September 2015, an accounting pronouncement was issued by the Financial Accounting Standards Board ("FASB") which eliminates the requirement that an acquirer in a business combination account for measurement-period adjustments retrospectively. Instead, an acquirer will recognize a measurement-period adjustment during the period in which it determines the amount of the adjustment. This pronouncement is effective for fiscal years beginning after December 15, 2015, with early adoption permitted. We intend to adopt this pronouncement on January 1, 2016, and the adoption will not have a material impact on our financial position and/or results of operations.

In April 2015, an accounting pronouncement was issued by the FASB to update the guidance related to the presentation of debt issuance costs. This guidance requires debt issuance costs, related to a recognized debt liability, be presented in the balance sheet as a direct deduction from the carrying amount of the related debt liability rather than being presented as an asset. This pronouncement is effective retrospectively for fiscal years beginning after December 15, 2015, with early adoption permitted. We intend to adopt this pronouncement on January 1, 2016, and the adoption will not have a material impact on our financial position and/or results of operations.

On January 1, 2015, we adopted the accounting pronouncement issued by the FASB updating existing guidance on discontinued operations. This guidance raises the threshold for a disposal to qualify as a discontinued operation and requires new disclosures of both discontinued operations and certain other disposals that do not meet the definition of a discontinued operation. This pronouncement is aimed at reducing the frequency of disposals reported as discontinued operations by focusing on strategic shifts that have or will have a major effect on an entity's operations and financial results. We will consider this guidance in conjunction with future disposals, if any.

In May 2014, an accounting pronouncement was issued by the FASB to clarify existing guidance on revenue recognition. This guidance includes the required steps to achieve the core principle that a company should recognize revenue when it transfers promised goods or services to customers in an amount that reflects the consideration to which the company expects to be entitled in exchange for those goods or services. This pronouncement is effective for fiscal years and interim periods beginning after December 15, 2017, with early adoption permitted. The guidance permits the use of one of two retrospective transition methods. We have not yet selected a transition method nor have we determined the effect that the adoption of the pronouncement may have on our financial position and/or results of operations.

NOTE 3 Acquisitions of Businesses

On June 1, 2015, we acquired a company for an immaterial amount. This company primarily provides mechanical construction services and has been included in our United States mechanical construction and facilities services segment. The purchase price for this acquisition is subject to finalization based on certain contingencies provided for in the purchase agreement. The acquisition of this business was accounted for by the acquisition method, and the price paid for the acquired business has been allocated to its assets and liabilities, based upon the estimated fair value of its assets and liabilities at the date of the acquisition.

During the three months ended September 30, 2015 and 2014, respectively, there were no reversals of liabilities recorded resulting in non-cash income attributable to contingent consideration arrangements relating to prior acquisitions. During each of the nine months ended September 30, 2015 and 2014, we recorded a net reversal of \$0.2 million of liabilities resulting in non-cash income attributable to contingent consideration arrangements relating to prior acquisitions.

Table of Contents

EMCOR Group, Inc. and Subsidiaries

Notes to Condensed Consolidated Financial Statements (Unaudited)

NOTE 4 Disposition of Assets

In January 2014, we sold a subsidiary reported in our United States building services segment. Proceeds from the sale totaled approximately \$1.1 million. Included in net income for the nine months ended September 30, 2014 was a loss of \$0.6 million from this sale, which is classified as a component of "Selling, general and administrative expenses" in the Condensed Consolidated Statements of Operations.

On July 22, 2014, we sold a building and land owned by one of our subsidiaries reported in the United States mechanical construction and facilities services segment. We recognized a gain of approximately \$11.7 million for this transaction in the third quarter of 2014, which has been classified as a "Gain on sale of building" in the Condensed Consolidated Statements of Operations.

Due to a historical pattern of losses in the construction operations of our United Kingdom segment and our negative assessment of construction market conditions in the United Kingdom for the foreseeable future, we announced during the quarter ended June 30, 2013 our decision to withdraw from the construction market in the United Kingdom. During the third quarter of 2014, we ceased construction operations in the United Kingdom. The results of the construction operations of our United Kingdom segment for all periods are presented in our Condensed Consolidated Financial Statements as discontinued operations.

The results of discontinued operations are as follows (in thousands):

	For the three months ended		For the nine months ended	
	September 30,		September 30,	
	2015	2014	2015	2014
Revenues	\$ 149	\$3,166	\$509	\$17,149
Loss from discontinued operation, net of income taxes	\$(270)	\$(611)	\$(739)	\$(4,087)
Diluted loss per share from discontinued operation	\$(0.00)	\$(0.01)	\$(0.01)	\$(0.06)

Included in the Condensed Consolidated Balance Sheets at September 30, 2015 and December 31, 2014 are the following major classes of assets and liabilities associated with the discontinued operation (in thousands):

	September 30, 2015	December 31, 2014
Assets of discontinued operation:		
Current assets	\$3,548	\$6,265
Non-current assets	\$78	\$278
Liabilities of discontinued operation:		
Current liabilities	\$6,688	\$10,743
Non-current liabilities	\$31	\$94

At September 30, 2015, the assets and liabilities of the discontinued operation consisted of accounts receivable, contract retentions and contract warranty obligations that are expected to be collected or fulfilled in the ordinary course of business. Additionally at September 30, 2015, there remained \$0.9 million of obligations related to employee severance and the termination of leased facilities, the majority of which is expected to be paid in 2015. The settlement of the remaining assets and liabilities may result in additional income and/or expenses. Such income and/or expenses are expected to be immaterial and will be reflected as an additional component of "Loss from discontinued operation" as incurred.

Table of Contents

EMCOR Group, Inc. and Subsidiaries

Notes to Condensed Consolidated Financial Statements (Unaudited)

NOTE 5 Earnings Per Share

Calculation of Basic and Diluted Earnings (Loss) per Common Share

The following tables summarize our calculation of Basic and Diluted Earnings (Loss) per Common Share (“EPS”) for the three and nine months ended September 30, 2015 and 2014 (in thousands, except share and per share data):

	For the three months ended September 30,	
	2015	2014
Numerator:		
Income from continuing operations attributable to EMCOR Group, Inc. common stockholders	\$41,792	\$45,635
Loss from discontinued operation, net of income taxes	(270)	(611)
Net income attributable to EMCOR Group, Inc. common stockholders	\$41,522	\$45,024
Denominator:		
Weighted average shares outstanding used to compute basic earnings (loss) per common share	62,901,923	66,714,641
Effect of dilutive securities—Share-based awards	490,560	702,906
Shares used to compute diluted earnings (loss) per common share	63,392,483	67,417,547
Basic earnings (loss) per common share:		
From continuing operations attributable to EMCOR Group, Inc. common stockholders	\$0.66	\$0.68
From discontinued operation	\$(0.00)	\$(0.01)
Net income attributable to EMCOR Group, Inc. common stockholders	\$0.66	\$0.67
Diluted earnings (loss) per common share:		
From continuing operations attributable to EMCOR Group, Inc. common stockholders	\$0.66	\$0.68
From discontinued operation	\$(0.00)	\$(0.01)
Net income attributable to EMCOR Group, Inc. common stockholders	\$0.66	\$0.67
	For the nine months ended September 30,	
	2015	2014
Numerator:		
Income from continuing operations attributable to EMCOR Group, Inc. common stockholders	\$121,959	\$130,285
Loss from discontinued operation, net of income taxes	(739)	(4,087)
Net income attributable to EMCOR Group, Inc. common stockholders	\$121,220	\$126,198
Denominator:		
Weighted average shares outstanding used to compute basic earnings (loss) per common share	62,921,956	67,062,732
Effect of dilutive securities—Share-based awards	521,071	739,874
Shares used to compute diluted earnings (loss) per common share	63,443,027	67,802,606
Basic earnings (loss) per common share:		
From continuing operations attributable to EMCOR Group, Inc. common stockholders	\$1.94	\$1.94
From discontinued operation	\$(0.01)	\$(0.06)
Net income attributable to EMCOR Group, Inc. common stockholders	\$1.93	\$1.88
Diluted earnings (loss) per common share:		
From continuing operations attributable to EMCOR Group, Inc. common stockholders	\$1.92	\$1.92
From discontinued operation	\$(0.01)	\$(0.06)
Net income attributable to EMCOR Group, Inc. common stockholders	\$1.91	\$1.86

There were no anti-dilutive awards for the three and nine months ended September 30, 2015 and 2014, respectively.

8

Table of Contents

EMCOR Group, Inc. and Subsidiaries

Notes to Condensed Consolidated Financial Statements (Unaudited)

NOTE 6 Inventories

Inventories in the accompanying Condensed Consolidated Balance Sheets consisted of the following amounts (in thousands):

	September 30, 2015	December 31, 2014
Raw materials and construction materials	\$23,152	\$23,330
Work in process	24,691	23,524
	\$47,843	\$46,854

NOTE 7 Debt

Debt in the accompanying Condensed Consolidated Balance Sheets consisted of the following amounts (in thousands):

	September 30, 2015	December 31, 2014
Term Loan	\$319,375	\$332,500
Capitalized lease obligations	2,331	2,883
Other	46	57
	321,752	335,440
Less: current maturities	18,712	19,041
	\$303,040	\$316,399

Credit Facilities

Until November 25, 2013, we had a revolving credit agreement (the "2011 Credit Agreement"), as amended, which provided for a revolving credit facility of \$750.0 million. The 2011 Credit Agreement was effective November 21, 2011. Effective November 25, 2013, we amended and restated the 2011 Credit Agreement to provide for a \$750.0 million revolving credit facility (the "2013 Revolving Credit Facility") and a \$350.0 million term loan (the "Term Loan") (collectively referred to as the "2013 Credit Agreement") expiring November 25, 2018. The proceeds of the Term Loan were used to repay amounts drawn under the 2011 Credit Agreement. We may increase the 2013 Revolving Credit Facility to \$1.05 billion if additional lenders are identified and/or existing lenders are willing to increase their current commitments. We may allocate up to \$250.0 million of available capacity under the 2013 Revolving Credit Facility to letters of credit for our account or for the account of any of our subsidiaries. Obligations under the 2013 Credit Agreement are guaranteed by most of our direct and indirect subsidiaries and are secured by substantially all of our assets and most of the assets of most of our subsidiaries. The 2013 Revolving Credit Facility and the Term Loan contain various covenants providing for, among other things, maintenance of certain financial ratios and certain limitations on payment of dividends, common stock repurchases, investments, acquisitions, indebtedness and capital expenditures. We were in compliance with all such covenants as of September 30, 2015 and December 31, 2014. A commitment fee is payable on the average daily unused amount of the 2013 Revolving Credit Facility, which ranges from 0.20% to 0.30%, based on certain financial tests. The fee is 0.20% of the unused amount as of September 30, 2015. Borrowings under the 2013 Credit Agreement bear interest at (1) a rate which is the prime commercial lending rate announced by Bank of Montreal from time to time (3.25% at September 30, 2015) plus 0.25% to 0.75%, based on certain financial tests or (2) United States dollar LIBOR (0.19% at September 30, 2015) plus 1.25% to 1.75%, based on certain financial tests. The interest rate in effect at September 30, 2015 was 1.44%. Fees for letters of credit issued under the 2013 Revolving Credit Facility range from 1.25% to 1.75% of the respective face amounts of outstanding letters of credit and are computed based on certain financial tests. We capitalized approximately \$3.0 million of debt issuance costs associated with the 2013 Credit Agreement. This amount is being amortized over the life of the agreement and is included as part of interest expense. We are required to make principal

payments on the Term Loan in installments on the last day of March, June, September and December of each year, which commenced with the calendar quarter ended March 31, 2014, in the amount of \$4.4 million, with a payment of all unpaid principal and interest due on November 25, 2018. As of September 30, 2015 and December 31, 2014, the balance of the Term Loan was \$319.4 million and \$332.5 million, respectively. As of September 30, 2015 and December 31, 2014, we had approximately \$95.0 million and \$95.5 million of letters of credit outstanding, respectively. There were no borrowings outstanding under the 2013 Revolving Credit Facility as of September 30, 2015 and December 31, 2014.

Table of Contents

EMCOR Group, Inc. and Subsidiaries

Notes to Condensed Consolidated Financial Statements (Unaudited)

NOTE 8 Fair Value Measurements

We use a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy, which gives the highest priority to quoted prices in active markets, is comprised of the following three levels:

Level 1 – Unadjusted quoted market prices in active markets for identical assets and liabilities.

Level 2 – Observable inputs, other than Level 1 inputs. Level 2 inputs would typically include quoted prices in markets that are not active or financial instruments for which all significant inputs are observable, either directly or indirectly.

Level 3 – Prices or valuations that require inputs that are both significant to the measurement and unobservable.

The following tables provide the assets and liabilities carried at fair value measured on a recurring basis as of September 30, 2015 and December 31, 2014 (in thousands):

Asset Category	Assets at Fair Value as of September 30, 2015			
	Level 1	Level 2	Level 3	Total
Cash and cash equivalents ⁽¹⁾	\$445,400	\$—	\$—	\$445,400
Restricted cash ⁽²⁾	4,407	—	—	4,407
Deferred compensation plan assets ⁽³⁾	6,698	—	—	6,698
Total	\$456,505	\$—	\$—	\$456,505
Asset Category	Assets at Fair Value as of December 31, 2014			
	Level 1	Level 2	Level 3	Total
Cash and cash equivalents ⁽¹⁾	\$432,056	\$—	\$—	\$432,056
Restricted cash ⁽²⁾	6,474	—	—	6,474
Deferred compensation plan assets ⁽³⁾	3,139	—	—	3,139
Total	\$441,669	\$—	\$—	\$441,669

Cash and cash equivalents include money market funds with original maturity dates of three months or less, which (1) are Level 1 assets. At September 30, 2015 and December 31, 2014, we had \$151.7 million and \$156.7 million, respectively, in money market funds.

(2) Restricted cash is classified as "Prepaid expenses and other" in the Condensed Consolidated Balance Sheets.

(3) Deferred compensation plan assets are classified as "Other assets" in the Condensed Consolidated Balance Sheets.

We believe that the carrying values of our financial instruments, which include accounts receivable and other financing commitments, approximate their fair values due primarily to their short-term maturities and low risk of counterparty default. The carrying value of our debt associated with the 2013 Credit Agreement approximates its fair value due to the variable rate on such debt.

NOTE 9 Income Taxes

For the three months ended September 30, 2015 and 2014, our income tax provision from continuing operations was \$25.7 million and \$24.0 million, respectively, based on effective income tax rates, before discrete items and less amounts attributable to noncontrolling interests, of 38.0% and 37.6%, respectively. The actual income tax rates on income from continuing operations, less amounts attributable to noncontrolling interests, for the three months ended September 30, 2015 and 2014, inclusive of discrete items, were 38.1% and 34.5%, respectively. For the nine months ended September 30, 2015 and 2014, our income tax provision from continuing operations was \$74.7 million and \$75.4 million, respectively, based on effective income tax rates, before discrete items and less amounts attributable to noncontrolling interests, of 37.9% and 37.6%, respectively. The actual income tax rates on income from continuing operations, less amounts attributable to noncontrolling interests, for the nine months ended September 30, 2015 and 2014, inclusive of discrete items, were 38.0% and 36.6%, respectively. The decrease in the income tax provision for the nine months ended September 30, 2015 was primarily due to decreased income before income taxes. The increase

in the actual income tax rates on income from continuing operations was primarily due to changes in discrete items and the mix of earnings among various jurisdictions.

As of September 30, 2015 and December 31, 2014, the amount of unrecognized income tax benefits for each period was \$5.2 million (of which \$3.0 million, if recognized, would favorably affect our effective income tax rate).

Table of Contents

EMCOR Group, Inc. and Subsidiaries

Notes to Condensed Consolidated Financial Statements (Unaudited)

NOTE 9 Income Taxes - (Continued)

We report interest expense related to unrecognized income tax benefits in the income tax provision. As of September 30, 2015 and December 31, 2014, we had approximately \$0.4 million and \$0.3 million of accrued interest related to unrecognized income tax benefits included as a liability in the Condensed Consolidated Balance Sheets, respectively. For each of the three months ended September 30, 2015 and 2014, less than \$0.1 million of interest expense was recognized. For the nine months ended September 30, 2015 and 2014, less than \$0.1 million of interest expense and less than \$0.1 million of interest income was recognized, respectively.

It is reasonably possible that approximately \$4.1 million of unrecognized income tax benefits at September 30, 2015, primarily relating to uncertain tax positions attributable to tax return filing positions, will significantly decrease in the next twelve months as a result of estimated settlements with taxing authorities and the expiration of applicable statutes of limitations.

We file income tax returns with the Internal Revenue Service and various state, local and foreign tax agencies. The Company is currently under examination by various taxing authorities for the years 2008 through 2014. During the first quarter of 2014, the Internal Revenue Service finalized its audit of our federal income tax returns for the years 2010 through 2011. We agreed to and paid an assessment, for an immaterial amount, proposed by the Internal Revenue Service pursuant to such audit.

NOTE 10 Common Stock

As of September 30, 2015 and December 31, 2014, there were 62,809,177 and 62,981,229 shares of our common stock outstanding, respectively.

During the three months ended September 30, 2015 and 2014, 66,223 and 66,126 shares of common stock, respectively, were issued primarily upon: (a) the exercise of stock options, (b) the purchase of common stock pursuant to our employee stock purchase plan and (c) the satisfaction of required conditions under certain of our share-based compensation plans. During the nine months ended September 30, 2015 and 2014, 347,713 and 628,850 shares of common stock, respectively, were issued primarily upon: (a) the satisfaction of required conditions under certain of our share-based compensation plans, (b) the exercise of stock options and (c) the purchase of common stock pursuant to our employee stock purchase plan.

On September 26, 2011, our Board of Directors authorized us to repurchase up to \$100.0 million of our outstanding common stock. On December 5, 2013 and October 23, 2014, our Board of Directors authorized us to repurchase up to an additional \$100.0 million and \$250.0 million of our outstanding common stock, respectively. During 2015, we repurchased approximately 0.5 million shares of our common stock for approximately \$23.0 million. Since the inception of the repurchase programs through September 30, 2015, we have repurchased 8.1 million shares of our common stock for approximately \$306.5 million. As of September 30, 2015, there remained authorization for us to repurchase approximately \$143.5 million of our shares. On October 28, 2015, our Board of Directors authorized us to repurchase up to an additional \$200.0 million of our outstanding common stock. The repurchase programs do not obligate the Company to acquire any particular amount of common stock and may be suspended, recommenced or discontinued at any time or from time to time without prior notice. Repurchases may be made from time to time to the extent permitted by securities laws and other legal requirements, including provisions in our credit agreement placing limitations on such repurchases. The repurchase programs have been and will be funded from our operations.

NOTE 11 Retirement Plans

Our United Kingdom subsidiary has a defined benefit pension plan covering all eligible employees (the "UK Plan"); however, no individual joining the company after October 31, 2001 may participate in the plan. On May 31, 2010, we curtailed the future accrual of benefits for active employees under this plan.

Components of Net Periodic Pension Cost

The components of net periodic pension cost of the UK Plan for the three and nine months ended September 30, 2015 and 2014 were as follows (in thousands):

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	For the three months ended		For the nine months ended	
	September 30,		September 30,	
	2015	2014	2015	2014
Interest cost	\$2,938	\$3,510	\$8,718	\$10,573
Expected return on plan assets	(4,098	) (4,226	) (12,159	) (12,729
Amortization of unrecognized loss	640	508	1,899	1,530
Net periodic pension cost	\$(520	) \$(208	) \$(1,542	) \$(626

11

Table of Contents

EMCOR Group, Inc. and Subsidiaries

Notes to Condensed Consolidated Financial Statements (Unaudited)

NOTE 11 Retirement Plans - (Continued)

Employer Contributions

For the nine months ended September 30, 2015, our United Kingdom subsidiary contributed approximately \$4.0 million to its UK Plan. It anticipates contributing an additional \$1.6 million during the remainder of 2015.

NOTE 12 Commitments and Contingencies

Government Contracts

As a government contractor, we are subject to U.S. government audits and investigations relating to our operations, including claims for fines, penalties and compensatory and treble damages, and possible suspension or debarment from doing business with the government. Based on currently available information, we believe the outcome of ongoing government disputes and investigations will not have a material impact on our financial position, results of operations or liquidity.

Legal Matters

One of our subsidiaries was a subcontractor to a mechanical contractor (“Mechanical Contractor”) on a construction project where an explosion occurred. An investigation of the matter could not determine who was responsible for the explosion. As a result of the explosion, lawsuits have been commenced against various parties, but, to date, no lawsuits have been commenced against our subsidiary with respect to personal injury or damage to property as a consequence of the explosion. However, the Mechanical Contractor has asserted claims, in the context of an arbitration proceeding against our subsidiary, alleging that our subsidiary is responsible for a portion of the damages for which the Mechanical Contractor may be liable as a result of: (a) personal injury suffered by individuals as a result of the explosion and (b) the Mechanical Contractor’s legal fees and associated management costs in defending against any and all such claims. In the most recent filing with the Arbitrator, the Mechanical Contractor has stated claims against our subsidiary for alleged violations of the Connecticut and Massachusetts Unfair and Deceptive Trade Practices Acts in the ongoing arbitration proceeding. Further, the general contractor (as assignee of the Mechanical Contractor) on the construction project, and for whom the Mechanical Contractor worked, has alleged that our subsidiary is responsible for losses asserted by the owner of the project and/or the general contractor because of delays in completion of the project and for damages to the owner’s property. We believe, and have been advised by counsel, that we have a number of meritorious defenses to all such matters. We believe that the ultimate outcome of such matters will not have a material adverse effect on our consolidated financial position, results of operations or liquidity. Notwithstanding our assessment of the final impact of this matter, we are not able to estimate with any certainty the amount of loss, if any, which would be associated with an adverse resolution.

One of our subsidiaries, USM, Inc. (“USM”), doing business in California provides, among other things, janitorial services to its customers by having those services performed by independent janitorial companies. USM and one of its customers, which owns retail stores (the “Customer”), are co-defendants in a federal class action lawsuit brought by six employees of USM’s California janitorial subcontractors. The action was commenced on September 5, 2013 in a Superior Court of California and was removed by USM on November 22, 2013 to the United States District Court for the Northern District of California. The employees allege in their complaint, among other things, that USM and the Customer, during a period that began before our acquisition of USM, violated a California statute that prohibits USM from entering into a contract with a janitorial subcontractor when it knows or should know that the contract does not include funds sufficient to allow the janitorial contractor to comply with all local, state and federal laws or regulations governing the labor or services to be provided. The employees have asserted that the amounts USM pays to its janitorial subcontractors are insufficient to allow those janitorial subcontractors to meet their obligations regarding, among other things, wages due for all hours their employees worked, minimum wages, overtime pay and meal and rest breaks. These employees seek to represent not only themselves, but also all other individuals who provided janitorial services at the Customer’s stores in California during the relevant four year time period. We do not believe USM or the Customer has violated the California statute or that the employees may bring the action as a class action on behalf of other employees of janitorial companies with whom USM subcontracted for the provision of janitorial

services to the Customer. However, if the pending lawsuit is certified as a class action and USM is found to have violated the California statute, USM might have to pay significant damages and might be subject to similar lawsuits regarding the provision of janitorial services to its other customers in California. The plaintiffs seek a declaratory judgment that USM has violated the California statute, monetary damages, including all unpaid wages and thereon, restitution for unpaid wages, and an award of attorneys' fees and costs.

On February 17, 2015, USM and its Customer entered into a consent decree which, subject to final approval of the consent decree by the federal judge in the United States District Court for the Northern District of California following a determination by the Court of the consent decree's fairness, adequacy and reasonableness, will resolve the claims and defenses asserted in the class action. Under the terms of the consent decree, USM is to (a) pay an aggregate of \$1.0 million (i) for monetary relief to the

Table of Contents

EMCOR Group, Inc. and Subsidiaries

Notes to Condensed Consolidated Financial Statements (Unaudited)

NOTE 12 Commitments and Contingencies - (Continued)

members of the class, (ii) for awards to the class representative plaintiffs, (iii) for California Labor Code Private Attorney General Act payments to the State of California for an immaterial amount, and (iv) for all costs of notice and administration of the claims process, (b) pay to counsel for the class an aggregate of \$1.3 million, of which \$0.2 million is to be allocated for their reimbursable costs and litigation expenses and \$1.1 million is to be allocated for attorneys' fees, and (c) establish procedures to monitor USM's California subcontractors providing janitorial services to its Customer designed principally to ensure janitorial employees of those subcontractors are paid no less than minimum wage. The settlement amount was accrued for as of December 31, 2014. During 2015, a payment of \$1.0 million was made to a third party claims administrator who is holding the funds pending approval by the Court of the consent decree, and the remainder is expected to be paid before the end of 2015.

We are involved in several other proceedings in which damages and claims have been asserted against us. Other potential claims may exist that have not yet been asserted against us. We believe that we have a number of valid defenses to such proceedings and claims and intend to vigorously defend ourselves. We do not believe that any such matters will have a material adverse effect on our financial position, results of operations or liquidity. Litigation is subject to many uncertainties and the outcome of litigation is not predictable with assurance. It is possible that some litigation matters for which reserves have not been established could be decided unfavorably to us, and that any such unfavorable decisions could have a material adverse effect on our financial position, results of operations or liquidity.

Restructuring expenses

Restructuring expenses were \$0.3 million and \$0.7 million for the three and nine months ended September 30, 2015. Restructuring expenses for the three months ended September 30, 2015 included \$0.3 million of employee severance obligations. Restructuring expenses for the nine months ended September 30, 2015 included \$0.8 million of employee severance obligations and the reversal of \$0.1 million relating to the termination of leased facilities. Restructuring expenses were \$0.4 million and \$0.8 million for the three and nine months ended September 30, 2014, respectively. Restructuring expenses for the three months ended September 30, 2014 included \$0.4 million of employee severance obligations. Restructuring expenses for the nine months ended September 30, 2014 included \$0.6 million of employee severance obligations and \$0.2 million relating to the termination of leased facilities. As of September 30, 2015, the balance of these restructuring obligations yet to be paid was \$0.5 million, the majority of which is expected to be paid during 2015. No material expenses in connection with restructuring from continuing operations are expected to be incurred during the remainder of 2015.

The changes in restructuring activity by reportable segments during the nine months ended September 30, 2015 and September 30, 2014 were as follows (in thousands):

	United States electrical construction and facilities services segment	United States mechanical construction and facilities services segment	United States building services segment	Corporate administration	Total
Balance at December 31, 2013	\$ 30	\$ 164	\$—	\$—	\$194
Charges	375	124	—	300	799
Payments	(405)	(114)	—	(300)	(819)
Balance at September 30, 2014	\$ —	\$ 174	\$—	\$—	\$174
Balance at December 31, 2014	\$ 255	\$ 26	\$—	\$—	\$281
Charges	(106)	6	842	—	742
Payments	(149)	(32)	(384)	—	(565)
Balance at September 30, 2015	\$ —	\$ —	\$458	\$—	\$458

Table of Contents

EMCOR Group, Inc. and Subsidiaries

Notes to Condensed Consolidated Financial Statements (Unaudited)

NOTE 12 Commitments and Contingencies - (Continued)

A summary of restructuring expenses by reportable segments recognized for the nine months ended September 30, 2015 was as follows (in thousands):

	United States electrical construction and facilities services segment	United States mechanical construction and facilities services segment	United States building services segment	Corporate administration	Total
Severance	\$ —	\$ 6	\$ 842	\$—	\$ 848
Leased facilities	(106)	—	—	—	(106)
Total charges	\$ (106)	\$ 6	\$ 842	\$—	\$ 742

NOTE 13 Segment Information

We have the following reportable segments which provide services associated with the design, integration, installation, start-up, operation and maintenance of various systems: (a) United States electrical construction and facilities services (involving systems for electrical power transmission and distribution; premises electrical and lighting systems; low-voltage systems, such as fire alarm, security and process control; voice and data communication; roadway and transit lighting; and fiber optic lines); (b) United States mechanical construction and facilities services (involving systems for heating, ventilation, air conditioning, refrigeration and clean-room process ventilation; fire protection; plumbing, process and high-purity piping; controls and filtration; water and wastewater treatment; central plant heating and cooling; cranes and rigging; millwrighting; and steel fabrication, erection and welding); (c) United States building services; (d) United States industrial services; and (e) United Kingdom building services. The "United States building services" and "United Kingdom building services" segments principally consists of those operations which provide a portfolio of services needed to support the operation and maintenance of customers' facilities, including commercial and government site-based operations and maintenance; facility maintenance and services, including reception, security and catering services; outage services to utilities and industrial plants; military base operations support services; mobile maintenance and services; floor care and janitorial services; landscaping, lot sweeping and snow removal; facilities management; vendor management; call center services; installation and support for building systems; program development, management and maintenance for energy systems; technical consulting and diagnostic services; infrastructure and building projects for federal, state and local governmental agencies and bodies; and small modification and retrofit projects, which services are not generally related to customers' construction programs. The segment "United States industrial services" principally consists of those operations which provide industrial maintenance and services, mainly for refineries and petrochemical plants, including on-site repairs, maintenance and service of heat exchangers, towers, vessels and piping; design, manufacturing, repair and hydro blast cleaning of shell and tube heat exchangers and related equipment; refinery turnaround planning and engineering services; specialty welding services; overhaul and maintenance of critical process units in refineries and petrochemical plants; and specialty technical services for refineries and petrochemical plants.

Table of Contents

EMCOR Group, Inc. and Subsidiaries

Notes to Condensed Consolidated Financial Statements (Unaudited)

NOTE 13 Segment Information - (Continued)

	For the three months ended September 30,	
	2015	2014
Operating income (loss):		
United States electrical construction and facilities services	\$25,528	\$20,666
United States mechanical construction and facilities services	26,926	30,206
United States building services	16,027	19,388
United States industrial services	14,340	7,385
Total United States operations	82,821	77,645
United Kingdom building services	3,358	3,082
Corporate administration	(15,912)	(18,481)
Restructuring expenses	(301)	(398)
Gain on sale of building	—	11,749
Total worldwide operations	69,966	73,597
Other corporate items:		
Interest expense	(2,226)	(2,397)
Interest income	157	186
Income from continuing operations before income taxes	\$67,897	\$71,386
	For the nine months ended September 30,	
	2015	2014
Operating income (loss):		
United States electrical construction and facilities services	\$67,479	\$67,162
United States mechanical construction and facilities services	80,191	78,052
United States building services	54,944	53,606
United States industrial services	44,588	43,155
Total United States operations	247,202	241,975
United Kingdom building services	8,570	12,647
Corporate administration	(52,031)	(50,192)
Restructuring expenses	(742)	(799)
Gain on sale of building	—	11,749
Total worldwide operations	202,999	215,380
Other corporate items:		
Interest expense	(6,650)	(6,887)
Interest income	515	641
Income from continuing operations before income taxes	\$196,864	\$209,134

Table of Contents

EMCOR Group, Inc. and Subsidiaries

Notes to Condensed Consolidated Financial Statements (Unaudited)

NOTE 13 Segment Information - (Continued)

	September 30, 2015	December 31, 2014
Total assets:		
United States electrical construction and facilities services	\$352,358	\$332,150
United States mechanical construction and facilities services	830,456	793,056
United States building services	742,343	737,082
United States industrial services	936,771	954,018
Total United States operations	2,861,928	2,816,306
United Kingdom building services	136,370	130,340
Corporate administration	485,131	442,321
Total worldwide operations	\$3,483,429	\$3,388,967

NOTE 14 Subsequent Event

In October 2015, we acquired a company for an immaterial amount. This company provides fire protection services primarily in the Midwestern United States and will be included in our United States mechanical construction and facilities services segment.

Table of Contents

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

We are one of the largest electrical and mechanical construction and facilities services firms in the United States. In addition, we provide a number of building services and industrial services. Our services are provided to a broad range of commercial, industrial, utility and institutional customers through approximately 70 operating subsidiaries and joint venture entities. Our offices are located in the United States and the United Kingdom.

Due to a historical pattern of losses in the construction operations of our United Kingdom segment and our negative assessment of construction market conditions in the United Kingdom for the foreseeable future, we announced during the quarter ended June 30, 2013 our decision to withdraw from the construction market in the United Kingdom.

During the third quarter of 2014, we ceased construction operations in the United Kingdom. The results of the construction operations of our United Kingdom segment for all periods are presented in our Condensed Consolidated Financial Statements as discontinued operations. The segment formerly named the United Kingdom construction and building services segment has been renamed the United Kingdom building services segment.

Overview

The following table presents selected financial data for the three months ended September 30, 2015 and 2014 (in thousands, except percentages and per share data):

	For the three months ended September 30,	
	2015	2014
Revenues	\$1,699,128	\$1,566,711
Revenues increase (decrease) from prior year	8.5	% (2.4)%
Restructuring expenses	\$301	\$398
Gain on sale of building	\$—	\$11,749
Operating income	\$69,966	\$73,597
Operating income as a percentage of revenues	4.1	% 4.7 %
Net income attributable to EMCOR Group, Inc.	\$41,522	\$45,024
Diluted earnings per common share from continuing operations	\$0.66	\$0.68

The results of our operations for the 2015 third quarter set new Company records for a third quarter in terms of revenues and were attributable to increased revenues from all of our reportable segments. Overall operating income and operating margin (operating income as a percentage of revenues) decreased in the 2015 third quarter compared to the 2014 third quarter as the results of our operations in the 2014 third quarter included an \$11.7 million gain on the sale of a building. Increases in both operating income and operating margin within our United States industrial services segment and our United States electrical construction and facilities services segment were partially offset by decreases in operating income and operating margin within our United States building services segment and our United States mechanical construction and facilities services segment.

We completed an acquisition during the first nine months of 2015 for an immaterial amount. The results of the acquired company, which primarily provides mechanical construction services, have been included in our United States mechanical construction and facilities services segment; the acquired company expands our service capabilities into new technical areas.

Operating Segments

We have the following reportable segments which provide services associated with the design, integration, installation, start-up, operation and maintenance of various systems: (a) United States electrical construction and facilities services (involving systems for electrical power transmission and distribution; premises electrical and lighting systems; low-voltage systems, such as fire alarm, security and process control; voice and data communication; roadway and transit lighting; and fiber optic lines); (b) United States mechanical construction and facilities services (involving systems for heating, ventilation, air conditioning, refrigeration and clean-room process ventilation; fire protection; plumbing, process and high-purity piping; controls and filtration; water and wastewater treatment; central plant heating and cooling; cranes and rigging; millwrighting; and steel fabrication, erection and welding); (c) United States building services; (d) United States industrial services; and (e) United Kingdom building

services. The "United States building services" and "United Kingdom building services" segments principally consist of those operations which provide a portfolio of services needed to support the operation and maintenance of customers' facilities, including commercial and government site-based operations and maintenance; facility maintenance and services, including reception, security and catering services; outage services to utilities and industrial plants; military base operations support services; mobile maintenance and services; floor care and janitorial services; landscaping, lot sweeping and snow removal; facilities management; vendor

18

healthcare construction projects, partially offset by a decrease in revenues from institutional construction projects. In addition, the increase in revenues of this segment for the nine months ended September 30, 2015 was attributable to an increase in revenues from transportation projects, mainly within the New York City and Los Angeles markets.

Table of Contents

Our United States mechanical construction and facilities services segment revenues for the three months ended September 30, 2015 were \$587.5 million, a \$22.3 million increase compared to revenues of \$565.2 million for the three months ended September 30, 2014. Revenues of this segment for the nine months ended September 30, 2015 were \$1,652.6 million, a \$35.8 million increase compared to revenues of \$1,616.8 million for the nine months ended September 30, 2014. The increase in revenues for the three months ended September 30, 2015 was primarily attributable to an increase in revenues from manufacturing and commercial construction projects, partially offset by a decline in revenues from water and wastewater and healthcare construction projects. The increase in revenues for the nine months ended September 30, 2015 was primarily attributable to an increase in revenues from commercial and institutional construction projects, partially offset by a decline in revenues from manufacturing and water and wastewater construction projects. The results for the three and nine months ended September 30, 2015 included \$1.7 million and \$1.9 million, respectively, of revenues generated by the company acquired in 2015.

Revenues of our United States building services segment for the three months ended September 30, 2015 increased by \$0.7 million compared to the three months ended September 30, 2014, and revenues for the nine months ended September 30, 2015 increased by \$9.6 million compared to the nine months ended September 30, 2014. The increase in revenues for both periods was primarily attributable to increased revenues from: (a) our mobile mechanical services operations, in part due to significant activity in the northern California and New England regions and greater repair service activities, and (b) our energy services operations. These increases for both periods were partially offset by decreased revenues from: (a) our government site-based services operations as a result of the completion of two large long-term site-based joint venture projects not renewed pursuant to rebid and (b) our commercial site-based services operations as a result of a decline in add-on project activities. In addition, the increase in revenues of this segment for the nine months ended September 30, 2015 was partially offset by: (a) a decrease in revenues of its snow removal activities, as a result of less snowfall in geographical areas in which many of our contracts are based on a per snow event basis, and (b) a decrease in revenues from supplier management contracts.

Revenues of our United States industrial services segment for the three months ended September 30, 2015 increased by \$69.5 million compared to the three months ended September 30, 2014, and revenues for the nine months ended September 30, 2015 increased by \$118.2 million compared to the nine months ended September 30, 2014. The increase in revenues for both periods was primarily due to large capital and maintenance project activity within our industrial field services operations. Revenues increased for the nine months ended September 30, 2015 within this segment despite a nationwide strike by union employees of certain major oil refineries that negatively impacted the first half of 2015.

Our United Kingdom building services segment revenues were \$97.0 million for the three months ended September 30, 2015 compared to revenues of \$86.8 million for the three months ended September 30, 2014, and revenues were \$275.5 million for the nine months ended September 30, 2015 compared to revenues of \$259.7 million for the nine months ended September 30, 2014. The increase in revenues for the three and nine months ended September 30, 2015 was due to an increase in activity in the commercial market, in part due to several new contract awards as well as growth within our existing contract portfolio, partially offset by a decrease of \$7.6 million and \$24.7 million, respectively, relating to the effect of unfavorable exchange rates for the British pound versus the United States dollar.

Backlog

The following table presents our operating segment backlog from unrelated entities and their respective percentages of total backlog (in thousands, except for percentages):

	September 30, 2015	% of Total	December 31, 2014	% of Total	September 30, 2014	% of Total
Backlog:						
United States electrical construction and facilities services	\$1,163,986	31 %	\$1,176,372	32 %	\$1,116,345	30 %
United States mechanical construction and facilities services	1,653,393	44 %	1,473,018	41 %	1,594,511	43 %
United States building services	725,257	19 %	732,960	20 %	742,461	20 %
United States industrial services	72,691	2 %	101,154	3 %	97,863	3 %

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Total United States operations	3,615,327	96	%	3,483,504	96	%	3,551,180	96	%
United Kingdom building services	149,891	4	%	150,084	4	%	144,136	4	%
Total worldwide operations	\$3,765,218	100	%	\$3,633,588	100	%	\$3,695,316	100	%

Our backlog at September 30, 2015 was \$3.77 billion compared to \$3.63 billion at December 31, 2014 and \$3.70 billion at September 30, 2014. The increase in backlog at September 30, 2015 compared to backlog at December 31, 2014 was primarily attributable to an increase in backlog from our United States mechanical construction and facilities services segment, partially

Table of Contents

offset by lower backlog from our other reportable segments. The decrease in backlog from our United Kingdom building services segment at September 30, 2015 compared to its backlog at December 31, 2014 was attributable to the effect of unfavorable exchange rates for the British pound versus the United States dollar. Backlog increases with awards of new contracts and decreases as we perform work on existing contracts. Backlog is not a term recognized under United States generally accepted accounting principles; however, it is a common measurement used in our industry. We include a project within our backlog at such time as a contract is awarded. Backlog includes unrecognized revenues to be realized from uncompleted construction contracts plus unrecognized revenues expected to be realized over the remaining term of services contracts. However, we do not include in backlog contracts for which we are paid on a time and material basis and a fixed amount cannot be determined, and if the remaining term of a services contract exceeds 12 months, the unrecognized revenues attributable to such contract included in backlog are limited to only the next 12 months of revenues provided for in the contract award. Our backlog also includes amounts related to services contracts for which a fixed price contract value is not assigned when a reasonable estimate of total revenues can be made from budgeted amounts agreed to with our customer. Our backlog is comprised of: (a) original contract amounts, (b) change orders for which we have received written confirmations from our customers, (c) pending change orders for which we expect to receive confirmations in the ordinary course of business and (d) claim amounts that we have made against customers for which we have determined we have a legal basis under existing contractual arrangements and as to which we consider recovery to be probable. Such claim amounts were immaterial for all periods presented. Our backlog does not include anticipated revenues from unconsolidated joint ventures or variable interest entities and anticipated revenues from pass-through costs on contracts for which we are acting in the capacity of an agent and which are reported on the net basis. We believe our backlog is firm, although many contracts are subject to cancellation at the election of our customers. Historically, cancellations have not had a material adverse effect on us.

Cost of sales and Gross profit

The following table presents our cost of sales, gross profit (revenues less cost of sales) and gross profit margin (gross profit as a percentage of revenues) (in thousands, except for percentages):

	For the three months ended		For the nine months ended		
	September 30,		September 30,		
	2015	2014	2015	2014	
Cost of sales	\$1,463,726	\$1,344,482	\$4,249,042	\$4,051,496	
Gross profit	\$235,402	\$222,229	\$691,858	\$658,673	
Gross profit, as a percentage of revenues	13.9	% 14.2	% 14.0	% 14.0	%

Our gross profit increased by \$13.2 million for the three months ended September 30, 2015 compared to the three months ended September 30, 2014. Gross profit increased by \$33.2 million for the nine months ended September 30, 2015 compared to the nine months ended September 30, 2014. The increase in gross profit for the three months ended September 30, 2015 was attributable to improved profitability within our United States industrial services segment and our United States electrical construction and facilities services segment. The increase in gross profit for the nine months ended September 30, 2015 was attributable to improved profitability within all of our reportable segments, other than our United Kingdom building services segment. Our gross profit margin was 13.9% and 14.0% for the three and nine months ended September 30, 2015, respectively. Gross profit margin was 14.2% and 14.0% for the three and nine months ended September 30, 2014, respectively. Gross profit margin for the three months ended September 30, 2015 declined within all of our reportable segments, other than our United States electrical construction and facilities services segment. The decline in gross profit margin was primarily attributable to: (a) a decrease in the billing rates and related gross profit margins within our industrial shop services operations due to competitive market conditions resulting from decreased demand for new heat exchangers as a result of volatility in crude oil prices that led to a curtailment in capital spending and (b) a decrease in gross profit margin from water and wastewater and healthcare construction projects within the United States mechanical construction and facilities services segment.

Selling, general and administrative expenses

The following table presents our selling, general and administrative expenses and SG&A margin (selling, general and administrative expenses as a percentage of revenues) (in thousands, except for percentages):

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	For the three months ended September 30,		For the nine months ended September 30,	
	2015	2014	2015	2014
Selling, general and administrative expenses	\$ 165,135	\$ 159,983	\$ 488,117	\$ 454,243
Selling, general and administrative expenses, as a percentage of revenues	9.7	% 10.2	% 9.9	% 9.6

Our selling, general and administrative expenses for the three months ended September 30, 2015 increased by \$5.2 million to \$165.1 million compared to \$160.0 million for the three months ended September 30, 2014. Selling, general and administrative

Table of Contents

expenses for the nine months ended September 30, 2015 increased by \$33.9 million to \$488.1 million compared to \$454.2 million for the nine months ended September 30, 2014. Selling, general and administrative expenses as a percentage of revenues were 9.7% and 9.9% for the three and nine months ended September 30, 2015, respectively, compared to 10.2% and 9.6% for the three and nine months ended September 30, 2014, respectively. The increase in selling, general and administrative expenses for both periods was due to higher employee related costs such as salaries, incentive compensation and medical insurance costs, as well as certain other costs including the provision for doubtful accounts and computer hardware and software expenses, partially offset by a decrease in legal costs. The increase in salaries was attributable to an increase in headcount due to higher anticipated revenues than in the same prior year periods, as well as cost of living adjustments and merit pay increases. Increased incentive compensation was principally due to higher projected annual operating results than in the same prior year periods, which resulted in increased accruals for certain of our incentive compensation plans. The decrease in SG&A margin for the three months ended September 30, 2015 was partially attributable to: (a) an increase in revenues without commensurate increases in our overhead cost structure, including salaries and certain other expenses, and (b) a decrease in legal costs. The increase in SG&A margin for the nine months ended September 30, 2015 was partially attributable to an increase in revenues from our United States industrial services segment which generates relatively higher SG&A margins than our other reportable segments.

Restructuring expenses

Restructuring expenses were \$0.3 million and \$0.7 million for the three and nine months ended September 30, 2015, respectively. Restructuring expenses for the three months ended September 30, 2015 included \$0.3 million of employee severance obligations. Restructuring expenses for the nine months ended September 30, 2015 included \$0.8 million of employee severance obligations and the reversal of \$0.1 million relating to the termination of leased facilities. Restructuring expenses were \$0.4 million and \$0.8 million for the three and nine months ended September 30, 2014, respectively. Restructuring expenses for the three months ended September 30, 2014 included \$0.4 million of employee severance obligations. Restructuring expenses for the nine months ended September 30, 2014 included \$0.6 million of employee severance obligations and \$0.2 million relating to the termination of leased facilities. As of September 30, 2015, the balance of these restructuring obligations yet to be paid was \$0.5 million, the majority of which is expected to be paid during 2015. No material expenses in connection with restructuring from continuing operations are expected to be incurred during the remainder of 2015.

Gain on sale of building

On July 22, 2014, we sold a building and land owned by one of our subsidiaries reported in the United States mechanical construction and facilities services segment. We recognized a gain of approximately \$11.7 million for this transaction in the third quarter of 2014, which has been classified as a "Gain on sale of building" in the Condensed Consolidated Statements of Operations.

Operating income

The following tables present our operating income (loss) and operating income (loss) as a percentage of segment revenues from unrelated entities (in thousands, except for percentages):

	For the three months ended September 30,				
	2015	% of Segment Revenues	2014	% of Segment Revenues	
Operating income (loss):					
United States electrical construction and facilities services	\$25,528	7.4	% \$20,666	6.6	%
United States mechanical construction and facilities services	26,926	4.6	% 30,206	5.3	%
United States building services	16,027	3.7	% 19,388	4.5	%
United States industrial services	14,340	5.9	% 7,385	4.3	%
Total United States operations	82,821	5.2	% 77,645	5.2	%
United Kingdom building services	3,358	3.5	% 3,082	3.6	%
Corporate administration	(15,912)) —	(18,481)) —	
Restructuring expenses	(301)) —	(398)) —	

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Gain on sale of building	—	—	11,749	—	
Total worldwide operations	69,966	4.1	% 73,597	4.7	%
Other corporate items:					
Interest expense	(2,226	)	(2,397)	
Interest income	157		186		
Income from continuing operations before income taxes	\$67,897		\$71,386		

22

Table of Contents

	For the nine months ended September 30,					
	2015	% of Segment Revenues		2014	% of Segment Revenues	
Operating income (loss):						
United States electrical construction and facilities services	\$67,479	6.7	%	\$67,162	7.0	%
United States mechanical construction and facilities services	80,191	4.9	%	78,052	4.8	%
United States building services	54,944	4.2	%	53,606	4.1	%
United States industrial services	44,588	6.4	%	43,155	7.4	%
Total United States operations	247,202	5.3	%	241,975	5.4	%
United Kingdom building services	8,570	3.1	%	12,647	4.9	%
Corporate administration	(52,031)	)	—	(50,192))	—
Restructuring expenses	(742)	)	—	(799))	—
Gain on sale of building	—		—	11,749		—
Total worldwide operations	202,999	4.1	%	215,380	4.6	%
Other corporate items:						
Interest expense	(6,650)	)		(6,887))	
Interest income	515			641		
Income from continuing operations before income taxes	\$196,864			\$209,134		

As described below in more detail, operating income was \$70.0 million and \$203.0 million for the three and nine months ended September 30, 2015, respectively, compared to \$73.6 million and \$215.4 million for the three and nine months ended September 30, 2014, respectively. Operating margin was 4.1% for each of the three and nine months ended September 30, 2015 compared to 4.7% and 4.6% for the three and nine months ended September 30, 2014, respectively. The decreases in operating income and operating margin for three and nine months ended September 30, 2015 were attributable to an \$11.7 million gain on the sale of a building included within the results of operations for the same prior year periods.

Operating income of our United States electrical construction and facilities services segment for the three and nine months ended September 30, 2015 was \$25.5 million and \$67.5 million, respectively, compared to operating income of \$20.7 million and \$67.2 million for the three and nine months ended September 30, 2014, respectively. The increase in operating income for both periods was due to an increase in gross profit from: (a) commercial construction projects, partially due to profits recognized on contracts in the Mid-Atlantic and Pacific Northwest regions and (b) healthcare construction projects, partially offset by a decrease in gross profit from transportation and institutional construction projects and an increase in selling, general and administrative expenses due to higher employee related costs such as incentive compensation and salaries. The increase in incentive compensation was principally due to higher projected annual operating results than in the same prior year period, which resulted in increased accruals for certain of our incentive compensation plans. The increase in operating margin for the three months ended September 30, 2015 was attributable to an increase in gross profit margin. The decrease in operating margin for the nine months ended September 30, 2015 was attributable to an increase in the ratio of selling, general and administrative expenses to revenues resulting from an increase in incentive compensation due to higher projected annual operating results than in the same prior year period.

Our United States mechanical construction and facilities services segment operating income for the three months ended September 30, 2015 was \$26.9 million, a \$3.3 million decrease compared to operating income of \$30.2 million for the three months ended September 30, 2014. Operating income for the nine months ended September 30, 2015 was \$80.2 million, a \$2.1 million increase compared to operating income of \$78.1 million for the nine months ended September 30, 2014. The decrease in operating income for the three months ended September 30, 2015 was attributable to a decline in gross profit from water and wastewater and healthcare construction projects, partially offset by an increase in gross profit from manufacturing construction projects. Operating income for the nine months ended September 30, 2015 was favorably impacted by an increase in gross profit from commercial and institutional construction projects, partially offset by a decrease in gross profit from healthcare construction projects and an

increase in selling, general and administrative expenses. The results for the nine months ended September 30, 2014 included the receipt of \$3.0 million from former shareholders of a company we had acquired as a result of a settlement of a claim by us under the acquisition agreement; this payment was recorded as a reduction of "Cost of sales" in the Condensed Consolidated Statements of Operations. The decrease in operating margin for the three months ended September 30, 2015 was attributable to a decrease in gross profit margin. Operating margin for the nine months ended September 30, 2015 remained relatively unchanged at 4.9% compared to 4.8% for the nine months ended September 30, 2014. The results for the three and nine months ended September 30, 2015 included operating losses of less than \$0.1 million and \$0.2 million, respectively, incurred by a company acquired in 2015.

Table of Contents

Operating income of our United States building services segment for the three months ended September 30, 2015 decreased by \$3.4 million compared to operating income for the three months ended September 30, 2014, and its operating income for the nine months ended September 30, 2015 increased by \$1.3 million compared to the nine months ended September 30, 2014. The decrease in operating income for the three months ended September 30, 2015 was primarily attributable to: (a) a decrease in gross profit from our government site-based services operations as a result of the completion of two large long-term site-based joint venture projects not renewed pursuant to rebid and (b) an increase in selling, general and administrative expenses such as salaries, and the provision for doubtful accounts. The increase in operating income for the nine months ended September 30, 2015 was primarily attributable to increased gross profit from: (a) our mobile mechanical services operations, partially due to increased profitability in projects, retrofits, repair services work and service contracts, and (b) our commercial site-based services operations. For the nine months ended September 30, 2015, these increases were partially offset by a decrease in operating income from: (a) our energy services operations as, in the same prior year period, we benefited from the successful completion of a large project and (b) our government site-based services operations as a result of the completion of two large long-term site-based joint venture projects not renewed pursuant to rebid. The results for the nine months ended September 30, 2015 included income of approximately \$2.7 million, net of associated legal costs, upon the favorable settlement of a claim by us against the former owner of a company we had previously acquired within our commercial site-based services operations. The decrease in operating margin for the three months ended September 30, 2015 was attributable to an increase in the ratio of selling, general and administrative expenses to revenues due to an increase in revenues from our mobile mechanical services operations, which generate relatively higher SG&A margins than the other divisions within this segment due to the nature of their overhead cost structure. Operating margin for the nine months ended September 30, 2015 remained relatively unchanged at 4.2% compared to 4.1% for the nine months ended September 30, 2014.

Operating income of our United States industrial services segment for the three months ended September 30, 2015 increased by \$7.0 million compared to operating income for the three months ended September 30, 2014, and its operating income for the nine months ended September 30, 2015 increased by \$1.4 million compared to the nine months ended September 30, 2014. The increase in operating income for both periods was primarily attributable to large capital and maintenance project activity within our industrial field services operations, partially offset by: (a) a decrease in the billing rates and related gross profit margins within our industrial shop services operations due to competitive market conditions resulting from decreased demand for new heat exchangers as a result of volatility in crude oil prices that led to a curtailment in capital spending and (b) an increase in selling, general and administrative expenses due to higher employee related costs such as employee benefits and salaries, partially as a result of increased headcount due to higher field services volume. In addition, the increase in operating income for the nine months ended September 30, 2015 was partially offset by the mix of work in our industrial shop services operations, which included fewer repair projects, than in the same prior year period, that generate relatively high gross profit margins. Operating income increased for the nine months ended September 30, 2015 within this segment despite the negative impact of a nationwide strike by union employees of certain major oil refineries, which led to the deferral of, or may lead to the potential loss of certain turnaround projects that generate relatively high gross profit margins. The increase in operating margin for the three months ended September 30, 2015 was attributable to a decrease in the ratio of selling, general and administrative expenses to revenues due to an increase in revenues without commensurate increases in our overhead cost structure, including salaries and certain other expenses. The decrease in operating margin for the nine months ended September 30, 2015 was attributable to a decrease in gross profit margin.

Our United Kingdom building services segment operating income was \$3.4 million and \$8.6 million for the three and nine months ended September 30, 2015, respectively, compared to operating income of \$3.1 million and \$12.6 million for the three and nine months ended September 30, 2014, respectively. The increase in operating income for the three months ended September 30, 2015 was primarily attributable to an increase in gross profit from project activity within the commercial market. The decrease in operating income and operating margin for the nine months ended September 30, 2015 was primarily attributable to the impact of \$4.8 million of income recognized in the second quarter of 2014 as a result of a reduction in the estimate of certain accrued contract costs that were no longer expected to be incurred. This segment recorded a decrease in operating income of \$0.3 million and \$0.8 million for the three and nine months

ended September 30, 2015, respectively, relating to the effect of unfavorable exchange rates for the British pound versus the United States dollar. Operating margin for the three months ended September 30, 2015 remained relatively unchanged at 3.5% compared to 3.6% for the three months ended September 30, 2014.

Our corporate administration operating loss for the three months ended September 30, 2015 was \$15.9 million compared to \$18.5 million for the three months ended September 30, 2014. Our corporate administration operating loss for the nine months ended September 30, 2015 was \$52.0 million compared to \$50.2 million for the nine months ended September 30, 2014. The decrease in expenses for the three months ended September 30, 2015 was primarily due to a decrease in certain expenses, including legal and software licensing costs. The increase in expenses for the nine months ended September 30, 2015 was primarily due to an increase in certain employment costs, such as incentive compensation and salaries, as well as certain other expenses including legal costs. The increase in incentive compensation was partially due to higher projected annual operating results than in the same prior year period, which resulted in increased accruals for certain of our incentive compensation plans.

Table of Contents

Interest expense for the three months ended September 30, 2015 and 2014 was \$2.2 million and \$2.4 million, respectively. Interest expense for the nine months ended September 30, 2015 and 2014 was \$6.7 million and \$6.9 million, respectively. Interest income for each of the three months ended September 30, 2015 and 2014 was \$0.2 million. Interest income for the nine months ended September 30, 2015 and 2014 was \$0.5 million and \$0.6 million, respectively.

For the three months ended September 30, 2015 and 2014, our income tax provision from continuing operations was \$25.7 million and \$24.0 million, respectively, based on effective income tax rates, before discrete items and less amounts attributable to noncontrolling interests, of 38.0% and 37.6%, respectively. The actual income tax rates on income from continuing operations, less amounts attributable to noncontrolling interests, for the three months ended September 30, 2015 and 2014, inclusive of discrete items, were 38.1% and 34.5%, respectively. For the nine months ended September 30, 2015 and 2014, our income tax provision from continuing operations was \$74.7 million and \$75.4 million, respectively, based on effective income tax rates, before discrete items and less amounts attributable to noncontrolling interests, of 37.9% and 37.6%, respectively. The actual income tax rates on income from continuing operations, less amounts attributable to noncontrolling interests, for the nine months ended September 30, 2015 and 2014, inclusive of discrete items, were 38.0% and 36.6%, respectively. The decrease in the income tax provision for the nine months ended September 30, 2015 was primarily due to decreased income before income taxes. The increase in the actual income tax rates on income from continuing operations was primarily due to changes in discrete items and the mix of earnings among various jurisdictions.

Discontinued operations

Due to a historical pattern of losses in the construction operations of our United Kingdom segment and our negative assessment of construction market conditions in the United Kingdom for the foreseeable future, we announced during the quarter ended June 30, 2013 our decision to withdraw from the construction market in the United Kingdom. During the third quarter of 2014, we ceased construction operations in the United Kingdom. The results of the construction operations of our United Kingdom segment for all periods are presented in our Condensed Consolidated Financial Statements as discontinued operations.

Liquidity and Capital Resources

The following table presents our net cash provided by (used in) operating activities, investing activities and financing activities (in thousands):

	For the nine months ended September 30,	
	2015	2014
Net cash provided by operating activities	\$95,581	\$108,994
Net cash used in investing activities	\$(22,298)	\$(13,308)
Net cash used in financing activities	\$(58,740)	\$(97,474)
Effect of exchange rate changes on cash and cash equivalents	\$(1,199)	\$(579)

Our consolidated cash balance increased by approximately \$13.3 million from \$432.1 million at December 31, 2014 to \$445.4 million at September 30, 2015. Net cash provided by operating activities for the nine months ended September 30, 2015 was \$95.6 million compared to \$109.0 million of net cash provided by operating activities for the nine months ended September 30, 2014. The decrease in cash provided by operating activities was primarily due to a \$134.3 million increase in our accounts receivable balances resulting from an increase in revenues and related billings, partially offset by a \$46.6 million increase in our accounts payable balances. Net cash used in investing activities was \$22.3 million for the nine months ended September 30, 2015 compared to net cash used in investing activities of \$13.3 million for the nine months ended September 30, 2014. Net cash used in financing activities for the nine months ended September 30, 2015 decreased by approximately \$38.7 million compared to the nine months ended September 30, 2014. The decrease in net cash used in financing activities was primarily due to a decrease in funds used for the repurchase of common stock, partially offset by an increase in distributions to noncontrolling interests. Cash flows from discontinued operations were immaterial and are not expected to significantly affect future liquidity.

Table of Contents

The following is a summary of material contractual obligations and other commercial commitments (in millions):

Contractual Obligations	Total	Payments Due by Period			
		Less than 1 year	1-3 years	3-5 years	After 5 years
Term Loan (including interest currently at 1.44%) ⁽¹⁾	\$332.9	\$22.1	\$43.4	\$267.4	\$—
Capital lease obligations	2.4	1.3	0.8	0.3	—
Operating leases	232.1	56.1	82.0	46.4	47.6
Open purchase obligations ⁽²⁾	949.1	719.4	219.1	10.6	—
Other long-term obligations, including current portion ⁽³⁾	360.6	41.5	307.6	11.5	—
Liabilities related to uncertain income tax positions	5.6	4.5	—	—	1.1
Total Contractual Obligations	\$1,882.7	\$844.9	\$652.9	\$336.2	\$48.7

Other Commercial Commitments	Total Committed	Amount of Commitment Expiration by Period			
		Less than 1 year	1-3 years	3-5 years	After 5 years
Letters of credit	\$95.2	\$5.3	\$89.9	\$—	\$—

On November 25, 2013, we entered into a \$750.0 million revolving credit facility (the "2013 Revolving Credit Facility") and a \$350.0 million term loan (the "Term Loan"), (collectively referred to as the "2013 Credit Agreement"). The proceeds of the Term Loan were used to repay amounts drawn under our prior credit agreement. As of September 30, 2015, the amount outstanding under the Term Loan was \$319.4 million.

Represents open purchase orders for material and subcontracting costs related to construction and services contracts. These purchase orders are not reflected in EMCOR's Condensed Consolidated Balance Sheets and should not impact future cash flows, as amounts should be recovered through customer billings.

Represents primarily insurance related liabilities and liabilities for deferred income taxes, incentive compensation and deferred compensation, classified as other long-term liabilities in the Condensed Consolidated Balance Sheets. Cash payments for insurance and deferred compensation related liabilities may be payable beyond three years, but it is not practical to estimate these payments; therefore, these liabilities are reflected in the 1-3 years payment period. We provide funding to our post retirement plans based on at least the minimum funding required by applicable regulations. In determining the minimum required funding, we utilize current actuarial assumptions and exchange rates to forecast estimates of amounts that may be payable for up to five years in the future. In our judgment, minimum funding estimates beyond a five year time horizon cannot be reliably estimated and, therefore, have not been included in the table.

Until November 25, 2013, we had a revolving credit agreement (the "2011 Credit Agreement"), as amended, which provided for a revolving credit facility of \$750.0 million. The 2011 Credit Agreement was effective November 21, 2011. Effective November 25, 2013, we amended and restated the 2011 Credit Agreement to provide for a \$750.0 million revolving credit facility (the "2013 Revolving Credit Facility") and a \$350.0 million term loan (the "Term Loan") (collectively referred to as the "2013 Credit Agreement") expiring November 25, 2018. The proceeds of the Term Loan were used to repay amounts drawn under the 2011 Credit Agreement. We may increase the 2013 Revolving Credit Facility to \$1.05 billion if additional lenders are identified and/or existing lenders are willing to increase their current commitments. We may allocate up to \$250.0 million of available capacity under the 2013 Revolving Credit Facility to letters of credit for our account or for the account of any of our subsidiaries. Obligations under the 2013 Credit Agreement are guaranteed by most of our direct and indirect subsidiaries and are secured by substantially all of our assets and most of the assets of most of our subsidiaries. The 2013 Revolving Credit Facility

and the Term Loan contain various covenants providing for, among other things, maintenance of certain financial ratios and certain limitations on payment of dividends, common stock repurchases, investments, acquisitions, indebtedness and capital expenditures. We were in compliance with all such covenants as of September 30, 2015 and December 31, 2014. A commitment fee is payable on the average daily unused amount of the 2013 Revolving Credit Facility, which ranges from 0.20% to 0.30%, based on certain financial tests. The fee is 0.20% of the unused amount as of September 30, 2015. Borrowings under the 2013 Credit Agreement bear interest at (1) a rate which is the prime commercial lending rate announced by Bank of Montreal from time to time (3.25% at September 30, 2015) plus 0.25% to 0.75%, based on certain financial tests or (2) United States dollar LIBOR (0.19% at September 30, 2015) plus 1.25% to 1.75%, based on certain financial tests. The interest rate in effect at September 30, 2015 was 1.44%. Fees for letters of credit issued under the 2013 Revolving Credit Facility range from 1.25% to 1.75% of the respective face amounts of outstanding letters of credit and are computed based on certain financial tests. We capitalized approximately \$3.0 million of debt issuance costs associated with the 2013 Credit Agreement. This amount is being amortized over the life of the agreement and is included as part of interest expense. We are required to make principal payments on the Term Loan in installments on the last day of March, June, September and December of each year, which commenced with the calendar quarter ended March 31, 2014, in the amount of \$4.4 million, with a payment of all unpaid principal and interest due on November 25, 2018. As of September 30, 2015 and December 31,

Table of Contents

2014, the balance of the Term Loan was \$319.4 million and \$332.5 million, respectively. As of September 30, 2015 and December 31, 2014, we had approximately \$95.0 million and \$95.5 million of letters of credit outstanding, respectively. There were no borrowings outstanding under the 2013 Revolving Credit Facility at September 30, 2015 and December 31, 2014.

The terms of our construction contracts frequently require that we obtain from surety companies (“Surety Companies”) and provide to our customers payment and performance bonds (“Surety Bonds”) as a condition to the award of such contracts. The Surety Bonds secure our payment and performance obligations under such contracts, and we have agreed to indemnify the Surety Companies for amounts, if any, paid by them in respect of Surety Bonds issued on our behalf. In addition, at the request of labor unions representing certain of our employees, Surety Bonds are sometimes provided to secure obligations for wages and benefits payable to or for such employees. Public sector contracts require Surety Bonds more frequently than private sector contracts, and accordingly, our bonding requirements typically increase as the amount of public sector work increases. As of September 30, 2015, based on our percentage-of-completion of our projects covered by Surety Bonds, our aggregate estimated exposure, assuming defaults on all our then existing contractual obligations, was approximately \$1.2 billion. Surety Bonds are issued by Surety Companies in return for premiums, which vary depending on the size and type of bond.

From time to time, we discuss with our current and other Surety Bond providers the amounts of Surety Bonds that may be available to us based on our financial strength and the absence of any default by us on any Surety Bond issued on our behalf and believe those amounts are currently adequate for our needs. However, if we experience changes in our bonding relationships or if there are adverse changes in the surety industry, we may seek to satisfy certain customer requests for Surety Bonds by posting other forms of collateral in lieu of Surety Bonds such as letters of credit, parent company guarantees or cash, seeking to convince customers to forego the requirement for Surety Bonds, by increasing our activities in our business segments that rarely require Surety Bonds such as our building and industrial services segments, and/or by refraining from bidding for certain projects that require Surety Bonds. There can be no assurance that we would be able to effectuate alternatives to providing Surety Bonds to our customers or to obtain, on favorable terms, sufficient additional work that does not require Surety Bonds. Accordingly, if we were to experience a reduction in the availability of Surety Bonds, we could experience a material adverse effect on our financial position, results of operations and/or cash flows.

In the ordinary course of business, we, at times, guarantee obligations of our subsidiaries under certain contracts. Generally, we are liable under such an arrangement only if our subsidiary fails to perform its obligations under the contract. Historically, we have not incurred any substantial liabilities as a consequence of these guarantees.

We do not have any other material financial guarantees or off-balance sheet arrangements other than those disclosed herein.

We are a party to lawsuits and other proceedings in which other parties seek to recover from us amounts ranging from a few thousand dollars to over \$10.0 million. We do not believe that any such matters will have a material adverse effect on our financial position, results of operations or liquidity.

On September 26, 2011, our Board of Directors authorized us to repurchase up to \$100.0 million of our outstanding common stock. On December 5, 2013 and October 23, 2014, our Board of Directors authorized us to repurchase up to an additional \$100.0 million and \$250.0 million of our outstanding common stock, respectively. During 2015, we repurchased approximately 0.5 million shares of our common stock for approximately \$23.0 million. Since the inception of the repurchase programs through September 30, 2015, we have repurchased 8.1 million shares of our common stock for approximately \$306.5 million. As of September 30, 2015, there remained authorization for us to repurchase approximately \$143.5 million of our shares. On October 28, 2015, our Board of Directors authorized us to repurchase up to an additional \$200.0 million of our outstanding common stock. The repurchase programs do not obligate the Company to acquire any particular amount of common stock and may be suspended, recommenced or discontinued at any time or from time to time without prior notice. Repurchases may be made from time to time to the extent permitted by securities laws and other legal requirements, including provisions in our credit agreement placing limitations on such repurchases. The repurchase programs have been and will be funded from our operations.

We have paid quarterly dividends since October 25, 2011. We expect that such quarterly dividends will be paid in the foreseeable future. Prior to October 25, 2011, no cash dividends had been paid on the Company's common stock. We

currently pay a regular quarterly dividend of \$0.08 per share. Our 2013 Credit Agreement places limitations on the payment of dividends on our common stock. However, we do not believe that the terms of such agreement currently materially limit our ability to pay a quarterly dividend of \$0.08 per share for the foreseeable future. The payment of dividends has been and will be funded from our operations.

Our primary source of liquidity has been, and is expected to continue to be, cash generated by operating activities. We also maintain our 2013 Revolving Credit Facility that may be utilized, among other things, to meet short-term liquidity needs in the event cash generated by operating activities is insufficient or to enable us to seize opportunities to participate in joint ventures or to make acquisitions that may require access to cash on short notice or for any other reason. However, negative macroeconomic trends may have an adverse effect on liquidity. Short-term liquidity is also impacted by the type and length of construction contracts

Table of Contents

in place and large turnaround activities in our United States industrial services segment that are billed in arrears pursuant to contractual terms that are standard within the industry. During economic downturns, there have been typically fewer small discretionary projects from the private sector, and our competitors have aggressively bid larger long-term infrastructure and public sector contracts. Performance of long duration contracts typically requires greater amounts of working capital. While we strive to maintain a net over-billed position with our customers, there can be no assurance that a net over-billed position can be maintained. Our net over-billings, defined as the balance sheet accounts “Billings in excess of costs and estimated earnings on uncompleted contracts” less “Cost and estimated earnings in excess of billings on uncompleted contracts”, were \$260.9 million and \$265.4 million as of September 30, 2015 and December 31, 2014, respectively.

Long-term liquidity requirements can be expected to be met initially through cash generated from operating activities and our 2013 Revolving Credit Facility. Based upon our current credit ratings and financial position, we can reasonably expect to be able to incur long-term debt to fund acquisitions. Over the long term, our primary revenue risk factor continues to be the level of demand for non-residential construction services and for building and industrial services, which is influenced by macroeconomic trends including interest rates and governmental economic policy. In addition, our ability to perform work is critical to meeting long-term liquidity requirements.

We believe that our current cash balances and our borrowing capacity available under our 2013 Revolving Credit Facility or other forms of financing available to us through borrowings, combined with cash expected to be generated from operations, will be sufficient to provide our short-term and foreseeable long-term liquidity and meet our expected capital expenditure requirements.

Certain Insurance Matters

As of September 30, 2015 and December 31, 2014, we utilized approximately \$92.4 million and \$94.6 million, respectively, of letters of credit obtained under our 2013 Revolving Credit Facility as collateral for our insurance obligations.

New Accounting Pronouncements

We review new accounting standards to determine the expected financial impact, if any, that the adoption of such standards will have. See Part I. Item 1, "Financial Statements – Notes to Condensed Consolidated Financial Statements – Note 2, New Accounting Pronouncements", for further information regarding new accounting standards, including the anticipated dates of adoption and the effects on our consolidated financial position, results of operations or liquidity.

Application of Critical Accounting Policies

Our condensed consolidated financial statements are based on the application of significant accounting policies, which require management to make significant estimates and assumptions. Our significant accounting policies are described in Note 2 – Summary of Significant Accounting Policies of the notes to consolidated financial statements included in Item 8 of the annual report on Form 10-K for the year ended December 31, 2014. We believe that some of the more critical judgment areas in the application of accounting policies that affect our financial condition and results of operations are the impact of changes in the estimates and judgments pertaining to: (a) revenue recognition from (i) long-term construction contracts for which the percentage-of-completion method of accounting is used and (ii) services contracts; (b) collectibility or valuation of accounts receivable; (c) insurance liabilities; (d) income taxes; and (e) goodwill and identifiable intangible assets.

Revenue Recognition for Long-term Construction Contracts and Services Contracts

We believe our most critical accounting policy is revenue recognition from long-term construction contracts for which we use the percentage-of-completion method of accounting. Percentage-of-completion accounting is the prescribed method of accounting for long-term contracts in accordance with Accounting Standard Codification (“ASC”) Topic 605-35, “Revenue Recognition – Construction-Type and Production-Type Contracts”, and, accordingly, is the method used for revenue recognition within our industry. Percentage-of-completion is measured principally by the percentage of costs incurred to date for each contract to the estimated total costs for such contract at completion. Certain of our electrical contracting business units measure percentage-of-completion by the percentage of labor costs incurred to date for each contract to the estimated total labor costs for such contract. Pre-contract costs from our construction projects are generally expensed as incurred. Application of percentage-of-completion accounting results in the recognition of costs and estimated earnings in excess of billings on uncompleted contracts in the Condensed

Consolidated Balance Sheets. Costs and estimated earnings in excess of billings on uncompleted contracts reflected in the Condensed Consolidated Balance Sheets arise when revenues have been recognized but the amounts cannot be billed under the terms of contracts. Such amounts are recoverable from customers upon various measures of performance, including achievement of certain milestones, completion of specified units or completion of a contract.

Table of Contents

Costs and estimated earnings in excess of billings on uncompleted contracts also include amounts we seek or will seek to collect from customers or others for errors or changes in contract specifications or design, contract change orders in dispute or unapproved as to both scope and price or other customer-related causes of unanticipated additional contract costs (claims and unapproved change orders). Such amounts are recorded at estimated net realizable value and take into account factors that may affect our ability to bill and ultimately collect unbilled revenues. The profit associated with claim amounts is not recognized until the claim has been settled and payment has been received. We did not recognize any material amounts associated with claim settlements during the periods presented. Due to uncertainties inherent in estimates employed in applying percentage-of-completion accounting, estimates may be revised as project work progresses. Application of percentage-of-completion accounting requires that the impact of revised estimates be reported prospectively in the condensed consolidated financial statements. In addition to revenue recognition for long-term construction contracts, we recognize revenues from the performance of services for maintenance, repair and retrofit work consistent with the performance of services, which are generally on a pro-rata basis over the life of the contractual arrangement. Expenses related to all services arrangements are recognized as incurred. Revenues related to the engineering, manufacturing and repairing of shell and tube heat exchangers are recognized when the product is shipped and all other revenue recognition criteria have been met. Costs related to this work are included in inventory until the product is shipped. Provisions for the entirety of estimated losses on uncompleted contracts are made in the period in which such losses are determined. There were no significant losses recognized during the three and nine months ended September 30, 2015 and 2014.

Accounts Receivable

We are required to estimate the collectibility of accounts receivable. A considerable amount of judgment is required in assessing the likelihood of realization of receivables. Relevant assessment factors include the creditworthiness of the customer, our prior collection history with the customer and related aging of the past due balances. At September 30, 2015 and December 31, 2014, our accounts receivable of \$1,333.8 million and \$1,234.2 million, respectively, included allowances for doubtful accounts of \$11.5 million and \$10.4 million, respectively. The increase in our allowance for doubtful accounts was primarily due to the increase in our provision for doubtful accounts, primarily within our United States building services segment and our United States electrical construction and facilities services segment. Specific accounts receivable are evaluated when we believe a customer may not be able to meet its financial obligations due to deterioration of its financial condition or its credit ratings. The allowance for doubtful accounts requirements are based on the best facts available and are re-evaluated and adjusted on a regular basis as additional information is received.

Insurance Liabilities

We have loss payment deductibles for certain workers' compensation, automobile liability, general liability and property claims, have self-insured retentions for certain other casualty claims and are self-insured for employee-related healthcare claims. Losses are recorded based upon estimates of our liability for claims incurred and for claims incurred but not reported. The liabilities are derived from known facts, historical trends and industry averages utilizing the assistance of an actuary to determine the best estimate for the majority of these obligations. We believe the liabilities recognized on our balance sheets for these obligations are adequate. However, such obligations are difficult to assess and estimate due to numerous factors, including severity of injury, determination of liability in proportion to other parties, timely reporting of occurrences and effectiveness of safety and risk management programs. Therefore, if our actual experience differs from the assumptions and estimates used for recording the liabilities, adjustments may be required and will be recorded in the period that the experience becomes known. Our estimated insurance liabilities for workers' compensation, automobile liability, general liability and property claims increased by \$5.5 million for the nine months ended September 30, 2015 compared to the year ended December 31, 2014. If our estimated insurance liabilities for workers' compensation, automobile liability, general liability and property claims had increased by 10%, it would have resulted in \$14.1 million of additional expense for the nine months ended September 30, 2015.

Income Taxes

We had net deferred income tax liabilities at September 30, 2015 and December 31, 2014 of \$125.4 million and \$127.8 million, respectively, primarily resulting from differences between the carrying value and income tax basis of

certain identifiable intangible assets and depreciable fixed assets, which will impact our taxable income in future periods. Included within these net deferred income tax liabilities are deferred income tax assets. A valuation allowance is required when it is more likely than not that all or a portion of a deferred income tax asset will not be realized. As of September 30, 2015 and December 31, 2014, the total valuation allowance on deferred income tax assets for each period, related solely to state net operating carryforwards, was approximately \$2.0 million.

Table of Contents

Goodwill and Identifiable Intangible Assets

As of September 30, 2015, we had \$834.7 million and \$474.2 million, respectively, of goodwill and net identifiable intangible assets (primarily consisting of our contract backlog, developed technology/vendor network, customer relationships, non-competition agreements and trade names), primarily arising out of the acquisition of companies. As of December 31, 2014, goodwill and net identifiable intangible assets were \$834.1 million and \$502.1 million, respectively. The changes to goodwill since December 31, 2014 were related to the acquisition of a company during 2015. The determination of related estimated useful lives for identifiable intangible assets and whether those assets are impaired involves significant judgments based upon short and long-term projections of future performance. These forecasts reflect assumptions regarding the ability to successfully integrate acquired companies, as well as macroeconomic conditions. ASC Topic 350, "Intangibles – Goodwill and Other" ("ASC 350") requires goodwill and other identifiable intangible assets with indefinite useful lives not be amortized, but instead must be tested at least annually for impairment (which we test each October 1, absent any impairment indicators), and be written down if impaired. ASC 350 requires that goodwill be allocated to its respective reporting unit and that identifiable intangible assets with finite lives be amortized over their useful lives.

We test for impairment of our goodwill at the reporting unit level. Our reporting units are consistent with the reportable segments identified in Note 13, "Segment Information", of the notes to condensed consolidated financial statements. In assessing whether our goodwill is impaired, we utilize the two-step process as prescribed by ASC 350. The first step of this test compares the fair value of the reporting unit, determined based upon discounted estimated future cash flows, to the carrying amount, including goodwill. If the fair value exceeds the carrying amount, no further work is required and no impairment loss is recognized. If the carrying amount of the reporting unit exceeds the fair value, the goodwill of the reporting unit is potentially impaired and step two of the goodwill impairment test would need to be performed to measure the amount of an impairment loss, if any. In the second step, the impairment is computed by comparing the implied fair value of the reporting unit's goodwill with the carrying amount of the goodwill. If the carrying amount of the reporting unit's goodwill is greater than the implied fair value of its goodwill, an impairment loss in the amount of the excess is recognized and charged to operations. No impairment of our goodwill was recognized during the three and nine months ended September 30, 2015 and 2014.

We also test for the impairment of trade names that are not subject to amortization by calculating the fair value using the "relief from royalty payments" methodology. This approach involves two steps: (a) estimating reasonable royalty rates for each trade name and (b) applying these royalty rates to a net revenue stream and discounting the resulting cash flows to determine fair value. This fair value is then compared with the carrying value of each trade name. If the carrying amount of the trade name is greater than the implied fair value of the trade name, an impairment in the amount of the excess is recognized and charged to operations. No impairment of our trade names was recognized during the three and nine months ended September 30, 2015 and 2014.

In addition, we review for the impairment of other identifiable intangible assets that are being amortized whenever facts and circumstances indicate that their carrying values may not be fully recoverable. This test compares their carrying values to the undiscounted pre-tax cash flows expected to result from the use of the assets. If the assets are impaired, the assets are written down to their fair values, generally determined based on their future discounted cash flows. No impairment of our other identifiable intangible assets was recognized during the three and nine months ended September 30, 2015 and 2014.

As of September 30, 2015, we had \$834.7 million of goodwill on our balance sheet and, of this amount, approximately 46.1% relates to our United States industrial services segment, 27.4% relates to our United States building services segment, approximately 26.1% relates to our United States mechanical construction and facilities services segment and approximately 0.4% relates to our United States electrical construction and facilities services segment. As of the date of our latest impairment test, October 1, 2014, the carrying values of our United States industrial services segment, our United States building services segment, our United States mechanical construction and facilities services segment and our United States electrical construction and facilities services segment were approximately \$748.1 million, \$474.3 million, \$261.4 million and \$60.4 million, respectively. The fair values of our United States industrial services segment, our United States building services segment, our United States mechanical construction and facilities services segment and our United States electrical construction and facilities services

segment exceeded their carrying values by approximately \$48.7 million, \$129.7 million, \$598.0 million, and \$523.2 million, respectively. The weighted average cost of capital used in testing goodwill for impairment was 12.2%, 12.8% and 11.2% for our domestic construction segments, our United states building services segment and our United States industrial services segment, respectively. The perpetual growth rate used was 2.7% for all of our domestic segments. We have certain businesses, particularly within our United States industrial services segment, whose results are highly impacted by the demand for some of our offerings within the industrial and oil and gas markets. Future performance of this segment, along with a continued evaluation of the conditions of its end user markets, will be important to ongoing impairment assessments. Should this segment's actual results suffer a decline or expected future results be revised downward, the risk of goodwill impairment or impairment of other identifiable intangible assets would increase.

Table of Contents

Our development of the present value of future cash flow projections used in impairment testing is based upon assumptions and estimates by management from reviews of our operating results, business plans, anticipated growth rates and margins, and weighted average cost of capital, among others. Those assumptions and estimates can change in future periods, and other factors used in assessing fair value are outside the control of management, such as interest rates. There can be no assurance that estimates and assumptions made for purposes of our goodwill and identifiable asset impairment testing will prove to be accurate predictions of the future. If our assumptions regarding future business performance or anticipated growth rates and/or margins are not achieved, or there is a rise in interest rates, we may be required to record goodwill and/or identifiable asset impairment charges in future periods.

Although we have not yet conducted our October 1, 2015 goodwill and other impairment tests, there have been no impairments recognized through the first nine months of 2015. It is not possible at this time to determine if any such future impairment charge would result or, if it does, whether such a charge would be material.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK.

We have not used any derivative financial instruments during the nine months ended September 30, 2015, including trading or speculating on changes in interest rates or commodity prices of materials used in our business.

We are exposed to market risk for changes in interest rates for borrowings under the 2013 Credit Agreement, which provides for a revolving credit facility and a term loan. Borrowings under the 2013 Credit Agreement bear interest at variable rates. As of September 30, 2015, there were no borrowings outstanding under the 2013 Revolving Credit Facility and the balance of the Term Loan was \$319.4 million. This instrument bears interest at (1) a rate which is the prime commercial lending rate announced by Bank of Montreal from time to time (3.25% at September 30, 2015) plus 0.25% to 0.75% based on certain financial tests or (2) United States dollar LIBOR (0.19% at September 30, 2015) plus 1.25% to 1.75% based on certain financial tests. The interest rate in effect at September 30, 2015 was 1.44%.

Based on the \$319.4 million borrowings outstanding under the 2013 Credit Agreement, if overall interest rates were to increase by 25 basis points, interest expense, net of income taxes, would increase by approximately \$0.5 million in the next twelve months. Conversely, if overall interest rates were to decrease by 25 basis points, interest expense, net of income taxes, would decrease by approximately \$0.5 million in the next twelve months. Fees for letters of credit issued under the 2013 Revolving Credit Facility range from 1.25% to 1.75% of the respective face amounts of outstanding letters of credit and are computed based on certain financial tests. The 2013 Credit Agreement expires on November 25, 2018. There is no guarantee that we will be able to renew the 2013 Credit Agreement at its expiration. We are also exposed to construction market risk and its potential related impact on accounts receivable or costs and estimated earnings in excess of billings on uncompleted contracts. The amounts recorded may be at risk if our customers' ability to pay these obligations is negatively impacted by economic conditions. We continually monitor the creditworthiness of our customers and maintain on-going discussions with customers regarding contract status with respect to change orders and billing terms. Therefore, we believe we take appropriate action to manage market and other risks, but there is no assurance that we will be able to reasonably identify all risks with respect to collectibility of these assets. See also the previous discussions of Revenue Recognition from Long-term Construction Contracts and Services Contracts and Accounts Receivable under the heading, "Application of Critical Accounting Policies" in Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations.

Amounts invested in our foreign operations are translated into U.S. dollars at the exchange rates in effect at the end of the period. The resulting translation adjustments are recorded as accumulated other comprehensive (loss) income, a component of equity, in the Condensed Consolidated Balance Sheets. We believe the exposure to the effects that fluctuating foreign currencies may have on our consolidated results of operations is limited because the foreign operations primarily invoice customers and collect obligations in their respective local currencies. Additionally, expenses associated with these transactions are generally contracted and paid for in their same local currencies. In addition, we are exposed to market risk of fluctuations in certain commodity prices of materials, such as copper and steel, which are used as components of supplies or materials utilized in our construction and building and industrial services operations. We are also exposed to increases in energy prices, particularly as they relate to gasoline prices for our fleet of over 8,500 vehicles. While we believe we can increase our prices to adjust for some price increases in commodities, there can be no assurance that price increases of commodities, if they were to occur, would be recoverable. Additionally, our fixed price contracts do not allow us to adjust our prices and, as a result, increases in

material or fuel costs could reduce our profitability with respect to projects in progress.

31

Table of Contents

ITEM 4. CONTROLS AND PROCEDURES.

Based on an evaluation of our disclosure controls and procedures (as required by Rule 13a-15(b) of the Securities Exchange Act of 1934), our President and Chief Executive Officer, Anthony J. Guzzi, and our Executive Vice President and Chief Financial Officer, Mark A. Pompa, have concluded that our disclosure controls and procedures (as defined in Rule 13a-15(e) of the Securities Exchange Act of 1934) are effective as of the end of the period covered by this report.

There have not been any changes in the Company's internal control over financial reporting (as such term is defined in Rules 13a-15(f) and 15(d)-15(f) under the Securities Exchange Act of 1934) during the fiscal quarter ended September 30, 2015 that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

PART II. – OTHER INFORMATION.

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

The following table summarizes repurchases of our common stock made during the quarter ended September 30, 2015 by us:

Period	Total Number of Shares Purchased ⁽¹⁾	Average Price Paid Per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs	Approximate Dollar Value of Shares That May Yet be Purchased Under the Plan or Programs
July 1, 2015 to July 31, 2015	None	None	None	\$145,319,304
August 1, 2015 to August 31, 2015	None	None	None	\$145,319,304
September 1, 2015 to September 30 2015	41,495	\$43.93	None	\$143,495,236

On September 26, 2011, our Board of Directors authorized us to repurchase up to \$100.0 million of our outstanding common stock. On December 5, 2013 and October 23, 2014, our Board of Directors authorized us to repurchase up to an additional \$100.0 million and \$250.0 million of our outstanding common stock, respectively.

(1) As of September 30, 2015, there remained authorization for us to repurchase approximately \$143.5 million of our shares. On October 28, 2015, our Board of Directors authorized us to repurchase up to an additional \$200.0 million of our outstanding common stock. No shares have been repurchased since the programs have been announced other than pursuant to these publicly announced programs. Repurchases may be made from time to time as permitted by securities laws and other legal requirements.

ITEM 6. EXHIBITS.

For the list of exhibits, see the Exhibit Index immediately following the signature page hereof, which Exhibit Index is incorporated herein by reference.

Table of Contents

SIGNATURES

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.

Date: October 29, 2015

EMCOR GROUP, INC.
(Registrant)

BY:

/s/ ANTHONY J. GUZZI
Anthony J. Guzzi
President and
Chief Executive Officer
(Principal Executive Officer)

BY:

/s/ MARK A. POMPA
Mark A. Pompa
Executive Vice President and
Chief Financial Officer
(Principal Financial and Accounting Officer)

Table of Contents

EXHIBIT INDEX

Exhibit No.	Description	Incorporated By Reference to or Filed Herewith, as Indicated Below
2(a-1)	Purchase Agreement dated as of February 11, 2002 by and among Comfort Systems USA, Inc. and EMCOR-CSI Holding Co.	Exhibit 2.1 to EMCOR Group, Inc.'s ("EMCOR") Report on Form 8-K dated February 14, 2002
2(a-2)	Purchase and Sale Agreement dated as of August 20, 2007 between FR X Ohmstede Holdings LLC and EMCOR Group, Inc.	Exhibit 2.1 to EMCOR's Report on Form 8-K (Date of Report August 20, 2007)
2(a-3)	Purchase and Sale Agreement, dated as of June 17, 2013 by and among Texas Turnaround LLC, a Delaware limited liability company, Altair Strickland Group, Inc., a Texas corporation, Rep Holdings LLC, a Texas limited liability company, ASG Key Employee LLC, a Texas limited liability company, Repcon Key Employee LLC, a Texas limited liability company, Gulfstar MBII, Ltd., a Texas limited partnership, The Trustee of the James T. Robinson and Diana J. Robinson 2010 Irrevocable Trust, The Trustee of the Steven Rothbauer 2012 Descendant's Trust, The Co-Trustees of the Patia Strickland 2012 Descendant's Trust, The Co-Trustees of the Carter Strickland 2012 Descendant's Trust, and The Co-Trustees of the Walton 2012 Grandchildren's Trust (collectively, "Sellers") and EMCOR Group, Inc.	Exhibit 2.1 to EMCOR's Report on Form 8-K (Date of Report June 17, 2013)
3(a-1)	Restated Certificate of Incorporation of EMCOR filed December 15, 1994	Exhibit 3(a-5) to EMCOR's Registration Statement on Form 10 as originally filed March 17, 1995 ("Form 10")
3(a-2)	Amendment dated November 28, 1995 to the Restated Certificate of Incorporation of EMCOR	Exhibit 3(a-2) to EMCOR's Annual Report on Form 10-K for the year ended December 31, 1995 ("1995 Form 10-K")
3(a-3)	Amendment dated February 12, 1998 to the Restated Certificate of Incorporation of EMCOR	Exhibit 3(a-3) to EMCOR's Annual Report on Form 10-K for the year ended December 31, 1997 ("1997 Form 10-K")
3(a-4)	Amendment dated January 27, 2006 to the Restated Certificate of Incorporation of EMCOR	Exhibit 3(a-4) to EMCOR's Annual Report on Form 10-K for the year ended December 31, 2005 ("2005 Form 10-K")
3(a-5)	Amendment dated September 18, 2007 to the Restated Certificate of Incorporation of EMCOR	Exhibit A to EMCOR's Proxy Statement dated August 17, 2007 for Special Meeting of Stockholders held September 18, 2007
3(b)	Amended and Restated By-Laws	Exhibit 3(b) to EMCOR's Annual Report on Form 10-K for the year ended December 31, 1998 ("1998 Form 10-K")
3(c)		

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	Amendment of Article I, Section 6(c) and Section 6(j) of the Amended and Restated By-Laws	Exhibit 3.1 to EMCOR's Report on Form 8-K (Date of Report December 5, 2013)
4(a)	Fourth Amended and Restated Credit Agreement dated as of November 25, 2013 by and among EMCOR Group, Inc. and a subsidiary and Bank of Montreal, as Agent and the lenders listed on the signature pages thereof (the "Credit Agreement")	Exhibit 4(a) to EMCOR's Annual Report on Form 10-K for the year ended December 31, 2013 ("2013 Form 10-K")
4(b)	Fourth Amended and Restated Security Agreement dated as of November 25, 2013 among EMCOR, certain of its U.S. subsidiaries, and Bank of Montreal, as Agent	Exhibit 4(b) to 2013 Form 10-K
4(c)	Fourth Amended and Restated Pledge Agreement dated as of November 25, 2013 among EMCOR, certain of its U.S. subsidiaries, and Bank of Montreal, as Agent	Exhibit 4(c) to 2013 Form 10-K
4(d)	Third Amended and Restated Guaranty Agreement dated as of November 25, 2013 by certain of EMCOR's U.S. subsidiaries in favor of Bank of Montreal, as Agent	Exhibit 4(d) to 2013 Form 10-K

Table of Contents

EXHIBIT INDEX

Exhibit No.	Description	Incorporated By Reference to or Filed Herewith, as Indicated Below
10(a)	Form of Severance Agreement (“Severance Agreement”) between EMCOR and each of Sheldon I. Cammaker, R. Kevin Matz and Mark A. Pompa	Exhibit 10.1 to the April 2005 Form 8-K
10(b)	Form of Amendment to Severance Agreement between EMCOR and each of Sheldon I. Cammaker, R. Kevin Matz and Mark A. Pompa	Exhibit 10(c) to EMCOR’s Quarterly Report on Form 10-Q for the quarter ended March 31, 2007 (“March 2007 Form 10-Q”)
10(c)	Letter Agreement dated October 12, 2004 between Anthony Guzzi and EMCOR (the “Guzzi Letter Agreement”)	Exhibit 10.1 to EMCOR’s Report on Form 8-K (Date of Report October 12, 2004)
10(d)	Form of Confidentiality Agreement between Anthony Guzzi and EMCOR	Exhibit C to the Guzzi Letter Agreement
10(e)	Form of Indemnification Agreement between EMCOR and each of its officers and directors	Exhibit F to the Guzzi Letter Agreement
10(f-1)	Severance Agreement (“Guzzi Severance Agreement”) dated October 25, 2004 between Anthony Guzzi and EMCOR	Exhibit D to the Guzzi Letter Agreement
10(f-2)	Amendment to Guzzi Severance Agreement	Exhibit 10(g-2) to the March 2007 Form 10-Q
10(g-1)	Continuity Agreement dated as of June 22, 1998 between Sheldon I. Cammaker and EMCOR (“Cammaker Continuity Agreement”)	Exhibit 10(c) to the June 1998 Form 10-Q
10(g-2)	Amendment dated as of May 4, 1999 to Cammaker Continuity Agreement	Exhibit 10(i) to the June 1999 Form 10-Q
10(g-3)	Amendment dated as of March 1, 2007 to Cammaker Continuity Agreement	Exhibit 10(m-3) to the March 2007 Form 10-Q
10(h-1)	Continuity Agreement dated as of June 22, 1998 between R. Kevin Matz and EMCOR (“Matz Continuity Agreement”)	Exhibit 10(f) to the June 1998 Form 10-Q
10(h-2)	Amendment dated as of May 4, 1999 to Matz Continuity Agreement	Exhibit 10(m) to the June 1999 Form 10-Q
10(h-3)	Amendment dated as of January 1, 2002 to Matz Continuity Agreement	Exhibit 10(o-3) to EMCOR’s Quarterly Report on Form 10-Q for the quarter ended March 31, 2002 (“March 2002 Form 10-Q”)
10(h-4)	Amendment dated as of March 1, 2007 to Matz Continuity Agreement	Exhibit 10(n-4) to the March 2007 Form 10-Q
10(i-1)	Continuity Agreement dated as of June 22, 1998 between Mark A. Pompa and EMCOR (“Pompa Continuity Agreement”)	Exhibit 10(g) to the June 1998 Form 10-Q
10(i-2)	Amendment dated as of May 4, 1999 to Pompa Continuity Agreement	Exhibit 10(n) to the June 1999 Form 10-Q
10(i-3)	Amendment dated as of January 1, 2002 to Pompa Continuity Agreement	Exhibit 10(p-3) to the March 2002 Form 10-Q
10(i-4)	Amendment dated as of March 1, 2007 to Pompa Continuity Agreement	Exhibit 10(o-4) to the March 2007 Form 10-Q
10(j-1)		Exhibit E to the Guzzi Letter Agreement

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Change of Control Agreement dated as of October
25, 2004 between Anthony Guzzi ("Guzzi") and
EMCOR ("Guzzi Continuity Agreement")

10(j-2) Amendment dated as of March 1, 2007 to Guzzi
Continuity Agreement

Exhibit 10(p-2) to the March 2007 Form 10-Q

35

Table of Contents

EXHIBIT INDEX

Exhibit No.	Description	Incorporated By Reference to or Filed Herewith, as Indicated Below
10(j-3)	Amendment to Continuity Agreements and Severance Agreements with Sheldon I. Cammaker, Anthony J. Guzzi, R. Kevin Matz and Mark A. Pompa	Exhibit 10(q) to EMCOR's Annual Report on Form 10-K for the year ended December 31, 2008 ("2008 Form 10-K")
10(k-1)	Amendment dated as of March 29, 2010 to Severance Agreement with Sheldon I. Cammaker, Anthony J. Guzzi, R. Kevin Matz and Mark A. Pompa	Exhibit 10.1 to Form 8-K (Date of Report March 29, 2010) ("March 2010 Form 8-K")
10(k-2)	Third Amendment to Severance Agreement dated June 4, 2015 between EMCOR and Sheldon I. Cammaker	Exhibit 10(k-2) to EMCOR's Quarterly Report on Form 10-Q for the quarter ended June 30, 2015 ("June 2015 Form 10-Q")
10(l-1)	EMCOR Group, Inc. Long-Term Incentive Plan ("LTIP")	Exhibit 10 to Form 8-K (Date of Report December 15, 2005)
10(l-2)	First Amendment to LTIP and updated Schedule A to LTIP	Exhibit 10(s-2) to 2008 Form 10-K
10(l-3)	Second Amendment to LTIP	Exhibit 10.2 to March 2010 Form 8-K
10(l-4)	Third Amendment to LTIP	Exhibit 10(q-4) to EMCOR's Quarterly Report on Form 10-Q for the quarter ended March 31, 2012 ("March 2012 Form 10-Q")
10(l-5)	Fourth Amendment to LTIP	Exhibit 10(l-5) to EMCOR's Quarterly Report on Form 10Q for the quarter ended March 31, 2014
10(l-6)	Form of Certificate Representing Stock Units issued under LTIP	Exhibit 10(t-2) to EMCOR's Annual Report on Form 10-K for the year ended December 31, 2007 ("2007 Form 10-K")
10(m-1)	2003 Non-Employee Directors' Stock Option Plan	Exhibit A to EMCOR's Proxy Statement for its Annual Meeting held on June 12, 2003 ("2003 Proxy Statement")
10(m-2)	First Amendment to 2003 Non-Employee Directors' Plan	Exhibit 10(u-2) to EMCOR's Annual Report on Form 10-K for the year ended December 31, 2006 ("2006 Form 10-K")
10(n)	Key Executive Incentive Bonus Plan, as amended and restated	Exhibit B to EMCOR's Proxy Statement for its Annual Meeting held June 13, 2013
10(o)	Consents on December 15, 2009 to Transfer Stock Options by Non-Employee Directors	Exhibit 10(z) to 2009 Form 10-K
10(p-1)	2007 Incentive Plan	Exhibit B to EMCOR's Proxy Statement for its Annual Meeting held June 20, 2007
10(p-2)	Option Agreement dated December 13, 2007 under 2007 Incentive Plan between Jerry E. Ryan and EMCOR	Exhibit 10(h)(h-2) to 2007 Form 10-K
10(p-3)	Option Agreement dated December 15, 2008 under 2007 Incentive Plan between David Laidley and EMCOR	Exhibit 10.1 to Form 8-K (Date of Report December 15, 2008)
10(p-4)	Form of Option Agreement under 2007 Incentive Plan between EMCOR and each non-employee	Exhibit 10(h)(h-3) to 2007 Form 10-K

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	director electing to receive options as part of annual retainer	
10(q-1)	Amended and Restated 2010 Incentive Plan Form of Option Agreement under 2010 Incentive Plan between EMCOR and each non-employee director with respect to grant of options upon re-election at June 11, 2010 Annual Meeting of Stockholders	Filed herewith
10(q-2)	Form of Option Agreement under 2010 Incentive Plan, as amended, between EMCOR and each non-employee director electing to receive options as part of annual retainer	Exhibit 10(i)(i-2) to EMCOR's Quarterly Report on Form 10-Q for the quarter ended June 30, 2010
10(q-3)		Exhibit 10(q)(q) to 2011 Form 10-K

Table of Contents

EXHIBIT INDEX

Exhibit No.	Description	Incorporated By Reference to or Filed Herewith, as Indicated Below
10(r)	EMCOR Group, Inc. Employee Stock Purchase Plan	Exhibit C to EMCOR's Proxy Statement for its Annual Meeting held June 18, 2008
10(s)	Form of Restricted Stock Award Agreement dated January 3, 2012 between EMCOR and each of Larry J. Bump, Albert Fried, Jr., Richard F. Hamm, Jr., David H. Laidley, Frank T. MacInnis, Jerry E. Ryan and Michael T. Yonker	Exhibit 10(m)(m) to 2011 Form 10-K
10(t-1)	Director Award Program Adopted May 13, 2011, as amended and restated December 14, 2011	Exhibit 10(n)(n) to 2011 Form 10-K
10(t-2)	Form of Amended and Restated Restricted Stock Award Agreement dated December 14, 2011 amending and restating restricted stock award agreement dated June 1, 2011 under Director Award Program with each of Stephen W. Bershada, David A.B. Brown, Larry J. Bump, Albert Fried, Jr., Richard F. Hamm, Jr., David H. Laidley, Jerry E. Ryan and Michael T. Yonker	Exhibit 10(o)(o) to 2011 Form 10-K
10(u)	Restricted Stock Unit Agreement dated May 9, 2011 between EMCOR and Anthony J. Guzzi	Exhibit 10(o)(o) to EMCOR's Quarterly Report on Form 10-Q for the quarter ended September 30, 2011
10(v)	Amendment to Option Agreements	Exhibit 10(r)(r) to 2011 Form 10-K
10(w)	Form of Restricted Stock Unit Agreement dated March , 2012 between EMCOR and each of Sheldon I. Cammaker, R. Kevin Matz and Mark A. Pompa	Exhibit 10(o)(o) to the March 31, 2012 Form 10-Q
10(x)	Form of Non-LTIP Stock Unit Certificate	Exhibit 10(p)(p) to the March 31, 2012 Form 10-Q
10(y)	Form of Director Restricted Stock Unit Agreement	Exhibit 10(k)(k) to EMCOR's Quarterly Report on Form 10-Q for the quarter ended June 30, 2012 ("June 2012 Form 10-Q")
10(z)	Director Award Program, as Amended and Restated December 16, 2014	Exhibit 10(z) to EMCOR's Annual Report on Form 10-K for the year ended December 31, 2014 ("2014 Form 10-K")
10(a)(a)	EMCOR Group, Inc. Voluntary Deferral Plan	Exhibit 10(e)(e) to 2012 Form 10-K
10(b)(b)	First Amendment to EMCOR Group, Inc. Voluntary Deferral Plan	Exhibit 10(e)(e) to 2013 Form 10-K
10(c)(c)	Form of Executive Restricted Stock Unit Agreement	Exhibit 10(f)(f) to 2012 Form 10-K
10(d)(d)	Restricted Stock Unit Award Agreement dated October 23, 2013 between EMCOR and Stephen W. Bershada	Exhibit 10(g)(g) to 2013 Form 10-K
10(e)(e)	Restricted Stock Unit Award Agreement dated June 11, 2014 between EMCOR and Stephen W. Bershada	Exhibit 10(g)(g) to EMCOR's Quarterly Report on Form 10-Q for the quarter ended June 30, 2014 ("June 2014 Form 10-Q")
10(f)(f)		Exhibit 10(f)(f) to the June 30, 2015 Form 10-Q

Restricted Stock Unit Award Agreement dated June 11, 2015 between EMCOR and Stephen W. Bershad

11	Computation of Basic EPS and Diluted EPS for the three and nine months ended September 30, 2015 and 2014	Note 5 of the Notes to the Condensed Consolidated Financial Statements
31.1	Certification Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 by Anthony J. Guzzi, the President and Chief Executive Officer	Filed herewith
31.2	Certification Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 by Mark A. Pompa, the Executive Vice President and Chief Financial Officer	Filed herewith

Table of Contents

EXHIBIT INDEX

Exhibit No.	Description	Incorporated By Reference to or Filed Herewith, as Indicated Below
32.1	Certification Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 by the President and Chief Executive Officer	Furnished
32.2	Certification Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 by the Executive Vice President and Chief Financial Officer	Furnished
95	Information concerning mine safety violations or other regulatory matters	Exhibit 95 to the June 2015 Form 10-Q
101	The following materials from EMCOR Group, Inc.'s Quarterly Report on Form 10-Q for the quarter ended September 30, 2015, formatted in XBRL (Extensible Business Reporting Language): (i) the Condensed Consolidated Balance Sheets, (ii) the Condensed Consolidated Statements of Operations, (iii) the Condensed Consolidated Statements of Comprehensive Income, (iv) the Condensed Consolidated Statements of Cash Flows, (v) the Condensed Consolidated Statements of Equity and (vi) the Notes to Condensed Consolidated Financial Statements.	Filed