SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

(Mark One)

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--- ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934 (FEE REQUIRED)

For fiscal year ended December 31, 1996

--- TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934 (NO FEE REQUIRED)

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)	(I.R.S. Employer Identification No.)

1701 W. GOLF ROAD, ROLLING MEADOWS, IL 60008
(Address of principal executive offices) (Zip Code)

Registrant's telephone number, including area code: (847) 290-1891

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Name of each exchange on which registered
Common Stock, $1 par value	New York Stock Exchange

Securities registered pursuant to Section 12(g) of the Act:

None

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 12 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 X No
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The aggregate market value of the registrant's Common Stock, $1 par value, held by non-affiliates of the registrant as of March 5, 1997, was $31,789,000 based on the closing price on that date on the New York Stock Exchange. As of March 5, 1997, 3,247,378 shares of the registrant's Common Stock, $1 par value were outstanding.

DOCUMENTS INCORPORATED BY REFERENCE

Those sections or portions of the definitive proxy statement of MYR Group Inc. for use in connection with its annual meeting of stockholders to be held May 13, 1997 are incorporated by reference into Part III of this annual report.

Table of Contents
and Cross-Reference Sheet

MYR GROUP INC.

PART I

ITEM 1. BUSINESS

The Company was organized under the laws of Delaware in April 1982, to serve as a holding company. Its principal assets consist of all of the outstanding shares of capital stock of The L. E. Myers Co., a Delaware corporation ("Myers"), Hawkeye Construction Inc., an Oregon corporation ("Hawkeye") and Harlan Electric Company, a Michigan corporation ("Harlan"). Myers is based in Rolling Meadows, Illinois and is the successor to another Delaware corporation of the same name which was organized in 1914 to succeed a business established in 1891 by Lewis E. Myers. Hawkeye was acquired by the Company in 1991 and its principal place of business is Troutdale, Oregon. Harlan was acquired by the Company in 1995 and is headquartered in Southfield, Michigan. Harlan has two subsidiaries: Sturgeon Electric Company, Inc., a Michigan corporation ("Sturgeon") with its principal place of business in Henderson, Colorado, acquired by Harlan in 1974 and Power Piping Company, a Pennsylvania corporation ("Power Piping") with its principal place of business in Pittsburgh, Pennsylvania, acquired by Harlan in 1963. As used under this Item 1 and Item

2, the term "Company" refers collectively to MYR Group Inc. and its direct and indirect subsidiaries and predecessors, unless the context otherwise requires.

The consolidated financial statements and notes thereto set forth in Part II, Item 8 of this report contain information regarding Harlan and its subsidiaries from January 3, 1995.

The general offices of the Company are located at 1701 West Golf Road, Rolling Meadows, Illinois.

CONSTRUCTION SERVICES

The Company conducts its business through its direct and indirect operating subsidiaries. The four principal types of construction services performed by the company are electric utility line construction, commercial and industrial electrical construction, telecommunication construction services and mechanical construction.

Myers, Harlan and Sturgeon are involved in the construction and maintenance of electric transmission lines, substations, distribution systems and lighting systems for electric utilities and industrial users of similar systems and providing construction services to the telecommunication market. These services are frequently referred to as "outside" or "line" electrical construction service. The Company generally serves the electric utility industry as a prime construction contractor. Designs and specifications for a project are usually prepared by the clients or their agents. The Company supplies the management, labor, equipment and tools necessary to construct the project. Construction materials are generally supplied by the clients although the Company occasionally may be required to procure and supply the construction materials. Most contracts undertaken by the Company are completed within twelve months, although certain contracts may extend for longer periods.

The Company, through Sturgeon provides electric construction and maintenance services to the commercial and industrial marketplace. These services are typically referred to as "inside" electrical construction. The Company's work in the commercial and industrial electric construction market place is most often performed as a subcontractor to a general contractor, however, the Company does perform certain commercial and industrial construction services as a prime contractor. Commercial and industrial electrical maintenance services are frequently performed by the Company as a prime contractor. The Company generally provides the materials to be installed as a part of the scope of these contracts which vary greatly in size and duration. The Company provides such construction services on many varied types of projects including airports, hospitals, hotels and casinos, arenas and convention centers, and manufacturing and process facilities. On occasion, a subsidiary of the Company will enter into a joint venture with another contractor to perform a specific project. Typically in these cases the subsidiary and the other contractor will share in the profits or losses on the project in the percentage determined by the joint venture agreement. The joint venture agreement

will define the obligations of the subsidiary and the other contractor with respect to the project and the management of the venture.

Myers, Harlan and Sturgeon are involved in telecommunication construction services including the installation of fiber optic cable and the construction of PCS towers.

The Company, through Power Piping, also provides mechanical construction and maintenance services for the steel industry, electric utility industry, chemical industry, food processors and other industrial customers located in the eastern half of the United States. These services are provided by the Company both as a prime contractor and as a subcontractor.

The Company's construction and maintenance crews are active year round in all geographic areas in which the Company operates. Winter weather in some northern areas and summer weather in some southern areas can adversely impact work schedules.

The Company is subject to the authority of state and municipal regulatory bodies concerned with the licensing of contractors. The Company has experienced no material difficulty in complying with the requirements imposed on it by such regulatory bodies.

The Company's operations are currently conducted primarily in the United States.

CUSTOMERS

Electric utilities, in the aggregate, represent the largest customer base of the Company. During the last five years, the Company's ten largest customers accounted for 41% of its consolidated contract revenues and its single largest customer accounted for 8% of such revenue. General contractors, as a group, constitute a significant group of customers for the Company's commercial and industrial work. Municipal or other government funded large projects provide the Company with significant revenues when it is awarded all or a substantial part of the electrical construction work on such projects.

In 1996 the Company's ten largest customers accounted for 46% of annual revenues. The Company's single largest customer during 1996 was Detroit Edison Company, an electrical utility in Michigan, accounting for 12% of such revenue.

CONTRACTS

The Company enters into contracts principally on the basis of competitive bids. Although there is considerable variation in the terms of the contracts undertaken by the Company, contracts will usually be either lump sum or unit price contracts pursuant to which the Company agrees to do the work for a fixed amount for the entire project or for the particular units of work performed. On occasion, the Company does obtain cost-plus contracts which provide for reimbursement of costs incurred by the Company, often within stated limits, plus the payment of a fee in a fixed amount or equal to a percentage of reimbursable cost. On occasion these cost-plus contracts require the Company to include a guaranteed not-to-exceed maximum price. Lump sum or unit price contracts have accounted for the larger portion of the Company's contract revenues in recent years. Such contracts typically place greater risks on the Company than do cost-plus contracts. A portion of the work performed by the Company requires performance and payment bonds at the time of execution of the contract. Contracts generally include payment provisions pursuant to which a 5% to 10% retainage is withheld from each progress payment until the contract work has been completed and approved.

The Company's backlog was $134,900,000 at December 31, 1996, compared to $69,100,000 at December 31, 1995. The varying magnitude and duration of projects undertaken by the Company may result in substantial fluctuations in its backlog from time to time. Substantially all of the December 31, 1996 backlog will be completed in 1997.

Certain of the projects which the Company undertakes are not completed in one accounting period. Revenue on construction contracts is recorded on the percentage-of-completion accounting method determined by the ratio of cost incurred to date on the contracts to management's estimates of total contract costs. Projected losses are provided for in their entirety when identified.

Some projects give rise to claims by the Company against its customers for additional compensation based upon such matters as scheduling changes, delays and interruptions or improper or revised specifications. The resolution of such claims often extends over several years. Management's judgment as to the possible outcome of such claims pending at the end of a financial reporting period is reflected in the Company's results of operations for such period and is revised in subsequent periods, if and as, required by developments with respect to such claims (see Note 1 to the Financial Statements).

COMPETITION

The Company's business is highly competitive. Competition is primarily based on the price of the construction services rendered and upon the reputation for quality, safety and reliability of the contractor rendering them.

The competition encountered by the Company varies depending upon the type of construction services which it renders. The construction and maintenance service provided to electric utilities and industrial owners of similar systems often requires larger amounts of capital and more specialized equipment than the requirements for commercial construction. Larger electric utility projects require increased numbers of heavy duty equipment as well as stronger financial resources to meet the cash flow requirements of these projects. These factors reduce the number of potential competitors on these projects to the larger competitors. The number of firms which generally compete for any electric utility project varies greatly depending on a number of factors, including the size of the project, its location and the bidder qualification requirements imposed upon contractors by the customer. Many of the competitors the Company encounters restrict their operations to one geographic area while a few operate nationally, as does the Company.

Competition for the electrical construction services provided by the Company to the commercial and industrial customers varies greatly. Again, size and location of the project will impact which competitors and the number of competitors that the Company will encounter on any particular project. The individual relationships with general contractors developed over several years by particular contractors based upon prior projects worked together will impact the Company's and its competitors' opportunities to bid on certain projects. The equipment requirements for this type of work are not as significant as for the electric utility construction. Since commercial construction typically involves the purchase of materials by the contractor the financial resources to meet these requirements on particular projects may impact the competition the Company encounters. The Company has performed such construction services principally in the western half of the United States. Certain of the Company's competitors for this type of work operate nationally; however, the preponderance of the Company's competition operates regionally.

The Company's mechanical construction and maintenance service have been performed principally in the eastern half of the United States. The Company's competitors for this type of work operate regionally.

The Company's competition includes entities which operate solely as union contractors, solely as non-union contractors, or in certain cases, through related companies having both union and non-union contractors.

In essentially all cases involving maintenance services provided by the Company, the Company's customers will also perform some or all of these types of services as well.

EMPLOYEES

At December 31, 1996, the Company had approximately 300 salaried employees including executive officers, district managers, project managers, superintendents, estimators, office managers, and staff and clerical personnel. At the same date, the Company employed approximately 2,700 hourly-rated employees, whose number fluctuates depending upon the number and size of the projects under construction by the Company at any particular time. At that date, approximately 90% of the Company's hourly-rated employees were members of the International Brotherhood of Electrical Workers ("IBEW"), AFL-CIO. Such IBEW employees are represented by numerous local unions under various agreements with varying terms and expiration dates. Such local agreements are entered into by and between the IBEW local and the National Electrical Contractors Association, of which the Company is a member. On occasion the Company will employ employees who are members of other trade unions pursuant to multi-employer, multi-union project agreements. A small number of the Company's employees are represented by the United Association of Journeymen and Apprentices of the Plumbing and Pipe Fitting Industry.

ITEM 2. PROPERTIES

CONSTRUCTION EQUIPMENT

The Company owns a substantial amount of construction equipment. This equipment, which at December 31, 1996 had an aggregate cost of $48,245,000 and a book value of $14,651,000 includes, among other items, trucks, trailers, tractors, tension stringing machines, bulldozers, bucket trucks, digger derricks, cranes and construction tools. Circumstances often require the Company to lease or rent various items of equipment in connection with its work on particular projects. The terms of these equipment leases and rental agreements are generally related to the length of time to complete the construction contract and sometimes include an option to purchase. The Company generally exercises the lease-purchase options with respect to such equipment, and in such cases, usually receives a credit toward the purchase price in the amount of all or a portion of the rentals paid on the lease.

REAL ESTATE

The general offices of the Company occupy approximately 10,500 square feet of leased space in an office building at 1701 West Golf Road, Rolling Meadows, Illinois. The lease on these quarters expires in February, 2004. Prior to October, 1996, the Company leased space in an office building at 2550 West Golf Road, Rolling Meadows, Illinois. Rent expense for these properties in 1996 totaled approximately $100,000.

The Company owns land which at December 31, 1996 aggregated approximately 48 acres. Buildings owned by the Company as of the same date contained approximately 175,000 square feet of space and housed certain regional offices and equipment centers, as well as a number of small warehouses and garages.

Certain other regional locations, which were leased on December 31, 1996, contained approximately 126,000 square feet of enclosed space. Rentals for such property in 1996 totaled approximately $886,000 and were under both long and short-term leases.

The following table sets forth Company acquisitions of all property and equipment, including acquisitions under capital leases, during each of the last three years.

Year	Amount
1996	$5,293,000
1995	$4,959,000
1994	$4,449,000

ITEM 3. LEGAL PROCEEDINGS

In September 1984, the Company's umbrella insurance carrier, National Union Fire Insurance Company of Pittsburgh (National Union) filed a lawsuit in the Supreme Court of the State of New York seeking a declaratory judgment that it was not obligated to defend and indemnify the Company for losses and damages related to errors in the design of four transmission towers designed for the City Utilities Commission of Owensboro, Kentucky (OMU) by the Company's former engineering subsidiary, LEMCO Engineers, Inc. (LEMCO). (See Note 11 to the Financial Statements). The case was removed to U. S. District Court for the Southern District of New York. The Company filed a counterclaim against National Union seeking a declaratory judgment that National Union must defend and indemnify the Company with respect to all claims above the primary policy limits of $1,000,000. The Company also filed cross claims against the insurance brokers who secured the excess insurance for the Company, the EMAR Company, American Risk Management, Inc. and the Walsh Group, alleging breach of contract, breach of fiduciary duty and negligence in connection with the procurement of the policy and seeking to hold these third party defendants liable to the Company in the event the Court were to hold that National Union is not obligated to indemnify the Company under the excess insurance policy. The case was placed on the Court's suspense docket pending the outcome of a related Kentucky State Court lawsuit brought by OMU against LEMCO and the steel supplier (the "Kentucky Case"). The Kentucky Case was settled in November 1993 and the U. S. District Court removed the National Union case from the suspense docket in February 1994. On February 28, 1997 the court ruled in the Company's favor on all issues against National Union. Judgement in the Company's favor and against National Union should be entered in the amount of approximately $4.9 million for damages incurred by the Company in remediating OMU's damages, the amount paid to OMU in settlement of the Kentucky lawsuit, legal fees and expenses incurred by the Company in the defense of the Kentucky lawsuit and the Federal Court lawsuit, plus interest on such amounts. The Company expects National Union will appeal the decision. Accordingly, the Company has not recorded any income relating to this judgement and has continued to record additional expenses, primarily legal costs, as a loss from discontinued operations in its 1996 financial statements.

The Company is also a defendant in lawsuits arising in the ordinary course of its business. In the opinion of the Company's management, based in part upon the advice of its counsel, these lawsuits are covered by insurance, provided for in the consolidated financial statements of the Company, or are without merit, and the Company's management is of the opinion that the ultimate disposition of any of these pending lawsuits will not have a material adverse impact on the Company in relation to the Company's consolidated financial condition.

ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

No matters were submitted to a vote of security holders in the fourth quarter of the year ended December 31, 1996.

PART II

ITEM 5. MARKET FOR THE REGISTRANT'S COMMON EQUITY AND RELATED STOCKHOLDER MATTERS

The shares of Common Stock of the Company are listed and traded on the New York Stock Exchange. As of March 14, 1997 there were approximately 820 holders of record of the shares of Common Stock of the Company. The following table sets forth quarterly market price and dividend information per share for the Common Stock of the Company (see Note 18 to the Financial Statements).

Quarter Ended	Stock Price Range (1)	Dividends Declared (1)
December 31, 1996	$10.50 - $12.88	$.050

September 30, 1996	10.38 - 11.75	.050
June 30, 1996	10.25 - 11.75	.050
March 31, 1996	10.00 - 11.00	.050
December 31, 1995	$10.00 - $11.81	$.047
September 30, 1995	9.19 - 11.91	.047
June 30, 1995	8.53 - 10.31	.047
March 31, 1995	7.97 - 9.66	.041

(1) The stock price range and dividends declared reflect a four-for-three stock split in the form of a stock dividend on December 15, 1995.

ITEM 6. SELECTED FINANCIAL DATA

CONTINUING OPERATIONS

(DOLLARS IN THOUSANDS EXCEPT PER SHARE AMOUNTS)

YEARS ENDED DECEMBER 31		1996	1995	1994	1993	1992
FOR THE YEAR	Contract revenue	$310,577	$266,965	$86,842	$108,515	$110,251
	Income	3,968	3,429	2,329	1,633	3,584
	Depreciation and amortization	6,091	6,189	3,191	2,892	2,287
	Capital expenditures	5,293	4,959	4,449	3,432	6,160
	Interest expense	1,826	1,772	99	350	324
AT YEAR END	Backlog	$134,900	$69,100	$28,200	$26,150	$31,370
	Working capital	14,171	15,490	8,595	8,636	10,404
	Property (net)	22,239	23,144	14,652	13,189	12,505
	Total assets	98,486	101,834	39,644	39,624	41,918
	Total long-term debt	8,995	14,590	318	804	1,478
	Shareholders' equity	29,570	26,618	23,622	22,046	21,813
	Shares outstanding	3,237	3,182	3,172	3,193	3,297
PER SHARE DATA	Income					
	Primary	$1.15	$1.01	$.70	$.48	$1.03
	Fully diluted	1.02	.91	.70	.48	1.03
	Book value	9.14	8.37	7.45	6.91	6.62
	Stock price range					
	Low	10.00	7.97	7.31	6.38	11.44
	High	12.88	11.91	10.22	13.41	19.03
	Cash dividends	.2000	.1819	.1650	.1575	.1388

NOTES:

1. Selected financial data for 1996 and 1995 includes Harlan Electric Company since the January 3, 1995 date of acquisition (see Note 2 to the Financial Statements).

2. The selected financial data excludes discontinued operations (see Note 5 to the Financial Statements).

3. All share and per share data have been adjusted for the four-for-three stock split in the form of a stock dividend in December 1995.

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS
(all dollar amounts, except per share amounts, are in thousands)

Results of Operations
Continuing Operations
Revenue increased by 16.3% to $310,577 in 1996 from $266,965 in 1995. The 1996 increase is primarily due to increases in the line construction revenues as a result of the Company's electric utility alliances and storm work.

Revenues increased by 207.4% to $266,965 in 1995 from $86,842 in 1994. The 1995 increase in revenues was due to the Harlan acquisition described in Note 2 to the Financial Statements. Revenue growth of 5% was achieved in 1995 from 1994 when considering the Harlan revenues in 1994 combined with the pre-merger revenues of the Company on a pro forma basis (See Note 2 in the Financial Statements).

The use of alliances increased during 1996 and accounted for a significant amount of revenues. Clients use alliances to award some or all of their construction requirements to one or more preferred contractors at predetermined prices or negotiated prices without competitive bids. The Company anticipates that alliance generated revenues will continue to grow as a percentage of the Company's total revenues.

Gross profit increased by 7.1% to $31,641 in 1996 from $29,547 in 1995. Gross profit as a percentage of revenue was 10.2% in 1996 compared to 11.1% in 1995. The lower margin percentage in 1996 is primarily due to lower margins generated on the utility alliance work and in the Company's commercial and industrial business units. The commercial and industrial units have experienced increased competition. In addition, several commercial projects had lower than anticipated margins due to increases in scope and impact costs incurred which resulted in pending change orders and claims that are not recognized as revenues as of December 31, 1996.

Gross profit increased by 140.3% to $29,547 in 1995 from $12,297 in 1994 due primarily to the acquisition of Harlan. The gross profit percentage decreased to 11.1% in 1995 compared to 14.2% in 1994 due, in large part, to a different mix of construction work performed by the Company. An increased percentage of revenues in 1995 was from projects which included the supply of materials which carry a lower markup. Increased workers compensation and other insurance costs and related expenses also contributed to the reduction in gross margin percentage in 1995.

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. Such variables include unusual or unseasonable weather and delays in receipt of construction materials on projects where the materials are provided to the Company by its clients. The different mix of the Company's work from period to period can impact gross margin percentage. As the percent of revenue derived for projects in which the Company supplies materials increases, the gross profit percentage will generally decrease. As the percentage of revenue derived from cost-plus work increases, margins may also decrease since this work involves lower financial risk. Finally, 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 have a significant impact on gross margins, either upward or downward, in the period in which such insurance reserve adjustments are made.

Selling, general and administrative expenses increased by 8.5% to $23,623 in 1996 from $21,780 in 1995. This represents 7.6% of revenues in 1996 in comparison to 8.2% in 1995. The overall increase is primarily due to additional compensation and safety program costs. The additional compensation costs reflect wage increases and additional operations and safety personnel to support the higher volume of work. The increase in safety program costs is a result of enhancements in the safety incentive program instituted in January 1996 for all MYR Group subsidiary companies.

Selling, general and administrative expenses increased by 166.7% to $21,780 in 1995 from $8,165 in 1994 due to the acquisition of Harlan and increased expenses to sustain higher levels of revenue. Selling, general and administrative expenses as a percentage of revenues decreased to 8.2% in 1995 from 9.4% in 1994 due to higher revenue volume spread over a relatively fixed expense base.

Net interest expense was $1,803 in 1996 compared to $1,707 in 1995. Interest expense increased in 1996 primarily due to short term borrowing used to finance the Company's increased working capital requirements.

Net interest expense was $1,707 in 1995 compared to net interest income of $49 in 1994. Interest expense increased in 1995 primarily due to long-term debt acquired in the acquisition of Harlan and short-term borrowing used to finance the Company's increased working capital requirements.

Other expense was $483 in 1996 compared to $565 in 1995 and consisted primarily of bank fees and amortization of non-competition agreements and goodwill. The decrease in 1996 is due to the non-competition agreements which became fully amortized in 1996.

Other expense was $565 in 1995 compared to $427 in 1994 and consisted primarily of bank fees and amortization of non-competition agreements and goodwill. The increase is mainly due to the amortization of goodwill, which commenced with the acquisition of Harlan in January 1995.

Gains recognized from sales of property and equipment were $668, $220 and $68 in 1996, 1995 and 1994 respectively. The increase in the past two years is primarily due to the Company's sales of older equipment as a result of plans to modernize the fleet through purchases and leases of new equipment.

Income tax expense was $2,432 in 1996, $2,286 in 1995 and $1,493 in 1994. As a percentage of income the effective rate was 38.0% for 1996, 40.0% for 1995 and 39.1% for 1994.

The Company's backlog was $134,900 at December 31, 1996, $69,100 at December 31, 1995 and $28,200 at December 31, 1994. Substantially all of the current backlog will be completed within twelve months.

Discontinued Operations

During 1988, the Company's Board of Directors approved plans to dispose of its engineering subsidiary. As part of the sale of the engineering subsidiary, the Company retained certain rights and obligations in connection with two lawsuits. In 1996 and 1994 the Company recorded additional expenses, primarily legal costs related to the insurance coverage case in Federal court in New York, which resulted in an additional loss from discontinued operations of $530 and $150, respectively. On February 28, 1997, the court ruled in the Company's favor and against the excess insurance carrier in the amount of $4.9 million. Judgement is expected to be entered. The Company expects that the judgement will be appealed. See Item 3, Legal Proceedings and Note 11 to the Financial Statements.

Liquidity and Capital Resources

As of December 31, 1996 the Company had working capital of $14,171 as compared to $15,490 in 1995 and $8,595 in 1994. Working capital decreased in 1996 primarily due to the paydown of long term debt. Working capital increased in 1995 primarily due to the acquisition of Harlan.

The ratio of current assets to current liabilities was 1.25:1 at December 31, 1996.

The acquisition of Harlan was completed on January 3, 1995. The purchase price was $19,291. Of this amount $13,612 was paid to the Harlan shareholders in cash with the remaining $5,679 of the payment in the form of convertible subordinated notes of the Company's. The subordinated notes are convertible into shares of the Company's common stock at a price per share of $9.4659. The cash portion of the purchase price was funded through the Company's cash balances and from bank debt (see Note 2 to the Financial Statements).

The Company has a $20,000 revolving and $5,000 term credit facility (see Note 8 to the Financial Statements). As of December 31, 1996 there were $1,675 and $5,000 outstanding under the revolver and term credit facility, respectively. The Company has outstanding letters of credit with banks totaling $12,585, of which $11,627 guarantees the Company's payment obligations under its insurance programs and $958 which is a credit enhancement to guarantee an industrial revenue bond. 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 Company's Board of Directors has authorized the purchase of up to 333,333 shares of its common stock. No purchases were made in 1996 or 1995. In 1994, purchases made under this program totaled 20,821 shares at a cost of $168. At December 31, 1996 the balance available under the Board of Directors' authorization to purchase shares was 154,645.

Capital expenditures were $5,293 in 1996, compared to $4,959 in 1995 and $4,449 in 1994. Capital expenditures during these periods were used for normal property and equipment additions, replacements and upgrades and includes $232 of additions through capital leases in 1996. The Company plans to spend approximately $5,000 on capital improvements in 1997.

Cash flows from operations were $14,138 in 1996 compared to $4,161 in 1995. This increase is primarily the result of the decrease in net underbillings from contracts-in-process and an increase in accounts payable due to large material purchases at year end for a specific job. The net underbillings decrease is a result of the days sales in net underbillings decreasing from 11.2 days at December 31, 1995 to 5.0 days at December 31, 1996.

Cash flows from operations were $4,161 in 1995 compared to $6,647 in 1994. This reduction is primarily the result of increased accounts receivable and work in process related to the increase in revenue.

Cash flows used for investments in 1996 consisted mainly of expenditures for properties and equipment of $5,061. This was offset by proceeds received from disposals of property and equipment of $2,310, including $1,300 in proceeds from the sale of the building that was "held for sale" as of December 1995.

Cash flows used for investments in 1995 included $12,995 for the acquisition of Harlan (see note 2 of the Financial Statements). Cash flows were generated from the disposal of property and equipment amounting to $1,818.

During 1996, the Company had $10,559 of repayments on its long-term debt compared to net proceeds from issuance of long-term debt of $7,156 in 1995. The 1996 repayments include approximately $7,500,000 in unscheduled reductions of the line of credit used for working capital. As noted above, improvements in the net underbillings and proceeds from sales of property and equipment were significant factors that contributed to the Company's ability to make these additional debt repayments.

Cash flows for dividends were $643, $575 and $527 in 1996, 1995 and 1994, respectively. Financing costs of $133 in 1995 represented banking fees for the Harlan acquisition financing.

ITEM 8. FINANCIAL STATEMENTS

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MYR GROUP INC.

RESPONSIBILITY FOR FINANCIAL STATEMENTS

The financial statements, and all other information in this annual report, were prepared by management which is responsible for their integrity and objectivity. Management believes the financial statements, which require the use of certain estimates and judgments, fairly and accurately reflect the Company's financial position, operating results and cash flows, in accordance with generally accepted accounting principles. All financial information in this annual report is consistent with the financial statements.

Management maintains a system of internal controls which it believes provides reasonable assurance that, in all material respects, assets are maintained and accounted for in accordance with management's authorizations and transactions are recorded accurately in the books and records. The concept of reasonable assurance is based on the premise that the cost of internal controls should not exceed the benefits derived. To assure the effectiveness of the internal lines of responsibility and delegation of authority, the Company's formally stated and communicated policies require employees to maintain high ethical standards in their conduct of its business. These policies address, among other things, potential conflicts of interest; compliance with all laws, including those related to financial disclosure; and confidentiality of proprietary information.

The Audit Committee of the Board of Directors is comprised entirely of directors who are not employees of the Company. The committee reviews audit plans, internal controls, financial reports and related matters and meets regularly with the Company's management and independent auditors. The independent auditors have free access to the Audit Committee, without management being present, to discuss the results of their audits or any other matters.

Deloitte & Touche LLP, independent auditors, have audited the financial statements of the Company. Their report is presented on page 15. Their audit includes a study and evaluation of the Company's control environment, accounting systems and control procedures. Deloitte & Touche LLP advises management and the Audit Committee of significant matters resulting from their audit of our financial statements and consideration of our internal controls.

Charles M. Brennan III
Chairman and
Chief Executive Officer

Elliott C. Robbins
Senior Vice President, Treasurer
and Chief Financial Officer

MYR GROUP INC.

INDEPENDENT AUDITORS' REPORT

Board of Directors and Shareholders
MYR Group Inc.:

We have audited the accompanying consolidated balance sheets of MYR Group Inc. and subsidiaries as of December 31, 1996 and 1995, and the related consolidated statements of operations, shareholders' equity, and cash flows for each of the three years in the period ended December 31, 1996. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, such consolidated financial statements present fairly, in all material respects, the financial position of MYR Group Inc. and subsidiaries at December 31, 1996 and 1995, and the results of their operations and their cash flows for each of the three years in the period ended December 31, 1996 in conformity with generally accepted accounting principles.

Deloitte & Touche LLP
Chicago, Illinois
March 19, 1997

MYR GROUP INC.

CONSOLIDATED BALANCE SHEET

(Dollars in thousands)

	DECEMBER 31	1996	1995
ASSETS	Current assets:		
	Cash and cash equivalents	$ 1,011	$ 703
	Accounts receivable (Note 3)	53,508	51,114
	Costs and estimated earnings in excess of billings on uncompleted contracts (Note 4)	10,760	14,851
	Deferred income taxes (Note 10)	4,896	4,602
	Other current assets	471	1,594
	Total current assets	70,646	72,864
	Property and equipment-net (Notes 6, 7 and 8)	22,239	23,144
	Intangible assets - net	2,466	2,681
	Other assets (Note 11)	3,135	3,145
	Total assets	$ 98,486	$ 101,834
LIABILITIES	Current liabilities:		
	Current obligations under capital leases (Note 7)	$ 75	$ 58
	Current maturities of long-term debt (Note 8)	4,370	9,120
	Accounts payable	17,721	13,886
	Billings in excess of costs and estimated earnings on uncompleted contracts (Note 4)	5,504	5,042
	Accrued liabilities (Note 9)	28,805	29,268
	Total current liabilities	56,475	57,374
	Long-term liabilities:		
	Obligations under capital leases (Note 7)	121	-
	Long-term debt (Note 8)	8,874	14,590
	Deferred compensation	399	391
	Deferred income taxes (Note 10)	3,047	2,861
	Total liabilities	$ 68,916	$ 75,216
SHAREHOLDERS' EQUITY	Common stock - par value $1 per share; authorized 6,000,000 shares; issued 3,349,593 shares	3,350	3,350
	Additional paid-in capital	5,965	5,898
	Common stock held in Treasury, at cost: 1996 - 112,881 shares and 1995 - 167,484 shares (Note 12)	(1,043)	(1,548)
	Retained earnings	22,121	19,326
	Restricted stock awards and shareholder notes receivable (Note 14)	(823)	(408)
	Total shareholders' equity	29,570	26,618
	Total liabilities and shareholders' equity	$ 98,486	$ 101,834

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

MYR GROUP INC.

CONSOLIDATED STATEMENT OF OPERATIONS

(Dollars in thousands except per share amounts)

YEARS ENDED DECEMBER 31	1996	1995	1994
Contract revenue	$310,577	$266,965	$86,842
Contract cost	278,936	237,418	74,545
Gross profit	31,641	29,547	12,297
Selling, general and administrative expenses	23,623	21,780	8,165
Income from operations	8,018	7,767	4,132
Other income (expense)			
Interest income	23	65	148
Interest expense	(1,826)	(1,772)	(99)
Gain on sale of property and equipment	668	220	68
Other	(483)	(565)	(427)
Income from continuing operations before income taxes	6,400	5,715	3,822
Income tax expense (Note 10)	2,432	2,286	1,493
Income from continuing operations	3,968	3,429	2,329
Loss from discontinued operations (Note 5)	(530)	-	(150)
Net income	$ 3,438	$ 3,429	$ 2,179
Earnings per share (Note 13) - Primary:			
Income from continuing operations	$ 1.15	$ 1.01	$ .70
Net income	$ 1.00	$ 1.01	$ .65
Earnings per share (Note 13) - Fully Diluted:			
Income from continuing operations	$ 1.02	$ .91	$ .70
Net income	$ .89	$ .91	$ .65

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MYR GROUP INC.

CONSOLIDATED STATEMENT OF SHAREHOLDERS' EQUITY

(Dollars in thousands)

YEARS ENDED DECEMBER 31, 1994, 1995 AND 1996	Common Stock Issued	Additional Paid-In Capital	Treasury Stock	Retained Earnings	Restricted Stock Awards and Shareholder Note Receivable	Total
Balance January 1, 1994	$2,512	$6,757	$(1,476)	$14,820	$(567)	$22,046
Net income				2,179		2,179
Dividends paid				(527)		(527)
Shareholders' note payments					91	91
Treasury stock purchases			(167)			(167)

Balance December 31, 1994	2,512	6,757	(1,643)	16,472	(476)	23,622
Effect a four-for-three stock split in a form of a stock dividend	838	(838)				
Issuance of 10,267 common shares upon exercise of stock options		(21)	95			74
Net income				3,429		3,429
Dividends paid				(575)		(575)
Shareholder note payment					68	68
Balance December 31, 1995	3,350	5,898	(1,548)	19,326	(408)	26,618
Issuance of 7,333 common shares upon exercise of stock options		(21)	68			47
Issuance of 47,270 common shares for restricted stock awards		88	437		(525)	-
Amortization of unearned restricted stock awards					42	42
Net income				3,438		3,438
Dividends paid				(643)		(643)
Shareholder note payment					68	68
Balance December 31, 1996	$3,350	$5,965	$(1,043)	$22,121	$(823)	$29,570

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

MYR GROUP INC.

CONSOLIDATED STATEMENT OF CASH FLOWS

(Dollars in thousands)

YEARS ENDED DECEMBER 31		1996	1995	1994
CASH FLOWS FROM OPERATIONS	Income from continuing operations	$ 3,968	$ 3,429	$ 2,329
	Adjustments to reconcile income from continuing operations to cash flows from continuing operations:			
	Depreciation and amortization	5,834	5,822	2,931
	Amortization of intangibles	215	367	260
	Amortization of unearned stock awards	42	-	-
	Deferred income taxes	(108)	489	781
	Gain on sale of property and equipment	(668)	(220)	(68)
	Changes in operating assets and liabilities; net of acquisition:			
	Accounts receivable	(2,394)	(3,622)	1,173
	Costs and estimated earnings in excess of billings on uncompleted contracts	4,091	(6,557)	395
	Other assets	(163)	247	(421)
	Accounts payable	3,835	(4,673)	346
	Billings in excess of costs and estimated earnings on uncompleted contracts	462	685	(438)
	Insurance accruals	(893)	2,341	(937)
	Other liabilities	447	5,853	446
	Cash flows from continuing operations	14,668	4,161	6,797
	Cash flows from discontinued operations	(530)	-	(150)
	Cash flows from operations	14,138	4,161	6,647
CASH FLOWS FROM INVESTMENTS	Proceeds from disposal of property and equipment	2,310	1,818	123
	Expenditures for property and equipment	(5,061)	(4,959)	(4,449)
	Cash used in acquisition, net of cash acquired	-	(12,995)	-

	Cash flows from investments	(2,751)	(16,136)	(4,326)
CASH FLOWS FROM FINANCING	Proceeds from issuance of long-term debt	-	19,500	-
	Repayments on long-term debt	(10,559)	(12,344)	(1,274)
	Purchases of treasury stock	-	-	(167)
	Increase (decrease) in deferred compensation	8	(27)	(27)
	Proceeds from exercise of stock options	47	74	-
	Dividends paid	(643)	(575)	(527)
	Shareholders' note payments	68	68	91
	Financing costs	-	(133)	-
	Cash flows from financing	(11,079)	6,563	(1,904)
	Increase (decrease) in cash and cash equivalents	308	(5,412)	417
	Cash and cash equivalents beginning of year	703	6,115	5,698
	Cash and cash equivalents end of year	$ 1,011	$ 703	$ 6,115

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

MYR GROUP INC.

NOTES TO FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Business - The four principal types of construction services performed by the Company are electric utility line construction, commercial and industrial electrical construction, telecommunication construction services and mechanical construction. Work is performed under lump sum, unit price, and cost-plus-fee contracts. These contracts are undertaken by the Company or its subsidiaries alone, or with subcontractors.

Principles of Consolidation - The consolidated financial statements include the accounts of the Company and its subsidiaries. The Company's investment in joint ventures is accounted for by the equity method. All material intercompany balances and transactions have been eliminated.

Use of Estimates - The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and revenues and expenses during the period reported. Actual results could differ from those estimates.

Revenue Recognition - The Company recognizes revenue on construction contracts using the percentage-of-completion accounting method determined in each case by the ratio of cost incurred to date on the contract (excluding uninstalled direct materials) to management's estimate of the contract's total cost. Contract cost includes all direct material, subcontract and labor costs and those indirect costs related to contract performance, such as supplies, tool repairs and depreciation. The Company charges selling, general, and administrative costs, including indirect costs associated with maintaining district offices, to expense as incurred.

Provisions for estimated losses on uncompleted contracts are recorded in the period in which such losses are determined. Changes in estimated revenues and costs are recognized in the periods in which such estimates are revised. Significant claims are included in revenue in accordance with industry practice.

The asset, "Costs and estimated earnings in excess of billings on uncompleted contracts," represents revenues recognized in excess of amounts billed. The liability, "Billings in excess of costs and estimated earnings on uncompleted contracts," represents amounts billed in excess of revenues recognized.

Classification of Current Assets and Current Liabilities - The length of the

Company's contracts varies, with some larger contracts exceeding one year. In accordance with industry practice, the Company includes in current assets and current liabilities amounts realizable and payable under contracts which may extend beyond one year.

Land and Building Held for Sale - Other current assets as of December 31, 1995 includes $1,300,000 for land and a building held for sale. Such assets, acquired in the acquisition described in Note 2, are stated at fair value at the date of acquisition which is their estimated net realizable value.

Property and Equipment - Property and equipment are carried at cost. Depreciation for buildings and improvements is computed using the straight line method over estimated useful lives ranging from five years to 32 years. Depreciation for equipment is computed using straight line and accelerated methods over estimated useful lives ranging from three years to ten years. The cost of maintenance and repairs is charged to income as incurred.

Intangible Assets - Intangible assets consist of non-competition agreements and goodwill arising from acquisitions. The non-competition agreements are being amortized over their contractual lives of five years. Goodwill represents the excess of the purchase price over the fair value of net assets

acquired in a business combination treated as a purchase. Goodwill is being amortized on a straight line basis over 25 years.

Insurance - The Company maintains insurance coverage it believes to be adequate for its needs. Under its insurance contracts, the Company usually accepts self-insured retentions appropriate for the specific risks of its business.

Income Taxes - Deferred income taxes are recorded based upon the differences between the financial statement and the tax bases of assets and liabilities and available tax credit carryforwards.

Consolidated Statement of Cash Flows - For purposes of this statement, short term investments which have a maturity of ninety days or less are considered to be cash equivalents. Supplemental disclosures with respect to cash flows are as follows (in thousands):

	1996	1995	1994
Cash paid for interest	$ 1,788	$ 1,677	$ 105
Cash paid for income taxes	3,045	1,937	452
Convertible subordinated notes issued (Note 2)	-	5,679	-
Capital lease obligations incurred	232	-	-

Other - In December 1995, the Company effected a four-for-three stock split in the form of a stock dividend. The $838,000 par value of the additional shares issued was transferred from additional paid-in capital to common stock. Amounts relating to number of shares and amounts per share have been adjusted for 1995 and prior years to reflect the stock split. Certain other amounts in prior year financial statements have been reclassified to conform to the 1996 presentation.

2. ACQUISITION

On January 3, 1995, the Company completed the acquisition of all the stock of Harlan Electric Company ("Harlan"), pursuant to an Agreement and Plan of Merger dated October 5, 1994. Harlan and its wholly-owned subsidiaries, Sturgeon Electric Company, Inc. and Power Piping Company, are engaged primarily in the installation and maintenance of electrical equipment and lighting systems for commercial, industrial and electrical utility customers and in the erection and maintenance of high and low pressure piping systems for electrical utilities and steel industry customers.

All the shares of Harlan were exchanged for $13,612,000 in cash and $5,679,000 of 7% convertible subordinated notes. The principal of each note will be due in three equal installments on January 3, 2000, 2001 and 2002, with interest payable semiannually each year. The notes are convertible into 600,000 shares of the Company's common stock at a price per share of $ 9.4659. The Company also refinanced $8,756,000 of Harlan debt. The transaction was financed through cash on hand and borrowings under a new $25,000,000 revolving and term credit facility with Harris Trust and Savings Bank and Comerica Bank. The transaction has been accounted for using the purchase method of accounting.

The following unaudited pro forma summary presents the consolidated results of continuing operations as if the acquisition had occurred January 1, 1994 and does not purport to be indicative of what would have occurred had the acquisition actually been made as of January 1, 1994 or of results which may occur in the future (in thousands, except per share amounts).

Contract revenue	$253,824
Net income	5,652
Income per share	
Primary	1.70
Fully diluted	1.55

Adjustments made in arriving at pro forma unaudited results of operations include increased interest expense on acquisition debt, amortization of goodwill and related tax adjustments.

3. ACCOUNTS RECEIVABLE (IN THOUSANDS)

	1996	1995
Contract receivables	$47,431	$45,320
Contract retainages	6,338	6,178
Other	233	164
	54,002	51,662
Allowance for doubtful accounts	494	548
	$53,508	$51,114

4. CONTRACTS IN PROCESS (IN THOUSANDS)

	1996	1995
Costs incurred on uncompleted contracts	$351,851	$256,714
Estimated earnings	38,834	31,515
	390,685	288,229
Less: Billings to date	385,429	278,420
	$ 5,256	$ 9,809
Included in the accompanying balance sheet under the following captions:		
Costs and estimated earnings in excess of billings on uncompleted contracts	$ 10,760	$ 14,851
Billings in excess of costs and estimated earnings on uncompleted contracts	5,504	5,042

$ 5,256	$ 9,809

5. DISCONTINUED OPERATIONS

As part of the sale in 1988 of its former engineering subsidiary, the Company retained certain rights and obligations in connection with the OMU lawsuits (as described in Note 11). In 1996 and 1994, the Company recorded additional expenses, primarily legal costs related to the OMU lawsuits, which resulted in additional losses of $530,000 and $150,000, respectively (net of income tax benefits of $325,000 and $100,000) (see Note 11).

6. PROPERTY AND EQUIPMENT (IN THOUSANDS)

	1996	1995
Land	$ 1,431	$ 1,292
Buildings and improvements	5,716	5,292
Construction equipment	48,245	51,825
Office equipment	3,276	3,216
	58,668	61,625
Accumulated depreciation	36,429	38,481
	$22,239	$23,144

7. LEASES AND COMMITMENTS

At December 31, 1996, the Company had outstanding irrevocable standby letters of credit totaling $12,585,000 of which $11,627,000 guarantees the Company's payment obligation under its insurance programs and $958,000 which is a credit enhancement to guarantee an industrial revenue bond.

The Company leases construction equipment and office equipment. The net book value of leased assets that have been capitalized in property and equipment is $207,000 and $132,000 as of December 31, 1996 and 1995, respectively.

Minimum lease payments and the present value of capital lease obligations under capital leases in effect at December 31, 1996 are $211,000 and $196,000 respectively.

The Company also leases real estate and construction equipment under operating leases with terms ranging from one to five years. Future minimum lease payments as of December 31, 1996 total $4,960,000, $4,222,000, $3,153,000, $2,405,000 and $1,095,000 for the years ending 1997, 1998, 1999, 2000 and 2001 respectively. Total rent expense, including both short-term and long-term leases, for 1996, 1995, and 1994 amounted to approximately $12,088,000, $7,417,000 and $4,299,000, respectively.

8. LONG-TERM DEBT

Long-term debt outstanding consisted of the following (in thousands):

	1996	1995
Variable - rate term credit agreement (effective interest rate of 7.3% at December 31, 1996), payable in quarterly installments of $625 through December 1998	$ 5,000	$ 7,500
Variable - rate revolving credit agreement, (effective interest rate of 8.3% at December 31, 1996), payable		

at maturity in December 1998	1,675	9,200
7% convertible subordinated notes, payable in three equal installments commencing in January 2000	5,679	5,679
Industrial revenue bond financing at variable rates (weighted average of 8.5%) and due in varying annual amounts ranging from $195 to $250 through 2000	890	1,070
Variable - rate notes payable (1.26% over adjusted LIBOR), payable in monthly installments through December 1996	-	261
	13,244	23,710
Less current portion	4,370	9,120
	$ 8,874	$ 14,590

The Company maintains a $20,000,000 revolving and $5,000,000 term credit facility with a bank. At the Company's option, borrowing under this line bears interest at the bank's prime interest rate or the adjusted LIBOR commercial rate plus a spread. The credit facility expires on December 31, 1998.

Under the credit facility, borrowings are limited to an amount equal to 75% of eligible accounts receivable balances. The terms of the credit agreement require, among other things, minimum current ratios, fixed charge coverage ratio and senior debt leverage ratios. Payments of cash dividends and repurchases of capital stock, each quarter, are restricted to an amount not to exceed $150,000 plus 6.25% of the Company's net income for the preceding 12 months. The Company has complied with these provisions.

In accordance with the Harlan merger and promissory note agreements $1,942,000 of the $5,679,000 of convertible subordinated notes was placed in escrow. On December 26, 1996, the Company submitted a claim against the escrow note holders in an amount in excess of the escrow note balances. The Company is in the process of reviewing the claim with the note holders and no adjustments to the subordinated notes have been recorded in the Company's financial statements as of December 31, 1996.

The industrial revenue bond is secured by properties with a net book value of approximately $2,063,000 and $2,140,000 at December 31, 1996 and 1995, respectively. The variable-rate notes payable are secured by construction equipment with a net book value of approximately $354,000 as of December 31, 1995.

Maturities of long-term debt are $4,370,000 in 1997, $2,715,000 in 1998, $230,000 in 1999, 2,143,000 in 2000 and $1,893,000 per year for 2001, and 2002. The maturities of debt incurred under the revolving credit agreement have been reported based on an estimate of the expected paydown through the 1998 expiration date of the credit facility.

9. ACCRUED LIABILITIES (IN THOUSANDS)

	1996	1995
Insurance	$ 12,160	$ 13,053
Payroll	5,365	5,301
Union dues and benefits	2,919	2,770
Profit sharing and thrift plan	1,191	755
Taxes, other than income taxes	1,397	1,451

Other	5,773	5,938
	$ 28,805	$ 29,268

10. INCOME TAXES

Provision for income taxes on income from continuing operations is comprised of the following (in thousands):

	1996	1995	1994
Current			
Federal	$ 2,137	$ 1,331	$ 546
State	403	466	166
	2,540	1,797	712
Deferred	(108)	489	781
	$ 2,432	$ 2,286	$ 1,493

The differences between the U.S. federal statutory tax rate and the Company's effective rate for the three years ended December 31, 1996 are as follows:

	1996	1995	1994
U.S. federal statutory rate	34.0%	34.0%	34.0%
State income taxes, net of U.S. federal income tax benefit	4.9	5.4	4.6
Other	(.9)	.6	.5
	38.0%	40.0%	39.1%

The net deferred tax assets and liabilities arising from temporary differences at December 31, 1996 and 1995 are as follows (in thousands):

	1996		1995	
	CURRENT ASSETS	NONCURRENT LIABILITIES	CURRENT ASSETS	NONCURRENT LIABILITIES
Employee and retiree benefit plans	$ -	$ (251)	$ -	$ (255)
Excess tax over book depreciation		3,298	-	3,116
Insurance accruals	2,584	-	2,732	-
Other allowances and accruals	2,312	-	1,870	-

	$ 4,896	$3,047	$ 4,602	$ 2,861
	==========	=========	=======	=======

11. CONTINGENCIES

The Company has been involved in two lawsuits as a result of errors in the design of four transmission towers by the Company's former engineering subsidiary for City Utilities Commission of Owensboro, Kentucky (OMU). The engineering subsidiary has been sold (see Note 5), but the Company retained the rights and obligations related to these lawsuits as part of the sale agreement.

One lawsuit (the Kentucky lawsuit) alleged that the engineering subsidiary negligently designed and engineered the towers, and that OMU incurred damages as a result of the redesign and replacement of the four towers. During 1993, OMU agreed to a settlement of the case pursuant to which it accepted payment of $1,300,000 from the Company.

The other lawsuit (the New York lawsuit) concerns the insurance coverage of the engineering subsidiary related to the design errors. The Company notified its primary and excess umbrella insurance carriers at the time of the discovery of the design errors. The Company's excess umbrella carrier denied insurance coverage for the damages above the primary carrier's policy limits and filed an action against the Company seeking a declaratory judgment that the umbrella insurance coverage did not apply to the loss on several theories. The Company counterclaimed against the umbrella carrier and, in addition, in a third party action, brought suit against three former insurance brokers which had procured the insurance for the Company. Approximately $550,000 of unreimbursed costs and the $1,300,000 paid to OMU during 1993 has been recorded as a non-current asset because management is of the opinion that the amounts will be recovered from its excess umbrella insurance carrier and its brokers, individually or collectively. On February 28, 1997, the court ruled in the Company's favor and against the excess insurance carrier in the amount of $4.9 million for the unreimbursed costs incurred by the Company in remediating OMU's damages, the amount paid to OMU in settlement of the Kentucky lawsuit, legal fees and expenses incurred by the Company in the defense of the Kentucky lawsuit and the New York lawsuit, plus interest on such amounts. Judgement is expected to be entered. Post judgement interest will apply from the date of judgement until the date of final resolution. The Company expects that National Union will appeal the decision. Accordingly, the aformentioned $1,850,000 asset has not been adjusted as of December 31, 1996 and the Company has continued to record additional expenses, primarily legal costs, as a loss from discontinued operations in 1996 (see Note 5).

The Company is also involved in various other legal matters which arise in the ordinary course of business, none of which is expected to have a material adverse effect.

12. TREASURY STOCK

The Company's Board of Directors has authorized the purchase of up to 333,333 shares of its common stock for future issuance to key employees under the Company's stock option plans. The Company purchased 20,821 shares on the open market at a cost of $167,813 in 1994. No shares were purchased in 1996 and 1995. At December 31, 1996, the balance available under the Board of Directors' authorization to purchase shares was 154,645. The company issued, 7,333 and 10,267 shares out of treasury for options exercised in 1996 and 1995, respectively. The Company

also issued 47,270 shares out of treasury for restricted stock awarded to non-employee directors and key employees in 1996.

13. EARNINGS PER SHARE

Primary earnings per share is 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. Primary earnings per share is based upon weighted average common shares outstanding of 3,448,547 in

1996, 3,399,659 in 1995 and 3,333,419 in 1994. Fully diluted earnings per share also reflects the potential dilution which would result from the conversion of the convertible subordinated notes.

14. STOCK OPTION AND RESTRICTED STOCK PLANS

In 1996, the shareholders approved an amendment to the 1995, 1992 and 1990 stock option plans to allow restricted shares of common stock to be issued in addition to stock options under the terms of the plans. They also approved the 1996 plan, reserving up to 50,000 shares of common stock for restricted stock awards to non-employee directors

At December 31, 1996, under the 1996, 1995, 1993, 1992 and 1990 Stock Option and Restricted Stock Plans, 47,730, 309,333, 66,661, 3,996, and 6,442 shares, respectively, are available for grant.

Stock Options:

Outstanding options granted under the 1995, 1993 and 1992 plans are exercisable at a price equal to 100% of the fair market value at the date of grant. Outstanding options granted under the 1990 and 1989 plans are exercisable at a price equal to either 85% or 100% of the fair market value at the date of grant. Vesting of options granted under the plans is determined separately for each grant and has generally been equally over a three to five year term.

Transactions and other information relating to the stock option plans for the three years ended December 31, 1996 are summarized below:

	1996		1995		1994	
	Number Of Shares	Weighted Average Exercise Price	Number Of Shares	Weighted Average Exercise Price	Number Of Shares	Weighted Average Exercise Price
Outstanding beginning of year	743,960	$ 7.48	584,005	$7.14	546,671	$7.04
Granted	9,336	10.99	224,680	8.49	40,667	8.51
Exercised	(7,333)	7.17	(10,267)	7.19	-	-
Forfeited	(28,669)	8.25	(54,458)	7.84	(3,333)	7.08
Outstanding end of year	717,294	$7.50	743,960	$7.48	584,005	$7.14
Exercisable end of year	446,208	$6.16	391,749	$6.16	336,259	$5.52

Options outstanding at December 31, 1996 are summarized below:

	Options Outstanding			Options Exercisable	
Exercise Prices	Number Outstanding	Weighted Average Remaining Contractual Life	Weighted Average Exercise Price	Number Exercisable	Weighted Average Exercise Price
$4.26	241,668	2.77	$ 4.26	241,668	$4.26

$7.07 - $9.18	302,953	7.53	7.89	130,703	7.72
$10.87 - $11.49	172,673	6.50	11.36	73,837	11.38
	717,294			446,208	

The weighted average fair value of the stock options granted during 1996 and 1995 was $3.53 and $3.00, respectively. The fair value of each stock option grant is estimated using the Black-Scholes option pricing model with the following weighted average assumptions:

	1996	1995
Expected life (years)	5	5
Risk-free interest rate	6.24%	7.61%
Expected volatility	30.74%	32.30%
Expected dividend yield	1.80%	1.80%

The Company accounts for the stock option plans in accordance with Accounting Principles Board Opinion No. 25, under which no compensation cost has been recognized for stock option awards granted at fair market value. Had compensation cost for the Stock Plans been determined consistent with Statement of Financial Accounting Standards No. 123, "Accounting for Stock - Based Compensation" (SFAS 123), the Company's pro forma income and earnings per share for 1996 and 1995 would have been:

	1996	1995
Net Income	$3,365,000	$3,369,000
Earnings per share - primary	.98	.99
Earnings per share - fully diluted	.88	.90

Restricted stock
Participants under the restricted stock award plans are entitled to cash dividends and to vote their respective shares. The shares issued are held by the Company until the restriction period expires. Under the 1995, 1992 and 1990 plans, the restriction period is determined separately for each grant. Upon issuance of stock under such plans, unearned compensation equivalent to the market value at the date of grant is charged to stockholders' equity and subsequently amortized to expense over the restriction period. In 1996, 45,000 shares were awarded at an average market price of $11.10 with seven year restriction periods. The charge against net earnings for compensation under the plan was $25,900 in 1996.

The restricted stock awards under the 1996 plan are issued to non-employee directors who elect to receive restriced stock in lieu of the annual retainer payable quarterly in cash. In 1996, 2,270 shares were awarded at an average market price of $11.07. The charge against net earnings for director fees under the plan was $16,100 in 1996.

Under the Company's 1992, 1990 and 1989 Stock Option and Restricted Stock Plans, a Committee of the Board of Directors is authorized to grant loans to option holders to purchase the shares of common stock upon the exercise of options. At December 31, 1996 and 1995, respectively, the outstanding note receivable balance was $340,000 and $408,000. The note was collateralized by 81,250 shares of the Company's common stock at December 31, 1996 and 1995. The note bears interest at an annual rate of 7.7%, payable annually, with principal payments due through December 2001. Outstanding loans are shown as a reduction of shareholders' equity on the balance sheet.

15. EMPLOYEE BENEFIT PLANS

The Company has profit sharing and thrift employee benefit plans in effect for all eligible salaried employees. Company contributions under such plans are based upon a percentage of income with limitations as defined by the plans. Contributions amounted to approximately $1,230,000, $645,000 and $528,000 in 1996, 1995, and 1994, respectively.

Certain employees are covered under union-sponsored collectively bargained defined benefit plans. Expenses for these plans amounted to approximately $15,387,000, $10,265,000 and $4,398,000 in 1996, 1995 and 1994, respectively, as determined in accordance with negotiated labor contracts.

The Company also has a supplemental retirement and death benefit program. It was discontinued in 1988. The program provided for aggregate benefits at retirement or death equal to approximately twice the key employee's highest base salary. The benefits are paid out in equal monthly installments over 10 years for retirement or 15 years in the event of death. Benefits are reduced for early retirement. There are currently four active employee participants.

16. MAJOR CUSTOMERS

The Company had one customer that accounted for 12.1% of the Company's consolidated contract revenue in 1996. In 1994, the Company had another customer that accounted for 19.5% of the Company's consolidated revenue. No customers accounted for more than 10% of the Company's consolidated contract revenues in 1995.

17. FAIR VALUE OF FINANCIAL INSTRUMENTS

The following methods and assumptions were used to estimate the fair values of financial instruments:

For cash and cash equivalents, accounts receivable and payable, accrued liabilities, and other assets and liabilities, the carrying amount approximates the fair value because of the short maturities of those instruments.

The variable-rate borrowings under the Company's bank term and revolving credit agreement, which is repriced frequently, approximate fair value. The fair value of long-term debt is estimated based on quoted market prices, when available. If a quoted market price is not available, fair value is estimated using quoted market prices for similar financial instruments or discounting future cash flows. The difference between the fair value and the carrying value of the Company's long term debt is not material.

18. SUPPLEMENTAL QUARTERLY FINANCIAL INFORMATION (UNAUDITED)

(Dollars in thousands, except per share amounts)

	1996				
	Mar. 31	June 30	Sept. 30	Dec. 31	Year to Date
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	0.05	0.05	0.05	0.05	0.20
Market price:					
High	11.00	11.75	11.75	12.88	12.88
Low	10.00	10.25	10.38	10.50	10.00

	1995				
	Mar. 31	June 30	Sept. 30	Dec. 31	Year to Date
Contract revenue	$56,051	$64,015	$66,638	$80,261	$266,965
Gross profit	6,653	7,338	7,968	7,588	29,547
Net income	252	1,005	1,248	924	3,429
Income per share:					
Primary	.08	.30	.37	.27	1.01
Fully diluted	.08	.26	.32	.25	.91
Dividends paid per share	.041	.047	.047	.047	.182
Market price:					
High	9.66	10.31	11.91	11.81	11.91
Low	7.97	8.53	9.19	10.00	7.97

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH INDEPENDENT AUDITORS ON ACCOUNTING AND FINANCIAL DISCLOSURE.

The Company has no items to report under Item 9 of this report.

PART III

ITEM 10. DIRECTORS AND EXECUTIVE OFFICERS OF THE REGISTRANT

(a) Identification of Directors

Incorporated by reference from the Company's definitive proxy statement for use in conjunction with its annual meeting of stockholders under the caption "Election of Directors".

(b) Identification of Executive Officers

The names and ages of the executive officers of the Company and their business experience during the past five years are set forth below:

Charles M. Brennan III (55)
Chairman (since August 1988) and Chief Executive Officer (since October 1989) Director (since 1986).

William S. Skibitsky (47)
President and Chief Operating Officer (since July 1996), President and Chief Operating Officer of The L. E. Myers Co. (Since May 1994) President of ABB Combustion Engineering Nuclear Services (1990 - January 1994)

Byron D. Nelson (50)
Senior Vice President, General Counsel and Secretary (since February 1986).

Elliott C. Robbins (50)
Senior Vice President, Treasurer and Chief Financial Officer (since February 1986)

Betty R. Johnson (38)
Controller (since June 1992); Senior Manager at Deloitte & Touche (1981 - June 1992).

ITEM 11. EXECUTIVE COMPENSATION

Incorporated by reference from the Company's definitive proxy statement for use in connection with its annual meeting of stockholders under the caption "Executive Compensation".

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

Incorporated by reference from the Company's definitive proxy statement for use in connection with its annual meeting of stockholders under the caption "Security Ownership".

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

Incorporated by reference from the Company's definitive proxy statement for use in connection with its annual meeting of stockholders under the captions "Executive Compensation" and "Compensation Committee Interlocks and Insider Participation".

PART IV

ITEM 14. EXHIBITS, FINANCIAL STATEMENT SCHEDULES, AND REPORTS ON FORM 8-K

(a) 1. The following documents are included in Item 8:

2. All schedules are omitted because they are not applicable, not required, or the required information is included in the financial statements or notes thereto.

(b) No reports on Form 8-K were filed by the Company during the fourth quarter 1996.

(c) Exhibits required to be filed by Item 601 of Regulation S-K are listed in the Exhibit Index which appear at pages 33 and 34 and which are incorporated by reference.

SIGNATURES

In accordance with the requirements of Section 13 or 15(d) of the Securities and 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.

/s/ Elliott C. Robbins

Elliott C. Robbins
Senior Vice President, Treasurer
and Chief Financial Officer

Dated: March 19, 1997

In accordance with the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

(i) Principal Executive Officer:

/s/ Charles M. Brennan III - - ---------------------------------- Charles M. Brennan III	Chairman and Chief Executive Officer

(ii) Principal Financial Officer:

/s/ Elliott C. Robbins - - ---------------------------------- Elliott C. Robbins	Senior Vice President, Treasurer and Chief Financial Officer

(iii) Principal Accounting Officer

/s/ Betty R. Johnson - - ---------------------------------- Betty R. Johnson	Controller

(iv) A Majority of the Board of Directors:

/s/ Charles M. Brennan III
- - --------------------------
Charles M. Brennan III

/s/ William G. Brown
- - --------------------------
William G. Brown

/s/ Allan E. Bulley, Jr.
- - --------------------------
Allan E. Bulley, Jr.

/s/ Bide L. Thomas
- - --------------------------
Bide L. Thomas

/s/ John M. Harlan
- - --------------------------

John M. Harlan

MYR GROUP INC.

Annual Report on Form 10-K
For the Fiscal Year Ended December 31, 1996

Exhibit Index

Number	Description	Page (or Reference)
2.1	Merger Agreement by and among the Company, HMM Corporation and Harlan Electric Company dated October 5, 1994, as amended	(1)
3.1	Amended and Restated Certificate of Incorporation of the Company	(2)
3.2	Bylaws of the Company (as amended)	(3)
4.1	Form of 7% Subordinated Convertible Escrow and Non-Escrow promissory notes of the Company to certain former stockholders of Harlan Electric Company	(4)
10.1	Form of Agreement for Supplemental Retirement and Death Benefit Programs of the Company and its subsidiaries	(5)
10.2	Form of Agreement of Indemnification for Directors of the Company and certain officers of the Company and its subsidiaries	(6)
10.3	1989 Stock Option Plan	(7)
10.4	1990 Stock Option Plan	(7)
10.5	1992 Stock Option Plan	(7)
10.6	1995 Stock Option Plan	(7)
10.7	1993 Non-Employee Director Stock Option Plan	(8)
10.8	1996 Non-Employee Director Stock Ownership Plan	(9)
10.9	Management Incentive Program	(10)
10.10	Amended Employment Agreement between the Company and C. M. Brennan effective January 1, 1997. 35	(35)
11	Schedule of Computation of Net Income Per Share for Years Ended December 31, 1996, 1995 and 1994	(41)
21	Subsidiaries of the Company	(42)
23	Independent Auditors' Consent	(43)
27	Financial Data Schedules	(44)

(1) Filed as exhibit 2 to the Report on Form 8-K of the Company dated January 3, 1995, and incorporated herein by reference.

(2) Filed as exhibits 3.1 to the Annual Report on Form 10-K of the Company for the year ended December 31, 1995, and incorporated herein by reference.

(3) Field as exhibits 3.2 to the Annual Report on Form 10-K of the Company for the year ended December 31, 1995, and incorporated herein by reference.

(4) Filed as exhibits E-1 and E-2 to the Merger Agreement by and among the Company, HMM Corporation and Harlan Electric Company dated October 5, 1994, as amended, which agreement and exhibits thereto were filed as exhibit 2 to the Report on Form 8-K of the Company dated January 3, 1995, and incorporated herein by reference.

(5) Filed as exhibit 10.5 to the Annual Report on Form 10-K of the Company for the year ended December 31, 1984, and incorporated herein by reference.

(6) Filed as exhibit 10.8 to the Annual Report on Form 10-K of the Company for the year ended December 31, 1986, and incorporated herein by reference.

(7) Filed as Appendix B to the notice of meeting and proxy statement for use in connection with the Company's 1996 Annual Meetings of stockholders held on May 15, 1996.

(8) Filed as exhibit 10.6 to the Report on Form 10-K of the Company for the year ended December 31, 1993 and incorporated herein by reference.

(9) Filed as Appendix A to the notice of meetings and proxy statements for use in connection with the Company's 1996 Annual Meeting of stockholders held on May 15, 1996.

(10) Filed as exhibit 10.8 to the Annual Report on Form 10-K of the Company for the year ended December 31, 1995, and incorporated herein by reference

EMPLOYMENT AGREEMENT

Recitals

This agreement is entered into between Charles M. Brennan III (the "Employee") and MYR Group Inc. (the "Company") as of January 1, 1997 whereby the Employee is employed by the Company as its Chairman and Chief Executive Officer.

Covenants

I. Employment and Duties.

A. Employment. The Company hereby employs Employee as Chairman and Chief Executive Officer of the Company, and the Employee hereby accepts such employment, all on the terms and subject to the conditions set forth in the Agreement. The Employee hereby agrees to perform in good faith and to the best of the Employee's ability all services which may be required of the Employee hereunder and which are consistent with services which are typically performed by like officers of like corporations.

B. Commitment of Time. Nothing in this Agreement shall preclude the Employee from devoting a reasonable period of time required for serving as a director or member of an advisory committee of any organization involving no conflict of interest with the interests of the Company and from managing his personal investments.

II. Term of Employment. Subject to Section 5 hereof, the term of this Agreement shall be one year commencing January 1, 1997 and ending December 31, 1997 and shall renew automatically for successive one year terms unless written notice is delivered by the party not intending to renew the Agreement to the other Party not later than October 31 of the year prior to renewal or unless the Agreement is terminated in accordance with Section 5.

III. Compensation.

A. Base Compensation. As base compensation for the Employee's services hereunder during the term of this Agreement, the Company shall pay the Employee a salary at the minimum rate of $312,500 per year, in accordance with the Company's regular payroll practices for salaried employees.

B. Incentive Compensation. In addition to the base compensation to be paid to the Employee during the term of this Agreement, the Employee shall be entitled to receive incentive compensation as follows:

1. The Employee shall be entitled to receive an annual incentive ("Completed Year Incentive") to the extent provided in the Company's short-term incentive plan as such plan may exist from time to time (the "Incentive Plan").

2. The Employee shall be entitled also to receive an annual bonus on December 31 of each such year in an amount equal to the principal and interest due annually pursuant to the Employee's promissory note held by the Company on the date of this Agreement until such time as the note has been repaid.

C. Withholding Taxes. The Company shall deduct and withhold from the compensation payable to the Employee during the term of this Agreement, any and all applicable taxes or other required withholdings.

D. Other Benefits. During the term of this Agreement, the Employee shall be entitled to receive all other benefits of employment (including but not limited to group health, accident and life insurance) that are generally available to other senior executive employees of Company.

E. Certain Additional Payments. In the event that any of the provisions of Sections 3.1, 3.2 or 5.4 hereof result in the receipt of the Employee of a "parachute payment" (as defined in Section 280G of the Internal Revenue Code of 1986, as amended (the "Code")) because of a change in the ownership or effective control of the Company or a change in the ownership of a substantial portion of the assets of the Company (as such terms are defined in Section 280G (b) (2) (A) of the Code) which occurs during the term of this Agreement, then in such event the Company shall make an additional payment to the Employee in an amount in cash such that the amount of the after-tax proceeds of the Employee from the payments provided for in Sections 3.1, 3.2 and 5.4 and the payment provided for in this Section 3.5, taking into account federal and state income and excise taxes, is equal to the amount of the after-tax proceeds the Employee would have received from the payment provided for in Sections 3.1, 3.2 and 5.4, taking into account Federal and state income taxes, had the payments provided in Sections 3.1, 3.2 and 5.4 not resulted in the receipt by the Employee of a parachute payment. The Employee agrees to give the Company prompt written notice of any claim by the Internal Revenue Service that any payments made pursuant to the provisions of Sections 3.1, 3.2 and 5.4 hereof result in the receipt by the Employee of a "parachute payment". In such event the Company shall have the right to assume and control the defense of any such claim with counsel of its own selection. The Employee agrees to cooperate with the Company in connection with any defense of such claim.

IV. Restrictive Covenants.

A. Use and Disclosure of Confidential Information; Agreement not to Compete.

1. The Employee agrees that he will not, except for the sole benefit of or with the written consent of the Company:

a. during and after the term of his employment thereunder, use or disclose any of the confidential information (defined as information or data not known generally outside of the Company concerning its business, or the business of its subsidiaries or affiliates, including, but not limited to all technical information, customer information, such as customer lists, pricing information, business plans, or market strategies) to any person, firm or corporation for any purpose whatsoever for so long as and to the extent that such information has not become generally known to or available for use by the public other than by any act or omission of the Employee; or

b. during the term of employment hereunder and thereafter for a period of two years after the expiration or any termination of this Agreement directly or indirectly engage, anywhere in the United States in any business which would be competitive with the business conducted by the Company on the date of such expiration or termination, or acquire or retain any financial interest in any business which is so engaged, provided, however, that the Employee shall not be prohibited from acquiring up to 2% in value of any class of outstanding debt or equity securities of any corporation if such securities are publicly traded in an established securities market.

2. If any provision of this section 4.1, as applied to any party or to any circumstances, is adjudged by a court to be

invalid or unenforceable, the same will in no way affect any of this Section or other part of this Agreement, the application of such provision in any other circumstances or the validity or enforceability of this Agreement. If any such provision, or any part hereof, is held to be unenforceable because of the duration of such provision or the area covered thereby, the parties agree that the court making such determination will have the power to reduce the duration and/or area of such provision, and/or to delete specific works or phrases, and in its reduced form such provision will then be enforceable and will be enforced. Upon breach of any provision of this Section 4.1, the Company will be entitled to injunctive relief, since the remedy at law would be inadequate and insufficient. In addition, the Company will be entitled to such damages as it can show it has sustained by reason of such breach.

B. Survival of Restrictive Covenants. The provisions of Section 4.1 of this Agreement shall survive the expiration or any termination of this Agreement.

V. Termination of Employment.

A. Termination in the Event of Disability or Death. The Employee's employment under this Agreement shall terminate in the event of his disability or death. In the event of such termination, the Company shall (a) pay to the employee or to the estate of the Employee, as the case may be, an amount equal to the Employee's annual salary in effect at the date of the termination of his employment plus an incentive equivalent equal to 55% of such amount; (b) pay to the Employee or his estate, as the case may be, an amount equal to the Completed Year Incentive for the year prior to the year in which the termination of employment occurs if such termination occurs on or after January 1 and prior to the date upon which annual incentives are paid for the prior year; (c) pay to the Employee or to his estate, as the case may be an amount equal to the Partial Year Incentive (as hereinafter defined) for the year in which termination of employment occurs; (d) immediately fully vest any and all shares of restricted stock or stock options previously granted to the Employee under the Company's Stock Option and Restricted Stock Plans; and (e) immediately forgive all remaining unpaid principal and interest due the Company under the promissory note referenced in Section 3.2.2.

1. For purposes of determining the amount of the Completed Year Incentive under 5.1.(b) above for the year prior to the year during which the termination of employment occurs, the amount of the payment (if any) shall be the amount of the Completed Year Incentive calculated in accordance with the terms of the Incentive Plan.

2. For purposes of determining the amount of Partial Year Incentive under 5.1.(c) above, the Company shall calculate the amount of the Completed Year Incentive which the Employee would have been entitled to receive under Section 3.2.1 as if the Company had achieved 100% of the target performance provided for in its business plan, multiplied by a fraction, the numerator of which is equal to the number of days that the Employee was employed during the year through the date of termination of employment and the denominator of which is 365

3. For purposes of this Agreement, the term "Disability" shall mean the Employee's inability to substantially perform the services required of the Employee hereunder for a period in

excess of 180 consecutive days or 180 days during any 270-day period.

B. Termination by the Company for Good Cause. The Company shall have the right to terminate the Employee's employment under this Agreement for Good Cause. In the event of such termination the Company shall have no further liability to the Employee under this Agreement except for the obligation to pay to the Employee, within 30 days after the effective date of the termination, his base compensation accrued but unpaid as of the date of such termination and such other obligations as may be imposed upon the Company as a matter of law. For purposes of this Agreement, the term "Good Cause" shall mean (i) the Employee's commission of a felony, (ii) the Employee's material breach of any of his obligations or duties, including the Employee's willful failure to substantially perform his duties as provided for in this Agreement (other than as a result of his incapacity due to illness or injury), (iii) the Employee's commission of a willful act, such as embezzlement, against the Company intended to enrich the Employee at the expense of the Company, or (iv) the Employee willfully furnishing materially false information to the board of directors of the Company, or the willful omission to furnish material information to the board of directors of the Company, in connection with a matter which the board of directors is considering. No termination for Good Cause may be effected under clause (ii) of the preceding sentence unless (a) the Company shall have given written notice to the Employee specifying with particularity the basis for the Company's decision to terminate the Employee's employment, and (b) the Employee shall have failed to cease or correct the performance (or nonperformance) which forms the basis for the Company's decision within 30 days following the date of the Company's written notice.

C. Termination for other than Good Cause or Termination for Non-Renewal of the Agreement by the Company. If the Company terminates Employee's employment for other than Good Cause or does not renew the Agreement on any anniversary date, the Company shall (a) pay to the Employee an amount equal to one and one-half times the Employee's annual salary in effect at the date of the termination of his employment plus an incentive equivalent equal to 55% of such amount; (b) pay to the Employee an amount equal to the Completed Year Incentive for the year prior to the year in which the termination of employment occurs if such termination occurs on or after January 1 and prior to the date upon which annual incentives are paid for the prior year, calculated in accordance with the provisions of Section 5.1.1 above; (c) pay to the Employee an amount equal to the Partial Year Incentive for the year in which termination of employment occurs calculated in accordance with the provisions of Section 5.1.2 above; (d) immediately fully vest any and all shares of restricted stock or stock options previously granted to the Employee under the Company's Stock Option and Restricted Stock Plans; and (e) immediately forgive all remaining unpaid principal and interest due the Company under the promissory note referenced in Section 3.2.2.

D. Termination by the Company or Termination for Good Reason by the Employee Following a Change of Control. In the event of a Change of Control of the Company, the provisions of this section 5.4 shall apply notwithstanding any other provisions of the Agreement to the contrary. For purposes of this Agreement Change of Control shall be defined as the occurrence of any of the following events:

(a) There is a report filed on Schedule 13D (or any successor schedule, form or report) as promulgated pursuant to the Exchange Act, disclosing that any person (as the term "person" is used in Section 13(d) (3) of the Exchange Act, other than the Employee, has become the beneficial owner (as the term "beneficial owner" is defined under Rule 13d-3 or any successor rule or regulation promulgated under the Exchange Act) of 20% or more of the issued and outstanding shares of voting securities of the Company; or

(b) There is a report filed on Schedule 14D-1 (or any successor schedule, form or report) as promulgated pursuant to the Exchange Act disclosing that any person (as the term "person" is used in Section 14(d) (2) of the Exchange Act) has or intends to become the beneficial owner (as the term "beneficial owner" is defined under Rule 13d-3 or any successor rule or regulation promulgated under the Exchange Act) of 20% or more of the issued and outstanding shares of voting securities of the Company; or

(c) During any period of two consecutive years, individuals who at the beginning of such period constitute directors of the Company cease for any reason to constitute at least a majority of the Board of Directors thereof. For purposes of this subsection (c) any new director whose election, or whose nomination for election by the Company's stockholders, was approved by a vote of at least two-thirds of the directors of the Company then still in office who were directors of the Company at the beginning of any such period (including those directors deemed to be such pursuant to this sentence) shall be deemed to be a director of the Company as of the beginning of such period.

1. The Employee shall have the right to terminate his employment under this Agreement for Good Reason. For purposes of this Agreement, the term "Good Reason" shall mean any of the following which occur without the consent of or at the direction of the Employee: (i) any significant change in the nature of Employee's principal duties without his consent, or any diminution in the Employee's status or responsibilities, (ii) any change in reporting relationships under which the Employee would cease to report directly to a board of directors elected by public stockholders, (iii) any decrease in the Employee's salary below the level provided for by the terms of Section 3.1 (or such level to which his salary may be increased from time to time in accordance with Section 3.1), any change in the Incentive Plan which has the effect of reducing the amount of any of the incentive awards which the Employee would otherwise receive under Sections 3.2.1 and 3.2.2 or any failure by the Company to provide the Employee with the compensation otherwise provided for in Sections 3.1 through 3.5 hereof, (iv) the Company's failure to obtain the agreement of a successor entity to assume the obligations under this Agreement as required by Section 6.1 hereof, or (v) the Company's requiring the Employee to be based in any location which would materially increase the Employee's commuting time. For purposes of clause (ii) of the preceding

sentence, the Company shall be deemed to have public shareholders only if the Company's common stock is traded on a national securities exchange or quoted on the NASDAQ inter-dealer quotation system. No termination for Good Reason may be effected under clause (ii) of the first sentence of this section 5.4.1 unless the Employee has first offered to the Company to render such continued services, for a period which shall not extend beyond the six-month anniversary of the change described in such clause (ii) , as the board of directors deems reasonably necessary to assist in an orderly transition of the Company's management following such change. In the event the Company accepts such offer, the effective date of the termination shall be deemed to be the date on which the Employee ceases to render such additional services.

E. In the event the Employee terminates his employment under this Agreement for Good Reason or in the event the Company terminates his employment under this Agreement within two years following a Change of Control the Company shall immediately (a) pay to the employee an amount equal to two times the Employee's annual salary in effect at the date of the termination of his employment plus an incentive equivalent equal to 55% of such amount; (b) pay to the Employee an amount equal to the Completed Year Incentive for the year prior to the year in which the termination of employment occurs if such termination occurs on or after January 1 and prior to the date upon which annual incentives are paid for the prior year, calculated in accordance with the provisions of Section 5.1.1 above; (c) pay to the Employee an amount equal to the Partial Year Incentive for the year in which termination of employment occurs calculated in accordance with the provisions of Section 5.1.2 above; (d) immediately fully vest any and all shares of restricted stock or stock options previously granted to the Employee under the Company's Stock Option and Restricted Stock Plans; and (e) immediately forgive all remaining unpaid principal and interest due the Company under the promissory note referenced in Section 3.2.2.

VI. Miscellaneous Other Benefits.

A. Successors. The Company agrees to require any successor to all or substantially all of the business or assets of the Company and its subsidiaries to expressly assume and agree to perform this Agreement in the same manner and to the same extent that the Company would be required to perform it if no such succession had taken place, except that no such express agreement shall be required where such successor succeeds to the obligations of the Company hereunder by operation by law.

B. Binding Effect. This Agreement shall insure to the benefit of and be enforceable by the Employee's personal or legal representatives, executors, administrators, successors, heirs, distributees, devisees and legatees.

C. Amendment and Modifications. The parties hereto may amend, modify and supplement this Agreement in such manner as may be agreed upon by them in writing.

D. Entire Agreement. This Agreement contains the entire agreement of the parties hereto with respect to the employment of the Employee by the Company and supersedes all prior understandings and agreements of the parties with respect to the employment of the Employee by the Company and supersedes all prior understandings and agreements of the parties with respect to the subject matter hereof.

E. Severability. The provisions of this Agreement shall be deemed severable, and the invalidity, unenforceability or illegality of any provision of this Agreement shall not in any way affect or impair the validity, enforceability or legality of the other provisions hereof.

F. Governing law. This Agreement shall be governed by and construed in accordance with the laws of the Sate of Illinois applicable to contracts made and to be performed in that state.

G. Headings. The descriptive headings in this Agreement are inserted for convenience only and do not constitute a part of this Agreement.

H. Execution in Counterpart. This Agreement may be executed in any number of counter parts, each of which shall be deemed an original.

I. Legal Fees. In the event the Employee incurs legal fees and expenses in seeking to obtain any benefit under this Agreement and it is ultimately determined by a court of competent jurisdiction that the Employee is entitled to receive all or any part of such benefit, then the Company shall pay to the Employee the amount of reasonable legal fees and expenses up to so incurred by him.

J. Notices. Any and all notices, demands or other communications required or desired to be given hereunder by any party shall be in writing and shall be validly given or made to another party if given by personal delivery, telex, facsimile, telegram or if deposited in the United States mail, certified or registered, postage prepaid, return receipt requested is to be given as hereinafter set forth:

If to the Company:

MYR Group Inc.
Three Continental Towers
1701 West Golf Road, Suite 1012
Rolling Meadows, Illinois 60008-4007

If to the Employee:

Charles M. Brennan III
15275 Little St. Mary's Road
Mettawa, Illinois 60048

Any party hereto may change its address for the purpose of receiving notices, demands and other communications as herein provided by a written notice given in the manner aforesaid to the other party or parties hereto.

IN WITNESS WHEREOF, the parties have caused this Agreement to be executed as of the date first above written.

MYR GROUP INC.

By: /s/ Byron D. Nelson

Its: Senior Vice President

EMPLOYEE

/s/ Charles M. Brennan III

Charles M. Brennan III

EXHIBIT 11

MYR GROUP INC.
SCHEDULE OF COMPUTATION OF NET INCOME PER SHARE
(IN THOUSANDS, EXCEPT PER SHARE DATA)

	Year Ended December 31		
	1996	1995	1994
Primary income per share			
Income from continuing operations	$ 3,968	$ 3,429	$ 2,329
Weighted average number of common shares outstanding during the period	3,212	3,174	3,179
Add - common equivalent shares (determined using the "treasury stock" method) representing shares issuable upon exercise of the common stock equivalents	237	226	155
Weighted average number of shares for income per common share	3,449	3,400	3,334
Primary income per share before discontinued operations	$ 1.15	$ 1.01	$ .70
Loss from discontinued operations	$ (530)	$ -	$ (150)
Net income	$ 3,438	$ 3,429	$ 2,179
Primary income per common share	$ 1.00	$ 1.01	$ .65
Fully diluted income per share			
Income from continuing operations	$ 3,968	$ 3,429	$ 2,329
Add interest on convertible subordinated notes, net of tax	247	237	N/A
	$ 4,215	$ 3,666	$ 2,329
Weighted average number of common shares outstanding during the year	3,212	3,174	3,179
Add			
- - - Common equivalent shares (determined using the treasury stock" method) representing shares issuable upon exercise of common stock equivalents	306	244	155
- - - Shares assumed converted from convertible subordinated notes	600	600	N/A
Weighted average number of shares for fully diluted income per common share	4,118	4,018	3,334
Fully diluted earnings before discontinued operation per common share	$ 1.02	$ .91	$ .70
Loss from discontinued operations	$ (530)	$ -	$ (150)
Net income	$ 3,685	$ 3,666	$ 2,179
Fully diluted income per common share	$ .89	$ .91	$ .65

Note: All shares and per share data have been adjusted for the four-for-three split in the form of a stock dividend in December 1995.

EXHIBIT 21

MYR GROUP INC.

LIST OF SUBSIDIARIES

The Company's significant subsidiaries are:

Name of Corporation or other entity	State or Jurisdiction of Organization	Percentage of of Interest
The L. E. Myers Co.	Delaware	100%
Hawkeye Construction, Inc.	Oregon	100%
Harlan Electric Company	Michigan	100%
Sturgeon Electric Company, Inc.	Michigan	100%(1)
Power Piping Company	Pennsylvania	100%(1)
Comtel	Colorado	100%(2)

(1) wholly owned subsidiary of Harlan Electric Company

(2) wholly owned subsidiary of Sturgeon Electric Company, Inc.

EXHIBIT 23

INDEPENDENT AUDITORS' CONSENT

Board of Directors and Shareholders
MYR Group Inc.

We consent to the incorporation by reference in Registration Statement Nos. 33-31305, 33-36557, 33-53628, 33-76722 of MYR Group Inc. on Form S-8 of our report dated March 19, 1997, appearing in the Annual Report on Form 10-K of MYR Group Inc. for the year ended December 31, 1996.

DELOITTE & TOUCHE LLP
Chicago, Illinois
March 19, 1997

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