



Q U A N T A

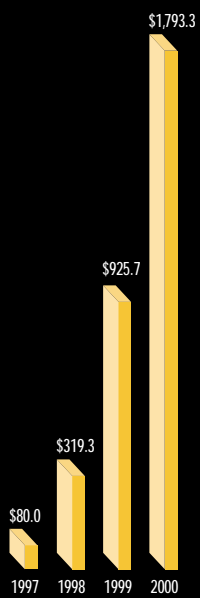
Quanta Services, Inc.
2000 Annual Report

Quanta Services, Inc. is a leading provider of specialized contracting services, delivering end-to-end network solutions for the electric power, telecommunications, cable television and natural gas industries. Comprehensive support for our customers includes designing, installing, repairing and maintaining network infrastructure of virtually all types.

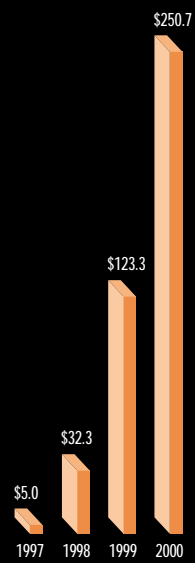
Quanta Services performs projects nationwide from principal offices in 40 states.



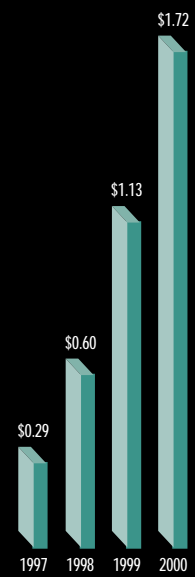
FINANCIAL HIGHLIGHTS



Revenues
(\$ in millions)



Operating
Income*
(\$ in millions)



Earnings Per
Share*

*Before merger and special charges

SELECTED FINANCIAL DATA

IN THOUSANDS, EXCEPT PER SHARE INFORMATION

YEAR ENDED DECEMBER 31,	2000	1999
Revenues	\$ 1,793,301	\$ 925,654
Cost of services	1,379,204	711,353
Gross profit	414,097	214,301
Selling, general & administrative expenses	143,564	80,132
Merger and special charges	28,566	6,574
Goodwill amortization	19,805	10,902
Income from operations	222,162	116,693
Interest expense	(25,708)	(15,184)
Other, net	2,597	1,429
Income before income tax provision	199,051	102,938
Provision for income taxes	93,328	48,999
Net income	105,723	53,939
Dividends on preferred stock	930	260
Net income attributable to common stock	\$ 104,793	\$ 53,679
Basic earnings per share	\$ 1.78	\$ 1.14
Diluted earnings per share	\$ 1.42	\$ 1.00
Diluted earnings per share before merger and special charges	\$ 1.72	\$ 1.13
Shares used in computing earnings per share:		
Basic	58,900	47,177
Diluted	76,583	56,146



We believe Quanta defines the standard in energy and communications infrastructure contracting. We are committed 100% to the success of our customers.

JOHN R. COLSON
CEO

TO OUR STOCKHOLDERS

Once again, we experienced a year of remarkable growth as the industry transformations we predicted at Quanta's founding in 1997 have continued to unfold. In 2000, we closed out with landmark run-rate revenues in excess of \$2 billion, up from \$1.15 billion in 1999 and \$424 million at the end of 1998. Our pro forma internal revenue growth rate was 33% in 2000, which exceeded all expectations. The improvement in 2000 is made more notable by the bad weather that hampered operations in 2000, compared to the mild weather that typified 1999.

We attribute the company's enviable record of growth to the strong performance of our operating companies and to the diversity and strength of our customer base, which now numbers more than 400. In 2000, our largest customer accounted for less than 6% of our pro forma revenues; our top 10 customers accounted for less than 28%, and our top 20 customers accounted for only 41%. Much of our work is repeat business, noteworthy in such traditionally price-sensitive industries. Quanta's customers are coming to recognize that a quality job done on time is more valuable to them than the lowest bid.

STRENGTH IN DIVERSITY

Quanta was initially founded in 1997 to capitalize on the outsourcing opportunities we expected to materialize in electric utilities, and in 1997, 73% of our revenues came from this industry. As utilities began sprouting telecom subsidiaries, we recognized that the transmission industries – electric power, telecommunications, cable TV and even gas – were converging. We expanded into telecommunications and cable TV and grew these opportunities to 43% and 15%, respectively, of our 2000 pro forma revenues. While we grew Quanta into one of

the top telecom service providers, we did not, however, abandon our initial vision. In 2000, electric utilities still contributed 29% of total revenue, and ancillary services, which include gas transmission and distribution, transportation services, and rock-boring and trenching for water and sewer lines, accounted for 13%.

This is a “strength in diversity” story. We are now poised to take advantage of our position in the power industry and shift assets into this work while telecom sorts itself out. When telecom and cable TV recover – and they will, because the need for increased bandwidth does not disappear simply because financing does – Quanta will be ready.

We believe that our position as a diverse transmission service company serving diverse industries gives us a unique advantage in achieving sustainable long-term growth.

ELECTRIC UTILITY OPPORTUNITIES

As I noted, Quanta was initially formed to capitalize on outsourcing opportunities arising from the cost pressures of deregulation. Two major utilities, Puget Sound Energy and UtiliCorp, are the first to announce they will outsource 100% of their operations and maintenance functions. Quanta is well positioned to gain outsourced work from both of these utilities.

Outsourcing, however, is not the whole picture. In the 1998 Stockholders' Letter, I mentioned Quanta's proprietary Linemaster® Robotic Arm, which allows maintenance personnel to work safely on high voltage transmission lines while the lines remain energized. Because the Robotic Arm can reduce total maintenance time by as much as 75% without interrupting electric service, its use has grown exponentially. Quanta has

formed an Energized Services division to capitalize on the Robotic Arm, and we expect this patented device to become as much of a necessity as the bucket truck.

Every year since our IPO, we have highlighted the aging power infrastructure in the United States. And every year, the power companies have faced the uncertainties of deregulation by keeping capital expense budgets flat and deferring maintenance and upgrades. As California has shown, this approach has limited viability. At some point in the foreseeable future, the utilities will have to start building again, and Quanta will be ready. We believe this presents significant growth opportunities for the company.

Also, we have seen electric utilities enter the race to provide bandwidth; some 50% of the electric utilities already have telecommunications subsidiaries. Once again, Quanta is there to help our customers execute their strategies.

QUANTA INTEGRATION

As always, the counterpoint to the theme of diversity is integration. Quanta has 49 operating units, principal offices in 40 states, field and support offices in nearly every state, and operations nationwide. As you will read later in this report, the Quanta name is becoming more widely known and accepted in the industry. We will continue to enhance the Quanta image in our ongoing marketing efforts.

More than half of the companies acquired during 2000 were 'tuck-in' companies that were fully integrated

immediately into existing operating units. Our philosophy is to give the operating units as much autonomy as possible, capitalizing on the proven entrepreneurial skills we have acquired, while still maintaining the oversight to monitor progress and reach agreed-upon goals. Nearly all of the executives of the companies we acquire stay on board, and we owe much of our success to their acumen and experience. These executives have an average of 25 years in the business, they know their clients, and they know how to manage the work. What's more, they are out generating new business, building new relationships and entering new markets even during difficult economic times.

LOOKING TO THE FUTURE

With a debt to total capitalization ratio of less than 32% and availability of financing from a variety of sources, we are in a strong position to continue our growth. We will continue to broaden our geographic footprint, to increase our customer base, and to add specialty services that enhance our ability to be a full-service supplier. We will stay diverse, maintaining our marketing position in all the industries we serve so that whichever way the economic wind blows, Quanta will be positioned for success.

We will always be grateful to our employees, whose skills and hard work make our goals achievable, and to our stockholders for their confidence in our company.

Sincerely,



JOHN R. COLSON
Chief Executive Officer

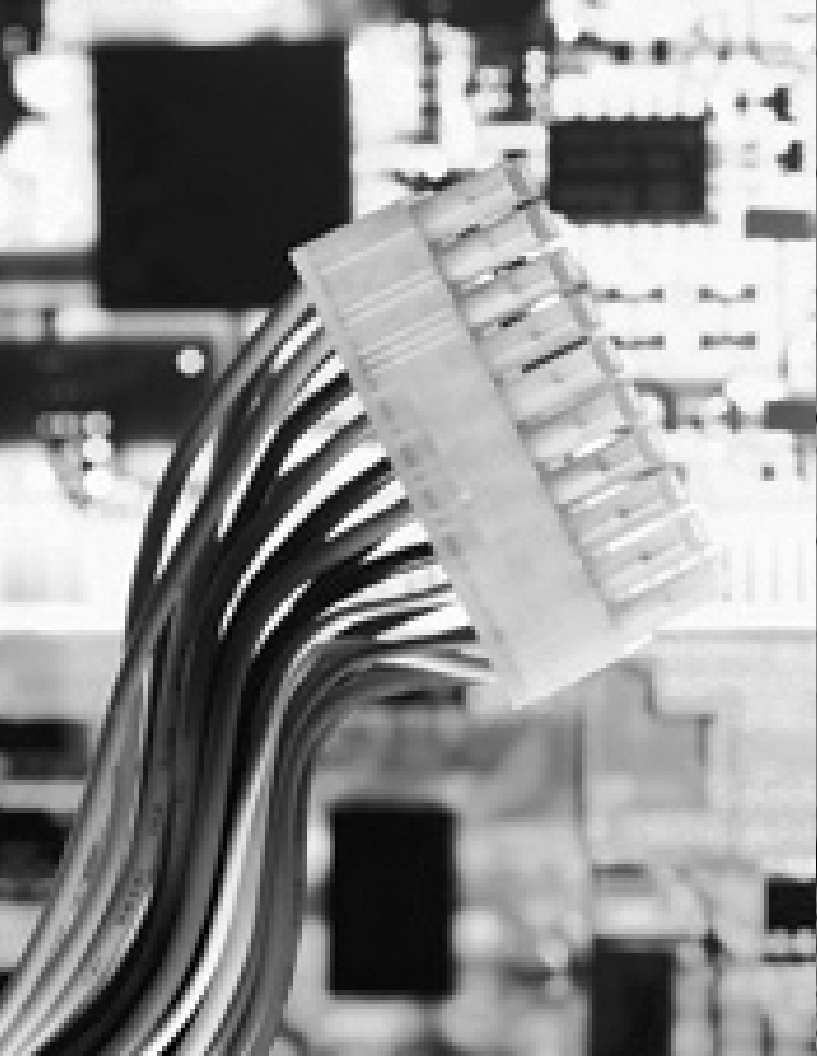


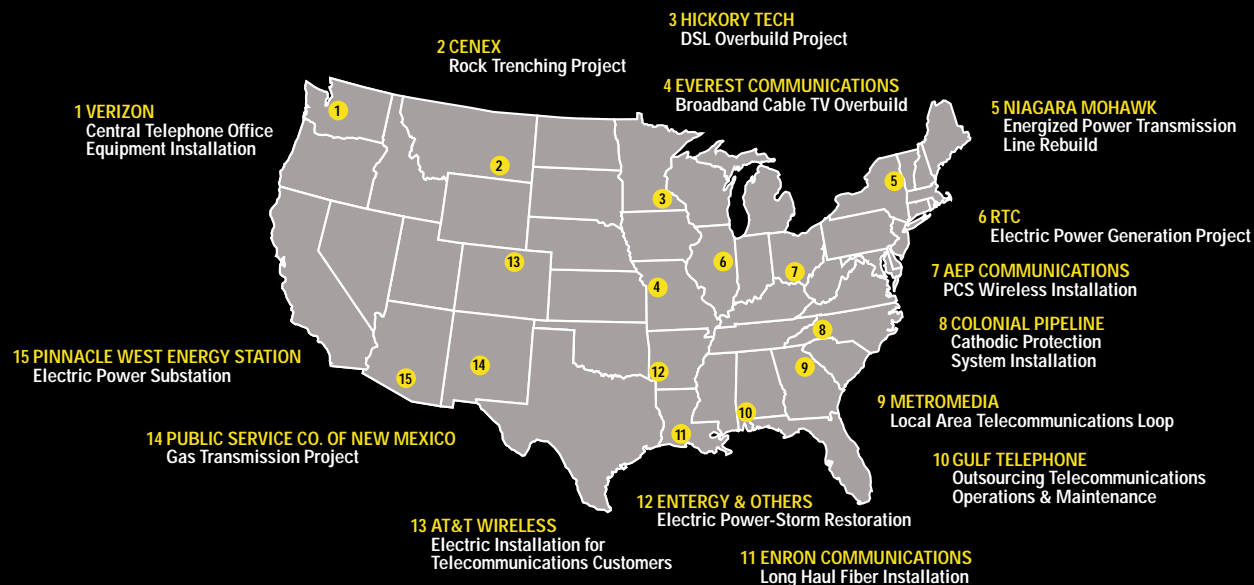
There is power in diversity... and diversity in PWR.

Quanta does so many things so well, it's hard to find comparable companies. We are a top telecommunications contractor, yet that is only 43% of our business. We are "high-tech," although our key proprietary technology is not microchips but the Linemaster® Robotic Arm that is revolutionizing electric utility maintenance. We are the nation's premier utility contractor – Quanta recently won contracts for design, installation, and new systems work at Puget Sound Energy. We're heavily involved in cable TV, like a major long-term contract to

bring simultaneous cable TV, Internet and telephone service to Kansas City. We also qualify as a specialty contractor because of our trenching and directional boring capabilities.

Quanta is a company that capitalizes on the power of diversity within the transmission and distribution industries – diversity in the geographic regions where we operate, the projects we accomplish, and the customers we serve. A company that continually evolves to meet the needs of a changing economy. A company growing into the future.





Quanta installs and maintains electric, fiber-optic, wireless, gas and even wind power projects – overhead or underground, coast-to-coast. We handle everything from design and engineering through fabrication and installation to operations and maintenance.

“Energized work will be the norm for the future,” says Tom Rupp of Quanta’s Energized Services, “and Quanta is the leading contractor doing it.” No longer do utilities have to turn off the electricity to make repairs or install upgrades. Special training and equipment make it possible for Quanta crews to work ‘bare-hand, live line’ on lines carrying up to 500,000 volts. In one case, we repaired a nuclear plant’s 345-KV switches without having to shut down the reactors.

Quanta’s proprietary Linemaster® Robotic Arm is key to the growth of energized services. When a major Midwestern refiner upgraded their electrical supply, the Linemaster® made it possible, without having to shut down the refinery. In metro Dallas, the Linemaster® kept a pole change-out project going through the high-demand summer months, saving up to 50% of the labor costs.

“We continually look for unique solutions and provide the technology to do it,” says Rupp. “Some day the Linemaster® will be as indispensable as the bucket truck.”

“There aren’t a lot of contractors who can take cell towers from the raw land stage to finished towers,” says John Thornton of GEM Engineering. “With us, customers get one-stop shopping and Quanta’s resources.”

The smallest job may be a single “stealth” tower – GEM has disguised antennas as church steeples, flag poles, billboard supports, smokestacks and even pine trees. The largest project [so far] is a network of one hundred 480-foot guyed towers for the State of Kansas.

Following the Quanta philosophy, GEM diversifies by building fiber regeneration stations, point-of-presence sites [hubs] for cable networks, and new 3G wireless installations.

“The demand for natural gas is increasing,” says Dennis Klumb, Jr. of Arby Construction, Inc. “Coupled with deregulation and continued outsourcing, this creates exciting opportunities for us.”

Klumb says that he sees continued growth on the gas side for three reasons. “First, system replacement work must continue to ensure reliability. Second, new pipelines will be needed to serve gas-fired, electric generating plants. Third, mainline segments upstream of these generating plants are likely to require system looping to ensure uninterrupted gas supply.”

Arby operates throughout the country. “We will travel to wherever the work is. We know no borders.”



Diverse Projects

Diverse Customers

Quanta's top 10 customers account for less than 28% of our total revenues. Our customers are as varied as the work we do; electric utilities, telco's, rural electric authorities, independent power producers, cable TV companies, municipalities, state governments, fiber manufacturers, gas pipeline companies and more. The common bond is their loyalty to Quanta.

"This is brand new," says Gary Tucci of Potelco, "Puget Sound Energy is the first electric utility in the U.S. that has outsourced on this scale, and Quanta has the Master Service Agreement. It's a true partnership."

In February 2001, Potelco's gas and electric crews grew from 20 to 80, as the company took responsibility for all of Puget Sound Energy's new construction. More crews will come on board later this year for operations, maintenance and systems work. "We are able to hire their highly skilled employees," says Tucci, "and we're gaining a stable source of income."

How did Potelco win out over other companies? "After 40 years of working together, Puget Sound trusts us," says Tucci. "We also have Quanta's financial and management strength behind us."

Potelco is not new to outsourcing – for eight years the company has done all the work for a major telephone company in the state of Washington. And more outsourcing is on the horizon. "I've had calls from other utilities that want to discuss the outsourcing trend," Tucci says. "This is the wave of the future."

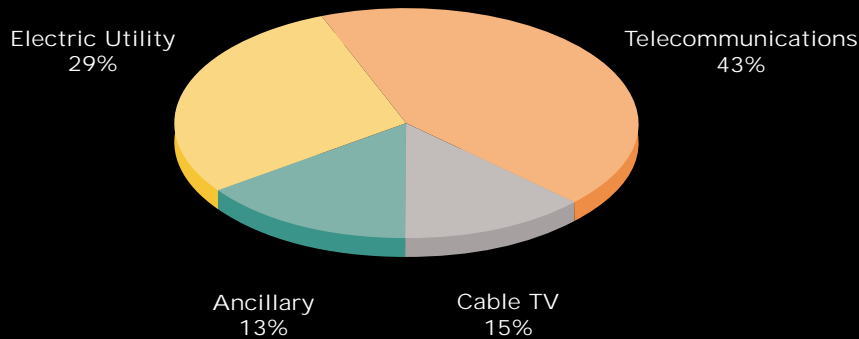
"PAR expanded into cable TV," says John Wilson of PAR Electric. PAR diversified from electrical contracting to cable TV in 2000, and the Everest Connections overbuild in Kansas City was their first cable TV contract. The company will be bringing hybrid-fiber coax – which supplies cable TV, high-speed Internet, and long-distance and local telephone service – to potentially every home in the area.

"Everest came to us because there is a tremendous amount of electric utility infrastructure upgrade required prior to installation of a new cable TV system, and we have the track record," Wilson continues. "We saw the opportunity to diversify into cable and do the whole job, and we jumped at it. We negotiated the job – we didn't have to bid it."

"The Quanta story is that we never sit still – we're constantly growing. When customers want us to do something new, they can trust that if we don't have the skills in-house, we will look to our sister companies for the expertise."



Diverse Industries



Quanta serves the diverse needs of our industries – electric utilities, telecommunications, cable TV and gas transmission and distribution – to provide one-stop shopping for all of our customers.

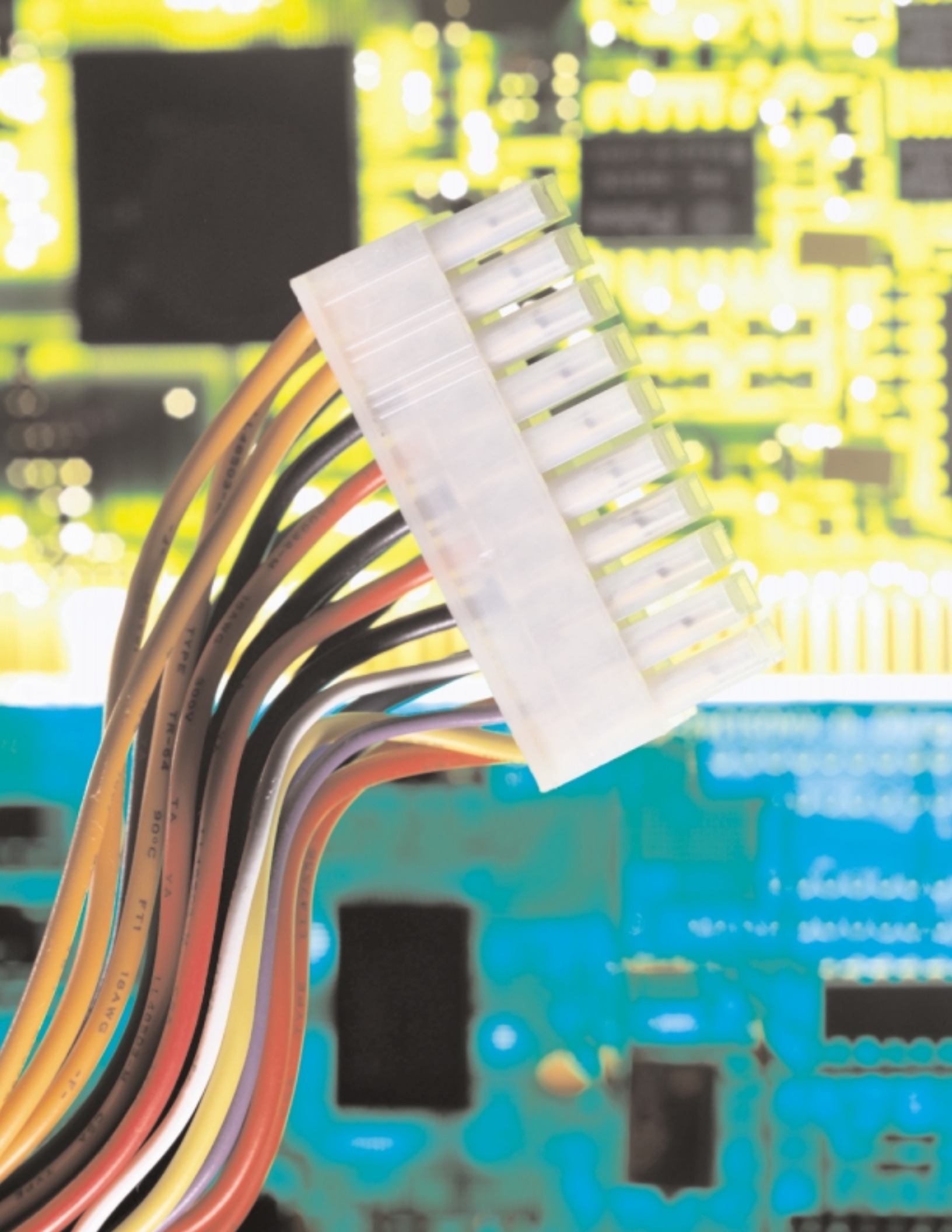
“We install and maintain the backbone of America,” says Fred Haag of Irby Construction. “We’re one of the preferred installers for Alcoa Fujikura, which is a leading world-wide producer of OPGW and ADSS fiber-optic cable [which replaces conventional shield wire at the top of electric transmission towers]. We’ve done build-outs for projects ranging from one or two miles to hundreds of miles,” says Haag. “Right now we’re also one of the preferred vendors for AEP Communications, which may give us installation opportunities for both fiber optic and wireless in 11 states.”

When Gulf Power needed to replace old transmission towers in a sensitive wetlands area, Irby did the entire project from the air – flying out old towers and assembling new towers with helicopters and without heavy equipment on the ground. When tower foundations in Florida needed replacement, Irby suspended a pile driver from a helicopter to drive six-foot ‘cans’ 30 feet deep in a trackless swamp. For a foundation job in Alaska, Irby drove six-inch ‘micropiles’ 50 feet deep in the tundra “without leaving a footprint.”

Haag is a great believer in the power of Quanta. “We work with our sister companies all the time,” he says. “The customers don’t care who does the work, as long as it’s Quanta.”

“I see the independent power producers being a tremendous source of business for Quanta,” says John Wilson of PAR Electric, one of Quanta’s founders. “California is desperate for power, and small gas turbine units put in by IPPs are the only way to meet the near-term demand. The IPPs will be outsourcing all of that work, and we are positioned to do it.” Every generator installed also requires a switch yard, an electric transmission line and a gas supply – more jobs for Quanta companies.

Making Wilson’s point is Network Electric, now installing IPP gas turbine projects to feed power to Commonwealth Edison in Illinois. Like other Quanta companies, Network Electric keeps eggs in other baskets as well: 30% of its total revenues come from highway signal systems and electrical, data and communication systems for major office buildings.



Quanta Synergism

The Quanta whole is far more than the sum of its parts. As Quanta becomes increasingly adept at cooperative resource utilization, opportunities increase exponentially. This synergistic effect allows Quanta to expand, diversify and transform our businesses to capitalize on the evolving marketplace.

"It's not about growing Crown Fiber or PAR Electric, but about growing Quanta. When PAR diversified from electric into cable to take on the Everest overbuild job, we needed expertise in a hurry. I sent my new telecom and cable TV managers to Crown Fiber [another Quanta company]. Crown is the premier cable TV contractor in the country. Billy Jones, President of Crown Fiber, took my two managers under his wing and showed them how he set everything up, from the warehouse to his management systems. My managers came back to Kansas City, and we duplicated his successful venture."

– JOHN WILSON, PAR ELECTRIC

"We work all the time with our sister companies, particularly the power companies, but also with the underground, directional boring and fiber companies. We're pushing harder to do even more. We finished one big tower project where we were the subcontractor for another Quanta company, and we were just awarded another contract that three Quanta companies will be working on. All that the customer needs to know is that it's a Quanta company, and they're happy. That's it in a nutshell."

– FRED HAAG, IRBY CONSTRUCTION

"We share our technology with all the Quanta companies. The unique thing about Quanta is being able to share resources and move them around, whether it involves manpower or equipment or both. Plus, utilizing advanced tools and techniques like the Linemaster® Robotic Arm and 'bare-hand, live line' work throughout our companies is a real competitive advantage."

– TOM RUPP, ENERGIZED SERVICES

"Our goal is to work with other Quanta companies whenever we can. With the growing number of mergers between electric and gas utility companies throughout the country, our utility clients are looking for companies that can provide a wide menu of services including the installation and maintenance of both gas and electric assets. As a Quanta company, we have the ability to offer our clients services that many of our competitors cannot, through our many talented sister companies. This is what makes Quanta so unique."

– DENNIS KLUMB, JR., ARBY CONSTRUCTION, INC.



PRINCIPAL OFFICE LOCATIONS



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Leander, Texas
Tel: 512.259.7662

Conti Communications
South Plainfield, New Jersey
Tel: 908.754.8700

Croce Electric Company, Inc.
Everett, Massachusetts
Tel: 617.394.0900

Crown Fiber Communications, Inc.
Norcross, Georgia
Tel: 770.449.0852

**Dillard Smith
Construction Company**
Chattanooga, Tennessee
Tel: 423.894.4336

Driftwood Electrical Contractors, Inc.
Lancaster, Kentucky
Tel: 606.365.3172

Edwards Pipeline Company
Denver, North Carolina
Tel: 704.483.0900

**Environmental Professional
Associates**
Marysville, California
Tel: 530.634.6800

Fiber Technology, Inc.
Houston, Texas
Tel: 713.339.4000

GEM Engineering Co., Inc.
Houston, Texas
Tel: 713.339.1550

Golden State Utility Co., Inc.
Turlock, California
Tel: 209.634.4981

Haines Construction Company
Woodward, Oklahoma
Tel: 580.256.2205

Harker & Harker, Inc.
Reno, Nevada
Tel: 775.329.0407

Intermountain Electric, Inc.
Denver, Colorado
Tel: 303.733.7248

Irby Construction Company
Jackson, Mississippi
Tel: 601.709.4729

Logical Link, Inc.
Irving, Texas
Tel: 972.257.3000

Manuel Bros., Inc.
Grass Valley, California
Tel: 530.272.4213

Mears Group, Inc.
Rosebush, Michigan
Tel: 517.433.2929

NetCom Management Group, Inc.
Albuquerque, New Mexico
Tel: 505.344.3111

**Network Communication
Services, Inc.**
Duarte, California
Tel: 626.357.3494

Network Electric Company
Reno, Nevada
Tel: 775.850.9100

North Sky Communications
Vancouver, Washington
Tel: 360.254.6920

Northern Line Layers, Inc.
Billings, Montana
Tel: 406.652.1759

P.D.G. Electric Company
Bradenton, Florida
Tel: 941.756.1311

Pac West Construction
Santa Ana, California
Tel: 714.430.6020

PAR Electrical Contractors, Inc.
North Kansas City, Missouri
Tel: 816.474.9340

**Parkside Utility Construction
Company, Inc.**
Johnston, Rhode Island
Tel: 401.351.6681

Potelco, Inc.
Sumner, Washington
Tel: 253.863.0484

Professional Teleconcepts, Inc.
Norwich, New York
Tel: 607.336.1689

Ranger Directional, Inc.
Lafayette, Louisiana
Tel: 337.837.5447

Riggin & Diggin Construction, Inc.
Au Sable Forks, New York
Tel: 518.647.8198

The Ryan Company, Inc.
Rockland, Massachusetts
Tel: 781.878.2800

Seaward Corporation
Kittery, Maine
Tel: 207.439.5900

**Southeast Pipeline
Construction, Inc.**
Jasper, Georgia
Tel: 706.692.9112

Spalj Construction Company
Deerwood, Minnesota
Tel: 218.546.6022

Sumter Utilities, Inc.
Sumter, South Carolina
Tel: 803.469.8585

Telecom Network Specialists, Inc.
Kirkland, Washington
Tel: 425.827.3727

Tom Allen Construction Company
Edwardsville, Illinois
Tel: 618.656.3059

TRANS TECH Electric, Inc.
South Bend, Indiana
Tel: 219.272.9673

**Trawick Construction
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Tel: 850.638.0429

TTM, Inc.
Charlotte, North Carolina
Tel: 704.335.1624

TVS Systems, Inc.
Midvale, Utah
Tel: 801.256.0100

Underground Construction Co., Inc.
Benicia, California
Tel: 707.746.8800

Utilco, Inc.
Tifton, Georgia
Tel: 229.386.2089

VCI Telcom, Inc.
Upland, California
Tel: 909.946.0905

R.A. Waffensmith & Co., Inc.
Franktown, Colorado
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West Coast Communications, Inc.
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ANNUAL MEETING
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Hobart B. Pillsbury
Vice President-Information Technology

www.quantaservices.com

1 Audit Committee

2 Compensation Committee

3 Nominating Committee

** Officers subject to the reporting requirements of
Section 16 of the Securities Exchange Act of 1934.*