Form 10-Q

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

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

For the quarterly period ended June 30, 1997

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 1-8325

MYR GROUP INC.
(Exact name of registrant as specified in its charter)

Delaware	36-3158643
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

1701 W. Golf Road, Suite 1012, Tower Three, Rolling Meadows, IL 60008
(Address of principal executive offices)
(Zip Code)
(847) 290-1891
Registrant's telephone number, include area code

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 and 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 X No

APPLICABLE ONLY TO ISSUERS INVOLVED IN BANKRUPTCY

PROCEEDINGS DURING THE PRECEDING FIVE YEARS:

Indicate by check mark whether the registrant has filed all documents and reports required to be filed by Sections 12, 13 or 15(d) of the Securities Exchange Act of 1934 subsequent to the distribution of securities under a plan confirmed by a court.

Yes No

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of July 28, 1997: 3,255,615

MYR GROUP INC.

I N D E X

Part I, Item 1
Financial
Information

MYR Group Inc.

CONDENSED CONSOLIDATED BALANCE SHEETS
(Dollars in thousands)

	June 30 1997 (Unaudited)	Dec. 31 1996 *
ASSETS		
Current assets:		
Cash and cash equivalents	$ 592	$ 1,011
Contract receivables including retainage	67,369	53,508
Costs and estimated earnings in excess of billings on uncompleted contracts	16,928	10,760
Deferred income taxes	4,896	4,896
Other current assets	1,190	471
Total current assets	90,975	70,646
Property and equipment:	60,249	58,668
Less accumulated depreciation	37,663	36,429
	22,586	22,239
Intangible assets	2,437	2,466
Other assets	1,081	3,135
Total assets	$117,079	$98,486
LIABILITIES		
Current liabilities:		
Current maturities of long-term debt	$ 9,438	$ 4,445
Accounts payable	18,635	17,721
Billings in excess of costs and estimated earnings on uncompleted contracts	7,450	5,504
Accrued insurance	15,449	12,160
Other current liabilities	20,729	16,645
Total current liabilities	71,701	56,475
Deferred income taxes	3,047	3,047
Other liabilities	393	399
Long-term debt:		
Revolver and other debt	1,922	121
Term loan	1,250	2,500
Industrial revenue bond	695	695
Subordinated convertible debentures	5,679	5,679
Total long-term debt	9,546	8,995
SHAREHOLDERS' EQUITY		
Common stock and additional paid-in capital	9,278	9,315
Retained earnings	24,770	22,121
Treasury stock	(869)	(1,043)
Unearned stock awards and shareholders' notes receivable	(787)	(823)
Total shareholders' equity	32,392	29,570
Total liabilities and shareholders' equity	$117,079	$98,486

*Condensed from audited financial statements
The "Notes to Condensed Consolidated Financial Statements" are an integral part

of this statement.

MYR Group Inc.

CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(Dollars in thousands except per share amounts)
(Unaudited)

Periods Ended June 30	Three Months		Six Months	
	1997	1996	1997	1996
Contract revenue	$112,310	$69,052	$201,314	$133,428
Contract cost	102,356	61,024	183,975	118,970
Gross profit	9,954	8,028	17,339	14,458
Selling, general and administrative expenses	6,659	5,597	12,530	11,315
Income from operations	3,295	2,431	4,809	3,143
Other income (expense)				
Interest income	8	4	16	10
Interest expense	(400)	(467)	(650)	(877)
Gain (loss) on sale of property and equipment	(254)	261	(247)	392
Miscellaneous	201	(113)	77	(276)
Income from continuing operations before income taxes	2,850	2,116	4,005	2,392
Income tax expense	1,140	847	1,602	957
Income from continuing operations	1,710	1,269	2,403	1,435
Income (loss) from discontinued operations	602	(360)	602	(360)
Net income	$ 2,312	$ 909	$ 3,005	$ 1,075
Earnings per share - Primary				
Income from continuing operations	$ .48	$ .37	$ .68	$ .42
Income (loss) from discontinued operations	.17	(.11)	.17	(.11)
Net Income	.65	.26	.85	.31
Earnings per share - Fully Diluted:				
Income from continuing operations	.42	.33	.59	.38
Income (loss) from discontinued operations	.14	(.09)	.14	(.09)
Net Income	.56	.24	.73	.29
Dividends per common share	.055	.050	.110	.100
Weighted average common shares and common share equivalents outstanding				
Primary	3,579	3,439	3,554	3,423
Fully Diluted	4,262	4,057	4,260	4,050

The "Notes to Condensed Consolidated Financial Statements" are an integral part of this statement.

MYR Group Inc.

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(Dollars in thousands)
(Unaudited)

Six Months Ended June 30	1997	1996
CASH FLOWS FROM OPERATIONS		
Income from continuing operations	$ 2,403	$ 1,435
Adjustments to reconcile income from continuing operations to cash flows from continuing operations		
Depreciation and amortization	2,732	3,100
Amortization of intangibles	54	162

Loss (gain) on sale of property and equipment	247	(392)
Changes in current assets and liabilities	(6,282)	(2,163)
Cash flows from continuing operations	(846)	2,142
Cash flows from discontinued operations	2,456	(360)
Cash flows from operations	1,610	1,782
CASH FLOWS FROM INVESTMENTS		
Expenditures for property and equipment	(2,800)	(2,396)
Proceeds from disposition of assets	121	546
Cash used in acquisition, net of cash acquired	(241)	-
Cash flows from investments	(2,920)	(1,850)
CASH FLOWS FROM FINANCING		
Proceeds from long term debt	1,142	516
Proceeds from exercise of stock options	112	13
Increase (decrease) in deferred compensation	(6)	5
Dividends paid	(357)	(320)
Cash flows from financing	891	214
Increase (decrease) in cash and cash equivalents	(419)	146
Cash and cash equivalents at beginning of year	1,011	703
Cash and cash equivalents at end of period	$ 592	$ 849

The "Notes to Condensed Consolidated Financial Statements" are an integral part of this statement.

MYR Group Inc.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

1 - Basis of Presentation

The condensed consolidated balance sheets, statements of operations and statements of cash flows include the accounts of the Company and its subsidiaries. All material intercompany balances and transactions have been eliminated.

The financial information included herein is unaudited; however, such information reflects all adjustments (consisting solely of normal recurring adjustments) which are, in the opinion of management, necessary for a fair presentation of results for the interim period.

The results of operations for the six month period ended June 30, 1997 are not necessarily indicative of the results to be expected for the full year.

2 - Acquisition

On May 1, 1997, the Company completed the acquisition of all the stock of D.W. Close Company, Inc. (``D.W. Close''). D.W. Close is engaged primarily in the installation of lighting systems, electrical maintenance/construction and smart highway construction for commercial, industrial and municipal customers.

All the shares of D.W. Close were exchanged for $400,000 in cash and $2,500,000 of promissory notes. The principal will be due in installments of $666,667, $666,667 and $1,166,666 on May 1, 1998, 1999 and 2000, with interest payable quarterly each year. The transaction has been accounted for using the purchase method of accounting.

3 - Discontinued Operations

As part of the sale in 1988 of its former engineering subsidiary, the Company retained certain rights and obligations in connection with a lawsuit with National Union Fire Insurance Company of Pittsburgh, PA. In June 1997, the Company settled the lawsuit and received $4,250,000. The Company had a receivable relating to this lawsuit of $1,854,000. The remaining $2,396,000 related to reimbursement for interest and legal costs. The portion allocated to interest was $1,042,000 and was included in continuing operations as other income. The portion allocated to legal costs was $1,354,000. This amount was included in income from discontinued operations, reduced by additional expenses incurred for legal and other directly related costs totaling $350,000. The net result on discontinued operations was $602,000, including the income tax expense of $402,000. In 1996, the Company recorded additional amounts, primarily legal expenses related to the OMU lawsuit, which resulted in additional losses of $360,000, net of income tax benefits of $240,000.

4 - Earnings Per Share

Primary earnings per share are based on the weighted average number of common shares and common share equivalents outstanding during the period. Stock options are considered to be common share equivalents. Fully diluted earnings per share also reflects the potential dilution which would result from the conversion of the convertible subordinated notes.

5 - Pending Accounting Standard

In February 1997, the Financial Accounting Standards Boards issued Statement of Financial Accounting Standards No. 128, `Earnings Per Share' which simplifies the method for computing earnings per share. Under the new requirements, primary earnings per share will be replaced with basic earnings per share. The statement, which will not have a material impact on the results of operations, financial position or cash flows of the Company, is effective for financial statements issued for periods ending after December 15, 1997 and will be adopted by the Company in the fourth quarter of 1997.

6 - Supplemental Quarterly Financial Information (Unaudited)
(Dollars in thousands, except per share amounts)

			1997		
	Mar 31	June 30	Sept 30	Dec 31	Year
Contract revenue	89,004	112,310			201,314
Gross profit	7,385	9,954			17,339
Income from continuing operations	693	1,710			2,403
Net income	693	2,312			3,005
Earnings per share - Primary:					
Income from continuing operations	0.20	0.48			0.68
Net income	0.20	0.65			0.85
Earnings per share - Fully diluted:					
Income from continuing operations	0.18	0.42			0.59
Net income	0.18	0.56			0.73
Dividends paid per share	0.055	0.055			0.110
Market price:					
High	14.00	18.31			18.31
Low	12.00	11.63			11.63

			1996		
	Mar 31	June 30	Sept 30	Dec 31	Year
Contract revenue	64,376	69,052	80,712	96,437	310,577
Gross profit	6,430	8,028	8,282	8,901	31,641
Income from continuing operations	166	1,269	1,536	997	3,968
Net income	166	909	1,536	827	3,438
Earnings per share - Primary:					
Income from continuing operations	0.05	0.37	0.44	0.29	1.15
Net income	0.05	0.26	0.44	0.24	1.00
Earnings per share - Fully diluted:					
Income from continuing operations	0.05	0.33	0.39	0.26	1.02
Net income	0.05	0.24	0.39	0.21	0.89
Dividends paid per share	0.050	0.050	0.050	0.050	0.200

Market price:					
High	11.00	11.75	11.75	12.88	12.88
Low	10.00	10.25	10.38	10.50	10.00

Part I Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations for the Three and Six Months Ending June 30, 1997
(Dollars in thousands)

Results of Operations

Continuing Operations

Revenue for the three and six month periods was $112,310 and $201,314, compared to $69,052 and $133,428 in 1996. This is an increase of 62.6% and 50.9% for the three and six month periods, primarily due to storm work, a higher level of work in the commercial-industrial sector and an increase of line work in California. The commercial-industrial sector includes a major electrical job for a hotel and casino in Nevada that did not have significant revenues until the fourth quarter of 1996.

Gross profit for the three and six month periods was $9,954 and $17,339, compared to $8,028 and $14,458 in 1996. Gross profit as a percentage of revenue was 8.9% and 8.6% for the three and six month periods, respectively, compared to 11.6% and 10.8% in 1996. The lower margin percentage in 1997 is primarily due to a greater percentage of our commercial-industrial revenues coming from cost-plus fixed fee work. The cost-plus fixed fee work generally involves lower financial risk, therefore generates lower margins.

Revenue and gross profit comparisons from quarter to quarter and comparable quarters of different periods may be impacted by variables beyond the control of the Company due to the nature of the Company's work as an outside electrical contractor. Such variables include unusual or unseasonable weather and delays in receipt of construction materials which are typically results in lower revenues and lower margins in the first quarter when compared to other quarters. As a general rule, the better construction weather in the second, third and fourth quarters usually results in higher revenues and margins from those quarters. Competitive bidding pressures may cause these general trends to vary. Additionally, since the company's revenues are derived principally from providing construction labor services, insurance costs, particularly for workers compensation, are a significant factor in the Company's contract cost structure. Fluctuations in insurance reserves for claims under the retrospective rated insurance programs can impact gross margins, either upward or downward, in the period in which such insurance reserve adjustments are made.

Selling, general and administrative expenses for the three and six month periods were $6,659 and $12,530, compared to $5,597 and $11,315 in 1996. This represents 5.9% and 6.2% of consolidated revenues for the three and six month periods of 1997, compared to 8.1% and 8.5% for 1996. This reduction reflects higher revenue volume spread over a relatively fixed expense base.

Net interest expense for the three and six month periods was $392 and $634, compared to $464 and $867 in 1996. The decrease in interest expense was due to lower average outstanding debt levels in 1997 compared to 1996.

Gain (loss) on sale of property and equipment for the three and six month periods was ($254) and ($247), compared to $261 and $392 in 1996. The 1997 second quarter loss was due to the sale and disposal of obsolete and damaged units as a result of plans to modernize the equipment fleet.

Other income for the three and six month periods was $201 and $77, compared to other expense of $113 and $276 in 1996. The 1997 other income includes $1,042,000 relating to the settlement of a lawsuit (see Note 3 to the Financial Statements). Offsetting this amount are bank fees, amortization of goodwill, costs accrued for the clean-up and move out of an operating unit's facility as a result of consolidating operations and the write-off of an investment in land that has never been developed. The 1996 amounts consisted primarily of bank fees and amortization of goodwill and non-complete agreements.

Income tax expense for the three and six month periods was $1,140 and $1,602, compared to $847 and $957 in 1996. As a percentage of income, the effective rate was 40% in 1997 and 1996.

The Company's backlog at June 30, 1997 was $130,600, compared to $134,900 at December 31, 1996, and $89,600 at June 30, 1996. Substantially all the current backlog will be completed within twelve months and approximately 90% is expected to be completed by December 31, 1997.

Discontinued Operations

During 1988, the Company sold two subsidiaries. As part of the sale of the engineering subsidiary, the Company retained certain rights and obligations in connection with two lawsuits. In the three and six month periods, the Company recorded amounts received from a settlement with National Fire Insurance Company of Pittsburgh, PA, which resulted in a gain of $602 ($1,004 pre-tax). In the three and six month periods of 1996, the Company recorded additional amounts, primarily legal expenses related to the OMU lawsuits, which resulted in additional losses of $360 ($600 pre-tax). (See Note 3 to Financial Statements).

Liquidity and Capital Resources

Cash flows provided from operations for the six months amounted to $1,610, net proceeds from borrowings amounted to $1,142, proceeds from the exercise of stock options amounted to $112, and proceeds from the disposition of property and equipment amounted to $121. The cash flows provided from operations includes $4,250,000 received from a settlement of a lawsuit (see Note 3 to Financial Statements). The cash flows were primarily used for net capital expenditures of $2,800, the acquisition of D.W. Close Company, Inc. of $241 and dividend payments of $357. The Company's financial condition continues to be strong at June 30, 1997 with working capital of $19,274, compared to $14,171 at December 31, 1996. The Company's current ratio was 1.27:1 at June 30, 1997, compared to 1.25:1 at December 31, 1996.

The Company has a $20,000 revolving and $3,750 term credit facility. As of June 30, 1997, there were $6,000 and $3,750 outstanding under the revolving and term credit facility, respectively. The Company has outstanding letters of credit with Banks totaling $12,585. The Company anticipates that its credit facility, cash balances and internally generated cash flows will continue to be sufficient to fund operations, capital expenditures and debt service requirements. The Company is also confident that its financial condition will allow it to meet long-term capital requirements.

The acquisition of D.W. Close Company, Inc. was completed on May 1, 1997. The purchase price for this transaction was paid in cash and Company notes issued to the seller (See Note 2 to Financial Statements).

Capital expenditures for the six months were $2,800, compared to $2,396 in 1996. Capital expenditures during these periods were used for normal property and equipment additions, replacements and upgrades. Proceeds from the disposal of property and equipment for the six months were $121 and $546 in 1996. The Company plans to spend approximately $5,000 on capital improvements during 1997.

PART II

Item 1. Legal Proceedings

On June 24, 1997 the Company entered into a Settlement Agreement and Releases (the ``Agreement'') between National Union Fire Insurance Company of Pittsburgh, PA (``National Union'') and the Company, on behalf of The L.E. Myers Co. Group, the L.E. Myers Co. and LEMCO Engineers, Inc. (hereinafter referred to as the Company), related to the appeal to the United States Court of Appeals for the Second Circuit by National Union of the judgment in favor of the Company entered on April 10, 1997 in the United States District Court for the Southern District of New York in the previously disclosed lawsuit. Pursuant to the Agreement National Union paid to the Company the sum of $4,250,000 on June 27, 1997. The Agreement further provided that all appeals would be dismissed and that the Company and National Union each provided a release of liability of the other party.

Item 4. Submission of Matters to a Vote of Security Holders

The Company held its annual meeting of Stockholders on May 12, 1997 pursuant to a notice of meeting and proxy statement sent to stockholders of the Company. Stockholders elected Allan E. Bulley, Jr. and Bide L. Thomas as Class II directors to serve a term until the annual meeting of stockholders to be held in the year 2000. Mr. Bulley and Mr. Thomas were incumbent Class II directors who were nominated by the Board of Directors for re-election. Messrs. William

G. Brown (Class I), John M. Harlan (Class I) and Charles M. Brennan (Class III), continue to serve as directors of the class indicated after the meeting.

Item 6. Exhibits and Reports on Form 8-K

a. Exhibits filed herewith are listed in the Exhibit Index filed as a part hereof and incorporated herein by reference.

b. No reports on Form 8-K were filed by the Company for the second quarter of 1997.

CAUTIONARY STATEMENT-- This Release may contain statements which constitute ``forward-looking'' information as defined in the Private Securities Litigation Reform Act of 1995 or by the Securities and Exchange Commission. Investors are cautioned that any such forward-looking statements are not guarantees of future performance and actual results may differ.

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.

MYR Group Inc.

Date: August 6, 1997

By: /s/
Elliott C. Robbins, Sr. Vice President, Treasurer, and Chief Financial Officer
(duly authorized representative of registrant and principal financial officer)

MYR Group Inc.
Quarterly Report on Form 10Q
for the Quarter Ended June 30, 1997

Exhibit Index

Number	Description	Page (or Reference)
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MYR Group Inc.

Exhibit 11

SCHEDULE OF COMPUTATION OF NET INCOME PER SHARE
(In thousands, except per share data)

Period Ended June 30	Three Months 1997	Three Months 1996	Six Months 1997	Six Months 1996
Primary income per share				
Net income	$ 2,312	$ 909	$ 3,005	$1,075
Weighted average number of common shares outstanding during the period	3,249	3,198	3,246	3,191
Add - common equivalent shares (determined using the "treasury stock" method) representing shares issuable upon exercise of the common stock equivalents	330	241	308	232
Weighted average number of shares for income per common share	3,579	3,439	3,554	3,423
Income per common share - primary	$ .65	$ .26	$ .85	$ .31
Fully diluted income per share				
Net income	$ 2,312	$ 909	$ 3,005	$1,075
Add interest on subordinated convertible debentures, net of tax	60	59	118	119
	$ 2,372	$ 968	$ 3,123	$1,194
Weighted average number of common shares outstanding during the period	3,249	3,198	3,246	3,191
Add				
- -Common equivalent shares (determined using the "treasury stock" method) representing shares issuable upon exercise of the common stock equivalents	413	259	414	259
- -Shares assumed converted from subordinated convertible debentures	600	600	600	600
	4,262	4,057	4,260	4,050
Income per common share - fully diluted	$ .56	$ .24	$ .73	$ .29

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