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 March 31, 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 3, 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 May 5, 1997: 3,247,378

MYR GROUP INC.
I N D E X

Part I, Item 1
Financial
Information

MYR Group Inc.

CONDENSED CONSOLIDATED BALANCE SHEETS
(Dollars in thousands)

	March 31 1997 (Unaudited)	Dec. 31 1996 *
ASSETS		
Current assets:		
Cash and cash equivalents	$ 549	$ 1,011
Contract receivables including retainage	54,096	53,508
Costs and estimated earnings in excess of billings on uncompleted contracts	11,600	10,760
Deferred income taxes	4,896	4,896
Other current assets	1,024	471
Total current assets	72,165	70,646
Property and equipment:	58,968	58,668
Less accumulated depreciation	36,760	36,429
	22,208	22,239
Intangible assets	2,439	2,466
Other assets	3,452	3,135
Total assets	$ 100,264	98,486
LIABILITIES		
Current Liabilities:		
Current maturities of long-term debt	$ 7,851	$ 4,445
Accounts payable	13,809	17,721
Billings in excess of costs and estimated earnings on uncompleted contracts	6,000	5,504
Accrued insurance	12,465	12,160
Other current liabilities	18,169	16,645
Total current liabilities	58,294	56,475
Deferred income taxes	3,047	3,047
Other liabilities	396	399
Long-term debt:		
Revolver and other debt	101	121
Term loan	1,875	2,500
Industrial revenue bond	695	695
Subordinated convertible debentures	5,679	5,679
Total long-term debt	8,350	8,995
SHAREHOLDERS' EQUITY		
Common stock and additional paid-in capital	9,278	9,315
Retained earnings	22,636	22,121
Treasury stock	(945)	(1,043)
Restricted stock awards and shareholders' notes receivable	(792)	(823)
Total shareholders' equity	30,177	29,570

Total liabilities and shareholders' equity	$ 100,264	$ 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)

Three Months Ended March 31	1997	1996
Contract revenue	$ 89,004	$ 64,376
Contract cost	81,619	57,946
Gross profit	7,385	6,430
Selling, general and administrative expenses	5,871	5,718
Income from operations	1,514	712
Other income (expense)		
Interest income	8	6
Interest expense	(250)	(410)
Gain on sale of property and equipment	7	131
Miscellaneous	(124)	(163)
Income before taxes	1,155	276
Income tax expense	462	110
Net income	$ 693	$ 166
Earnings per share:		
Primary	$ .20	$ .05
Fully diluted	$ .18	$ .05
Dividends per common share	$ .055	$ .05
Weighted average common shares and common share equivalents outstanding	3,532	3,411

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)

Three Months Ended March 31	1997	1996
CASH FLOWS FROM OPERATIONS		
Net income	$ 693	$ 166
Adjustments to reconcile net income to cash flows from operations		
Depreciation and amortization	1,292	1,555
Amortization of intangibles	58	91
Gain from disposition of assets	(7)	(131)
Changes in assets and liabilities	(3,885)	(705)
Cash flows from operations	(1,849)	976
CASH FLOWS FROM INVESTMENTS		
Expenditures for property and equipment	(1,282)	(416)
Proceeds from disposition of assets	27	196
Cash flows from investments	(1,255)	(220)

CASH FLOWS FROM FINANCING

Proceeds (repayments) of long term debt	2,762	(608)
Proceeds from exercise of stock options	62	19
Decrease (increase) in deferred compensation	(3)	3
Dividends paid	(179)	(159)
Cash flows from financing	2,642	(745)
Increase (decrease) in cash and cash equivalents	(462)	11
Cash and cash equivalents at beginning of year	1,011	703
Cash and cash equivalents at end of period	$ 549	$ 714

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 sheet, statement of operations and statement 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 three month period ended March 31, 1997 are not necessarily indicative of the results to be expected for the full year.

2 - Contingencies

On April 10, 1997 a judgment was entered in favor of the Company in the amount of approximately $4,900,000 against National Union Fire Insurance Company of Pittsburgh, PA ("National Union") in the previously reported lawsuit filed by National Union against the Company in 1985. The lawsuit related to a coverage issue under an excess umbrella insurance policy provided by National Union to the Company. National Union has filed a notice of appeal related to the judgment with the United States Court of Appeals for the Second Circuit. The Company had previously recorded as an asset approximately $1,850,000 related to a portion of the damages the Company was seeking in the lawsuit Notwithstanding the judgment in its favor, the Company has not adjusted this amount pending the outcome of the appeal.

The Company is involved in various other lawsuits and legal proceedings which arise in the ordinary course of business, none of which is expected to have a material adverse effect on the Company financial condition.

3 - Earnings Per Share

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.

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

	1997	1996				
	Mar. 31	Mar.31	June 30	Sept. 31	Dec. 31	Year
Contract revenue	89,004	64,376	69,052	80,712	96,437	310,577
Gross profit	7,385	6,430	8,028	8,282	8,901	31,641
Income from continuing operations	693	166	1,269	1,536	997	3,968

Net income	693	166	909	1,536	827	3,438
Earnings per share - Primary:						
Income from continuing operations	0.20	0.05	0.37	0.44	0.29	1.15
Net income	0.20	0.05	0.26	0.44	0.24	1.00
Earnings per share - Fully diluted:						
Income from continuing operations	0.18	0.05	0.33	0.39	0.26	1.02
Net income	0.18	0.05	0.24	0.39	0.21	.089
Dividends paid per share	0.055	0.050	0.050	0.050	0.050	0.200
Market price:						
High	14.00	11.00	11.75	11.75	12.88	12.88
Low	12.00	10.00	10.25	10.38	10.50	10.00

5 - Subsequent Events

On May 1, 1997, the Company completed the acquisition of Seattle, Washington based D.W. Close Company, Inc.. D.W. Close's principal business is commercial and industrial electrical construction.

6 - Pending Accounting Standard

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

Part I Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations for the Three Months Ending March 31, 1997 (Dollars in thousands)

Results of Operations

Revenue for the quarter was $89,004, compared to $64,376 in 1996, or an increase of 38.3%. The revenue increase was primarily due to additional storm work, a higher level of work in the commercial-industrial sector and an increase of line work in California. The commercial-industrial sector includes a major electoral job for a hotel and casino in Nevada that did not start until the second quarter of 1996.

Gross profit for the quarter was $7,385, compared to $6,430 in 1996, or an increase of 14.9%. Gross profit as a percentage of revenue was 8.3% compared to 10.0% in 1996. The lower margin percentage in 1997 is primarily due to a greater percentage of our commercial - industrial revenues coming from cost-plus work. The cost-plus work generates lower margins since it involves lower financial risk.

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 the gross margin percentage. As the percentage of revenue derived from 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 for the quarter were $5,871, compared to $5,718 in 1996, and as a percentage of revenue was 6.6% compared to 8.9%. This reduction reflects higher revenue volume spread over a relatively fixed expense base.

Net interest expense for the quarter was $242 compared to $404 in 1996. The decrease in interest expense was due to lower average outstanding debt levels in 1997 compared to 1996.

Gain on sale of property and equipment was $7 compared to $131 in 1996. The 1996 amount was unusually high due to the large number of units sold as a result of plans to modernize the equipment fleet.

Other expense for the quarter was $124 compared to $163 in 1996 and consisted primarily of bank fees and amortization of goodwill. The decrease in 1997 is due to the elimination of amortization of a non-competition agreement that was fully amortized in 1996.

Income tax expense for the quarter was $462 compared to $110 in 1996. As a percentage of income, the effective rate was 40% in 1997 and 1996.

The Company's backlog at March 31, 1997 was $138,100, compared to $134,900 at December 31, 1996, and $75,700 at March 31, 1996. Substantially all the current backlog will be completed within twelve months and approximately 85% will be completed by December 31, 1997.

Liquidity and Capital Resources

Cash flows provided from net proceeds of long term debt and the exercise of stock options for the quarter amounted to $2,824, which was used for operations of $1,849, net capital expenditures of $1,255 and dividends paid of $179. The Company's financial condition continues to be strong at March 31, 1997, with working capital of $13,871 compared to $14,171 at December 31, 1996. The Company's current ratio was 1.24:1 at March 31, 1997, compared to 1.25:1 at December 31, 1996.

The Company has a $20,000 revolving and $4,375 term credit facility. As of March 31, 1997, there were $5,080 and $4,375 outstanding under the revolving and term credit facility, respectively. The Company has outstanding letters of credit with Banks totaling $12,585. The Company anticipates that its credit facility, cash balances and internally generated cash flows will continue to be sufficient to fund operations, capital expenditures and debt service requirements. The Company is also confident that its financial condition will allow it to meet long-term capital requirements.

The acquisition of D.W. Close Company, Inc. was completed on May 1, 1997. The purchase price for this transaction was paid with cash and Company notes issued to the seller.

Capital expenditures for the quarter were $1,282 compared to $416 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 quarter amounted to $27 and $196 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 1st Quarter of 1997.

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

SIGNATURES

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

MYR Group Inc.

Date: May 14, 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 March 31, 1997

Exhibit Index

Number	Description	Page (or Reference)
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MYR Group Inc.

Exhibit 11

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

Period Ending March 31	Three Months 1997	1996
Primary income per share:		
Net income	$ 693	$ 166
Weighted average number of common shares outstanding during the period	3,243	3,187
Add - common equivalent shares (determined using the "treasury stock" method) representing shares issuable upon exercise of the common share equivalents	289	224
Weighted average number of shares for income per common share	3,532	3,411
Income per common share	$ 0.20	$ 0.05
Fully diluted income per share:		
Net income	$ 693	$ 166
Add interest on convertible subordinated notes, net of tax	59	59
	$ 752	$ 225
Weighted average number of common shares outstanding during the period	3,243	3,187
Add - common equivalent shares (determined using the "treasury stock" method) representing shares issuable upon exercise of the common share equivalents	289	231
- - - Shares assumed converted from convertible subordinated notes	600	600
Weighted average number of shares for income per common share	4,132	4,018
Income per common share	$ 0.18	(1)

(1) The calculation of fully diluted income per common share for the first quarter of 1996 has an antidilutive effect.

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