

SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

(Mark One)

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

For fiscal year ended December 31, 1995  
OR

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

2550 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  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 14, 1996, was \$26,436,000 based on the closing price on that date on the New York Stock Exchange. As of March 14, 1996, 3,187,443 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 15, 1996 are incorporated by reference into Part III of this annual report.

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and Cross-Reference Sheet  
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MYR GROUP INC.

PART I  
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ITEM 1. BUSINESS  
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On December 14, 1995 the Certificate of Incorporation of the registrant, MYR Group Inc. was amended to change the name of the Company to MYR Group Inc. from The L. E. Myers Co. Group. 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. On January 3, 1995 the Company acquired all of the common stock of Harlan, through a merger of HMM Corporation, a wholly owned subsidiary of the Company with and into Harlan pursuant to an Agreement and Plan of Merger dated October 5, 1994 (the "Merger"). 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 2550 West Golf Road, Rolling Meadows, Illinois.

CONSTRUCTION SERVICES  
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The Company conducts its business through its direct and indirect operating subsidiaries. The three principal types of construction services performed by the company are electric utility line construction, commercial and industrial electrical construction 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. 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 and Harlan provide electric construction and maintenance services to the commercial and industrial marketplace and construction services to the telecommunication market. 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

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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.

The Company, through Power Piping, also provides mechanical construction and maintenance services for the steel industry, electric utility industry, chemical industry 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 exclusively in the United States.

#### CUSTOMERS

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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 approximately 40% of its consolidated contract revenues and its single largest customer accounted for approximately 11% of such revenue. As a result of the Merger, the percentage of the Company's consolidated revenues derived from the electric utility industry has been reduced from prior years. 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 1995 the Company's ten largest customers accounted for approximately 40% of annual revenues. The Company's single largest customer during 1995 was Detroit Edison Company, an electrical utility in Michigan, accounting for approximately 7% of such revenue.

#### CONTRACTS

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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, they 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 contracts of the cost-plus type. 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.

The Company's backlog was \$69,100,000 at December 31, 1995, compared to \$28,200,000 at December 31, 1994. 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, 1995 backlog will be completed in 1996.

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Certain of the projects which the Company undertakes are not completed in one accounting period. Revenue on such 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 without reference to percentage-of-completion.

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

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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 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 reduces 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 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 principally performed such construction services 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.

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#### EMPLOYEES

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At December 31, 1995, the Company had approximately 275 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 2,450 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

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#### CONSTRUCTION EQUIPMENT

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The Company owns a substantial amount of construction equipment. This equipment, which at December 31, 1995 had an aggregate cost of \$51,825,000 and a book value of \$16,056,000 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

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The general offices of the Company occupy approximately 7,500 square feet of leased space in an office building at 2550 West Golf Road, Rolling Meadows, Illinois. The lease on these quarters expires in September of 1996. Rental for such property in 1995 totaled approximately \$80,300.

The Company owns land which at December 31, 1995 aggregated approximately 63 acres. Buildings owned by the Company as of the same date contained approximately 344,200 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, 1995, contained approximately 125,000 square feet of enclosed space. Rentals for such property in 1995 totaled approximately \$854,000 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
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1995	\$4,959,000
1994	\$4,449,000
1993	\$3,432,000

### ITEM 3. LEGAL PROCEEDINGS

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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 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 holds 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. A trial date of April 15, 1996 has been set by the U.S. District Court.

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

A special meeting of stockholders of the Company was held on December 14, 1995. The stockholders approved an amendment to Article First of the Company's Certificate of Incorporation pursuant to which the name of the Company was changed to MYR Group Inc. from The L. E. Myers Co. Group. The vote on the proposal was 2,157,665 shares in favor of the amendment, 27,188 shares against the amendment and 2,593 shares abstained. The vote in favor constitute 90.56% of the number of shares issued and outstanding and entitled to vote at the meeting.

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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, 1996 there were approximately 1,087 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, 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
December 31, 1994	8.06 - 9.56	.041
September 30, 1994	7.31 - 10.22	.041
June 30, 1994	7.78 - 9.19	.041
March 31, 1994	7.78 - 9.00	.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.

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ITEM 6. SELECTED FINANCIAL DATA

CONTINUING OPERATIONS

(DOLLARS IN THOUSANDS EXCEPT PER SHARE AMOUNTS)

YEARS ENDED DECEMBER 31		1995	1994	1993	1992	1991
FOR THE YEAR	Contract revenue	\$266,965	\$86,842	\$108,515	\$110,251	\$96,097
	Income	3,429	2,329	1,633	3,584	3,045
	Depreciation and amortization	6,189	3,191	2,892	2,287	1,701
	Capital expenditures	4,959	4,449	3,432	6,160	2,648
	Interest expense	1,772	99	350	324	373
AT YEAR END	Backlog	\$69,100	\$28,200	\$26,150	\$31,370	\$28,831
	Working capital	15,490	8,595	8,636	10,404	11,082
	Property (net)	23,144	14,652	13,189	12,505	8,425
	Total assets	101,834	39,644	39,624	41,918	34,682
	Total long-term debt	14,590	318	804	1,478	1,337
	Shareholders' equity	26,618	23,622	22,046	21,813	18,196
	Shares outstanding	3,182	3,172	3,193	3,297	3,289
	PER SHARE DATA	Income				
	Primary	\$1.01	\$.70	\$.48	\$1.03	\$.89
	Fully diluted	.91	.70	.48	1.03	.89
	Book value	8.37	7.45	6.91	6.62	5.54
	Stock price range					
	Low	7.97	7.31	6.38	11.44	9.38
	High	11.91	10.22	13.41	19.03	13.22
	Cash dividends	.1819	.1650	.1575	.1388	.1181

- NOTES: 1. Selected financial data for 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

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 by several of the Company's clients accounted for some revenue in 1995. Clients use alliances to award some or all of their construction requirements to one or more (generally not more than two) 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.

Revenues decreased by 20.0% to \$86,842 in 1994 from \$108,515 in 1993. The decrease was due to several utility customers reducing the volume of work to be awarded as a result of concerns over the potential impact of deregulation of the electric utility industry.

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.

Gross profit increased by 16.0% to \$12,297 in 1994 from \$10,602 in 1993. Gross profit percentage increased to 14.2% in 1994 compared to 9.8% in 1993. The increase in gross profit percentage from 1993 to 1994 resulted primarily from reduced workers compensation costs and related expenses in 1994 and depressed margins in 1993.

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 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.

Selling, general and administrative expenses increased by 4.1% to \$8,165 in 1994 from \$7,844 in 1993 due to increased compensation costs for additional operating personnel and employee incentive awards related to improved operating results. Offsetting the increase was a reduction in costs relating to favorable settlements of a legal matter that were accrued in 1993. Selling, general

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and administrative expenses as a percentage of revenue increased to 9.4% in 1994 from 7.2% in 1993 due to lower revenue volume spread over a relatively fixed expense base.

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 primarily to finance the Company's increased working capital requirements.

Net interest income was \$49 in 1994 compared to net interest expense of \$320 in 1993. Interest expense decreased in 1994 due to lower revenues which permitted the Company to generate sufficient cash flow from operations to fund more of its working capital requirements.

Other expense was \$565 in 1995 compared to \$427 in 1994 and consisted primarily of \$260 from the amortization of non-competition agreements and \$107 from the amortization of goodwill.

Other expense was \$427 in 1994 compared to \$317 in 1993 and consisted primarily of \$260 for the amortization of non-competition agreements.

Income tax expense increased 53.1% to \$2,286 in 1995 from \$1,493 in 1994 due to the corresponding increase in income before taxes. As a percentage of income the effective rate was 40.0% for 1995 and 39.1% for 1994.

Income tax expense increased 155.7% to \$1,493 in 1994 from \$584 in 1993 due to an increase in income before taxes and to the Company employing an interest rate hedging transaction during 1993 which reduced the effective tax rate for that year. As a percentage of income the effective rate was 39.1% for 1994 and 26.3% for 1993.

The Company's backlog was \$69,100 at December 31, 1995, \$28,200 at December 31, 1994 and \$26,150 at December 31, 1993. 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 and telecommunications subsidiaries. As part of the sale of the engineering subsidiary, the Company retained certain rights and obligations in connection with two lawsuits. In 1994 the Company recorded additional amounts, primarily legal expenses related to these lawsuits, which resulted in an additional loss from discontinued operations of \$150 (see Item 3, Legal Proceedings and Note 11 to the Financial Statements).

#### Liquidity and Capital Resources

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As of December 31, 1995 the Company had working capital of \$15,490 as compared to \$8,595 in 1994 and \$8,636 in 1993. Working capital increased in 1995 primarily due to the acquisition of Harlan. Working capital decreased marginally in 1994 compared to 1993 due to increased expenditures for property and equipment in 1994.

The ratio of current assets to current liabilities was 1.27:1 at December 31, 1995.

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 partly through the Company's cash balances and partly from bank debt (see Note 2 to the Financial Statements).

The Company has a \$25,000 revolving and term credit facility (see Note 8 to the Financial Statements). As of December 31, 1995 there were \$9,200 and \$7,500 outstanding under the revolver and term credit facility, respectively. The Company has outstanding letters of credit with

banks totaling \$12,366, of which \$11,224 guarantees the Company's payment obligations under its insurance programs and \$1,142 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 1995 and the Company has no current plans to purchase additional shares. In 1994 and 1993, purchases made under this program totaled 20,821 shares and 109,067 shares at a cost of \$168 and \$992 respectively. At December 31, 1995 the balance available under the Board of Directors' authorization to purchase shares was 154,645.

Capital expenditures were \$4,959 in 1995, compared to \$4,449 in 1994 and \$3,295 in 1993. Capital expenditures during these periods were used for normal property and equipment additions, replacements and upgrades. The Company plans to spend approximately \$5,000 on capital improvements in 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 from operations increased \$856 in 1994 to \$6,647 from \$5,791 in 1993. The increase in cash flow in 1994 compared to 1993 resulted from improved operations after cash flows from discontinued operations.

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. The increase in cash flows used for investment in 1994 compared to 1993 is primarily due to increased expenditures for property and equipment.

Cash flows for dividends were \$575, \$527 and \$508 in 1995, 1994 and 1993, respectively. Financing costs of \$133 represented banking fees for the Harlan acquisition financing.

ITEM 8. FINANCIAL STATEMENTS

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## 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 and operating results, 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

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MYR GROUP INC.

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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, 1995 and 1994, and the related consolidated statements of operations, shareholders' equity, and cash flows for each of the three years in the period ended December 31, 1995. 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, 1995 and 1994, and the results of their operations and their cash flows for each of the three years in the period ended December 31, 1995 in conformity with generally accepted accounting principles.

/s/ Deloitte & Touche LLP

Deloitte & Touche LLP  
Chicago, Illinois  
March 20, 1996

MYR GROUP INC.

CONSOLIDATED BALANCE SHEET

(Dollars in thousands)

		-----	
		DECEMBER 31	
			-----
			1995      1994
			-----
ASSETS	Current assets:		
	Cash and cash equivalents	\$      703	\$      6,115

Accounts receivable (Note 3)	51,114	12,687
Costs and estimated earnings in excess of billings on uncompleted contracts (Note 4)	14,851	1,408
Deferred income taxes (Note 10)	4,602	1,622
Other current assets	1,594	532
	-----	-----
Total current assets	72,864	22,364
Property and equipment-net (Notes 6, 7 and 8)	23,144	14,652
Intangible assets - net	2,681	368
Other assets (Note 11)	3,145	2,260
	-----	-----
Total assets	\$ 101,834	\$ 39,644

-----  
LIABILITIES

Current liabilities:		
Current obligations under capital leases (Note 7)	\$ 58	\$ 267
Current maturities of long-term debt (Note 8)	9,120	240
Accounts payable	13,886	3,069
Billings in excess of costs and estimated earnings on uncompleted contracts (Note 4)	5,042	783
Accrued liabilities (Note 9)	29,268	9,410
	-----	-----
Total current liabilities	57,374	13,769
Obligations under capital leases (Note 7)	-	58
Long-term debt (Note 8)	14,590	260
Deferred compensation	391	418
Deferred income taxes (Note 10)	2,861	1,257
Other liabilities	-	260

SHAREHOLDERS'  
EQUITY

Common stock - par value \$1 per share; authorized 6,000,000 shares; issued 3,349,593 shares	3,350	2,512
Additional paid-in capital	5,898	6,757
Common stock held in Treasury, at cost: 1995 - 167,484 shares and 1994 - 177,751 shares (Note 12)	(1,548)	(1,643)
Retained earnings	19,326	16,472
Shareholders' notes receivable (Note 14)	(408)	(476)
	-----	-----
Total shareholders' equity	26,618	23,622
	-----	-----
Total liabilities and shareholders' equity	\$ 101,834	\$ 39,644

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

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MYR GROUP INC.

CONSOLIDATED STATEMENT OF OPERATIONS

(Dollars in thousands except per share amounts)

	1995	1994	1993
YEARS ENDED DECEMBER 31			
	-----	-----	-----
Contract revenue	\$ 266,965	\$ 86,842	\$ 108,515
Contract cost	237,418	74,545	97,913
	-----	-----	-----
Gross profit	29,547	12,297	10,602
Selling, general and administrative expenses	21,780	8,165	7,844
	-----	-----	-----
Income from operations	7,767	4,132	2,758
Other income (expense)			
Interest income	65	148	30
Interest expense	(1,772)	(99)	(350)

Gain on sale of property and equipment	220	68	96
Other	(565)	(427)	(317)
	-----	-----	-----
Income from continuing operations before income taxes	5,715	3,822	2,217
Income tax expense (Note 10)	2,286	1,493	584
	-----	-----	-----
Income from continuing operations	3,429	2,329	1,633
Loss from discontinued operations (Note 5)	-	(150)	-
	-----	-----	-----
Net income	\$ 3,429	\$ 2,179	\$ 1,633
	-----	-----	-----
Earnings per share (Note 13) - Primary:			
Income from continuing operations	\$ 1.01	\$ .70	\$ .48
Net income	\$ 1.01	\$ .65	\$ .48
Earnings per share (Note 13) - Fully Diluted:			
Income from continuing operations	\$ .91	\$ .70	\$ .48
Net income	\$ .91	\$ .65	\$ .48
	-----	-----	-----

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

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MYR GROUP INC.

CONSOLIDATED STATEMENT OF SHAREHOLDERS' EQUITY

(Dollars in thousands)

-----  
YEARS ENDED DECEMBER 31, 1993, 1994 AND 1995

	Common Stock Issued	Additional Paid-In Capital	Treasury Stock	Retained Earnings	Shareholders' Notes Receivable	Total
	-----					-----
Balance January 1, 1993	\$2,510	\$6,756	\$ (493)	\$13,695	\$ (655)	\$21,813
Issuance of 4,270 common shares upon exercise of stock options	2	1	9			12
Net income				1,633		1,633
Dividends paid				(508)		(508)
Shareholders' note payments					88	88
Treasury stock purchases			(992)			(992)
	-----					-----
Balance December 31, 1993	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)
Shareholders' note payments					68	68
	-----					-----
Balance December 31,						

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		1995	1994	1993
CASH	Income from continuing operations	\$ 3,429	\$ 2,329	\$ 1,633
FROM	Adjustments to reconcile income			
OPERATIONS	from continuing operations to cash			
	flows from continuing operations:			
	Depreciation and amortization	5,822	2,931	2,632
	Amortization of non-compete agreements	260	260	260
	Amortization of goodwill	107	-	-
	Deferred income taxes	489	781	140
	Gain on sale of property and equipment	(220)	(68)	(95)
	Changes in operating assets and liabilities:			
	Accounts receivable	(3,622)	1,173	2,263
	Inventory	-	-	1,763
	Costs and estimated earnings in excess of billings on uncompleted contracts	(6,557)	395	523
	Other assets	247	(421)	33
	Accounts payable	(4,673)	346	(3,213)
	Billings in excess of costs and estimated earnings on uncompleted contracts	685	(438)	(414)
	Insurance accruals	4,338	(937)	2,470
	Other liabilities	3,856	446	(899)
	Cash flows from continuing operations	4,161	6,797	7,096
	Cash flows from discontinued operations	-	(150)	(1,305)
	Cash flows from operations	4,161	6,647	5,791
CASH	Proceeds from disposal of property and equipment	1,818	123	211
FROM	Expenditures for property and equipment	(4,959)	(4,449)	(3,295)
INVESTMENTS	Cash used in acquisition, net of cash acquired	(12,995)	-	-
	Cash flows from investments	(16,136)	(4,326)	(3,084)
CASH	Proceeds from issuance of long-term debt	19,500	-	719
FROM	Repayments on long-term debt	(12,344)	(1,274)	(1,941)
FINANCING	Purchases of treasury stock	-	(167)	(992)
	Decrease in deferred compensation	(27)	(27)	(39)
	Proceeds from exercise of stock options	74	-	12
	Dividends paid	(575)	(527)	(508)
	Shareholders' note payments	68	91	88
	Financing costs	(133)	-	-
	Cash flows from financing	6,563	(1,904)	(2,661)
	Increase (decrease) in cash and cash equivalents	(5,412)	417	46
	Cash and cash equivalents beginning of year	6,115	5,698	5,652

Cash and cash equivalents end of year	----- \$ 703	----- \$ 6,115	----- \$ 5,698
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The "Notes to Financial Statements" are an integral part of this statement.

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MYR GROUP INC.

NOTES TO FINANCIAL STATEMENTS  
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1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Business - On December 14, 1995 the company changed it's name to MYR Group Inc. from The L. E. Myers Co. Group. The three principal types of construction services performed by the Company are electric utility line construction, commercial and industrial electrical construction 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.

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.

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.

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.

Income Taxes - Deferred income taxes are recorded based upon the differences between financial statement and tax basis 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):

	1995 -----	1994 -----	1993 -----
Cash paid for interest	\$1,677	\$105	\$354
Cash paid for income taxes	1,937	452	407
Convertible subordinated notes issued (Note 2)	5,679	-	-
Capital lease obligations incurred	-	-	137

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.

Changes in Accounting Policy - In October 1995, the Financial Accounting Standards Board issued Statement of Financial Accounting Standards No. 123, "Accounting for Stock-Based Compensation" which the Company must adopt by fiscal 1996. This Statement allows for, and the Company intends to, retain the current method of accounting for employee stock-based compensation arrangements with certain additional disclosures. Accordingly, the new standard will not have an effect on the Company's net income or financial position.

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 1995 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.

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The following table presents, on a pro forma basis, an unaudited condensed consolidated balance sheet at December 31, 1994, giving effect to the acquisition as if it occurred on that date (in thousands).

Assets

- -----

Current assets	\$ 67,069
Net property, plant and equipment	25,493
Other assets	5,898
	-----
	\$ 98,460
	=====

Liabilities and Equity

- -----

Current liabilities	\$ 48,022
Long-term bank debt	17,526
Other long-term liabilities	3,611
Convertible subordinated notes	5,679
Shareholders' equity	23,622
	-----
	\$ 98,460
	=====

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)

	1995	1994
	-----	-----
Contract receivables	\$ 45,320	\$ 10,518
Contract retainages	6,178	1,825
Other	164	394
	-----	-----
Allowance for doubtful accounts	51,662	12,737
	548	50
	-----	-----
	\$ 51,114	\$ 12,687
	=====	=====

4. CONTRACTS IN PROCESS (IN THOUSANDS)

	1995	1994
	-----	-----
Costs incurred on uncompleted contracts	\$ 256,714	\$ 43,547
Estimated earnings	31,515	5,109
	-----	-----
	288,229	48,656
Less: Billings to date	278,420	48,031
	-----	-----
	\$ 9,809	\$ 625
	=====	=====

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	1995	1994
	-----	-----
Included in the accompanying balance sheet under the following captions:		
Costs and estimated earnings in excess of billings on uncompleted contracts	\$14,851	\$1,408
Billings in excess of costs and estimated earnings on uncompleted contracts	5,042	783
	-----	-----
	\$ 9,809	\$ 625
	=====	=====

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 defined in Note 11). In 1994, the Company recorded additional amounts, primarily legal expenses related to the OMU lawsuits, which resulted in

additional losses of \$150,000 (net of income tax benefits of \$100,000) (see Note 11).

6. PROPERTY AND EQUIPMENT (IN THOUSANDS)

	1995 -----	1994 -----
Land	\$ 1,292	\$ 748
Buildings and improvements	5,292	2,824
Construction equipment	51,825	44,804
Office equipment	3,216	2,139
	-----	-----
	61,625	50,515
Accumulated depreciation	38,481	35,863
	-----	-----
	\$23,144	\$14,652
	=====	=====

7. LEASES AND COMMITMENTS

At December 31, 1995, the Company had outstanding irrevocable standby letters of credit totalling \$12,366,000 of which \$11,224,000 guarantees the Company's payment obligation under its insurance programs and \$1,142,000 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 \$132,000 and \$853,000 as of December 31, 1995 and 1994, respectively

Minimum lease payments and the present value of capital lease obligations under capital leases in effect at December 31, 1995 are \$60,000 and \$58,000 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, 1995 total \$3,979,000, \$628,000, \$554,000 and \$410,000 and \$339,000 for the years ending 1996, 1997, 1998, 1999 and 2000, respectively. Total rent expense, including both short-term and long-term leases, for 1995, 1994, and 1993 amounted to approximately \$7,417,000, \$4,299,000, and \$5,654,000, respectively.

8. LONG-TERM DEBT

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

	1995 -----	1994 -----
Variable - rate term credit agreement (effective interest rate of 7.6% at December 31, 1995), payable in quarterly installments of \$625 March 1995 through December 1998	\$ 7,500	\$ -
Variable - rate revolving credit agreement, (effective interest rate of 8.0% at December 31, 1995), payable at maturity in December 1998	9,200	-

7% convertible subordinated notes, payable in three equal installments commencing in January 2000	5,679	-
Industrial revenue bond financing at variable rates (weighted average of 8.5%) and due in varying annual amounts ranging from \$180 to \$250 through 2000	1,070	
Variable - rate notes payable (1.26% over adjusted LIBOR), payable in monthly installments through January 1997	261	500
	-----	-----
	23,710	500
Less current portion	9,120	240
	-----	-----
	\$ 14,590	\$ 260
	=====	=====

The Company maintains a \$25,000,000 revolving and 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 terms, 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.

The industrial revenue bond is secured by properties with a net book value of approximately \$2,140,000 at December 31, 1995. The notes payable are secured by construction equipment with a net book value of approximately \$354,000 and \$437,000 as of December 31, 1995 and 1994, respectively.

Maturities of long-term debt are \$9,120,000 in 1996, \$2,716,000 in 1997, \$6,195,000 in 1998 and \$1,893,000 per year for 2000, 2001, and 2002. The maturities of debt incurred under the revolving credit agreement have been reported based on an estimate of the expected paydown in 1996 and the balance in 1998, the current expiration date of the credit facility.

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#### 9. ACCRUED LIABILITIES (IN THOUSANDS)

	1995	1994
	-----	-----
Insurance	\$13,053	\$4,415
Payroll	5,301	1,735
Union dues and benefits	2,770	591
Profit sharing and thrift plan	755	511
Income taxes	1,043	323
Taxes, other than income taxes	1,451	464
Other	4,895	1,371
	-----	-----
	\$29,268	\$9,410
	=====	=====

#### 10. INCOME TAXES

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

	1995	1994	1993
	-----	-----	-----
Current			
Federal	\$1,331	\$546	\$397
State	466	166	47
	-----	-----	-----
Deferred	1,797	712	444
	489	781	140
	-----	-----	-----
	\$2,286	\$1,493	\$584
	=====	=====	=====

The differences between the U.S. federal statutory tax rate and the Company's effective rate for the three years ended December 31, 1995 are as follows:

	1995	1994	1993
	-----	-----	-----
U.S. federal statutory rate	34.0%	34.0%	34.0%
State income taxes, net of U.S. federal income tax benefit	5.4	4.6	2.3
Non-deductible fines	-	-	3.2
Valuation allowance adjustment	-	-	(24.7)
Other	.6	.5	11.5
	-----	-----	-----
	40.0%	39.1%	26.3%
	=====	=====	=====

The net deferred tax assets and liabilities arising from temporary differences and carryforwards at December 31, 1995 and 1994 are as follows (in thousands):

	1995		1994	
	-----	-----	-----	-----
	CURRENT ASSETS	NONCURRENT LIABILITIES	CURRENT ASSETS	NONCURRENT LIABILITIES
	-----	-----	-----	-----
Employee and retiree benefit plans	\$ -	\$ (255)	\$ -	\$ (265)
Excess tax over book depreciation		3,116	-	1,522
Insurance accruals	2,732	-	1,068	-
Other allowances and accruals	1,870	-	217	-
Tax credit carryforwards	-	-	135	-
AMT credit carryforwards	-	-	202	-
	-----	-----	-----	-----
	\$ 4,602	\$ 2,861	\$ 1,622	\$ 1,257
	=====	=====	=====	=====

#### 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. The Company is seeking to recover \$550,000 of unreimbursed costs it incurred in the disassembly, redesign and replacement of the towers, the amount of payments it made to OMU, the legal and related expenses it incurred in the Kentucky lawsuit, legal and related expenses it has and will incur in the New York lawsuit, and interest.

The approximately \$550,000 of unreimbursed costs as well as the \$1,300,000 paid to OMU during 1993 is recorded as a non-current asset. Management is of the opinion that the amounts will be recovered in the New York lawsuit from its excess umbrella insurance carrier and its brokers, individually or collectively.

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 and 109,067 shares on the open market at a cost of \$167,813 and \$991,513 in 1994 and 1993, respectively. No shares were purchased in 1995. The company issued 10,267 and 937 shares out of treasury for options exercised in 1995 and 1993, respectively.

#### 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 3,399,659 in 1995, 3,333,419 in 1994 and 3,372,929 in 1993. Fully diluted earnings per share also reflects the potential dilution which would result from the conversion of the convertible subordinated notes.

#### 14. STOCK OPTION PLANS

At December 31, 1995, under the 1995, 1993, 1992 and 1990 Stock Option Plans, 313,333, 71,997, 5,996, and 20,773 shares, respectively, are available for grant. 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. The 1993 options are only available for non-employee directors.

Transactions and other information relating to the stock option plans for the three years ended December 31, 1995 are summarized below:

Stock Options:

	1995	1994	1993
Outstanding beginning of year	584,005	546,672	507,185
Granted	224,680	40,667	179,704
Exercised	(10,267)	-	(4,270)
Canceled	(54,458)	(3,333)	(135,947)
Outstanding end of year	743,960	584,005	546,672

The option prices are between \$4.26 and \$11.81 for all options shown in the table. Options outstanding at December 31, 1995 are summarized below:

YEAR OF EXPIRATION	EXERCISE PRICE RANGE	NUMBER OF SHARES
1999	\$4.26	235,001
2000	4.26	6,667
2002	11.24-11.81	146,669
2003	7.07-7.17	123,607
2004	8.48-8.72	40,670
2005	8.11-10.87	191,346
		743,960

Under the Company's 1992, 1990 and 1989 Stock Option 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, 1995 and 1994, respectively, notes receivable aggregating \$408,000 and \$476,000 were outstanding. The notes were collateralized by 108,333 shares of the Company's common stock at December 31, 1995 and 1994. 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 plan are based upon a percentage of income with limitations as defined by the plan. Contributions amounted to approximately \$645,000, \$528,000 and \$273,000 in 1995, 1994, and 1993, respectively.

Certain employees are covered under union-sponsored collectively bargained defined benefit plans. Expenses for these plans amounted to approximately \$10,265,000, \$4,398,000 and \$4,828,000 in 1995, 1994 and 1993, respectively, as determined in accordance with negotiated labor contracts.

The Company also has a supplemental retirement and death benefit program for certain key employees. The program provides 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.

16. MAJOR CUSTOMERS

The Company had one customer that accounted for 19.5% and 19.3% of the Company's consolidated contract revenue in 1994 and 1993, respectively. 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)

	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

	1994				
	Mar. 31	June 30	Sept. 30	Dec. 31	Year
Contract Revenue	\$21,548	\$22,243	\$21,675	\$21,376	\$86,842
Gross Profit	2,456	3,316	3,072	3,453	12,297
Income from Continuing Operations	26	742	759	802	2,329
Net Income	26	742	759	652	2,179
Income Per Share:					
Continuing Operations	.01	.22	.23	.24	.70
Net Income	.01	.22	.23	.19	.65
Dividends Paid Per Share	.041	.041	.041	.041	.165
Market Price:					
High	9.00	9.19	10.22	9.56	10.22
Low	7.78	7.78	7.31	8.06	7.31

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH INDEPENDENT ACCOUNTANTS ON

ACCOUNTING AND FINANCIAL DISCLOSURE.

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

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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 (54)  
Chairman (since August 1988) and Chief Executive Officer (since October 1989)  
Director (since 1986).

William S. Skibitsky (46)  
Executive Vice President (since February 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 (49)  
Senior Vice President, General Counsel and Secretary (since February 1986).

Elliott C. Robbins (49)  
Senior Vice President, Treasurer and Chief Financial Officer (since February  
1986)

Betty R. Johnson (37)  
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 "Board of Directors Interlocks and Insider Participation".

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PART IV

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

	Page
(a) 1. The following documents are included in Item 8:	
Responsibility for Financial Statements	14
Independent Auditors' Report	15
Financial Statements:	
Consolidated Balance Sheet - December 31, 1995 and 1994	16
Consolidated Statement of Operations - Years Ended December 31, 1995, 1994 and 1993	17
Consolidated Statement of Shareholders' Equity Years Ended December 31, 1995, 1994, and 1993	18
Consolidated Statement of Cash Flows Years Ended December 31, 1995, 1994, and 1993	19
Notes to Financial Statements	20
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 1995.

(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.

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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 20, 1996

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

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MYR GROUP INC.

Annual Report on Form 10-K  
For the Fiscal Year Ended December 31, 1995

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	35
3.2	Bylaws of the Company (as amended)	46
4.1	Form of 7% Subordinated Convertible Escrow and Non-Escrow promissory notes of the Company to certain former stockholders of Harlan Electric Company	(2)

10.1	Form of Agreement for Supplemental Retirement and Death Benefit Programs of the Company and its subsidiaries	(3)
10.2	Form of Agreement of Indemnification for Directors of the Company and certain officers of the Company and its subsidiaries	(4)
10.3	1989 Stock Option Plan	(5)
10.4	1990 Stock Option Plan	(6)
10.5	1992 Stock Option Plan	(7)
10.6	1993 Non-Employee Director Stock Option Plan	(8)
10.7	1995 Stock Option Plan	57
10.8	Management Incentive Program	61
10.9	Amended Employment Agreement between the Company and C. M. Brennan dated December 23, 1991.	(9)
11	Schedule of Computation of Net Income per share for years ended December 31, 1995, 1994 and 1993	64
21	Subsidiaries of the Company	65
23	Consent of Independent Auditors	66
27	Financial Data Schedules	67

- (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 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.
- (3) 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.
- (4) 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.
- (5) Filed as exhibit 10.7 to the Annual Report on Form 10-K of the Company for the year ended December 31, 1989, and incorporated herein by reference.
- (6) Filed as exhibit 10.4 to the Annual Report on Form 10-K of the Company for the year ended December 31, 1990, and incorporated herein by reference.
- (7) Filed as exhibit 10.5 to the Annual Report on Form 10-K of the Company for the year ended December 31, 1992, and incorporated herein by reference.
- (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 exhibit 10.5 to the Annual Report on Form 10-K of the Company for the year ended December 31, 1991, and incorporated herein by reference.

AMENDED AND RESTATED  
CERTIFICATE OF INCORPORATION  
OF  
THE L. E. MYERS CO. GROUP

We, Elliott C. Robbins, Senior Vice President, and Byron D. Nelson, Secretary, of The L. E. Myers Co. Group, a corporation organized and existing under the laws of the State of Delaware (the "Corporation"), do hereby certify under the seal of the Corporation as follows:

- First: That the name of the Corporation is The L. E. Myers Co. Group.
- Second: That the Certificate of Incorporation of the Corporation was filed by the Secretary of State, Dover, Delaware, on the 15th day of January, 1982.
- Third: That the Restated Certificate of Incorporation of the Corporation was filed by the Secretary of State, Dover, Delaware, on the 21st day of August, 1987.
- Fourth: That the amendment and restatement of the Certificate of Incorporation to read as set forth below has been duly adopted in accordance with Corporation law accordance with the provisions of Sections 242 and 245 of the General Corporation law of the State of Delaware by the board of directors of the Corporation.
- Fifth: That the amendment and restatement reflects the amendment to Article First to change the name of the Corporation from The L. E. Myers Co. Group to MYR Group Inc. and does not further amend the provisions of the Corporation's Restated Certificate of Incorporation as heretofore amended or supplemented, and that there is no discrepancy between those provisions and the provisions of the restated certificate.
- Sixth: That the text of the Certificate of Incorporation of The L. E. Myers Co. Group is hereby amended and restated by this certificate, to read in full, as follows:

RESTATED CERTIFICATE OF INCORPORATION  
OF  
MYR GROUP INC.

- FIRST: The name of the corporation is MYR Group Inc.
- SECOND: The address of its registered office in the State of Delaware is, Corporation Trust Center, 1209 Orange Street, in the City of Wilmington, County of New Castle. The name of its registered agent at such address is The Corporation Trust Company.
- THIRD: The nature of the business or purposes to be conducted or promoted is to engage in any lawful act or activity for which corporations may be organized under the General Corporation Law of Delaware.
- FOURTH: The total number of shares of all classes of stock which the corporation shall have authority to issue is seven million (7,000,000), of which six million (6,000,000) shares of the par value of \$1.00 each are to be of a class designated Common Stock and one million (1,000,000) shares of the par value of \$1.00 each are to be of a class designated Preferred Stock. The Preferred Stock shall be issuable in series.
1. Common Stock Provisions
    - 1.1 Dividend rights. Subject to provisions of law and the preferences of the Preferred Stock, the holders of the Common Stock shall be entitled to receive dividends at such times and in such amounts as may be determined by the board of directors.
    - 1.2 Voting rights. The holders of the Common Stock shall have one vote for each share on each matter submitted to a vote of the stockholders of the corporation. Except as otherwise provided by law or by the provisions of the certificate of incorporation or any amendment thereto or by resolutions of the board of directors providing for the issue of any series of Preferred Stock, the holders of the Common Stock shall have sole voting power.
    - 1.3 Liquidation rights. In the event of any liquidation, dissolution or winding up of the corporation, whether voluntary or involuntary, after payment or provision for payment of the debts and other liabilities of the corporation and the preferential amounts to which the holders of the Preferred Stock shall be entitled, the holders of the Common Stock shall be entitled to share ratably in the remaining assets of the corporation.
  2. Preferred Stock Provisions
    - 2.1 Authority of the board of directors to issue in series. The Preferred Stock may be issued from time to time in one or more series. Subject to the provisions of the certificate of incorporation or any amendment thereto, authority is expressly granted to the board of directors to authorize the issue of one or more series of Preferred Stock, and to fix by resolutions providing for the issue of each such series the voting powers (if any), designations, preferences and relative, participating, optional or other special rights and qualifications, limitations and restrictions thereof (sometime referred to as powers, preferences and rights) to the full extent now or hereafter permitted by law, including but not limited to the following:

- (a) the number of shares of such series (which may subsequently be increased or decreased [but not below the number of shares

- thereof then outstanding] by resolutions of the board of directors) and the distinctive designation thereof;
- (b) the dividend rate of such series and any limitations, restrictions or conditions on the payment of such dividends;
  - (c) the price or prices at which, and the terms and conditions on which, the shares of such series may be redeemed;
  - (d) the amounts which the holders of the shares of such series are entitled to receive upon any liquidation, dissolution or winding up of the corporation;
  - (e) the terms of any purchase, retirement or sinking fund to be provided for the shares of such series;
  - (f) the terms, if any, upon which the shares of such series shall be convertible into or exchangeable for shares of any other series, class or classes, or other securities, and the terms and conditions of such conversion or exchange; and
  - (g) the voting powers, full or limited (not to exceed one vote per share), if any, of the shares of such series.

The Preferred Stock of each series shall rank on a parity with the Preferred Stock of every other series in priority of payment of dividends and in the distribution of assets in the event of any liquidation, dissolution or winding up of the corporation, whether voluntary or involuntary, to the extent of the preferential amounts to which the Preferred Stock of the respective series shall be entitled under the provisions of the certificate of incorporation or any amendment thereto or the resolutions of the board of directors providing for the issue of such series. All shares of any one series of Preferred Stock shall be identical except as to the dates of issue and the dates from which dividends on shares of the series issued on different dates shall accumulate (if cumulative).

## 2.2 Definitions.

- (a) The term "arrearages," whenever used in connection with dividends on any share of Preferred Stock, shall refer to the condition that exists as to dividends, to the extent that they are cumulative (either unconditionally, or conditionally to the extent that the conditions have been fulfilled), on such share which shall not have been paid or declared and set apart for payment to the date or for the period indicated; but the term shall not refer to the condition that exists as to dividends, to the extent that they are non-cumulative, on such share which shall not have been paid or declared and set apart for payment.
- (b) The term "stock junior to the Preferred Stock," whenever used with reference to the Preferred Stock, shall mean the Common Stock and other stock of the corporation over which the Preferred Stock has preference or priority in the payment of dividends or in the distribution of assets on any dissolution, liquidation or winding up of the corporation.
- (c) The term "subsidiary" shall mean any corporation, association or business trust, the majority of whose outstanding shares (at the time of determination) having voting power for the election of directors or trustees, either at all times or only so long as no senior class of shares has such voting power because of arrearages in dividends or because of the existence of some default, is owned directly or indirectly by the corporation.

## 2.3 Dividend rights.

- (a) The holders of the Preferred Stock of each series shall be entitled to receive, when and as declared by the board of directors, preferential dividends in

cash payable at such rate, from such date, and on such quarterly dividend payment dates and, if cumulative, cumulative from such date or dates, as may be fixed by the provisions of the certificate of incorporation or any amendment thereto or by the resolutions of the board of directors providing for the issue of such

series. The holders of the Preferred Stock shall not be entitled to receive any dividends thereon other than those specifically provided for by the certificate of incorporation or any amendment thereto, or such resolutions of the board of directors, nor shall any arrearages in dividends on the Preferred Stock bear any interest.

- (b) So long as any of the Preferred Stock is outstanding, no dividends (other than dividends payable in stock junior to the Preferred Stock and cash in lieu of fractional shares in connection with any such dividend,) shall be paid or declared in cash or otherwise, nor shall any other distribution be made, on any stock junior to the Preferred Stock, unless
  - (i) there shall be no arrearages in dividends on Preferred Stock for any past quarterly dividend period, and dividends in full for the current quarterly dividend period shall have been paid or declared on all Preferred Stock (cumulative and non-cumulative); and
  - (ii) the corporation shall have paid or set aside all amounts, if any, then or theretofore required to be paid or set aside for all purchase, retirement and sinking funds, if any, for the Preferred series; and
  - (iii) the corporation shall not be in default on any of its obligations to redeem any of the Preferred Stock.
- (c) So long as any of the Preferred Stock is outstanding, no shares of any stock junior to the Preferred Stock shall be purchased, redeemed or otherwise acquired by the corporation or by any subsidiary except in connection with a reclassification or exchange of any stock junior to the Preferred Stock through the issuance of other stock junior to the Preferred Stock, or the purchase, redemption or other acquisition of any stock junior to the Preferred Stock with proceeds of a reasonably contemporaneous sale of other stock junior to the Preferred Stock, nor shall any funds be set as if or made available for any sinking fund for the purchase or redemption of any stock junior to the Preferred Stock, unless
  - (i) there shall be no arrearages in dividends on Preferred Stock for any past quarterly dividend period; and
  - (ii) the corporation shall have paid or set aside all amounts, if any, then or theretofore required to be paid or set aside for all purchase, retirement and sinking funds, if any, for the Preferred Stock of any series; and
  - (iii) the corporation shall not be in default on any of its obligations to redeem any of the Preferred Stock.
- (d) Subject to the foregoing provisions and not otherwise, such dividends (payable in cash, property or stock junior to the Preferred Stock) as may be determined by the board of directors may be declared and paid on the shares of any stock junior to the Preferred Stock from time to time, and in the event of the declaration and payment of any such dividends, the holders of such junior stock shall be entitled, to the exclusion of holders of the Preferred Stock, to share ratably therein according to their respective interests.
- (e) Dividends in full shall not be declared or paid or set apart for payment on any series of Preferred Stock unless there shall be no arrearages in dividends on Preferred Stock for any past quarterly dividend period and dividends in full for the current quarterly dividend period shall have been paid or declared on all Preferred Stock to the extent that such dividends are cumulative and any dividends paid or declared when dividends are not so paid or declared in full shall be shared ratably by the holders of all series of Preferred Stock in proportion to such respective arrearages and unpaid and undeclared current quarterly cumulative dividends.

#### 2.4 Liquidation rights.

- (a) In the event of any liquidation, dissolution or winding up of the corporation, whether voluntary or involuntary, the holders of Preferred Stock of each series shall be entitled to receive the full preferential amount fixed by the certificate of incorporation or any amendment thereto, or by the resolutions of the board of directors providing for

the issue of such series, including any arrearages in dividends thereon to the date fixed for the payment in liquidation, before any distribution shall be made to the holders of any stock junior to the Preferred Stock. After such payment in full to the holders of the Preferred Stock, the remaining assets of the corporation shall then be distributed exclusively among the holders of any stock junior to the Preferred Stock, according to their respective interests.

- (b) If the assets of the corporation are insufficient to permit the payment of the full preferential amounts payable to the holders of the Preferred Stock of the respective series in the event of a liquidation, dissolution or winding up, then the assets available for distribution to holders of the Preferred Stock shall be distributed ratably to such holders in proportion to the full preferential amounts payable on shares.
- (c) A consolidation or merger of the corporation with or into one or more other corporations or a sale of all or substantially all of the assets of the corporation shall not be deemed to be a liquidation, dissolution or winding up, voluntary or involuntary.

## 2.5 Redemption.

- (a) The corporation may, at the option of the board of directors, redeem the whole or any part of the Preferred Stock, or of any series thereof, at any time or from time to time within the period during which such stock is by its terms redeemable at the option of the board of directors, by paying such redemption price thereof as shall have been fixed by the certificate of incorporation or any amendment thereto or by the resolutions of the board of directors providing for the issue of the Preferred Stock to be redeemed, including an amount in the case of each share so to be redeemed equal to any arrearages in dividends thereon to the date fixed for redemption (the total amount so to be paid being hereinafter called the "redemption price").
- (b) Unless expressly provided otherwise in the certificate of incorporation or any amendment thereto or by the resolutions of the board of directors providing for the issue of the Preferred Stock to be redeemed, (i) notice of each such redemption shall be mailed not less than thirty days nor more than ninety days prior to the date fixed for redemption to each holder of record of shares of the Preferred Stock to be redeemed, at his address as the same may appear on the books of the corporation, and (ii) in case of a redemption of a part only of any series of the Preferred Stock, the shares of such series to be redeemed shall be selected pro rata or by lot or in such other manner as the board of directors may determine. The board of directors shall have full power and authority, subject to the limitations and provisions contained in the certificate of incorporation or any amendment thereto or in the resolutions of the board of directors providing for the issue of the Preferred Stock to be redeemed, to prescribe the manner in which and the terms and conditions upon which the Preferred Stock may be redeemed from time to time.
- (c) If any such notice of redemption shall have been duly given, then on and after the redemption date fixed in such notice of redemption (unless default shall be made by the corporation in the payment or deposit of the redemption price pursuant to such notice) all arrearages in dividends, if any, on the shares of Preferred Stock so called for redemption shall cease to accumulate, and on such date all rights of the holders corporation forthwith.

The corporation shall be entitled to receive from the depository, from time to time, the interest, if any, allowed on such funds deposited with it, and the holders of the shares so redeemed shall have no claim to any such interest. Any funds so deposited and remaining unclaimed at the end of six years from the redemption date shall, if thereafter requested by the board of directors, be repaid to the corporation.

- (e) Shares of Preferred Stock of any series may also be subject to redemption, in the manner hereinabove prescribed under this Section 2.5, through operation of any sinking or retirement fund created therefor, at the redemption prices and under the terms and provisions contained in the certificate of incorporation or any amendment thereto or resolutions of the board of directors providing for the issue of such series.

- (f) The corporation shall not be required to register a transfer of any share of Preferred Stock (i) within fifteen days preceding a selection for redemption of shares of the series of Preferred Stock of which such share is a part or (ii) which has been selected for redemption.
  - (g) If any obligation to retire shares of Preferred Stock is not paid in full on all series as to which such obligation exists, the number of shares of each such series to be retired pursuant to any such obligation shall be in proportion to the respective amounts which would be payable if all amounts payable for the retirement of all such series were discharged in full.
- 2.6 Status of Preferred Stock purchased, redeemed or converted. Shares of Preferred Stock purchased, redeemed or converted into or exchanged for shares of any other class or series shall be deemed to be authorized but unissued shares of Preferred Stock undesignated as to series.

3. Other Provisions

- 3.1 Authority for issuance of shares. The board of directors shall have authority to authorize the issuance, from time to time without any vote or other action by the stockholders, of any or all shares of stock of the corporation of any class at any time authorized, and any securities convertible into or exchangeable for any such shares, in each case to such persons and for such consideration and on such terms as the board of directors from time to time in its discretion lawfully may determine; provided, however, that the consideration for the issuance of shares of stock of the corporation having par value shall not be less than such par value. Shares so issued, for which the consideration has been paid to the corporation, shall be full paid stock, and the holders of such stock shall not be liable to any further call or assessments thereon.
- 3.2 No preemptive rights. No holder of shares of any class of the corporation nor of any security or obligation convertible into, nor of any warrant, option or right to purchase, subscribe for or otherwise acquire, shares of any class of the corporation, whether now or hereafter authorized, shall, as such holder, have any preemptive right whatsoever to purchase, subscribe for or otherwise acquire, shares of any class of the corporation or any security convertible into, or any warrant, option or right to purchase, subscribe for or otherwise acquire, shares of any class of the corporation, whether now or hereafter authorized.
- 3.3 Abandonment of dividends and distributions. Anything herein contained to the contrary notwithstanding, any and all right, title, interest and claim in and to any dividends declared, or other distributions made, by the corporation, whether in cash, stock or otherwise, which are unclaimed by the stockholder entitled thereto for a period of six years after the close of business on the payment date, shall be and be deemed to be extinguished

and abandoned; and such unclaimed dividends or other distributions in the possession of the corporation, its transfer agents or other agents or depositories, shall at such time become the absolute property of the corporation, free and clear of any and all claims of any persons whatsoever.

- 3.4 Record date. The board of directors may set a record date in the manner and for the purposes authorized in the bylaws of the corporation, with respect to shares of stock of the corporation of any class or series.
- 3.5 Certain amendments. Except as otherwise provided in the certificate

of incorporation or any amendment thereto or resolutions of the board of directors providing for the issue of any series of Preferred Stock, the number of authorized shares of any class or classes of stock of the corporation may be increased or decreased by the affirmative vote of the holders of a majority of the stock of the corporation entitled to vote.

FIFTH: The original bylaws of the corporation shall be adopted by the incorporator. Thereafter, in furtherance and not in limitation of the powers conferred by statute, the board of directors is expressly authorized to make, alter or repeal the bylaws of the corporation (subject to the terms of Article Ninth).

SIXTH. Meetings of stockholders may be held within or without the State of Delaware, as the bylaws may provide. The books of the corporation may be kept (subject to any provision contained in the statutes) outside the State of Delaware at such place or places as may be designated from time to time by the board of directors or in the bylaws of the corporation. Elections of directors need not be by written ballot unless the bylaws of the corporations shall so provide.

SEVENTH. (a) No director of the corporation shall be personally liable to the corporation or its stockholders for monetary damages for breach of fiduciary duty as a director. Notwithstanding the foregoing sentence, a director shall be liable to the extent provided by applicable law (i) for any breach of the director's duty of loyalty to the corporation or its stockholders, (ii) for acts or omissions not in good faith or which involve intentional misconduct or a knowing violation of law, (iii) under Section 174 of the Delaware General Corporation Law, or (iv) for any transaction from which the director derived an improper personal benefit. If the Delaware General Corporation Law is amended after April 28, 1987 to further limit or eliminate liability of the corporation's directors for breach of fiduciary duty, then a director of the corporation shall not be liable for any such breach to the fullest extent permitted by the Delaware General Corporation Law as so amended. If the Delaware General Corporation Law is amended after April 28, 1987 to increase or expand liability of the corporation's directors for breach of fiduciary duty or if the foregoing provisions of this paragraph (a) are modified or repealed by the stockholders of the corporation, no such amendment, modification or repeal shall apply to or have any effect on the liability or alleged liability of any director of the corporation for or with respect to any acts or omissions of such director occurring prior to the time of such amendment, modification or repeal or otherwise adversely affect any right or protection of a director of the corporation existing at the time of such amendment, modification or repeal.

(b) Each natural person (hereinafter referred to as a "Covered Person") who was or is a party or is threatened to be made a party to or is otherwise Involved in any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative (hereinafter referred to

as a "Proceeding"), by reason of the fact that he or she, or a person of whom he or she is the heir, executor, administrator or legal representative, is or was a director or officer of the corporation or is or was serving at the request of the corporation as a director, officer or trustee of or in a comparable capacity with respect to any other corporation, partnership, joint venture, trust or other, enterprise (including, without limitation, service with respect to any employee benefit plan), shall be indemnified by the corporation to the fullest extent authorized by the Delaware General Corporation Law as it may exist from time to time; provided, however, except as otherwise expressly provided in any indemnification agreement between the corporation and such Covered Person, that the corporation shall indemnify any Covered Person seeking indemnity in connection with a Proceeding (or part thereof) initiated by such Covered Person only if such Proceeding (or such part thereof) was authorized by the Board of

Directors of the corporation. The right of a Covered Person to indemnification conferred by the first sentence of this paragraph (b) shall be a contract right and shall include the right to have the expense incurred by such Covered Person in connection with any such Proceeding paid by the corporation as incurred and in advance of its final disposition, provided, however, that if the Delaware General Corporation Law requires, the payment of such expenses incurred by a Covered Person in advance of the final disposition of a Proceeding shall be made by the corporation only upon delivery to the corporation of an undertaking, by or on behalf of such Covered Person, to repay to the corporation all amounts so advanced if it shall ultimately be determined that such Covered Person is not entitled to such indemnification under this paragraph (b) or otherwise. Any person who at any time shall serve, or shall have served, as an employee or an agent of the corporation or of any other enterprise at the request of the corporation (and any heir, executor, administrator or legal representative of any such person), other than in a capacity covered by the first sentence of this paragraph (b), may be similarly indemnified in the specific case at the discretion of the board of directors of the corporation.

(c) The right to indemnification (including without limitation the payment of expenses in advance of the final disposition of any Proceeding) conferred on any natural person by paragraph (b) of this Article shall not be exclusive of any other right which such person may have or hereafter acquire under any statute, provision of this Certificate of Incorporation, bylaw, agreement, vote of stockholders or disinterested directors or otherwise. Without limiting the generality of the foregoing the corporation is specifically authorized to enter into an indemnification agreement with any such person.

(d) The corporation may maintain insurance, at its expense, to protect itself and any natural person serving as a director, officer, employee or agent of this corporation or, at the request of the corporation, of another corporation, partnership, joint venture, trust or other enterprise (including without limitation any trustee or person serving in a similar capacity with respect to any employee benefit plan) against any and all expense, liability and loss (including without limitation attorneys fees, judgments, fines, ERISA excise taxes or penalties and amounts paid or to be paid in settlement) asserted against it or him or her and incurred by it or him or her in any such capacity, or arising out of his or her status as such, whether or not the corporation would have the power to indemnify such person against such expense, liability and loss under the Delaware General Corporation Law.

EIGHTH: The corporation reserves the right (subject to the terms of Article Fourteenth) to amend, alter, change or repeal any provision contained in this certificate of incorporation, in the manner now or hereafter prescribed by statute, and all rights conferred upon stockholders herein are granted subject to this reservation.

NINTH. The number of directors which shall constitute the whole board of directors of the corporation shall be the number from time to time fixed by the bylaws of the corporation, and such number of directors so fixed in such bylaws may be changed only upon the affirmative vote of (i) the holders of at least 80% of all the securities of the corporation then entitled to vote on such change or (ii) two-thirds of the directors in the office at the time of the vote. The directors shall be divided into three classes: Class I, Class II, and Class III. Such classes shall be as nearly equal in number as possible. The term of office of the initial Class I directors shall expire at the annual meeting of stockholders in 1984; the term of office of the Initial Class II directors shall expire at the annual meeting of stockholders in 1985; and the term of office of the initial Class III directors shall expire at the annual meeting of stockholders in 1983, or thereafter in each case when their respective successors are elected and qualified. At each annual election, the directors chosen to succeed those whose terms have

expired shall be identified as being of the same class as the directors whom they succeed and shall be elected for a term expiring at the third succeeding annual meeting of stockholders or thereafter in each case when their respective successors are elected and qualified. When the number of directors is changed, any increase or decrease in the number of directors shall be apportioned among the classes so as to make all classes as nearly equal in number as possible.

- TENTH. (a) For the purposes of this Article Tenth and Article Eleventh: (i) the term "Person" shall include any individual, corporation, partnership, trust, unincorporated organization or other entity, any syndicate or group or any two or more of the foregoing that have any agreement or understanding (or, with or without an agreement or understanding, act in concert) with respect to acquiring, holding, voting or disposing of securities of the corporation, and shall include also any "affiliate" or "associate" (as those terms are defined in Rule 12b-2 of the General Rules and Regulations under the Securities Exchange Act of 1934 as in effect on January 1, 1982) of any Person, (ii) any Person shall be deemed to be the beneficial owner of any securities of the corporation which such Person has the right to acquire pursuant to any agreement or upon exercise of conversion rights, warrants or options, or otherwise; (iii) the term "Substantial Part" shall mean any assets having a then fair market value, in the aggregate, of more than \$5,000,000; (iv) the term "Subsidiary" shall mean any corporation in which the corporation owns, directly or indirectly, more than 50% of the voting securities; (v) the term "Business Combination" shall mean any merger or consolidation of the corporation with or into any other corporation, or the sale or lease of all or any Substantial Part of the assets of the corporation to, or any sale or lease to the corporation or any Subsidiary in exchange for securities of the corporation of any Substantial Part of the assets of, any Person; and (vi) the outstanding securities of any class of the corporation shall include securities deemed owned through application of the preceding clauses of this paragraph (a) of this Article Tenth, but shall not include any other securities which may be issuable pursuant to any agreement or upon exercise of conversion rights, warrants or options, or otherwise.
- (b) Except as set forth in paragraph (c) of this Article Tenth, the affirmative vote of the holders of at least 80% of all of the securities of the corporation then entitled to vote at a meeting of stockholders, considered for the purposes of this Article Tenth as one class, shall be necessary for the adoption or authorization of any Business Combination with any Person if, as of the record date for the determination of security holders entitled to notice thereof and to vote thereon, such Person is the beneficial owner, directly or indirectly, of more than 10% of the outstanding securities of the corporation then entitled to vote at a meeting of stockholders, considered for the

purposes of this Article Tenth as one class. The foregoing vote shall be in lieu of any lesser vote of the holders of the voting securities of the corporation voting as one class otherwise required by law or by agreement, but shall be in addition to any class vote or other vote otherwise required by law, this certificate of incorporation or any agreement to which party.

(c) The provisions of this Article Tenth shall not be applicable to (i) any Business Combination on terms and conditions substantially consistent with those set forth in a memorandum of understanding with the Person who is a party to such Business Combination approved by resolution of the board of directors of the corporation prior to the time that such Person shall have become a holder of more than 10% of the outstanding securities of the corporation then entitled to vote at a meeting of stockholders, or (ii) any Business Combination between any Person and the corporation or any Subsidiary thereof if a majority of the outstanding shares of all classes of stock then entitled to vote at a meeting of stockholders of such Person is owned by the corporation and its Subsidiaries.

ELEVENTH. (a) For the purposes of this Article Eleventh, the definitions set forth in paragraph (a) of Article Tenth, as the same was in effect at the time of its adoption, shall apply.

(b) Except as set forth in paragraph (c) of this Article Eleventh, the affirmative vote of the holders of at least 95% of all of the securities of the corporation then entitled to vote at a meeting of stockholders, considered for the purposes of this Article Eleventh as one class, shall be necessary for the adoption or authorization of any Business Combination with any Person if, as of the record date for the determination of security holders entitled to notice thereof and to vote thereon, such Person is the beneficial owner, directly or indirectly, of more than 30% of the outstanding securities of the corporation then entitled to vote at a meeting of stockholders, considered for the purposes of this Article Eleventh as one class, unless the cash, or fair market value or other consideration, to be received by the holders of common stock of the corporation other than such Person, or by the corporation on account of such holders, per share of such common stock owned by such holders, is not less than the highest price per share (including brokerage commissions and soliciting dealers' fees, or both) paid by such Person in acquiring any of its holdings of common stock of the corporation. The term "other consideration to be received" shall mean common stock of the corporation retained by its existing public stockholders in the event of a merger with such Person in which the corporation is the surviving corporation. The foregoing vote shall be in lieu of any lesser vote of the holders of the voting securities of the corporation voting as one class otherwise required by law or by agreement, but shall be in addition to any class vote or other vote otherwise required by law, this certificate of incorporation (including Article Tenth) or any agreement to which the corporation is a party.

(c) The provisions of this Article Eleventh shall not be applicable to (i) any Business Combination on terms and conditions substantially consistent with those set forth in a memorandum of understanding with the Person who is a party to such Business Combination approved by resolution of the board of directors of the corporation prior to the time that such Person shall have become a holder of more than 10% of the outstanding securities of the corporation then entitled to vote at a meeting of stockholders, or (ii) any Business Combination between any Person and the corporation or any Subsidiary thereof if a majority of the outstanding shares of all classes of stock then entitled to vote at a meeting of stockholders of such Person is owned by the corporation and its Subsidiaries.

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TWELFTH. The corporation may voluntarily liquidate and dissolve only if the proposed liquidation and dissolution is approved by the affirmative vote of the holders of at least 80% of all of the securities of the corporation then entitled to vote at a meeting of stockholders, considered for the purposes of this lieu of any lesser vote of the holders of the voting securities of the corporation voting as one class otherwise required by law or by agreement, but shall be in addition to any class vote or other vote otherwise incorporation or any party.

THIRTEENTH. No action required to be taken or which may be taken at any annual or special meeting of stockholders of the corporation may be taken without a meeting. The foregoing provision shall not apply to consents or approvals which any provision of the certificate of incorporation specifically authorizes to be evidenced by a writing without a meeting.

FOURTEENTH. No amendment to this certificate of incorporation shall amend, alter, change or repeal any of the provisions of Article Ninth, Article Thirteenth, or this Article Fourteenth, unless the amendment effecting such amendment, alteration, change or repeal shall have received the affirmative vote of the holders of at least 80% of all of the securities of the corporation then entitled to vote on such

amendment, alteration, change or repeal, considered as one class. The foregoing vote shall be in lieu of any lesser vote of the holders of the voting securities of the corporation voting as one class otherwise required by law or by agreement, but shall be in addition to any class vote or other vote otherwise required certificate of incorporation or any agreement corporation is a party.

IN WITNESS WHEREOF, we have signed this certificate and caused the corporate seal of the Corporation to be hereunto affixed this 14th day of December, 1995.

\_\_\_\_\_  
Elliott C. Robbins  
Senior Vice President

ATTEST:

\_\_\_\_\_  
Byron D. Nelson  
Secretary

BYLAWS  
OF  
MYR GROUP INC..  
OFFICES

- Section 1. Registered Office in Delaware. The registered office of the corporation in the State of Delaware shall be in the City of Wilmington, County of New Castle.
- Section 2. Other Offices. The corporation may also have offices at such other places both within and without the State of Delaware as the board of directors may from time to time determine or the business of the corporation may require.

MEETINGS OF STOCKHOLDERS

- Section 3. Place. All meetings of the stockholders for the election of directors shall be held in Chicago, Illinois, at such place as may be fixed from time to time by the board of directors or at such other place either within or without the State of Delaware as shall be designated from time to time by the board of directors and stated in the notice of the meeting. Meetings of stockholders for any other purpose may be held at such time and place, within or without duly executed waiver of notice thereof.
- Section 4. Time and Purpose of Annual Meeting. Annual meetings of stockholders, commencing with the year 1989, shall be held on the last Tuesday in April, if not a legal holiday; and if a legal holiday, then on the next succeeding business day, at 2:00 PM, or at such other date and time as shall be designated from time to time by resolution adopted by a vote of two-thirds of all the directors then in office and stated in the notice of the meeting, at which, subject to the provisions of the certificate of incorporation, they shall elect directors by a plurality of the votes cast and transact such other business as may properly be brought before the meeting. Elections of directors may be by voice vote, rather than by written ballot, unless by resolution adopted by the majority vote of the stockholders represented at the meeting, the election of directors by written ballot is required.

To be properly brought before a meeting of the stockholders, business must be specified in the notice of meeting (or any supplement thereto) given by, or at the direction of, the board of directors or otherwise properly brought before the meeting by a stockholder. For business to be properly brought before a meeting by a stockholder, the stockholder must have given timely notice of the business to the corporate secretary. To be timely, a stockholder's notice must be in writing delivered to or mailed, postage prepaid, and received by the corporate secretary not less than 45 days nor more than 60 days prior to the meeting; provided, however, that if less than 50 days' notice or prior public disclosure of the date of the meeting

is given to stockholders, notice by the stockholder to be timely must be received by the corporate secretary not later than the close of business on the 7th day following the day on which notice of the date of the meeting was mailed or public disclosure was made. For

each matter the stockholder proposes to bring before the meeting, the notice to the corporate secretary shall include (i) a brief description of the business desired to be brought before the meeting and the reasons for conducting the business at the meeting, (ii) the name and record address of the stockholder proposing the business, (iii) the class and number of shares of the corporation which are beneficially owned by the stockholder and (iv) any material interest of the stockholder in such business.

Notwithstanding anything in these bylaws to the contrary, no business shall be conducted at the meeting except in accordance with the procedures set forth in this Section 4.

The chairman of a meeting shall, if the facts warrant, determine and declare to the meeting that business was not properly brought before the meeting in accordance with the provisions of this Section 4. If the chairman determines that business was not properly brought before the meeting, the business shall not be transacted.

This Section 4 may be amended by the board of directors so as to change the provisions of the first sentence hereof with respect to the date of the annual meeting only by resolution adopted by a vote of two-thirds of all of the directors then in office.

Section 5. Notice of Annual Meeting. Written notice of the annual meeting stating the place, date, and hour of the meeting shall be given to each stockholder entitled to vote at such meeting not less than ten nor more than sixty days (or in case a vote of stockholders on a merger or consolidation is one of the stated purposes of the annual meeting, not less than twenty nor more than sixty days) before the date of the meeting.

Section 6. List of Stockholders. The officer who has charge of the stock ledger of the corporation shall prepare and make, at least ten days before every meeting of stockholders, a complete list arranged in alphabetical order of the stockholders entitled to vote at the meeting and showing the address of each stockholder and the number of shares registered in the name of each stockholder. Such list shall be open to the examination of any stockholder during ordinary business hours for any purpose germane to the meeting for a period of at least ten days prior to the meeting, either at a place within the city where the meeting is to be held, which place shall be specified in the notice of the meeting, or, if not so specified, at the place where the meeting is to be held. The list shall also be produced and kept at the time and place of the meeting during the whole time thereof and may be inspected by any stockholder who is present.

Section 7. Calling of Special Meetings. Special meetings of the stockholders, for any purpose or purposes, unless otherwise prescribed by statute or by the certificate of incorporation, may be called by the chief executive officer and shall be called by the president or secretary at the request in writing of a majority of the board of directors. Such request shall state the purpose or purposes of the proposed meeting.

Section 8. Notice of Special Meeting. Written notice of a special meeting stating the place, date, and hour of the meeting and the purpose or purposes for which the meeting is called, shall be given not less than ten nor more than sixty days (or in case a vote of stockholders on a merger or consolidation is one of the stated purposes of the meeting, not less than twenty nor more than sixty days) before the date of the meeting to each stockholder entitled to vote at such meeting.

Section 9. Business at Special Meeting. Business transacted at any special meeting of stockholders shall be limited to the purposes stated in

the notice.

Section 10. Quorum. The holders of a majority of the shares of stock issued and outstanding and entitled to vote thereat, present in person or represented by proxy, shall constitute a quorum at all meetings of the stockholders for the transaction of business except as otherwise provided by statute, by the certificate of incorporation or by these bylaws. If, however, such quorum shall not be present or represented at any meeting of the stockholders, the stockholders entitled to vote thereat, present in person or represented by proxy, shall have power to adjourn the meeting from time to time, without notice other than announcement at the meeting, until a quorum shall be present or represented. At such adjourned meeting at which a quorum shall be present or represented any business may be transacted which might have been transacted at the meeting as originally notified. If the adjournment is for more than thirty days or if after the adjournment a new record date is fixed for the adjourned meeting, a notice of the adjourned meeting shall be given to each stockholder of record entitled to vote at the meeting.

Section 11. Required Vote. When a quorum is present at any meeting, the vote of the holders of a majority of the stock having voting power, present in person or represented by proxy, shall decide any question brought before such meeting, unless the question is one upon which, by express provision of the statutes or of the certificate of incorporation or of these bylaws, a different vote is required in which case such express provision shall govern and control the decision of such question.

Section 12. Voting of Shares. Unless otherwise provided in the certificate of incorporation, each stockholder shall at every meeting of the stockholders be entitled to one vote in person or by proxy for each share of the capital stock having voting power held by such stockholder, but no proxy shall be voted or acted upon after three years from its date unless the proxy provides for a longer period.

#### BOARD OF DIRECTORS

Section 13. Number, Election, and Tenure. The number of directors which shall constitute the whole board of directors shall be five. Subject to the provisions of the certificate of incorporation, the directors shall be elected at the annual meeting of the stockholders, except as provided in Section 14 of these bylaws, and each director elected shall hold office until his successor is elected and qualified or until his earlier death, resignation, or removal. Any director may resign at any time upon written notice to the corporation. Directors need not be stockholders.

Nominations for election to the board of directors of the corporation at a meeting of stockholders may be made by the board or on behalf of the board, by any nominating committee appointed by that board, or by any stockholder of the corporation entitled to vote for the election of directors at the meeting. Nominations, other than those made by or on behalf of the board, shall be made by notice in writing delivered to or mailed, postage prepaid, and received by the corporate secretary not less than 45 days nor more than 60 days prior to any meeting of stockholders called for the election of directors; provided, however, that if less than 50 days' notice or prior public disclosure of the date of the meeting is given to stockholders, the nomination must be received by the corporate secretary not later than the close of business on the 7th day following the day on which the notice of meeting was mailed. The notice shall set forth: (i) the name and address of the stockholder who intends to make the nomination; (ii) the name, age, business

address and, if known, residence address of each nominee; (iii) the principal occupation or employment of each nominee; (iv) the number

of shares of stock of the corporation which are beneficially owned by each nominee and by the nominating stockholder; (v) a description of all arrangements or understandings between the nominating stockholder and each nominee and any other person or persons (naming such person or persons) pursuant to which the nomination or nominations are to be made; (vi) any other information concerning the nominee that must be disclosed of nominees in proxy solicitations pursuant to Regulation 14A of the Securities Exchange Act of 1934; and (vii) the executed consent of each nominee to serve as a director of the corporation if elected.

Except for the Chairman of and Chief Executive Officer of the Company, any director who is or has been an employee of the Company shall be required to retire from the Board of Directors as of the annual meeting of stockholders next following such director's sixty-fifth (65th) birthday. Non-employee directors and the Chairman and Chief Executive Officer of the Company shall be required to retire from the Board of Directors at the end of the term during which such director reaches seventy (70) age. No nomination for election as director shall be accepted if such nominee is seventy (70) years of age or older at the commencement of the term of such directorship.

The chairman of the meeting of stockholders may, if the facts warrant, determine that a nomination was not made in accordance with the foregoing procedures, and if the chairman should so determine, the chairman shall so declare to the meeting and the defective nomination shall be disregarded.

Section 14. Filling of Vacancies and Newly Created Directorships. Vacancies and newly created directorships resulting from any increase in the authorized number of directors may be filled by the stockholders or by a majority of the directors then in office, though less than a quorum, or by a sole remaining director, and each director so chosen shall hold office until the expiration of the term or office of the directors of the class to which such director was elected and until his successor is elected and qualified or until his earlier death, resignation, or removal.

Section 15. General Powers. The business of the corporation shall be managed by its board of directors which may exercise all such powers of the corporation and do all such lawful acts and things as are not by statute or by the certificate of incorporation or by these bylaws directed or required to be exercised or done by the stockholders.

Section 16. Place of Meetings. The board of directors of the corporation may hold meetings, both regular and special, either within or without the State of Delaware.

Section 17. Annual Meeting. An annual meeting of the board of directors shall be held without other notice than by this bylaw immediately after and at the same place as the annual meeting of stockholders. In the event of the failure to hold such a meeting at such time and place, a meeting may be held at such time and place as shall be specified in a notice given as hereinafter provided for special meetings of the board of directors or as shall be specified in a written waiver signed by all of the directors.

Section 18. Regular Meetings. In addition to the annual meeting of the board of directors, regular meetings of the board of directors may be held without notice at such time and at such place as shall from time to time be determined by the board of directors.

Section 19. Special Meetings. Special meetings of the board of directors may be called by the chief executive officer on not less than twenty-four hours' notice to each director, either personally or by mail or by telegram; special meetings shall be called by the president or the secretary in like manner and on like notice on the written request

of two directors.

Section 20. Quorum. At all meetings of the board of directors a majority of the total number of directors then constituting the whole board of directors shall constitute a quorum for the transaction of business, and the vote of a majority of the directors present at any meeting at which there is a quorum shall be the act of the board of directors except as may be otherwise specifically provided by statute or by the certificate of incorporation. If a quorum shall not be present at any meeting of the board of directors, the directors present thereat may adjourn the meeting from time to time without notice other than announcement at the meeting, until a quorum shall be present.

Section 21. Action by Unanimous Written Consent. Unless otherwise restricted by the certificate of incorporation or these bylaws, any action required or permitted to be taken at any meeting of the board of directors or of any committee thereof may be taken without a meeting if all members of the board or committee, as the case may be, consent to such action in writing and the writing or writings are filed with the minutes of proceedings of the board or committee.

Section 22. Telephonic Participation. Unless otherwise restricted by the certificate of incorporation or these bylaws, any member of the board of directors or of any committee thereof designated by such board may participate in a meeting of such board or committee by means of conference telephone or similar communications equipment by means of which all persons participating in the meeting can hear each other, and participation in such meeting in such manner shall constitute presence in person at such meeting.

Section 23. Compensation. The directors shall receive such compensation as may be fixed from time to time by the board of directors which may include reimbursement of their expenses, if any, incurred in attending any meeting of the board of directors. No such payment shall preclude any director from serving the corporation in any other capacity and receiving compensation therefor. Members of special or standing committees, may receive such compensation as shall be fixed from time to time by the board of directors.

Section 24. Committees of Directors. The board of directors shall have an Audit Committee and such other committees as the board may designate by resolution passed by a majority of the whole board. Each committee shall consist of at least two members of the board of directors, the number and identity of such members to be designated by resolution adopted by a majority of the whole board. Each such committee shall have and may exercise the authority to carry-out the duties of the committee, such duties to be established by resolution passed by a majority of the whole board of directors. Except as otherwise provided in the resolution establishing the committee and/or designating the number and identity of its members, each member of a committee shall serve until a successor has been designated or his earlier death, resignation or removal. Except as otherwise provided in the resolution establishing the committee and/or designating the number and identity of its members, any vacancy in any committee may be filled and any member of any committee may be removed by resolution passed by a majority of the whole board of directors.

Section 25. Meetings of Committees. Regular meetings of any committee of the board may be held without notice at such times and places as shall from time to time be determined by the committee. Special meetings of any committee may be called by

any member thereof upon not less than twenty-four hours' notice stating the place, date, and hour of the meeting, which notice may be written or oral and if mailed, shall be deemed to be delivered when deposited in the United States mail addressed to the members of such committee at their business addressees. Such notice need not state the business proposed to be transacted at the meeting.

A majority of the members of any committee shall constitute a quorum for the transaction of business at any meeting thereof and action by any committee must be authorized by the affirmative vote of a majority of the members thereof present at a meeting at which a quorum is present. If a quorum of regular or alternate members of any committee is not present at a meeting of the committee, the members thereof present at any meeting and not disqualified from voting (provided there are at least two) may unanimously appoint another member or members of the board of directors to act at the meeting in the place of any such absent or disqualified member in order to make a quorum; provided that at any such meeting, the committee shall not revise or rescind any previous action of the committee without the affirmative vote of a majority of the regular members present.

Each committee shall have a chairman appointed by the board of directors who shall preside at all meetings of such committee. Each committee may fix its own rules of procedure which shall not be inconsistent with these bylaws. Each committee shall keep regular minutes of its meetings and report the same to the board of directors when required.

#### NOTICES

Section 26. Method of Giving Notice. Whenever, under the provisions of any statute or of the certificate of incorporation or of these bylaws, notice is required to be given to any director or stockholder, it shall not be construed to require personal notice, but such notice may be given in writing, by mail, addressed to such director or stockholder at his address as it appears on the records of the corporation with postage thereon prepaid and such notice shall be deemed to be given at the time when the same shall be deposited in the United States mail. Notice to directors may also be given by telegram and shall be deemed to be given at the time of delivery to the telegraph company. Notice to any member of a committee of the board of directors as such may be given orally.

Section 27. Waiver of Notice. Whenever any notice is required to be given under the provisions of any statute or of the certificate of incorporation or of these bylaws, a waiver thereof in writing, signed by the person or persons entitled to said notice, whether before or after the time stated therein, shall be deemed equivalent thereto. Attendance of a person at a meeting shall constitute a waiver of notice of such meeting, except when the person attends a meeting for the express purpose of objecting, at the beginning of the meeting, to the transaction of any business because the meeting is not lawfully called or convened.

#### OFFICERS

Section 28. Officers of the Corporation. The officers of the corporation shall consist of the following: a chairman of the board; a president; one or more vice presidents (the number thereof to be determined by the board of directors and any one or more who may be designated by the board of directors as an executive vice president or a senior vice president); a secretary; a treasurer; a controller; and such assistant vice presidents, assistant secretaries, assistant treasurers, and other officers as the

board of directors, in its discretion, may elect. The board of directors shall designate either the chairman of the board or the president as the chief executive officer of the corporation.

Any two or more offices of the corporation may be held by the same

person. No officer other than the chairman of the board and the president need be a director of the corporation.

Section 29. Other Agents of the Corporation. The board of directors may from time to time appoint such other agents of the corporation as it shall deem necessary or advisable who shall hold their positions for such terms and shall exercise and perform such duties as shall be determined from time to time by the board of directors.

Section 30. Election and Term of Office. The officers of the corporation shall be elected annually by the board of directors at the first meeting of the board of directors held after each annual meeting of the shareholders. If the election of officers shall not be held at such meeting, such election shall be held as soon thereafter as conveniently may be.

Each officer shall hold office until his successor shall have been duly elected and shall have qualified or until his earlier death, resignation or removal. Any officer may resign at any time upon written notice to the corporation.

Section 31. Removal. Any officer or agent may be removed at any time by the affirmative vote of a majority of the board of directors whenever in its judgment the best interests of the corporation will be served thereby, but such removal shall be without prejudice to the contract rights, if any, of the person so removed. Election or appointment of an officer or agent shall not of itself create contract rights.

Section 32. Vacancies. A vacancy in any office occurring because of death, resignation, removal, disqualification or otherwise, may be filled by the board of directors for the unexpired portion of the term.

Section 33. Compensation. The compensation (including bonuses and similar supplemental payments) of the officers of the corporation (other than, in each case, assistant vice presidents, assistant secretaries, and assistant treasurers) and the compensation of other agents of the corporation appointed pursuant to Section 29 hereof shall be fixed from time to time by the board of directors. No officer shall be prevented from receiving such compensation from the corporation by reason of the fact that he is also a director of the corporation.

Section 34. Chief Executive Officer. The chief executive officer of the corporation who shall be designated from time to time by the board of directors and who shall be either the chairman of the board or the president (as hereinabove provided) shall, in general, supervise and control all of the business and affairs of the corporation and shall see that all orders and resolutions of the board of directors are carried out, subject to the control of the board of directors.

Section 35. Chairman of the Board. The chairman of the board shall preside at all meetings of the board of directors and at all meetings of the stockholders of the corporation, shall consult with the other directors and officers of the corporation and shall perform such other duties and have such other powers as from time to time may be assigned to him by the board of directors, including, if he has been so designated by the board of directors, those devolving upon the chief executive officer. He may sign with the secretary or any other officer of the corporation

thereunto authorized by the board of directors, certificates for shares of the corporation and deeds, mortgages, bonds, contracts, or other instruments which the board of directors has authorized to be executed, except in cases where the signing and execution thereof shall be expressly delegated by the board of directors or by these bylaws to some other officer or agent of the corporation or shall be required by law to be otherwise signed or executed.

Section 36. President. The president shall, in the absence of the chairman of the board, preside at all meetings of the board of directors and of the stockholders of the corporation, shall consult with the other directors and officers of the corporation and shall perform all duties incident to the office of president and such other duties and have such other powers as from time to time may be assigned to him by the board of directors including, if he has been so designated by the board of directors, those devolving upon the chief executive officer. He may sign with the secretary or any other proper officer of the corporation thereunto authorized by the board of directors, certificates for shares of the corporation and deeds, mortgages, bonds, contracts, or other instruments which the board of directors has authorized to be executed, except in cases where the signing and execution thereof shall be expressly delegated by the board of directors or by these bylaws to some other officer or agent of the corporation or shall be required by law to be otherwise signed or executed.

Section 37. Vice Presidents. In the absence of the president, or in the event of his death, inability or refusal to act, the vice president (or if there be more than one, the executive vice presidents, senior vice presidents or the vice presidents in the order designated by the board of directors, or in the absence of such designation, then in the order of their election or in the order named for election) shall perform the duties of the president and, when so acting, shall have all the powers of and be subject to all the restrictions upon the president. Each vice president shall perform such other duties and have such other powers as from time to time may be assigned to him by the president or the board of directors.

Section 38. Secretary. The secretary shall: (a) keep the minutes of the proceedings of the board of directors and of the stockholders in one or more books provided for that purpose; (b) see that all notices are duly given in accordance with the provisions of these bylaws or as required by law; (c) be custodian of the corporate records and of the seal of the corporation and see that the seal of the corporation is affixed to all documents, the execution of which, on behalf of the corporation under its seal, is duly authorized; (d) sign with the chairman of the board, president, or a vice president, certificates for shares of the corporation, the issuance of which shall have been authorized by resolution of the board of directors; (e) have general charge of the stock transfer books of the corporation; and (f) in general, perform all duties incident to the office of secretary and such other duties as from time to time may be assigned to him by the chief executive officer or by the board of directors.

Section 39. Treasurer. The treasurer shall: (a) have charge and custody of and be responsible for all funds and securities of the corporation; (b) receive and give receipts for moneys due and payable to the corporation from any source whatsoever and deposit all such moneys in the name and to the credit of the corporation in such banks, trust companies or other depositories as shall be selected or approved by the board of directors; (c) disburse the funds of the corporation as directed by the board of directors; (d) keep full and accurate accounts of all such receipts and disbursements of funds in books belonging to the corporation; and (e) in general, perform all of the duties incident to the office of treasurer and other such duties as from time to time may be assigned to him by the chief executive officer or by the board of directors. If required by the board of directors, the treasurer shall give a

bond for the faithful discharge of his duties in such sum and with such surety or sureties as the board of directors shall determine.

Section 40. Controller. The controller shall be the principal officer in charge of the accounts of the corporation, and he shall perform such duties as from time to time may be assigned to him by the chief executive

officer or the board of directors.

Section 41. Assistant Secretaries and Assistant Treasurers. The assistant secretaries, when authorized by the board of directors, may sign with the chairman of the board, president or a vice president certificates for shares of the corporation the issuance of which shall have been authorized by a resolution of the board of directors. The assistant treasurers shall respectively, if required by the board of directors, give bonds for the faithful discharge of their duties in such sums and with such sureties as the board of directors shall determine. The assistant secretaries and assistant treasurers, in general, shall perform such duties as shall be assigned to them by the secretary or the treasurer, respectively, or by the chief executive officer or the board of directors.

#### STOCK CERTIFICATES AND THEIR TRANSFER

Section 42. Stock Certificates. Every holder of stock in the corporation shall be entitled to have a certificate, signed in the name of the corporation by the chairman of the board, the president or a vice president and by the secretary or assistant secretary, or the treasurer or assistant treasurer of the corporation, certifying the number of shares owned by him in the corporation and sealed with the seal or a facsimile of the seal of the corporation. Any of or all the signatures on the certificate may be facsimile. In case any officer, transfer agent or registrar who has signed or whose facsimile signature has been placed upon a certificate shall have ceased to be such officer, transfer agent or registrar before such certificate is issued, it may be issued by the corporation with the same effect as if he were such officer, transfer agent or registrar at the date of issue.

Section 43. Transfers of Stock. Upon surrender to any transfer agent of the corporation of a certificate for shares of the corporation duly endorsed or accompanied by proper evidence of succession, assignment or authority to transfer, it shall be the duty of the corporation to issue a new certificate to the person entitled thereto, cancel the old certificate and record the transaction upon its books.

Section 44. Lost Certificates. The board of directors may authorize the issuance of a new certificate or certificates in lieu of any certificate or certificates theretofore issued by the corporation alleged by the holder thereof to have been lost, stolen, or destroyed, upon compliance by such holder, or his legal representatives, with such requirements as the board of directors may impose or authorize. Such authorization by the board of directors may be general or confined to specific instances.

#### GENERAL PROVISIONS

Section 45. Fixing Record Date. In order that the corporation may determine the stockholders entitled to notice of or to vote at any meeting of stockholders or any adjournment thereof, or entitled to receive payment of any dividend or other distribution or allotment of any rights, or entitled to exercise any rights in respect of any change, conversion or exchange of stock or for the purpose of any other lawful

action, the board of directors may fix, in advance, a record date, which shall not be more than sixty nor less than ten days before the date of such meeting, nor more than sixty days prior to any other action. A determination of stockholders of record entitled to notice of or to vote at a meeting of stockholders shall apply to any adjournment of the meeting; provided, however, that the board of

directors may fix a new record date for the adjourned meeting.

- Section 46. Registered Stockholders. The corporation shall be entitled to recognize the exclusive right of a person registered on its books as the owner of shares to receive dividends and to vote as such owner and to hold liable such person for calls and assessments. The corporation shall not be bound to recognize any equitable or other claim to or interest in such share or shares on the part of any other person, whether or not it shall have express or other notice thereof, except as otherwise provided by the laws of Delaware.
- Section 47. Voting and Transfer of Stock in Other Corporations. The board of directors may by resolution designate an officer or any other person to act for the corporation and vote its shares in any company in which it may own or hold stock and may direct in what manner, and for or against what propositions and in case of elections for whom its vote shall be cast. In case, however, the board of directors has not taken express action, the chairman of the board, the president, any vice president, the treasurer, or the secretary may act for this corporation on all stockholder matters connected with any such company, including voting the shares owned or held by this corporation and executing and delivering proxies, waivers, and stockholder consents. Certificates of stock owned by this corporation in any other company may be endorsed for transfer by any one of the above-listed officers.
- Section 48. Payments of Dividends. Dividends upon the capital stock of the corporation, subject to the provisions of the certificate of incorporation, if any, may be declared by the board of directors at any regular or special meeting pursuant to law. Dividends may be paid in cash, in property, or in shares of the capital stock, subject to the provisions of the certificate of incorporation.
- Section 49. Reserves. Before payment of any dividend, there may be set aside, out of any funds of the corporation available for dividends, such sum or sums as the directors from time to time in their absolute discretion think proper as a reserve or reserves to meet contingencies or for equalizing dividends or for repairing or maintaining any property of the corporation, or for such other purpose as the directors shall think conducive to the interest of the corporation, and the directors may modify or abolish any such reserve in the manner in which it was created.
- Section 50. Checks. All checks, drafts or other orders for the payment of money, notes or other evidences of indebtedness issued in the name of the corporation shall be signed by such officer or officers or such other person or persons as the board of directors may from time to time designate.
- Section 51. Fiscal Year. The fiscal year of the corporation shall begin on the first day of January in each year unless otherwise fixed by resolution of the board of directors.
- Section 52. Seal. The corporate seal shall have inscribed thereon the name of the corporation and the words "Corporate Seal, Delaware". The seal may be used by causing it or a facsimile thereof to be impressed or affixed or reproduced or otherwise.
- Section 53. Amendments to Bylaws. Subject to the provisions of the certificate of incorporation, these bylaws may be altered, amended or repealed or new bylaws may be adopted by the stockholders or by the board of directors at any regular meeting of the stockholders or of the board of directors or at any special meeting of

the stockholders or of the board of directors if notice of such alteration, amendment, repeal or adoption of new bylaws be contained in the notice of such special meeting.



THE L. E. MYERS CO. GROUP  
1995 STOCK OPTION PLAN

1. STATEMENT OF PURPOSE. The purpose of this Stock Option Plan (the "Plan") is to benefit The L. E. Myers Co. Group (the "Company") and its subsidiaries through the maintenance and development of management by offering certain present and future key individuals a favorable opportunity to become holders of stock in the Company over a period of years, thereby giving them a permanent stake in the growth and prosperity of the Company and encouraging them to continue their involvement with the Company or its subsidiaries.
  
2. ADMINISTRATION. The Plan shall be administered by a committee (the "Committee") of the Board of Directors of the Company (the "Board"), consisting of not less than two members of the Board who are not employees or officers of the Company or any of its subsidiaries. Each member of the Committee shall be appointed from time to time by the Board and shall serve at the pleasure of the Board. Only "disinterested persons", as such term is defined in Section 16b-3(c)(2)(i) of the Securities Exchange Act of 1934 (as amended), shall serve as members of the Committee. The Board of Directors may from time to time, create a management subcommittee consisting of officers of the Company, and delegate to such subcommittee the authority to grant options to non-officer employees of the Company subject to subsequent ratification of the grants by the Committee.  
  
Subject to the terms of the Plan, the Committee shall have the authority, in its sole discretion, (a) to determine the individuals to whom options are granted under the Plan; (b) to determine the number of shares subject to each option; (c) to determine the exercise price per share of each option (subject to Section 5 of the Plan); (d) to determine the time or times when options are granted; (d) to determine the time or times when, or conditions upon which, each option becomes exercisable; (e) to accelerate the exercisability of any option granted pursuant to the Plan including with respect to options held by employees whose employment has been terminated by reason of death, permanent disability or retirement; (f) to determine the term of each option (subject to Section 6 of the Plan); (g) to prescribe the form or forms of agreements which evidence options granted under the Plan; and (h) to interpret the Plan and to adopt rules or regulations (consistent with the terms of the Plan) which, in the Committee's opinion, may be necessary or advisable for the administration of the Plan. Any action taken or decision made by the Committee in connection with the administration and interpretation of the Plan shall, to the extent permitted by law, be conclusive and binding upon grantees of options under the Plan, including any transferee or assignee of any option granted under the Plan or any person claiming rights under or through such optionee.
  
3. ELIGIBILITY. Options may be granted to key employees of the Company and its subsidiaries selected initially and from time to time thereafter by the Committee in its sole discretion on the basis of their importance to the business of the Company or its subsidiaries.
  
4. GRANTING OF OPTIONS. Options may be granted under the Plan under which a total of not in excess of 300,000 shares of common stock of the Company, \$1.00 par value, ("Common Stock") may be purchased from the Company, subject to adjustment as provided in Section 10. Options granted under the Plan will not be treated as incentive stock options as defined in Section 422A of the Internal Revenue Code of 1986, as amended (the "Code")

In the event that an option expires or is terminated or canceled unexercised as to any shares, such released shares may be made the subject of options granted hereunder (including without limitation options granted in substitution for canceled options). Shares subject to options may be made available from unissued or reacquired shares of Common Stock.

5. OPTION EXERCISE PRICE. The option exercise price of each option shall be determined by the Committee and, subject to the provisions of Section 10 hereof, shall be not less than 100% of the fair market value, at the time the option is granted, of the shares of Common Stock subject to the option. Any determination of the fair market value or of the method of computing fair market value of a share of Common Stock made by the Committee pursuant to any provision of this Plan shall be final, binding and conclusive on all parties.

6. DURATION OF OPTIONS, INCREMENTS, AND EXTENSIONS. (a) Subject to the provisions of Paragraph 8, each option shall be for a term of not more than ten years as shall be determined by the Committee at the date of the grant. The Committee shall have the authority to determine with respect to each option the time or times at which, or the conditions upon which, any option, or portions thereof, shall become exercisable.

(b) The Committee, in its discretion, may accelerate the exercisability of all or any portion of any option; or (ii) at any time prior to the expiration or termination of any option previously granted, extend the term of any option for such additional period as the Committee in its discretion shall determine, except that the aggregate term of any such option, including the original term of the option and any extensions thereof, shall in no event exceed ten years from the date of the original grant.

7. EXERCISE OF OPTIONS. (a) An option may be exercised by giving written notice to the Company, attention of the Secretary, specifying the number of shares to be purchased, accompanied by the full purchase price for the shares to be purchased in cash or by check, except that the Committee may permit, in its discretion, the purchase price to be paid in any other manner, including but not limited to, payment, in whole or in part, by the delivery to the Company of shares of Common Stock in such manner as the Committee may specify. Shares of the Common Stock delivered upon exercise of an option shall be valued at their fair market value as of the close of business on the date preceding the date of exercise as determined by the Committee.

(b) At the time of any exercise of any option, the Company may, if it shall determine it necessary or desirable for any reason, require the optionee (or his heirs, legatees, or legal representative, as the case may be) as a condition upon the exercise thereof, to deliver to the Company a written representation of present intention to purchase the shares for investment and not for distribution. In the event such representation is required to be delivered, an appropriate legend may be placed upon each certificate delivered to the optionee upon his exercise of part or all of the option and a stop transfer order may be placed with the transfer agent.

(c) Each option shall also be subject to the requirement that, if at any time the Company determines, in its discretion, that the listing, registration or qualification of the shares subject to the option upon any securities exchange or under any state or federal law or approval of any regulatory body is necessary or desirable as a condition of or in connection with, the issue or purchase of shares thereunder, the option may not be exercised in whole or in part unless such listing, registration, qualification, consent or approval shall have been effected or obtained free of any conditions not acceptable to the Company.

(d) At the time of the exercise of any option, the Company may require, as a condition of the exercise of such option, that the optionee pay to the Company, in such manner and under such conditions as the Committee may specify, an amount equal to the amount of

the tax the Company may be required to withhold as a result of the exercise of such option by the optionee.

8. EXERCISE AFTER TERMINATION OF EMPLOYMENT. (a) Any optionee whose employment is terminated for any reason other than death, permanent disability, or retirement may exercise his or her option to the extent exercisable at the date of such termination at any time during its specified term prior to the 90th day after the date of such termination, provided, however, that if the optionee's employment is terminated for cause such optionee's option shall expire and all rights to purchase shares pursuant thereto shall terminate immediately. Temporary absence from employment because of illness, vacation, approved leaves of absence, and transfers of employment among the Company and its subsidiaries, shall not be considered to terminate employment or to interrupt continuous employment.
- (b) In the event of termination of employment because of death, permanent disability (as that term is defined in Section 22(e)(3) of the Code, as now in effect or as subsequently amended) or retirement (as hereinafter defined), the option may be exercised to the extent exercisable at the date of such termination (or to the extent exercisability has been accelerated by the Committee in its sole discretion) by the optionee or, if the optionee is not living, by the optionee's heirs, legatees, or legal representative, as the case may be, at any time during its specified term prior to the third anniversary of the date of death, permanent disability or retirement (as hereinafter defined). Retirement as used herein shall mean termination of employment (other than for death or disability) at any date after (i) the employee reaches age 60 and (ii) the sum of the terminated employee's age added to the number of years such employee was employed by the Company or any of its subsidiaries is equal to or greater than 75.
- (c) Notwithstanding the provisions of 8(a) and 8(b) above, the Committee may specify other provisions in the form of agreement evidencing an option with respect to the exercise of such option after the optionee's termination of employment.

9. NON-TRANSFERABILITY OF OPTIONS. Except as provided below, no option shall be transferable by the optionee otherwise than by will or the laws of descent and distribution or pursuant to a qualified domestic relations order as defined by the Internal Revenue Code of 1986 (as amended), and each option shall be exercisable during an optionee's lifetime only by such optionee.

Notwithstanding the above, the Committee may, in its discretion, grant an option which would permit the optionee, at any time prior to his or her death, to transfer or assign all or any portion of such option to: (i) his or her spouse or lineal descendants or the spouse or spouses of his or her lineal descendants; (ii) the trustee of a trust established for the benefit of his or her spouse or lineal descendants or the spouse or spouses of his or her lineal descendants; or (iii) a partnership whose only partners are the spouse and/or lineal descendants and/or the spouse or spouses of the lineal descendants of the optionee; provided that the form of agreement evidencing such option specifically sets forth the transfer limitations, the optionee receives no consideration from the transferee or assignee, and the transferee or assignee is subject to all the conditions applicable to the option prior to the grant. Any such transfer or assignment shall be evidenced by an appropriate written document executed by the optionee and a copy of such document shall be delivered to the Committee on or prior to the effective date of the transfer or assignment.

10. ADJUSTMENT. (a) In the event that the Company's outstanding Common Stock is changed by any stock dividend, stock split or combination of shares, the number of shares subject to this Plan and to options under this Plan shall be proportionately adjusted.
- (b) In case of any capital reorganization, or of any reclassification of the Common Stock or in case of a consolidation of the Company with or the merger of the Company with or into any other corporation (other than a consolidation or merger in which the Company is the continuing corporation and which does not result in any reclassification of outstanding

shares of Common Stock) or of the sale of the properties and assets of the Company as, or substantially as, an entirety to any other corporation, the Company, or the corporation resulting from such consolidation or surviving such merger or to which such sale shall be made, as the case may be, shall determine that upon exercise of options granted under the Plan after such capital reorganization, reclassification, consolidation, merger or sale there shall be issuable upon exercise of an option a kind and amount of shares of stock or other securities or property (which may, as an example, be a fixed amount of cash equal to the consideration paid to stockholders of the Company for shares transferred or sold by them) which the holders of the Common Stock (immediately prior to the time of such capital reorganization, reclassification, consolidation, merger or sale) are entitled to receive in such transaction as in the judgement of the Board of Directors is required to compensate equitably for the effect of such event upon the exercise rights of the optionees. The above provisions of this paragraph shall similarly apply to successive reorganizations, reclassifications, consolidations, mergers and sales.

(c) In the event of any such adjustment the purchase price per share shall be appropriately adjusted.

11. DIVIDEND EQUIVALENT PAYMENTS. The Committee, in its sole discretion, may provide with respect any option granted under the Plan that, on each date on which cash dividends are paid on shares of Common Stock the Company will pay to the optionee holding such option an amount in cash equal to the amount of the dividends that would have been paid to such optionee had the optionee owned that number of shares of Common Stock for which such option is then currently exercisable or for that number of shares for which such option was granted regardless of whether or not such option is currently exercisable.
12. AMENDMENT OF PLAN. The Board may amend or discontinue the Plan at any time. However, no such amendment or discontinuance shall change or impair any option previously granted without the consent of the optionee, increase the maximum number of shares which may be purchased by all optionees, change the minimum purchase price, or permit granting of options to the members of the Committee.
13. CONTINUED EMPLOYMENT. Nothing contained in the Plan or in any option granted pursuant thereto shall confer upon any optionee any right to continue to be employed by the Company or any subsidiary of the Company, or interfere in any way with the right of the Company or its subsidiaries to terminate such optionee's employment at any time.
14. EFFECTIVE DATE. On March 22, 1995, the Plan as previously authorized was approved, effective January 3, 1995, by the Board of Directors who directed that the Plan be submitted to the stockholders of the Company for approval. If the Plan is approved by the affirmative vote of the holders of a majority of the shares of Common Stock of the Company voting in person or by proxy at a duly held stockholders' meeting, the Plan shall be deemed to have become effective on January 3, 1995. Options may be granted under the Plan prior to approval by stockholders of the Company and, in each such case, the date of grant shall be determined without reference to the date of approval of the Plan by stockholders of the Company; provided, however, that if the Plan has not been approved by stockholders at or prior to the 1995 annual meeting of stockholders of the Company (or any adjournments thereof), then all options granted hereunder shall be canceled and void.

THE L. E. MYERS GROUP  
MANAGEMENT INCENTIVE PLAN  
(Board Approved - 2/23/95)

1. PURPOSE. The L. E. Myers Group Management Incentive Plan ('MIP') is established as a discretionary incentive plan which provides an opportunity for key management to be awarded a substantial discretionary incentive payment when business is strong.
2. ELIGIBILITY. At the Discretion of the Board of Directors, awards under the MIP may be granted to key management of the Company recommended by the Executive Management Committee and approved by the Board of Directors in its sole discretion (hereinafter "Participant" or "Participants"). To be eligible for an award, a Participant must be a full-time employee of the Company or one of its affiliates on the date the award is paid. For purposes of this section, the term "affiliate" shall mean a person or entity which directly or indirectly, is controlled by, or is under common control, with the Company.
3. AWARDS.
- 3.1 THRESHOLD FOR AWARDS. Before any incentive compensation award ("MIP award") can be made, the Company must achieve 75% of its approved business plan's earnings per share goal. If this threshold is not achieved, only special awards at the sole discretion of the Board of Directors, may be made.
- 3.2 GROUPING OF PARTICIPANTS. Awards will vary by groups of key employees. The Executive Management Committee will maintain a list of eligible employee in each group which list shall be approved by the Board of Directors.
- 3.3 AWARD LEVELS. Each participant shall be eligible to receive an award for each calendar year of service (a "Plan Year"), for which the earnings per share threshold is achieved. The following matrix shows the MIP award levels to be paid as a percentage of salary for various performance ratings as set forth in Section 4.4 below:
- |                     | Performance Rating |         |         |         |
|---------------------|--------------------|---------|---------|---------|
| GROUP               | 75%                | 100%    | 125%    | 150%    |
| I                   | 25%                | 55%     | 85%     | 115%    |
| II                  | 25%                | 50%     | 75%     | 100%    |
| III                 | 20%                | 35%     | 50%     | 65%     |
| IV                  | 10%                | 15%     | 20%     |         |
| V non-overtime      | 5%                 | 10%     | 15%     | 20%     |
| V overtime eligible | 1 week             | 2 weeks | 3 weeks | 4 weeks |
- 3.4 GRANT OF AWARDS. MIP awards will be paid during the first quarter of each year.
- 4.0 ADMINISTRATION.
- 4.1 COMMITTEE. The MIP shall be administered by the Executive Management Committee appointed by the Board of Directors.
- 4.2 ANNUAL GOALS. Prior to each December 31st, each Group I, II, III, and IV Participant must submit a completed annual goals form to the Executive Management Committee. The annual goals form must be approved by the Participant's immediate supervisor prior to submission. Prior to January 31st following the year being evaluated, each Participant must submit a copy of his or her annual goals form with (a) actual performance against goals under a heading "Actual Performance" and (b) rating of performance and comments, if any, under a heading "Self Rating."

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- 4.3 REVIEW BY COMMITTEE. The Executive Management Committee shall review each Group I, II, III and IV Participant's performance and give a final rating recommendation for each goal. The Executive Management Committee shall then weigh the individual goal ratings to determine the Participant's performance rating upon which his or her MIP award recommendation is based. The Executive Management Committee shall recommend to the Board of Directors the amount of the MIP award for each Participant prior to February 28 of each year. Each Vice President shall submit to the Executive Management Committee his or her recommendation for rating and awards for his or her Group V Participants. The Executive Management Committee shall review each such recommendation with the respective Vice President and following such review will make a determination of a rating and award level to be given to each such participant and recommend to the Board of Directors the amount of the MIP award for each Participant prior to February 28 of each year. The Board of Directors, in its sole discretion, shall determine awards to be made, if any.
- 4.4 CRITERIA. In evaluating and rating each Participant's performance, the Executive Management Committee shall use the following criteria:
- 4.4.1 PERFORMANCE AGAINST ANNUAL PLAN. The principal criteria will be actual revenue, contract margins, property income, operating income, cash flow and return on net assets performance versus plan. Corporate officers and staff will be measured against the consolidated corporate plan and other Participants will be measured against their respective annual plans.
- 4.4.2 PERFORMANCE AGAINST NON-FINANCIAL GOALS. Each Group I, II, III and IV Participant will set three non-financial goals annually such as increasing market share with current clients, capturing a new client, penetrating a new geographic region or integrating an acquisition. The determinant will be the evaluation of Participant's achievement of each non-financial goal.
- 4.4.3 SAFETY. Each operation's record in terms of incidence rate (total and lost time) and actual costs, among other things, will be evaluated in determining the final incentive award recommendation.
- The Executive Management Committee rating is made as a percentage of goal achievement. For example, if a Participant's performance on a particular goal was determined to have exactly met plan, the rating for this goal would be 100%. If performance does not achieve at least 75 % of the goal, the rating will be zero. Exceptional achievement can be given a performance rating up to 150% of the goal. The individual goal ratings are then weighted to determine a Participant's Performance Rating.
- 4.5 COMMITTEE'S POWERS. The Executive Management Committee shall have such powers as may be delegated to it by the Board of Directors from time to time as may be necessary to discharge its duties hereunder, including, but not in the way of limitation, the following powers, rights and duties:
- 4.5.1 INTERPRETATION OF MIP. The Executive Management Committee shall have the power, right and duty to construe and interpret the plan provisions and to determine all questions arising under the MIP.
- 4.5.2 MIP PROCEDURES. The Executive Management Committee shall have the power, right and duty to adopt and promulgate procedures, rules, regulations and forms as it considers necessary and appropriate for the implementation, management and administration of the MIP.
5. CONTINUED EMPLOYMENT. Nothing contained in this MIP shall give any Participant the right to be retained in the employment of the Company or affect the right of the Company to dismiss any Participant. The adoption of this MIP shall not constitute a contract between

the Company and any Participant. No Participant shall receive any right to be granted an award hereunder nor shall any such award be considered as compensation under any employee benefit plan of the Company, except as otherwise determined by the Company.

6. AMENDMENT OF MIP. The Board of Directors or the Executive Management Committee may amend or discontinue the MIP at any time. However, no such amendment or discontinuance shall change or impair any MIP award previously given under the MIP without the consent of the Participant.

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

	Year Ended December 31		
	1995	1994	1993
Primary income per share			
-----			
Income from continuing operations	\$ 3,429	\$ 2,329	\$ 1,633
-----			
Weighted average number of common shares outstanding during the period	3,174	3,179	3,237
Add - common equivalent shares (determined using the "treasury stock" method) representing shares issuable upon exercise of the common stock equivalents	226	155	136
-----			
Weighted average number of shares for income per common share	3,400	3,334	3,373
-----			
Primary income per share before discontinued operations	\$ 1.01	\$ .70	\$ .48
-----			
Loss from discontinued operations	\$ -	\$ (150)	\$ -
-----			
Net income	\$ 3,429	\$ 2,179	\$ 1,633
-----			
Primary income per common share	\$ 1.01	\$ .65	\$ .48
-----			
Fully Diluted income per share			
-----			
Income from continuing operations	\$ 3,429	\$ 2,329	\$ 1,633
Add interest on convertible subordinated notes, net of tax	237	N/A	N/A
-----			
	\$ 3,666	\$ 2,329	\$ 1,633
-----			
Weighted average number of common shares outstanding during the year	3,174	3,179	3,237
Add			
- - Common equivalent shares (determined using the "treasury stock" method) representing shares issuable upon exercise of common stock equivalents	244	155	136
- - Shares assumed converted from convertible subordinated			
notes	600	N/A	N/A
-----			
Weighted average number of shares for fully diluted income per common share		4,018	3,334
-----			
Fully diluted earnings before discontinued operation per common share		\$ .91	\$ .70
-----			
Loss from discontinued operations		\$ -	\$ (150)
-----			
Net income		\$ 3,666	\$ 2,179
-----			
Fully diluted income per common share		\$ .91	\$ .65
-----			

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

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 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)

(1) wholly owned subsidiary of Harlan Electric Company

## 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 The L.E. Myers Co. Group on Form S-8 of our report dated March 20, 1996, appearing in the Annual Report on Form 10-K of MYR Group Inc. for the year ended December 31, 1995.

/s/ DELOITTE & TOUCHE LLP

DELOITTE & TOUCHE LLP  
Chicago, Illinois  
March 22, 1996

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<NAME> MYR GROUP INC.

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