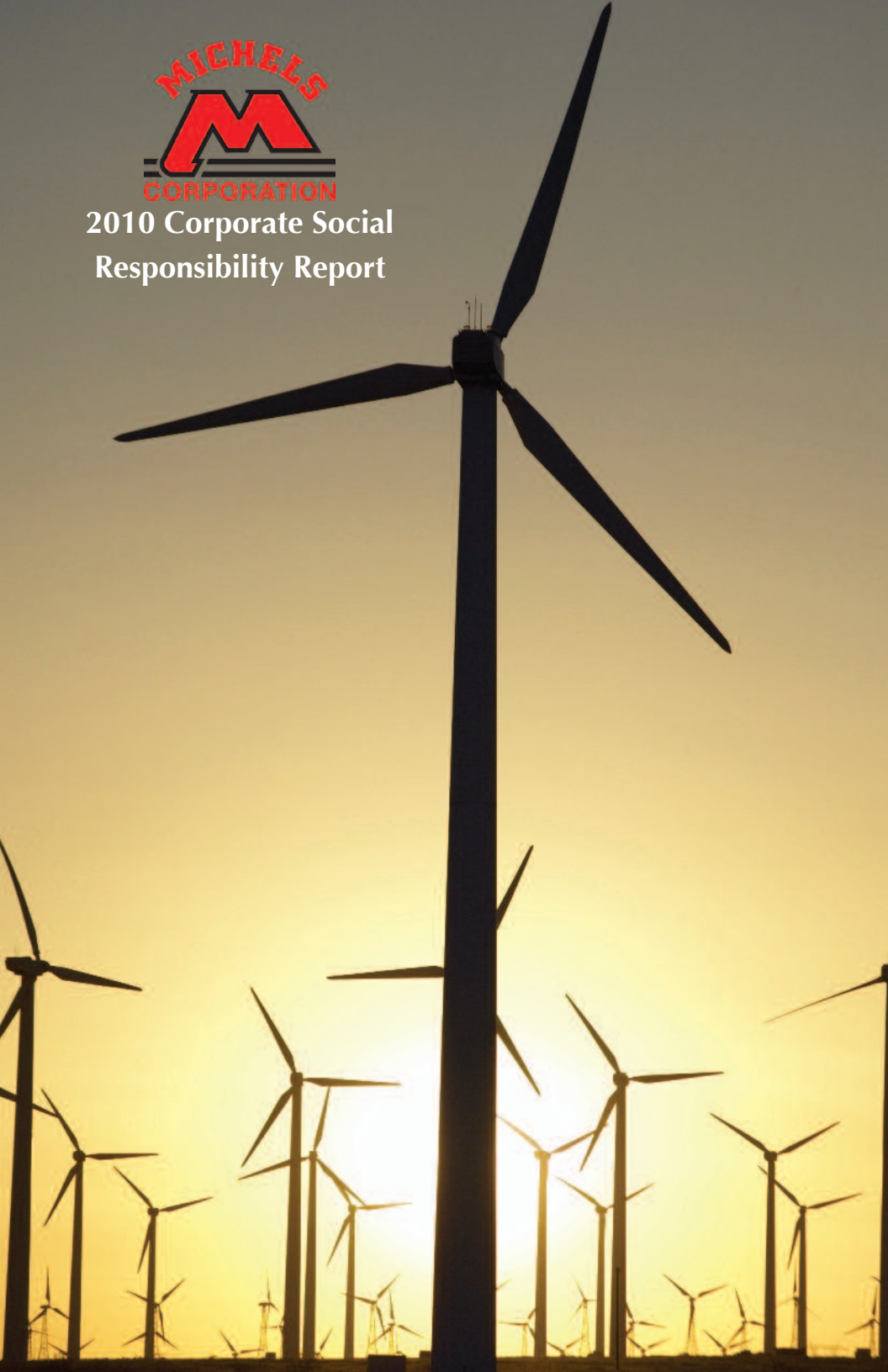




2010 Corporate Social
Responsibility Report



A Word From Our President ...

In 2009, Michels celebrated its 50th year in operation. From humble beginnings as Michels Pipeline Construction, Michels Corporation began 2010 with 15 divisions and subsidiaries, more than 3,500 employees and 8,000 pieces of heavy equipment.

With locations in Canada and all across the United States, Michels has a great responsibility to its employees and the public at large to assess and minimize the impact its operations have on the communities it works in and the world as a whole.

It is in this spirit that we have prepared our first Corporate Social Responsibility Report. While Michels has always upheld the standards of Corporate Social Responsibility — conducting business in a socially responsible and ethical way; protecting the environment and the health and safety of people; supporting human rights; and engaging and respecting the communities and cultures with which we live and work — we felt the time was right to memorialize these values in a more concrete fashion.

From early on, Michels employees have been inspired by the “can do” leadership of founder Dale Michels and the entire Michels management team. The needs of our customers are constantly changing and evolving, and Michels is driven by the desire to push the limits of innovation. We are continually motivated to offer cutting-edge solutions to the most difficult and demanding problems.

Our history is as an innovative company – a company that will take the jobs that nobody else will. But as we institute innovative new measures on



Pat Michels, President

projects, we closely consider the social and environmental implications. We evaluate the long-term impact of our actions not only for our own people, but for the communities that we work in.

We have worked hard in the past to stress safety and environmental stewardship. We will continue to make safety and the environment our top priorities. We believe it's a necessity in order to reach sustainable and cost-effective solutions for our company and our customers.

Michels' ability to meet the expectations of our employees and customers is embodied in Our Mission, Our Vision and Our Core Values:

Our Mission

To be the foremost provider of innovative construction solutions and value for our clients in their mission to serve the growing utility and infrastructure requirements of their customers around the world.

Our Vision

To exceed our customers' expectations by continually setting the global standard for quality, safety and environmental stewardship in utility and infrastructure construction.

Our Core Values

- We take pride in our reputation for quality work performed safely and with care for our environment
- We have sustainable and profitable operations driven by our ability to execute swift decisions.
- Our people are dedicated, innovative and hardworking.
- Our actions are characterized by integrity, trust and respect.
- We are committed to teamwork.

Our Mission, Our Vision and Our Core Values guide everything we do. The creation of this Corporate Social Responsibility Report serves as yet another resource through which we can hold ourselves accountable to the highest standards that have always been in place at Michels. These are the same values that have always guided our past success, and we hope they will propel us to even greater heights in our "Next 50 Years."

About Michels

Michels Corporation is an international utility, engineering, design and construction contractor based in Brownsville, Wisconsin. With more than 3,500 employees in its 15 divisions and subsidiaries, Michels is the largest construction company in Wisconsin. It currently maintains 16 office and yard locations in 10 other states spanning from coast to coast, as well as Alberta, Canada.



Michels is involved in various disciplines of utility construction, including pipeline construction, directional crossings, drilled foundations, wind energy, communications and pipe services, as well as sewer, water and tunnel construction. The company is also involved in the trenching and construction of natural oil and gas projects, cable placements, pipe restoration, wind farm construction, concrete paving, vertical drilling, road construction, and electrical power infrastructure construction services.



The company's headquarters in Brownsville.

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From left to right: President Pat Michels (far left) and Executive Vice President Brian Johnson (far right) pose with 2009 One Michels Award winners (from second left to right) Janet Neerhof, Dennis Shurpit, Zeb Green and Dean Cline. One Michels awards winners are chosen for their embodiment of Michels' core values.

Why Report Our Performance?

We publicly report on the non-financial performance of our company in the environmental, health and safety, and social sectors on our company Web site and in this Corporate Social Responsibility Report. We also use our company intranet, divisional training sessions, our quarterly newsletter and our annual Michels Leadership Conference to report to our employees and customers on this crucial non-financial performance.

Nearly five percent of our annual budget is associated with CSR components (health and safety, environmental affairs, community relations/investment, aboriginal relations, charitable donations, etc.). Our aim is to build trust and promote transparency while soliciting feedback on our performance.



Michels performs work during construction of TransCanada's Keystone Pipeline.

Effective corporate governance precedes and then sustains business success. The responsibility underlying sound governance pervades a company only after its directors and executives set clear standards of behavior and encourage all employees to manage their own obligations similarly. At Michels, everyone is accountable.

We promote individual accountability by offering clear strategic guidance, building leadership skills at every level, and reporting regularly and openly about our performance. When we make a mistake, we immediately set out to rectify it.

Our customers know they can rely on us just as our employees rely on each other. The result is a deep sense of shared values that leads to mutual benefits. By being honest and trustworthy, we build a strong, more resilient company that is able to contribute more to the wider world.

We want to be a company that people trust do the right thing without

Why Report Our Performance?

being told.

A company that attracts employees who act ethically and with conviction.

A company that exemplifies honesty in our communities and in the world.

The leaders of a well-managed company recognize the risks that may confront it, possess a clear understanding of how those risks may be mitigated or eliminated altogether, and constantly monitor the changing state of its business affairs to ensure reliable delivery of its goods and services. We see risk identification and management as the responsibility of all employees – something ingrained in our culture. Michels focuses on a number of areas to balance risk and opportunity from the boardroom to the field.

Michels has now entered its 51st year in operation, perhaps the best way to measure our business sustainability.

But while we have grown to be the largest contractor in Wisconsin and No. 45 on Engineering News-Record's Top 400 Contractors list, we do not assume that we can rest on our laurels just because we have gotten this far.

In 2009, Michels formed the "Sustainable Michels Group," which is comprised of an interdisciplinary team of leaders charged with the mission to identify and act upon our sustainability goals and objectives. The Sustainable Michels Group has already achieved tens of thousands of dollars of cost savings by way of identifying and implementing countless process improvements.

We have accomplished so much because of our innovative nature, and we continue to undertake the wide variety of measures mentioned throughout this report so that we can enjoy many more years of successful operation.

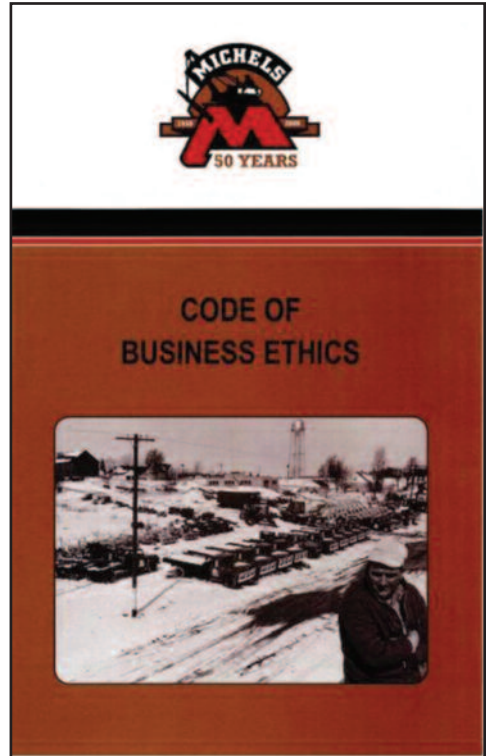
Our Code of Business Ethics

Michels has only recently unveiled a Code of Business Ethics, but the content of the code is nothing new. It simply formalizes the way we've always done business at Michels. This policy is consistent with Our Core Values of integrity, trust and respect.

As Michels grows in size and scope and our customer base becomes more sophisticated and sometimes more demanding, it clearly became important to memorialize Our Core Values in a more formal way. Along with this Corporate Social Responsibility Report, our Code of Business Ethics does just that. It also provides more guidance on how we expect our employees to apply our Core Values.

The subject is so important that the Michels family has requested all officers of Michels to execute a copy of this Code. In addition, all employees are expected to conduct themselves consistent with this Code whenever they are acting on behalf of the company. Equally important, they are expected to make sure others at Michels are also following this Code and to let management know if they ever observe anything that makes them uncomfortable, or makes them suspect that someone at Michels is acting inconsistently with the Code.

We have asked employees for their continued commitment to the Michels Core Values and their personal adoption of the Code of Business Ethics.



Our Leadership Program

For more than 10 years, Michels has built upon the premise that great leaders must come from within the company. No one knows the business better, and no one is more committed to our quality reputation and long-term success than our current employees.

Through the Michels Leadership Program, we are training the leaders and innovators of tomorrow from within our impressive ranks. We are dedicated to the development of our future leaders. We are proud of our Leadership Program and commit ourselves to training and promoting the best and the brightest to the highest levels in our outstanding organization.

Additionally, our Middle Managers Program has identified roughly 60 key middle managers who receive special training and are involved in providing input on our corporate affairs.

We believe that successful companies are built by the ingenuity, dedication and expertise of their employees. We continue to strive to foster these qualities through our Leadership program.

LEADERSHIP 2010



TODAY'S VISION

**TOMORROW'S REALITY:
THE NEXT 50 YEARS**

Growing Through Adversity

Despite the trying economic times we live in, Michels Corporation increased its workforce by more than 20 percent in 2009. With employees across the United States and Canada, we rely heavily on the quality of our people. In 2009, Michels hired 3,069 new employees and had a voluntary turnover of 8 percent. The employee is held in the highest regard at Michels, and we go to great lengths to demonstrate that.

We have a competitive pay structure and support job-related education and training. Our Human Resources Department has undertaken many initiatives to promote personal well-being, and provides many ongoing benefits and programs to help with any concerns employees may have.

Our Director of Human Resources is also our Chief Compliance Officer (CCO).

Our CCO enjoys the full support of our entire Michels Senior Management Team, Board of Directors and Owners.

Michels offers many internships in an effort to bring in the best and brightest new talent. To recruit and retain high-caliber employees, Michels proactively develops and maintains meaningful relationships with current and prospective employees.



Growing Through Adversity

As part of their employment, all Michels employees are expected to:

- Be honest, fair, and trustworthy in all their Michels activities and relationships.
- Treat co-workers with respect and take pride in their work; they are all important members of the Michels team, and teamwork is critical.
- Strive toward maintaining a safe workplace and embrace environmental stewardship.
- Follow the law and make sure others they work with — from suppliers and subcontractors to upper management — do the same.
- Help to provide a rewarding workplace and invest in the communities where they live and work.

DID YOU KNOW?

Michels is the largest construction company in the state of Wisconsin.

Building Communities

Michels' development from a one-man startup in 1959 to its present status as leader in the utility construction industry would not have been possible without our commitment to the communities we live and work in. We work closely with local residents to keep the impact of our projects to a minimum, and we answer residents' needs and concerns in a manner that allows us to become trusted partners in the area's development.

Michels Corporation wants its investments to make a long-term difference. We hope to instill positive change with our involvement in a wide variety of community involvement events, with the most high-profile being Quarry Quest, an educational event that benefits the Fox Valley Children's Museum. Michels has also been a sponsor of the Wisconsin Hispanic Scholarship Fund for five years and is involved with the Wisconsin Minority Council.



Dale R. Michels Park in Brownsville

Michels helps its customers work with communities through stakeholder engagement. Our reputation helps us to attain permits, and we have a committed workforce that has, for instance, attended PSC meetings as an illustration of their support for our company, our customer, and the community. Our quality, safety and environmental commitment enhances value for our customers.

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The Dale R. & Ruth L. Michels Family Foundation and our employees participate in a number of charitable initiatives that consist of dedicating time and financial support, including:

- Habitat For Humanity
- Relay for Life
- Salvation Army
- Max McGee Fund
- St. Agnes Hospital Foundation
- American Cancer Society

Building Communities

- National Multiple Sclerosis
- Emergency Shelters of the Fox Valley
- Vince Lombardi Charitable Fund
- Samaritan Health Clinic
- The ARC of Fond du Lac
- Cheers for Volunteers
- Leaders as Readers
- Fond du Lac Area Adult Literacy
- Fond du Lac Area Foundation
- Lomira Area Fundraisers
- Dale R. Michels Heart Center
- Red Cross Heroes Campaign
- FACES Bid 'N Brew
- Greater Cedar Rapids Builders Association
- Flyway Soccer/Brownsville Bombers
- Klumb Family Foundation
- Lomira Athletic Association
- Agnesian Health Care
- Friends of Scouting
- Brownsville Lions
- Friends of Dodge County Parks
- Walleye Weekend
- Taste of Fond du Lac
- Bethany House
- Hurricane Katrina
- YMCA
- Centro Legal Por Derechos Hermanos
- United Community Center
- Adopt A Highway

The total community investment cash donations for the company and the Michels Family Foundation are in excess of half a million dollars.

We are particularly proud of another effort completed in February 2010, when employees organized Project Haiti, which helped to raise \$50,000 for emergency relief in Haiti.

Diversity and Inclusion

Michels is an Equal Opportunity Employer. Our Human Resources Department consistently works to ensure that our workforce is highly qualified and reflects the diversity found in the communities where we operate. While we always hire the best person for the job, employees from other cultures and backgrounds sharpen our competitive edge while creating a more rewarding place to work.

To attain greater diversity, we have clear internal practices, policies and procedures. As an Equal Opportunity Employer, Michels is committed to assuring that any Human Resources activity and other personnel decisions are performed fairly to all persons. It has been and will continue to be the policy of Michels to provide equal employment opportunity free of discrimination against any individual on the basis of their race, creed, color, religion, sex, age, national origin, disability, military and veteran status, sexual orientation, marital status or any other characteristic protected by state or federal law or local ordinance. We are committed to this policy and its embodiment in the law.

Workforce diversity is key to Michels' corporate strategy, and we work closely with a wide range of community-based organizations that foster diversity.

When provided the opportunity to work in or near aboriginal communities, Michels has worked closely with its customers to provide opportunities for aboriginal employment. In every case, the key is working together with community residents, landowners, government regulators, Aboriginal people and Native American tribes, contractors and suppliers, and nongovernmental organizations. We have further explored a DOT mentor protege with MBE, WBE and DBE-certified institutions, and our executive leadership is involved on the front lines of such efforts. Morally, it is the right thing to do.

Our engagement of these communities is part of our larger effort to support the residents of all communities in which we operate.

Safety: Our No. 1 Priority

In the first few months that Michels was in existence, Dale Michels suffered a serious injury and barely survived.

From that day forward at Michels Corporation, we have held the safety and health of our employees, contractors, customers/clients, and the public as our highest core value. It is our philosophy that safety performance is a key indicator of organizational excellence, and therefore, safety is incorporated into our business process. We are committed to excellence in implementing safety standards that not only comply with regulatory and legislated requirements, but also respond to the social, economic and environmental expectations of our employees, clients, communities, government and the public.

Creating a safe workplace for every Michels' employee, contractor and visitor is more than just the right thing to do – it's critical to the success of our business. It is our mission to continually strive toward improving the safety of the workplace, to ensure our employees are able to safely return home to their families each and every day, and to protect the public and the environment from harm associated with construction activities.



Employees hold their daily on-site safety meeting at the base of a wind turbine.

Our Safety philosophy

We believe that safety begins at the top. Personal ownership for safety and looking out for one another is essential in being the best. Our ultimate goal is “zero injuries and accidents,” and we strive to achieve that goal through continuous vigilance and efforts. Identifying and minimizing hazards are our top priority. We understand that safety is good business – everyone’s business – and will continue to be a critical aspect of our organization.

Safety: Our No. 1 Priority

How we make it work

We develop and promote the “safety culture” with bi-annual Safety Summits and annual safety training tours. During these summits and training tours, executive management and members of our Health and Safety Department discuss trends and strategies of our endeavor toward safety excellence with our people. The training tours are tailored specifically for our various operations through feedback and open discussions with project management and field personnel. On average, approximately 3,000 employees are trained during these tours each year. Additionally, we utilize a formal detailed Job Safety Analysis (JSA) process to identify and mitigate hazards, and ensure adherence via documented site safety audits.



With the growing emphasis on safety culture and safety leadership competencies, we also hold our annual Michels Leadership Conferences, which are primarily focused on safety and safety leadership. By developing and communicating the guidelines for achieving our safety vision, we align the organization around the behaviors that define the values empowering employees to make the right choice when it comes to safety.

Safety recognitions

The efforts and vigilance of our management and crews have earned us the reputation of being one of, if not the, safest company in the industry. We are proud to have achieved that reputation and are committed to keeping it.

In 2008 and 2009, Michels was a proud recipient of the TransCanada Vice President’s Award for Safety Performance. Leaders from Michels’ Safety and Pipeline teams were honored guests at awards dinners hosted by TransCanada

Safety: Our No. 1 Priority

and ConocoPhillips (partners in the Keystone Pipeline) in Houston, Texas, where they were presented with the “Keystone Pipeline Vice President’s Award.” The honor was given to Michels Corporation because of the leadership in safety and performance displayed on the Keystone Pipeline Project.

Last year, Michels received the highest score achieved by a contractor on the Keystone Pipeline project’s Construction Safety Management Program audit.

Below are recognitions Michels has earned from the Pipeline Contractors Association (PLCA). The PLCA encourages safe practices in pipeline construction and seeks the resolution of problems common to all those in the industry. They gather accident summary report forms, compile safety statistics and determine which companies are to receive safety awards based off of their safety statistics and performance:



Michels was awarded a Keystone Pipeline Vice President’s Award in both 2008 and 2009.

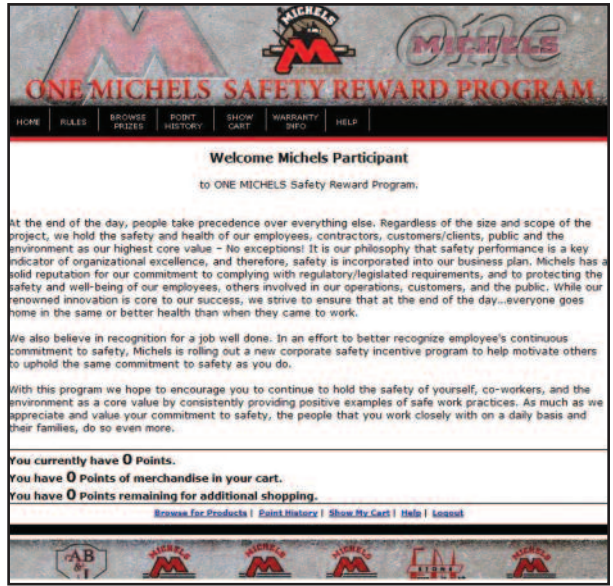
- **2008:** Received two awards for the best accident frequency rate among the superintendents of pipeline contractors who worked more than 150,000 man hours.
- **2007:** Received three awards for the best accident frequency rate among the superintendents of pipeline contractors who worked more than 150,000 man hours.

Again, people take precedence over everything else. Regardless of the size and scope of the project, we hold the safety and health of our employees, contractors, customers/clients, and public as our highest core value. We strive to ensure that, at the end of the day, everyone goes home in the same or better health than when they came to work.

Our Safety Rewards Program

The goal of Michels' safety reward program is to improve employee safety while reducing accident-related costs.

Employees are able to earn points per quarter by being incident free, with items ranging from 100-2,500 points. Employees get 100 points for the first quarter, 150 points for the second quarter, 200 for the third quarter and 250 points for quarters four through eight. These points can then be used to redeem awards through the Safety Rewards Web site.



Employees are able to bank their points over time, with items ranging from knit hats and flash drives to GPS systems, gas grills and home theater systems.

In an effort to keep safety as our highest priority, the rewards program is heavily promoted at company events ranging from Safety and Environmental Summits to the yearly Michels Leadership Conference.

Taking Proactive Measures



Emergency Preparedness

Michels takes pride in its proactive emergency preparedness program, one of the strongest in the industry.

The Michels Emergency Response Team (“MERT”) was created to provide a rapid and scalable response to any type of crisis that may confront the company, wherever it is and whenever it may happen.

MERT is comprised of individuals with backgrounds in law, human resources, safety, environmental compliance, fleet, and members of our staff formerly employed in law enforcement. Michels is a multi-disciplinary company that can be categorized under multiple industry SIC codes.

Injury Care

As part of our commitment to our employees’ safety in all areas of their lives, all employees are able to contact the Alaris Injury Care Line 24 hours a day and seven days a week to speak to a live nurse who may assist with most medical needs.

Nurses are able to: provide general guidance after sustaining an injury, find a medical facility near the job site or home, obtain records for the Brownsville staff, obtain a work slip for a supervisor, assess the care for medical appropriateness, schedule follow-up appointments and help to find specialist care when a referral is warranted.

Environmental Stewardship

Today, more than ever before, the eyes of the world are focused on the irreplaceable value and fragility of the environment. In this age of increased environmental sensitivity, Michels holds the protection of the environment in the highest regard. We are also aware that our environmental performance has a direct impact not only on our own reputation, but on the reputation of our utility partners.

In 2006, in response to the increased awareness of our effect on the environment and the complex and constantly shifting regulatory environment, Michels created the Michels Environmental Resource Group (MERG). MERG provides specialized internal environmental support for all of our employees and projects and continues to push environmental



stewardship initiatives. In order to help our personnel understand and support our expectations, Michels has also created specific environmental policies and programs.

The Michels Environmental Policy is based on the following principles:

- Comply fully with the letter and spirit of environmental laws and regulations
- Provide appropriate environmental training for employees and subcontractors
- Protect air, land and water resources in an environmentally sensitive manner
- Assist in finding solutions to environmental problems
- Be good corporate citizens and neighbors by promoting environmental compliance and stewardship

Environmental Stewardship

Michels believes everything starts with training, as effective training is vital in communicating our environmental expectations. We understand that satisfying our environmental goals is an operational issue. To achieve those goals, in both compliance and stewardship, it takes every employee's understanding and commitment. Michels provides annual training and job-specific training to support our team.

In addition to training, MERG performs unscheduled job site audits to verify project environmental expectations and Michels policies are being followed. This audit process is critical in the measurement of performance and helps identify areas where employees may require additional training.

Our commitment to environmental compliance is evident in both our corporate office and out in the field. Michels Corporation has completed many projects that have had significant environmental challenges.

But one of our core beliefs is that environmental performance is not measured only by compliance.

We strive to take proactive measures by doing things that are good for the environment. Michels promotes environmental stewardship and sustainability in our daily operations. We are very conscious of our carbon footprint and have implemented many process changes and conservation practices to reduce it.

The following are just a few of the many initiatives Michels has recently taken thanks to the Sustainable Michels Group, a group of cross-disciplinary leaders whose goal is to keep Michels sustainable and to preserve and protect our natural resources:

PROJECT SPOTLIGHT

In 2009, Michels Power replaced 19 miles of 115 kV transmission line in Montana, 10 miles of which traversed through exceptionally rugged terrain and crossed 55 different sensitive areas.

Environmental Stewardship

- We continue to work with Focus on Energy to reduce our energy use. Within the last couple of years, we have replaced hundreds of inefficient fixtures with over 300 high-efficiency fixtures. The switch will return the capital investment in energy savings in three to four years, and will continue to provide environmental benefits for years afterward.
- We have invested millions of dollars in new diesel engines that are much more carbon-friendly than older, unregulated engines.
- In late 2008, we switched our sandblasting media from coal slag to aluminum oxide. By switching the media, we reduced the volume of waste generated by 133 percent.
- Since 2005, our maintenance facilities have taken numerous steps to reduce our hazardous waste generation. Today, our hazardous waste generation is down 58 percent from its 2005 level.
- We continue to promote recycling construction debris such as scrap metal, concrete and asphalt. In 2009, we saved more than 2.5 million pounds of scrap metal and 200,000 tons of concrete and asphalt from entering our landfills, in turn helping to preserve natural resources.

CUSTOMER PRAISE

“ ... I just wanted to take a minute and express my appreciation from an environmental perspective for the excellent work performed by Michels Pipeline’s environmental crews ... ”
— *Lead Environmental Inspector, third-party environmental consulting firm*

As is expressed in our Core Values, Michels is committed to environmental stewardship. To give back to the community and the great number of our workers who enjoy outdoor recreation, Michels is proud to annually support the following organizations that play a critical role in preserving habitat and conserving the natural environment:

Environmental Stewardship

- Pheasants Forever
- Walleyes For Tomorrow
- Walleye Weekend
- RMEF
- Adopt-A-Highway
- Whitetails Unlimited
- Rocky Mountain Elk Club
- Wings Over Wisconsin, Inc.
- Wisconsin Green Tier Advisory Board
- Lower Fox River Remediation Authority



Our Next 50 Years

As Michels continues to forge ahead into its next 50 years in operation, we hope to keep the values expressed throughout this report as strong as ever.

The development of this report will help us to set a baseline for our future advancements in human resources, health, safety, environmental, and business initiatives.

For 2010, we have set clear benchmarks by which to measure ourselves. We have five clear-cut goals through which we hope to continue stepping forward:



- **Safety goal:** Lower our total recordable incident rate (TRIR) and general liability incidents by 10 percent each.
- **Sales goal:** Deliver fiscal year 2010 sales 10 percent greater than 2009 sales.
- **Teamwork goal:** Every division leader and their primary middle managers score seven or above in 360 peer reviews on “Teamwork.”
- **Cost-cutting goal:** Cut our costs or improve our margins by 5 percent by January 31, 2011.
- **Innovation goal:** Every division and subsidiary contribute at least one innovation that makes significant and quantifiable underlying business sense (i.e. lowers cost or improves productivity).

Above all, our innovation goal speaks to what we believe is the key ingredient here at Michels. From day one, we have taken the jobs that nobody else wanted to take. As we move forward, our ability to deal with the changing global marketplace is paramount. We must continue to innovate as we always have in order for our ability to do a job safely, quickly, with quality and at a fair price to remain uncompromised, and for us to continue on our upward trajectory.

From our humble beginnings, we have committed to CSR components in Our Vision, Our Mission and Our Core Values. Our future, as our past, will be defined by our commitment to these ideals.

MICHELS: Driving Innovation. Changing Construction.