FORM 10-Q

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

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

For the quarterly period ended September 30, 1997

OR

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

For the transition period from   to

Commission File Number 1-8325

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

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

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

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities and Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes X No

APPLICABLE ONLY TO ISSUERS INVOLVED IN BANKRUPTCY

PROCEEDINGS DURING THE PRECEDING FIVE YEARS:

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

Yes No

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of October 24, 1997: 3,288,447

MYR GROUP INC.

I N D E X

Part I, Item 1
Financial
Information

MYR GROUP INC.
CONDENSED CONSOLIDATED BALANCE SHEETS
(Dollars in thousands)

	SEPTEMBER 30 1997 (UNAUDITED)	DEC. 31 1996 *
ASSETS		
Current assets:		
Cash and cash equivalents	$ 692	$ 1,011
Contract receivables including retainage	77,814	53,508
Costs and estimated earnings in excess of billings on uncompleted contracts	18,292	10,760
Deferred income taxes	4,896	4,896
Other current assets	1,061	471
Total current assets	102,755	70,646
Property and equipment:	58,956	58,668
Less accumulated depreciation	37,578	36,429
	21,378	22,239
Intangible assets	2,410	2,466
Other assets	1,007	3,135
Total assets	$127,550	$ 98,486
LIABILITIES		
Current liabilities:		
Current maturities of long-term debt	$ 14,540	$ 4,445
Accounts payable	17,644	17,721
Billings in excess of costs and estimated earnings on uncompleted contracts	8,935	5,504
Accrued insurance	16,879	12,160
Other current liabilities	23,312	16,645
Total current liabilities	81,310	56,475
Deferred income taxes	3,047	3,047
Other liabilities	390	399
Long-term debt:		
Revolver and other debt	1,652	121
Term loan	625	2,500
Industrial revenue bond	695	695
Subordinated convertible debentures	5,679	5,679
Total long-term debt	8,651	8,995
SHAREHOLDERS' EQUITY		
Common stock and additional paid-in capital	9,530	9,315
Retained earnings	26,481	22,121
Treasury stock	(621)	(1,043)
Restricted stock awards and shareholder note receivable	(1,238)	(823)
Total shareholders' equity	34,152	29,570
Total liabilities and shareholders' equity	$127,550	$ 98,486

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

MYR GROUP INC.
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(Dollars in thousands except per share amounts)
(Unaudited)

PERIODS ENDED SEPTEMBER 30	THREE MONTHS		NINE MONTHS	
	1997	1996	1997	1996
Contract revenue	$119,838	$ 80,712	$321,152	$214,140
Contract cost	108,049	72,430	292,024	191,400
Gross profit	11,789	8,282	29,128	22,740
Selling, general and administrative expenses	8,166	5,434	20,696	16,749
Income from operations	3,623	2,848	8,432	5,991
Other income (expense)				
Interest income	7	2	23	12
Interest expense	(499)	(508)	(1,149)	(1,386)
Gain (loss) on sale of property and equipment	40	156	(207)	549
Miscellaneous	(21)	(98)	56	(374)
Income from continuing operations before income taxes	3,150	2,400	7,155	4,792
Income tax expense	1,260	864	2,862	1,821
Income from continuing operations	1,890	1,536	4,293	2,971
Income (loss) from discontinued operations	-	-	602	(360)
Net income	$ 1,890	$ 1,536	$ 4,895	$ 2,611
Earnings per share - Primary				
Income from continuing operations	$ .51	$ .44	$ 1.19	$ .86
Income (loss) from discontinued operations	-	-	.16	(.10)
Net Income	.51	.44	1.35	.76
Earnings per share - Fully Diluted:				
Income from continuing operations	.45	.39	1.03	.78
Income (loss) from discontinued operations	-	-	.14	(.09)
Net Income	.45	.39	1.17	.69
Dividends per common share	.055	.050	.165	.150
Weighted average common shares and common share equivalents outstanding				
Primary	3,692	3,470	3,620	3,438
Fully Diluted	4,340	4,070	4,334	4,043

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

MYR GROUP INC.
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(Dollars in thousands)
(Unaudited)

NINE MONTHS ENDED SEPTEMBER 30	1997	1996
CASH FLOWS FROM OPERATIONS		
Income from continuing operations	$ 4,293	$ 2,971
Adjustments to reconcile income from continuing operations to cash flows from continuing operations		
Depreciation and amortization	4,042	4,649
Amortization of intangibles	179	205

Loss (gain) from disposition of assets	207	(549)
Changes in current assets and liabilities	(13,080)	(9,214)
Cash flows from continuing operations	(4,359)	(1,938)
Cash flows from discontinued operations	2,456	(360)
Cash flows from operations	(1,903)	(2,298)
CASH FLOWS FROM INVESTMENTS		
Expenditures for property and equipment	(3,324)	(3,988)
Proceeds from disposition of assets	221	2,088
Cash used in acquisition, net of cash acquired	(241)	-
Cash flows from investments	(3,344)	(1,900)
CASH FLOWS FROM FINANCING		
Proceeds (repayments) of long term debt	5,349	4,497
Proceeds from exercise of stock options	125	13
Increase (decrease) in deferred compensation	(10)	8
Dividends paid	(536)	(481)
Cash flows from financing	4,928	4,037
Decrease in cash and cash equivalents	(319)	(161)
Cash and cash equivalents at beginning of year	1,011	703
Cash and cash equivalents at end of period	$ 692	$ 542

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

MYR GROUP INC.
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

1 - BASIS OF PRESENTATION

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

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

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

2 - ACQUISITION

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

All the shares of D.W. Close were exchanged for $400,000 in cash and $2,500,000 of promissory notes. The principal is due in installments of $250,000, $666,667, $666,667 and $916,666 on September 30, 1997, May 1, 1998, 1999 and 2000, with interest payable quarterly each year. The transaction has been accounted for using the purchase method of accounting.

3 - DISCONTINUED OPERATIONS

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

4 - EARNINGS PER SHARE

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

5. - PENDING ACCOUNTING STANDARDS

In February 1997, the Financial Accounting Standards Board (FASB) issued Statements of Financial Accouning Standards No. 128 (SFAS 128), 'Earnings Per Share.' This statement, which will not have a significant effect on the results of operations of the Company, establishes and simplifies standards for computing and presenting earnings per share. SFAS 128 is effective for financial statements issued for periods ending after December 15, 1997, including interim periods, and will be adopted by the Company in the fourth quarter of 1997.

6 - SUBSEQUENT EVENT

On October 22, 1997, the Company announced that the Board of Directors declared a stock dividend. Each stockholder will receive an additional two shares of stock for every three shares of stock held. The stock dividend will be paid on December 15, 1997 to all stockholders of record as of December 1, 1997.

7 - SUPPLEMENTAL QUARTERLY FINANCIAL INFORMATION (UNAUDITED)
(Dollars in thousands, except per share amounts)

	1997				
	Mar. 31	June 30	Sept. 30	Dec. 31	Year
Contract revenue	$ 89,004	$ 112,310	$ 119,838		$ 321,152
Gross profit	7,385	9,954	11,789		29,128
Income from continuing operations	693	1,710	1,890		4,293
Net income	693	2,312	1,890		4,895
Earnings per share - Primary:					
Income from continuing operations	0.20	0.48	0.51		1.19
Net Income	0.20	0.65	0.51		1.35
Earnings per share - Fully diluted:					
Income from continuing operations	0.18	0.42	0.45		1.03
Net Income	0.18	0.56	0.45		1.17
Dividends paid per share	0.055	0.055	0.055		0.165
Market Price:					
High	14.00	18.31	23.56		23.56
Low	12.00	11.63	17.50		11.63

	1996				
	Mar. 31	June 30	Sept. 30	Dec. 31	Year
Contract revenue	$ 64,376	$ 69,052	$ 80,712	$ 96,437	$ 310,577
Gross profit	6,430	8,028	8,282	8,901	31,641
Income from continuing operations	166	1,269	1,536	997	3,968

Net income	166	909	1,536	827	3,438
Earnings per share - Primary:					
Income from continuing operations	0.05	0.37	0.44	0.29	1.15
Net income	0.05	0.26	0.44	0.24	1.00
Earnings per share - Fully diluted:					
Income from continuing operations	0.05	0.33	0.39	0.26	1.02
Net income	0.05	0.24	0.39	0.21	0.89
Dividends paid per share	0.050	0.050	0.050	0.050	0.200
Market Price:					
High	11.00	11.75	11.75	12.88	12.88
Low	10.00	10.25	10.38	10.50	10.00

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

RESULTS OF OPERATIONS

Continuing Operations

Revenue for the three and nine month periods was $119,838 and $321,152, compared to $80,712 and $214,140 in 1996. This is an increase of 48.5% and 50.0% for the three and nine month periods, primarily due to the acquisition of D.W. Close, a higher level of work in the commercial-industrial sector and an increase of line work in California. The commercial-industrial sector includes a major electrical job for a hotel and casino in Nevada that did not have significant revenues until the fourth quarter of 1996.

Gross profit for the three and nine month periods was $11,789 and $29,128, compared to $8,282 and $22,740 in 1996. Gross profit as a percentage of revenue was 9.8% and 9.1% for the three and nine month periods, respectively, compared to 10.3% and 10.6% in 1996. The lower profit percentages are primarily due to a greater percent of our commercial-industrial revenues coming from cost-plus fixed fee work. The cost-plus fixed fee work generally involves lower financial risk, therefore generates lower margins.

Revenue and gross profit comparisons from quarter to quarter and comparable quarters of different periods may be impacted by variables beyond the control of the Company due to the nature of the Company's work as an outside electrical contractor. Such variables include unusual or unseasonable weather and delays in receipt of construction materials which typically results in lower revenues and lower margins in the first quarter when compared to other quarters. As a general rule, the better construction weather in the second, third and fourth quarters usually results in higher revenues and margins from those quarters. Competitive bidding pressures may cause these general trends to vary. Additionally, since the company's revenues are derived principally from providing construction labor services, insurance costs, particularly for workers compensation, are a significant factor in the Company's contract cost structure. Fluctuations in insurance reserves for claims under the retrospective rated insurance programs can have 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 for the three and nine month periods were $8,166 and $20,696, compared to $5,434 and $16,749 in 1996. This represents 6.8% and 6.4% of consolidated revenues for the three and nine month periods of 1997, compared to 6.7% and 7.8% for 1996. The three month period increase reflects the inclusion of D.W. Close, additional compensation costs to support the higher volume of work, additional incentive compensation and profit sharing accruals as a result of higher profit levels and additional legal accruals on miscellaneous claims. The three and nine month period reductions, as a percentage of consolidated revenue, reflect higher revenue volume spread over a relatively fixed expense base.

Net interest expense for the three and nine month periods was $492 and $1,126, compared to $506 and $1,374 in 1996. The decrease in interest expense was due to lower average outstanding debt levels in 1997 compared to 1996, primarily as a result of reduced number of days sales outstanding in net unbilled work.

Gain (loss) on sale of property and equipment for the three and nine month periods was $40 and $(207), compared to $156 and $549 in 1996. The loss for the nine months was due to the sale and disposal of obsolete and damaged units as a result of plans to modernize the equipment fleet.

Net miscellaneous other expense (income) for the three and nine month periods was $21 and $(56), compared to $98 and $374 in 1996. The 1997 other income for the nine month period includes $1,042 relating to the settlement of a lawsuit (see Note 3 to Financial Statements). Offsetting this amount are bank fees, amortization of goodwill, costs accrued for the clean-up and move out of an operating unit's facility as a result of consolidating operations and the write-off of an investment in land that has never been developed. The 1996 amounts consisted primarily of bank fees and amortization of goodwill and non-complete agreements.

Income tax expense for the three and nine month periods was $1,260 and $2,862, compared to $864 and $1,821 in 1996. As a percentage of income, the effective rate for the three and nine month periods of 1997 and 1996 was 40%

The Company's backlog at September 30, 1997 was $132,500, compared to $134,900 at December 31, 1996, and $124,900 at September 30, 1996. Substantially all the current backlog will be completed within twelve months and approximately 65% is expected to be completed by December 31, 1997.

Discontinued Operations

During 1988, the Company sold two subsidiaries. As part of the sale of the engineering subsidiary, the Company retained certain rights and obligations in connection with two lawsuits. In the nine month period of 1997, the Company recorded amounts received from a settlement with National Fire Insurance Company of Pittsburgh, PA, which results in a gain of $602 ($1,004 pre-tax). In the nine month period of 1996, the Company recorded addtional amounts, primarily legal expenses related to the OMU lawsuits, which resulted in additional losses of $360 ($600 pre-tax). (See Note 3 to Financial Statements).

LIQUIDITY AND CAPITAL RESOURCES

Net proceeds from short term borrowings amounted to $5,349, proceeds from the disposition of property and equipment amounted to $221 and proceeds from the exercise of stock options amounted to $125. The cash flows were primarily used by operations for the nine months of $1,903, net capital expenditures of $3,324, the acquisition of D.W. Close Company, Inc. of $241 and dividend payments of $536. The cash flows used by operations includes $4,520 received from a settlement of a lawsuit (see Note 3 to Financial Statements). The Company's financial condition continues to be strong at September 30, 1997 with working capital of $21,445, compared to $14,171 at December 31, 1996. The Company's current ratio was 1.26:1 at September 30, 1997, compared to 1.25:1 at December 31, 1996.

The Company has a $20,000 revolving and $3,125 term credit facility. As of September 30, 1997, there were $11,100 and $3,125 outstanding under the revolving and term credit facility. The company has outstanding letters of credit with banks totaling $12,585. The company anticipates that its credit facility, cash balances and internally generated cash flows will continue to be sufficient to fund operations, capital expenditures and debt service requirements. The Company is also confident that its financial conditions will allow it to meet long-term capital requirements.

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

Capital expenditures for the nine months were $3,324, compared to $3,988 in 1996. Capital expenditures during these periods were used for normal property and equipment additions, replacements and upgrades. Proceeds from the disposal of property and equipment for the nine months were $221 compared to $2,088 in 1996. The Company plans to spend approximately $5,000 on capital improvements during 1997.

PART II

Item 1. Legal Proceedings

There were no material developments during the quarter relating to legal proceedings previously reported by the company.

Item 6. Exhibits and Reports on Form 8-K

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

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

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

MYR Group Inc.

Date: October 30, 1997 By: /s/
Elliott C. Robbins, Sr. Vice President, Treasurer, and Chief Financial Officer
(duly authorized representative of registrant and principal financial officer)

MYR GROUP INC.
QUARTERLY REPORT ON FORM 10Q
FOR THE QUARTER ENDED SEPTEMBER 30, 1997

Exhibit Index

Number	Description	Page (or Reference)
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SCHEDULE OF COMPUTATION OF NET INCOME PER SHARE Exhibit 11
(In thousands, except per share data)

PERIOD ENDED SEPTEMBER 30	THREE MONTHS		NINE MONTHS	
	1997	1996	1997	1996
Primary income per share				
Net income	$ 1,890	$ 1,536	$ 4,895	$ 2,611
Weighted average number of common shares outstanding during the period	3,254	3,228	3,249	3,204
Add - common equivalent shares (determined using the "treasury stock" method) representing shares issuable upon exercise of the common stock equivalents	438	242	371	234
Weighted average number of shares for income per common share	3,692	3,470	3,620	3,438
Income per common share - primary	$ .51	$ 0.44	$ 1.35	$ 0.76
Fully diluted income per share				
Net income	$ 1,890	$ 1,536	$ 4,895	$2,611
Add interest on subordinated convertible debentures, net of tax	60	60	179	179
	$ 1,950	$ 1,596	$ 5,074	$2,790
Weighted average number of common shares outstanding during the period	3,254	3,228	3,249	3,204
Add				
- -Common equivalent shares (determined using the "treasury stock" method) representing shares issuable upon exercise of the common stock equivalents	486	242	485	239
- -Shares assumed converted from subordinated convertible debentures	600	600	600	600
	4,340	4,070	4,334	4,043
Income per common share - fully diluted	$ .45	$ .39	$ 1.17	$ .69

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