

Registration No. 333-_____

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM S-3
REGISTRATION STATEMENT
UNDER
THE SECURITIES ACT OF 1933

QUANTA SERVICES, INC.
(Exact name of registrant as specified in its charter)

<TABLE>		
<S>	<C>	<C>
Delaware	1731	74-2851603
(State or other jurisdiction	(Primary Standard Industrial	(I.R.S. Employer
of incorporation or organization)	Classification Code Number)	Identification No.)
</TABLE>		

Brad Eastman
Vice President and General Counsel
1360 Post Oak Boulevard, Suite 2100
Houston, Texas 77056
(713) 629-7600
(Name, address, including zip code, and telephone number, including area code,
of registrant's principal executive offices and agent for service)

Copies to:

J. Patrick Ryan
Akin, Gump, Strauss, Hauer & Feld, L.L.P.
1500 Bank of America Plaza
300 Convent Street
San Antonio, Texas 78205
(210) 281-7000

Approximate date of commencement of proposed sale to the public: From time
to time after this registration statement becomes effective.

If the only securities being registered on this form are being offered
pursuant to dividend or interest reinvestment plans, check the following box.

If any of the securities being registered on this form are to be offered on
a delayed or continuous basis pursuant to Rule 415 under the Securities Act of
1933, other than securities offered only in connection with dividend or interest
reinvestment plans, check the following box. [X]

If this form is filed to register additional securities for an offering
pursuant to Rule 462(b) under the Securities Act, check the following box and
list the Securities Act registration statement number of the earlier effective
registration statement for the same offering.

If this form is a post-effective amendment filed pursuant to Rule 462(c)
under the Securities Act, check the following box and list the Securities Act
registration statement number of the earlier effective registration statement
for the same offering.

If delivery of the prospectus is expected to be made pursuant to Rule 434,
please check the following box.

CALCULATION OF REGISTRATION FEE

<TABLE>
<CAPTION>
=====

=====

TITLE OF EACH CLASS OF AMOUNT OF SECURITIES TO BE REGISTERED REGISTRATION FEE	AMOUNT TO BE REGISTERED	PROPOSED MAXIMUM OFFERING PRICE PER SHARE (1)	PROPOSED MAXIMUM AGGREGATE OFFERING PRICE
<S>	<C>	<C>	<C>
Common Stock.....	168,618 shares	\$37.00	\$6,238,866
\$1,734.40			

=====

</TABLE>

(1) Pursuant to Rule 457(c), the offering price and registration fee are computed on the basis of the average of the high and low prices of the Common Stock, as reported by the New York Stock Exchange on June 18, 1999.

The Registrant hereby amends this Registration Statement on such date or dates as may be necessary to delay its effective date until the Registrant shall file a further amendment which specifically states that this Registration Statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act of 1933 or until the Registration Statement shall become effective on such date as the Commission, acting pursuant to said Section 8(a), may determine.

+++++
The information in this prospectus is not complete and may be changed. The selling stockholders may not sell these securities until the registration statement filed with the Securities and Exchange Commission is effective. This prospectus is not an offer to sell these securities and it is not soliciting an offer to buy these securities in any state where the offer or sale is not permitted.

+++++

Subject to Completion

June 23, 1999

168,618 Shares

[Logo of Quanta appears here]

Common Stock

The 168,618 shares of our common stock being offered by this prospectus are being offered by the selling stockholders listed under the heading "Selling Stockholders" on page 12. The shares of common stock will be sold by the selling stockholders from time to time.

We will not receive any of the proceeds from the sale of the common stock by the selling stockholders. Our common stock is traded on the New York Stock Exchange under the symbol "PWR." On June 18, 1999, the last reported sale price for the common stock on the New York Stock Exchange was \$37.00 per share.

Investing in our common stock involves risks which are described in the section entitled "Risk Factors" beginning on page 5.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or passed upon the accuracy or adequacy of this prospectus. Any representation to the contrary is a criminal offense.

The date of this prospectus is _____, 1999

1

You should rely only on the information contained in this prospectus supplement and the accompanying prospectus. We have not authorized any other person to provide you with different information. If anyone provides you with different or inconsistent information, you should not rely on it. We are not making an offer to sell these securities in any jurisdiction where the offer or sale is not permitted. You should assume that the information appearing in this prospectus supplement is accurate as of the date on the front cover of this prospectus supplement only. Our business, financial condition, results of operations and prospects may have changed since that date.

2

WHERE YOU CAN FIND MORE INFORMATION

We file annual, quarterly and special reports, proxy statements, and other information with the Securities and Exchange Commission. You may read and copy any reports, statements, or other information we file with the SEC at its public reference rooms in Washington, D.C., New York, New York and Chicago, Illinois. Please call the SEC at 1-800-SEC-0330 for further information on the public reference rooms. Our SEC filings are also available to the public at the SEC's web site at <http://www.sec.gov>. In addition, you can inspect and copy our

reports, proxy statements and other information at the offices of the New York Stock Exchange, 20 Broad Street, New York, New York 10005, on which our common stock is listed.

We filed a registration statement on Form S-3 to register with the SEC our common stock offered by the selling stockholders. This prospectus is part of that registration statement. As permitted by SEC rules, this prospectus does not contain all of the information you can find in the registration statement or the exhibits to the registration statement.

The SEC allows us to "incorporate by reference" the information we filed with them, which means that we can disclose important information to you by referring to another document filed separately with the SEC. The information incorporated by reference is considered to be a part of this prospectus, and information later filed with the SEC will update and supersede this information.

We incorporate by reference the documents listed below:

1. Annual Report on Form 10-K for the fiscal year ended December 31, 1998;
2. Quarterly Report on Form 10-Q for the three months ended March 31, 1999.
3. Current Report on Form 8-K filed February 26, 1999, as amended by Form 8-K/A filed April 23, 1999.
4. Current Report on Form 8-K filed June 17, 1999.

You may request a copy of these filings, at no cost, by writing or telephoning:

Quanta Services, Inc.
Attn: Corporate Secretary
1360 Post Oak Blvd., Suite 2100
Houston, Texas 77056
(713) 629-7600

You should rely only on the information incorporated by reference or provided in this prospectus. We have not authorized anyone to provide you with different information. We are not making an offer of these securities in any state where the offer is not permitted. You should not assume that the information in this prospectus is accurate as of any date other than the date on the front of the document.

ABOUT QUANTA SERVICES, INC.

We are a leading provider of specialty contracting and maintenance services primarily for the electric and telecommunications infrastructure in North America. We also install transportation

3

control and lighting systems and provide specialty contracting services to commercial and industrial customers.

We are a Delaware corporation and our executive offices are located at 1360 Post Oak Blvd., Suite 2100, Houston, Texas 77056. Our telephone number at that address is (713) 629-7600.

4

RISK FACTORS

An investment in our common stock involves a high degree of risk. You should carefully consider the risks described below and the other information contained in this prospectus before deciding to invest in our common stock. We believe the following risks represent the known, material risks facing our company, in addition to the risks which typically face any company in our industry. If any of the following risks actually occur, our business, financial condition and operating results could be materially adversely affected. In that case, the trading price of our common stock could decline, and you could lose a part or all of your investment.

We have a limited history of operating and integrating our acquired businesses

If we are unable to integrate or successfully manage the companies we have acquired or may acquire in the future, our business, financial condition and results of operations could be materially and adversely affected. We were founded in August 1997 but conducted no operations and generated no revenues prior to acquiring four businesses in February 1998. These four businesses and the other businesses we have acquired since February 1998 have been operating as separate entities and we expect that these businesses and any others we acquire will continue to operate as separate entities with a large degree of operating autonomy. To manage the combined enterprise on a profitable basis, we must institute certain necessary common systems and procedures. We intend to integrate the computer, accounting and financial reporting systems, and certain of the operational, administrative, banking and insurance procedures of the businesses we acquire. However, we cannot be certain that we will successfully institute these common systems and procedures. In addition, we cannot be certain that our recently assembled management group will be able to successfully manage the businesses we acquire as a combined entity and effectively implement our operating or growth strategies.

There are risks related to our operating and internal growth strategies

A key element of our strategy is to increase the profitability and revenues of the businesses we acquire. Although we have begun to implement this strategy by various means, we cannot be certain that we will be able to continue to do so successfully. Another key component of our strategy is to operate the businesses we acquire on a decentralized basis, with local management retaining responsibility for day-to-day operations, profitability and the internal growth of the individual business. If we do not implement proper overall business controls, this decentralized operating strategy could result in inconsistent operating and financial practices at the businesses we acquire, and our overall profitability could be adversely affected. Our ability to generate internal growth will be affected by, among other factors, our ability to:

- . expand the range of services we offer to customers;
 - . attract new customers;
 - . increase the number of projects performed for existing customers;
 - . hire and retain employees;
- 5
- . open additional facilities; and
 - . reduce operating and overhead expenses.

Many of the factors affecting our ability to generate internal growth may be beyond our control, and we cannot be certain that our strategies will be successful or that we will be able to generate cash flow sufficient to fund our operations and to support internal growth. Our inability to achieve internal growth could materially and adversely affect our business, financial condition and results of operations.

We may be unsuccessful in identifying or integrating acquired companies

We have grown rapidly through the acquisition of our 24 existing operating subsidiaries. A principal part of our business growth strategy will be to make additional acquisitions on a selective basis as opportunities arise. One of our principal growth strategies is to increase our revenues and the markets we serve through the acquisition of additional electric and telecommunications infrastructure contracting companies. We expect to face competition for acquisition candidates, which may limit the number of acquisition opportunities and may lead to higher acquisition prices. We cannot be sure that we will be able to identify, acquire or profitably manage additional businesses. We also cannot be sure that we can integrate successfully any acquired businesses with our other operations without substantial costs, delays or other operational or financial problems. Further, acquisitions involve a number of special risks which could materially and adversely affect our business, financial condition and results of operations. These special risks include:

- . failure of the acquired businesses to achieve the results we expect;
- . diversion of our management's attention from operational matters;
- . our inability to retain key personnel of the acquired businesses;
- . risks associated with unanticipated events or liabilities;
- . difficulties integrating the operations and personnel of acquired companies;
- . the potential disruption of our business;
- . the difficulty of maintaining uniform standards, controls,

procedures and policies; and

- . customer dissatisfaction or performance problems at the acquired business may materially and adversely affect the reputation of our company.

We may not have access to sufficient funding to finance future acquisitions

If we cannot secure additional financing on acceptable terms, we may be unable to pursue our acquisition strategy successfully and we may be unable to support our growth strategy. We cannot readily predict the timing, size and success of our acquisition efforts or the capital we will need for these efforts. We intend to continue to use our common stock for all or a portion of the consideration for future acquisitions. These issuances could have a dilutive effect on our then existing

6

stockholders. If our common stock does not maintain a sufficient market value or potential acquisition candidates are unwilling to accept our common stock as part of the consideration for the sale of their businesses, we may be required to utilize more of our cash resources to pursue our acquisition program. Using cash for acquisitions limits our financial flexibility and makes us more likely to seek additional capital through future debt or equity financings. If we seek more debt, we may have to agree to financial covenants that limit our operational and financial flexibility. If we seek more equity, we may dilute the ownership interests of our then existing stockholders. When we seek additional debt or equity financings, we cannot be certain that additional debt or equity will be available to us at all or on terms acceptable to us. Our \$350 million revolving credit facility contains a requirement to obtain the consent of the lenders for acquisitions exceeding a certain level of cash consideration.

Our business growth could outpace the capability of our corporate management and systems

We expect to grow both internally and through acquisitions. We expect to expend significant time and effort in evaluating, completing and integrating acquisitions and opening new facilities. We cannot be certain that our systems, procedures and controls will be adequate to support our operations as they expand. Any future growth also will impose significant additional responsibilities on members of our senior management, including the need to recruit and integrate new senior level managers and executives. We cannot be certain that we can recruit and retain such additional managers and executives. To the extent that we are unable to manage our growth effectively, or are unable to attract and retain additional qualified management, our financial condition and results of operations could be materially and adversely affected.

We may be unable to attract and retain qualified employees

Our ability to provide high-quality services on a timely basis requires that we employ an adequate number of skilled electricians, journeymen linemen and project managers. Accordingly, our ability to increase our productivity and profitability will be limited by our ability to employ, train and retain skilled personnel necessary to meet our requirements. We, like many of our competitors, are currently experiencing shortages of qualified personnel. We cannot be certain that we will be able to maintain an adequate skilled labor force necessary to operate efficiently and to support our growth strategy or that our labor expenses will not increase as a result of a shortage in the supply of skilled personnel.

The extent of our unionized workforce could adversely affect our operations on acquisition strategy

As of December 31, 1998, approximately 43% of our employees were covered by collective bargaining agreements. Although the majority of these agreements prohibit strikes and work stoppages, we cannot be certain that strikes or work stoppages will not occur in the future. Strikes or work stoppages would adversely impact our relationship with our customers and could materially and adversely affect our business, financial condition and results of operations. In addition, our acquisition strategy could be adversely affected because of our union status for a variety of reasons. For instance, our union agreements may be incompatible with the union agreements of a business we want to acquire and some businesses may not want to become affiliated with a union based company.

7

We may be unable to successfully compete with other companies in the industry

The electric and telecommunications infrastructure contracting industry is highly competitive and is served by numerous small, owner-operated private companies, public companies and several large regional companies. In addition, relatively few barriers prevent entry into our industry. As a result, any organization that has adequate financial resources and access to technical expertise may become one of our competitors. Competition in the industry depends on a number of factors, including price. Certain of our competitors may have

lower overhead cost structures and may, therefore, be able to provide their services at lower rates than we can provide such services. In addition, some of our competitors are larger and have greater resources than us. We cannot be certain that our competitors will not develop the expertise, experience and resources to provide services that are superior in both price and quality to our services. Similarly, we cannot be certain that we will be able to maintain or enhance our competitive position.

We may also face competition from the in-house service organizations of our existing or prospective customers. Electric utility and telecommunications service providers usually employ personnel who perform some of the same types of services as we do. We cannot be certain that our existing or prospective customers will continue to outsource services in the future.

Our dependence upon fixed price contracts and master service agreements could adversely affect our business

We currently generate, and expect to continue to generate, a significant portion of our revenues under fixed price contracts. We must estimate the costs of completing a particular project to bid for such fixed price contracts. The cost of labor and materials, however, may vary from the costs we originally estimated. These variations, along with other risks inherent in performing fixed price contracts, may result in actual revenue and gross profits for a project differing from those we originally estimated and could result in reduced profitability and losses on projects. Depending upon the size of a particular project, variations from estimated contract costs can have a significant impact on our operating results for any fiscal quarter or year.

Certain of our customers assign work to us on a project by project basis under master service agreements. Under master service agreements, our customer generally has no obligation to assign work to us. We cannot be certain that customers with whom we have master service agreements will continue to assign work to us. A significant decline in work assigned to us under these contracts could materially and adversely affect our results of operations.

Our operating results may vary significantly quarter-to-quarter

The electric and telecommunications infrastructure contracting business can be subject to seasonal variations. During the winter months, demand for new projects and maintenance services may be lower due to inclement weather. Additionally, the industry can be highly cyclical. As a result, our volume of business may be adversely affected by declines in new projects in various geographic regions of the U.S. Our quarterly results may also be materially affected by:

- . the timing of acquisitions;
 - . variations in the margins of projects performed during any particular quarter;
- 8
- . the timing and magnitude of acquisition assimilation costs;
 - . the timing and volume of work under new agreements;
 - . the budgetary spending patterns of customers;
 - . the termination of existing agreements;
 - . costs we incur to support growth internally or through acquisitions or otherwise;
 - . the change in mix of our customers, contracts and business;
 - . increases in construction and design costs; and
 - . regional or general economic conditions.

Accordingly, our operating results in any particular quarter may not be indicative of the results that you can expect for any other quarter or for the entire year.

We could have potential exposure to environmental liabilities

Our operations are subject to various environmental laws and regulations, including those dealing with the handling and disposal of waste products, PCBs, fuel storage and air quality. As a result of past and future operations at our facilities, we may be required to incur environmental remediation costs and other cleanup expenses. In addition, we cannot be certain that we will be able to identify or be indemnified for all potential environmental liabilities relating to any acquired business.

The departure of key personnel could disrupt our business

We depend on the continued efforts of our executive officers and on senior management of the businesses we acquire. Although we intend to enter into an employment agreement with each of our executive officers and other key employees, we cannot be certain that any individual will continue in such capacity for any particular period of time. The loss of key personnel, or the inability to hire and retain qualified employees, could adversely effect our business, financial condition and results of operations. We do not intend to carry key-person life insurance on any of our employees.

Shares eligible for future sale by our current stockholders may adversely affect our stock price

If our stockholders sell substantial amounts of our common stock (including shares issued upon the exercise of outstanding options) in the public market following this offering, the market price of our common stock could fall. Such sales might make it more difficult for us to sell equity or equity-related securities in the future at a time and price that we deem appropriate. We have outstanding 30,733,658 shares of common stock, assuming no exercise of outstanding options after June 21, 1999 and no conversion of our convertible subordinated notes. Of these shares, the 168,618 shares offered by this prospectus, together with 12,988,629 additional shares are freely tradable or tradable pursuant to Rule 144.

9

Certain provisions of our articles of incorporation and bylaws could make an acquisition of our company more difficult

The following provisions of our certificate of incorporation and bylaws, as currently in effect, as well as Delaware law, could discourage potential acquisition proposals, delay or prevent a change in our control or limit the price that investors may be willing to pay in the future for shares of our common stock. Our certificate of incorporation permits our Board of Directors to issue "blank check" preferred stock and to adopt amendments to our bylaws. Our bylaws contain restrictions regarding the right of stockholders to nominate directors and to submit proposals to be considered at stockholder meetings. Also, our certificate of incorporation and bylaws restrict the right of stockholders to call a special meeting of stockholders and to act by written consent. We are also subject to provisions of Delaware law which prohibit us from engaging in any of a broad range of business transactions with an "interested stockholder" for a period of three years following the date such stockholder became classified as an interested stockholder.

We do not expect to pay dividends in the near future

We have never paid any cash dividends and do not anticipate paying cash dividends on our common stock in the immediate future.

The book value of your common may be substantially diluted

In the event that we issue additional common stock in the future, including shares that may be issued in connection with future acquisitions or other public or private financings, purchasers of common stock in this offering may experience dilution.

The year 2000 problem could disrupt our business

Many currently installed computer systems and software products are coded to accept only two-digit entries in the date code field. Beginning in the year 2000, these date code fields will need to accept four-digit entries to distinguish 21st century dates from 20th century dates. As a result, computer system and software used by many companies may need to be upgraded to comply with such "Year 2000" requirements. We cannot be certain that unexpected Year 2000 compliance problems of our systems or of our vendors, customers and service providers will not materially and adversely affect our business, financial condition or operating results. The unanticipated failure of one of these systems to properly recognize date information beyond the year 1999 could have a significant adverse impact on our ability to deliver services to customers and to manage our continuing operations.

Our forward-looking statements may prove to be inaccurate

A number of statements in this prospectus address activities, events or developments which we anticipate may occur in the future, including our strategy for internal growth and improved profitability, the nature and amount of additional capital expenditures, acquisitions of assets and businesses and industry trends. These statements are based on certain assumptions and analyses we make in light of our perception of historical trends, current business and economic conditions and expected future developments, as well as other factors we believe are reasonable or appropriate. However, whether actual results and developments will conform with our expectations is subject to a number of risks and uncertainties, including:

- . the risk factors discussed in this prospectus;
- . general economic, market or business conditions;
- . the business opportunities (or lack thereof) that may be presented to and pursued by us; and
- . changes in laws or regulations and other factors.

Many of these risks and uncertainties are beyond our control. Consequently, we cannot be certain that the actual results or developments that we anticipate will be realized or, even if substantially realized, that they will have the expected effects on our business or operations.

USE OF PROCEEDS

We will not receive any proceeds from the sale of shares by the selling stockholders.

11

SELLING STOCKHOLDERS

The following table sets forth certain information regarding the ownership of our common stock as of June 21, 1999. The shares offered by this prospectus may be offered and sold from time to time by the selling stockholders, or by pledgees, donees or transferees of, or certain other successors in interest to, the selling stockholders.

<TABLE>
<CAPTION>

	Shares Owned Prior to Offering		Number of Shares Being Registered For Sale	Shares Owned If All Shares Are Sold	
	Number	Percent		Number	Percent
<S>	<C>	<C>	<C>	<C>	<C>
Selling Stockholders:					
Brian D. Burghardt.....	83,682	*	83,682	0	*
Philip L. Burghardt.....	83,682	*	83,682	0	*
John M. Maul.....	627	*	627	0	*
Terry S. Pendergrass.....	627	*	627	0	*
Total.....	168,618	*	168,618	0	*
	=====	=====	=====	=	=====

</TABLE>

* Represents less than 1.0%

PLAN OF DISTRIBUTION

The common stock may be sold or distributed from time to time by the selling stockholders, or by pledgees, donees or transferees of, or other successors in interest to, the selling stockholders, directly to one or more purchasers, including pledgees, or through brokers, dealers or underwriters who may act solely as agents or may acquire shares as principals, at market prices prevailing at the time of sale, at prices related to such prevailing market prices, at negotiated prices, or at fixed prices, which may be changed. The distribution of the common stock may be effected by one or more of the following methods:

- . ordinary brokers' transactions, which may include long or short sales;
- . transactions involving cross or block trades or otherwise on the New York Stock Exchange or other stock exchange on which the common stock may be listed from time to time;
- . purchases by brokers, dealers or underwriters as principals and resale by such purchasers for their own accounts pursuant to this prospectus ;
- . "at the market" to or through market makers or into an existing market for the common stock;
- . in other ways not involving market makers or established trading markets, including direct sales to purchasers or sales effected through agents;
- . through transactions in options, swaps or other derivatives (whether exchange-listed or otherwise); or

. any combination of the foregoing, or by any other legally available means.

12

In addition, the selling stockholders or their successors in interest may enter into hedging transactions with broker-dealers who may engage in short sales of common stock in the course of hedging the positions they assume with the selling stockholders. The selling stockholders or their successors in interest may also enter into option or other transactions with broker-dealers that require the delivery to such broker-dealers of the shares, which shares may be resold thereafter pursuant to this prospectus.

Brokers, dealers, underwriters or agents participating in the distribution of the shares as agent may receive compensation in the form of discounts, concessions or commissions from the selling stockholders (and, if they act as agent for the purchaser of such shares, from such purchaser). Such discounts concessions or commissions as to a particular broker, dealer, underwriter or agent might be greater or less than those customary in the type of transaction involved.

Any underwriter may engage in stabilizing transactions in accordance with Rule 104 under the Exchange Act. Rule 104 permits stabilizing bids to purchase the underlying security so long as the stabilizing bids do not exceed a specified maximum. The underwriters may over-allot shares of the common stock in connection with an offering of common stock, thereby creating a short position in the underwriters' account. These transactions, if commenced, may be discontinued at any time.

The selling stockholders and any brokers, dealers, underwriters or agents that participate in the distribution of the shares may be deemed to be "underwriters" within the meaning of the Securities Act, and any discounts, commissions or concessions received by any such persons might be deemed to be underwriting discounts and commissions under the Securities Act. Neither we nor the selling stockholders can presently estimate the amount of such compensation. We know of no existing arrangements between any selling stockholder and any other stockholder, broker, dealer, underwriter or agent relating to the sale or distribution of the shares.

To the extent required, we will file, during any period in which offers or sales are being made, a supplement to this prospectus which sets forth, with respect to a particular offering, the specific number of shares to be sold, the name of the selling stockholder, the sales price, the name of any participating broker, dealer, underwriter or agent, any applicable commission or discount and any other material information with respect to the plan of distribution not previously disclosed.

We will not receive any of the proceeds from the sale of the shares offered by the selling stockholders. We will pay substantially all of the expenses incident to this offering of the shares by the selling stockholders to the public other than commissions and discounts of brokers, dealers, underwriters or agents.

In order to comply with certain states' securities laws, if applicable, the shares will be sold in such jurisdictions only through registered or licensed brokers or dealers. In addition, in certain states the common stock may not be sold unless the common stock has been registered or qualified for sale in such state or an exemption from registration or qualification is available and is satisfied.

LEGAL MATTERS

The validity of the shares of common stock offered hereby will be passed upon for Quanta by Akin, Gump, Strauss, Hauer & Feld, L.L.P., San Antonio, Texas.

13

PART II

INFORMATION NOT REQUIRED IN PROSPECTUS

Item 14. Other Expenses of Issuance and Distribution.

The following table sets forth the expenses to be paid by the Company (other than underwriting compensation expected to be incurred) in connection with the offering described in this Registration Statement. All amounts are estimates, except the SEC Registration Fee.

<TABLE>		
<S>		<C>
SEC Registration Fee.....		\$ 181
Printing Costs.....		5,000
Legal Fees and Expenses.....		2,000
Accounting Fees and Expenses.....		2,000

Miscellaneous.....	1,000

Total.....	\$10,181
	=====

</TABLE>

Item 15. Indemnification of Directors and Officers.

Delaware General Corporation Law

Section 145(a) of the General Corporation Law of the State of Delaware (the "DGCL") provides that a corporation may indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative (other than an action by or in the right of the corporation) by reason of the fact that he is or was a director, officer, employee or agent of the corporation, or is or was serving at the request of the corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise, against expenses (including attorneys' fees), judgments, fines and amounts paid in settlement actually and reasonably incurred by the person in connection with such action, suit or proceeding if the person acted in good faith and in a manner the person reasonably believed to be in or not opposed to the best interests of the corporation, and, with respect to any criminal action or proceeding, had no reasonable cause to believe the person's conduct was unlawful. The termination of any action, suit or proceeding by judgment, order, settlement, conviction, or upon a plea of nolo contendere or its equivalent, shall not, of itself, create a presumption that the person did not act in good faith and in a manner which he reasonably believed to be in or not opposed to the best interests of the corporation, and, with respect to any criminal action or proceeding, had reasonable cause to believe that the person's conduct was unlawful.

Section 145(b) of the DGCL states that a corporation may indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action or suit or in the right of the corporation to procure a judgment in its favor by reason of the fact that the person is or was a director, officer, employee or agent of the corporation, or is or was serving at the request of the corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise against expenses (including attorneys' fees) actually and reasonably incurred by the person in connection with the defense or settlement of such action or suit if the person acted in good faith and in a manner the person reasonably believed to be in or not opposed to the best interests of the corporation and except that no indemnification shall be made in respect of

14

any claim, issue or matter as to which such person shall have been adjudged to be liable to the corporation unless and only to the extent that the Court of Chancery or the court in which such action or suit was brought shall determine upon application that, despite the adjudication of liability but in view of all the circumstances of the case, such person is fairly and reasonably entitled to indemnity for such expenses which the Court of Chancery or such other court shall deem proper.

Section 145(c) of the DGCL provides that to the extent that a present or former director or officer of a corporation has been successful on the merits or otherwise in defense of any action, suit or proceeding referred to in subsections (a) and (b) of Section 145, or in defense of any claim, issue or matter therein, he shall be indemnified against expenses (including attorneys' fees) actually and reasonably incurred by such person in connection therewith.

Section 145(d) of the DGCL states that any indemnification under subsections (a) and (b) of Section 145 (unless ordered by a court) shall be made by the corporation only as authorized in the specific case upon a determination that indemnification of the present or former director, officer, employee or agent is proper in the circumstances because he has met the applicable standard of conduct set forth in subsections (a) and (b). Such determination shall be made with respect to a person who is a director or officer at the time of such determination (1) by a majority vote of the directors who are not parties to such action, suit or proceeding, or (2) by a committee of such directors designated by majority vote of such directors, even though less than a quorum, or (3) if there are no such directors, or if such directors so direct, by independent legal counsel in a written opinion, or (4) by the stockholders.

Section 145(e) of the DGCL provides that expenses (including attorneys' fees) incurred by an officer or director in defending any civil, criminal, administrative or investigative action, suit or proceeding may be paid by the corporation in advance of the final disposition of such action, suit or proceeding upon receipt of an undertaking by or on behalf of such director or officer to repay such amount if it shall ultimately be determined that he is not entitled to be indemnified by the corporation as authorized in Section 145. Such expenses (including attorneys' fees) incurred by other employees and agents may

be so paid upon such terms and conditions, if any, as the corporation deems appropriate.

Section 145(f) of the DGCL provides that the indemnification and advancement of expenses provided by, or granted pursuant to, the other subsections of Section 145 shall not be deemed exclusive of any other rights to which those seeking indemnification or advancement of expenses may be entitled under any bylaw, agreement, vote of stockholders or disinterested directors or otherwise, both as to action in such person's official capacity and as to action in another capacity while holding such office.

Section 145(g) of the DGCL provides that a corporation shall have the power to purchase and maintain insurance on behalf of any person who is or was a director, officer, employee or agent of the corporation, or is or was serving at the request of the corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise, against any liability asserted against such person and incurred by such person in any such capacity, or arising out of his status as such, whether or not the corporation would have the power to indemnify such person against such liability under the provisions of Section 145.

Section 145(j) of the DGCL provides that the indemnification and advancement of expenses provided by, or granted pursuant to, Section 145 shall, unless otherwise provided when authorized or

15

ratified, continue as to a person who has ceased to be a director, officer, employee or agent and shall inure to the benefit of the heirs, executors and administrators of such a person.

Certificate of Incorporation

The Certificate of Incorporation provides that a director of the Company shall not be personally liable to the Company or its stockholders for monetary damages for breach of fiduciary duty as a director, except for liability for unlawful payments of dividends or unlawful stock repurchases or redemptions as provided for in Section 174 of the DGCL. If the DGCL is amended to authorize the further elimination or limitation of the liability of directors, then the liability of a director of the Company, in addition to the limitation on personal liability described above, shall be limited to the fullest extent permitted by the amended DGCL. Further, any repeal or modification of such provision of the Certificate of Incorporation by the stockholders of the Company shall be prospective only, and shall not adversely affect any limitation on the personal liability of a director of the Company existing at the time of such repeal or modification.

Bylaws

The Bylaws of the Company provide that the Company will indemnify and hold harmless any director or officer of the Company to the fullest extent permitted by applicable law, as in effect as of the date of the adoption of the Bylaws or to such greater extent as applicable law may thereafter permit, from and against all losses, liabilities, claims, damages, judgments, penalties, fines, amounts paid in settlement and expenses (including attorneys' fees) whatsoever arising out of any event or occurrence related to the fact that such person is or was a director or officer of the Company and further provide that the Company may, but is not required to, indemnify and hold harmless any employee or agent of the Company or a director, officer, employee or agent of any other corporation, partnership, joint venture, trust, employee benefit plan or other enterprise who is or was serving in such capacity at the written request of the Company; provided, however, that the Company is only required to indemnify persons serving as directors, officers, employees or agents of the Company for the expenses incurred in a proceeding if such person has met the standards of conduct that make it permissible under the laws of the State of Delaware for the Company to indemnify the claimant for the amount claimed, but the burden of proving such defense will be on the Company. The Bylaws further provide that, in the event of any threatened, or pending action, suit or proceeding in which any of the persons referred to above is a party or is involved and that may give rise to a right of indemnification under the Bylaws, following written request by such person, the Company will promptly pay to such person amounts to cover expenses reasonably incurred by such person in such proceeding in advance of its final disposition upon the receipt by the Company of (i) a written undertaking executed by or on behalf of such person providing that such person will repay the advance if it is ultimately determined that such person is not entitled to be indemnified by the Company as provided in the Bylaws and (ii) satisfactory evidence as to the amount of such expenses.

Insurance.

The Company maintains liability insurance for the benefit of its directors and officers.

16

(a) Exhibits.

Number - - - - -	Description - - - - -
2.1 --	Amended and Restated Agreement and Plan of Organization dated as of December 11, 1997 by and among Quanta Services, Inc. and PAR Electrical Contractors, Inc. and its stockholders**
2.2 --	Amended and Restated Agreement and Plan of Organization dated as of December 11, 1997 by and among Quanta Services, Inc. and Union Power Construction Company and its stockholders**
2.3 --	Amended and Restated Agreement and Plan of Organization dated as of December 11, 1997 by and among Quanta Services, Inc. and TRANS TECH Electric, Inc. and its stockholders**
2.4 --	Amended and Restated Agreement and Plan of Organization dated as of December 11, 1997 by and among Quanta Services, Inc. and Potelco, Inc. and its stockholders**
3.1 --	Amended and Restated Certificate of Incorporation**
3.2 --	Amended and Restated Bylaws**
3.3 --	Certificate of Amendment to the Amended and Restated Certificate of Incorporation
4.1 --	Form of Common Stock Certificates**
5.1 --	Opinion of Akin, Gump, Strauss, Hauer & Feld, L.L.P.
10.1 --	Form of Employment Agreement**
10.2 --	1997 Stock Option Plan**
10.3 --	Acquisition Agreement and Plan of Reorganization dated as of May 5, 1998, by and among Quanta Services, Inc., Spalj Acquisition, Inc. and Spalj Construction Company and its stockholders***
10.4 --	Acquisition Agreement and Plan of Reorganization dated as of August 4, 1998, by and among Quanta Services, Inc., Underground Construction Co., Inc., Five Points Construction Company and their stockholders+
10.5 --	Third Amended and Restated Secured Credit Agreement dated as of June 14, 1999 among Quanta Services, Inc. as Borrower and the financial institutions parties thereto, as Lenders
10.6 --	Securities Purchase Agreement among Quanta Services, Inc. and Enron Capital & Trade Resources Corp. ("Enron Capital") and Joint Energy Development Investments II Limited Partnership ("JEDI") dated as of September 29, 1998***
10.7 --	Registration Rights Agreement dated as of September 29, 1998 by and among Quanta Services, Inc., JEDI and Enron Capital***
10.8 --	Form of Convertible Promissory Note issued to Enron Capital and JEDI***
10.9 --	Acquisition Agreement and Plan of Reorganization dated February 12, 1999, by and among Quanta Services, Inc., Quanta I Acquisition, Inc., The Ryan Company, Inc., John P. Ryan, John P. Ryan 1998 Retained Annuity Trust, Kathleen M. Ryan and Leo

17

S. McNamara, Trustees, David C. Varisco, Varisco Family Irrevocable Trust of 1998, John P. Ryan, Trustee, and David C. Varisco 1998 Retained Annuity Trust, John P. Ryan and Mary L. Varisco, Trustee+++

10.10 --	Acquisition Agreement and Plan of Reorganization dated February 16, 1999, by and among Quanta Services, Inc., Quanta II Acquisition, Inc., Northern Line Layers, Inc., Donald G. Bottrell, Teresa L. Bottrell, James R. Bennett and Marin e M. Bennett+++
10.11 --	Quanta Services, Inc. Management Incentive Bonus Plan for Fiscal Year Ending December 31, 1999++++
21.1 --	Subsidiaries
23.1 --	Consent of Arthur Andersen LLP
23.2 --	Consent of Akin, Gump, Strauss, Hauer & Feld, L.L.P. (contained in

- 23.3 -- Consent of Kirkland Albrecht and Company P.C.
- 23.4 -- Consent of Joseph Decosimo and Company, LLP
- 23.5 -- Consent of Ganim, Meder, Childers & Hoering P.C.
- 23.6 -- Consent of Nathan Wechsler & Company
- 24.1 -- Power of Attorney (included on the signature page)

-
- * Previously filed as an exhibit to the Company's Registration Statement on Form S-1 (No. 333-69247).
 - ** Previously filed as an exhibit to the Company's Registration Statement on Form S-1 (No. 333-42957) and incorporated herein by reference.
 - *** Previously filed as an exhibit to the Company's Registration Statement on Form S-4 (No. 333-47083) and incorporated herein by reference.
 - **** To be filed by amendment.
 - + Previously filed as an exhibit to the Company's Quarterly Report on Form 10-Q for the period ended June 30, 1998 and incorporated herein by reference.
 - ++ Previously filed as an exhibit to the Company's Quarterly Report on Form 10-Q for the period ended September 30, 1998 and incorporated herein by reference.
 - +++ Previously filed as an exhibit to the Company's Report on Form 8-K filed February 26, 1999 and incorporated herein by reference.
 - ++++ Previously filed as an exhibit to the Company's Quarterly Report on Form 10-Q for the period ended March 31, 1999 and incorporated herein by reference.

(b) Financial Statement Schedules.

All schedules are omitted because they are not applicable or because the required information is contained in the Financial Statements or Notes thereto.

18

Item 17. Undertakings.

The undersigned Registrant hereby undertakes:

(1) to file, during any period in which offers or sales are being made, a post-effective amendment to this registration statement:

- (i) to include any prospectus required by Section 10(a)(3) of the Securities Act of 1933;
- (ii) to reflect in the prospectus any facts or events arising after the effective date of this registration statement (or the most recent post-effective amendment thereof) which, individually or in the aggregate, represent a fundamental change in the information set forth in the registration statement. Notwithstanding the foregoing, any increase or decrease in volume of securities offered (if the total dollar value of securities offered would not exceed that which was registered) and any deviation from the low or high end of the estimated maximum offering range may be reflected in the form of prospectus filed with the Securities and Exchange Commission pursuant to Rule 424(b) if, in the aggregate, the changes in volume and price represent no more than a 20% change in the maximum aggregate offering price set forth in the "Calculation of Registration Fee" table in the effective registration statement; and
- (iii) to include any material information with respect to the plan of distribution not previously disclosed in the registration statement or any material change to such information in the registration statement;

provided, however, that the undertakings set forth in clauses (i) and (ii) above do not apply if the registration statement is on Form S-3, Form S-8 or Form F-3, and the information required to be included in a post-effective amendment by those paragraphs is contained in periodic reports filed with or furnished to the

Commission by Quanta Services, Inc. pursuant to Section 13 or 15(d) of the Securities and Exchange Act of 1934 that are incorporated by reference in this registration statement.

(2) That, for the purpose of determining any liability under the Securities Act of 1933, each such post-effective amendment shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.

(3) To remove from registration by means of a post-effective amendment any of the securities being registered which remain unsold at the termination of the offering; and

(4) The undersigned Registrant hereby undertakes that, for purposes of determining any liability under the Securities Act of 1933, each filing of the Registrant's annual report pursuant to Section 13(a) or Section 15(d) of the Securities Exchange Act of 1934 (and, where applicable, each filing of an employee benefit plan's annual report pursuant to Section 15(d) of the Securities Exchange Act of 1934) that is incorporated by reference in the Registration Statement shall be deemed to be a new registration statement relating to the securities offered herein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.

19

(5) Insofar as indemnification for liabilities arising under the Securities Act of 1933 may be permitted to directors, officers and controlling persons of the Registrant pursuant to the foregoing provisions, or otherwise, the Registrant has been advised that in the opinion of the Securities and Exchange Commission such indemnification is against public policy as expressed in the Act and is, therefore, unenforceable. In the event that a claim for indemnification against such liabilities (other than the payment by the Registrant of expenses incurred or paid by a director, officer, or controlling person of the Registrant in the successful defense of any action, suit, or proceeding) is asserted by such director, officer, or controlling person in connection with the securities being registered, the Registrant will, unless in the opinion of its counsel the matter has been settled by controlling precedent, submit to a court of appropriate jurisdiction the question whether such indemnification by it is against public policy as expressed in the Act and will be governed by the final adjudication of such issue.

(6) The undersigned Registrant hereby undertakes that:

- (i) For the purposes of determining any liability under the Securities Act of 1933, the information omitted from the form of prospectus filed as part of this Registration Statement in reliance upon Rule 430A and contained in a form of prospectus filed by the Registrant pursuant to Rule 424(b)(1) or (4) or 497(h) under the Securities Act shall be deemed to be part of this Registration Statement as of the time it was declared effective.
- (ii) For the purpose of determining any liability under the Securities Act of 1933, each post-effective amendment that contains a form of prospectus shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such new securities at that time shall be deemed to be the initial bona fide offering thereof.

20

SIGNATURES

Pursuant to the requirements of the Securities Act, Quanta Services, Inc. certifies that it has reasonable grounds to believe that it meets all of the requirements for filing on Form S-3 and has duly caused this Registration Statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of Houston, State of Texas, on June 23, 1999.

Quanta Services, Inc.

By: /s/ John R. Colson

John R. Colson, Chief Executive Officer

POWER OF ATTORNEY

Each person whose signature appears below authorizes John R. Colson and Derrick A. Jensen, and each of them, each of whom may act without joinder of the other to execute in the name of each such person who is then an officer or director of the Registrant to file any amendments to this Registration Statement necessary or advisable to enable the Registrant to comply with the Securities Act and any rules, regulations and requirements of the Securities and Exchange Commission, in respect thereof, in connection with the registration of the

securities which are the subject of this Registration Statement, which amendments may make such changes to such Registration Statement as such attorney may deem appropriate (and to file any Registration Statement pursuant to Rule 462(b) of the Securities Act).

Pursuant to the requirements of the Securities Act, as amended, this Registration Statement has been signed by the following persons in the capacities indicated and on June 23, 1999.

<TABLE> <CAPTION>	
Signature -----	Title -----
<S>	
/s/ John R. Colson	<C>
_____ John R. Colson	Chief Executive Officer, Director (Principal Executive Officer)
/s/ Derrick A. Jensen	Vice President and Controller (Principal Accounting Officer)
_____ Derrick A. Jensen	Director
/s/ Vincent D. Foster	
_____ Vincent D. Foster	Director
/s/ John R. Wilson	
_____ John R. Wilson	Director
/s/ Timothy A. Soule	
_____ Timothy A. Soule	Director
/s/ John A. Martell	
_____ John A. Martell	Director
_____ Gary A. Tucci	
</TABLE>	

21

_____ James R. Ball	Director
_____ Rodney R. Proto	Director
_____ Michael T. Willis	Director

22

CERTIFICATE OF AMENDMENT TO THE
AMENDED AND RESTATED CERTIFICATE OF INCORPORATION
OF QUANTA SERVICES, INC.

Pursuant to Section 242 of the Delaware General Corporation Law, the undersigned Vice President, Secretary and General Counsel of Quanta Services, Inc., a corporation organized and existing under the laws of the State of Delaware (the "Corporation"), hereby certifies as follows:

1. The name of the Corporation is Quanta Services, Inc.
2. The first paragraph of Article FOURTH of the Amended and Restated Certificate of Incorporation of the Corporation is amended to read in its entirety as follows:

"FOURTH. The aggregate number of shares of capital stock that the Corporation will have authority to issue is One Hundred Thirteen Million, Three Hundred Forty Five Thousand, Three Hundred Thirty Three (113,345,333), One Hundred Million (100,000,000) of which will be shares of Common Stock, having a par value of \$0.00001 per share (hereinafter called "Common Stock"), Three Million, Three Hundred Forty Five Thousand, Three Hundred Thirty Three (3,345,333) of which will be shares of Limited Vote Common Stock, having a par value of \$0.00001 per share (hereinafter called "Limited Vote Common Stock") and Ten Million (10,000,000) of which will be shares of Preferred Stock having a par value of \$0.00001 per share (hereinafter called "Preferred Stock")."

3. This amendment has been duly adopted in accordance with Section 242 of the Delaware General Corporation Law.

Signed this 25th day of May, 1999.

/s/ BRAD EASTMAN

Brad Eastman
Vice President, Secretary and General Counsel

AKIN, GUMP, STRAUSS, HAUER & FELD, L.L.P.

June 21, 1999

Quanta Services, Inc.
1360 Post Oak Blvd., Suite 2100
Houston, Texas 77056

Ladies and Gentlemen:

We have acted as counsel to Quanta Services, Inc., a Delaware corporation (the "COMPANY"), in connection with the Company's registration under the Securities Act of 1933, as amended (the "ACT"), of 168,618 shares of common stock, par value \$0.00001 per share (the "SHARES"), of the Company which may be offered from time to time under the Company's Registration Statement on Form S-3 (the "REGISTRATION STATEMENT") to be filed with the Securities and Exchange Commission on or about June 22, 1999, by the stockholders named in such Registration Statement (the "Selling Stockholders").

In reaching the opinions set forth herein, we have examined and are familiar with originals or copies, certified or otherwise identified to our satisfaction, of such documents and records of the Company and such statutes, regulations and other instruments as we deemed necessary or advisable for purposes of this opinion, including (i) the Registration Statement, (ii) the Amended and Restated Certificate of Incorporation of the Company, as filed with the Secretary of State of the State of Delaware, (iii) the Bylaws of the Company, and (iv) certain minutes of meetings of, and resolutions adopted by, the Board of Directors of the Company.

We have assumed that (i) all signatures on all documents we reviewed are genuine, (ii) all documents submitted to us as originals are true and complete, (iii) all documents submitted to us as copies are true and complete copies of the originals thereof, and (iv) all persons executing and delivering the documents we examined were competent to execute and deliver such documents.

Based on the foregoing, and having due regard for the legal considerations we deem relevant, we are of the opinion that the Shares which are to be sold and delivered by the Selling Stockholders, when delivered by the Selling Stockholders, will be duly authorized, validly issued, fully paid and non-assessable.

This opinion is limited in all respects to the laws of the State of Texas, the Delaware General Corporation Law and the federal laws of the United States of America.

This opinion letter may be filed as an exhibit to the Registration Statement. In giving this consent, we do not thereby admit that we come within the category of persons whose consent is required under Section 7 of the Act or the rules and regulations of the Commission promulgated thereunder.

Very truly yours,

/s/ Akin, Gump, Strauss, Hauer & Feld L.L.P.

THIRD AMENDED AND RESTATED SECURED CREDIT AGREEMENT

Dated as of

June 14, 1999

Among

QUANTA SERVICES, INC., AS BORROWER

AND

THE FINANCIAL INSTITUTIONS PARTIES HERETO, AS LENDERS

AND

NATIONSBANK, N.A. D/B/A BANK OF AMERICA, N.A.,
AS ADMINISTRATIVE AGENT

AND

BANKBOSTON, N.A., AND BANK ONE, TEXAS,
NATIONAL ASSOCIATION, AS DOCUMENTATION AGENTS

AND

CREDIT LYONNAIS NEW YORK BRANCH AND
THE BANK OF NOVA SCOTIA, AS MANAGING AGENTS

AND

FIRST UNION NATIONAL BANK, LaSALLE BANK NATIONAL
ASSOCIATION, AND NATIONAL CITY BANK, AS CO-AGENTS

WITH

BANC OF AMERICA SECURITIES LLC,
AS LEAD ARRANGER AND BOOK MANAGER

<TABLE>
<CAPTION>

TABLE OF CONTENTS

	Page

<S>	<C>
SECTION 1.	DEFINITIONS; INTERPRETATION..... 1
Section 1.1	Definitions..... 1
Section 1.2	Interpretation..... 11
SECTION 2.	THE CREDIT FACILITY..... 11
Section 2.1	Loans..... 11
Section 2.2	Letters of Credit..... 11
Section 2.3	Types of Loans and Minimum Borrowing Amounts..... 14
Section 2.4	Manner of Borrowing..... 14
Section 2.5	Interest Periods..... 15
Section 2.6	Interest Payments..... 16
Section 2.7	Default Rates..... 16
Section 2.8	Maturity of Loans..... 17
Section 2.9	Optional Prepayments..... 17
Section 2.10	Mandatory Prepayments of Loans..... 17
Section 2.11	The Notes..... 18
Section 2.12	Breakage Fees..... 18
Section 2.13	Commitment Terminations..... 18
Section 2.14	Agent Reliance on Borrower Payment..... 19
SECTION 3.	FEEES AND PAYMENTS..... 19
Section 3.1	Fees..... 19
Section 3.2	Place and Application of Payments..... 20
Section 3.3	Withholding Taxes..... 20
SECTION 4.	CONDITIONS PRECEDENT..... 22
Section 4.1	Conditions Precedent to Initial Borrowing..... 22
Section 4.2	Conditions Precedent to all Borrowings..... 23
SECTION 5.	REPRESENTATIONS AND WARRANTIES..... 24
Section 5.1	Organization..... 24

Section 5.2	Power and Authority; Validity.....	24
Section 5.3	No Violation.....	24
Section 5.4	Litigation.....	25
Section 5.5	Use of Proceeds; Margin Regulations.....	25
Section 5.6	Investment Company Act.....	25
Section 5.7	Public Utility Holding Company Act.....	25
Section 5.8	True and Complete Disclosure.....	25
Section 5.9	Financial Statements.....	25
Section 5.10	No Material Adverse Change.....	26
Section 5.11	Labor Controversies.....	26
Section 5.12	Taxes.....	26
Section 5.13	ERISA.....	26
Section 5.14	Consents.....	26
Section 5.15	Capitalization.....	26
Section 5.16	Ownership of Property.....	26
Section 5.17	Compliance with Statutes.....	26
Section 5.18	Environmental Matters.....	27
Section 5.19	Year 2000 Compliance.....	27
Section 5.20	Existing Indebtedness and Liens.....	27

</TABLE>

<TABLE>		
<S>	<C>	<C>
SECTION 6.	COVENANTS.....	27
Section 6.1	Existence.....	27
Section 6.2	Maintenance.....	28
Section 6.3	Taxes.....	28
Section 6.4	ERISA.....	28
Section 6.5	Insurance.....	28
Section 6.6	Financial Reports and Other Information.....	28
Section 6.7	Lenders' Inspection Rights.....	30
Section 6.8	Conduct of Business.....	30
Section 6.9	New Subsidiaries and Additional Collateral.....	30
Section 6.10	Dividends and Negative Pledges.....	31
Section 6.11	Restrictions on Fundamental Changes.....	31
Section 6.12	Environmental Laws.....	32
Section 6.13	Liens.....	32
Section 6.14	Indebtedness.....	33
Section 6.15	Loans, Advances and Investments.....	33
Section 6.16	Transfer of Assets.....	34
Section 6.17	Transactions with Affiliates.....	34
Section 6.18	Compliance with Laws.....	34
Section 6.19	Capital Expenditures.....	34
Section 6.20	Minimum Consolidated Net Worth.....	34
Section 6.21	Minimum Interest Coverage Ratio.....	34
Section 6.22	Funded Debt to EBITDA Ratio.....	35
Section 6.23	Senior Debt to EBITDA.....	35
Section 6.24	Subordinated Debt Investment.....	35
SECTION 7.	EVENTS OF DEFAULT AND REMEDIES.....	35
Section 7.1	Events of Default.....	35
Section 7.2	Non-Bankruptcy Defaults.....	36
Section 7.3	Bankruptcy Defaults.....	37
Section 7.4	Collateral for Undrawn Letters of Credit.....	37
Section 7.5	Notice of Default.....	37
SECTION 8.	CHANGE IN CIRCUMSTANCES.....	37
Section 8.1	Change of Law.....	37
Section 8.2	Unavailability of Deposits or Inability to Ascertain LIBOR Rate.....	38
Section 8.3	Increased Cost and Reduced Return.....	38
Section 8.4	Lending Offices.....	39
Section 8.5	Discretion of Lender as to Manner of Funding.....	39
Section 8.6	Substitution of Lender.....	39
SECTION 9.	THE AGENT.....	39
Section 9.1	Appointment and Authorization.....	39
Section 9.2	Rights and Powers.....	39
Section 9.3	Action by Agent.....	40
Section 9.4	Consultation with Experts.....	40
Section 9.5	Indemnification Provisions; Credit Decision.....	40
Section 9.6	Indemnity.....	40
Section 9.7	Resignation of Agent and Successor Agent.....	41
Section 9.8	Lead Arranger and Book Manager, Documentation Agents, Managing Agents, and Co-Agents.....	41

</TABLE>

<TABLE>		
<S>	<C>	<C>
SECTION 10.	MISCELLANEOUS.....	41
Section 10.1	No Waiver of Rights.....	41
Section 10.2	Non-Business Day.....	41

Section 10.3	Documentary Taxes.....	41
Section 10.4	Survival of Representations.....	41
Section 10.5	Survival of Indemnities.....	42
Section 10.6	Setoff.....	42
Section 10.7	Notices.....	42
Section 10.8	Counterparts.....	43
Section 10.9	Successors and Assigns.....	43
Section 10.10	Sales and Transfers of Borrowings and Notes; Participations in Borrowings and Notes.....	43
Section 10.11	Amendments.....	45
Section 10.12	Headings.....	45
Section 10.13	Legal Fees, Other Costs and Indemnification.....	45
Section 10.14	Governing Law; Submission to Jurisdiction; Waiver of Jury Trial.....	46
Section 10.15	Confidentiality.....	47
Section 10.16	Severability.....	47
Section 10.17	Change in Accounting Principles or Tax Laws.....	47
Section 10.18	Loans Under Existing Credit Agreement.....	48
Section 10.19	Effectiveness.....	48
Section 10.20	Notice.....	48

</TABLE>

iii

EXHIBITS

Exhibit 2.4	Form of Borrowing Request
Exhibit 2.11	Form of Note
Exhibit 4.1A	Form of Subsidiary Guaranty
Exhibit 4.1B	Form of Pledge Agreement
Exhibit 4.1C	Form of Security Agreement
Exhibit 4.1D	Form of Patent Collateral Assignment
Exhibit 4.1E	Form of Financial Condition Certificate
Exhibit 6.6	Form of Compliance Certificate
Exhibit 10.10	Form of Assignment Agreement

SCHEDULES

Schedule 1.1	Initial Commitments
Schedule 2.2	Existing Letters of Credit
Schedule 5.1	List of Subsidiaries
Schedule 5.4	List of Litigation
Schedule 5.12	List of Outstanding Tax Issues
Schedule 5.20	List of Existing Liens and Indebtedness
Schedule 6.13	List of Permitted Liens and Indebtedness

iv

THIRD AMENDED AND RESTATED SECURED CREDIT AGREEMENT dated as of June 14, 1999, between Quanta Services, Inc., a Delaware corporation (the "Borrower"), the lenders from time to time parties hereto (each a "Lender" and collectively, the "Lenders"), NationsBank, N.A., d/b/a Bank of America, N.A., as administrative agent for the Lenders (in such capacity, the "Agent"), BankBoston, N.A. and Bank One, Texas, National Association, as documentation agents for the Lenders (in such capacity, each is a "Documentation Agent"), Credit Lyonnais New York Branch and The Bank of Nova Scotia, as managing agents for the Lenders (in such capacity, each is a "Managing Agent"), and First Union National Bank, LaSalle Bank National Association, and National City Bank as co-agents for the Lenders (in such capacity, each is a "Co-Agent").

RECITALS

A. The Borrower, certain of the Lenders and Bank One, Texas, National Association ("Existing Agent") previously entered into that certain Credit Agreement dated as of April 9, 1998 (the "Initial Credit Agreement").

B. The Borrower, certain of the Lenders, and the Existing Agent previously entered into that certain Amended and Restated Credit Agreement dated as of August 3, 1998, which amended and restated in its entirety the Initial Credit Agreement, as amended by that certain First Amendment to Amended and Restated Credit Agreement dated as of September 29, 1998 (as so amended, the "Amended and Restated Credit Agreement").

C. The Borrower, certain of the Lenders, and the Existing Agent previously entered into that certain Second Amended and Restated Secured Credit Agreement dated as of November 12, 1998, which amended and restated in its entirety the Amended and Restated Credit Agreement (the "Second Amended and Restated Credit Agreement").

D. The parties to the Second Amended and Restated Credit Agreement desire to amend and restate such agreement in its entirety to increase the Commitment Amount to \$350,000,000, to increase the L/C Commitment Amount from \$10,000,000 to \$15,000,000, to increase the amount of the swing line from \$5,000,000 to \$15,000,000, to change the administrative agent by substituting NationsBank, N.A. d/b/a Bank of America for the Existing Agent, and to make certain other

amendments to which the parties have agreed.

NOW, THEREFORE, in consideration of the premises and of the mutual covenants contained in this Agreement, the parties to this Agreement agree as follows:

SECTION 1. DEFINITIONS; INTERPRETATION.

Section 1.1 Definitions. Unless otherwise defined in this Agreement,

the following terms shall have the following meanings:

"Acquisition" means a direct or indirect purchase by the Borrower or any of its Subsidiaries after the Effective Date for cash, stock or other securities or other property, whether in one or more related transactions, of all or substantially all of the assets or voting securities or other equity interests of a Person or a business unit, division or group of a Person.

"Adjusted LIBOR Rate" means, for any Borrowing of LIBOR Loans, a rate per annum determined in accordance with the following formula:

$$\text{Adjusted LIBOR Rate} = \frac{\text{LIBOR Rate}}{1.00 - \text{Eurodollar Reserve Percentage}}$$

"Affiliate" means, for any Person, (i) any other Person that directly or indirectly through one or more intermediaries controls, or is under common control with, or is controlled by, such Person, and (ii) any other Person owning beneficially or controlling ten percent (10%) or more of the equity interests in such Person; provided that any investor in connection with any Subordinated Debt Investment shall not be considered an Affiliate hereunder. As used

1

in this definition, "control" means the power, directly or indirectly, to direct or cause the direction of management or policies of a Person (through ownership of voting securities or other equity interests, by contract or otherwise).

"Agent" means NationsBank, N.A. d/b/a Bank of America, N.A. acting in its capacity as administrative agent for the Lenders, and any successor agent appointed hereunder pursuant to Section 9.7.

"Agreement" means this Credit Agreement, as amended, restated or supplemented from time to time.

"Applicable Margin" means for Base Rate Loans or LIBOR Loans, as applicable, for any day at such times as the relevant Funded Debt to EBITDA Ratio is in one of the following ranges, the percentage per annum set forth opposite such Funded Debt to EBITDA Ratio for such Loans for each tier of the following pricing grid:

<TABLE>
<CAPTION>

Tier	Funded Debt to EBITDA Ratio	LIBOR Loans	Base Rate Loans
<S>	<C>	<C>	<C>
I.	Greater than or equal to 3.0 to 1.0	2.00%	0.25%
II.	Greater than or equal to 2.5 to 1.0 but less 3.0 to 1.0	1.75%	0.00%
III.	Greater than or equal to 2.0 to 1.0 but less than 2.5 to 1.0	1.50%	0.00%
IV.	Greater than or equal to 1.5 to 1.0 but less than 2.0 to 1.0	1.25%	0.00%
V.	Less than 1.5 to 1.0	1.00%	0.00%

</TABLE>

For the period from the Effective Date through the earlier of (a) the date the Compliance Certificate and financial statements required by Section 6.6(a)(i) and Section 6.6(b), for the fiscal quarter ended September 30, 1999, are required to be provided to the Agent, and (b) the date such Compliance Certificate and financial statements are provided to the Agent, the Applicable Margin for LIBOR Loans and for Base Rate Loans determined as of such quarter may be greater than or equal to but may not be less than the respective Applicable Margins in tier IV on the above pricing grid. Thereafter, the Applicable Margin shall be set according to the tiers on the above pricing grid as determined by the Agent based on the applicable Compliance Certificate and financial

statements required by Section 6.6(a)(i) or (ii) and Section 6.6(b), and any change in the Applicable Margin shall be effective as of the earlier of (i) the date such Compliance Certificate and financial statements are required to be provided to the Agent, and (b) the date such Compliance Certificate and financial statements are provided to the Agent. Notwithstanding the foregoing, if, prior to the date the Compliance Certificate and financial statements are required to be provided to Agent for the fiscal quarter ended September 30, 1999, the Borrower consummates a public offering of the Borrower's capital stock and receives at least \$75,000,000 in gross proceeds from such offering, the Borrower may provide to Agent a pro forma Compliance Certificate which gives effect to the public offering when calculating the Funded Debt to EBITDA Ratio, and, to the extent the pro forma calculation results in a lower Funded Debt to EBITDA Ratio and a corresponding reduction of the Applicable Margin, the Applicable Margin may be adjusted downward from its then determined tier but only to the next tier on the pricing grid. If Borrower fails to timely provide to the Agent the Compliance Certificate and the financial statements, then from the period beginning the first day after the date such Compliance Certificate and financial statements are required to be provided to the Agent and ending on the date such items are actually provided to the Agent,

2

the respective Applicable Margins for LIBOR Loans and for Base Rate Loans shall be the Applicable Margins in tier I on the above pricing grid.

"Application" means an application for a Letter of Credit in the form from time to time used by Agent's letter of credit department.

"Assignment Agreement" means an agreement in substantially the form of Exhibit 10.10 whereby a Lender conveys part or all of its Commitments, Loans and participations in Letters of Credit to another Person that thereupon becomes a Lender, or that increases its Commitments, outstanding Loans and outstanding participations in Letters of Credit pursuant to Section 10.10.

"Base Rate" means, for any day, the higher of (i) the fluctuating commercial loan rate announced by the Agent from time to time as its base rate for Dollar loans in the United States of America in effect on such day (which base rate may not be the lowest rate charged by the Agent on loans to any of its customers), or (ii) the Federal Funds Rate plus one-half of one percent (0.5%) per annum, with any change in the Base Rate resulting from a change in either such rate to be effective on the date of the relevant change.

"Base Rate Loan" means, as applicable, (i) a Revolving Loan bearing interest prior to maturity at the Base Rate plus the Applicable Margin, or (ii) a Swing Line Loan bearing interest prior to maturity at the Base Rate minus the Commitment Fee Percentage.

"Beneficial Ownership," and "Beneficial Owner" shall have the meanings assigned to them in Rule 13d-3 under the Exchange Act in effect on June 14, 1999.

"Borrower" means Quanta Services, Inc., a Delaware corporation.

"Borrowing" means any extension of credit made by the Lenders or the Agent, as the case may be, by way of Loans or Letters of Credit, including any Borrowings advanced, continued or converted. A Borrowing is "advanced" on the day the Lenders or the Agent, as the case may be, advances funds comprising such Borrowing to the Borrower or a Letter of Credit is issued, is "continued" (in the case of LIBOR Loans) on the date a new Interest Period commences for such Borrowing, and is "converted" when such Borrowing is changed from one type of Loan to the other, all as requested by the Borrower pursuant to Section 2.4(a).

"Borrowing Request" means a request for a Borrowing as defined in Section 2.4.

"Business Day" means any day other than a Saturday or Sunday on which banks are not authorized or required to close in Houston, Texas, and, if the applicable Business Day relates to the advance or continuation of, conversion into or payment on a LIBOR Loan, on which banks are dealing in Dollar deposits in the interbank eurocurrency market in London, England.

"Capital Expenditures" means, for any period, the sum, without duplication, of all expenditures of the Borrower and its Subsidiaries for fixed or capital assets made during such period which, in accordance with GAAP, are required to be classified as capital expenditures, in each case excluding all such expenditures incurred by any entity or business acquired in an Acquisition prior to the date of such Acquisition.

"Capitalized Lease Obligations" means, for any Person, the amount of such Person's liabilities under all leases of real or personal property (or any interest therein) which is required to be capitalized on the balance sheet of such Person as determined in accordance with GAAP.

"Cash Equivalents" means (i) securities issued or directly and fully guaranteed or insured by the United States of America or any agency or

instrumentality thereof having maturities of not more than twelve (12) months from the date of acquisition; (ii) U.S. Dollar denominated time deposits and certificates of deposit maturing within one (1) year

3

from the date of acquisition thereof with any Lender or any other financial institution whose short-term senior unsecured debt rating is at least A-1 from S&P or P-1 from Moody's; (iii) LIBOR denominated time deposits and certificates of deposit maturing within six (6) months from the date of acquisition thereof with any Lender or any other financial institution whose short-term senior unsecured debt rating is at least A-1 from S&P or P-1 from Moody's; (iv) commercial paper or Eurocommercial paper with a rating of at least A-1 from S&P or P-1 from Moody's, with maturities of not more than twelve (12) months from the date of acquisition; (v) repurchase obligations entered into with any Lender or any other financial institution whose short-term senior unsecured debt rating is at least A-1 from S&P or P-1 from Moody's, which are secured by a fully perfected security interest in any obligation of the type described in (i) above and has a market value of the time such repurchase is entered into of not less than 100% of the repurchase obligation of such Lender or such other Person thereunder; (vi) marketable direct obligations issued by any state of the United States of America or any political subdivision of any such state or any public instrumentality thereof maturing within twelve (12) months from the date of acquisition thereof or providing for the resetting of the interest rate applicable thereto not less often than annually and, at the time of acquisition, having one of the two highest ratings obtainable from either S&P or Moody's; and (vii) money market funds which have at least \$1,000,000,000 in assets and which invest primarily in securities of the types described in clauses (i) through (vi) above.

"Change in Control" shall be deemed to have occurred if (i) any Person acquires, directly or indirectly, the Beneficial Ownership of any voting security of the Borrower and immediately after such acquisition such Person is, directly or indirectly, the Beneficial Owner of voting securities representing 50% or more of the total voting power of all the then outstanding voting securities of the Borrower entitled to vote generally in the election of directors; or (ii) individuals who on June 14, 1999, constituted the Borrower's Board of Directors, or their approved successors, cease for any reason to constitute at least a majority of the Borrower's Board of Directors. An approved successor is a new director elected when the election or nomination for the election by the Borrower's stockholders of such new director was approved by vote of at least 2/3rds of the directors then still in office who were directors on June 14, 1999, or their approved successors.

"Co-Agents" is defined in the Preamble.

"Code" means the Internal Revenue Code of 1986, as amended.

"Collateral" means all property and assets of the Borrower and its Subsidiaries in which the Agent is granted a Lien for the benefit of the Lenders.

"Collateral Account" means the cash collateral account for outstanding undrawn Letters of Credit as defined in Section 7.4(b).

"Commitment" means, relative to any Lender, such Lender's obligation to make Loans under Section 2.1, participate in Swing Line Loans under Section 2.1, and participate in Letters of Credit issued pursuant to Section 2.2, in the percentage and amount set forth on Schedule 1.1, or pursuant to Section 10.10, as such percentage and amount may be adjusted from time to time pursuant to this Agreement.

"Commitment Amount" means an amount equal to \$350,000,000, as such amount may be reduced from time to time pursuant to the terms of this Agreement.

"Commitment Fee" means the amount of the then applicable commitment fee under Section 3.1(a).

"Commitment Fee Percentage" means the then applicable commitment fee percentage set out on the grid in Section 3.1(a).

"Commitment Termination Date" means the earliest of (i) the Maturity Date; (ii) the date on which the Commitments are terminated in full or reduced to zero pursuant to Section 2.13; or (iii) the occurrence of any Event of Default described in Section 7.1(f) or (g) with respect to the Borrower or the occurrence and continuance of any other

4

Event of Default and either (x) the declaration of the Loans to be due and payable pursuant to Section 7.2, or (y) in the absence of such declaration, the giving of written notice by the Agent, acting at the direction of the Majority Lenders, to the Borrower pursuant to Section 7.2 that the Commitments have been terminated.

"Compliance Certificate" means a certificate substantially in the form of Exhibit 6.6.

"Consolidated Interest Expense" means, for any period, total interest expense of the Borrower and its Subsidiaries on a consolidated basis for such period in connection with Indebtedness, determined in accordance with GAAP.

"Consolidated Net Income" means, for any period, the net income (or loss), after provision for taxes, of the Borrower and its Subsidiaries on a consolidated basis for such period, determined in accordance with GAAP.

"Consolidated Net Worth" means, as of any date of determination, the Borrower's consolidated stockholders equity determined in accordance with GAAP.

"Credit Documents" means this Agreement, the Notes, the Subsidiary Guaranties, the Pledge Agreements, the Security Agreements, the Applications, the Borrowing Requests, Interest Rate Protection Agreements with any Lender or any Affiliate of Lender, and any other pledge agreements, documents or instruments executed by the Borrower or any of its Subsidiaries in connection with this Agreement.

"Default" means any event or condition the occurrence of which would, with the passage of time or the giving of notice, or both, constitute an Event of Default.

"Documentation Agent" is defined in the Preamble.

"Dollar" and "U.S. Dollar" and the sign "\$" means lawful money of the United States of America.

"EBIT" means, for any period, on a trailing four fiscal quarter basis, the sum of Consolidated Net Income plus each of the following to the extent actually deducted in determining Consolidated Net Income, (a) Consolidated Interest Expense, and (b) provisions for taxes based on income or revenues, all calculated on a consolidated basis for the Borrower and its Subsidiaries and as determined in accordance with GAAP.

"EBITDA" means, for any period, on a trailing four fiscal quarter basis (using the historical financial results of any business acquired in an Acquisition through the Effective Date, to the extent applicable, all on a pro forma basis, consistent with SEC regulations), the sum of (i) Consolidated Net Income plus each of the following to the extent actually deducted in determining Consolidated Net Income, (a) Consolidated Interest Expense, and (b) provisions for taxes based on income or revenues, plus (ii) the amount of all depreciation and amortization expense deducted in determining Consolidated Net Income, and adjusted for (iii) Non-Cash Charges, all calculated on a consolidated basis for the Borrower and its Subsidiaries and as determined in accordance with GAAP. Upon the consummation of any Acquisition after the Effective Date, EBITDA may be calculated, subject to the immediately following sentence, using a calculation which (y) includes the historical financial results of the acquired business on a pro forma trailing four fiscal quarter basis (consistent with SEC regulations), and (z) assumes that the consummation of such Acquisition (and the incurrence, refinancing, or assumption of any Indebtedness in connection with such Acquisition) occurred on the first day of the trailing four fiscal quarter period. The foregoing adjustment to EBITDA to take into account an Acquisition may only be made if the balance sheet and statements of income, retained earnings, and cash flows of the acquired Person (or the Person from whom the assets, securities or other equity interests were acquired), are in compliance with SEC regulations and requirements regarding the preparation and presentation of historical financial information and pro forma financial information.

"Effective Date" means the date this Agreement becomes effective as defined in Section 10.19.

5

"Enron Subordinated Debt Documents" means that certain Securities Purchase Agreement by and among the Borrower, Enron Capital & Trade Resources Corp. and Joint Energy Development Investments II Limited Partnership dated as of September 29, 1998, the Convertible Subordinated Notes of the Borrower issued pursuant thereto and any other Basic Document as defined therein, as amended from time to time as permitted hereby.

"Environmental Claims" means any and all administrative, regulatory or judicial actions, suits, demands, demand letters, claims, liens, notices of non-compliance or violations, formal investigations or proceedings relating to any Environmental Law ("Claims") or any permit issued under any Environmental Law, including, without limitation, (i) any and all Claims by governmental or regulatory authorities for enforcement, cleanup, removal, response, remedial or other actions or damages pursuant to any applicable Environmental Law, and (ii) any and all Claims by any third party seeking damages, contribution, indemnification, cost recovery, compensation or injunctive relief resulting from a release or threatened release of Hazardous Materials.

"Environmental Law" means any federal, state or local statute, law, rule,

regulation, ordinance, code, policy or rule of common law now or hereafter in effect, including any judicial or administrative order, consent, decree or judgment relating to (i) the environment, (ii) health or safety in relation to the environment or (iii) Hazardous Materials.

"ERISA" means the Employee Retirement Income Security Act of 1974, as amended.

"Eurodollar Reserve Percentage" means, with respect to each Interest Period for a LIBOR Loan, a percentage (expressed as a decimal) equal to the daily average during such Interest Period of the percentages in effect on each day of such Interest Period, if any, as prescribed by the Board of Governors of the Federal Reserve System (or any successor thereto), for determining the maximum reserve requirements (including, without limitation, any supplemental, marginal and emergency reserves) applicable to "Eurocurrency Liabilities" pursuant to Regulation D of the Board of Governors of the Federal Reserve System or any other then applicable regulation of the Board of Governors which prescribes reserve requirements applicable to "Eurocurrency Liabilities" as presently defined in Regulation D.

"Event of Default" means any of the events or circumstances specified in Section 7.1.

"Exchange Act" means the Securities Exchange Act of 1934, as amended from time to time, and the rules and regulations of the SEC promulgated thereunder.

"Federal Funds Rate" means, for any day, the rate per annum (rounded upwards, if necessary, to the nearest 1/16th of 1%) equal to the weighted average of the rates on overnight federal funds transactions with members of the Federal Reserve System arranged by federal funds brokers on such day, as published by the Federal Reserve Bank of New York on the next Business Day, provided that (A) if such day is not a Business Day, the rate on such transactions on the immediately preceding Business Day as so published on the next Business Day shall apply, and (B) if no such rate is published on such next Business Day, the rate for such day shall be the average of the offered rates quoted to the Agent by two (2) federal funds brokers of recognized standing on such day for such transactions as selected by the Agent.

"Fee Letter" means that certain letter agreement dated May 3, 1999, by and between the Agent, the Lead Arranger and Book Manager, and the Borrower.

"Funded Debt" means, as of any date of determination, the sum, without duplication, of the following for the Borrower and its Subsidiaries: (i) Indebtedness for borrowed money, all obligations evidenced by bonds, debentures, notes or similar instruments, and purchase money obligations which in accordance with GAAP would be shown on the consolidated balance sheet of the Borrower as a liability, (ii) all reimbursement obligations relative to the face amount of all drawn letters of credit issued for the account of the Borrower or any of its Subsidiaries, and (iii) all Capitalized Lease Obligations.

"Funded Debt to EBITDA Ratio" means, when determined, the ratio of (i) Funded Debt, to (ii) EBITDA.

6

"GAAP" means generally accepted accounting principles from time to time in effect as set forth in the opinions and pronouncements of the Accounting Principles Board of the American Institute of Certified Public Accountants and the statements and pronouncements of the Financial Accounting Standards Board or in such other statements, opinions and pronouncements by such other entity as may be approved by a significant segment of the U.S. accounting profession.

"Guarantor" means each Subsidiary of the Borrower listed on Schedule 5.1 and any other Subsidiary of the Borrower required to become a Guarantor pursuant to Section 6.9.

"Guaranty" by any Person means all contractual obligations (other than endorsements in the ordinary course of business of negotiable instruments for deposit or collection or similar transactions in the ordinary course of business) of such Person guarantying any Indebtedness, dividend or other obligation (including, without limitation, obligations in connection with sales of any property) of any other Person (the "primary obligor") in any manner, whether directly or indirectly, including, without limitation, all obligations incurred through an agreement, contingent or otherwise, by such Person: (i) to purchase such Indebtedness or obligation, or to purchase any property or assets constituting security therefor, primarily for the purpose of assuring the owner of such Indebtedness or obligations of the ability of the primary obligor to make payment of the Indebtedness or obligation; or (ii) to advance or supply funds (x) for the purchase or payment of such Indebtedness or obligation, or (y) to maintain working capital or other balance sheet condition, or otherwise to advance or make available funds for the purchase or payment of such Indebtedness or obligation, in each case primarily for the purpose of assuring the owner of such Indebtedness or obligation of the ability of the primary obligor to make payment of the Indebtedness or obligation; or (iii) to lease property or to purchase securities or other property or services of the primary obligor

primarily for the purpose of assuring the owner of such Indebtedness or obligation of the ability of the primary obligor to make payment of the Indebtedness or obligation; or (iv) otherwise to assure the owner of the Indebtedness or obligation of the primary obligor against loss in respect thereof. For the purpose of all computations made under this Agreement, the amount of a Guaranty in respect of any obligation shall be deemed to be equal to the amount that would apply if such obligation were the direct obligation of such Person rather than the primary obligor or, if less, the maximum aggregate potential liability of such Person under the terms of the Guaranty.

"Hazardous Material" shall have the meaning assigned to the term Hazardous Substance in the Comprehensive Environmental Response Compensation and Liability Act of 1980, as amended by the Superfund Amendments and Reauthorization Acts of 1986, and shall include any substance defined as "hazardous" or "toxic" or words used in place thereof under any Environmental Law applicable to the Borrower or any of its Subsidiaries.

"Highest Lawful Rate" means the maximum nonusurious interest rate, if any, that at any time or from time to time may be contracted for, taken, reserved, charged or received on the Loans or the Reimbursement Obligations, or under laws applicable to the Agent or any of the Lenders, which are presently in effect or, to the extent allowed by applicable law, under such laws which may hereafter be in effect and which allow a higher maximum nonusurious interest rate than applicable laws now allow. Determination of the rate of interest for the purpose of determining whether the Loans or the Reimbursement Obligations are usurious under all applicable laws shall be made by amortizing, prorating, allocating, and spreading, in equal parts during the period of the full stated term of the Loans, all interest at any time contracted for, taken, reserved, charged or received from the Borrower in connection with the Loans or the Reimbursement Obligations, as applicable.

"Indebtedness" means, for any Person, the following obligations of such Person, without duplication: (i) obligations of such Person for borrowed money; (ii) obligations of such Person representing the deferred purchase price of property or services other than accounts payable arising in the ordinary course of business and other than amounts which are being contested in good faith and for which reserves in conformity with GAAP have been provided; (iii) obligations of such Person evidenced by bonds, notes, bankers acceptances, debentures or other similar instruments of such Person or reimbursement obligations or other obligations with respect to letters of credit issued for such Person's account or letters of credit issued pursuant to such Person's application therefor; (iv) obligations of other Persons, whether or not assumed, secured by Liens upon property or payable out of the proceeds or production from property now or hereafter owned or acquired by such Person, but only to the extent of such property's fair market value; (v) Capitalized Lease Obligations of such Person; (vi) obligations under Interest Rate Protection Agreements and under hedge, swap, exchange, forward, future, collar or cap arrangements, fixed price agreements and all other agreements

7

or arrangements designed to protect against fluctuations in commodity prices and currency exchange rates; and (vii) obligations of such Person pursuant to a Guaranty of any of the foregoing of another Person. For purposes of this Agreement, the Indebtedness of any Person shall include the Indebtedness of any partnership or joint venture to which such Person is a party, to the extent the holder of such Indebtedness has recourse to such Person.

"Indemnified Taxes" shall have the meaning ascribed to such term in Section 3.3.

"Initial Borrowing Date" means the date on which all conditions precedent set forth herein to the initial Borrowings are satisfied or waived in writing and the initial Borrowing hereunder occurs.

"Interest Payment Date" means (i) for a Base Rate Loan, the last Business Day of each calendar quarter such Loan is outstanding commencing June 30, 1999, and (ii) for a LIBOR Loan, the last Business Day of each Interest Period for such Loan and, during any Interest Period of six (6) months, the next Business Day occurring three (3) months after the commencement of such Interest Period.

"Interest Period" means the period commencing on the date that a Borrowing of LIBOR Loans is advanced, continued, or created by conversion and, subject to Section 2.5, ending on the date one (1), two (2), three (3) or six (6) months thereafter as selected by the Borrower pursuant to the terms of this Agreement.

"Interest Rate Protection Agreement" means any hedge, swap, exchange, forward, future collar or cap arrangements, fixed price agreements or other agreements or arrangements designed to protect against fluctuations in interest rates.

"Investments" shall have the meaning ascribed to such term in Section 6.15.

"L/C Commitments" means, relative to any Lender, such Lender's obligation to participate in Letters of Credit pursuant to Section 2.2 in the percentage

set forth opposite its signature hereto or pursuant to Section 10.10, as such commitments may be reduced from time to time pursuant to the terms of this Agreement.

"L/C Commitment Amount" means \$15,000,000, as such amount may be reduced from time to time pursuant to the terms of this Agreement.

"L/C Documents" means this Agreement, the Letters of Credit and any Borrowing Requests and Applications with respect thereto and any draft or other document presented in connection with a drawing thereunder.

"L/C Obligations" means the undrawn face amounts of all outstanding Letters of Credit and all unpaid Reimbursement Obligations with respect to Letters of Credit.

"Lead Arranger and Book Manager" means Banc of America Securities LLC.

"Lenders" is defined in the Preamble.

"Lending Office" means the branch, office or affiliate of a Lender specified on the appropriate signature page hereof or designated pursuant to Sections 8.4 or 10.10.

"Letter of Credit" means any of (a) the letters of credit issued by the Agent on behalf of the Lenders for the account of the Borrower pursuant to Section 2.2, and (b) the letters of credit set out on Schedule 2.2.

"LIBOR Loan" means a Revolving Loan bearing interest prior to maturity at the Adjusted LIBOR Rate plus the Applicable Margin.

"LIBOR Rate" means a rate of interest per annum (rounded upwards, if necessary, to the nearest whole multiple of 1/16 of 1%), equal to the offered rate for U.S. Dollar deposits of not less than \$1,000,000 for a period of time equal to the applicable Interest Period for such Loan as of 11:00 a.m. City of London, England time two (2) London

8

Business Days prior to the first date of each such Interest Period as shown on the display designated as "British Bankers Assoc. Interest Settlement Rates" on the Telerate System ("Telerate"), Page 3750 or Page 3740 or such other page or pages as may replace such pages on Telerate for the purpose of displaying such rate; provided, however, that if such rate is not available on Telerate then such offered rate shall be otherwise independently determined by the Agent from an alternate, substantially similar independent source available to the Agent or shall be calculated by the Agent by a substantially similar methodology as that theretofore used to determine such offered rate in Telerate.

"Lien" means any interest in any property or asset in favor of a Person other than the owner of the property or asset and securing an obligation owed to such Person, whether such interest is based on the common law, statute or contract, including, but not limited to, the security interest lien arising from a mortgage, encumbrance, pledge, conditional sale, security agreement or trust receipt, or a lease, consignment or bailment for security purposes.

"Loan" means a Base Rate Loan or a LIBOR Loan, each of which is a "type" of Loan hereunder, outstanding as a Revolving Loan or a Swing Line Loan, as applicable.

"London Business Day" means any day other than a Saturday, Sunday or a day on which banking institutions are generally authorized or obligated by law or executive order to close in the City of London, England.

"Majority Lenders" means, at any time, the Lenders then holding in the aggregate more than fifty percent (50%) of the aggregate of the Commitments, or if the Commitments have terminated pursuant to the terms hereof, the aggregate Obligations, provided that, the combination of Lenders comprising Majority Lenders from time to time may not include any Lender which has failed to advance its Percentage of a requested Borrowing. The percentage set forth opposite each Lender's name in the line designated "Percentage" on the signature page hereto reflects the initial voting percentage of each Lender hereunder on the Effective Date.

"Managing Agents" is defined in the Preamble.

"Material Adverse Effect" means an effect that results in a material adverse change since December 31, 1998 in (i) the business, properties, assets, financial condition or, prior to the Initial Borrowing Date, prospects of the Borrower and its Subsidiaries taken as a whole, or (ii) in the ability of the Borrower, or Borrower and the Guarantors taken as a whole, to perform the Obligations under the Credit Documents to which they are a party.

"Maturity Date" means June 14, 2004.

"Minimum Interest Coverage Ratio" means, for any period, the ratio of (a)

EBIT to (b) Consolidated Interest Expense.

"Moody's" means Moody's Investors Service, Inc., or any successor thereto.

"Non-Cash Charge" means, for any period, the amount of non-cash charges determined in accordance with GAAP; provided that, (a) if any cash outlay is made during such period in respect of such non-cash charge, only the amount of such non-cash charge which exceeds the amount of the cash outlay may be added back to Consolidated Net Income for purposes of calculating EBITDA, and (b) if any cash outlay is made during such period in respect of a non-cash charge taken for a prior period, the amount of such cash outlay shall be deducted from Consolidated Net Income for the current period for purposes of calculating EBITDA.

"Notes" shall mean the revolving promissory notes of the Borrower as defined in Section 2.11.

"Obligations" means all joint and several obligations of the Borrower and the Guarantors to pay fees, costs and expenses hereunder, to pay principal and interest on Loans and Reimbursement Obligations and to pay any other obligations to the Agent or the Lenders arising under any Credit Document.

"Patent Collateral Assignment" means the Patent Collateral Assignment in substantially the form of Exhibit 4.1D, as amended, restated or supplemented from time to time.

9

"PBGC" means the Pension Benefit Guaranty Corporation or any successor thereto.

"Percentage" means, for each Lender, the percentage of the Commitments represented by such Lender's Commitment; provided that, if the Commitments are terminated, each Lender's Percentage shall be calculated based on its Commitment in effect immediately before such termination, subject to any assignments by such Lender of Obligations pursuant to Section 10.10.

"Permitted Business" means any business described in Section 6.8.

"Permitted Liens" means the Liens described in Section 6.13.

"Person" means an individual, partnership, corporation, limited liability company, association, trust, unincorporated organization or any other entity or organization, including a government or any agency or political subdivision thereof.

"Plan" means an employee pension benefit plan covered by Title IV of ERISA or subject to the minimum funding standards under Section 412 of the Code that is either (i) maintained by the Borrower or any of its Subsidiaries, or (ii) maintained pursuant to a collective bargaining agreement or any other arrangement under which more than one employer makes contributions and to which the Borrower or any of its Subsidiaries is then making or accruing an obligation to make contributions or has within the preceding five (5) plan years made or had an obligation to make contributions.

"Pledge Agreements" means each Pledge Agreement of the Borrower and any of its Subsidiaries in substantially the form of Exhibit 4.1B, as amended, restated or supplemented from time to time.

"Reimbursement Obligation" means the obligations of the Borrower to reimburse the Agent, for the benefit of the Lenders, for each drawing under a Letter of Credit as described in Section 2.2(c).

"Revolving Loans" means the revolving loans by the Lenders described in Section 2.1(a).

"S&P" means Standard & Poor's Rating Group or any successor thereto.

"SEC" means the Securities and Exchange Commission.

"Second Amended and Restated Credit Agreement" is defined in the Preamble.

"Security Agreements" means each Security Agreement of the Borrower and any of its Subsidiaries in substantially the form of Exhibit 4.1C, as amended, restated or supplemented from time to time.

"Senior Debt" means, when determined, all Funded Debt which is not expressly subordinated in payment to the Obligations.

"Senior Debt to EBITDA Ratio" means, when determined, the ratio of (i) Senior Debt, to (ii) EBITDA.

"Subsidiary" means, for any Person, any corporation or other entity of which more than fifty percent (50%) of the outstanding stock or comparable equity interests having ordinary voting power for the election of the board of

directors of such corporation, any managers of such limited liability company or similar governing body (irrespective of whether or not, at the time, stock or other equity interests of any other class or classes of such corporation or other entity shall have or might have voting power by reason of the happening of any contingency) is at the time directly or indirectly owned by such Person, as applicable, or by one or more of its Subsidiaries.

"Subordinated Debt Investment" means (a) any issue of Indebtedness of the Borrower or its Subsidiaries which is subordinated in right of payment and collection to the Obligations on terms acceptable to Majority Lenders,

10

(b) publicly issued senior subordinated fixed rate debt securities (including any such debt securities issued under Rule 144A) which mature after the Maturity Date and are issued on then existing market terms which are acceptable to Agent, and (c) the subordinated Indebtedness evidenced by the Enron Subordinated Debt Documents.

"Subsidiary Guaranty" means each Guaranty of each direct or indirect domestic Subsidiary of the Borrower in substantially the form of Exhibit 4.1A.

"Swing Line" means the credit facility in an amount of \$15,000,000 for making Swing Line Loans described in Section 2.1(b).

"Swing Line Loans" means the loans made by the Agent under Section 2.1(b).

"Taxes" shall have the meaning ascribed to such term in Section 5.12.

"Unfunded Vested Liabilities" means, for any Plan at any time, the amount, if any, by which the present value of all vested nonforfeitable accrued benefits under such Plan exceeds the fair market value of all Plan assets allocable to such benefits, determined as of the then most recent valuation date for such Plan, but only to the extent that such excess represents a potential liability of the Borrower or any of its Subsidiaries to the PBGC or such Plan.

Section 1.2 Interpretation. The foregoing definitions shall be equally

applicable to the singular and plural forms of the terms defined. All references to times of day in this Agreement shall be references to Houston, Texas time unless otherwise specifically provided.

SECTION 2. THE CREDIT FACILITY.

Section 2.1 Loans.

(1) Revolving Loans. Subject to the terms and conditions hereof,

each Lender severally and not jointly agrees to make one or more loans (each a "Revolving Loan") to the Borrower from time to time before the Commitment Termination Date on a revolving basis in an aggregate amount not to exceed at any time outstanding an amount equal to its Commitment, subject to any reductions thereof pursuant to the terms of this Agreement. No Lender shall be required to make any Revolving Loan if, after giving effect thereto (and assuming all Lenders fund their Percentage of the requested Revolving Loan), (i) the aggregate principal amount of all Revolving Loans and L/C Obligations outstanding would exceed the Commitment Amount then in effect, (ii) the aggregate principal amount of all Revolving Loans of such Lender, its participating interest in Swing Line Loans, and its participating interest in all L/C Obligations would exceed its Commitment, (iii) the Commitments have terminated under the terms of this Agreement, or (iv) a Default or Event of Default exists. Each Borrowing of Revolving Loans shall be made ratably from the Lenders in proportion to their respective Percentages. Revolving Loans may be repaid, in whole or in part, and all or any portion of the principal amount thereof reborrowed, before the Commitment Termination Date, subject to the terms and conditions hereof.

(2) Swing Line Loans. Subject to the terms and conditions of

this Agreement, the Agent will make one or more loans (each a "Swing Line Loan") to the Borrower from time to time before the Commitment Termination Date in an aggregate amount not to exceed at any time outstanding the amount of the Swing Line. At the request of the Agent, (i) without regard to the limitations in Section 2.3, the Lenders shall make Revolving Loans to the Borrower in an amount equal to the outstanding amount of the Swing Line Loans, and the Borrower hereby instructs the Agent in such circumstance to apply the proceeds of such Revolving Loans to such Swing Line Loans such that the Swing Line Loans are repaid in full; or (ii) in the event any such Revolving Loans are not made, each Lender shall severally and not jointly, purchase from the Agent (and if it fails to effect such purchase, shall be deemed to have purchased from the Agent), and the Agent hereby agrees to sell to each Lender, an undivided percentage participation interest, up to the extent of such Lender's Percentage in each Swing Line Loan, in each case (y) so long as no Event of Default of which the Agent had actual knowledge existed at the time the Swing Line Loan was made and

(z) only to the extent that the aggregate principal amount of all Revolving Loans of such Lender, its participating interest in Swing Line Loans, and its participating interest in all L/C Obligations would not exceed its Commitment. The Agent may but

11

is not obligated to make a Swing Line Loan if, after giving effect thereto (1) the aggregate principal amount of all Revolving Loans, all Swing Line Loans, and all L/C Obligations outstanding would exceed the Commitment Amount then in effect, (2) the Commitments have terminated under the terms of this Agreement, or (3) a Default or Event of Default exists. Swing Line Loans may be repaid, in whole or in part, at any time. The aggregate outstanding amount of Swing Line Loans may not exceed the amount of the Swing Line.

Section 2.2 Letters of Credit.

(1) Issuance of Letters of Credit. Subject to the terms and

conditions hereof, the Agent agrees to issue, from time to time prior to the Commitment Termination Date, at the request of the Borrower and on behalf of the Lenders and in reliance on their obligations under this Section 2.2, one or more letters of credit (each a "Letter of Credit") for the Borrower's account; provided that the Agent shall have no obligation to issue a Letter of Credit if, after the issuance thereof, (i) the outstanding Loans and L/C Obligations would thereby exceed the Commitment Amount then in effect, (ii) the outstanding L/C Obligations would thereby exceed the L/C Commitment Amount then in effect, or (iii) the issuance of such Letter of Credit would violate any legal or regulatory restriction then applicable to the Agent or any Lender as notified by such Lender to the Agent before the date of issuance of such Letter of Credit.

(2) Issuance Procedure. To request that the Agent issue a Letter of Credit, the Borrower shall deliver to the Agent (with a duplicate copy to an operations employee of the Agent as designated by the Agent from time to time) a duly executed Application for the relevant Letter of Credit, or such other computerized issuance or application procedure, instituted from time to time by the Agent and agreed to by the Borrower, completed to the reasonable satisfaction of the Agent, and such other documentation and information as the Agent may reasonably request. In the event of any irreconcilable difference or inconsistency between this Agreement and an Application, the provisions of this Agreement shall govern. Upon receipt of a properly completed and executed Application and any other reasonably requested documents or information at least two (2) Business Days prior to any requested issuance date, the Agent will process such Application in accordance with its customary procedures and issue the requested Letter of Credit on the requested issuance date. The Borrower may cancel any requested issuance of a Letter of Credit prior to the issuance thereof without the incurrence of any fee, charge or expense. The Agent will notify each Lender of the amount and expiration date of each Letter of Credit it issues promptly upon issuance thereof. Each Letter of Credit (except for up to \$5,000,000 in aggregate face amounts of Letters of Credit) shall have an expiration date no later than one (1) year from the date of issuance thereof, provided that in no event shall a Letter of Credit have an expiration date later than four (4) Business Days before the Maturity Date. If the Agent issues any Letters of Credit with expiration dates that automatically extend unless the Agent gives notice that the expiration date will not so extend, the Agent will give such notice of non-renewal before the time necessary to prevent such automatic extension if before such required notice date (i) the expiration date of such Letter of Credit if so extended would be later than four (4) Business Days before the Maturity Date, (ii) the Commitment Termination Date shall have occurred, (iii) an Event of Default has occurred and is continuing, or (iv) the Agent is so directed by the Borrower. The Agent agrees to issue amendments to any Letter of Credit increasing its amount, or extending its expiration date, at the request of the Borrower subject to the conditions precedent for all Loans of Section 4.2 and the other terms and conditions of this Section 2.2.

(3) The Borrower's Reimbursement Obligations.

(1) The Borrower hereby irrevocably and unconditionally agrees to reimburse the Agent, for the benefit of the Lenders, for each payment or disbursement made to settle its obligations under any draft drawn under a Letter of Credit (each, a "Reimbursement Obligation") within two (2) Business Days from when such draft is paid with either funds not borrowed hereunder or with a Borrowing subject to Section 2.4 and the other terms and conditions contained in this Agreement. The Reimbursement Obligation shall bear interest (which the Borrower hereby promises to pay) from and after the date such draft is paid until (but excluding the date) the Reimbursement Obligation is paid at the lesser of the Highest Lawful Rate or the Base Rate plus the Applicable Margin so long as the Reimbursement Obligation shall not be past due, and thereafter at the default rate per annum as set forth in Section 2.7(c), whether or not the Maturity Date shall have occurred. If any such payment or disbursement is reimbursed to the Agent after 2:00 p.m. on the date such payment or disbursement is made by the Agent, interest shall be paid on the reimbursable amount for one (1) day. The Agent shall give the Borrower notice of any drawing on a Letter of

Credit within one (1) Business Day after such drawing is paid.

12

(2) The Borrower agrees for the benefit of the Agent and each Lender that, notwithstanding any provision of any Application, the obligations of the Borrower under this Section 2.2(c) and each applicable Application shall be absolute, unconditional and irrevocable (subject to Section 2.2(b)) and shall be performed strictly in accordance with the terms of this Agreement and each applicable Application under all circumstances whatsoever INCLUDING, BUT NOT LIMITED TO, ANY DEFENSE BASED UPON THE AGENT'S OR ANY LENDER'S OWN SIMPLE OR CONTRIBUTORY NEGLIGENCE (other than the defense of payment in accordance with this Agreement or a defense based on the gross negligence or willful misconduct of the Agent or any Lender), including, without limitation, the following circumstances (subject in all cases to the defense of payment in accordance with this Agreement or a defense based on the gross negligence or willful misconduct of the Agent or any Lender):

(1) any lack of validity or enforceability of any of the L/C Documents;

(2) any amendment or waiver of or any consent to depart from all or any of the provisions of any of the L/C Documents;

(3) the existence of any claim, setoff, defense or other right the Borrower or any Subsidiary may have at any time against a beneficiary of a Letter of Credit (or any Person for whom a beneficiary may be acting), the Agent, any Lender or any other Person, whether in connection with this Agreement, another L/C Document or any unrelated transaction;

(4) any statement or any other document presented under a Letter of Credit proving to be forged, fraudulent, invalid or insufficient in any respect or any statement therein being untrue or inaccurate in any respect, provided that the Agent's determination that documents presented under the Letter of Credit comply with the terms thereof did not constitute gross negligence or willful misconduct of the Agent;

(5) payment by the Agent under a Letter of Credit against presentation to the Agent of a draft or certificate that does not comply with the terms of the Letter of Credit, provided that the Agent's determination that documents presented under the Letter of Credit comply with the terms thereof did not constitute gross negligence or willful misconduct of the Agent; or

(6) any other act or omission to act or delay of any kind by the Agent, any Lender or any other Person or any other event or circumstance whatsoever that might, but for the provisions of this Section 2.2(c), constitute a legal or equitable discharge of the Borrower's obligations hereunder or under any L/C Document, provided that such act or omission of the Agent did not constitute gross negligence or willful misconduct of the Agent or any Lender .

(4) The Participating Interests. Each Lender severally and not

jointly agrees to purchase from the Agent, and the Agent hereby agrees to sell to each Lender, an undivided percentage participating interest, to the extent of its Percentage, in each Letter of Credit issued by, and Reimbursement Obligation owed to, the Agent in connection with a Letter of Credit. Upon any failure by the Borrower to pay any Reimbursement Obligation in connection with a Letter of Credit at the time required in Sections 2.2(c) and 2.4(c), or if the Agent is required at any time to return to the Borrower or to a trustee, receiver, liquidator, custodian or other Person any portion of any payment by the Borrower of any Reimbursement Obligation in connection with a Letter of Credit, the Agent shall promptly give notice of same to each Lender, and the Agent shall have the right to require each Lender to fund its participation in such Reimbursement Obligation. Each Lender (except the Agent to the extent it is also a Lender) shall pay to the Agent an amount equal to each Lender's Percentage of such unpaid or recaptured Reimbursement Obligation not later than the Business Day it receives notice from the Agent to such effect, if such notice is received before 2:00 p.m., or not later than the following Business Day if such notice is received after such time. If a Lender fails to pay timely such amount

13

to the Agent, it shall also pay to the Agent interest on such amount accrued from the date payment of such amount was made by the Agent to the date of such payment by the Lender at a rate per annum equal to the Federal Funds Rate in effect for each such day, and only after such payment shall such Lender be entitled to receive its Percentage of each payment received on the relevant Reimbursement Obligation and of interest paid thereon. If any such Lender fails to pay such amount to the Agent, any payments made by the Borrower with respect to the relevant Reimbursement Obligation shall first be applied by the Agent to

the unfunded participation in such Reimbursement Obligation before any other Lenders receive any payments or proceeds. The Agent will thereafter pay each Lender its Percentage of each payment received by it relating to that for which such Lender has funded its Percentage, from the date of funding. THE SEVERAL OBLIGATIONS OF THE LENDERS TO THE AGENT UNDER THIS SECTION 2.2(D) SHALL BE ABSOLUTE, IRREVOCABLE AND UNCONDITIONAL UNDER ANY AND ALL CIRCUMSTANCES WHATSOEVER AND SHALL NOT BE SUBJECT TO ANY SETOFF, COUNTERCLAIM OR DEFENSE TO PAYMENT ANY LENDER MAY HAVE OR HAVE HAD AGAINST THE BORROWER, THE AGENT, ANY OTHER LENDER OR ANY OTHER PERSON WHATSOEVER INCLUDING, BUT NOT LIMITED TO, ANY DEFENSE BASED ON THE FAILURE OF THE DEMAND FOR PAYMENT UNDER THE LETTER OF CREDIT TO CONFORM TO THE TERMS OF SUCH LETTER OF CREDIT OR THE LEGALITY, VALIDITY, REGULARITY OR ENFORCEABILITY OF SUCH LETTER OF CREDIT AND INCLUDING, BUT NOT LIMITED TO, THOSE RESULTING FROM THE AGENT'S OWN SIMPLE OR CONTRIBUTORY NEGLIGENCE. Without limiting the generality of the foregoing, such obligations shall not be affected by any Default or Event of Default or by any subsequent reduction or termination of any Commitment of a Lender, and each payment by a Lender under Section 2.2 shall be made without any offset, abatement, withholding or reduction whatsoever.

Section 2.3 Types of Loans and Minimum Borrowing Amounts. Borrowings of

Revolving Loans may be outstanding as either Base Rate Loans or LIBOR Loans, as selected by the Borrower pursuant to Section 2.4. Borrowings of Swing Line Loans may be outstanding only as Base Rate Loans. All Borrowings of LIBOR Loans advanced on the Initial Borrowing Date shall be advanced as Base Rate Loans unless a notice for a requested LIBOR Loan has been given pursuant to Section 2.4(a) by 11:00 a.m. at least three (3) Business Days before the Initial Borrowing Date and indemnification has been provided to the Lenders in connection therewith in the event the Initial Borrowing Date does not occur on the date requested. Each Borrowing of Base Rate Loans (other than Swing Line Loans) shall be in an amount of not less than \$1,000,000, or a greater integral multiple of \$500,000. Each Borrowing of LIBOR Loans shall be in an amount of not less than \$5,000,000, or a greater integral multiple of \$1,000,000. Each Borrowing of a Swing Line Loan shall be in an amount of not less than \$10,000, or a greater integral multiple of \$10,000.

Section 2.4 Manner of Borrowing.

(1) Notice to the Agent. Subject to the limitations in Section

2.3, the Borrower shall deliver a Borrowing Request in the form of Exhibit 2.4 (each a "Borrowing Request") to the Agent by no later than (i) 11:00 a.m. at least three (3) Business Days before the date on which the Borrower requests the Lenders or the Agent, as applicable, to advance a Borrowing of LIBOR Loans, (ii) 11:00 a.m. on the date the Borrower requests the Lenders or the Agent, as applicable, to advance a Borrowing of Base Rate Loans (other than Swing Line Loans), and (iii) 1:00 p.m. on the date the Borrower requests the Agent to advance a Borrowing of Swing Line Loans, in each case pursuant to a duly executed Borrowing Request, and the Agent shall promptly give the Lenders notice thereof. Notwithstanding the foregoing, Swing Line Loans by the Agent made in connection with a cash management agreement between Borrower and the Agent shall be governed by the terms of that agreement and no notice of any such Swing Line Loan is required and such Swing Line Loans are not subject to the minimum or integral multiple amount requirements of Section 2.3.

(2) Selection of Interest Periods. The Borrower may select multiple Interest Periods for the Revolving Loans constituting any particular Borrowing, provided that at no time shall the number of different Interest Periods for outstanding LIBOR Loans exceed eight (8). The Revolving Loans included in each Borrowing shall bear interest initially at the type of rate specified in the Borrowing Request with respect thereto. Thereafter, the Borrower may from time to time elect to change or continue the type of interest rate borne by each Borrowing or, subject to Section 2.3's minimum amount requirement for each outstanding Borrowing, a portion thereof, as follows: (i) if such Borrowing is of LIBOR Loans, the Borrower may continue part or all of such Borrowing as LIBOR Loans for an Interest Period specified by the Borrower or convert part or all of such Borrowing into Base Rate Loans on the last day of the

Interest Period applicable thereto, or the Borrower may earlier convert part or all of such Borrowing into Base Rate Loans so long as it pays the breakage fees and funding losses provided in Section 2.12 and all interest accrued on such Borrowing, and (ii) if such Borrowing is of Base Rate Loans, the Borrower may convert all or part of such Borrowing into LIBOR Loans for an Interest Period specified by the Borrower on any Business Day. Notices of the continuation of a Borrowing of LIBOR Loans for an additional Interest Period or of the conversion of part or all of a Borrowing of LIBOR Loans into Base Rate Loans or of Base Rate Loans into LIBOR Loans must be given by no later than 11:00 a.m. at least three (3) Business Days before the date of the requested continuation or conversion. The Borrower shall give such notices concerning the advance, continuation, or conversion of a Borrowing by telephone or facsimile (which notice shall be irrevocable once given and, if by telephone, shall be promptly

confirmed in writing) pursuant to a Borrowing Request which shall specify the date of the requested advance, continuation or conversion (which shall be a Business Day), the amount of the requested Borrowing, the type of Loans to comprise such new, continued or converted Borrowing and, if such Borrowing is to be comprised of LIBOR Loans, the Interest Period applicable thereto. The Borrower agrees that the Agent and each Lender may rely on any such telephonic or facsimile notice given by any person it in good faith believes is an authorized representative of the Borrower without the necessity of independent investigation and that, if any such notice by telephone conflicts with any written confirmation, such telephonic notice shall govern if the Agent or any Lender has acted in reliance thereon.

(3) Borrower's Failure to Notify. If the Borrower fails to give

notice pursuant to Section 2.4(a) or (b) of (i) the continuation or conversion of any outstanding principal amount of a Borrowing of LIBOR Loans or of (ii) a Borrowing of Loans to pay outstanding Reimbursement Obligations, as applicable, and has not notified the Agent by 11:00 a.m. at least three (3) Business Days before the last day of the Interest Period for such Borrowing of LIBOR Loans or by 11:00 a.m. on the day such Reimbursement Obligation becomes due that it intends to repay such Borrowing or such Reimbursement Obligation with funds not borrowed hereunder, the Borrower shall be deemed to have requested, (x) the continuation of such Borrowing as a LIBOR Loan with an Interest Period of one (1) month, or (y) the advance of a new Borrowing of Base Rate Loans on such day in the amount of the Reimbursement Obligation then due, which Borrowing shall be deemed to have been funded on such day to pay the Reimbursement Obligation then due, in each case so long as no Default or Event of Default shall have occurred and be continuing or would occur as a result of such Borrowing but otherwise disregarding the conditions to a Borrowing set forth in Section 4.2. Upon the occurrence and during the continuance of any Event of Default, (i) each LIBOR Loan will automatically, on the last day of the then existing Interest Period therefor, convert into a Base Rate Loan and (ii) the obligation of the Lenders to make, continue or convert Loans into LIBOR Loans shall be suspended.

(4) Funding and Disbursement of Loans. Not later than 1:00 p.m.

on the date of any requested advance of a new Borrowing of Revolving Loans, each Lender, subject to all other provisions hereof, shall make available its Revolving Loan comprising its ratable share of such Borrowing in funds immediately available in Houston, Texas for the benefit of the Agent and according to the disbursement instructions of the Agent. The Agent shall make the proceeds of each such Borrowing, and each Swing Line Loan which the Agent makes, in its sole discretion, available in immediately available funds to the Borrower on the date of any requested advance of a new Borrowing by 2:00 p.m. No Lender shall be responsible to the Borrower for any failure by another Lender to fund its portion of a Borrowing, and no such failure by a Lender shall relieve any other Lender from its obligation, if any, to fund its portion of a Borrowing.

(5) Agent Reliance on Lender Funding. Unless the Agent shall have been notified by a Lender before the date on which such Lender is scheduled to make payment to the Agent of the proceeds of a Revolving Loan (which notice shall be effective upon receipt) that such Lender does not intend to make such payment, the Agent may assume that such Lender has made such payment when due and in reliance upon such assumption may (but shall not be required to) make available to the Borrower the proceeds of the Revolving Loan to be made by such Lender and, if any Lender has not in fact made such payment to the Agent, such Lender shall, on demand, pay to the Agent the amount made available to the Borrower attributable to such Lender together with interest thereon for each day during the period commencing on the date such amount was made available to the Borrower and ending on (but excluding) the date such Lender pays such amount to the Agent at a rate per annum equal to the interest rate attributable to the relevant Revolving Loan. If such amount is not received from such Lender by the Agent immediately upon demand, the Borrower will, on demand, repay to the Agent the proceeds of the Loan attributable to such Lender with interest thereon at a rate per annum equal to the interest rate applicable to the relevant Revolving Loan. Nothing in this Section 2.4(e) shall be

15

deemed to relieve any Lender from its obligations to fund its Commitments hereunder or to prejudice any rights which the Borrower may have against any Lender as a result of any default by such Lender hereunder.

Section 2.5 Interest Periods. As provided in Section 2.4(a) and (b), at

the time of each request for the advance or continuation of, or conversion into, a Borrowing of LIBOR Loans, the Borrower shall select an Interest Period applicable to such LIBOR Loans from among the available options subject to the limitations in Section 2.4(a); provided, however, that:

(1) the Borrower may not select an Interest Period for a Borrowing of LIBOR Loans that extends beyond the Maturity Date;

(2) whenever the last day of any Interest Period would otherwise

be a day that is not a Business Day, the last day of such Interest Period shall either be (i) extended to the next succeeding Business Day, or (ii) reduced to the immediately preceding Business Day if the next succeeding Business Day is in the next calendar month; and

(3) for purposes of determining an Interest Period, a month means a period starting on one day in a calendar month and ending on the numerically corresponding day in the next calendar month; provided, however, that if there is no such numerically corresponding day in the month in which an Interest Period is to end or if such Interest Period begins on the last Business Day of a calendar month, then such Interest Period shall end on the last Business Day of the calendar month in which such Interest Period is to end.

Section 2.6 Interest Payments.

(1) Base Rate Loans. Each Base Rate Loan shall bear interest

(computed on the basis of a 365/366-day year and actual days elapsed, excluding the date of repayment) on the unpaid principal amount thereof from the date such Loan is made until maturity (whether by acceleration or otherwise) or conversion to a LIBOR Loan in accordance with Section 2.4(b) hereof, at a rate per annum equal to the lesser of (i) the Highest Lawful Rate, or (ii) with respect to Revolving Loans, the sum of the Base Rate from time to time in effect plus the Applicable Margin, or with respect to Swing Line Loans, the sum of the Base Rate from time to time in effect minus the Commitment Fee Percentage, payable in arrears on each Interest Payment Date for such Loan and at maturity (whether by acceleration or otherwise) or conversion to a LIBOR Loan in accordance with Section 2.4(b).

(2) LIBOR Loans. Each LIBOR Loan shall bear interest (computed

on the basis of a 360-day year and actual days elapsed, excluding the date of repayment) on the unpaid principal amount thereof from the date such Loan is made until maturity (whether by acceleration or otherwise) or conversion to a Base Rate Loan in accordance with Section 2.4(b) hereof, at a rate per annum equal to the lesser of (i) the Highest Lawful Rate, or (ii) the sum of the Adjusted LIBOR Rate plus the Applicable Margin, payable in arrears on each Interest Payment Date for such Loan and at maturity (whether by acceleration or otherwise) or conversion to a Base Rate Loan in accordance with Section 2.4(b).

(3) Rate Determinations. The Agent shall determine each interest

rate applicable to the Loans and Reimbursement Obligations hereunder (including the Applicable Margin, determined as set forth in the definition thereof) and such determination shall be conclusive and binding except in the case of the Agent's manifest error or willful misconduct. The Agent shall give prompt telephonic, telex or facsimile notice to the Borrower and each Lender of the interest rate applicable to each Loan or Reimbursement Obligation (but, if such notice is given by telephone, the Agent shall confirm such rate in writing) promptly after the Agent has made such determination.

Section 2.7 Default Rates. If any payment of principal on any Loan is

not made when due after the expiration of the grace period therefor provided in Section 7.1 (whether by acceleration or otherwise), such Loan shall bear interest (computed on the basis of a year of 360, 365 or 366 days, as applicable, and actual days elapsed) from the date such payment was due until such principal then due is paid in full, payable on demand, at a rate per annum equal to:

16

(1) for any Base Rate Loan which is a Revolving Loan the lesser of (i) the Highest Lawful Rate, or (ii) the sum of two percent (2%) per annum plus the Base Rate from time to time in effect (but not less than the Base Rate in effect at maturity) plus the Applicable Margin;

(2) for any LIBOR Loan the lesser of (i) the Highest Lawful Rate, or (ii) the sum of two percent (2%) per annum plus the rate of interest in effect thereon at the time of such default until the end of the Interest Period for such Loan and, thereafter, at a rate per annum equal to the sum of two percent (2%) per annum plus the Base Rate from time to time in effect (but not less than the Base Rate in effect at maturity) plus the Applicable Margin;

(3) for any unpaid Reimbursement Obligations, the lesser of (i) the Highest Lawful Rate, or (ii) the sum of two percent (2%) per annum plus the Base Rate from time to time in effect (but not less than the Base Rate in effect at maturity) plus the Applicable Margin; and

(4) for any Base Rate Loan which is a Swing Line Loan, the lesser of (i) the Highest Lawful Rate, or (ii) the sum of two percent (2%) per annum plus the Base Rate from time to time in effect (but not less than the Base Rate in effect at maturity) minus the Commitment Fee Percentage.

It is the intention of the Agent and each Lender to conform strictly to usury laws applicable to it. Accordingly, if the transactions contemplated hereby or the Loans or the Reimbursement Obligations would be usurious as to the Agent or the Lenders under laws applicable to it (including the laws of the United States of America and the State of Texas or any other jurisdiction whose laws may be mandatorily applicable to the Agent or such Lender notwithstanding the other provisions of this Agreement, the Notes or any other Credit Document), then, in that event, notwithstanding anything to the contrary in this Agreement, the Notes or any other Credit Document, it is agreed as follows: (i) the aggregate of all consideration which constitutes interest under laws applicable to the Lenders that is contracted for, taken, reserved, charged or received by the Lenders under this Agreement, the Notes or any other Credit Document or otherwise shall under no circumstances exceed the Highest Lawful Rate, and any excess shall be credited by the applicable Lender on the principal amount of the applicable Note or to the Reimbursement Obligations (or, if the principal amount of such Note and all Reimbursement Obligations owed to such Lender shall have been paid in full, refunded by such Lender to the Borrower); (ii) in the event that the maturity of the Notes is accelerated by reason of an election of the holder or holders thereof resulting from any Event of Default hereunder or otherwise, or in the event of any required or permitted prepayment, then such consideration that constitutes interest under laws applicable to the Lenders may never include more than the Highest Lawful Rate, and excess interest, if any, provided for in this Agreement, the Notes, any other Credit Document or otherwise shall be automatically canceled by the applicable Lenders as of the date of such acceleration or prepayment and, if theretofore paid, shall be credited by the applicable Lenders on the principal amount of the applicable Notes or Reimbursement Obligations (or if the principal amounts thereof shall have been paid in full, refunded by the applicable Lender to the Borrower); and (iii) if at any time the interest provided hereunder, together with any other fees payable pursuant to this Agreement, the Notes or any other Credit Document and deemed interest under applicable law, exceeds the amount that would have accrued at the Highest Lawful Rate, the amount of interest and any such fees to accrue to the Lenders hereunder and thereunder shall be limited to the amount which would have accrued at the Highest Lawful Rate, but any subsequent reductions shall not reduce the interest to accrue to the Lenders hereunder and thereunder below the Highest Lawful Rate until the total amount of interest accrued pursuant hereto and thereto and such fees deemed to be interest equals the amount of interest which would have accrued to the Lenders if a varying rate per annum equal to the interest hereunder had at all times been in effect plus the amount of fees which would have been received but for the effect of this Section 2.7. The Agent and the Lenders hereby elect to determine the applicable rate ceiling under Section 303.201 of the Texas Finance Code Ann. (Vernon 1998) by the weekly rate ceiling from time to time in effect, subject to the Agent's and the Lenders' right subsequently to change such method in accordance with applicable law. In the event the Loans and all Reimbursement Obligations are paid in full by the Borrower prior to the Maturity Date and the interest received for the actual period of the existence of the Loans or the Reimbursement Obligations exceeds the Highest Lawful Rate, the applicable Lenders shall refund to the Borrower the amount of the excess or shall credit the amount of the excess against amounts owing under the Loans and none of the Lenders shall be subject to any of the penalties provided by law for contracting for, taking, reserving, charging or receiving interest in excess of the Highest Lawful Rate. The provisions of Chapter 346 of Tex. Finance Code Ann. (Vernon 1998), regulating certain revolving credit accounts shall not apply to this Agreement or any of the Notes.

17

Section 2.8 Maturity of Loans. Each Revolving Loan, together with

accrued and unpaid interest thereon and all other fees then due and owing under any Credit Document, shall mature and become due and payable on the Maturity Date. Each Swing Line Loan, together with accrued and unpaid interest thereon, shall mature and become due and payable five (5) days after the date of such Swing Line Loan, provided that all such Swing Line Loans shall mature and become due and payable no later than the Maturity Date.

Section 2.9 Optional Prepayments. The Borrower shall have the privilege

of prepaying the Loans without premium or penalty in whole or in part at any time. If the Borrower is prepaying LIBOR Loans, it shall give to the Agent notice of such prepayment no later than 11:00 a.m. at least two (2) Business Days before the proposed prepayment date. All prepayments of Loans shall be accompanied by accrued interest thereon, together with, if such Loans being prepaid are LIBOR Loans, any applicable breakage fees and funding losses pursuant to Section 2.12. The Borrower may direct the application of any optional prepayment hereunder to the Base Rate Loans or LIBOR Loans outstanding.

Section 2.10 Mandatory Prepayments of Loans. If the aggregate principal

amount of outstanding Loans and L/C Obligations shall at any time for any reason exceed the Commitment Amount then in effect, the Borrower shall, immediately and without notice or demand, pay the amount of such excess to the Agent for the ratable benefit of the Lenders as a prepayment of the Loans and, if all Loans have been paid, a pre-funding of Letters of Credit pursuant to the provisions of

Section 7.4. Any mandatory prepayment of Loans pursuant hereto shall not be limited by the notice provision for prepayments set forth in Section 2.9, but immediately upon determining the need to make any such prepayment, the Borrower shall notify the Agent of such required prepayment. Each such prepayment shall be accompanied by a payment of all accrued and unpaid interest on the Loans prepaid and any applicable breakage fees and funding losses pursuant to Section 2.12.

Section 2.11 The Notes. The Revolving Loans outstanding to the Borrower

from the Lenders (and, with respect to the Agent, any Swing Line Loans outstanding to the Borrower) shall be evidenced by promissory notes of the Borrower payable to each of the Lenders and the Agent in the form of Exhibit 2.11 (such promissory notes, together with any replacements thereof, the "Notes"). Each holder of a Note shall record on its books and records or on a schedule to the Note the amount of each Loan outstanding from it to the Borrower, all payments of principal and interest and the principal balance from time to time outstanding thereon, the type of such Loan and, if a LIBOR Loan, the Interest Period and interest rate applicable thereto. Such record, whether shown on the books and records of a holder of a Note or on a schedule to its Note, shall be prima facie evidence as to all such matters; provided, however, that the failure of any holder to record any of the foregoing or any error in any such record shall not limit or otherwise affect the obligation of the Borrower to repay all Loans outstanding to it hereunder, together with accrued interest thereon. At the request of any holder of a Note and upon such holder tendering to the Borrower the Note to be replaced, the Borrower shall furnish a new Note to such holder to replace any outstanding Note and at such time the first notation appearing on the schedule on the reverse side of, or attached to, such new Note shall set forth the aggregate unpaid principal amount of all Loans, if any, then outstanding thereon.

Section 2.12 Breakage Fees. If any Lender incurs any loss, cost or

expense (excluding any loss of anticipated profit, but including, without limitation, any loss, cost, expense or premium reasonably incurred by reason of the liquidation or re-employment of deposits or other funds acquired by such Lender to fund or maintain any LIBOR Loan or the relending or reinvesting of such deposits or amounts paid or prepaid to the Lenders) as a result of any of the following events other than any such occurrence as a result of a change of circumstance described in Sections 8.1 or 8.2:

(1) any payment, prepayment or conversion of a LIBOR Loan on a date other than the last day of its Interest Period (whether by acceleration, prepayment or otherwise);

(2) any failure to make a principal payment of a LIBOR Loan on the due date therefor; or

(3) any failure by the Borrower to borrow, continue, prepay or convert to a LIBOR Loan on the date specified in a notice given pursuant to Section 2.4(a) or (b) (other than by reason of a default of a Lender),

18

then the Borrower shall pay to such Lender such amount as will reimburse such Lender for such loss, cost or expense. If any Lender makes such a claim for compensation, it shall provide to the Borrower a certificate executed by an officer of such Lender setting forth the amount of such loss, cost or expense in reasonable detail (including an explanation of the basis for and the computation of such loss, cost or expense) no later than 120 days after the event giving rise to the claim for compensation, and the amounts shown on such certificate shall be conclusive and binding absent manifest error. Within ten (10) days of receipt of such certificate, the Borrower shall pay to such Lender such amount as will compensate such Lender for such loss, cost or expense as provided herein, unless such Lender has failed to timely give notice to the Borrower of such claim for compensation as provided herein, in which event the Borrower shall no longer be obligated to pay such claim.

Section 2.13 Commitment Terminations. The Borrower shall have the right

at any time and from time to time, upon five (5) Business Days' prior and irrevocable written notice to the Agent, to terminate or reduce the Commitments without premium or penalty, in whole or in part, any partial termination to be (i) in an amount not less than \$1,000,000 as determined by the Borrower, and (ii) allocated ratably among the Lenders in proportion to their respective Commitments, as applicable; provided that the Commitment Amount may not be reduced to an amount less than the sum of the aggregate principal amount of outstanding Loans plus the aggregate outstanding L/C Obligations, after giving effect to payments on such proposed termination or reduction date, unless the Borrower provides to the Lenders or the Agent, as applicable, cash collateral in an amount sufficient to cover such shortage or back-to-back letters of credit from a financial institution satisfactory to all of the Lenders in an amount equal to the undrawn face amount of any applicable outstanding Letters of Credit with an expiry date of at least five (5) days after the expiry date of any applicable Letter of Credit and which provide that the Lenders may make a

drawing thereunder in the event that it pays a drawing under such Letter of Credit. Any termination of the Commitments pursuant to this Section 2.13 is permanent and may not be reinstated. The Agent shall give prompt notice to each Lender of any such termination of the Commitments.

Section 2.14 Agent Reliance on Borrower Payment. Except as otherwise

provided under Section 2.2(c), unless Borrower has notified the Agent prior to the date any payment or prepayment to be made by it is due (or if Borrower has given notice of its intention to prepay a Loan on such date), that it does not intend to make such payment or prepayment, the Agent may assume that the Borrower has made such payment when due (or on the date stated in its prepayment notice) and in reliance upon such assumption may (but shall not be required to) make available to each Lender its Percentage of such payment. If such payment was not in fact made to the Agent in immediately available funds, then each Lender shall promptly on demand repay to the Agent the amount of such assumed payment made available to such Lender, together with interest thereon in respect of each day from and including the date such amount was made available by the Agent to such Lender to the date such amount is repaid to the Agent at the Federal Funds Rate.

SECTION 3. FEES AND PAYMENTS.

Section 3.1 Fees.

(1) Commitment Fee. For the period from the Effective Date to

and including the Commitment Termination Date the Borrower shall pay to the Agent for the ratable account of the Lenders, a Commitment Fee (computed on a basis of a 365/366-day year and actual days elapsed) on an amount equal to the average daily difference between (i) the sum of the Commitment Amount and (ii) the outstanding Revolving Loans and L/C Obligations, such Commitment Fee to be calculated, for any day, at such times as the relevant Funded Debt to EBITDA Ratio is in one of the following tiers, based upon the Commitment Fee Percentage per annum set forth opposite the corresponding Funded Debt to EBITDA Ratio in same tier set forth below, times such amount:

19

<TABLE>
<CAPTION>

Tier - ----	Funded Debt to EBITDA Ratio -----	Commitment Fee Percentage -----
<S>	<C>	<C>
I.	Greater than or equal to 3.0 to 1.0	0.500%
II.	Greater than or equal to 2.5 to 1.0 but less than 3.0 to 1.0	0.375%
III.	Greater than or equal to 2.0 to 1.0 but less than 2.5 to 1.0	0.375%
IV.	Greater than or equal to 1.5 to 1.0 but less than 2.0 to 1.0	0.250%
V.	Less than 1.5 to 1.0	0.250%

</TABLE>

For the period from the Effective Date through the earlier of (a) the date the Compliance Certificate and financial statements required by Section 6.6(a)(i) and Section 6.6(b), for the fiscal quarter ended September 30, 1999, are required to be provided to the Agent, and (b) the date such Compliance Certificate and financial statements are provided to the Agent, the applicable Commitment Fee Percentage determined as of such quarter may be greater than or equal to but may not be less than the percentage in tier IV, and thereafter, the Commitment Fee Percentage shall be set by the Agent at the same time and in the same manner as the Applicable Margin is set. If, prior to the date the Compliance Certificate and financial statements are required to be provided to Agent for the fiscal quarter ended September 30, 1999, the Borrower consummates a public offering of the Borrower's capital stock and receives at least \$75,000,000 in gross proceeds from such offering, the Borrower may provide to Agent a pro forma Compliance Certificate which gives effect to the public offering when calculating the Funded Debt to EBITDA Ratio, and, to the extent the pro forma calculation results in a lower Funded Debt to EBITDA Ratio and a corresponding reduction of the Commitment Fee Percentage, the Commitment Fee Percentage may be adjusted downward from its then determined tier but only to the next tier on the pricing grid. Such Commitment Fees shall be payable in arrears commencing on September 30, 1999, and on the last Business Day of each calendar quarter thereafter and on the Maturity Date unless the Commitments are terminated in whole on an earlier date, in which event the Commitment Fee for the period to but not including the date of such termination shall be paid in whole on the date of such termination. If Borrower fails to timely provide to

the Agent the Compliance Certificate and the financial statements, then from the period beginning the first day after the date such Compliance Certificate and financial statements are required to be provided to the Agent and ending on the date such items are actually provided to the Agent, the Commitment Fee shall be the Commitment Fee in tier I on the above pricing grid.

(2) Letter of Credit Fees. Commencing upon the date of issuance

or extension of any Letter of Credit, the Borrower shall pay to the Agent quarterly in arrears (pro rated, if necessary for any portion of such quarter) for the ratable account of the Lenders (based on their respective Percentages) a non-refundable fee for any Letter of Credit equal to the greater of (x) \$125 per quarter, or (y) the face amount of such Letter of Credit times the Applicable Margin for LIBOR Loans, calculated on the basis of a 365/366-day year and actual days in the period and based on the then scheduled expiry date of the Letter of Credit. Thereafter, such fees shall be payable by the Borrower in arrears on the last Business Day of each calendar quarter of each year commencing with the next succeeding calendar quarter, with the last such payment on the date any such Letter of Credit expires. In addition, the Borrower shall pay to the Agent solely for the Agent's account, in connection with each Letter of Credit, reasonable administrative and amendment fees and expenses for letters of credit established by the Agent from time to time in accordance with its customary practices and as agreed between the Agent and the Borrower and a fronting fee of 1/8% of the face amount of each Letter of Credit.

(3) Agent Fees. The Borrower shall pay to each of the Agent and

the Lead Arranger and Book Manager the fees agreed to between the Agent, the Lead Arranger and Book Manager and the Borrower pursuant to the Fee Letter, and any other fees from time to time agreed to by the Borrower and the Agent.

20

Section 3.2 Place and Application of Payments. All payments of

principal of and interest on the Loans and the Reimbursement Obligations and all other amounts payable by the Borrower under the Credit Documents shall be made by the Borrower to the Agent by no later than 2:00 p.m. on the due date thereof at the office of the Agent in Houston, Texas (or such other location as the Agent may designate to the Borrower). Any payments received by the Agent from the Borrower after 2:00 p.m. shall be deemed to have been received on the next Business Day.

Section 3.3 Withholding Taxes.

(1) Payments Free of Withholding. Except as otherwise required

by law and subject to Section 3.3(b), each payment by the Borrower to the Agent or any Lender under this Agreement or any other Credit Document shall be made without withholding for or on account of any present or future taxes (other than overall net income taxes on the recipient) imposed by or within the jurisdiction in which the Borrower is domiciled, any jurisdiction from which the Borrower makes any payment, or (in each case) any political subdivision or taxing authority thereof or therein, excluding, in the case of each Lender and the Agent, taxes, assessments or other governmental charges

(1) imposed on, based upon, or measured by its income, and branch profits, franchise and similar taxes imposed on it, by any jurisdiction in which the Agent or such Lender, as the case may be, is incorporated or maintains its principal place of business or Lending Office or which subjects the Agent or such Lender to tax by reason of a connection between the taxing jurisdiction and the Agent or such Lender (other than a connection resulting from the transactions contemplated by this Agreement);

(2) imposed as a result of a connection between the taxing jurisdiction and the Agent or such Lender, as the case may be, other than a connection resulting from the transactions contemplated by this Agreement;

(3) imposed as a result of the transfer by such Lender of its interest in this Agreement or any other Credit Document or a designation by such Lender (other than pursuant to Section 3.3(d) hereof) of a new Lending Office (other than taxes imposed as a result of any change in treaty, law or regulation after such transfer of the Lender's interest in this Agreement or any Credit Document or designation of a new Lending Office);

(4) imposed by the United States of America upon a Lender organized under the laws of a jurisdiction outside of the United States, except to the extent that such tax is imposed or increased as a result of any change in applicable law, regulation or treaty (other than any addition of or change in any "anti-treaty shopping," "limitation of benefits," or similar provision applicable to a treaty) after the Effective Date, in the case of each Lender originally a party hereto or, in the case of any Purchasing Lender (as defined in Section 10.10), after the date on which it becomes a Lender;

(5) which would not have been imposed but for (a) the failure of the Agent or any Lender, as the case may be, to provide (x) an Internal Revenue Service Form 1001 or 4224, as the case may be, or any substitute or successor form prescribed by the Internal Revenue Service pursuant to Section 3.3(b) below, or (y) any other certification, documentation or proof which is reasonably requested by the Borrower, or (b) a determination by a taxing authority or a court of competent jurisdiction that a certification, documentation or other proof provided by such Lender or the Agent to establish an exemption from such tax, assessment or other governmental charge is false

(all such non-excluded taxes, assessments or other governmental charges and liabilities being hereinafter referred to as "Indemnified Taxes"). If any such withholding is so required, the Borrower shall make the withholding, pay the amount withheld to the appropriate governmental authority before penalties attach thereto or interest accrues thereon and forthwith pay such additional amount as may be necessary to ensure that the net amount actually received by the Agent and each Lender is free and clear of such Indemnified Taxes (including Indemnified Taxes on such additional amount) and is equal to the amount that the Agent or such Lender (as the case may be) would have received had such withholding not been made. If the Agent or any Lender pays any amount in respect of any Indemnified Taxes, penalties or interest, the Borrower shall reimburse the Agent or that Lender for the payment on demand in the currency in which such payment was made. If the Borrower pays any Indemnified Taxes, penalties or interest, it shall deliver official tax receipts evidencing the payment or certified copies thereof, or other satisfactory evidence of payment if such tax receipts

21

have not yet been received by the Borrower (with such tax receipts to be promptly delivered when actually received), to the Agent or the Lender on whose account such withholding was made (with a copy to the Agent if not the recipient of the original) within fifteen (15) days of such payment.

(2) U.S. Withholding Tax Exemptions. Each Lender that is not a

United States person (as such term is defined in Section 7701(a)(30) of the Code) shall submit to the Borrower and the Agent on or before the Effective Date, two duly completed and signed copies of either Form 1001 (entitling such Lender to a complete exemption from withholding under the Code on all amounts to be received by such Lender, including fees, pursuant to the Credit Documents) or Form 4224 (relating to all amounts to be received by such Lender, including fees, pursuant to the Credit Documents) of the Internal Revenue Service. Thereafter and from time to time, each Lender shall submit to the Borrower and the Agent such additional duly completed and signed copies of one or the other of such forms (or such successor forms as shall be adopted from time to time by the relevant United States taxing authorities) as may be (i) notified by the Borrower, directly or through the Agent, to such Lender, and (ii) required under then-current United States law or regulations to avoid United States withholding taxes on payments in respect of all amounts to be received by such Lender, including fees, pursuant to the Credit Documents. Upon the request of the Borrower, each Lender that is a United States person shall submit to the Borrower a certificate to the effect that it is such a United States person. Each such Lender shall make written demand on the Borrower for indemnification or compensation hereunder not later than 120 days after the earlier of (i) the date on which such Lender or Agent makes payment of Indemnified Taxes, or (ii) the date on which the relevant taxing authority or other governmental authority makes written demand upon such Lender or the Agent for payment of Indemnified Taxes; provided that any failure of a Lender or the Agent to give the Borrower timely notice as provided herein shall not relieve the Borrower of any obligation which it has to pay such claim for compensation for such indemnification.

(3) Inability of Lender to Submit Forms. If any Lender

determines, as a result of any change in applicable law, regulation or treaty, or in any official application or interpretation thereof, that it is unable to submit to the Borrower or the Agent any form or certificate that such Lender is obligated to submit pursuant to Section 3.3(b) or that such Lender is required to withdraw or cancel any such form or certificate previously submitted or any such form or certificate otherwise becomes ineffective or inaccurate, such Lender shall promptly notify the Borrower and the Agent of such fact and the Lender shall to that extent not be obligated to provide any such form or certificate and will be entitled to withdraw or cancel any affected form or certificate, as applicable.

(4) Refund of Taxes. If any Lender or the Agent receives a

refund of any Indemnified Tax or any tax referred to in Section 10.3 with respect to which the Borrower has paid any amount pursuant to this Section 3.3 or Section 10.3, such Lender or the Agent shall pay the amount of such refund (including any interest received with respect thereto) to the Borrower.

Section 4.1 Conditions Precedent to Initial Borrowing. The obligation

of each Lender to advance the initial Loans hereunder and of the Agent to issue any Letter of Credit on the Initial Borrowing Date is subject to the following conditions precedent, all in form and substance satisfactory to the Lenders (and which shall be evidenced by the making of such Loan(s) and, if applicable, the issuance of such Letter(s) of Credit) and in sufficient number of signed counterparts, where applicable, to provide one for each Lender (except for the Notes, of which only one original shall be signed for each Lender):

(1) The Agent shall have received:

(1) Notes. The duly executed Notes of the Borrower;

(2) Subsidiary Guaranties. The duly executed Subsidiary

Guaranties of each of the Guarantors in substantially the form of Exhibit 4.1A;

(3) Pledge Agreements. The duly executed Pledge Agreements

of each of the Borrower, NorAm Telecommunications, Inc., Spalj Construction Company., Underground Construction Co., Inc.,

22

Quanta Services of Canada, Ltd., Seaward Corporation, and Environmental Professional Associates, Limited in substantially the form of Exhibit 4.1B, pledging 100% of the stock or membership interests of its domestic Subsidiaries and 65% of the stock or equivalent interests of its foreign Subsidiaries, together with the original stock certificates referenced therein and undated stock powers executed in blank with respect to each such stock certificate;

(4) Security Agreements. The Security Agreements of the

Borrower and each of the Guarantors in substantially the form of Exhibit 4.1C;

(5) Patent Collateral Assignment. The Patent Collateral

Assignment of Danford Technologies, Inc. substantially the form of Exhibit 4.1D;

(6) Financing Statements. The duly executed UCC-1

Financing Statements of each of the Borrower and the Guarantors with respect to the stock or equivalent interests referenced in the Pledge Agreements, to the extent applicable, the Collateral referenced in the Security Agreements, and the Collateral referenced in the Patent Collateral Assignment, and duly executed UCC-3s reflecting the change in administrative agent.

(7) Certificate of Officers of Borrower and Guarantors. A

certificate of the Secretary or Assistant Secretary and the President or Vice President of each of the Borrower and the Guarantors containing specimen signatures of the persons authorized to execute Credit Documents on such Person's behalf or any other documents provided for herein, together with (x) copies of resolutions of the Board of Directors of such Person authorizing the execution and delivery of the Credit Documents and of all other legal documents or proceedings taken by such Person in connection with the execution and delivery of the Credit Documents, and (y) copies of such Person's Certificate or Articles of Incorporation, certified by the Secretary of State of such Person's jurisdiction of organization, and Bylaws;

(8) Certificates of Existence and Good Standing.

Certificates of existence and good standing from the appropriate governing agency of the Borrower's and each Guarantor's jurisdiction of organization and of all jurisdictions where the Borrower is authorized to do business;

(9) Fees. Payment of all fees and all expenses incurred

through the Effective Date then due and owing to the Agent and the Lead Arranger and Book Manager pursuant to this Agreement and the Fee Letter;

(10) Consents. Certified copies of all documents evidencing

any necessary consents and governmental approvals taken or obtained by the Borrower and the Guarantors with respect to the Credit Documents;

(11) Financial Condition Certificate. A certificate of the

principal financial officer of the Borrower in substantially the form of Exhibit 4.1E;

(12) Financial Statements. Consolidated financial

statements of the Borrower and its Subsidiaries for the fiscal year ending December 31, 1998, and the fiscal quarter ending March 31, 1999 (in each case including balance sheets and statements of income, retained earnings, and cash flows, with the December 31, 1998 financial statements being audited by independent public accountants of recognized national standing and prepared in accordance with GAAP), which financial statements are acceptable to Agent;

(13) Lien Searches. A lien search report of the State and

county UCC records, tax lien records, and bankruptcy records for each of the jurisdictions where Borrower or any Subsidiary is organized or authorized to do business or does business, which shows no Liens on the Collateral other than Permitted Liens and Liens to be discharged in connection with the Initial Borrowing;

(14) Opinions of Counsel. The opinions of (1) Brad Eastman,

General Counsel to the Borrower and the Guarantors, and (2) Gardere Wynne Sewell & Riggs, LLP, in each case covering such matters as the Lenders may reasonably require;

23

(15) Compliance Certificate. A Compliance Certificate

substantially in the form of Exhibit 6.6; and

(16) Other Documents. Such other documents as the Lenders

may reasonably request.

(2) All legal matters incident to the execution and delivery of the Credit Documents shall be reasonably satisfactory to the Lenders.

Section 4.2 Conditions Precedent to all Borrowings. In the case of each

advance of a Borrowing hereunder (including the issuance of, increase in the amount of, or extension of the expiry date of, a Letter of Credit and the initial Borrowing hereunder but excluding the Revolving Loans to be made as required by Section 2.1(b)):

(1) Notices. In the case of a Borrowing, the Agent shall have

received the Borrowing Request required by Section 2.4, and in the case of the issuance, extension or increase of a Letter of Credit, the Agent shall have received a duly completed Application for such Letter of Credit meeting the requirements of Section 2.2;

(2) Representations and Warranties True and Correct. Each of

the representations and warranties of the Borrower and its Subsidiaries set forth herein and in the Credit Documents shall be true and correct in all material respects as of the time of such new Borrowing, except as a result of the transactions expressly permitted hereunder or thereunder and except to the extent that any such representation or warranty relates solely to an earlier date, in which case it shall have been true and correct in all material respects as of such earlier date;

(3) No Default. No Default or Event of Default shall have

occurred and be continuing or would occur as a result of such Borrowing;

(4) New Litigation and Changes in Pending Litigation. Since the

Effective Date, no new litigation (including, without limitation, derivative or injunctive actions), arbitration proceedings or governmental proceedings shall be pending or known to be threatened against the Borrower or any of its Subsidiaries which could reasonably be expected to have a Material Adverse Effect; and no material development (whether or not disclosed) shall have occurred in any litigation (including, without limitation, derivative or injunctive actions), arbitration proceedings or governmental proceedings previously disclosed, which could reasonably be expected to have a Material Adverse Effect;

(5) Regulation U; Other Laws. The Borrowings to be made by the

Borrower shall not result in either the Borrower or the Agent or any Lender being in non-compliance with or in violation of Regulation U of the Board of Governors of the Federal Reserve System and shall not be prohibited by any other legal requirement (including Regulations T and X of the Board of Governors of the Federal Reserve System) imposed by the banking laws of the United States of America, and shall not otherwise subject the Agent or any Lender to a penalty or other onerous conditions under or pursuant to any legal requirement; and

(6) No Material Adverse Change. There has occurred no event or

effect that has had or could reasonably be expected to have a Material Adverse Effect.

Each request for the advance of a Borrowing and each request for the issuance of, increase in the amount of, or extension of the expiry date of, a Letter of Credit shall be deemed to be a representation and warranty by the Borrower on the date of such Borrowing, or issuance of, increase in the amount of, or extension of the expiry date of, such Letter of Credit that all conditions precedent to such Borrowing have been satisfied or fulfilled unless the Borrower gives to the Agent written notice to the contrary, in which case no Lender shall be required to fund such advances and the Agent shall not be required to issue, increase the amount of or extend the expiry date of such Letter of Credit unless the Majority Lenders shall have previously waived in writing such non-compliance. In the event an Event of Default shall have occurred or be continuing or would occur as a result of such Borrowing, the Borrower may not convert any Base Rate Loan into a LIBOR Loan or continue any LIBOR Loan and may only convert or continue any LIBOR Loan into or as a Base Rate Loan in accordance with Section 2.4(b) hereof and subject to the applicability of the provisions of Section 2.7 regarding default rates of interest, and in such case, any LIBOR Loan which has not been accelerated pursuant to

24

the terms hereof shall automatically convert into a Base Rate Loan at the end of the applicable Interest Period unless prior to such time, any such Event of Default shall have been cured or waived pursuant to the terms hereof. In the event a Default shall have occurred and be continuing or would occur as a result of such Borrowing, the Borrower may only convert any Base Rate Loan or continue any LIBOR Loan into a LIBOR Loan with a one (1) month Interest Period.

SECTION 5. REPRESENTATIONS AND WARRANTIES.

The Borrower represents and warrants to the Agent and each Lender as follows:

Section 5.1 Organization.

(1) The Borrower and each of its Subsidiaries (i) is a duly incorporated and existing corporation (or other Person) in good standing under the laws of the jurisdiction of its organization, (ii) has all necessary corporate power (or comparable power, in the case of a Subsidiary that is not a corporation) to own the property and assets it uses in its business and otherwise to carry on its business as presently conducted, and (iii) is duly licensed or qualified and in good standing in each jurisdiction in which the nature of the business transacted by it or the nature of the property owned or leased by it makes such licensing or qualification necessary, except where the failure to be so licensed or qualified could not reasonably be expected to have a Material Adverse Effect.

(2) As of the date hereof, the Borrower has no Subsidiaries other than the Subsidiaries listed on Schedule 5.1, and the Borrower owns one hundred percent (100%) of each class of capital stock or ownership interests of each such Subsidiary.

Section 5.2 Power and Authority; Validity.

Each of the Borrower and the Guarantors has the corporate (or comparable power, in the case of a Subsidiary that is not a corporation) power and authority to execute, deliver and carry out the terms and provisions of the Credit Documents to which it is a party and has taken all necessary corporate (or comparable action, in the case of a Subsidiary that is not a corporation) action to authorize the execution, delivery and performance of the Credit Documents to which it is a party. Each of the Borrower and the Guarantors has duly executed and delivered each such Credit Document and each such Credit Document constitutes the legal, valid and binding obligation of such Person enforceable in accordance with its terms, subject as to enforcement only to bankruptcy, insolvency, reorganization, moratorium or other similar laws affecting the enforcement of creditors' rights generally and by general principles of equity, regardless of whether in a proceeding in equity or at law.

Section 5.3 No Violation.

Neither the execution, delivery nor performance by the Borrower or any of the Guarantors of the Credit Documents to which it is a party nor compliance by any of such Persons with the terms and provisions thereof, nor the consummation by it of the transactions contemplated herein or therein, will (i) contravene any applicable provision of any law, statute, rule or regulation, or any applicable order, writ, injunction or decree of any court or governmental instrumentality, except where such contravention could not reasonably be expected to have a Material Adverse Effect, (ii) conflict with or result in any breach of any term, covenant, condition or other provision of, or constitute a default under (except where such conflict, breach or default could not reasonably be expected to have a Material Adverse Effect), or result in the creation or imposition of (or the obligation to create or

impose) any Lien other than any Permitted Lien upon any of the property or assets of the Borrower or its Subsidiaries under the terms of any contractual obligation to which the Borrower or any of its Subsidiaries is a party or by which it or any of its properties or assets are bound or to which it may be subject, or (iii) violate or conflict with any provision of the Certificate or Articles of Incorporation or Bylaws or other governance documents, as applicable, of such Person.

Section 5.4 Litigation. There are no lawsuits (including, without

limitation, derivative or injunctive actions), arbitration proceedings or governmental proceedings pending or, to the best knowledge of the Borrower, threatened, involving the Borrower or any of its Subsidiaries except for such lawsuits or other proceedings which could not reasonably be expected to have a Material Adverse Effect and any lawsuits and proceedings disclosed in Schedule 5.4.

Section 5.5 Use of Proceeds; Margin Regulations. The proceeds of the

Loans may only be used to repay existing Indebtedness, to provide working capital and for general corporate purposes (including the issuance of Letters

25

of Credit) and for Acquisitions. Neither the Borrower nor any of its Subsidiaries are engaged in the business of extending credit for the purpose of purchasing or carrying margin stock. No proceeds of any Loan will be used to purchase or carry any "margin stock" (as defined in Regulation U of the Board of Governors of the Federal Reserve System), to extend credit for the purpose of purchasing or carrying any "margin stock," or for a purpose which violates Regulations T, U or X of the Board of Governors of the Federal Reserve System.

Section 5.6 Investment Company Act. Neither the Borrower nor any of its

Subsidiaries is an "investment company" or a company "controlled" by an "investment company," within the meaning of the Investment Company Act of 1940, as amended.

Section 5.7 Public Utility Holding Company Act. Neither the Borrower

nor any of its Subsidiaries is a "holding company," or a "subsidiary company" of a "holding company," or an "affiliate" of a "holding company" or of a "subsidiary company" of a "holding company," within the meaning of the Public Utility Holding Company Act of 1935, as amended.

Section 5.8 True and Complete Disclosure. All factual information (not

including estimated, pro forma financial information and other projections) heretofore or contemporaneously furnished by the Borrower or any of its Subsidiaries in writing to the Agent or the Lenders in connection with any Credit Document or any transaction contemplated therein is, disregarding any updated, corrected, supplemented, superseded or otherwise modified information except as so updated, corrected, supplemented, superseded or otherwise modified and all other such factual information hereafter furnished by any such Persons in writing to the Lenders in connection herewith, any of the other Credit Documents or the Loans will be, true and accurate in all material respects, taken as a whole, on the date of such information and not incomplete by omitting to state any material fact necessary to make the information therein not misleading at such time in light of the circumstances under which such information, taken as a whole, was provided. All estimates, pro forma financial information and projections furnished by the Borrower or any of its Subsidiaries in writing to the Lenders in connection with any Credit Document or any transaction contemplated therein, were prepared by the Borrower in good faith based upon assumptions believed by the Borrower to be reasonable at the time such information was prepared, it being recognized by the Agent and the Lenders that such financial information as it relates to future events is not to be viewed as fact and that actual results during the period or periods covered by such financial information may differ from the projected results set forth therein by a material amount.

Section 5.9 Financial Statements. The financial statements heretofore

delivered to the Lenders for the fiscal year ending December 31, 1998 and the fiscal quarter ending March 31, 1999, were prepared in accordance with GAAP, and such financial statements, together with the related notes and schedules, fairly presents the financial position of the Borrower and its Subsidiaries as of the dates thereof and the results of operations for the periods covered thereby, subject to normal year-end adjustments and omission of certain footnotes as permitted by the SEC.

Section 5.10 No Material Adverse Change. From December 31, 1998, there

has occurred no event or effect that has had, or to the best knowledge of the Borrower could reasonably be expected to have, a Material Adverse Effect.

Section 5.11 Labor Controversies. There are no labor strikes, lock-outs,

slow downs, work stoppages or similar events pending or, to the best knowledge of the Borrower, threatened against the Borrower or any of its Subsidiaries that could reasonably be expected to have a Material Adverse Effect.

Section 5.12 Taxes. Except as disclosed on Schedule 5.12, the Borrower

and its Subsidiaries have filed all federal tax returns and all other material tax returns required to be filed, and have paid all governmental taxes, rates, assessments, fees, charges and levies (collectively, "Taxes") except such Taxes, if any, as are being contested in good faith and for which reserves have been provided in accordance with GAAP and except where the failure to pay such Taxes could not reasonably be expected to have a Material Adverse Effect. Except as disclosed on Schedule 5.12, no tax liens have been filed and no claims are being asserted for Taxes. Except as disclosed on Schedule 5.12, the charges, accruals and reserves on the books of the Borrower and its Subsidiaries for Taxes and other governmental charges have been determined in accordance with GAAP.

26

Section 5.13 ERISA. With respect to each Plan, the Borrower and its

Subsidiaries have fulfilled their obligations under the minimum funding standards of, and are in compliance in all material respects with, ERISA and with the Code to the extent applicable to it, and have not incurred any liability under Title IV of ERISA to the PBGC or a Plan other than a liability to the PBGC for premiums under Section 4007 of ERISA, except where such liability could not reasonably be expected to have a Material Adverse Effect. As of the Effective Date, neither the Borrower nor any of its Subsidiaries has any contingent liability with respect to any post-retirement benefits under a welfare plan as defined in ERISA other than liability for continuation coverage described in Part 6 of Title I of ERISA, except where such liability could not reasonably be expected to have a Material Adverse Effect.

Section 5.14 Consents. All consents and approvals of, and filings and

registrations with, and all other actions of, all governmental agencies, authorities or instrumentalities required to consummate the Borrowings hereunder, on the date of each such Borrowing, have been obtained or made and are or will be in full force and effect.

Section 5.15 Capitalization. All outstanding capital stock of the

Borrower and its Subsidiaries has been duly and validly issued, are fully paid and nonassessable. None of the Borrower's Subsidiaries has outstanding any securities convertible into or exchangeable for its capital stock or outstanding any rights to subscribe for or to purchase, or any options for the purchase of, or any agreement providing for the issuance (contingent or otherwise) of, or any calls, commitments or claims of any character relating to, its capital stock.

Section 5.16 Ownership of Property. The Borrower and its Subsidiaries

have good title to or a valid leasehold interest in all of its property except to the extent, in the aggregate, no Material Adverse Effect could reasonably be expected to result from the failure to have such title or interest, subject to no Liens except Permitted Liens. The Borrower and its Subsidiaries own or hold valid licenses to use all the material patents, trademarks, permits, service marks and trade names, free of any burdensome restrictions, that are necessary to the operation of the business of the Borrower and its Subsidiaries as presently conducted, except where the failure to own or hold such licenses could not reasonably be expected to have a Material Adverse Effect.

Section 5.17 Compliance with Statutes. The Borrower and its Subsidiaries

are in compliance in all material respects with all applicable statutes, regulations and orders of, and all applicable restrictions imposed by, all governmental bodies and have all necessary permits, licenses and other necessary authorizations with respect to the conduct of their businesses and the ownership and operation of their properties except where the failure to so comply or hold such permits, licenses or other authorizations could not reasonably be expected to have a Material Adverse Effect.

Section 5.18 Environmental Matters.

(1) Borrower and its Subsidiaries have complied with, and on the date of each Borrowing will be in compliance with, all applicable Environmental Laws and the requirements of any permits issued under such Environmental Laws except where failure to so comply could not reasonably be expected to have a Material Adverse Effect. To the best knowledge of the Borrower, there are no pending, past or threatened Environmental Claims against the Borrower or any of its Subsidiaries or any property owned or operated by the Borrower or any of its Subsidiaries which could reasonably be expected to have a Material Adverse Effect. To the best knowledge of the Borrower, there are no conditions or

occurrences on or emanating from any property owned or operated by the Borrower or any of its Subsidiaries or on any property adjoining or in the vicinity of any such property that could reasonably be expected (i) to form the basis of an Environmental Claim against the Borrower or any of its Subsidiaries or any property owned or operated by the Borrower or any of its Subsidiaries, or (ii) to cause any property owned or operated by the Borrower or any of its Subsidiaries to be subject to any material restrictions on the ownership, occupancy, the current or intended use or transferability of such property by the Borrower or any of its Subsidiaries under any applicable Environmental Law except for any such condition or occurrence described in clauses (i) or (ii) which could not reasonably be expected to have a Material Adverse Effect.

(2) To the best knowledge of the Borrower (i) Hazardous Materials have not at any time been generated, used, treated or stored on, or transported to or from, any property owned or operated by the Borrower or any of its Subsidiaries in a manner that has violated or could reasonably be expected to violate any Environmental Law,

27

except for such violation which could not reasonably be expected to have a Material Adverse Effect, and (ii) Hazardous Materials have not at any time been released on or from any property owned or operated by the Borrower or any of its Subsidiaries in a manner that has violated or could reasonably be expected to violate any Environmental Law, except for such violation which could not reasonably be expected to have a Material Adverse Effect.

Section 5.19 Year 2000 Compliance. All devices, systems, machinery,

information technology, computer software and hardware, and other date sensitive technology (jointly and severally its "systems") necessary for the Borrower and its Subsidiaries to carry on their business as presently contemplated to be conducted will be Year 2000 Compliant within a period of time calculated to result in no material disruption of any of their business operations. For purposes hereof, "Year 2000 Compliant" means that such systems are designed to be used prior to, during and after the Gregorian calendar year 2000 A.D. and will operate during each such time period without error relating to date data, specifically including any error relating to, or the product of, date data which represents or references different centuries or more than one century. The Borrower and its Subsidiaries will (a) undertake a inventory, review, and assessment of all areas within their businesses and operations that could be adversely affected by the failure of the Borrower and its Subsidiaries to be Year 2000 Compliant on a timely basis; and (b) develop a plan and time line for becoming Year 2000 Compliant on a timely basis. The Borrower, when it reasonably determines such action necessary, will make written inquiry of each of its and its Subsidiaries' key suppliers, vendors, and customers, and will obtain in writing confirmations from all such Persons, as to whether such Persons have initiated programs to become Year 2000 Compliant. For purposes hereof, "key suppliers, vendors, and customers" refers to those suppliers, vendors, and customers of the Borrower and its Subsidiaries whose business failure could reasonably be expected to have a Material Adverse Effect. The fair market value of all Collateral pledged to the Lenders as collateral to secure the Loans is not and shall not be less than currently anticipated or subject to substantial deterioration in value because of the failure of such Collateral to be Year 2000 Compliant."

Section 5.20 Existing Indebtedness and Liens. The Borrower and its

Subsidiaries have no Indebtedness or Liens on any of their properties or assets on the Effective Date other than as listed on Schedule 5.20.

SECTION 6. COVENANTS.

The Borrower covenants and agrees that, without the consent of the Majority Lenders and so long as any Note, Letter of Credit or Reimbursement Obligation or any other Obligation is outstanding or any Commitment is outstanding hereunder:

Section 6.1 Existence. The Borrower and its Subsidiaries will preserve

and maintain their existence except (a) for the dissolution of any Subsidiaries whose assets are transferred to the Borrower or any of its Subsidiaries; (b) the Borrower shall not be required to preserve, renew or keep in full force and effect the corporate or other existence of any Subsidiary, if the Board of Directors of the Borrower shall determine in the exercise of its business judgment that the preservation thereof is no longer desirable in the conduct of business of the Borrower or any Subsidiary and that abandonment of any such right shall not have a Material Adverse Effect on the Borrower and its Subsidiaries, taken as a whole; and (iii) as otherwise expressly permitted herein.

Section 6.2 Maintenance. The Borrower and its Subsidiaries will

maintain, preserve and keep their material plants, properties and equipment necessary to the proper conduct of their businesses in reasonably good repair, working order and condition (normal wear and tear excepted) and will from time

to time make all reasonably necessary repairs, renewals, replacements, additions and betterments thereto consistent with usual and customary business practices so that at all times such plants, properties and equipment are reasonably preserved and maintained, in each case with such exceptions as could not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect; provided, however, that nothing in this Section 6.2 shall prevent the Borrower or any of its Subsidiaries from discontinuing the operation or maintenance of any such plants, properties or equipment if such discontinuance is, in the judgment of the Borrower or any such Subsidiary, as applicable, desirable in the conduct of its business and not materially disadvantageous to the Lenders.

28

Section 6.3 Taxes. The Borrower and its Subsidiaries will duly pay and

discharge all Taxes upon or against them or their properties before penalties accrue thereon, unless and to the extent that the same is being contested in good faith and by appropriate proceedings and reserves have been established in conformity with GAAP.

Section 6.4 ERISA. The Borrower and its Subsidiaries will promptly pay

and discharge all obligations and liabilities arising under ERISA or otherwise with respect to each Plan of a character which if unpaid or unperformed might result in the imposition of a material Lien against any properties or assets of the Borrower or any of its Subsidiaries and will promptly notify the Agent of (a) the occurrence of any reportable event (as defined in ERISA) relating to a Plan other than any such event with respect to which the PBGC has waived notice by regulation; (b) receipt of any notice from PBGC of its intention to seek termination of any Plan or appointment of a trustee therefor; (c) the Borrower's or any of its Subsidiary's intention to terminate or withdraw from any Plan if such termination or withdrawal would result in liability under Title IV of ERISA; and (d) the occurrence of any event that could reasonably be expected to result in the incurrence of any material liability, fine or penalty, or any material increase in the contingent liability of the Borrower or any of its Subsidiaries, in connection with any post-retirement benefit under a welfare plan benefit (as defined in ERISA).

Section 6.5 Insurance. The Borrower and its Subsidiaries will maintain

or cause to be maintained with responsible insurance companies, insurance against any loss or damage to all material insurable property and assets owned by them, such insurance to be of a character and in or in excess of such amounts as are customarily maintained by companies similarly situated and operating like property or assets, all of which policies shall name the Agent as a loss payee for losses in excess of \$50,000 and provide that no policy shall terminate without at least thirty (30) days' advance written notice to the Agent and otherwise be reasonably acceptable to the Agent. The Borrower and each of its Subsidiaries will also insure employers' and public and product liability risks, such insurance to be of a character and in or in excess of such amounts as are customarily maintained by companies similarly situated and operating like property or assets (with each liability insurance policy to name the Agent as an additional insured) with responsible insurance companies, all as reasonably acceptable to the Agent. No deductible under any of such policies shall exceed \$500,000, unless such deductible amount under any such policy shall become unavailable on commercially reasonable terms and the Borrower shall not self-insure any such risks, in each case except as may have covered claims by any Subsidiary prior to the date of Acquisition thereof.

Section 6.6 Financial Reports and Other Information.

(1) The Borrower and its Subsidiaries will maintain a system of accounting in such manner as will enable preparation of financial statements in accordance with GAAP and will furnish to the Agent and its authorized representatives such information about the business and financial condition of the Borrower and its Subsidiaries, including, without limitation, any corporate documents and records, within such time period, as the Agent or any Lender may reasonably request; and, without any request, will furnish to the Agent:

(1) within forty-five (45) days after the end of each fiscal quarter of each fiscal year of the Borrower, the consolidated balance sheet of the Borrower and its Subsidiaries as at the end of such fiscal quarter and the related consolidated statements of income and retained earnings and of cash flows for such fiscal quarter and for the portion of the fiscal year ended with the last day of such fiscal quarter, all of which shall be in reasonable detail and in the case of consolidated statements, in the form filed with the SEC and within five (5) days thereafter, a certificate of an officer of the Borrower acceptable to the Agent that such financial reports fairly present the financial condition of the Borrower and its Subsidiaries as of the dates indicated and the results of their operations and changes in their cash flows for the periods indicated and that they have been prepared in accordance with GAAP, in each case, subject to normal year-end audit adjustments and the omission of any footnotes as permitted by the SEC; and

(2) within one hundred twenty (120) days after the end of each fiscal year of the Borrower, consolidated and consolidating balance sheets of the Borrower and its Subsidiaries as at the end of such fiscal year and the related consolidated and consolidating statements of income and consolidated statements of retained earnings and of cash flows for such fiscal year and setting forth consolidated comparative figures for the preceding fiscal year and certified by an officer of the Borrower acceptable to the Agent, to the effect that such statements fairly present the financial condition of the Borrower and its Subsidiaries as of the dates indicated and the results of their operations

29

and changes in their cash flows, and in the case of the consolidated statements, audited by an independent nationally-recognized accounting firm acceptable to the Agent.

(2) Each financial statement furnished to the Agent pursuant to subsections (i) and (ii) of Section 6.6(a) shall be accompanied by (i) a written certificate signed by an officer of the Borrower acceptable to the Agent to the effect that (x) no Default or Event of Default has occurred during the period covered by such statements or, if any such Default or Event of Default has occurred during such period, setting forth a description of such Default or Event of Default and specifying the action, if any, taken by the Borrower to remedy the same, and (y) the representations and warranties contained herein are true and correct in all material respects as though made on the date of such certificate, except to the extent that any such representation or warranty relates solely to an earlier date, in which case it was true and correct as of such earlier date and except as otherwise described therein, as a result of the transactions expressly permitted hereunder or as previously disclosed to the Lenders, and (ii) a Compliance Certificate in the form of Exhibit 6.6 showing the Borrower's compliance with the financial covenants set forth herein.

(3) Promptly upon receipt thereof, the Borrower will provide the Agent with a copy of each report or "management letter" submitted to the Borrower or any of its Subsidiaries by its independent accountants or auditors in connection with any annual, interim or special audit made by them of the books and records of the Borrower or any of its Subsidiaries.

(4) Promptly after any officer of the Borrower obtains knowledge of any of the following, the Borrower will provide the Agent with written notice in reasonable detail of: (i) any pending or threatened Environmental Claim against the Borrower or any of its Subsidiaries or any property owned or operated by the Borrower or any of its Subsidiaries that if adversely determined could reasonably be expected to have a Material Adverse Effect; (ii) any condition or occurrence on any property owned or operated by the Borrower or any of its Subsidiaries that results in noncompliance by the Borrower or any of its Subsidiaries with any Environmental Law that could reasonably be expected to have a Material Adverse Effect; and (iii) the taking of any material removal or remedial action in response to the actual or alleged presence of any Hazardous Material on any property owned or operated by the Borrower or any of its Subsidiaries, which Hazardous Material or the removal or remediation thereof could reasonably be expected to have a Material Adverse Effect.

(5) The Borrower will promptly and in any event, within ten (10) days after an officer of the Borrower has knowledge thereof, give written notice to the Agent of: (i) any pending or threatened litigation or proceeding against the Borrower or any of its Subsidiaries asserting any uninsured claim or claims against any of same in excess of \$1,000,000 in the aggregate; (ii) the occurrence of any Default or Event of Default; (iii) any circumstance that has had a Material Adverse Effect; and (iv) any event which would result in a breach of Sections 6.20, 6.21, 6.22, 6.23, or 6.24.

(6) The Borrower will (i) furnish such additional information, statements and other reports with respect to the Borrower's compliance (and its approach to and progress towards achieving compliance) with Section 5.19 as the Agent may request from time to time; (ii) in the event of any change in circumstances that causes or will likely cause any of the Borrower's representations and warranties set forth in Section 5.19, to no longer be true, the Borrower shall promptly, and in any event within ten (10) days of receipt of information regarding a change in circumstances, provide the Agent with written notice that describes in reasonable detail the change in circumstances and any additional information any Lender requests of the Borrower in connection therewith; (iii) give any representative of any Lender reasonable access to, and permit such representative to examine, copy or make excerpts from, any and all relevant books, records and documents in the possession of the Borrower and its Subsidiaries and relating to their affairs, and to inspect any of the properties and systems of the Borrower and its Subsidiaries, and to project test its systems to determine if they are Year 2000 Compliant in an integrated environment, all at the sole cost and expense of the Lenders, and (iv) give Agent notice promptly after Borrower or any Subsidiary discovers or determines that any computer application (including those of its suppliers, vendors, and customers) that is material to any business operations of the Borrower or its Subsidiaries will not be Year 2000 Compliant, except to the extent that such failure could not reasonably be expected to have a Material Adverse Effect.

(7) Within 5 days after the consummation of any Acquisition, a summary of the Acquisition's terms in a form acceptable to the Agent and the Borrower.

30

(8) The Agent will promptly provide to each Lender all information provided to it by the Borrower pursuant to this Section 6.6.

Section 6.7 Lenders' Inspection Rights. Upon reasonable notice from the

Agent or any Lender, the Borrower will permit the Agent or any Lender (and such Persons as the Agent or any Lender may reasonably designate), at the Borrower's expense while an Event of Default has occurred and is continuing, during normal business hours following reasonable notice to visit and inspect any of the properties of the Borrower or any of its Subsidiaries, to examine all of their books and records, to make copies and extracts therefrom, and to discuss their respective affairs, finances and accounts with their respective officers and independent public accountants (and by this provision, the Borrower authorizes such accountants to discuss with the Agent or any Lender, and such Persons as the Agent or any Lender may designate, the affairs, finances and accounts of the Borrower and its Subsidiaries provided that the Borrower has the opportunity to be present at such discussions), all at such reasonable times and as often as may be reasonably requested.

Section 6.8 Conduct of Business. The Borrower and its Subsidiaries will

not engage in any line of business other than the specialty electric and telecommunications infrastructure contracting service business, electrical contracting services, installation of transportation, control and lighting equipment and services or businesses reasonably related thereto (each, a "Permitted Business").

Section 6.9 New Subsidiaries and Additional Collateral. The Borrower

shall (i) cause any direct or indirect domestic Subsidiary which is formed or acquired after the Effective Date to become a Guarantor with respect to, and jointly and severally liable with all other Guarantors for, all of the Obligations under this Agreement and the Notes pursuant to a Guaranty substantially in the form of Exhibit 4.1A and to execute and deliver a Security Agreement substantially in the form of Exhibit 4.1C (and if applicable, a Patent Collateral Assignment), together with a UCC-1 Financing Statement with respect to the assets of such Guarantor as set forth therein, and (ii) execute and deliver and cause any Subsidiary to execute and deliver to the Agent a Pledge Agreement substantially in the form of Exhibit 4.1B, in respect of any Subsidiary formed or acquired after the Effective Date and to deliver the original stock certificates for any such Subsidiary as set forth therein (or other evidence of its ownership interest therein) and undated stock powers executed in blank with respect thereto, in each case within five (5) days following such formation or acquisition. The Borrower shall provide to the Agent a list of all its Subsidiaries with the state or country of incorporation and the location of the principal place of business of each such Subsidiary at the same time as it provides its quarterly financial reports to the Agent pursuant to Section 6.6(a)(i). Upon demand by the Agent, the Borrower shall promptly execute and deliver to the Agent, and shall cause its domestic Subsidiaries to promptly execute and deliver to the Agent, such other and further security documents as may be reasonably requested by the Agent to perfect a Lien on its rolling stock and all equipment with certificates of title. Nothing in this Section 6.9 may be construed as permitting any action not permitted by Section 6.11.

Section 6.10 Dividends and Negative Pledges.

(1) The Borrower shall not pay any dividends or other distributions on its capital stock.

(2) Except as otherwise permitted herein, neither the Borrower nor any of its Subsidiaries shall, directly or indirectly, create or otherwise permit to exist or become effective any restriction on the ability of any Subsidiary of the Borrower to (i) pay dividends or make any other distributions on its capital stock or any other interest or participation in its profits owned by the Borrower or to pay any Indebtedness owed to the Borrower, or (ii) make loans or advances to the Borrower or any of its Subsidiaries, except in either case for restrictions existing under or by reason of applicable law, this Agreement and the other Credit Documents.

(3) Neither the Borrower nor any of its Subsidiaries shall enter into any agreement creating or assuming any Lien upon its properties, revenues or assets, whether now owned or hereafter acquired other than as permitted hereunder. Neither the Borrower nor any of its Subsidiaries shall enter into any agreement other than this Agreement and the Credit Documents prohibiting the creation or assumption of any Lien upon its properties, revenues or assets, whether now owned or hereafter acquired or prohibiting or restricting the

ability of the Borrower or any of its Subsidiaries to amend or otherwise modify this Agreement or any Credit Document.

31

Section 6.11 Restrictions on Fundamental Changes. Neither the Borrower

nor any of its Subsidiaries shall be a party to any merger into or consolidation with, make an Acquisition or otherwise purchase or acquire all or substantially all of the assets or stock of, any other Person, or sell all or substantially all of its assets (other than sales of inventory or surplus or obsolete assets in the ordinary course of business) or stock, except:

(1) the Borrower or any of its Subsidiaries may merge into or consolidate with, make an Acquisition or otherwise purchase or acquire all or substantially all of the assets or stock of any other Person, if in respect of such merger, consolidation, purchase or Acquisition, (i) the Borrower is the surviving entity to any such merger or consolidation to which the Borrower is a party, or, if the Borrower is not a party to such transaction, a Subsidiary is the surviving entity to any such merger or consolidation (or the other Person will thereby become a Subsidiary), (ii) the nature of the business of such acquired Person is a Permitted Business; (iii) no Default or Event of Default shall have occurred and be continuing or would otherwise be existing as a result of such merger, consolidation, purchase or Acquisition, (iv) such merger, consolidation, purchase or Acquisition is non-hostile in nature; and (v) either (y) the aggregate amount of (without duplication) (1) the cash purchase price paid, (2) the Borrowings under this Agreement in respect of such, consolidation, purchase or Acquisition, and (3) the Indebtedness of such acquired Person assumed or otherwise refinanced by the Borrower or any of its Subsidiaries, does not exceed, for any single Acquisition, an amount equal to 7.5% of Consolidated Net Worth as of the end of the immediately preceding fiscal quarter, or (z) (1) prior to the consummation of such merger, consolidation, purchase or Acquisition, the Borrower shall have delivered to the Agent (which the Agent shall promptly provide to each Lender) a report signed by an executive officer of the Borrower which shall contain calculations demonstrating the Borrower's compliance with Sections 6.20, 6.21, 6.22, and 6.23 (which calculation may use historical financial results of the acquired business provided the calculation (A) is made on a trailing four fiscal quarter pro forma basis (consistent with SEC regulations), (B) assumes that the consummation of such merger, consolidation, purchase or Acquisition (and the incurrence, refinancing, or assumption of any Indebtedness in connection with such Acquisition) occurred on the first day of the trailing four-quarter fiscal period, and (C) is based on a balance sheet and statements of income, retained earnings, and cash flows of the acquired Person (or the Person from whom the assets, securities or other equity interests were acquired), which are in compliance with SEC regulations and requirements regarding the preparation and presentation of historical financial information and pro forma financial information, and (2) the Majority Lenders have given their prior written consent to such merger, consolidation, purchase or Acquisition.

(2) the Borrower may purchase or otherwise acquire all or substantially all of the stock or assets of, or otherwise acquire by merger or consolidation, any of its Subsidiaries, and any such Subsidiary may merge into, or consolidate with, or purchase or otherwise acquire all or substantially all of the assets or stock of or sell all or substantially all of its assets or stock to, any other Subsidiary of the Borrower or the Borrower, in each case so long as (i) if the transaction is with the Borrower, the Borrower shall be the surviving entity to any such merger or consolidation, or (ii) if the transaction is not with the Borrower, a domestic Subsidiary shall be the surviving entity to any such merger or consolidation; and

(3) the sale of non operating assets unnecessary for the continued operation of the Borrower's business and in the normal course of the Borrower's business.

Except as otherwise permitted in this Section 6.11, the Borrower shall not sell or dispose of any capital stock of or its ownership interest in any of the Guarantors or any other Subsidiaries which it may form. Borrower shall give the Agent the notice required under Section 6.9.

Section 6.12 Environmental Laws. The Borrower and its Subsidiaries shall

comply with all Environmental Laws (including, without limitation, obtaining and maintaining all necessary permits, licenses and other necessary authorizations) applicable to or affecting the properties or business operations of the Borrower or any of its Subsidiaries except where the failure to so comply could not reasonably be expected to have a Material Adverse Effect.

Section 6.13 Liens. The Borrower and its Subsidiaries shall not create,

incur, assume or suffer to exist any Lien of any kind on any of their properties or assets of any kind except the following (collectively, the "Permitted Liens"):

32

(1) Liens arising in the ordinary course of business by operation of law in connection with workers' compensation, unemployment insurance, old age benefits, social security obligations, taxes, assessments, statutory obligations or other similar charges, good faith deposits, pledges or other Liens in connection with (or to obtain letters of credit in connection with) bids, performance bonds, contracts or leases to which the Borrower or its Subsidiaries are a party or other deposits required to be made in the ordinary course of business; provided that in each case the obligation secured is not for Indebtedness and is not overdue or, if overdue, is being contested in good faith by appropriate proceedings and reserves in conformity with GAAP have been provided therefor;

(2) mechanics', workmen, materialmen, landlords', carriers' or other similar Liens arising in the ordinary course of business (or deposits to obtain the release of such Liens) related to obligations not due or, if due, that are being contested in good faith by appropriate proceedings and reserves in conformity with GAAP have been provided therefor;

(3) inchoate Liens under ERISA and Liens for Taxes not yet due or which are being contested in good faith by appropriate proceedings and reserves in conformity with GAAP have been provided therefor;

(4) Liens arising out of judgments or awards against the Borrower or any of its Subsidiaries, or in connection with surety or appeal bonds or the like in connection with bonding such judgments or awards, the time for appeal from which or petition for rehearing of which shall not have expired or for which the Borrower or such Subsidiary shall be prosecuting on appeal or proceeding for review and for which it shall have obtained a stay of execution or the like pending such appeal or proceeding for review; provided that the aggregate amount of uninsured or underinsured liabilities (including interest, costs, fees and penalties, if any) of the Borrower and its Subsidiaries secured by such Liens shall not exceed \$1,000,000 at any one time outstanding and provided further there is adequate assurance, in the sole reasonable discretion of the Lenders, that the insurance proceeds attributable thereto shall be paid promptly upon the expiry of such time period or resolution of such proceeding if necessary to remove such Liens;

(5) rights of a common owner of any interest in property held by a Person and such common owner as tenants in common or through other common ownership;

(6) encumbrances (other than to secure the payment of Indebtedness), easements, restrictions, servitudes, permits, conditions, covenants, exceptions or reservations in any property or rights-of-way of a Person for the purpose of roads, pipelines, transmission lines, transportation lines, distribution lines, removal of gas, oil, coal, metals, steam, minerals, timber or other natural resources, and other like purposes, or for the joint or common use of real property, rights-of-way, facilities or equipment, or defects, irregularity and deficiencies in title of any property or rights-of-way which do not materially diminish the value of or the ability to use such property;

(7) financing statements filed by lessors of property (but only with respect to the property so leased) and Liens under any conditional sale or title retention agreements entered into in the ordinary course of business;

(8) rights of lessees of equipment owned by the Borrower or any of its Subsidiaries;

(9) Liens on assets acquired securing Indebtedness permitted by Section 6.14(f); provided that no such Liens shall encumber accounts, accounts receivable, inventory (other than purchase money Liens), cash, deposit accounts, Cash Equivalents, general intangibles, intellectual property or any stock or other ownership interests in any Subsidiaries;

(10) existing Liens listed on Schedule 6.13 and any extension, renewal or replacement (but not increase) thereof;

(11) Liens created by the Credit Documents; and

(12) Liens on any assets acquired in an Acquisition, provided that all such Liens, other than Permitted Liens listed in (a) through (k) of this Section, shall be released and any notice thereof removed from the public records on or before thirty (30) days after the date of such Acquisition.

Section 6.14 Indebtedness. The Borrower and its Subsidiaries shall not

contract, assume or suffer to exist any Indebtedness (including, without limitation, any Guaranties), except:

(1) Indebtedness under the Credit Documents;

(2) unsecured intercompany loans and advances from the Borrower

to any of its Subsidiaries and unsecured intercompany loans and advances from any of such Subsidiaries to the Borrower or any other Subsidiaries of the Borrower;

(3) unsecured Indebtedness to a seller incurred in connection with an Acquisition, provided that such Indebtedness is subordinated in payment to the Obligations hereunder as reasonably acceptable to the Agent, such Indebtedness contains covenants no more restrictive than the covenants contained in this Agreement, and standstill provisions reasonably acceptable to the Agent and no payments may be made thereon if a Default or Event of Default shall have occurred and be continuing or would occur as a result of any such payment;

(4) Indebtedness under any Interest Rate Protection Agreements entered into to protect the Borrower against fluctuations in interest rates and not for speculative purposes;

(5) Indebtedness incurred in connection with Subordinated Debt Investments; and

(6) other Indebtedness not included within subsections (a) through (e) above, provided that such Indebtedness shall not exceed, at any one time outstanding, an amount equal to 8.5% of Consolidated Net Worth as of the end of the immediately preceding fiscal quarter.

Section 6.15 Loans, Advances and Investments. The Borrower and its

Subsidiaries shall not lend money or make advances to any Person, or purchase or acquire any stock, indebtedness, obligations or securities of, or any other interest in, or make any capital contribution to, any Person (any of the foregoing, an "Investment") other than:

(1) Investments in Cash Equivalents;

(2) receivables owing to the Borrower or its Subsidiaries created or acquired in the ordinary course of business and payable on customary trade terms of the Borrower or such Subsidiary and in compliance with the requirements of Section 6.17;

(3) Investments received in connection with the bankruptcy or reorganization of suppliers and customers and in settlement of delinquent obligations of, and other disputes with, customers and suppliers arising in the ordinary course of business;

(4) deposits made in the ordinary course of business consistent with past practices to secure the performance of leases;

(5) as permitted by Section 6.14(b);

(6) loans to employees of the Borrower or any of its Subsidiaries, provided that all such loans shall not exceed \$5,000,000 at any one time;

(7) Investments in Persons other than Borrower or its Subsidiaries, provided that all such Investments shall not exceed \$1,000, 000 at any one time;

(8) the existing loan to the NorAm Telecommunications, Inc. employee stock ownership plan; and

(9) as permitted by Section 6.11.

34

Section 6.16 Transfer of Assets. The Borrower and its Subsidiaries shall

not permit any sale, transfer, conveyance, assignment or other disposition of any material asset of the Borrower or any of its Subsidiaries except:

(1) transfers of inventory, equipment and other assets in the ordinary course of business;

(2) the retirement or replacement of assets (with assets of equal or greater value) in the ordinary course of business;

(3) transfers of any assets among the Borrower and any of its domestic Subsidiaries; and

(4) the transfer of any assets acquired in an Acquisition which are not necessary for the operation of the business of the Borrower and its Subsidiaries, provided that the net cash proceeds thereof are reinvested by the Borrower and its Subsidiaries in the operation of a Permitted Business.

Section 6.17 Transactions with Affiliates. Except as otherwise

specifically permitted herein, the Borrower and its Subsidiaries shall not enter

into or be a party to any material transaction or arrangement or series of related transactions or arrangements which in the aggregate would be material with any Affiliate of such Person, including without limitation, the purchase from, sale to or exchange of property with or the rendering of any service by or for, any Affiliate, except pursuant to the reasonable requirements of such entity's business and upon fair and reasonable terms no less favorable to such entity than would be able to be obtained in a comparable arm's-length transaction with a Person other than an Affiliate.

Section 6.18 Compliance with Laws. The Borrower and its Subsidiaries

shall conduct their businesses and otherwise be in compliance in all material respects with all applicable laws, regulations, ordinances and orders of all governmental, judicial and arbitral authorities applicable to them and shall obtain and maintain all necessary permits, licenses and other authorizations necessary to conduct their businesses and own and operate their properties except where the failure to comply or have such permits, licenses or other authorizations could not reasonably be expected to have a Material Adverse Effect.

Section 6.19 Capital Expenditures. Neither the Borrower nor any of its

Subsidiaries shall make or commit to make Capital Expenditures during any period of four consecutive fiscal quarters in excess of 15% of Consolidated Net Worth, with Consolidated Net Worth being determined as of the last day of the last fiscal quarter of such period.

Section 6.20 Minimum Consolidated Net Worth. The Borrower will maintain

a minimum Consolidated Net Worth of not less than an amount equal to the sum of (i) \$296,000,000, plus (ii) for each fiscal quarter ended prior to (but not on) such date of determination, commencing with the fiscal quarter ended June 30, 1999, (w) an amount equal to 50% of Consolidated Net Income for such fiscal quarter, if positive, plus (x) an amount equal to 100% of the amount of any equity issuance by the Borrower, including equity issued in a secondary offering or equity issued to acquire another entity in an Acquisition, plus (y) an amount equal to 100% of the stockholders equity of any entity acquired in an Acquisition for which the Borrower uses the pooling of interest method of accounting in accordance with GAAP, minus (z) any distributions to shareholders of any Subchapter S corporation acquired in an Acquisition as a result of operations of the corporation acquired prior to the closing of the Acquisition or the terms of the Acquisition.

Section 6.21 Minimum Interest Coverage Ratio. The Borrower will maintain

a Minimum Interest Coverage Ratio of at least 3.0 to 1.0.

Section 6.22 Funded Debt to EBITDA Ratio. The Borrower will maintain a

maximum Funded Debt to EBITDA Ratio of not greater than 3.50 to 1.0.

Section 6.23 Senior Debt to EBITDA. The Borrower will maintain a maximum

Senior Debt to EBITDA Ratio of not greater than 3.0 to 1.0.

Section 6.24 Subordinated Debt Investment. The Borrower shall provide

written notice to the Agent (by confirmed fax to each of the Agent and its legal counsel, Porter & Hedges, L.L.P., attention: Mr. Nick H. Sorensen (fax no.: 713-226-0277)) of (i) any Change of Control within two (2) Business Days following any such Change of Control,

35

and (ii) any notice received by the Borrower from any holder of a Subordinated Debt Investment exercising any right to require the Borrower to redeem all or any part of a Subordinated Debt Investment within two (2) Business Days of the Borrower's receipt thereof. The Borrower shall not redeem all or any part of the Indebtedness evidenced by the Enron Subordinated Debt Documents as a result of a Change of Control before ten (10) days following the date of a Redemption Notice (as defined in the Enron Subordinated Debt Documents) or if prohibited by the subordination provisions contained therein. The Borrower shall not redeem, pursuant to any optional redemption right it may have, all or any part of a Subordinated Debt Investment before the Maturity Date. The Borrower shall not amend, modify or change in any way any of the Enron Subordinated Debt Documents so as to change the stated maturity date of the principal of such Indebtedness, or any installment of interest thereon, to an earlier date, increase the rate of interest thereon or any premium payable on the redemption thereof, change any of the redemption or subordination provisions thereof (or the definitions of any defined terms contained therein) or otherwise change in any respect materially adverse to the interests of the Lenders any of the terms thereof, in each case, without the consent of the Majority Lenders.

SECTION 7. EVENTS OF DEFAULT AND REMEDIES.

Section 7.1 Events of Default. Any one or more of the following shall

constitute an Event of Default:

(1) default by the Borrower in the payment of the principal amount of any Loan, any Reimbursement Obligation or any interest thereon or any fees payable hereunder within five (5) days following the date when due;

(2) default by the Borrower in the observance or performance of any covenant set forth in Sections 6.6(e), 6.10(a), 6.11, 6.16, 6.21, or 6.24;

(3) default by the Borrower in the observance or performance of any provision hereof or of any other Credit Document not mentioned in (a) or (b) above which is not remedied within thirty (30) days after the earlier of (i) such default or event of default first becoming known to any officer of the Borrower, or (ii) notice to the Borrower by the Agent of the occurrence of such default or event of default;

(4) any representation or warranty made or deemed made herein, in any other Credit Document or in any financial or other report or document furnished in compliance herewith or therewith by the Borrower or any of its Subsidiaries proves untrue in any material respect as of the date of the issuance or making, or deemed issuance or making thereof;

(5) default occurs in the payment when due (after any applicable grace period) of Indebtedness in an aggregate principal amount of \$1,000,000 or more of the Borrower or any of its Subsidiaries, or the occurrence of any other default, which with the passage of time or notice would permit the holder or beneficiary of such Indebtedness, or a trustee therefor, to cause the acceleration of the maturity of any such Indebtedness or any mandatory unscheduled prepayment, purchase, or other early funding thereof;

(6) the Borrower or any of its Subsidiaries (i) has entered involuntarily against it an order for relief under the United States Bankruptcy Code or a comparable action is taken under any bankruptcy or insolvency law of another country or political subdivision of such country, (ii) generally does not pay, or admits its inability generally to pay, its debts as they become due, (iii) makes a general assignment for the benefit of creditors, (iv) applies for, seeks, consents to, or acquiesces in, the appointment of a receiver, custodian, trustee, examiner, liquidator or similar official for it or any substantial part of its property, (v) institutes any proceeding seeking to have entered against it an order for relief under the United States Bankruptcy Code or any comparable law, to adjudicate it insolvent, or seeking dissolution, winding up, liquidation, reorganization, arrangement, adjustment or composition of it or its debts under any law relating to bankruptcy, insolvency or reorganization or relief of debtors or fails to file an answer or other pleading denying the material allegations of any such proceeding filed against it, (vi) makes any board of directors resolution in direct furtherance of any matter described in clauses (i)-(v) above, or (vii) fails to contest in good faith any appointment or proceeding described in Section 7.1(g);

(7) a custodian, receiver, trustee, examiner, liquidator or similar official is appointed for the Borrower or any of its Subsidiaries or any substantial part of its property, or a proceeding described in Section 7.1(f) (v)

36

is instituted against the Borrower or any of its Subsidiaries, and such appointment continues undischarged or such proceeding continues undismissed or unstayed for a period of sixty (60) days;

(8) the Borrower or any of its Subsidiaries fails within thirty (30) days (or such earlier date as any steps to execute on such judgment or order take place) to pay, bond or otherwise discharge, or to obtain an indemnity against on terms and conditions satisfactory to the Lenders in their reasonable discretion, any one or more judgments or orders for the payment of money in excess of \$1,000,000 in the aggregate which is uninsured or underinsured by at least such amount (provided that there is adequate assurance, in the sole discretion of the Lenders, that the insurance proceeds attributable thereto shall be paid promptly upon the expiration of such time period or resolution of such proceeding), which is not stayed on appeal or otherwise being appropriately contested in good faith in a manner that stays execution;

(9) the Borrower or any of its Subsidiaries fails to pay when due an amount aggregating in excess of \$1,000,000 that it is liable to pay to the PBGC or to a Plan under Title IV of ERISA; or a notice of intent to terminate a Plan having Unfunded Vested Liabilities of the Borrower or any of its Subsidiaries in excess of \$1,000,000 (a "Material Plan") is filed under Title IV of ERISA; or the PBGC institutes proceedings under Title IV of ERISA to terminate or to cause a trustee to be appointed to administer any Material Plan; or a proceeding is instituted by a fiduciary of any Material Plan against the Borrower or any of its Subsidiaries to collect any liability under Section 515 or 4219(c)(5) of ERISA and such proceeding is not dismissed within thirty (30) days thereafter; or a condition exists by reason of which the PBGC would be entitled to obtain a decree adjudicating that any Material Plan must be

terminated;

(10) the Borrower, any Guarantor, any Person acting on behalf of the Borrower or any Guarantor, or any governmental, judicial or arbitral authority challenges the validity of any Credit Document or the Borrower's or any Guarantor's obligations thereunder, or any Credit Document ceases to be in full force and effect in all material respects or ceases to give to the Agent and the Lenders the rights and powers purported to be granted in its favor thereby in all material respects other than for any reason solely caused by or within the sole control of the Agent or any Lender; or

(11) a Change of Control shall occur or the common stock of the Borrower shall be delisted from the New York Stock Exchange; or

(1) an Event of Default shall occur and be continuing under the Enron Subordinated Debt Documents or any other documents evidencing a Subordinated Debt Investment.

Section 7.2 Non-Bankruptcy Defaults. When any Event of Default other

than those described in subsections (f) or (g) of Section 7.1 has occurred and is continuing, the Agent shall, by notice to the Borrower: (a) if so directed by the Majority Lenders, terminate the remaining Commitments and all other obligations of the Lenders hereunder on the date stated in such notice (which may be the date thereof); (b) if so directed by the Majority Lenders, declare the principal of and the accrued interest on all outstanding Notes to be forthwith due and payable and thereupon all outstanding Notes, including both principal and interest thereon, shall be and become immediately due and payable together with all other amounts payable under the Credit Documents without further demand, presentment, protest or notice of any kind, including, but not limited to, notice of intent to accelerate and notice of acceleration, each of which is expressly waived by the Borrower; and (c) if so directed by the Majority Lenders, demand that the Borrower immediately pay to the Agent (to be held by the Agent pursuant to Section 7.4) the full amount then available for drawing under each or any outstanding Letter of Credit; and the Borrower agrees to immediately make such payment and acknowledges and agrees that neither the Agent nor the Lenders would have an adequate remedy at law for failure by the Borrower to honor any such demand and that the Agent, for the benefit of the Lenders shall have the right to require the Borrower to specifically perform such undertaking whether or not any drawings or other demands for payment have been made under any Letter of Credit. The Agent, after giving notice to the Borrower pursuant to Section 7.1(c) or (d) or this Section 7.2, shall also promptly send a copy of such notice to the other Lenders, but the failure to do so shall not impair or annul the effect of such notice.

Section 7.3 Bankruptcy Defaults. When any Event of Default described in

subsection (f) or (g) of Section 7.1 has occurred and is continuing with respect to the Borrower, then (i) all outstanding Notes shall immediately

37

and automatically become due and payable together with all other amounts payable under the Credit Documents without presentment, demand, protest or notice of any kind, each of which is expressly waived by the Borrower, (ii) all obligations of the Agent or any Lender to extend further credit pursuant to any of the terms hereof shall immediately terminate, and (iii) the Borrower shall immediately pay to the Agent (to be held by the Agent pursuant to Section 7.4) the full amount then available for drawing under all outstanding Letters of Credit, the Borrower acknowledging and agreeing that neither the Agent nor the Lenders would have an adequate remedy at law for failure by the Borrower to honor any such demand and that the Agent and the Lenders shall have the right to require the Borrower to specifically perform such undertaking whether or not any drawings or other demands for payment have been made under any of the Letters of Credit.

Section 7.4 Collateral for Undrawn Letters of Credit.

(1) If the prepayment of the amount available for drawing under any or all outstanding Letters of Credit is required under Section 7.2 or 7.3, the Borrower shall forthwith pay the amount required to be so prepaid, to be held by the Agent as provided in subsection (b) below.

(2) All amounts prepaid pursuant to subsection (a) above shall be held by the Agent in a separate collateral account (such account, and the credit balances, properties and any investments from time to time held therein, and any substitutions for such account, any certificate of deposit or other instrument evidencing any of the foregoing and all proceeds of and earnings on any of the foregoing being collectively called the "Collateral Account") as security for, and for application by the Agent (to the extent available) to, the reimbursement of any drawing under any Letter of Credit then or thereafter made by the Agent, and to the payment of the unpaid balance of any Loans and all other due and unpaid Obligations (collectively, the "Collateralized Obligations"). The Collateral Account shall be held in the name of and subject to the exclusive dominion and control of the Agent, for the benefit of the

Lenders, as pledgee hereunder. If and when requested by the Borrower, the Agent shall invest and reinvest funds held in the Collateral Account from time to time in Cash Equivalents specified from time to time by the Borrower, provided that the Agent is irrevocably authorized to sell investments held in the Collateral Account when and as required to make payments out of the Collateral Account for application to Collateralized Obligations due and owing from the Borrower to the Lenders. If such funds have been deposited pursuant to Section 7.2 or 7.3, when and if either (i) the Borrower shall have made payment of all Collateralized Obligations then due and payable, all relevant preference or other disgorgement periods relating to the receipt of such payments have passed, and no Letters of Credit, Commitments, Loans, Reimbursement Obligations or other Obligations remain outstanding or (ii) no Default or Event of Default shall be continuing hereunder, the Agent shall repay to the Borrower any remaining amounts held in the Collateral Account.

Section 7.5 Notice of Default. The Agent shall give notice to the

Borrower under Section 7.1(c) and (d) and 7.2 promptly upon being requested to do so by the Majority Lenders and shall thereupon notify all the Lenders thereof.

Section 7.6 Application of Proceeds. After the occurrence of and during

the continuance of an Event of Default, any payment to the Agent hereunder or from the proceeds of any cash collateral shall be applied as the Agent and the Lenders shall elect in their sole discretion.

SECTION 8. CHANGE IN CIRCUMSTANCES.

Section 8.1 Change of Law. Notwithstanding any other provisions of this

Agreement or any Note, if at any time any change in applicable law or regulation or in the interpretation thereof makes it unlawful for any Lender to make or continue to maintain LIBOR Loans or to give effect to its obligations as contemplated hereby, such Lender shall promptly give written notice thereof (which notice shall specify in reasonable detail the basis therefor) to the Borrower and such Lender's obligations to make, continue or convert Loans into LIBOR Loans under this Agreement shall be suspended until it is no longer unlawful for such Lender to make or maintain LIBOR Loans. The Borrower shall prepay on demand the outstanding principal amount of any such affected LIBOR Loans, together with all interest accrued thereon and all other amounts then due and payable to such Lender under this Agreement; provided, however, subject to all of the terms and conditions of this Agreement, the Borrower may then elect to borrow the principal amount of the affected LIBOR Loans from such Lender by means of Base Rate Loans from such Lender that shall not be made ratably by the Lenders but only by such affected Lender.

38

Section 8.2 Unavailability of Deposits or Inability to Ascertain LIBOR

Rate. If on or before the first day of any Interest Period for any Borrowing of

LIBOR Loans the Agent determines (after consultation with other Lenders) that, due to changes in circumstances since the date hereof, adequate and fair means do not exist for determining the Adjusted LIBOR Rate or such rate will not accurately reflect the cost to the Majority Lenders of funding LIBOR Loans for such Interest Period, the Agent shall give written notice of such determination (which notice shall specify in reasonable detail the basis therefor) to the Borrower and the Lenders, whereupon until the Agent notifies the Borrower and Lenders that the circumstances giving rise to such suspension no longer exist, the obligations of the Lenders to make, continue or convert Loans into LIBOR Loans shall be suspended.

Section 8.3 Increased Cost and Reduced Return.

(1) If, on or after the Effective Date, the adoption of or any change in any applicable law, rule or regulation, or any change in the interpretation or administration thereof by any governmental authority, central bank or comparable agency charged with the interpretation or administration thereof, or compliance by any Lender (or its Lending Office), including the Agent in its capacity as the issuer of Letters of Credit, with any request or directive (whether or not having the force of law) of any such authority, central bank or comparable agency:

(1) subjects any Lender of that type (or its Lending Office) to any tax, duty or other charge related to any LIBOR Loan, Letter of Credit or Reimbursement Obligation, or its participation in any thereof, or its obligation to advance or maintain LIBOR Loans, issue Letters of Credit or to participate therein, or shall change the basis of taxation of payments to any Lender (or its Lending Office) of the principal of or interest on its LIBOR Loans, Letters of Credit or participations therein, or any other amounts due under this Agreement related to its LIBOR Loans, Letters of Credit, Reimbursement Obligations or participations therein, or its obligation to make LIBOR Loans, issue Letters of

Credit or acquire participations therein (except for changes in the rate of tax on the overall net income of such Lender or its Lending Office imposed by the jurisdiction in which such Lender's principal executive office or Lending Office is located); or

(2) imposes, modifies or deems applicable any reserve, special deposit or similar requirement (including, without limitation, any such requirement imposed by the Board of Governors of the Federal Reserve System) against assets of, deposits with or for the account of, or credit extended by, any Lender of that type (or its Lending Office) or imposes on any Lender of that type (or its Lending Office) or on the interbank market any other condition affecting its LIBOR Loans, its Letters of Credit, any Reimbursement Obligation owed to it or its participation in any thereof, or its obligation to advance or maintain LIBOR Loans, issue Letters of Credit or to participate in any thereof;

and the result of any of the foregoing is to increase the cost to such Lender (or its Lending Office) of advancing or maintaining any LIBOR Loan, issuing or maintaining a Letter of Credit or participation therein, or to reduce the amount of any sum received or receivable by such Lender (or its Lending Office) in connection therewith under this Agreement or its Note(s), by an amount deemed by such Lender to be material, then, within fifteen (15) days after demand in reasonable detail by such Lender (with a copy to the Agent), the Borrower shall be obligated to pay to such Lender such additional amount or amounts as will compensate such Lender for such increased cost or reduction.

(2) If, after the Effective Date, the Agent or any Lender shall have determined that the adoption after the Effective Date of any applicable law, rule or regulation regarding capital adequacy, or any change therein (including, without limitation, any revision in the Final Risk-Based Capital Guidelines of the Board of Governors of the Federal Reserve System (12 CFR Part 208, Appendix A; 12 CFR Part 225, Appendix A) or of the Office of the Comptroller of the Currency (12 CFR Part 3, Appendix A), or in any other applicable capital adequacy rules heretofore adopted and issued by any governmental authority), or any change in the interpretation or administration thereof by any governmental authority, central bank or comparable agency charged with the interpretation or administration thereof, or compliance by the Agent or any Lender (or its Lending Office) with any request or directive regarding capital adequacy (whether or not having the force of law) of any such authority, central bank or comparable agency, has or would have the effect of reducing the rate of return on such Lender's capital, or on the capital of any corporation controlling such Lender, as a consequence of its obligations hereunder to a level below that which such Lender could have achieved but for such adoption, change or compliance (taking into consideration such Lender's policies with respect

39

to capital adequacy) by an amount deemed by such Lender to be material, then from time to time, within fifteen (15) days after demand in reasonable detail by such Lender (with a copy to the Agent), the Borrower shall pay to such Lender such additional amount or amounts as will compensate such Lender for such reduction.

(3) The Agent and each Lender that determines to seek compensation under this Section 8.3 shall notify the Borrower and, in the case of a Lender other than the Agent, the Agent of the circumstances that entitle the Agent or Lender to such compensation and will designate a different Lending Office if such designation will avoid the need for, or reduce the amount of, such compensation and will not, in the sole judgment of such Lender, be otherwise disadvantageous to it; provided that, the foregoing shall not in any way affect the rights of any Lender or the obligations of the Borrower under this Section 8.3, and provided further that no Lender shall be obligated to make its LIBOR Loans hereunder at any office located in the United States. A certificate of any Lender claiming compensation under this Section 8.3 and setting forth the additional amount or amounts to be paid to it hereunder shall be conclusive in the absence of manifest error and shall be deemed to contain a representation by the Lender issuing such certificate that: (i) such Lender has used, in its sole judgment, reasonable efforts to minimize said compensation, and (ii) the increased costs and charges are common to substantially all of the comparable or similarly situated loan customers of such Lender and are not unique to the Borrower. In determining such amount, such Lender may use any reasonable averaging and attribution methods.

Section 8.4 Lending Offices. The Agent and each Lender may, at its

option, elect to make its Loans hereunder at the Lending Office for each type of Loan available hereunder or at such other of its branches, offices or Affiliates as it may from time to time elect and designate in a written notice to the Borrower and the Agent subject to Section 8.3(c).

Section 8.5 Discretion of Lender as to Manner of Funding.

Notwithstanding any other provision of this Agreement, each Lender shall be entitled to fund and maintain its funding of all or any part of its Loans in any manner it sees fit, it being understood, however, that for the purposes of this

Agreement all determinations hereunder shall be made as if each Lender had actually funded and maintained each LIBOR Loan through the purchase of deposits in the Eurodollar interbank market having a maturity corresponding to such Loan's Interest Period and bearing an interest rate equal to LIBOR for such Interest Period.

Section 8.6 Substitution of Lender. If (i) any Lender has demanded

compensation or given notice of its intention to demand compensation under Section 8.3, or (ii) the Borrower is required to pay any additional amount to any Lender under Section 2.12, the Borrower shall have the right, with the assistance of the Agent, to seek a substitute lender or lenders reasonably satisfactory to the Agent (which may be one or more of the Lenders) to replace such Lender under this Agreement. The Lender to be so replaced shall cooperate with the Borrower and substitute lender to accomplish such substitution on the terms of Section 10.10, as applicable; provided that all the Commitments of such Lender are replaced and such Lender is paid any amounts which it is owed pursuant to Sections 2.12, 3.3, 7.6, 8.3 and 10.3. Any such replaced Lender shall retain the benefits of Sections 3.3 and 10.13.

SECTION 9. THE AGENT.

Section 9.1 Appointment and Authorization. Each Lender hereby appoints

NationsBank, N.A., d/b/a Bank of America, N.A. as the Agent under the Credit Documents and hereby authorizes the Agent to take such action as Agent on each of its behalf and to exercise such powers under the Credit Documents as are delegated to the Agent, by the terms thereof, together with such powers as are reasonably incidental thereto.

Section 9.2 Rights and Powers. The Agent shall have the same rights and

powers under the Credit Documents as any other Lender and may exercise or refrain from exercising such rights and powers as though it were not an Agent, and the Agent and its respective Affiliates may accept deposits from, lend money to, and generally engage in any kind of business with the Borrower or any of its Subsidiaries or Affiliates as if it were not an Agent under the Credit Documents. The term Lender as used in all Credit Documents, unless the context otherwise clearly requires, includes the Agent in its individual capacity as a Lender. References herein to the Swing Line Loans, or to the amount owing to the Agent for which an interest rate is being determined, refer to the Agent in its individual capacity.

40

Section 9.3 Action by Agent. The obligations of the Agent under the

Credit Documents are only those expressly set forth therein. Without limiting the generality of the foregoing, the Agent shall not be required to take any action concerning any Default or Event of Default, except as expressly provided in Sections 7.2 and 7.5. Unless and until the Majority Lenders give such direction the Agent may, except as otherwise expressly provided herein or therein, take or refrain from taking such actions as it deems appropriate and in the best interest of all the Lenders. In no event, however, shall the Agent be required to take any action in violation of applicable law or of any provision of any Credit Document, and the Agent shall in all cases be fully justified in failing or refusing to act hereunder or under any other Credit Document unless it first receives any further assurances of its indemnification from the Lenders that it may require, including prepayment of any related expenses and any other protection it requires against any and all costs, expenses, and liabilities it may incur in taking or continuing to take any such action. The Agent shall be entitled to assume that no Default or Event of Default exists unless notified in writing to the contrary by a Lender or the Borrower. In all cases in which the Credit Documents do not require the Agent to take specific action, the Agent shall be fully justified in using its discretion in failing to take or in taking any action thereunder. Any instructions of the Majority Lenders, or of any other group of Lenders called for under specific provisions of the Credit Documents, shall be binding on all the Lenders and holders of Notes.

Section 9.4 Consultation with Experts. The Agent may consult with legal

counsel, independent public accountants and other experts selected by it and shall not be liable for any action taken or omitted to be taken by it in good faith in accordance with the advice of such counsel, accountants or experts.

Section 9.5 Indemnification Provisions; Credit Decision. Neither the

Agent nor any of their directors, officers, agents, Affiliates, or employees shall be liable for any action taken or not taken by them in connection with the Credit Documents (i) with the consent or at the request of the Majority Lenders or all the Lenders where unanimity is required or (ii) in the absence of their own gross negligence or willful misconduct. Neither the Agent nor any of their directors, officers, agents or employees shall be responsible for or have any duty to ascertain, inquire into or verify (i) any statement, warranty or representation made in connection with this Agreement, any other Credit Document

or any Borrowing; (ii) the performance or observance of any of the covenants or agreements of the Borrower or any Subsidiary contained herein or in any other Credit Document; (iii) the satisfaction of any condition specified in Section 4, except receipt of items required to be delivered to the Agent; or (iv) the validity, effectiveness, genuineness, enforceability, perfection, value, worth or collectability hereof or of any other Credit Document or of any other documents or writing furnished in connection with any Credit Document or of any Collateral; and the Agent makes no representation of any kind or character with respect to any such matters mentioned in this sentence. The Agent may execute any of their duties under any of the Credit Documents by or through employees, agents, Affiliates, and attorneys-in-fact and shall not be answerable to the Lenders or any other Person for the default or misconduct of any such agents or attorneys-in-fact selected with reasonable care. The Agent shall not incur any liability by acting in reliance upon any notice, consent, certificate, other document or statement (whether written or oral) believed by it to be genuine or to be sent by the proper party or parties. In particular and without limiting any of the foregoing, the Agent shall have no responsibility for confirming the existence or worth of any Collateral or the accuracy of any Compliance Certificate or other document or instrument received by any of them under the Credit Documents. The Agent may treat the payee of any Note as the holder thereof until written notice of transfer shall have been filed with such Agent signed by such owner in form satisfactory to such agent. Each Lender acknowledges that it has independently and without reliance on the Agent or any other Lender obtained such information and made such investigations and inquiries regarding the Borrower and its Subsidiaries as it deems appropriate, and based upon such information, investigations and inquiries, made its own credit analysis and decision to extend credit to the Borrower in the manner set forth in the Credit Documents. It shall be the responsibility of each Lender to keep itself informed about the creditworthiness and business, properties, assets, liabilities, condition (financial or otherwise) and prospects of the Borrower and its Subsidiaries, the creditworthiness of all account debtors of the Borrower and its Subsidiaries, and the Agent shall have no liability whatsoever to any Lender for such matters. The Agent shall have no duty to disclose to the Lenders information that is not required by any Credit Document to be furnished by the Borrower or any Subsidiaries to such agent at such time, but is voluntarily furnished to such agent (either in its respective capacity as Agent or in its individual capacity).

Section 9.6 Indemnity. The Lenders shall ratably, in accordance with

their Percentages, indemnify and hold the Agent, Lead Arranger and Book Manager, Documentation Agents, Managing Agents and Co-Agents, and their respective directors, officers, employees, agents and representatives harmless from and against any liabilities, losses, costs or expenses suffered or incurred by it or by any security trustee under any Credit Document or in connection with

41

the transactions contemplated thereby, regardless of when asserted or arising, except to the extent they are promptly reimbursed for the same by the Borrower or out of the proceeds of any Collateral and except to the extent that any event giving rise to a claim was caused by the gross negligence or willful misconduct of the party seeking to be indemnified. The obligations of the Lenders under this Section 9.6 shall survive termination of this Agreement.

Section 9.7 Resignation of Agent and Successor Agent. The Agent may

resign at any time upon at least thirty (30) days' prior written notice to the Lenders and the Borrower. Upon any such resignation of the Agent, the Majority Lenders, with the consent of the Borrower, which consent shall not be unreasonably withheld, shall have the right to appoint a successor Agent. If no successor Agent shall have been so appointed by the Majority Lenders and shall have accepted such appointment within thirty (30) days after the retiring Agent's giving of notice of resignation, then the retiring Agent, may, on behalf of the Lenders, appoint a successor Agent which shall be any Lender hereunder or any commercial bank organized under the laws of the United States of America or of any State thereof and having a combined capital and surplus of at least \$250,000,000. Upon the acceptance of its appointment as the Agent hereunder, such successor Agent shall thereupon succeed to and become vested with all the rights and duties of the retiring Agent under the Credit Documents, and the retiring Agent shall be discharged from its duties and obligations thereunder. After any retiring Agent's resignation hereunder as Agent, the provisions of this Section 9 and all protective provisions of the other Credit Documents shall inure to its benefit as to any actions taken or omitted to be taken by it while it was Agent.

Section 9.8 Lead Arranger and Book Manager, Documentation Agents,

Managing Agents, and Co-Agents. The Lenders identified on the facing page or

signature pages of this Agreement as Lead Arranger and Book Manager, Documentation Agents, Managing Agents, and Co-Agents, respectively, shall have no rights, powers, obligations, liabilities, responsibilities or duties under this Agreement other than those applicable to all Lenders as such. Without limiting the foregoing, such Lenders shall not have and shall not be deemed to

have any fiduciary relationship with any other Lender. Each Lender acknowledges that it has not relied, and will not rely, on either such Lender in deciding to enter into this Agreement or in taking any action hereunder.

SECTION 10. MISCELLANEOUS.

Section 10.1 No Waiver of Rights. No delay or failure on the part of the -----

Agent or any of the Lenders, or on the part of the holder or holders of the Notes, in the exercise of any power, right or remedy under any Credit Document shall operate as a waiver thereof or as an acquiescence in any default, nor shall any single or partial exercise thereof preclude any other or further exercise of any other power, right or remedy. To the fullest extent permitted by applicable law, the powers, rights and remedies under the Credit Documents of the Lenders and the holder or holders of the Notes are cumulative to, and not exclusive of, any rights or remedies any of them would otherwise have.

Section 10.2 Non-Business Day. Subject to Section 2.5(b), if any payment -----

of principal or interest on any Loan, Reimbursement Obligation or of any other Obligation shall fall due on a day which is not a Business Day, interest or fees (as applicable) at the rate, if any, for such Loan, such Reimbursement Obligation or such other Obligation or Agent Obligation bears for the period prior to maturity shall continue to accrue in the manner set forth herein on such Obligation from the stated due date thereof to and including the next succeeding Business Day on which the same shall be payable.

Section 10.3 Documentary Taxes. The Borrower agrees that it will pay any -----

documentary, stamp or similar taxes payable with respect to any Credit Document, including interest and penalties, in the event any such taxes are assessed irrespective of when such assessment is made and regardless whether any credit is then in use or available hereunder.

Section 10.4 Survival of Representations. All representations and -----

warranties made herein or in certificates given pursuant hereto shall survive the execution and delivery of this Agreement and the other Credit Documents, and shall continue in full force and effect with respect to the date as of which they were made as long as the Borrower has any Obligation hereunder or any Commitment hereunder is in effect.

Section 10.5 Survival of Indemnities. All indemnities and all other -----

provisions relative to reimbursement to the Agent and the Lenders of amounts sufficient to protect the yield of the Lenders or the Agent with respect to the

42

Loans or the Swing Line Loans, as applicable, shall survive the termination of this Agreement and the other Credit Documents and the payment of the Loans and all other Obligations or Agent Obligations, as applicable, for a period of one (1) year.

Section 10.6 Setoff. In addition to any rights now or hereafter granted -----

under applicable law and not by way of limitation of any such rights, upon the occurrence of, and throughout the continuance of, any Default or Event of Default, the Agent and each of the Lenders and each subsequent holder of any of the Notes is hereby authorized by the Borrower at any time or from time to time, without notice to the Borrower, to any Subsidiary of the Borrower or to any other Person, any such notice being hereby expressly waived, to set off and to appropriate and to apply any and all deposits (general or special, including, but not limited to, Indebtedness evidenced by certificates of deposit, whether matured or unmatured, but not including trust accounts, and in whatever currency denominated) and any other Indebtedness at any time held or owing by the Agent or the Lenders or that subsequent holder to or for the credit or the account of the Borrower, whether or not matured, against and on account of the obligations and liabilities of the Borrower to the Agent or the Lenders or that subsequent holder under the Credit Documents, including, but not limited to, all claims of any nature or description arising out of or connected with the Credit Documents, irrespective of whether or not (i) the Agent or any of the Lenders or that subsequent holder shall have made any demand hereunder or (ii) the principal of or the interest on the Loans, the Notes and other amounts due hereunder shall have become due and payable hereunder and although said obligations and liabilities, or any of them, may be contingent or unmatured. The Agent or such Lender, as applicable, shall promptly give the Borrower notice of any such setoff, provided that any failure to give such notice shall not impact the validity of any such setoff or give rise to any liability of the Agent or any Lender as a result of any such failure. The Agent and the Lenders agree, if there shall be any other Lenders pursuant to Section 10.10(b), that if a Lender receives and retains any payment, whether by setoff or application of deposit balances or otherwise, on any of the Loans or L/C Obligations in excess of its ratable share of payments on all such Obligations then owed to the Lenders hereunder, then such Lender shall purchase for cash at face value, but without

recourse, ratably from each of the other Lenders such amount of the Loans or L/C Obligations, or participations therein, held by such Lender (or interest therein) as shall be necessary to cause such Lender to share such excess payment ratably with all the other Lenders; provided, however, that if any such purchase is made by any Lender, and if such excess payment or part thereof is thereafter recovered from such purchasing Lender, the related purchases from the other Lenders shall be rescinded ratably and the purchase price restored as to the portion of such excess payment so recovered, with interest pro rata, to the extent the purchasing Lender is required to pay interest on the amount restored.

Section 10.7 Notices. Except as otherwise specified herein, all notices

under the Credit Documents shall be in writing (including cable, telecopy or telex) and shall be given to a party hereunder at its address, telecopier number or telex numbers set forth below or such other address, telecopier number or telex as such party may hereafter specify by notice to the Lenders or the Borrower, as applicable, given by courier, by United States certified or registered mail, by telegram or by other telecommunication device capable of creating a written record of such notice and its receipt. Notices under the Credit Documents shall be addressed to the Agent and the Lenders as set forth on the signature pages hereto and to the Borrower as follows:

Quanta Services, Inc.
1360 Post Oak Blvd., Suite 2100
Houston, Texas 77056
Attention: Mr. James Haddox
Telephone: (713) 629-7600
Fax No.: (713) 629-7676

with a copy to

Quanta Services, Inc.
1360 Post Oak Blvd., Suite 2100
Houston, Texas 77056
Attention: General Counsel
Telephone: (713) 629-7600
Fax No.: (713) 629-7676

43

Each such notice, request or other communication shall be effective (i) if given by telecopier, when such telecopy is transmitted to the telecopier number specified in this Section 10.7 and a confirmation of receipt of such telecopy has been received by the sender, (ii) if given by telex, when such telex is transmitted to the telex number specified in this Section 10.7 and the answer back is received by sender, (iii) if given by courier, when delivered, (iv) if given by mail, five (5) days after such communication is deposited in the mail, registered with return receipt requested, addressed as aforesaid or (v) if given by any other means, when delivered at the addresses specified in this Section 10.7; provided that any notice given pursuant to Section 2 shall be effective only upon receipt and, provided further, that any notice that but for this provision would be effective after the close of business on a Business Day or on a day that is not a Business Day shall be effective at the opening of business on the next Business Day.

Section 10.8 Counterparts. This Agreement may be executed in any number

of counterparts, and by the different parties on different counterpart signature pages, each of which when executed shall be deemed an original but all such counterparts taken together shall constitute one and the same Agreement.

Section 10.9 Successors and Assigns. This Agreement shall be binding

upon the Borrower, the Agent, the Lead Arranger and Book Manager, the Documentation Agents, Managing Agents, the Co-Agents and the Lenders and their respective successors and assigns, and shall inure to the benefit of the Borrower, the Agent, the Lead Arranger and Book Manager, the Documentation Agents, Managing Agents, the Co-Agents and the Lenders and their respective successors and assigns, including any subsequent holder of the Notes. The Borrower may not assign any of its rights or obligations under any Credit Document without the consent of the Agent and all of the Lenders.

Section 10.10 Sales and Transfers of Borrowings and Notes; Participations

in Borrowings and Notes.

(1) Any Lender may at any time sell to one or more banks or other financial institutions having a combined capital and surplus of at least \$250,000,000 ("Participants"), participating interests in any Borrowing owing to such Lender, any Note held by such Lender, any Commitment of such Lender or any other interest of such Lender hereunder, provided that no Lender may sell any participating interests in any such Borrowing, Note, Commitment or other interest hereunder without also selling to such Participant the appropriate pro rata share of its Borrowings, Notes, Commitments and other interests hereunder,

and provided further that no Lender shall transfer, grant or assign any participation under which the Participant shall have rights to vote upon or consent to any matter to be decided by the Lender or the Majority Lenders hereunder or under any Credit Document or approve any amendment to or waiver of this Agreement or any other Credit Document except to the extent such amendment or waiver would (i) increase the amount of such Lender's Commitment and such increase would affect such Participant, (ii) reduce the principal of, or interest on, any of such Lender's Borrowings, or any fees or other amounts payable to such Lender hereunder and such reduction would affect such Participant, (iii) postpone any date fixed for any scheduled payment of principal of, or interest on, any of such Lender's Borrowings, or any fees or other amounts payable to such Lender hereunder, or (iv) release any collateral for any Obligation (including, without limitation, any Subsidiary Guaranty), except as otherwise specifically provided in any Credit Document. In the event of any such sale by a Lender of participating interests to a Participant, such Lender's obligations under this Agreement to the other parties to this Agreement shall remain unchanged, such Lender shall remain solely responsible for the performance thereof, such Lender shall remain the holder of any such Note for all purposes under this Agreement and the Borrower and the Agent shall continue to deal solely and directly with such Lender in connection with such Lender's rights and obligations under this Agreement. The Borrower agrees that if amounts outstanding under this Agreement and the Notes are due and unpaid, or shall have been declared or shall have become due and payable upon the occurrence of an Event of Default, each Participant shall be deemed to have the right of setoff in respect of its participating interest in amounts owing under this Agreement and any Note to the same extent as if the amount of its participating interest were owing directly to it as a Lender under this Agreement or any Note, provided that such right of setoff shall be subject to the obligation of such Participant to share with the Lenders, and the Lenders agree to share with such Participant, as provided in Section 10.6. The Borrower also agrees that each Participant shall be entitled to the benefits of Sections 2.12 and 8.3 with respect to its participation in the Commitments and the Borrowings outstanding from time to time, provided that no Participant shall be entitled to receive any greater amount pursuant to such Sections than the transferor Lender would have been entitled to receive in respect of the amount of the participation transferred.

44

(2) Any Lender may at any time sell to any Lender or any Affiliate thereof, and, with the consent of the Agent and the Borrower (which shall not be unreasonably withheld or delayed), to one or more banks or other financial institutions having a combined capital and surplus of at least \$250,000,000 (a "Purchasing Lender"), all or any part of its rights and obligations under this Agreement and the Notes, pursuant to an Assignment Agreement in the form attached as Exhibit 10.10 hereto, executed by such Purchasing Lender and such transferor Lender (and, in the case of a Purchasing Lender which is not then a Lender or an Affiliate thereof, by the Borrower and the Agent) and delivered to the Agent; provided that, each such sale to a Purchasing Lender shall be in an amount of \$5,000,000 or more, or if in a lesser amount, such sale shall be of all of the Lender's rights and obligations under this Agreement and all of the Notes payable to it to one eligible assignee. Notwithstanding the above, any Lender may sell to one or more eligible assignees all or any part of their rights and obligations under this Agreement and the Notes with only the consent of the Agent (which shall not be unreasonably withheld) if an Event of Default shall have occurred and be continuing. No Lender may sell any Loans to a Purchasing Lender without also selling to such Purchasing Lender the appropriate pro rata share of its Borrowings, Notes, Commitments and other interests hereunder, including participations in Letters of Credit hereunder; provided that, the Agent shall not be required to sell its Swing Line Loans at such time as it may sell any other portion of its Borrowings, Notes, Commitments and other interests hereunder. Upon such execution, delivery, acceptance and recording, from and after the effective date of the transfer determined pursuant to such Assignment Agreement (x) the Purchasing Lender thereunder shall be a party hereto and, to the extent provided in such Assignment Agreement, have the rights and obligations of a Lender hereunder with a Commitment as set forth therein and (y) the transferor Lender thereunder shall, to the extent provided in such Assignment Agreement, be released from its obligations under this Agreement (and, in the case of an Assignment Agreement covering all or the remaining portion of a transferor Lender's rights and obligations under this Agreement, such transferor Lender shall cease to be a party hereto). Such Assignment Agreement shall be deemed to amend this Agreement to the extent, and only to the extent, necessary to reflect the addition of such Purchasing Lender and the resulting adjustment of Commitments and Percentages arising from the purchase by such Purchasing Lender of all or a portion of the rights and obligations of such transferor Lender under this Agreement, the Notes and the other Credit Documents. On or prior to the effective date of the transfer determined pursuant to such Assignment Agreement, the Borrower, at its own expense, shall execute and deliver to the Agent in exchange for any surrendered Notes, new Notes as appropriate to the order of such Purchasing Lender in an amount equal to the Commitments assumed by it pursuant to such Assignment Agreement, and, if the transferor Lender has retained a Commitment or Borrowing hereunder, new Notes to the order of the transferor Lender in an amount equal to the Commitments or Borrowings retained by it hereunder. Such new Notes shall be dated the Initial Borrowing Date and shall otherwise be in the form of the Notes replaced thereby. The Notes surrendered by the transferor Lender shall be

returned by the Agent to the Borrower marked "cancelled."

(3) Upon its receipt of an Assignment Agreement executed by a transferor Lender, a Purchasing Lender and the Agent (and, in the case of a Purchasing Lender that is not then a Lender or an Affiliate thereof, by the Borrower), together with payment to the Agent hereunder of a registration and processing fee of \$3,500, the Agent shall (i) promptly accept such Assignment Agreement, and (ii) on the effective date of the transfer determined pursuant thereto give notice of such acceptance and recordation to the Lenders and the Borrower.

(4) The provisions of the foregoing clauses (b) and (c) shall not apply to or restrict, or require the consent of or any notice to any Person to effectuate, the pledge or assignment by any Lender of its rights under this Agreement and its Notes to any Federal Reserve Bank.

(5) If, pursuant to this Section 10.10 any interest in this Agreement or any Note is transferred to any transferee which is organized under the laws of any jurisdiction other than the United States of America or any State thereof, the transferor Lender shall cause such transferee, concurrently with the effectiveness of such transfer, (i) to represent to the transferor Lender (for the benefit of the transferor Lender, the Agent and the Borrower) that under applicable law and treaties no taxes will be required to be withheld by the Agent, the Borrower or the transferor Lender with respect to any payments to be made to such transferee in respect of the Loans or the L/C Obligations, (ii) to furnish to the transferor Lender (and, in the case of any Purchasing Lender, the Agent and the Borrower) either U.S. Internal Revenue Service Form 4224 or U.S. Internal Revenue Service Form 1001 or such successor forms as shall be adopted from time to time by the relevant United States taxing authorities (wherein such transferee claims entitlement to complete exemption from U.S. federal withholding tax on all interest payments hereunder), and (iii) to agree (for the benefit of the transferor Lender, the Agent and the Borrower) to provide the transferor Lender (and, in the case of any

45

Purchasing Lender, the Agent and the Borrower) a new Form 4224 or Form 1001, or any successor forms thereto, upon the expiration or obsolescence of any previously delivered form and comparable statements in accordance with applicable U.S. laws and regulations and amendments duly executed and completed by such transferee, and to comply from time to time with all applicable U.S. laws and regulations with regard to such withholding tax exemption.

Section 10.11 Amendments. Any provision of the Credit Documents may be

amended or waived if, but only if, such amendment or waiver is in writing and is signed by (a) the Borrower, (b) the Majority Lenders (in the case of a consent or waiver, the Borrower may rely on the consent or waiver of the Agent on behalf of the Majority Lenders, the Agent agreeing to obtain the necessary consents or waivers from the Majority Lenders before providing such consent or waiver), and (c) if the rights or duties of the Agent are affected thereby, the Agent; provided that:

(1) no amendment or waiver shall (A) increase the Commitment Amount without the consent of all Lenders or increase any Commitment of any Lender without the consent of such Lender, (B) postpone the Maturity Date without the consent of all Lenders (and the Agent in the case of Swing Line Loans) or reduce the amount of or postpone the date for any scheduled payment of any principal of or interest on any Loan, Reimbursement Obligation or of any fee or any other amounts payable hereunder without the consent of each Lender owed such Obligation or (C) release any Subsidiary Guaranty or any Collateral without the consent of all the Lenders and the Agent; and

(2) no amendment or waiver shall, unless signed by each Lender, change the provisions of this Section 10.11 or the definition of Majority Lenders or affect the number of Lenders required to take any action under any other provision of the Credit Documents.

Section 10.12 Headings. Section headings used in this Agreement are for

reference only and shall not affect the construction of this Agreement.

Section 10.13 Legal Fees, Other Costs and Indemnification. The Borrower,

upon demand by the Agent, the Lead Arranger and Book Manager, the Documentation Agents, Managing Agents, any Co-Agent or any Lender, agrees to pay the reasonable fees and disbursements of legal counsel to the Agent, the Lead Arranger and Book Manager, the Documentation Agents, Managing Agents, any Co-Agent or any Lender in connection with the preparation and execution of the Credit Documents, any amendment, waiver or consent related thereto, whether or not the transactions contemplated therein are consummated, any Default or Event of Default by the Borrower hereunder and any enforcement (including, without limitation, all workout and bankruptcy proceedings) of any of the Credit Documents or collection of any Obligations; provided that the Borrower shall only have to pay the reasonable fees and disbursements of one law firm in

connection therewith unless the Agent, the Lead Arranger and Book Manager, the Documentation Agents, Managing Agents, any Co-Agent, any Lender or their counsel is of the reasonable opinion that representation by one law firm would not be feasible or that a conflict of interest would exist. The Borrower further agrees to indemnify the Agent, the Lead Arranger and Book Manager, the Documentation Agents, Managing Agents, each Co-Agent and each Lender and its respective directors, officers, shareholders, employees and attorneys (collectively, the "Indemnified Parties"), against all losses, claims, damages, penalties, judgments, liabilities and expenses (including, without limitation, all reasonable attorneys' fees and other reasonable expenses of litigation or preparation therefor, whether or not the Indemnified Party is a party thereto) which any of them may pay or incur arising out of or relating to (a) any Credit Document, the Loans, the Letters of Credit or the application or proposed application by the Borrower of the proceeds of any Loan, REGARDLESS OF WHETHER SUCH CLAIMS OR ACTIONS ARE FOUNDED IN WHOLE OR IN PART UPON THE ALLEGED SIMPLE OR CONTRIBUTORY NEGLIGENCE OF ANY OF THE INDEMNIFIED PARTIES AND/OR ANY OF THEIR RESPECTIVE DIRECTORS, OFFICERS, SHAREHOLDERS, EMPLOYEES OR ATTORNEYS, (b) any investigation of any third party or any governmental authority involving the Agent, the Lead Arranger and Book Manager, the Documentation Agents, Managing Agents, any Co-Agent or any Lender and related to any use made or proposed to be made by the Borrower of the proceeds of the Borrowings, or any transaction financed or to be financed in whole or in part, directly or indirectly with the proceeds of any Borrowing, and (c) any investigation of any third party or any governmental authority, litigation or proceeding, related to any environmental cleanup, audit, compliance or other matter relating to any Environmental Law or the presence of any Hazardous Material (including, without limitation, any losses, liabilities, damages, injuries, costs, expenses or claims asserted or arising under any Environmental Law) with respect to the Borrower or any of its

46

Subsidiaries, regardless of whether caused by, or within the control of, the Borrower or any of its Subsidiaries; provided, however, that the Borrower shall not be obligated to indemnify any Indemnified Party for any of the foregoing arising out of (i) such Indemnified Party's gross negligence or willful misconduct, (ii) the Agent's failure to pay under any Letter of Credit after the presentation to it of a request required to be paid under applicable law, (iii) the Agent's, the Lead Arranger and Book Manager's, the Documentation Agents', Managing Agents', any Co-Agent's or any Lender's breach of any material provision of any Credit Document, or any dispute solely among the Agent, the Lead Arranger and Book Manager, the Documentation Agents, Managing Agents, the Co-Agents, the Lenders or any of same. The Borrower, upon demand by the Indemnified Party at any time, shall reimburse the Indemnified Party for any legal or other expenses incurred in connection with investigating or defending against any of the foregoing except if the same is excluded from indemnification pursuant to the provisions of the foregoing sentence.

Section 10.14 Governing Law; Submission to Jurisdiction; Waiver of Jury

Trial.

- - - - -

(1) The Credit Agreement, and the other Credit Documents, and the rights and duties of the parties thereto, shall be construed in accordance with and governed by the internal laws of the State of Texas.

(2) THE AGENT, THE LEAD ARRANGER AND BOOK MANAGER, THE DOCUMENTATION AGENTS, MANAGING AGENTS, EACH CO-AGENT, EACH LENDER AND THE BORROWER HEREBY WAIVES ITS RIGHT TO RESOLVE DISPUTES, CLAIMS, AND CONTROVERSIES ARISING FROM THE CREDIT AGREEMENT, ANY OTHER CREDIT DOCUMENT OR ANY MATTER IN CONNECTION THEREWITH, INCLUDING, WITHOUT LIMITATION, CONTRACT DISPUTES AND TORT CLAIMS, THROUGH ANY COURT PROCEEDING OR LITIGATION AND ACKNOWLEDGES THAT ALL SUCH DISPUTES, CLAIMS AND CONTROVERSIES SHALL BE RESOLVED PURSUANT TO THIS SECTION, EXCEPT THAT EQUITABLE RELIEF AND CERTAIN OTHER RIGHTS AND REMEDIES SET FORTH BELOW MAY BE SOUGHT FROM ANY COURT OF COMPETENT JURISDICTION. EACH PARTY REPRESENTS TO THE OTHER PARTIES THAT THIS WAIVER IS MADE KNOWINGLY AND VOLUNTARILY AFTER CONSULTATION WITH AND UPON ADVICE OF ITS COUNSEL AND IS A MATERIAL PART OF THIS AGREEMENT. ALL SUCH DISPUTES, CLAIMS AND CONTROVERSIES SHALL BE RESOLVED BY BINDING ARBITRATION PURSUANT TO THE COMMERCIAL RULES OF THE AMERICAN ARBITRATION ASSOCIATION ("AAA"). Any arbitration proceeding held pursuant to this arbitration provision shall be conducted in Houston, Texas or at any other place selected by mutual agreement of the parties. No act to take or dispose of any collateral shall constitute a waiver of this arbitration agreement or be prohibited by this arbitration agreement. This arbitration provision shall not limit the right of any party during any dispute, claim or controversy to seek, use, and employ ancillary, or preliminary rights and/or remedies, judicial or otherwise, for the purposes of realizing upon, preserving, protecting, foreclosing upon or proceeding under forcible entry and detainer for possession of, any real or personal property, and any such action shall not be deemed an election of remedies. Such remedies include, without limitation, obtaining injunctive relief or a temporary restraining order, invoking a power of sale under any deed of trust or mortgage, obtaining a writ of attachment or imposition of a receivership, or exercising any rights relating to personal property, including exercising the right of set-off, or taking or disposing of such property with or without judicial process pursuant to the Uniform

Commercial Code. Any disputes, claims or controversies concerning the lawfulness or reasonableness of an act, or exercise of any right or remedy concerning any collateral, including any claim to rescind, reform, or otherwise modify any agreement relating to the collateral, shall also be arbitrated; provided, however that no arbitrator shall have the right or the power to enjoin or restrain any act of either party. Judgment upon any award rendered by any arbitrator may be entered in any court having jurisdiction. The statute of limitations, estoppel, waiver, laches and similar doctrines which would otherwise be applicable in an action brought by a party shall be applicable in any arbitration proceeding, and the commencement of an arbitration proceeding shall be deemed the commencement of any action for these purposes. The federal arbitration act (Title 9 of the United States Code) shall apply to the construction, interpretation, and enforcement of this arbitration provision.

(3) To the fullest extent permitted by applicable law, each party hereto agrees that any court proceeding or litigation permitted by Section 10.14(b) may be brought and maintained in the courts of the State of Texas sitting in Harris County or the United States District Court for the Southern District of Texas. To the fullest extent permitted by applicable law, the Borrower hereby expressly and irrevocably submits to the jurisdiction of the courts of the State of Texas and the United States District Court for the Southern District of Texas for the purpose of any such

47

litigation as set forth above and irrevocably agrees to be bound by any judgment rendered thereby in connection with such litigation. To the fullest extent permitted by applicable law, the Borrower further irrevocably consents to the service of process, by registered mail, postage prepaid, or by personal service within or without the state of Texas. To the fullest extent permitted by applicable law, the Borrower hereby expressly and irrevocably waives any objection which it may have or hereafter may have to the laying of venue of any such litigation brought in any such court referred to above and any claim that any such litigation has been brought in an inconvenient forum. To the extent that the Borrower has or hereafter may acquire any immunity from jurisdiction of any court or from any legal process (whether through service of notice, attachment prior to judgment, attachment in aid of execution or otherwise) with respect to itself or its property, the Borrower hereby irrevocably waives to the fullest extent permitted by applicable law, such immunity in respect of its obligations under the Credit Agreement and the other Credit Documents.

(4) TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, EACH PARTY TO THIS AGREEMENT VOLUNTARILY, KNOWINGLY, IRREVOCABLY AND UNCONDITIONALLY (BY ITS ACCEPTANCE OF THIS AGREEMENT) WAIVES ANY RIGHT TO A TRIAL BY JURY IN ANY ACTION OR PROCEEDING PERMITTED BY SECTION 10.14(B) AND WAIVES ANY RIGHT TO HAVE A JURY PARTICIPATE IN RESOLVING ANY DISPUTE (WHETHER BASED ON CONTRACT, TORT OR OTHERWISE) ARISING OUT OF THE CREDIT AGREEMENT, ANY OTHER CREDIT DOCUMENT, ANY OTHER RELATED DOCUMENT OR ANY RELATIONSHIP BETWEEN THE AGENT, ANY LENDER, THE BORROWER AND/OR ANY GUARANTOR, AND AGREES THAT ANY SUCH ACTION, PROCEEDING OR DISPUTE SHALL BE TRIED BEFORE A COURT AND NOT BEFORE A JURY. THIS PROVISION IS A MATERIAL INDUCEMENT TO THE LENDERS TO PROVIDE THE LOANS AND THE LETTERS OF CREDIT."

Section 10.15 Confidentiality. The Agent, the Lead Arranger and Book

Manager, the Documentation Agents, the Managing Agents, each Co-Agent and each Lender (each a "Restricted Party", and collectively, the "Restricted Parties") agrees it will not disclose without the Borrower's consent (other than to its employees, contract employees, auditors, counsel or other professional advisors or to its Affiliates) any information concerning the Borrower or any of its Subsidiaries furnished to the Restricted Parties pursuant to any of the Credit Documents, including, but not limited to, information which is marked or otherwise designated as "confidential" by Borrower or any of its Subsidiaries; provided that any Restricted Party may disclose any information (i) to any other Restricted Party or its Affiliates or to the employees, contract employees, auditors, counsel or other professional advisors of any other Restricted Party or its Affiliates, (ii) that has become generally available to the public, other than by the Restricted Party making such disclosure, (iii) that was previously known to a Restricted Party, (iv) becomes known or available to a Restricted Party from a source other than the Borrower or any of its Subsidiaries, (v) if required or appropriate in any examination or audit or any report, statement or testimony submitted to any federal or state regulatory body having or claiming to have jurisdiction over such Restricted Party, (vi) if required or appropriate in response to any summons or subpoena or in connection with any litigation, (vii) in order to comply with any law, order, regulation or ruling applicable to such Restricted Party, (viii) to any prospective or actual permitted transferee in connection with any contemplated or actual permitted transfer of any interest in any Note by any Lender subject to the terms of this Agreement, (ix) in connection with the exercise of any remedies by any Restricted Party, and (x) disclosed publicly by Borrower or any of its Subsidiaries.

Section 10.16 Severability. Any provision of this Agreement that is

prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction,

be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions hereof, and any such prohibition or unenforceability in any jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction.

Section 10.17 Change in Accounting Principles or Tax Laws. If (i) any

change in accounting principles from those used in the preparation of the financial statements of the Borrower referred to in Section 5.9 is hereafter occasioned by the promulgation of rules, regulations, pronouncements and opinions by or required by the Financial Accounting Standards Board or the American Institute of Certified Public Accounts (or successors thereto or agencies with similar functions) and such change materially affects the calculation of any component of any financial covenant, standard or term found in this Agreement, or (ii) there is a material change in federal or foreign tax laws which materially affects the Borrower's ability to comply with the financial covenants, standards or terms found in this

48

Agreement, the Borrower, the Agent and the Lenders agree to enter into negotiations in order to amend such provisions so as to equitably reflect such changes with the desired result that the criteria for evaluating the Borrower's and its Subsidiaries' consolidated financial condition shall be the same after such changes as if such changes had not been made. Unless and until such provisions have been so amended, the provisions of this Agreement shall govern.

Section 10.18 Loans Under Existing Credit Agreement. On the Initial

Borrowing Date:

- (1) The Borrower shall pay all accrued and unpaid commitment fees outstanding under the Second Amended and Restated Credit Agreement;
- (2) each Revolving Loan under the Second Amended and Restated Credit Agreement shall be deemed to be repaid with the proceeds of new LIBOR Loans and Base Rate Loans and each Swing Line Loan under the Second Amended and Restated Credit Agreement shall be deemed to be repaid with the proceeds of a new Base Rate Loan;
- (3) each Letter of Credit outstanding under the Second Amended and Restated Credit Agreement shall be deemed to have been issued under this Agreement without payment of any further fronting fee (but subject to the other fees set forth in Section 3.1(b)); and
- (4) the Second Amended and Restated Credit Agreement and the commitments thereunder shall be superseded by this Agreement and such commitments shall terminate.

Section 10.19 Effectiveness. This Agreement shall become effective on

the date (the "Effective Date") on which the Borrower, the Agent, the Lead Arranger and Book Manager, the Documentation Agents, Managing Agents, each Co-Agent and each Lender has signed and delivered to the Agent a counterpart signature page hereto or, in the case of a Lender, the Agent has received telex or facsimile notice that such a counterpart has been signed and mailed to the Agent.

Section 10.20 Notice. The Credit Documents constitute the entire

understanding among the Borrower, the Agent, the Lead Arranger and Book Manager, the Documentation Agents, the Managing Agents, the Co-Agents, and the Lenders and supersede all earlier or contemporaneous agreements, whether written or oral, concerning the subject matter of the Credit Documents. THIS WRITTEN AGREEMENT TOGETHER WITH THE OTHER CREDIT DOCUMENTS REPRESENTS THE FINAL AGREEMENT BETWEEN THE PARTIES AND MAY NOT BE CONTRADICTED BY EVIDENCE OF PRIOR, CONTEMPORANEOUS, OR SUBSEQUENT ORAL AGREEMENTS OF THE PARTIES. THERE ARE NO UNWRITTEN ORAL AGREEMENTS BETWEEN THE PARTIES.

IN WITNESS WHEREOF, the parties to this Agreement have caused this Agreement to be duly executed and delivered by their duly authorized officers as of the day and year first above written.

BORROWER:

QUANTA SERVICES, INC.

/s/ JAMES H. HADDOX

By: _____

James H. Haddox
Chief Financial Officer

49

LENDERS:

Percentage of Commitment: 11.4285714285%
AMERICA, N.A., as

NATIONSBANK, N.A. d/b/a BANK OF
Administrative Agent and as a Lender

/s/ CRAIG S. WALL

By: _____
Craig S. Wall
Senior Vice President

Address for Notices:

- -----

Bank of America, N.A.
700 Louisiana St., 7/th/ Floor
Houston, TX 77002
Attention: Mr. Craig S. Wall
Telephone No.: (713) 247-6559
Fax No.: (713) 247-7748

Payment Instructions:

- -----

Name of Credit Bank: Bank of America, N.A.
City, State: Dallas, Texas
Method of Payment: ABA #111000012
Ref: Quanta Services, Inc.
Account No.: 1292000883
Attention: CCS/Agency Services
Telephone No.: (713) 247-6906

Lending Office:

- -----

700 Louisiana St., 7/th/ Floor
Houston, TX 77002
Attention: Mr. Craig S. Wall
Telephone No.: (713) 247-6559
Fax No.: (713) 247-7748

50

Percentage of Commitment: 10.0000000000%

BANK ONE, TEXAS, NATIONAL
ASSOCIATION, as a Documentation
Agent and as a Lender

/s/ BARRY A. KELLY

By: _____
Name: Barry A. Kelly
Title: Managing Director

Address for Notices:

- -----

Bank One, Texas, National Association
P.O. Box 2629
Houston, TX 77252-2629
Attention: Mr. Barry A. Kelly
Telephone No.: (713) 751-3831
Fax No.: (713) 751-6199
Telex No.: 6734165
Answerback: BONE DAL

Payment Instructions:

- -----

Name of Credit Bank: Bank One, Texas, National Association
City, State: Houston, Texas
Method of Payment: ABA #111000614
For Credit To: Bank One, Texas, National Association
Account No.: 0749905618
Reference: Quanta Services, Inc.
Attention: Mr. J.D. Hurd

Lending Office:

- -----

Bank One, Texas, National Association
910 Travis
Houston, TX 77002
Attention: Mr. Barry A. Kelly, Jr.
Telephone No.: (713) 751-3831
Fax No.: (713) 751-6199

Percentage of Commitment: 10.0000000000% BANKBOSTON, N.A., as a Documentation
Agent and as a Lender

/s/ MICHAEL KANE

By: _____
Name: Michael Kane
Title: Managing Director

Address for Notices:

- - - - -

100 Federal St. (01-08-02)
Boston, MA 02110
Attention: Ms. Ruth Sawyer
Telephone No.: (617) 434- 9723
Fax No.: (617) 434-9820

Payment Instructions:

- - - - -

Name of Credit Bank: BankBoston, N.A.
City, State: Boston, Massachusetts
Method of Payment: ABA#011000390
Account No.: 540-99621
Account Name: Energy and Utilities Operating Account
Reference: Quanta Services, Inc.
Attention: Ms. Ruth Sawyer

Lending Office:

- - - - -

Energy and Utilities Division
100 Federal Street
Boston, MA 02110
Attention: Mr. Michael Kane
Telephone No.: (617) 434-5358
Fax No.: (617) 434-3652

Percentage of Commitment: 10.0000000000% CREDIT LYONNAIS NEW YORK BRANCH,
as a Managing Agent and as a Lender

By: /s/ Robert Ivosevich

Name: Robert Ivosevich

Title: Senior Vice President

Address for Notices:

- - - - -

Credit Lyonnais
c/o Credit Lyonnais Representative Office
2200 Ross Ave., Suite 4400-W
Dallas, Texas 75201
Attention: Mr. Blake Wright
Telephone No.: (214) 220-2303
Fax No.: (214) 220-2323

Payment Instructions:

- - - - -

Name of Credit Bank: Credit Lyonnais New York
City, State: New York, New York
ABA No.: 026008073
Method of Payment: Federal Funds
For Credit To: Loan Servicing
Account No.: 01-88179-3701-00-179
Reference: Quanta Services, Inc.
Attention: Judy Gordon

Lending Office:

- - - - -

Credit Lyonnais New York Branch
1301 Avenue of the Americas
New York, New York 10019
Attention: Mr. Ron Finn
Telephone No.: (212) 261-7050
Fax No.: (212) 459-3187

Percentage of Commitment: 10.0000000000%

THE BANK OF NOVA SCOTIA, as a
Managing Agent and as a Lender

By: /s/ A. S. Norsworthy

Name: A.S. Norsworthy

Title: Sr. Team Leader-Loan Operations

Address for Notices:

- -----

The Bank of Nova Scotia,
Atlanta Agency
600 Peachtree Street N.E., Suite 2700
Atlanta, Georgia 30308
Attention: Ms. Phyllis Walker
Telephone No.: (404) 877-1552
Fax No.: (404) 888-8998
Telex: 00542319
Answerback: SCOTIABANK ATL

with a copy to:

The Bank of Nova Scotia,
Houston Representative Office
1100 Louisiana, Suite 3000
Houston, Texas 77002
Attention: Mr. Greg George
Telephone No.: (713) 759-3430
Fax No.: (713) 752-2425
Telex: RCA 216312
Answerback: SCOTIABANK HOU

Payment Instructions:

- -----

Name of Credit Bank: The Bank of Nova Scotia, New York Agency
City, State: New York, New York
Method of Payment: ABA #026002532
For Credit To: The Bank of Nova Scotia, Atlanta Agency
Account No.: 0606634
Reference: Quanta Services, Inc.
Attention: Houston Team

Lending Office:

- -----

The Bank of Nova Scotia,
Atlanta Agency
600 Peachtree Street N.E., Suite 2700
Atlanta, Georgia 30308
Attention: Ms. Phyllis Walker
Telephone No.: (404) 877-1552
Fax No.: (404) 888-8998
Telex: 00542319
Answerback: SCOTIABANK ATL

Percentage of Commitment: 7.1428571429%

NATIONAL CITY BANK, as a Lender

/s/ MICHAEL J. DURBIN

By: _____

Name: Michael J. Durbin

Title: Vice President

Address for Notices:

- -----

National City Bank
155 E. Broad Street
Columbus, Ohio 43215-0034
Attention: Mr. Michael Durbin
Telephone No.: (614) 463-8844
Fax No.: (614) 463-8572

Payment Instructions:

- -----

Name of Credit Bank: National City Bank
City, State: Columbus, Ohio
Method of Payment: ABA #041000124
For Credit To: National City Bank
Account No.: 151804
Reference: Quanta Services, Inc.
Attention: Ms. Debbie Smithers (614) 463-7227

Lending Office:

- -----

National City Bank

155 E. Broad Street
Columbus, Ohio 43215-0034
Telephone No.: (614) 463-8844
Fax No.: (614) 463-8572

55

Percentage of Commitment: 7.1428571429% LASALLE BANK NATIONAL ASSOCIATION, as
a Lender

/s/ RICHARD J. KRESS

By: _____
Name: Richard J. Kress
Title: Vice President

Address for Notices:

- -----

135 S. LaSalle Street, Suite 214
Chicago, IL 60603
Attention: Mr. Richard J. Kress
Telephone No.: (312) 904-7406
Fax No.: (312) 904-6021

Payment Instructions:

- -----

Name of Credit Bank: LaSalle Bank National Association
City, State: Chicago, IL
Method of Payment: ABA # 071-000-505
For Credit To: Commercial Wires
Account No.: #7463690271/5200465084
Reference: Quanta Services, Inc.
Attention: Mr. Richard J. Kress

Lending Office:

- -----

135 LaSalle Street, Rm. 214
Chicago, IL 60603
Attention: Marina Ponce
Telephone No.: (312) 904-9378
Fax No.: (312) 904-6021

56

Percentage of Commitment: 7.1428571429% FIRST UNION NATIONAL BANK, as a Lender

By: /s/ Mark B. Felker

Name: Mark B. Felker

Title: Sr. Vice President

Address for Notices:

- -----

First Union National Bank
301 South College Street
DC-5
Charlotte, North Carolina 28288-0737
Attention: Mr. Jorge Gonzalez
Telephone No.: (704) 383-8461
Fax No.: (704) 374-4793

Payment Instructions:

- -----

Name of Credit Bank: First Union National Bank
City, State: Charlotte, North Carolina
Method of Payment: ABA #053000219
For Credit To: First Union National Bank
Account No.: 465906-0000190
Reference: Quanta Services, Inc.
Attention: Lisa White

Lending Office:

- -----

First Union National Bank
301 South College Street
DC-5
Charlotte, North Carolina 28288-0737
Attention: Mr. Jorge Gonzalez

Telephone No.: (704) 383-8461
Fax No.: (704) 374-4793

57

Percentage of Commitment: 5.7142857143% COMERICA BANK, as a Lender

/s/ MARK B. GROVER

By: _____
Name: Mark B. Grover
Title: Vice President

Address for Notices:

- -----

4100 Spring Valley Rd., Suite 900
Dallas, TX 75244
Attention: Mr. Mark Grover
Telephone No.: (972) 361-2545
Fax No.: (972) 361-2550

Payment Instructions:
- -----

Name of Credit Bank: Comerica Bank
City, State: Detroit, MI
Method of Payment: ABA #072000096
For Credit To: Commercial Loan Servicing
Account No.: 21585-90010
Reference: Quanta Services, Inc.

Lending Office:
- -----

Comerica Bank
P.O. Box 75000
Detroit, MI 48275-5130
Telephone No.: (702) 791-4804
Fax No.: (702) 791-2371

58

Percentage of Commitment: 4.2857142857% THE BANK OF TOKYO-MITSUBISHI, LTD.,
as a Lender

/s/ JOHN W. MCGHEE

By: _____
Name: John W. McGhee
Title: Vice President and Manager

Address for Notices:

- -----

The Bank of Tokyo - Mitsubishi, Ltd.,
Houston Agency
1100 Louisiana, Suite 2800
Houston, Texas 77002
Attention: Mr. Mike Innes

Payment Instructions:
- -----

Name of Credit Bank: The Bank of Tokyo-Mitsubishi, Ltd., New York Branch
City, State: New York, New York
Method of Payment: ABA #026-009-632
For Credit To: The Bank of Tokyo-Mitsubishi, Ltd., Houston Agency
Account No.: 30001710
Reference: Quanta Services, Inc.
Attention: Ms. Nadra H. Breir

Lending Office:
- -----

The Bank of Tokyo - Mitsubishi, Ltd.,
Houston Agency
1100 Louisiana, Suite 2800
Houston, Texas 77002
Attention: Ms. Nadra H. Breir
Telephone No.: (713) 655-3847
Fax No.: (713) 658-0116

59

Percentage of Commitment: 4.2857142857% CHASE BANK OF TEXAS, N.A., as a Lender

By: /s/ James R. Dolphin

Name: James R. Dolphin

Title: Sr. Vice President

Address for Notices:

Chase Bank of Texas, N.A.
712 Main Street
Houston, TX 77002
Attention: James R. Dolphin
Telephone No.: (713) 216-5347
Fax No.: (713) 216-6004

Payment Instructions:

Name of Credit Bank: Chase Bank of Texas, N.A.
City, State: Houston, Texas
Method of Payment: ABA #113000609
Ref: Quanta Services, Inc.
Account No.: 00100381673
Attention: Commercial Loan Operations
Telephone No.: (713) 750-2612

Lending Office:

Chase Bank of Texas, N.A.
712 Main Street
Houston, TX 77002
Attention: Loretta Herbert
Telephone No.: (713) 216-1473
Fax No.: (713) 216-6004

60

Percentage of Commitment: 4.2857142857% GUARANTY FEDERAL BANK, F.S.B.

/s/ KEVIN J. HANIGAN

By: _____
Name: Kevin J. Hanigan
Title: Senior Vice President

Address for Notices:

Guaranty Bank
333 Clay Street, Suite 4430
Houston, TX 77002
Attention: Mr. Kevin J. Hanigan
Telephone No.: (713) 759-1576
Fax No.: (713) 759-0765

Payment Instructions:

Name of Credit Bank: Guaranty Federal Bank, F.S.B.
City, State: Dallas, Texas
Method of Payment: 314-970-664
Account No.: 19408080854
Reference: Quanta Services, Inc.
Attention: Carol Ray Barbee/Commercial Loan Support

Lending Office:

Guaranty Bank
333 Clay Street, Suite 4430
Houston, TX 77002
Attention: Mr. Kevin J. Hanigan
Telephone No.: (713) 759-1576
Fax No.: (713) 759-0765

61

Percentage of Commitment: 4.2857142857% SUNTRUST BANK, ATLANTA as a Lender

/s/ DAVID EDGE

By: _____
Name: David Edge

Title: Vice President

/s/ CAROLYNN McMEEKIN

By: _____

Name: Carolyn McMeekin

Title: Banking Officer

Address for Notices:

- -----

SunTrust Bank, Atlanta
Mail Code 1909
25 Park Place, 25th Fl.
Atlanta, GA 30303
Attention: Mr. David Edge
Telephone No.: (404) 827-6735
Fax No.: (404) 827-6695

Payment Instructions:

- -----

Name of Credit Bank: Suntrust Bank, Atlanta
City, State: Atlanta, GA
Method of Payment: ABA# 061-000-104
Account No.: 9088000112
Reference: Quanta Services
Attention: Tom Presley

Lending Office:

- -----

Suntrust Bank, Atlanta
Mail Code 1941
25 Park Place, 21st Fl.
Atlanta, GA 30303

62

Percentage of Commitment: 4.2857142857% BANKERS TRUST COMPANY, as a Lender

By: _____

Name: _____

Title: _____

Address for Notices:

- -----

Bankers Trust Company
130 Liberty Street
New York, New York 10006
Mail Stop 2276
Attention: Mr. Andrew Keith
Telephone No.: (212) 250-8617
Fax No.: (212) 250-7218

Payment Instructions:

- -----

Name of Credit Bank: Bankers Trust Company
City, State: New York, New York
Method of Payment: ABA #021001033
For Credit To: Bankers Trust Company
Account No.: 99401268
Reference: Quanta Services, Inc.
Attention: Commercial Loan Account

Lending Office:

- -----

Bankers Trust Company
130 Liberty Street
New York, New York 10006
Mail Stop 2276
Attention: Mr. Andrew Keith
Telephone No.: (212) 250-8617
Fax No.: (212) 250-7218

63

Subsidiary

 Advanced Communication Technologies, Inc.
 Advanced Communication Technologies, Inc.
 Austin Trencher, Inc.
 Coast to Coast, L.L.C.
 Danford Technologies, Inc.
 Dillard Smith Construction Company

 Driftwood Electrical Contractors, Inc.

 Environmental Professional Associates, Limited
 Fiber Technology, Inc.
 Five Points Construction Company
 GEM Engineering Co., Inc.

 Golden State Utility Co.
 H.L. Chapman Pipeline Construction, Inc.
 Harker & Harker, Inc.
 Interstate Equipment Corporation
 Manuel Bros., Inc.

 NorAm Telecommunications, Inc.
 North Pacific Construction Company
 Northern Line Layers, Inc.

 PAR Electrical Contractors, Inc.
 PDG Electric Company
 Potelco, Inc.
 QSI, Inc.

1

Subsidiary

 Quanta XIX Acquisition, Inc.
 Quanta XVIII Acquisition, Inc.
 Quanta XVII Acquisition, Inc.
 Quanta XVI Acquisition, Inc.
 Quanta XXI Acquisition, Inc.
 Quanta XXI Acquisition, Inc.
 Quanta XXII Acquisition, Inc.
 Quanta XXIII Acquisition, Inc.
 Quanta XXIV Acquisition, Inc.
 Quanta XXV Acquisition, Inc.
 Quanta XXVI Acquisition, Inc.
 Quanta XXVII Acquisition, Inc.
 Quanta XXVIII Acquisition, Inc.
 Quanta XXIX Acquisition, Inc.
 Quanta XXX Acquisition, Inc.
 Quanta XXXI Acquisition, Inc.
 Quanta XXXII Acquisition, Inc.
 Quanta XXXIII Acquisition, Inc.
 Quanta XXXIV Acquisition, Inc.
 Quanta XXXV Acquisition, Inc.
 Quanta XXXVI Acquisition, Inc.
 Quanta XXXVII Acquisition, Inc.
 Quanta XXXVIII Acquisition, Inc.
 Quanta XXXIX Acquisition, Inc.
 Quanta XL Acquisition, Inc.
 Quanta XLI Acquisition, Inc.
 Quanta Delaware, Inc.
 Quanta Services Management Partnership, L.P.
 Quanta Services of Canada, Ltd.
 Quanta Utility Installation Co., Inc.
 R. A. Waffensmith & Co., Inc.

Seaward Corporation

Spalj Construction Company

2

Subsidiary

 Span-Con of Deerwood, Inc.
 Sullivan Welding, Inc.
 Sumter Builders, Inc.
 TTM, Inc.

Telecom Network Specialists, Inc.
The Ryan Company, Inc.
Tom Allen Construction Company
TRANS TECH Electric, Inc.
Underground Construction Co., Inc.

Union Power Construction Company

VCI Telecom, Inc.
W.C. Telecommunications, Inc.
W.H.O.M. Corporation
Wilson Roadbores, Inc.

CONSENT OF INDEPENDENT PUBLIC ACCOUNTANTS

As independent public accountants, we hereby consent to the incorporation by reference in this registration statement of our reports on the financial statements of the following businesses included in the Quanta Services, Inc. Current Report on Form 8-K filed on June 17, 1999: report dated June 7, 1999 on the consolidated financial statements of Quanta Services, Inc. and Subsidiaries; our report dated May 7, 1999 on the combined financial statements of Driftwood Electrical Contractors, Inc.; and our report dated June 3, 1999 on H.L. Chapman Construction Group and to the incorporation by reference in this registration statement of our report on the combined financial statements of Northern Line Layers, Inc. dated March 19, 1999 included in the Quanta Services Inc. Current Report on Form 8-K/A filed on April 23, 1999 and to the incorporation by reference in this registration statement of our report dated February 26, 1999 included in Quanta Services, Inc.'s Annual Report on Form 10-K for the year ended December 31, 1998 and to the incorporation by reference of said reports into Quanta Services, Inc.'s previously filed Registration Statements on Form S-8 (File Nos. 333-47069 and 333-56849) and to all references to our Firm included in this registration statement.

ARTHUR ANDERSEN LLP

Houston, Texas
June 22, 1999

[LETTERHEAD OF KIRKLAND ALBRECHT APPEARS HERE]

CONSENT OF INDEPENDENT PUBLIC ACCOUNTANTS

As independent public accountants, we hereby consent to the incorporation by reference in this registration statement of our report on the financial statements of The Ryan Company, Inc. included in the Quanta Services, Inc. Current Report on Form 8-K filed on June 17, 1999 and to all references to our Firm included in this registration statement.

KIRKLAND ALBRECHT AND COMPANY, P.C.

/s/ KIRKLAND ALBRECHT AND COMPANY, P.C.

Braintree, Massachusetts
June 22, 1999

CONSENT OF INDEPENDENT PUBLIC ACCOUNTANTS

As independent public accountants, we hereby consent to the incorporation by reference in this Registration Statement on Form S-3 of our report, dated August 24, 1998, on the financial statements of Dillard Smith Construction Company included in the Current Report on Form 8-K of Quanta Services, Inc. filed on June 17, 1999.

/s/ Joseph Decosimo and Company, LLP

JOSEPH DECOSIMO AND COMPANY, LLP

Chattanooga, Tennessee
June 22, 1999

[LETTERHEAD OF GANIM, MEDER, CHILDERS & HOERING, P.C. APPEARS HERE]

CONSENT OF INDEPENDENT PUBLIC ACCOUNTANTS

As independent public accountants, we hereby consent to the incorporation by reference in this registration statement of our report, dated September 15, 1998, on the financial statements of Tom Allen Construction Company included in the Quanta Services, Inc. Current Report on Form 8-K filed on June 17, 1999 and to all references to our Firm included in this registration statement.

/s/ Ganim, Meder, Childers & Hoering, P.C.

GANIM, MEDER, CHILDERS & HOERING, P.C.

Belleville, Illinois
June 21, 1999

[Letterhead of
Nathan Wechsler
& Company
Appears Here]

CONSENT OF INDEPENDENT PUBLIC ACCOUNTANTS

As independent public accountants, we hereby consent to the incorporation by reference in this registration statement of our report, dated January 27, 1999, on the consolidated financial statements of Seaward Corporation and subsidiaries for the year ended December 31, 1998 included in the Quanta Services, Inc. Current Report on Form 8-K filed on June 17, 1999 and to all references to our Firm included in this registration statement.

/s/ NATHAN WECHSLER & COMPANY

- -----
Nathan Wechsler & Company
Concord, New Hampshire
June 22, 1999